



Recent changes in media ownership

Ágnes Urbán

Mertek Media Monitor

November 2016

Content

The market for print newspapers	3
Radio market	7
Television market	8
Online market	11

The past few years saw major changes in the ownership structures of media corporations in Hungary. Following the economic crisis of 2008, the advertising market dropped by 20%. The adoption of the media law in late 2010 led to an unpredictable regulatory environment. Many foreign investors sold their Hungarian holdings, and several of them left the region altogether. In Hungary, their place was typically taken by domestic investors with political connections and close ties to the governing party. This has completely reshaped not only media ownership structures in Hungary, but in fact the entire Hungarian public sphere.

The market for print newspapers

For years the market for print newspapers was dominated by three grand international investors, the German Axel Springer, the Swiss Ringier and the Finnish Sanoma corporations.

Sanoma's departure from the Hungarian market is a simple story. The Finnish owner announced in April 2014 that it would sell its Hungarian holdings to a Hungarian financial investor. The buyer, the Central Fund, was part of the portfolio owned by the Hungarian businessman Zoltán Varga. At the time everyone assumed that Varga would break up the portfolio and sell its components one by one. Ultimately, however, that turned out to be wrong and the papers are still held by the same owner.

The story of the Axel Springer and Ringier merger began in 2010, and it seemed likely that the fusion of two newspaper publishers who are major players even by European standards could be problematic in a small market such as Hungary, because they are even more significant in this comparatively small market. The anticipated problems did in fact arise, as the National Media and Infocommunications Authority (NMHH) issued a position paper in the spring of 2011 in which it rejected the merger of the Hungarian subsidiaries of Ringier and Axel Springer. The media law provides that such position papers by the Authority are binding for the Competition Office, which cannot issue a merger clearance in contravention of the Authority's opinion. The two companies then withdrew their petition, but it was widely assumed that they would continue to try to merge their respective Hungarian holdings at a later time.

In January 2014 the two companies announced that a company called Vienna Capital Partners (VCP) would acquire a major portion of the media portfolio owned by Ringier and Axel Springer, respectively, including the regional newspapers, the national daily *Népszabadság*, the sports newspaper *Nemzeti Sport*, the business daily *Világgazdaság*, and other sports and youth magazines. The remaining newspapers, including the tabloid *Blikk* and some popular magazines, have been published by Ringier Axel Springer Hungary, the Hungarian subsidiary that was formed after the merger of the two media giants, since 2014.

VCP subsequently changed its name to Mediaworks and became the subject of intense news attention in autumn 2016, when on 8 October it all of a sudden suspended the print and online publication of Hungary's leading broadsheet, *Népszabadság*. The owner of the publishing

house, the Austrian businessman Heinrich Pecina cited business reasons for the decision, but the way the process was implemented (taking the newspaper's internet archive offline, the humiliation of employees and keeping them in a state of uncertainty) strongly suggest political motives. The political background became obvious when it was announced that Mediaworks' Hungarian holdings will be taken over by Opimus Press. Journalists found that this company has ties to Lőrinc Mészáros, an oligarch who is a personal friend of the prime minister and is now entering the media business.

Mediaworks also significantly increased its influence over the structure of the Hungarian public sphere by purchasing the Pannon Lapok Társasága newspaper company on 30 September 2016, a few days before the suspension of Népszabadság. Through this acquisition Mediaworks became the owner of four regional newspapers with over a million readers. As a result, it has emerged as one of the most important sources of news for those living in the Hungarian countryside.

Another important development with respect to the public's access to information is that three leftwing newspapers, the national broadsheet Népszava, and two weeklies, Szabad Föld and Vasárnapi Hírek, were acquired in October 2016 by an offshore company in Liechtenstein. Though journalists were able to track the company to the Swiss investor Jürg Marquard, the press division of the latter company denies its involvement, and hence officially we don't know who the owner is yet.¹ The real owners of the leftwing weekly 168 óra are also unknown, but investigative reporting suggests that they are investors in New York.²

Though national broadsheets tend to be economically less significant and have a limited direct reach, on account of their traditional role it is nevertheless worthwhile to take a look at the key owners in this segment of the market. With the closing of Népszabadság, four newspapers remain in the market. Magyar Nemzet is an openly rightwing newspaper owned by Lajos Simicska, who used to act as the prime minister's financial éminence grise. Since a public conflict erupted between Viktor Orbán and Lajos Simicska in February 2015, Magyar Nemzet has adopted a critical tone towards the government. Incidentally, this marks the first time that a rightwing daily has been independent - and thus occasionally critical - of Fidesz. Magyar Idők is owned by Gábor Liskay, who is also well known for his ties to rightwing politics and his loyalty to the prime minister. In terms of its editorial tone, Magyar Hírlap is a far-right newspaper. It is owned by the businessman Gábor Széles, who is a prominent backer of the prime minister. The sole remaining leftwing daily, Népszava, was taken over by an offshore company, as we discussed above.

