# COMPETITION ANALYSIS & PUBLIC INTEREST COMMENTS ON THE APPLICATION FOR TRANSFER OF LICENSES FROM MULTICHOICE GROUP TO GROUPE CANAL+

# Submitted by:

AdLegal Uganda

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#### 1. SUBMITTING PARTY'S INTEREST:

AdLegal International Limited is a competition and consumer protection law advocacy organization whose mission is to promote consumer protection, combat consumer fraud, deceptive advertising, and unfair competition through legal actions; promote understanding of the serious harms that anti-competitive practices inflict; and work with consumers, businesses, independent experts, synergy organizations, self-regulatory bodies, and government agencies to advance countermeasures that effectively prevent and stop deception and anti-competitive behavior in the Ugandan economy.

## 2. BACKGROUND:

MultiChoice Africa Holdings B.V., which is wholly owned by MultiChoice Group Holdings Limited (itself wholly owned by MultiChoice Group Limited), currently holds 85% of the shares in both MultiChoice Uganda Limited and GOTV Uganda Limited. The Commission has licensed these entities as follows:

- i. **MultiChoice Uganda Limited**: Subscriber Management License and Public Service Provider Landing Rights License;
- ii. **GOTV Uganda Limited**: Public Service Multiple Stream License and Public Infrastructure Provider License.

MultiChoice Uganda Limited and GOTV Uganda Limited applied to the Commission for approval of the transfer of their licenses by way of change in control from MultiChoice Group Limited to Groupe Canal+. If approved, the proposed transaction will result in Groupe Canal+ obtaining indirect control over MultiChoice Uganda Limited and GOTV Uganda Limited, while the direct shareholding structures of the two Ugandan entities will remain unchanged.

#### 3. THE PARTIES:

#### 3.1. Canal+ (the "acquirer")

Canal+ is a French multimedia company, active through its subsidiaries in Africa, Asia, and Europe. It is primarily engaged in audio-visual ("AV") entertainment activities, including the broadcasting, production, distribution and marketing of primarily French-language films, television programmes and channels. For completeness, the information about the merger is in respect of both Canal+ and its controlled affiliates as well as Bolloré (and its controlled affiliates) (collectively, the "Acquiring Group").

# 3.2. <u>Multi Choice Group (the "target")</u>

Multi Choice Group is an audio-visual ("AV") entertainment services provider. offers linear AV services provided via direct-to-home ("DTH") satellite and digital terrestrial television ("DTT") transmission, as well as over-the-top ("OTT") transmission via websites and mobile applications. It controls a number of firms, including Supersportbet (Pty) Ltd, and Showmax SA (Pty) Ltd, DSTV Media Sales (Pty) Ltd, MultiChoice Support Services (Pty) Ltd, MultiChoice (Pty) Ltd ("LicenceCo"), Electronic Media Network (Pty) Ltd, Orbicom (Pty) Ltd ("Orbicom") and SuperSport International Holdings (Pty) Ltd.

## 4. DETAILS OF THE ACQUISITION:

MultiChoice Africa Holdings B.V. currently holds 85% of the shares in both MultiChoice Uganda Limited and GOTV Uganda Limited in each entity separately.

Groupe Canal+ currently holds 45.2% of the shares in MultiChoice Group Limited and now intends to acquire the remaining 54.8% of the shares. This acquisition will result in Groupe Canal+ owning 100% of MultiChoice Group Limited, thereby gaining indirect control of MultiChoice Uganda Limited and GOTV Uganda Limited, it being noted that the direct shareholding structure in the two Ugandan entities will remain unchanged.

Canal+ completed its USD 2 billion takeover of MultiChoice Group Limited in South Africa, following the conclusion of all regulatory processes and shareholder approvals in that jurisdiction. At the parent-company level, the acquisition has therefore already taken effect. Accordingly, the regulatory scrutiny before the Uganda Communications Commission is now focused at the subsidiary level, specifically on MultiChoice Uganda Limited - GOTV Uganda Limited and Canal+, and the implications of the resulting change in control over their licenses.

#### 5. COMPETITION ANALYSIS

The **Uganda Communications (Competition) Regulations, 2019** under *Regulation 8(1)* provides that any transaction that changes an operator's control or ownership is prohibited if it harms market structure or leads to a lessening of competition in any market.

