

PPF Telecom Group Dismayed by Regulatory Ruling Taken in Bulgaria

PPF Telecom Group B.V. (or “PPF Telecom”), which includes the Yettel telecom operating companies and the CETIN telecom infrastructure companies, is dismayed by regulatory decision taken in Bulgaria that will effectively undermine Bulgaria’s telecom marketplace and lead to the creation of a dominant player to the detriment of consumers.

Bulgaria’s Commission for the Protection of Competition (CPC), in a move that we believe contradicts accepted European norms and practices, has approved a set of transactions that will lead to enormous concentrations of market share and power in the hands of Bulgarian telecom operator VIVACOM and its ultimate owner, United Group.

The CPC has given its approval to transactions that will lead to VIVACOM controlling close to 70% and 50% of the internet access market respectively in the region of Rousse and the regions of Varna, Razgrad, Silistra and Sofia City. This decision was taken despite two years of court hearings and following a court-ordered in-depth review that shared the market’s concerns about the concentration of market power.

Yettel Bulgaria and PPF Telecom believe the CPC’s decision shows blatant disregard for recent European rulings that have prevented transactions that would have created regional concentrations of market power. PPF Telecom and its Yettel and CETIN companies have always advocated for robust, competitive and diverse markets, which offer consumers the freedom of choice, encourage price competition and promote business transparency.

Since entering the Bulgarian market, PPF Group, the parent of PPF Telecom and bTV, has invested nearly BGN 2 billion into the country’s telecommunications and media sectors. As one of the leading employers and taxpayers in Bulgaria, PPF contributes immensely to the prosperity of the country and its people. Yettel Bulgaria and CETIN Bulgaria are also trailblazers on the country’s path towards reducing CO2 emission, having recently signed long-term agreements to source solar-generated electricity from Electrohold, one of Bulgaria’s leading renewable energy producer.

Therefore, recent CPC decision-making has raised our concerns with regard to its forthcoming review of the proposed acquisition of Bulsatcom’s infrastructure by Slovenia Broadband, which is 100% owned by United Group. If this proposed acquisition is approved, it would lead to a total concentration of the whole national market and infrastructure power far exceeding the normal thresholds acknowledged in all other European Union markets.

PPF Telecom entities have repeatedly raised concerns with CPC regarding the sustainability and protection of the level-playing field in the fixed-line sector in the wake of the segment's consolidation. One of the most concerning and blatant disregards of regulatory procedures emerged when it turned out that the acquirer of Bulsatcom failed to notify CPC promptly about the deal, as well as the source of its funding being a loan of €127 million extended by United Group, the owner of VIVACOM.

CPC decision dated 15th June 2023 highlights VIVACOM's leading position in Bulgaria's television distribution market, where it holds a 32.9% share. VIVACOM also leads the fixed internet market, controlling 31.4% of the total market. If VIVACOM's acquisition of Bulsatcom's infrastructure is approved, competition will be further undermined, with them jointly controlling close to 70% of the national TV distribution market and 40% of the national internet access market. These market shares are unheard of in any other European Union country. They would weaken competitive pressure in Bulgaria's bundled services market, potentially leading to fewer choices for consumers and higher prices.

PPF Telecom, Yettel Bulgaria and CETIN Bulgaria remain steadfast in their commitment to transparent business practice and fair acquisitions. That is why we are deeply concerned about the current regulatory environment in Bulgaria, and the lack of transparency around the funding of the proposed VIVACOM-Bulsatcom infrastructure transaction. We strongly urge all relevant regulatory and law enforcement authorities in Bulgaria to undertake a comprehensive review of the proposed transactions.

Acting on behalf of Yettel Bulgaria and CETIN Bulgaria, PPF Telecom Group intends to raise these matters with the European Commission, and in the meantime reserve all their rights.

Notes for Editors

About PPF Telecom Group

PPF Telecom Group is a leading provider of telecommunication services in the CEE region, active in five markets (Czechia, Slovakia, Hungary, Bulgaria, and Serbia) providing mobile, fixed-line, data, and internet television services. It has 18 million mobile customers, 1.1 million fixed broadband customers, and more than 700 thousand PayTV subscribers. The Group has a total staff of 12,700.

About PPF

PPF Group operates in 25 countries, investing in multiple sectors, including financial services, telecommunications, media, e-commerce, and other sectors, including real estate, biotechnology and transportation. PPF Group's reach spans from Europe to North America and across Asia. The Group owns assets to the value of EUR 40 billion and employs 61,000 people globally (31 December 2022).

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