The market for political weeklies remains more diverse, and in fact weeklies that are critical of the government continue to dominate (HVG, Magyar Narancs, Élet és Irodalom, 168 óra).

¹ Szalay, D. (2016): Marquardnak nincs köze a Népszava és a Vasárnapi Hírek felvásárlásához [Marquard has nothing to do with the acquisition of Népszava and Vasárnapi Hírek].

<http://24.hu/media/2016/10/24/marquardnak-nincs-koze-a-nepszava-es-a-vasarnapi-hirek-felvasarlasahoz/>

² Becker, A. (2016): Likviditási válság a 168 óránál – ki áll valójában a Brit Média Kft. mögött? [Liquidity crisis at 168 óra – who is really behind Brit Média Ltd? <https://atlatszo.hu/2016/10/25/likviditasi-valsag-a-168-oranal-ki-all-valojaban-a-brit-media-kft-mogott/>]

Heti Válasz can be considered more loyal to the government's policies, while Demokrata is distinctly far-right in tone but fiercely loyal to Fidesz. At this moment, attention centres around a business weekly, Figyelő, which was once an influential newspaper. The publisher went bankrupt, and Figyelő's fate hangs in the balance as a new publisher is sought.

The daily Lokál has also emerged as an important player in 2016, for in its own segment of the market -- free daily newspapers -- it attained a monopoly position when Metropol went out of business in May. Lokál is also published as a free weekly. The newspaper is affiliated with the media empire controlled by Árpád Habony, the prime minister's advisor.

<i>Brand</i>	<i>Publisher</i>	<i>Net revenue 2015 ('000 HUF)</i>	<i>Type of the owner</i>	<i>Transparency of the owner</i>	<i>Circulation 2015 H2*</i>
12 regional newspapers, Világgazdaság, Nemzeti Sport, magazines	Mediaworks Hungary Zrt	16 387 008	Hungarian investor (pro-government)	partly transparent	-
magazines	Central Média csoport Zrt	7 894 384	Hungarian investor	transparent	-
Blikk, magazines	Ringier Axel Springer Magyarország Kft.	6 398 000	international investor	transparent	-
Bors, 2 regional newspapers	Lapcom Zrt	9 510 634	international investor	not transparent	-
3 regional newspapers	Russmedia Kft	5 231 542	international investor	partly transparent	-
Népszava (daily)	Népszava Lapkiadó Kft.	580 016	offshore	not transparent	11 815
Magyar Nemzet (daily)	Nemzet Lap- és Könyvkiadó Kft	2 225 301	Hungarian investor	transparent	24 232
Magyar Hírlap (daily)	Magyar Hírlap Kft	620 755	Hungarian investor (pro-government)	transparent	n.a.
Magyar Idők (daily)	Magyar Idők Kiadó Kft	872 202	Hungarian investor (pro-government)	transparent	n.a.
HVG (weekly)	HVG Kiadó Zrt	3 329 957	Hungarian investor	transparent	36 487
Figyelő (weekly)	MediaCity Kft	634 542 (until November 03, 2015)	Hungarian investor	ownership change in progress	7 566
Magyar Narancs (weekly)	Magyarnarancs.hu Kft	238 207	Hungarian investor	transparent	n.a.

Heti Válasz (weekly)	Heti Válasz Kiadó Kft	878 658	Hungarian investor	transparent	15 112
168 óra (weekly)	Telegráf Kiadó Kft	417 886	offshore	not transparent	14 321
Élet és Irodalom (weekly)	Irodalom Kft	189 280	Hungarian investor	transparent	n.a.
Demokrata (weekly)	Artamondo Kft	306 891	Hungarian investor (pro- government)	transparent	n.a.
Lokál (free daily)	Modern Media Group Zrt	803 922 (from April 16, 2015)	Hungarian investor (pro- government)	transparent	n.a.
Lokál extra (free weekly)					

*Source: matesz.hu

Radio market

We generally do not tend to view the radio market as a key player when it comes to public opinion formation, but over the last years there have been some remarkable developments in Hungary with respect to this market. The radio market is the media market in which the state has the most power to intervene. Through the frequency allocation tenders the Media Council has a direct say in who gets to perform radio broadcasts in Hungary.