To assess whether or not the transaction between MultiChoice and Groupe Canal+ has the potential to lessen competition, the following considerations need to be observed by the commission as required by the Guidelines For Market Definition in the Uganda Communications (Competition) Regulations, 2019;



# 5.1. <u>Consideration of the Relevant Markets</u>

Pursuant to Guideline 1(1) of the Guidelines For Market Definition in the Uganda Communications (Competition) Regulations, 2019, each relevant market is defined by reference to the "product market", the "demographic market" and the "geographical market".

# 5.1.1. Relevant Product Market

Guideline 1(2) of the Guidelines For Market Definition in the Uganda Communications (Competition) Regulations, 2019, "a product market consists of the product or group of products to which the agreement or conduct relates, and includes any demand-side substitutes or supply-side substitutes whose availability prevents an operator from sustaining a small but significant increase in the price of a product above the competitive level."

Key to determine is whether the relevant product market in the proposed transaction is:

- i. **Pay-TV** services (satellite, terrestrial, and cable television services offered for a subscription fee).
- ii. Streaming / over-the-top (OTT) services (like Netflix, Showmax, Amazon Prime Video, YouTube Premium).
- iii. Free-to-air broadcasting (local free channels).
- 5.1.1.1. Acquirer's Market: Canal+ is primarily engaged in audio-visual ("AV") entertainment activities, including the broadcasting, production, distribution and marketing of primarily French-language films, television programmes and channels. Its AV offerings are predominantly French-language services delivered via direct-to-home (DTH) satellite and over-the-top (OTT) platforms under its flagship myCANAL brand. (Currently, Canal+ is not a player in Uganda's current pay-tv market)
- 5.1.1.2. Target entity's Market: MultiChoice Group offers linear AV services provided via direct-to-home ("DTH") satellite and digital terrestrial television ("DTT") transmission, as well as over-the-top ("OTT") transmission via websites and mobile application.

## 5.1.1.3. Current product market associated to the parties:

As of June 2025<sup>1</sup>, the pay-TV market in Uganda comprised approximately 1.0 million subscribers and is served through satellite, terrestrial, and cable providers.

The satellite segment includes DStv, Zuku TV, Azam TV, and StarTimes, all offering countrywide coverage.<sup>2</sup>

The terrestrial segment is served by StarTimes, which operates in Kampala, Wakiso, Mpigi, Masaka, Mbarara, Fort Portal, Jinja, Mukono, Kalangala, Luwero, Gulu, and Mbale, alongside GOtv, which covers Kampala, Jinja, Iganga, Mbale, Lira, Gulu, Arua, Kasese, Mbarara, Masaka, and Wakiso.<sup>3</sup>

The cable segment is represented by Simba TV(CITI), which provides services in Kampala and Jinja.<sup>4</sup>

#### 5.1.1.3. *Assessment*:

The relevant product market in this transaction is the **subscription-based pay-TV market in Uganda**, comprising satellite, terrestrial, and cable providers.

At present, the Acquiring Party has no participation or existing market presence in the pay-TV sector in Uganda.

For the above reason, we comment that, transaction is not likely to result in a substantial lessening of competition in the pay-tv market, nor endanger the continuity of service in the market. Canal+ will only be inheriting MultiChoice Group's product market share in Uganda. This will not contravene Regulation 8(1) Uganda Communications (Competition) Regulations, 2019.

#### 5.1.2. Relevant Geographic Market

Guided by Guideline 1(3) of the Guidelines For Market Definition in the Uganda Communications (Competition) Regulations, 2019, the relevant geographic market comprises "...the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous, and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas"

<sup>&</sup>lt;sup>1</sup> UCC Market Performance Report for Q2 2025 (June\_2025)

<sup>&</sup>lt;sup>2</sup> ibid

³ ibid

<sup>4</sup> ibid

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The **cable segment** is represented by Simba TV, which provides services in Kampala and Jinja.

# 5.1.2.3. <u>Analysis:</u>

The relevant geographic market is **Uganda**, as pay-TV services are constrained within national boundaries due to licensing requirements, regulatory oversight by the Uganda Communications Commission, and content rights management.

Currently, the Acquiring Party, Groupe Canal+, does not directly participate in the pay-TV market in Uganda and holds no existing market share in the same. Its entry is through the proposed acquisition of MultiChoice Group, which indirectly owns MultiChoice Uganda Limited and GOtv Uganda Limited. Consequently, the transaction will not create or enhance market power by eliminating a direct competitor, nor will it alter the structure of competition in the relevant geographic market.

