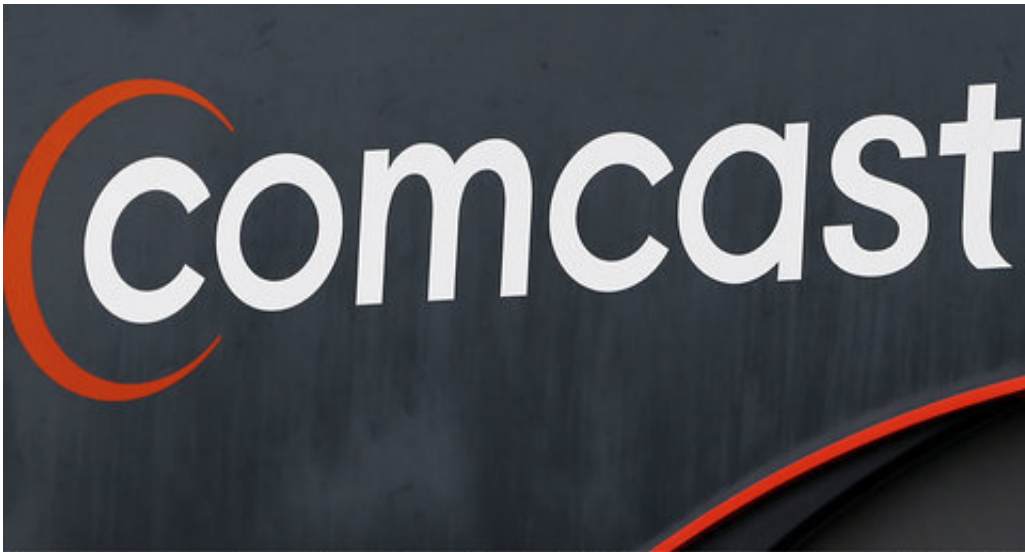


# Comcast-Disney fight highlights shifting media landscape

June 14 2018, by Mae Anderson

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This combo of file photos shows the 21st Century Fox sign outside of the News Corporation headquarters building on Aug. 1, 2017, in New York, bottom, and a Comcast sign on Oct. 12, 2017, in Hialeah, Fla. Comcast is making a \$65 billion

bid for Fox's entertainment businesses, setting up a battle with Disney to become the next mega-media company. (AP Photo/File)

That didn't take long.

A day after a federal judge cleared the way for AT&T's takeover of Time Warner, Comcast made a bold all-cash \$65 billion offer for Fox assets, setting up a clash with Disney and becoming the first big media company to attempt what is expected to be a spate of new megamergers.

The battle for Twenty-First Century Fox reflects a new imperative among entertainment and telecommunications firms, which are amassing ever more programming to better compete with technology companies such as Amazon and Netflix for viewers' attention—and dollars. Comcast's offer shows that it's willing to bet big to try to get its hands on the right content creators and distributors.

In a call with investors, CEO Brian Roberts said the marriage of Fox and Comcast would create the "entertainment company of the future."

Comcast says its bid is 19 percent higher than Disney's \$52.5 billion stock offer made in December, although the final value will depend on Disney's share price at the closing. Fox said it would review Comcast's offer. Shareholders were set to vote on Disney's offer on July 10, but Fox is considering whether to postpone or cancel that meeting.

On Tuesday, Judge Richard Leon rejected the government's argument that the AT&T deal would hurt competition in cable and satellite TV and jack up costs to consumers for streaming TV and movies. His ruling signaled that Comcast can most likely win regulatory approval as well.

"This is a golden offer that will put considerable pressure on (Disney CEO Bob) Iger and Disney to step up their game on another bid," GBH Insights analyst Dan Ives said. The higher-than-expected bid, he said, "speaks to Comcast really wanting these key assets."

If the Comcast bid succeeds, it would give a major cable distributor control over even more channels on its lineup and those of its rivals. That could lead to higher cable bills or make it more difficult for online alternatives to emerge, although so far there's no evidence of either happening following other mergers.

Entertainment programming is becoming more important as ways to deliver it to consumers proliferate. Cable companies like Comcast are no longer competing only with satellite alternatives such as DirecTV, but also stand-alone services such as Netflix and cable-like online bundles through Sony, AT&T and others.

Disney has already started its own sports streaming service. It plans another entertainment-focused one service next year featuring movies and shows from its own studios, which include Marvel, Pixar and "Star Wars" creator Lucasfilm.

With the Fox deal, Disney would be able to bulk up those services with the studios behind the Avatar movies, "The Simpsons" and "Modern Family," along with National Geographic. Disney's Marvel unit would get back the characters it previously licensed to Fox, reuniting the X-Men with the Avengers.

Comcast, meanwhile, has been leading the way in marrying pipes with the entertainment that flows through them. It bought NBCUniversal's [cable channels](#) and movie studio in 2013 and added Dreamworks Animation in 2016.

With Fox, Comcast would expand a portfolio that already includes U.S. television rights to the Olympics and comedy offerings such as "Saturday Night Live." Comcast already owns such cable channels as CNBC, Bravo and SyFy.

Whichever company prevails would also control Fox's cable and international TV businesses. That's key for Comcast, which currently doesn't have much of an international presence. The Fox television network and some cable channels including Fox News and Fox Business Network would stay with Murdoch's family under either deal, as with the newspaper and book businesses under a separate company, News Corp.

Comcast could be insulated from antitrust concerns, but Disney might still be vulnerable. If Disney gets Fox, the combined movie studios would account for 45 percent of worldwide box office revenue, according to BTIG analyst Richard Greenfield. That could raise regulatory objections. A larger studio could use its power to keep its movies in more theaters longer, dampening competition from rival studios.

Disney and Comcast had already been at battle in the U.K. over Sky TV. Fox has a 39 percent stake in that company and has been trying to buy it outright, with the intention of selling the full company to Disney as part of that deal. U.K. regulators have given the OK to that offer if Fox sells Sky News. Regulators there also have cleared Comcast's \$30.7 billion offer for the 61 percent of Sky that Murdoch doesn't own.

In addition to the \$35-per-share cash offer, Comcast agreed to pay a \$2.5 billion termination fee if the deal doesn't pass regulatory muster. It also agreed to reimburse Fox for the \$1.5 billion-plus breakup fee it agreed to pay to Disney if their deal doesn't go through.

Disney did not immediately respond to a request for comment.

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