The biggest player in the radio market is public radio, which broadcasts nationally on four channels.

Among the commercial radios, Class FM is the largest for the time being, since it uses the only national commercial frequency. The operator of Class FM, Advenio Inc, came by its frequency under scandalous circumstances back in 2009,³ and the company's owner is a prominent businessman who was known at the time for being very close to Fidesz. The seven-year media service licence that the company won in 2009 is set to expire on 19 November, and it will have to stop broadcasting at that time. For the time being, the fate of the frequency remains uncertain. There are legal actions still pending to determine what will be done with it, and as a result the earliest time when a new station could begin to broadcast would be 2017 - even if the Media Council were to issue a new tender for the frequency, which it hasn't done yet. In the spring of 2016 there was a change in the ownership of the radio, and an American lawyer/businessman, Michael McNutt, took over the station.

Karc FM, a rightwing talk radio station, has been broadcasting on the frequency 105.9 in Budapest since February 2016. It is operated by Karc FM Média Ltd, the owner of which is Magyar Idők Publishing Ltd, a publisher known for its loyalty to the government.

Another broadcaster that is openly controlled by interests close to the governing party is the music radio station Rádió 1. It is operated by Radio Plus Ltd and is owned by the government's film commissioner Andy Vajna, who is also the owner of the company that operates TV2. Rádió 1 drew attention recently because the station, which can only be received in Budapest, was authorised by the Media Council to merge into a network with other radios. As a result, as of 15 November the programmes of Rádió 1 will be heard for up to 20 hours a day in the towns and surrounding areas of Baja, Dunaföldvár, Paks, Szekszárd, Győr, Tihany, Miskolc, Heves and Nyíregyháza. Thanks to the decision by the Media Council, therefore, Rádió 1 has managed to significantly increase its market share. Once Class FM goes off the air, Rádió 1 will become the music radio station with the greatest coverage area.

Two Budapest talk radios, Info Rádió and Klub Rádió, play a prominent role in the news segment of the market. Rightwing Info Rádió is part of the CEMP group, which is owned by the banker Zoltán Spéder, who recently became embroiled in a conflict with the prime minister and is as a result in the process of restructuring his media empire.⁴ The majority

³ Mertek (2013): The radio market as political playground <http://mertek.eu/en/article/the-radio-market-as-a-political-playground>

⁴ The present manuscript was completed at the end of October 2016.

ownership of the prominent leftwing station Klub Rádió, which is critical of the government, is held by private persons. A minority stake, however, is held by Brit Média Ltd, whose murky background has been the subject of ongoing speculation in the Hungarian press.⁵

Lánchíd Rádió, which can be received in the country's central and western parts, broadcasts on 14 frequencies overall. It is owned by Lajos Simicska, the media oligarch who used to be one of the prime minister's closest allies.

Ecclesiastical radios have emerged as major players in the Hungarian radio market. Three Catholic radios and one Presbyterian station operate several dozens of local and district frequencies, which makes church radios major players in the rural markets.

Smaller music stations are typically less suitable for influencing the structure of the public sphere, but in Hungary that is not necessarily the case. In order to save on operating costs, a significant portion of local radios receive their news from the state news agency MTI. In other words even if a radio station is independent in terms of its owners, its news services may nevertheless support the government's communication.

<i>Brand</i>	<i>Broadcaster</i>	<i>Net revenue 2015 ('000 HUF)</i>	<i>Type of the owner</i>	<i>Transparency of the owner</i>
Class FM	Advenio Zrt	2 959 309	international investor	transparent
Rádió 1	Radio Plus Kft	-	Hungarian investor (pro-government)	transparent
Karc FM	Karc FM Média Kft (Hang-Adás Kft)	1 866	Hungarian investor (pro-government)	transparent
Lánchíd Rádió	Lánchíd Rádió Kft	282 157	Hungarian investor	transparent
Info Rádió	Inforádió Kft	465 876	Hungarian investor	transparent
Klub Rádió*	Klubrádió Zrt	102 784	Hungarian investor	partly transparent

* other revenues (subsidies, grants, crowdfunding) are not included in the net revenue data

Television market

Similarly to the other media sectors, the television market also boasts a significant number of government-friendly players.