For the above reason, we submit that the transaction is not likely to result in a substantial lessening of competition in the Ugandan pay-TV market, nor endanger the continuity of service in the market. Upon completion of the acquisition, Groupe Canal+ will simply inherit MultiChoice Group's established geographic market in Uganda, together with the attendant market share and consumer base, without changing competitive dynamics. Accordingly, the transaction does not contravene Regulation 8(1) of the Uganda Communications (Competition) Regulations, 2019.

<sup>&</sup>lt;sup>5</sup> UCC Market Performance Report for Q2 2025 (June\_2025)

#### 6. GENERAL COMPETITION ANALYSIS CONCLUSION:

The proposed transaction is unlikely to substantially lessen or prevent competition in any market. The proposed merger is not expected to lead to a reduction in the number of players in the relevant market. As such, the commission is guided not to anticipate the acquisition to result in any substantial lessening of competition post-merger.

#### 7. PUBLIC INTEREST CONCERNS

In accordance with Section 39(2) (d) of the Act, the Commission is required to consider public interest before determining whether or not to approve the proposed transfer of licenses.

It is against the above backdrop that we comment as follows;

Whether the transaction will result into acquisition of dominance by the acquiring entity, Groupe Canal+

It is our comment that, the implementation of the proposed merger is only expected to result in *Groupe Canal+* inheriting the market share of *MultiChoice* and thereby maintaining its existing market dominance. There will be no additional market accretion established by virtue of the proposed merger. In markets where MultiChoice was dominant, the same will become dominant markets for the acquiring entity, *Groupe Canal+*.

For continuity of service delivery to consumers, it is also noteworthy that MultiChoice is experiencing financial challenges, and the proposed transaction will rescue its business and ensure job security for the employees of MultiChoice Uganda. In addition, the shareholding of MultiChoice Uganda will remain unchanged and the stake owned by a citizen shareholder will not be compromised by the implementation of the proposed merger.

However, notwithstanding the above, it is also our observation that there might be potential risks of the acquired dominance as highlighted below;

#### i. Fears of price increases;

The transaction is likely to result into consolidating control over both premium and mid-tier pricing segments in Uganda.

We observe that, MultiChoice, through its DStv and GOtv brands, have for the past years consistently set the highest tariffs compared to rival operators. DStv Premium increased from UGX 219,000 in 2019 to UGX 275,000 in 2023, standing far above the market average and more than five times the cost of StarTimes' Super bouquet, which has remained stable at UGX 54,000 over the same period. Other DStv

bouquets followed a similar trajectory, with Compact rising from UGX 79,000 to UGX 104,000 and Compact Plus from UGX 129,000 to UGX 160,000, while even the lower-end Family and Access bouquets grew from UGX 49,000 to UGX 64,000 and UGX 33,000 to UGX 43,000, respectively.

GOtv, marketed as MultiChoice's budget alternative, has also steadily raised prices: GOtv Max rose from UGX 39,000 to UGX 49,000, GOtv Lite from UGX 11,000 to UGX 15,000, and in 2022–20237, the company introduced higher-priced tiers such as GOtv Supa at UGX 65,000 and Supa+ at UGX 104,000, directly bridging into DStv's mid-range. By contrast, competitors such as StarTimes, Zuku, and Azam have maintained relatively flat and significantly lower pricing. StarTimes Nova moved from UGX 11,000 to just UGX 16,000 across five years, with Classic rising modestly to UGX 32,000. Zuku's Classic and Premium packages have remained unchanged at UGX 26,500 and UGX 36,500, respectively, while Azam Pure and Azam Play are capped at UGX 13,000 and UGX 30,000.8

<u>Potential risk:</u> MultiChoice already exercises pricing power, demonstrated by its consistent ability to raise tariffs even when rivals hold theirs stable, while also leveraging exclusive sports and entertainment rights. With Canal+'s additional premium and francophone content integrated, the merged entity would control an unparalleled portfolio of must-have programming, giving it both the incentive and ability to raise prices further, harmonize tariffs across platforms, and foreclose competitors such as StarTimes, Zuku, and Azam, whose offerings are concentrated in the low-cost niche and cannot discipline the premium market.

# ii. Risks of entry barriers in specific segments of the market;

We comment that, although the proposed transaction between Groupe Canal+ and MultiChoice does not, of itself, create new barriers or reinforce existing ones (Canal+ will only inherit MultiChoice's current market position and associated infrastructure, content rights, and consumer base), Groupe Canal+'s entry may still introduce new dynamics that could, over time, create additional barriers to entry or reinforce existing ones in the Ugandan pay-TV market particularly through strengthened content exclusivity, vertical integration, and advanced platform strategies.

