



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN

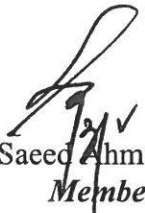
FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHAREHOLDING OF M/S.  
TELENOR PAKISTAN (PRIVATE) LIMITED AND M/S. ORION TOWERS  
PRIVATE LIMITED BY M/S. PAKISTAN TELECOMMUNICATION COMPANY  
LIMITED FROM M/S. TELENOR PAKISTAN BV.

CASE: 1434/Merger-CCP/2024

Commission

  
  
Dr. Kabir Ahmed Sidhu  
Chairman

  
Mr. Saeed Ahmad Nawaz  
Member

## ORDER

1. On 06<sup>th</sup> March, 2024 the Competition Commission of Pakistan (hereafter the "**Commission**") received a pre-merger application (hereafter the "**Application**") from M/s. Pakistan Telecommunication Company Limited (hereafter the "**PTCL**" or "**Acquirer**").
2. The Application was made pursuant to Section 11 of the Competition Act, 2010 (hereafter the "**Act**") read in conjunction with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (hereafter the "**Merger Regulations**").
3. The proposed transaction entails acquisition of % shareholding of M/s. Telenor Pakistan (Private) Limited (hereafter "**Target 1**" or "**TP**") and M/s. Orion Towers Private Limited (hereafter "**Target 2**" or "**OT**") (TP and OT together referred to as the "**Targets**") from M/s. Telenor Pakistan BV ("**TPBV**" or "**Seller**"). All requisite information/documentation pertaining to the Application was completed on 29<sup>th</sup> March, 2024.
4. The Commission has examined the Application as well as all the documents attached therewith and the information provided by the concerned undertaking(s). The Phase I competition assessment of the intended transaction has revealed the following facts:

4.1. The business activities of the undertakings concerned are:

- a) The Acquirer: A public listed company incorporated in Pakistan and is engaged in providing telecommunication services including cellular mobile telephony service, Wireless Local Loop service, Direct-to-Home (hereafter "**DTH**") television service and financial services across Pakistan, Azad Jammu & Kashmir (hereafter "**AJK**"), and Gilgit Baltistan (hereafter "**GB**"). Presently M/s. Pak Telecom Mobile Limited (hereafter "**PTML**") is operating as a subsidiary of the Acquirer.
- b) Target 1: A wholly owned private limited company of the Seller incorporated in Pakistan and is engaged in providing telecommunication services in Pakistan, AJK and GB.
- c) Target 2: A wholly owned private limited company of the Seller incorporated in Pakistan and is currently dormant.

4.2. As submitted in the Application and set out in the Share Purchase Agreement (hereafter the "**SPA**"), the Acquirer intends to acquire % shareholding of the Targets from the Seller. According to the SPA, Enterprise Value of TP was set as PKR billion.

4.3. The reportable markets in this case have been identified as "**Retail LDI Fixed-line Telecommunication Market**", "**Retail Mobile Telecommunication Market**", "**Wholesale Domestic Leased Lines**", "**Wholesale IP Bandwidth**" and "**Individual Mobile/Fixed Interconnect**" and the relevant geographic market is "**Pakistan**".

As per the Application, PTA has declared PTCL as a Significant Market Power (hereafter "**SMP**") Operator in Wholesale Domestic Leased Lines, Wholesale IP Bandwidth and Retail LDI Fixed-Line Telecommunication market. As submitted in the Application and PTA's 2019 assessment, PTCL has a market share of % in Retail LDI Fixed-Line Telecommunications market, % in Wholesale Domestic Leased Lines market and % in Wholesale IP Bandwidth market.



Furthermore, in the market of Retail Mobile Telecommunication, PTML has a share of 1% while TP has a market share of 1% which shall lead to a post-transaction share of approximately 1%. Lastly in the segment of Individual Mobile/Fixed Interconnect market, market shares cannot be determined as each operator will just be charging for incoming traffic.

- 4.5. Since PTCL has a significant market share and merger parties overlap in the aforementioned markets, it will further strengthen its position post-transaction.
5. One out of four current players in the relevant market will be eliminated as a result of the proposed merger. In a market that is already oligopolistic, this decrease is noteworthy. The purchase creates a greater likelihood of coordinated effects and tacit collusion, which, if they materialize, might reduce market competition. Additionally hearing from all parties is also important to complete merger evaluation.
6. Ancillary restrictions have been reported in this transaction, which may require exemption under Section 5 of the Act, read with Regulation 4 of the Competition Commission (Exemption) Regulations 2020. This Order is without prejudice to any such requirements.
7. The proposed transaction meets the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. Accordingly, a Phase II review is hereby initiated under Section 11(6) of the Act to assess the compatibility of the proposed merger with Chapter II of the Act.
8. In the subject transaction, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.



*Kabir Ahmed Sidhu*  
Chairman

*Saeed Ahmad Nawaz*  
(Mr. Saeed Ahmad Nawaz)  
Member

3<sup>rd</sup> of May, 2024.