

# Sky 'welcomes' higher Comcast bid in Murdoch battle

April 25 2018

---



Sky welcomed a higher bid from US cable giant Comcast and withdrew support for a bid by Rupert Murdoch's 21st Century Fox group

Sky, the pan-European satellite TV group, withdrew support Wednesday for a full takeover by Rupert Murdoch's 21st Century Fox group after

US cable giant Comcast lodged a higher offer.

Sky, which is known for its live coverage of English Premier League football, has long been a jewel in the crown of the media magnate, but Murdoch's bid to consolidate control over the broadcaster has run into regulatory concerns.

Comcast, which lost out to Disney last year in an effort to buy 21st Century Fox, on Wednesday formalised its £22 billion (\$30.7 billion, 25.1 billion euros) cash bid for Sky.

21st Century Fox had earlier made a lower offer per share for the 61 percent of Sky it does not own.

In a statement, Sky's Independent Committee, which excludes parties of Murdoch, said it "is withdrawing its recommendation" for the 21st Century Fox bid and "welcomes" Comcast's higher offer.

Formal acceptance of Comcast's bid would likely end a drawn-out battle for Sky by 21st Century Fox as Murdoch's group as come up against strong antitrust obstacles in Britain.

However, analysts did not rule out a bidding war thanks to a possible improved offer from 21st Century Fox.

"We are delighted to be formalising our offer for Sky today," Comcast chairman and chief executive Brian L. Roberts said earlier Wednesday in a statement to the London Stock Exchange.

"Comcast's superior cash offer values each Sky share at £12.50—a significant premium to the 21st Century Fox offer price" of £10.75 per Sky stock, he added.

Responding to the move by Comcast, Sky said in a statement: "As a result of the announcement of this higher cash offer, the Independent Committee is withdrawing its recommendation of the offer announced by 21CF on 15 December 2016 and is now terminating the co-operation agreement entered into with 21CF on the same date."

Nearly 18 months ago, 21st Century Fox bid £11.4 billion for the part of Sky it is yet to own.

But earlier this year, Britain's Competitions and Markets Authority provisionally ruled that Murdoch's planned takeover was not in the public interest and that a deal would hand him too much power in swaying public opinion.

Murdoch owns also major British newspaper titles The Times and The Sun.

In an effort to have its offer accepted, 21st Century Fox proposed selling rolling TV channel Sky News to Disney—even if the latter does not succeed in buying most of Fox for \$52.4 billion.

Sky's share price stood 3.4-percent higher at £13.52 in early afternoon deals on London's benchmark FTSE 100 index, which was down 0.7 percent overall at 7,372 points.

"Comcast had already announced its intention to gazump 21st Century Fox's bid for Sky, so formalising things with this £22 billion cash offer is no surprise, and means there's a distinct possibility of a bidding war," noted George Salmon, equity analyst at Hargreaves Lansdown.

"Part of the reason the value of the deal is significantly higher than what Fox originally put forward is that Sky has since secured three more years of rights to (English) Premier League football at a reduced cost."

Comcast is the biggest US cable company and also owns the broadcasting and movie company NBCUniversal as well as Dreamworks Animation.

© 2018 AFP

Citation: Sky 'welcomes' higher Comcast bid in Murdoch battle (2018, April 25) retrieved 23 April 2024 from <https://phys.org/news/2018-04-sky-higher-comcast-murdoch.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.