<sup>&</sup>lt;sup>6</sup> UCC Annual Communications Sector Report (2023)

<sup>&</sup>lt;sup>8</sup> UCC Annual Communications Sector Report (2023)

This is not to say that the transaction contravenes competition rules at present, but it suggests that careful **post-merger monitoring** may be required to ensure that Canal+ does not leverage its new position to foreclose rivals or entrench dominance to the detriment of consumer choice.

# iii. A potential reduction in content diversity, especially in sporting and cultural diversity;

One potential concern arising from the proposed transaction is the risk of a reduction in content diversity. MultiChoice, through DStv and SuperSport, already holds long-term exclusive broadcasting rights to premium sports content such as the English Premier League, UEFA competitions, and key African football tournaments.

MultiChoice also has traditionally invested in African content production, supporting Nollywood, Ugandan cinema, and other regional industries. Canal+, on the other hand, has a strong focus on French-language content and European cultural programming. While this may introduce new cultural perspectives, there is a risk that such programming could overshadow or replace locally relevant African content.

The consolidation of Canal+ and MultiChoice's content portfolios could reduce consumer access to a wide range of sporting and cultural programming. This may, in turn, undermine local content development and diminish the plurality of cultural expression available to Ugandan audiences. Accordingly, the Commission may consider monitoring or requiring commitments from the merged entity to ensure continued support for African cultural content and fair access to diverse sporting rights.

# iv. Effect on employment

A key consideration arising from the proposed acquisition of MultiChoice Group by Groupe Canal+ relates to the potential impact on employment within Uganda. Mergers of this nature often raise concerns about job security, particularly in administrative, technical, and creative functions.



#### 8. **RECOMMENDATIONS:**

We respectfully submit that the proposed transaction be approved, as outlined in our earlier comments, but subject to certain conditions. These conditions are designed to mitigate the potential risks identified previously. Key conditions proposed include:

# i. Guarantee of Consumer Choice and Content Diversity

The commission should require Canal+ to maintain a diverse retail AV offering, including:

- a) Content tailored to both Francophone and Anglophone consumers;
- b) Preservation and continued operation of the Parties' existing distribution network.

Canal+ should be required to submit to the commission within the commission's proposed period of time a compliance report, supported by relevant documentation, detailing:

- 1. The types of content offered;
- 2. Confirmation that no reduction has occurred in the variety or accessibility of Francophone or Anglophone content;
- 3. A description of the distribution network utilized to deliver services and any changes observed during the reporting period.
- 4. The report may also highlight any challenges encountered in implementing this commitment and the corrective measures adopted to address them.

#### ii. Employment concerns;

We recommend that the commission requires canal+ for a period of 24 months, from the date of approval of the transaction by the Commission, not to terminate any employment contract as a result of the merger, except for positions at Senior Management Level.

Termination of contract should not include:-

- a) voluntary retrenchment and/or voluntary separation arrangements;
- b) separation upon the agreement with employees;
- c) voluntary early retirement offers;
- d) termination for unreasonable refusals to be redeployed;
- e) termination lawfully effected for operational requirements unrelated to the Transaction; and



f) terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.

## iii. Pre-Notification of Price Changes

Canal+ should be directed to provide the commission with prior notification of any changes to the pricing of its retail audiovisual services. The purpose of this pre-notification is to enable the commission to effectively monitor market dynamics, assess potential impacts on competition, and ensure that pricing adjustments do not adversely affect consumer choice or market fairness.

The notification shall include, where applicable:

- a) The effective date of the price change;
- b) The specific services or packages affected;
- c) The rationale for the price change, including any changes in costs, content offerings, or distribution arrangements;
- d) Any measures implemented to mitigate potential negative impacts on consumers, particularly regarding affordability and accessibility.

#### 9. <u>CONCLUSION:</u>

Our general overview and analysis of the facts concludes that the structure of the relevant market is not expected to significantly change upon implementation of the proposed merger as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market under consideration.

The implementation of the proposed merger is only expected to result in the Acquiring Party inheriting the market share of the Target Enterprise and thereby maintaining its existing market dominance. There will be no additional market accretion established by virtue of the proposed merger.

Dated at Kampala, this 19th day of September 2025

Submitted by:

AdLegal International Limited