

UK clears way for 21st Century Fox to buy Sky

July 12 2018, by Ben Perry



Sky's jewel in the crown is its live coverage of English Premier League soccer

Britain on Thursday cleared the way for Rupert Murdoch's 21st Century Fox to take full control of pan-European TV giant Sky after Fox agreed to address media plurality concerns.

Despite the clearance, satellite pay-TV group Sky could still end up being bought by Comcast or Disney amid a US media industry tug-of-war.

"It is now a matter for the Sky shareholders to decide whether to accept 21CF's bid," Britain's Culture Secretary Jeremy Wright said in a statement.

Fox's long-running pursuit for all of Sky had been plagued by UK government fears over media plurality and broadcasting standards—and the influence of Australian-born US citizen Murdoch.

Critics say that allowing Murdoch—who owns major British newspaper titles The Times and The Sun—full control of Sky News would give him too much influence in the UK news business.

To remedy this, Fox has proposed to sell the rolling TV news channel to Disney should it win full control of Sky.

The UK government's statement meanwhile comes one day after both Comcast and 21st Century Fox raised their bids for Sky, escalating a takeover battle as media giants reposition themselves for the streaming era.

Comcast lifted its offer to £26 billion (\$34.3 billion, 29.5 billion euros) only hours after Fox boosted its offer for the 61 percent of Sky it does not own.

Fox's latest bid values Sky at £24.5 billion.

Beefing up creative content

The battle for Sky comes as Comcast is also embroiled in a takeover

battle with Disney for Fox entertainment assets that are being split off from Murdoch's empire.

Some analysts have said Comcast could drop its bid for the Fox assets should it win Sky.

Media giants such as Disney and Comcast have been looking to beef up their creative offerings to compete with Netflix and other streaming services that are eroding the value of conventional cable television assets.

Sky's jewel in the crown is its live coverage of English Premier League football, while the group also provides broadband internet and telephone services.

Shares in Sky were up 2.7 percent at £15.35 in London deals on Thursday, above both Comcast's latest offer of £14.75 per share and Fox's improved bid at £14.

"The stock market continues to believe that the winner of the Sky takeover battle will pay more than has currently been offered," noted Russ Mould, investment director at AJ Bell.

"Takeover battles don't go on forever and at some point one of the competing parties will have to admit defeat," he added.

Sky changed its name from BSkyB after agreeing in 2014 to buy Sky Italia and a majority holding in Sky Deutschland.

In 2011, Murdoch was forced to abandon a takeover bid for BSkyB—as controversy raged over the hacking of celebrities and crime victims by his tabloid the News of the World, which was subsequently shut down.

Citation: UK clears way for 21st Century Fox to buy Sky (2018, July 12) retrieved 7 May 2024 from <https://phys.org/news/2018-07-uk-21st-century-fox-sky.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.