

Comcast challenges Murdoch with rival bid for UK-based Sky

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In this Oct. 12, 2017, file photo a pedestrian walks by a Comcast Service Center, in Miami. Comcast Corp. reports earnings Wednesday, April 25, 2018. (AP Photo/Alan Diaz, File)

U.S. media giant Comcast on Wednesday offered 22 billion pounds (\$30.7 billion) for Sky PLC, topping a bid from Rupert Murdoch's 21st Century Fox and setting up a bidding war for Britain's biggest satellite television company.

Comcast said it would pay 12.75 pounds for each Sky share, 16 percent more than Fox's offer. Sky shares rose 3.9 percent to 13.59 pounds as investors bet Fox would sweeten its bid, and Sky withdrew its recommendation that shareholders accept the Fox offer.

Sky is based in London and has pay-TV operations across Europe, offering a platform for U.S. companies like Comcast and Fox to expand abroad. Fox, which already owns 39 percent of Sky, offered to buy the rest of the shares last June, triggering concerns the deal would give Murdoch too much control over British media. Walt Disney Co., which is in the process of buying Fox, has signaled it would be interested in buying Sky to neutralize Murdoch's critics.

"The question now is whether Fox/Disney makes a knockout bid to discourage any further Comcast offer and what it thinks this level is, without breaking the bank," analysts at Liberum Capital said in a note to clients.

Fox issued a statement saying it remains committed to its offer and is "currently considering its options."

Comcast CEO Brian Roberts said Sky's 23 million customers and leading positions in the U.K., Italy and Germany would provide "significant opportunities for growth."

But Comcast isn't just wooing Sky shareholders. The company's offer was also pitched at the regulators and public officials who have raised concerns about the Fox bid.

The company laid out a strategy that showed it was interested in being a good corporate citizen in Britain, promising to use Sky as a platform for growth in Europe, maintaining Sky's U.K. headquarters and using the acquisition to "expand Comcast's international footprint."

"That is very important mood music to the takeover panel," said Alice Enders, the head of research at Enders Analysis

The company also said it would maintain the funding and independence of Sky's news operation for at least 10 years and pledged that it wouldn't buy any British newspapers for at least five years.

The regulator is conducting an investigation into whether Fox's offer would give Murdoch and his family—who already own several other media titles in the U.K.—too much control over the country's news media. Fox has proposed remedies to address those concerns, and the government will decide by the end of June whether they are enough.

"The important thing about the Comcast bid is that they appear to match the remedy that has been offered by Fox," Enders said.

Comcast, which owns cable channels MSNBC and CNBC, argues its approach would escape concerns over media plurality because of its "minimal presence" in U.K. media.

"We also understand the role that Sky plays in U.K. society and in its customers' lives, and we are determined to be responsible and trusted owners of Sky," Roberts said in a statement.

Those commitments are a reaction to the controversy surrounding the Fox bid. Comcast's offer comes just days before the May 1 deadline for the Competition and Markets Authority to give its final advice about the Fox bid to Culture Secretary Matt Hancock. He must decide to either approve or block Fox's offer by the end of May.

This isn't the first time Murdoch has faced obstacles in efforts to take full control of Sky. He withdrew a previous bid for Sky in 2012 amid fallout from the phone-hacking scandal, in which journalists at his

newspapers gained illegal access to the voicemails of celebrities. Those revelations rocked Murdoch's British newspaper arm and led to the closure of the 168-year-old News of the World.

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