

AT&T exec says 'uncertain' when Time Warner deal will close

November 8 2017, by Tali Arbel



In this Tuesday, May 26, 2015, file photo, pedestrians walk by an entrance to the Time Warner Center in New York. AT&T now says it's "uncertain" when its \$85 billion Time Warner purchase will close. AT&T had maintained that the deal would be done by the end of 2017. (AP Photo/Mary Altaffer, File)

AT&T now says it's "uncertain" when its \$85 billion Time Warner purchase will close, making investors worry that regulators may try to block it or require significant changes to the deal for approval.

AT&T had previously maintained that the deal would be done by the end of the year.

Wall Street analysts had widely expected the deal to go through. Obama-era regulators in 2011 approved a similar media merger, cable company Comcast's purchase of NBCUniversal, with a slew of requirements for Comcast's business practices attached. AT&T and Time Warner are still waiting for a decision from the Justice Department, which can approve the deal, with or without conditions, or sue to block it.

Time Warner shares dropped 4.8 percent to \$90.10 in afternoon trading Wednesday. AT&T stock rose less than 1 percent, to \$33.29.

"We are in active discussions with the DOJ. Those are continuing on. I can't comment on those discussions," AT&T Inc. CFO John Stephens said at a Wednesday investor conference. "But with those discussions, I can now say that the timing of the closing of the deal is now uncertain."

Perhaps complicating matters now is that the new antitrust head at the Justice Department, Makan Delrahim, has said he prefers "structural" changes to a deal, like selling off assets, rather than making a company promise it will abide by certain rules and having the government monitor a company's behavior after a merger.



This Thursday, July 27, 2017, file photo shows an AT&T logo at a store in Hialeah, Fla. AT&T now says it's "uncertain" when its \$85 billion Time Warner purchase will close. AT&T had maintained that the deal would be done by the end of 2017. (AP Photo/Alan Diaz, File)

But AT&T hopes to benefit from marrying all of Time Warner's assets to its own. It would then supply its video—HBO, CNN, TBS and a major American movie studio—while providing access to the internet for millions of Americans.

"We believe the likelihood of the deal being blocked by DOJ is quite limited," said Barclays analysts in a research note Wednesday. Even if the Justice Department does sue, a court is likely to strike down the suit, the analysts said. However, the government could require sales of key networks or other "stringent" conditions that would make the deal less beneficial to AT&T, they said.

Consumer groups, some TV networks and some conservative groups have criticized the deal, saying it would allow AT&T to discriminate against TV networks it doesn't own or raise prices on other cable and satellite TV companies for its programming, hurting consumers.

Several Democratic lawmakers have also pushed back against the combination. And President Donald Trump, no fan of Time Warner-owned CNN, vowed, when he was a candidate, to block the deal if elected because it concentrated too much "power in the hands of too few."

A Time Warner representative did not immediately respond to questions. Justice Department spokesman Mark Abueg declined to comment.

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