

How Fox's businesses would match up with Disney and Comcast

14 June 2018, by Mae Anderson



This Aug. 1, 2017, file photo shows the Twenty-First Century Fox sign outside of the News Corporation headquarters building in New York. The potential for another media megadeal are sending shares of Comcast, Twenty-First Century Fox and Disney into motion before the opening bell. After a judge cleared AT&T's \$85 billion takeover of Time Warner on Tuesday, June 12, 2018, many now expect Comcast to top Disney's pending \$52.4 billion stock offer for the entertainment assets of Twenty-First Century Fox, possibly as early as Wednesday. (AP Photo/Richard Drew, File)

Competing bids from Comcast and Disney for the bulk of Twenty-First Century Fox come as the media landscape changes and companies get more involved in both creating and distributing content.

X-Men and other movies from Fox's studios would help beef up Disney's upcoming streaming service. Comcast, already a major cable operator, would get a larger portfolio of cable channels including FX and National Geographic.

Comcast's \$65 billion cash bid Wednesday is higher than what many analysts were expecting and tops Disney's all-stock offer, valued at \$52.5

billion when it was made in December.

GBH Insights analyst Dan Ives said Comcast's price "speaks to Comcast really wanting these key assets." Disney is expected to make a counter offer.

Each bid raises different regulatory concerns, though this week's approval of AT&T's takeover of Time Warner signals that regulators might have a hard time stopping mega-mergers.

Here's how the companies would match up:

MOVIES

Fox's film studios, with "Avatar," X-Men, the Fantastic Four and Deadpool, would pair well with Disney's studios. This includes reuniting the Marvel franchises X-Men and the Avengers, as some of those characters were already in Fox's hands when Disney bought Marvel in 2009. Disney also has the Muppets, Pixar and "Star Wars."



This March 29, 2017, file photo shows a sign outside the Comcast Center in Philadelphia. Comcast made a \$65 billion bid Wednesday for Fox's entertainment businesses, setting up a battle with Disney to become the next mega-media company. (AP Photo/Matt Rourke, File)

In fact, Fox and Disney might pair too well, as far as regulatory concerns go. BTIG analyst Richard Greenfield estimates the combined studios make up 45 percent of worldwide box office revenue. A larger studio could use its power to keep its movies in more theaters longer and squeeze out rival movies.

Comcast's Universal movie business has such franchises as "Jurassic Park." The Fox properties would expand Comcast's reach, though the company would have just 25 percent of the [box office](#) with Fox added, according to figures from Box Office Mojo.

TELEVISION

Fox's TV productions include "The Americans," "This Is Us," "Modern Family," and "The Simpsons." Its networks include FX Networks and National Geographic. The Fox businesses would pair well with Disney channels like ABC, the Disney Channel and Freeform. "Modern Family" already airs on ABC.

Comcast owns NBCUniversal, including the NBC broadcast network, CNBC and USA. Comcast's studios produce "Chicago Fire" and "Will & Grace," both airing on NBC.

Comcast might run into regulatory problems because the cable operator would control a larger portfolio of content along with its distribution. However, a federal judge on Tuesday approved a similar attempt by DirecTV owner AT&T to buy Time Warner. The judge rejected the government's fears that the AT&T deal could lead to higher prices for consumers or hinder online alternatives from getting content.

Regardless of which company prevails in buying Fox, the Fox television network and some cable channels including Fox News will stay with media mogul Rupert Murdoch.



In this Aug. 8, 2017, file photo, The Walt Disney Co. logo appears on a screen above the floor of the New York Stock Exchange. The potential for another media megadeal are sending shares of Comcast, Twenty-First Century Fox and Disney into motion before the opening bell. After a judge cleared AT&T's \$85 billion takeover of Time Warner on Tuesday, June 12, 2018, many now expect Comcast to top Disney's pending \$52.4 billion stock offer for the entertainment assets of Twenty-First Century Fox, possibly as early as Wednesday. (AP Photo/Richard Drew, File)

SPORTS

Disney's deal includes getting Fox's regional sports network, which shows hometown sports in several cities including New York, Los Angeles, Dallas, Cleveland, Detroit and Kansas City. Those networks would complement Disney's nationally focused ESPN. Disney recently launched ESPN Plus, a separate streaming service with more local offerings. That service could benefit from Fox's regional offerings.

Comcast already has similar regional networks through NBC Sports, including ones in Boston, Chicago and the San Francisco Bay area. Getting the Fox networks would expand Comcast's territorial reach.

STREAMING

Whichever company prevails will control streaming service Hulu. Currently, Comcast, Disney and Fox each has a 30 percent stake, with Time Warner

owning the other 10 percent. With Fox's share, either Comcast or Disney would end up with a controlling 60 percent stake.

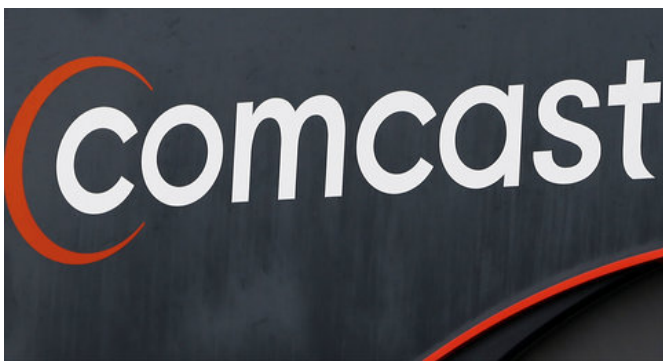
Disney already plans an entertainment-focused streaming service in 2019. If Disney prevails, it could combine that with Hulu or keep them as separate services.

If Comcast prevails, Disney's service could be less appealing, as it wouldn't have Fox video. Comcast doesn't currently have similar streaming ambitions and wouldn't benefit as much from the Fox video.

Comcast, which has a limited overseas presence.

Disney and Comcast had already been at battle in the U.K. over Sky, an operator of television channels. Fox has a 39 percent stake in Sky and has been trying to buy 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.

Other international networks include Fox Networks Group International, Star India, Tata Sky and Endemol Shine Group.



THEME PARKS

Comcast and Disney have made extensive use of their portfolios at their [theme parks](#) in California, Florida and overseas. Disney, for instance, is expanding its attractions related to "Star Wars." On the flip side, Disney turned its Pirates of the Caribbean ride into a major movie franchise. Comcast's Universal Studios has attractions based on Universal's "Fast and the Furious" franchise.

Either company would be able to expand its opportunities with Fox, though the theme parks have historically been able to reach licensing deals with rival studios. Universal, for instance, has rides based on Fox's "The Simpsons" and Warner Bros.' "Harry Potter." Disney has licensed Fox's "Avatar" for its "Pandora" park within Walt Disney World.

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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)

INTERNATIONAL

Internationally, Fox's cable and international TV businesses are part of the offerings. That's key for

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