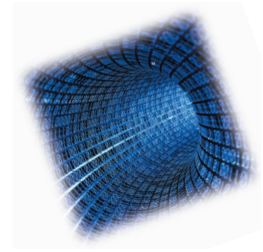


Network shopping – the fragmentation of Portugal’s telecom and media markets



Margarida Couto of Vieira de Almeida foresees a period of restructuring and change in Portugal’s telecoms sector.

The Portuguese telecoms and media markets are seeing a considerable upturn in deal activity as the traditional grip on the sector by the incumbents looks like finally beginning to slip, suggests Margarida Couto, head of Telecoms & IT at Lisbon-based Vieira de Almeida.

“Not only are there ongoing mergers but also potentially an influx of new operators.”

Among the recent notable deals she highlights include Sonaecom’s acquisition of Tele2 and the residential business of Oni, while the Portuguese Post Office (CTT) has announced the launch of its own mobile virtual network operation (MVNO) on the TMN network – Portugal Telecom’s mobile division.

In addition, following last year’s protracted – albeit unsuccessful – hostile €14.4bn takeover bid by Sonaecom for PT, the latter has now embarked on a process of significant restructuring – a defensive measure intended to deliver greater shareholder value, and which includes the sell-off of its multimedia division.

“The spin-off of PT Multimédia (PTM) is well advanced and creating a lot of expectation as to who the new owners will be,” she says. “Sonaecom is seen as a likely buyer of a significant stake once it is concluded but there is no official confirmation.”

Further competition is also expected with PTM’s entry into the voice market, while PT Comunicações (Portugal’s largest fixed phone and ADSL operator, and also a subsidiary of PT) is expected to launch TV operations on several platforms, she says.

Regulatory impact

The spin-off of PTM is also expected to have a big regulatory impact, notes Couto.

“Though both the relevant regulators (Anacom and the Competition Authority)

are still ascertaining whether the spin-off is a true ‘structural separation’ of copper and cable networks, a new analysis of the market impact of the spin-off – mostly voice and broadband markets – is expected to be undertaken soon and PT is expecting to get considerable regulatory relief,” she says.

The big question mark remains however, who will take over PTM or which companies will PTM take over. “Sonaecom may well be the purchaser of PTM, or potentially the object of a bid by it.”

Portugal has also recently seen an upturn in activity in the TV sector, including the implementation of TV legislation, says Couto.

“New concepts have been adopted and the impact of this new law on cable television, IPTV operations and DTT is still to be seen.

“Two public tenders for the launch of Digital Terrestrial Television (Free-to-Air and Pay TV) are also to be announced before the end of the year, with a public consultation on the tender documents already underway.”

Couto notes however that despite such free-market activity, there remain nuances of the Portuguese telecom and media markets that potential operators need to be aware of.

In April the European Commission gave an ultimatum to the Portuguese Government ordering it to give up the 500 golden shares that it owns in PT, and its veto powers on vital issues.

Nonetheless despite the fluidity of the markets the government still wields control – although at arm’s length.

“The Portuguese State still has a too big a say in the two main players – in PT through its golden shares, and in PTM through Caixa Geral de Depósitos (a state-owned bank) which will hold almost 15% of PTM once the spin-off is concluded,” cautions Couto.



Margarida Couto,
Vieira de Almeida

El mercado de las telecomunicaciones está plenamente activo, dice Margarida Couto, directora del departamento de Telecoms & IT del despacho Vieira de Almeida, con sede en Lisboa. Se están presenciando continuas fusiones y la aparición de nuevos operadores. El resultado puede ser la pérdida de control por parte de los operadores dominantes.