

Murdoch targets creation of pan-European pay TV company

LONDON, UK: Media mogul Rupert Murdoch launched an ambitious bid to create a pan-European television company to tackle fierce competition, rapid sector consolidation, and aggressive bidding wars for live football rights.



Rupert Murdoch is working on plans to create a Pan-European major television broadcasting company. Image: Wikipedia

British pay-TV group BSkyB revealed it was in talks to buy holdings in sister firms Sky Deutschland and Sky Italia from Murdoch's 21st Century Fox media conglomerate, which currently owns 39% of London-listed BSkyB.

"The company initiated preliminary discussions with 21st Century Fox to evaluate the potential acquisition of its pay-TV assets in Germany and Italy," said a BSkyB statement which gave no indication of price.

It added: "BSkyB believes at the right value, this combination would have the potential to create a world-class multinational pay TV group."

A 21st Century Fox spokesman said that while it had carried out numerous internal discussions regarding the organisational and ownership structure of the European Sky-branded satellite platforms no agreement between the parties had ever been reached.

Murdoch's 21st Century Fox, which comprises the film and television assets, currently owns 55% of Sky Deutschland and all of Sky Italia.

Industry experts say the deal would create a major company with the power to sell services and compete for broadcasting

rights across three key European nations, with a total of more than 17m subscribers.

Intense competition

BSkyB faces intense competition from British telecommunications firm BT, which launched its own sports channels last year offering free Premier League football if customers sign up to its broadband Internet package.

BT had outgunned BSkyB in November to secure exclusive rights to televise all Champions League and Europa League football matches in Britain for three seasons from 2015.

The £900m deal will make BT the first UK broadcaster to win exclusive rights to all matches in both European tournaments. Rights to show these matches are currently shared in Britain by Sky and terrestrial channel ITV.

"It's hard to argue with the view that BT's successful November bid for the UK broadcasting rights for European football was a real wake-up call for Sky," said Equities Analyst Daniel Sugarman at trading firm ETX Capital.

"BT has made its mark on the pay-tv football market in the UK in a big, big way.

"That must be on Murdoch's mind. If BSkyB do manage to take over Sky Deutschland and Sky Italia, a wider European market-base will give them an added element in future negotiations over football broadcasting," Sugarman said.

Analysts claim that Murdoch's European expansion has also been partly driven by the rapid speed of consolidation in the global telecommunications sector.

Earlier this year, British mobile phone group Vodafone bought Spanish cable company Ono for €7.2bn, having already snapped up Kabel Deutschland, the largest cable operator in Germany, for €7.7bn in 2013.

And US company Liberty Global took over its British rival Virgin Media last year in a deal worth US\$23.3bn.

"Murdoch will be watching the consolidation in the sector closely, and with the TV rights, increased competition should move him into acquisition mode," said Atif Latif, Director of Trading at Guardian Stockbrokers.

The sector is also fighting competition from Internet streaming services like Amazon Prime and Netflix. The announcement comes after Murdoch scrapped a bid to take control of BSkyB in 2011 after a hacking scandal forced the closure of his News of the World tabloid newspaper.

Following the scandal, Australian-born Murdoch split his sprawling media conglomerate into two divisions: film and television under 21st Century Fox and publisher News Corp.

Source: AFP via I-Net Bridge

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