

Communicorp UK response to Bauer Media Group Merger inquiry - Provisional Findings

Background

By way of background Communicorp UK was formed in 2013 to acquire certain radio assets from Global Radio following the divestment of radio stations from their acquisition of GMG radio. Communicorp UK acquired eight radio stations from Global Radio in April 2014, seven of which are operated under a brand licence. A further three radio stations have since been acquired by Communicorp UK from other parties.

Communicorp UK's radio stations cover primarily the North of England, Central Scotland and Wales under the brands of Capital, Heart, Smooth and XS Manchester. Our stations have a combined weekly listenership of over 3.4 million and listener hours in excess of 24.7 million. Global Radio acts as a national sales house for Communicorp UK.

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The supply of local advertising in the Wolverhampton area

We believe that local radio advertising is part of a wider local advertising market and that advertisers can readily substitute radio with other forms of advertising. In 2019 local radio advertising revenue is expected to decline by in excess of 15% compared to 2018 (Source: RadioCentre ARRI) with many advertisers moving online. We therefore do not agree with the CMA's findings that there would be a significant lessening of competition ("SLC") in the Wolverhampton area as a result of the Wireless acquisition.

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FRS

We would agree that absent the revenue from the stations acquired by Bauer and assuming the continued specialism / reliance on revenue from radio advertising, that FRS would exit the market, as a result of the merger, sooner than if it continued at the current levels of revenue/ number of stations. However, given the more significant impact on local radio stations of recent local revenue declines, we would expect regardless that the current acquisition and consolidation of independent radio stations by larger radio groups to continue in the near future and that a financial tipping point would be reached more quickly by FRS than 10 years.

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