⁵ Becker, A. (2016): Likviditási válság a 168 óránál – ki áll valójában a Brit Média Kft. mögött? [Liquidity crisis at 168 óra – who is really behind Brit Média Ltd?] <https://atlatzso.hu/2016/10/25/likviditasi-valsag-a-168-oranal-ki-all-valojaban-a-brit-media-kft-mogott/>

The public service media provider (MTVA) operates seven television channels, which had an audience share of 18.7% in the third quarter of 2016.⁶

The market leader RTL Klub is operated by the Magyar RTL Televízió Inc. In addition to its flagship channel, RTL Group controls several other television channels in Hungary (RTL II, Cool, Film+, RTL+, Film+2, Sorozat+, MuzsikaTV), and also has an own sales house called R-time.

The second largest commercial television channel is TV2, which is operated by the TV2 Média Csoport Ltd owned by the government's film commissioner Andy Vajna. The TV2 group also boasts a significant number of thematic channels which are registered abroad (Super TV2, Fem3, Mozi+, Spiler TV, Izaura TV, Zenebutik, Prime, Chili TV, Kiwi TV). Advertising time for these channels is sold by the sales house Atmedia. This is particularly interesting because Atmedia also sells ads for MTVA's television portfolio. Public service television and the pro-government commercial television TV2 thus mutually reinforce one another's positions in the advertising market by offering their advertising time to potential advertisers as a package; essentially, this makes it possible to reach any designated target group effectively.

Four channels are worthy of mention in the news market: These are ATV, HírTV, Echo TV and the Hungarian edition of Euronews.

ATV is operated by the eponymous holding company, which is in turn owned by the Hungarian Hit Gyülekezet (Faith Church Hungary), an evangelical congregation. ATV is generally regarded as a leftwing channel that is critical of the government, but – undoubtedly due to its ownership background – on some major issues it shares a platform with the government.

On the refugee question, for example, which recently became a dominant issue in Hungarian political discourse, ATV openly endorsed the government's anti-refugee narrative. Even more surprisingly, ATV – as the sole player in the television market apart from the public television channels controlled by MTVA and the TV2 group – has continuously broadcast government advertisements throughout most of 2016, undoubtedly accruing substantial revenue in the process.

Rightwing HírTV is operated by Hír Televízió Inc, which is part of Lajos Simicska's extensive media holdings. Since the February 2015 clash between Simicska and Orbán, the channel has shifted towards a stance that is considerably more critical of the government than previously. As a result, government party politicians boycott HírTV, won't give interviews to the channel and refuse to appear in its shows.

Echo TV is operated by Echo Hungária Tv Inc, which is owned by the prominent rightwing businessman Gábor Széles. Gábor Széles's name has been well-known in Hungary ever since

⁶ Nielsen (2016): TV market snapshot Q3
http://www.agbnielsen.com/Uploads/Hungary/res_snapshot_2016Q3_eng.pdf

the 1980s, and he is also known for his loyalty to the current prime minister. His media holdings often disseminate far-right communication.

Euronews' Hungarian edition was launched in 2013. Its ownership structure is complex, and its 25 shareholders include a variety of major European broadcasters. What drew most attention to Euronews in Hungary was that fact that since August 2016 the state-owned Antenna Hungária has not transmitted the channel's broadcasts on the digital terrestrial platform. As a result, the segment of the public most likely to miss out on the possibility of watching Euronews are those viewers who have a relatively limited selection of channels to begin with, including many elderly and less educated viewers.

In addition to the channels enumerated above, there are countless foreign-owned thematic channels available to Hungarian viewers, but these broadcast entertainment shows and do not play a significant role in informing the public.

<i>Brand</i>	<i>Broadcaster</i>	<i>Net revenue 2015 ('000 HUF)</i>	<i>Type of the owner</i>	<i>Transparency of the owner</i>
RTL Klub, Muzsika Klub	Magyar RTL Televízió Zrt	27 346 437	international investor	transparent
RTL II, Cool, Film+, etc (6 channels)	RTL Group (Luxemburg)	-	international investor	transparent
TV2	TV2 Média Csoport Kft	18 372 275	Hungarian investor (pro-government)	transparent
Super TV2, Fem3, Mozi+, etc (9 channels)	CEE Broadcasting Co. (Romania)	-	Hungarian investor (pro-government)	transparent
ATV	ATV Zrt	1 600 109	Hungarian investor	transparent
Hír TV	HírTV Zrt	4 035 073	Hungarian investor	transparent
Echo	Echo Hungária TV Zrt	791 973	Hungarian investor (pro-government)	transparent
Euronews	Euronews SA	-	international investor	transparent

Online market

In Hungary the online market is the most balanced among the media markets, but providers with close ties to the government have significantly proliferated in this realm, too.

