

## Comment: Dish's bid for Sprint

LONDON, UK: Mike Roberts, Principal Analyst at Informa Telecoms & Media, comments on Dish's bid for Sprint



Dish Networks has launched a US\$25.5bn hostile offer for Sprint, a significant premium over Softbank's US\$20bn offer unveiled in 4Q12.

Dish's move would combine the third-largest pay-TV and mobile operators in the US, which could be a better strategic fit than Japan's Softbank combining with Sprint. First and most importantly, Dish could combine its 2GHz LTE spectrum with the LTE spectrum of Sprint and Clearwire to build one of the strongest LTE spectrum portfolios in US, which would be the foundation for a powerful new competitor in the US telecoms market. Second, using Sprint's newly-modernised mobile network would give Dish a cost-effective way to deploy LTE in its 2GHz spectrum and meet the FCC's rollout requirements. Third, if the deal goes ahead, Dish and Sprint could quickly offer TV, broadband and mobile bundles to compete more effectively with larger integrated telecoms players such as Verizon and AT&T.

Of course, Softbank also has synergies with Sprint, including a common focus on the new 2.5GHz TDD-LTE market, the position of challenger battling against larger mobile rivals, and the ability to combine purchasing of smartphones and other mobile devices to cut costs in a way that could make quite a difference. On the other hand, pulling off a long-distance merger would be a massive challenge.

Overall, my first take is that the Dish offer is stronger than Softbank's both strategically and financially, and will force Softbank to strengthen its offer if it wants to win Sprint.

Based on Informa data, Dish is the third-largest US pay-TV operator with 14 million subscriptions and 12% market share at end-2012, behind market-leader Comcast with 19% share and DirecTV with 17%. Sprint is the third-largest US mobile operator with 56 million subscriptions and 16% market share at end-2012, behind Verizon Wireless with a 34% share and AT&T with 31%.