

PRESS RELEASE

The CNMC authorises Barceló to purchase Globalia's travel agency business

Madrid, 8 May 2020 - The CNMC has authorised, in the first phase, Barceló to acquire exclusive control of Globalia's travel agency business. We do not anticipate this operation to have any adverse effects on competition in the markets affected by the operation.

The operation authorised involves the purchase by Barceló Corporación Empresarial (Barceló) of exclusive control of certain assets belonging to Globalia Corporación Empresarial (Globalia): essentially, its wholesale and retail travel agency and occasional road passenger transport businesses. Air Europa is not part of the assets transferred and will thus remain the property of Globalia. The operation has been reported in Spain and Portugal.

An analysis of the operation does not indicate any foreseeable adverse impact on the effective competition in the various segments of the wholesale and retail travel agency markets.

In the wholesale travel agency market, the operation involves a merger of the top two operators, with a combined share of less than 25%. As for the retail market, the resulting entity would be the second leading operator and its market share would be significantly smaller than in the wholesale market. In the wholesale segment of travel packages to the Caribbean, the Canary Islands and the Balearic Islands, the share of the new company is significantly lower than in the other cases above.

Trips to Disney and Imsero

In the wholesale segment of marketing trips to Disneyland Paris, the operation involves the integration of two of the three wholesalers currently licensed to market this product in Spain. Licences are granted by Disney on an annual and discretionary basis, with Disney deciding who distributes its products and under what conditions (meaning there is no exclusivity).

After the operation, the retail agencies may resort to the licences of the resulting entity, as well as to Viajes El Corte Inglés or, failing that, Disneyland Paris, which also sells this product directly. In the case of the Imsero Social Tourism Programme, 2015 was the first time that a lot was awarded to an entity other than Mundosenior (joint venture between Globalia and Barceló). At the wholesale level, the combined share of the two companies through the Mundosenior joint venture has dropped from 100% to significantly below 50% for the 2019-2021 time frame. The competitive dynamics of this market has evolved considerably in recent years. As a result, the ability of Mundosenior to monopolise the entire market in the absence of competitors has disappeared.

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In short, the potential anti-competitive effects that an association between the two companies could have are limited because other companies and joint ventures exert significant competitive pressure, which has already manifested itself through lower bid prices. Additionally, Imserso plans to lower the economic solvency thresholds and increase the number of lots, measures that will enhance the competitive dynamics.

Air transport of passengers

As concerns passenger air transport, we should note that Air Europa is expected to be sold to the IAG Group. The Investment Agreement does not in any case consider including Air Europa within the scope of the operation at hand. There is therefore no addition of market shares.

We also note that the business models of Evelop Airlines, owned by Barceló, with a limited fleet focused on charter flights, and Air Europa, owned by Globalia and focused on scheduled flights, are different (scheduled and charter flights are considered separate markets).

Barceló is also providing a series of guarantees, in the form of an agreement with Globalia. These ensure that the commercial relationship between Air Europa and the businesses added to the new company will not be strengthened to the detriment of third-party tour operators while Air Europa remains under Globalia's control.

Moreover, new technologies are subjecting the wholesale travel agency market to increasing disintermediation. This results in increasing competition derived from online purchases or from the increase in direct sales by traditional tourism providers. Added to this is the sharp drop in demand as a consequence of the COVID-19 pandemic and its impact in the form of generating surplus capacity that will condition the activity of operators in coming years.

In light of the aforementioned reasons, it does not seem foreseeable that the notified operation will have an adverse impact on effective competition in the various segments of the wholesale and retail travel agency markets.

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