The portal with the greatest reach, origo.hu, was acquired by the New Wave Media Ltd. in February 2016. Previously, origo.hu was owned by the telecommunications company Magyar Telekom, Hungary's leading telecom corporation. Magyar Telekom in turn is a subsidiary of Deutsche Telekom, and the German telecommunications decided to sell off the online news provider. Now New Wave Media is owned by the businessman István Száraz, whose name became widely known in April 2016. At that time a major scandal erupted because another portal owned by Száraz, vs.hu (which is operated by New Wave Productions Ltd.) was awarded over half a billion forints from foundations affiliated with the Hungarian National Bank (MNB). The circumstances of the subsidy were totally inscrutable to the public. Before the change in ownership, origo.hu had a reputation for investigative reporting, but since then it has changed substantially and is now discernibly more loyal toward the government.

The position of the other major online news portal in Hungary, index.hu, is still uncertain as of this writing. It is owned by the businessman Zoltán Spéder, whose relationship with the prime minister has recently deteriorated. In the last few weeks, Spéder has sold his stakes in banking and is also in the process of legally restructuring his media holdings. There are rumours about option contracts and new owners, but for now it is impossible to know with whom the portal will ultimately end up. The fate of index.hu is crucial not only because of the portal's substantial number of readers, but also because it has functioned as one of Hungary's leading training ground for young journalists and was home to countless scoops of investigative journalism.

Two other major players in the Hungarian online news market are 24.hu and hvg.hu, both of which are backed by a publishing house. 24.hu is operated by the Central Digitális Média Ltd., but the portal itself has no print version. An interesting development is that Magyar RTL Televízió Inc has acquired a 30% stake in Centrál Digitális Média Ltd. in September 2016, though for the time being the approval of the competition office is still pending. Hvg.hu is operated by HVG Kiadó Inc, which also publishes the eponymous weekly. Both these portals are critical towards the government.

Another newsportal that is critical of the government is 444.hu, which was launched in 2013 and quickly emerged as a key player in the online market. Its owners are private Hungarian citizens. Péter Uj and Gábor Kardos, who both previously served as top executives/editors at index.hu.

Pro-government players have also cropped in the online market. The operator of the portal 888.hu is the Modern Média Group Inc, which is owned by Árpád Habony, the prime minister's advisor.

Ripost.hu is seeking to build its readership by posting tabloid news, but in the instances when its content is more political, the editorial line hews towards the government's position and

communication. It is published by Ripost Média Ltd., which is owned by private persons in Hungary.

Two important players in the online content market are atlatszo.hu and direkt36.hu. These are both non-profit investigative sites, and both were launched by journalists who could no longer continue to work in mainstream media. Their ownership structures are transparent, and a significant portion of their revenue stems from crowdfunding, in other words donations by readers. This form of funding is an important condition of retaining independence. A major difference between the two teams of investigative reporters is that while atlatszo.hu wishes to nurture its own brand and a corresponding website, direkt36.hu publishes its articles in partnerships (predominantly on the 444.hu portal).

<i>Brand</i>	<i>Content Provider</i>	<i>Net revenue 2015 ('000 HUF)</i>	<i>Type of the owner</i>	<i>Transparency of the owner</i>	<i>Real User (September 2016)*</i>
origo.hu	Origo Zrt	4 449 697	Hungarian investor (pro-government)	transparent	2.340.685
index.hu	Index.hu Zrt	2 167 950	Hungarian investor	partly transparent	2.005.514
24.hu	Central Digitális Média Kft	2 103 656 (from March 31, 2015)	Hungarian investor	transparent	1.945.415
hvg.hu	HVG Kiadó Zrt	3 329 957	Hungarian investor	transparent	1.788.857
ripost.hu	Ripost Média Kft	373 274 (from January 5, 2015)	Hungarian investor (pro-government)	transparent	1.214.341
444.hu	Magyar Jeti Zrt	205 328	Hungarian investor	transparent	1.114.453
vs.hu**	New Wave Production Kft	170 266	Hungarian investor (pro-government)	transparent	652.324
atlatszo.hu**	Atlatszo.hu Közhasznú Nonprofit Kft	0	Hungarian investor	transparent	262.307
888.hu	Modern Media Group Zrt	803 922 (from April 16, 2015)	Hungarian investor (pro-government)	transparent	n.a.
direkt36.hu**	Direkt36 Nonprofit Kft	6 047	Hungarian investor	transparent	n.a.

*Source: Gemius – OLA (data include PC, tablet and mobile users)

** other revenues (subsidies, grants, crowdfunding) are not included in the net revenue data