

Sirius XM Radio planning to stream to iPhone, iPod

March 12 2009, By DEBORAH YAO , AP Business Writer

(AP) -- Financially struggling Sirius XM Radio Inc. is planning to stream its subscription radio service to the iPhone and iPod Touch devices from Apple Inc. beginning this spring.

After narrowly avoiding a filing for bankruptcy protection last month, the nation's only [satellite radio](#) provider wants to step up sales directly to consumers. New car purchases - which had been Sirius' best source of customers - are way down.

Sirius XM also said in a call Thursday to discuss its fourth-quarter earnings that it's ramping up efforts to reach buyers of used cars with factory-installed satellite radios.

"We're testing a number of initiatives to make Sirius content more ubiquitous," said Mel Karmazin, chief executive of New York-based Sirius.

Sirius now has 19 million subscribers, up 10 percent from a year earlier.

By streaming its music, sports and talk channels to users of the iPhone and iPod Touch, Sirius can give its existing subscribers another way to access content and let new customers sign up without buying new radios, Karmazin said.

Sirius also sees opportunities to bundle its [satellite radio service](#) with TV packages from [DirecTV Group](#) Inc. DirecTV's controlling shareholder is

Liberty Media Corp., which rescued Sirius from a debt bind last month with a \$530 million investment.

Karmazin said he has met with DirecTV CEO Chase Carey and Liberty CEO Greg Maffei over the past few days.

"It behooves us to consider every possible way to grow our subscriber base," Karmazin said.

He said several parties were interested in investing in Sirius, but the company's "complex" balance sheet and the liquidity crisis scared many away. Sirius faced \$1 billion in debt that was coming due in 2009 that the company couldn't repay and was having trouble refinancing.

One person that stepped up was Dish Network Corp. CEO Charlie Ergen, who bought a substantial amount of Sirius debt to wrestle for control of the company. Karmazin rebuffed him, turning instead to an Ergen rival, Liberty's Chairman John Malone.

Liberty extended loans to Sirius at 15 percent interest and took a 40 percent stake in the satellite radio company. Karmazin defended that expensive decision, noting that General Electric Co. and Goldman Sachs Group Inc. had recently raised money at 10 percent interest.

"Relative to them, 15 percent was required," Karmazin said.

On Tuesday, Sirius reported a fourth-quarter loss of \$248.5 million, better than a loss of \$405 million in the year-earlier quarter. Sales climbed to \$644.1 million from \$577.5 million a year earlier. Those results were adjusted to assume that Sirius' July 2008 purchase of XM occurred on Jan. 1, 2007, to enable year-over-year comparisons.

Expectations that it would need to file for bankruptcy protection hurt the

company, as did the liquidation of Circuit City Stores Inc. and poor fourth-quarter traffic at other stores where Sirius radios are sold.

In the call Thursday, Sirius said it will stop providing revenue and subscriber guidance because of poor visibility into the state of the economy and auto sales.

However, the company expects to report earnings before interest, taxes, depreciation and amortization of over \$300 million in 2009, in line with previous projections. Additional aggressive cost cuts will help the bottom line as Sirius shores up revenue.

"We expect to see this turnaround continue in 2009 and beyond," Karmazin said.

Shares of Sirius rose by a penny to 17 cents in morning trading.

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