

Astral still in talks with BCE about takeover deal

November 16 2012, by Charmaine Noronha

(AP)—Canadian broadcasting and advertising company Astral Media Inc. said Friday that it is still talking with BCE Inc. in the hopes of finding a way to have the friendly takeover offer by the telecom giant win regulatory approval.

The Canadian Radio-television and Telecommunications Commission rejected a US\$3.39 billion (CA\$3.40 billion) deal between the two companies last month, saying it wasn't in the best interests of Canadians. The broadcast regulator said the takeover would have resulted in an unprecedented level of consolidation in Canada's media industry.

"While it is Astral's policy not to comment on market rumors or speculation, Astral today confirms that it is in discussions with Bell to continue pursuing regulatory approvals for Bell's acquisition of Astral, including, among other options, the filing of an application with the Canadian Radio-television and Telecommunications Commission," Astral said in a statement.

The timing and details of the application have not yet been determined, said Astral.

Trading in Astral shares on the [Toronto Stock Exchange](#) had been halted before the announcement.

BCE declined to comment Friday.

The deal is subject to approval by Canada's broadcast regulator and the Competition Bureau.

Bell has postponed the deadline for the deal until Dec. 16 and both parties can further extend it by one month.

The Globe and Mail newspaper reported Friday that those familiar with the talks say the new deal seeks to overcome regulatory opposition by auctioning off a number of Astral's English broadcast assets.

BCE is Canada's largest [Internet service provider](#), the second largest wireless service provider and third largest television distributor in Canada. The [telecom giant](#) wants to create a media powerhouse with more content to deliver to TVs, tablets and mobile devices.

Astral is Canada's largest pay and specialty TV broadcaster, owning 25 TV stations including The Movie Network and HBO Canada. It also owns 84 radio stations in 50 Canadian markets and is the third-largest outdoor advertising company.

Bell has asked the federal cabinet to get involved, but Ottawa has suggested there's little appetite to ask the Canadian Radio-television and [Telecommunications Commission](#) to revisit its decision.

The broadcast regulator said if it had allowed the deal, BCE would have controlled almost 45 percent of the English TV viewership and almost 35 percent of the French market.

Bell disagreed, saying it would have been under the 35 percent limit in both markets.

The discrepancy arises because Bell includes U.S. competitors in the calculations, while the CRTC did not.

BCE had argued it needed to do the deal to compete with U.S. rivals like video subscription service Netflix, and they pledged tangible benefits by adding US\$239 million (CA\$240 million) in funding for programs.

While many had expected the regulator would approve the deal with conditions, most of BCE's competitors agreed that the deal would have placed significant market power in the hands of one company. Phil Lind, vice chairman of BCE rival Rogers Communications, commended the CRTC for the decision to reject the deal last month.

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