

# Warner in deal with independents

**MEDIA**

**By Andrew Edgecliffe-Johnson in New York**

Warner Music has struck a deal with two groups representing independent record labels to secure their support as it seeks regulatory approval for its £487m acquisition of former EMI labels such as Parlophone, home to Coldplay and Pink Floyd.

Members of Impala, the independent sector's trade association, and Merlin, a global digital licensing body for independent music, will be able to buy, license or distribute a "significant" portion of the Parlophone Label Group assets Warner hopes to buy from Vivendi's Universal Music.

Warner, Impala and Merlin declined to comment on

the value of the assets involved or which independents might show interest, but people familiar with the terms said Warner was likely to secure similar valuations to the price it was paying Universal.

Len Blavatnik, Warner's owner since 2011, told the

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## £487m

**Warner Music's purchase price for former EMI labels**

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Financial Times the investment was "going very well". He added: "Parlophone is a particularly important music company. It's a label with a huge history."

The agreement means that Warner – which was blocked by the European Commission from buying

EMI as far back as 2000 and struck a similar deal with Impala when trying to buy EMI in 2007 – will have the backing of two vocal critics of past consolidation.

Impala and Merlin lobbied against Universal's acquisition of EMI's recorded music business last year, arguing that it would create a duopoly of Universal and Sony Music, whose global market shares far exceed those of Warner and independent labels.

Warner's acquisition of Parlophone and other European labels would strengthen its position as the third major label.

However Helen Smith, executive chair of Impala, said the industry would benefit from Warner reducing its market share by selling on some assets. Narrowing the gap between inde-

pendents and the three remaining major labels would create "a wider competition effect", she argued.

Charles Caldas, Merlin chief executive, said it had hoped the Universal-EMI transaction would be blocked outright, but when it became clear that was not going to happen "we had a duty to ensure our members had the best possible chance to continue to compete".

Warner's bid far exceeded those of rivals for Parlophone, which makes annual revenues of about £300m and earnings before interest, tax, depreciation and amortisation of about £70m, suggesting it paid a similar multiple to the 7 times ebitda valuation Universal paid for EMI.

*Additional reporting by Tom Braithwaite*