

Comcast

05:42 08 May 2018

Comcast reportedly seeking support from banks to start a bidding war over 21st Century Fox assets

News agency Reuters reported that Comcast Corp (NASDAQ:CMCSA) is seeking finance so it can top the Disney bid for various media assets of Twenty-First Century Fox Inc (NASDAQ:FOXA).

Cable TV giant Comcast rained on Fox's parade by topping the latter's £19bn offer for pay-TV behemoth Sky PLC (LON:SKY) with a £22bn bid but Fox shareholders are likely to be happier at this latest twist in Comcast-Sky-Fox-Disney ménage à quatre.

READ: Sky pulls recommendation for Fox takeover bid after higher offer from Comcast

Reuters reported that Comcast is asking investment banks to increase a bridge financing facility by as much as US\$60bn so it can make an all-cash offer for the media assets that Fox has agreed to sell to Walt Disney Co (NYSE:DIS) for US\$52bn.

As if this tangle of bids and counter-bids could be any more complicated, Reuters says that Comcast's head honcho, Brian Roberts, will only pull the trigger on the Fox deal if a federal judge green-lights AT&T Inc's (NYSE:T) planned US\$85bn acquisition of Time Warner Inc (NYSE:TWX).

Fox supremo Rupert Murdoch clearly thinks there is a high chance of the authorities blocking any move by Comcast for the assets Fox is looking to sell as he rebuffed an offer from Comcast last year for those assets that was more generous than the terms being offered by Disney.

EXCLUSIVE: Comcast arranging financing with banks for all-cash bid for 21st Century Fox - sources pic.twitter.com/SiUwQVraC4

— Reuters Business (@ReutersBiz) May 7, 2018

Reuters reports that Murdoch, whose stake in Fox is close to 17%, would prefer an all-share offer for the Fox assets as a way of thwarting the taxman.

UBS addressed the issue of how this development might affect the shares of Sky.

"At the margin, the news may be seen as negative for investor sentiment on Sky as it may limit Comcast's ability to counter-bid should Fox raise its offer for Sky," UBS said.

"Assuming Fox continues to pursue a deal with Disney, Fox will need to raise its bid for Sky from its current level of 1,075p plus dividends in order to win control. An increase would be supported by the recent benign outcome of the EPL [English Premier League] auction that has resulted in consensus estimates for Sky being raised by 20-30% for FY-20E onwards. The UK government has stated that it will give its ruling on the Fox/Sky deal by 13 June and it is at this point we think we could see Fox raising its bid for Sky," UBS said.

UBS's stand-alone valuation for Sky is 1,320p but it sees an additional 180p of acquisition upside to derive its price

Price: 40.51

Market Cap: \$184.89 billion

1 Year Share Price Graph



Share Information

Code: CMCSA

Listing: NASDAQ

52 week High Low
47.74 31.72

Sector: Media

Website: www.comcast.com

Company Synopsis:

Comcast Corporation is a provider of video, high-speed Internet and phone services (cable services), offering a variety of entertainment, information and communications services to residential and commercial customers.

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target of 1,500p.

Shares in Sky were down 1.5% at 1,352p in mid-morning trading.

--- adds broker comment and Sky share price ---

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