



The Daily Dish

DBS Merger

DOUGLAS HOLTZ-EAKIN | OCTOBER 1, 2024

The Financial Times reports:

US private equity group TPG has struck two deals that will make it the dominant provider of satellite television services in the US. On Monday it agreed to buy a 70 per cent stake in pay television operator DirecTV from AT&T for \$7.6bn. In 2021, TPG purchased an initial 30 per cent stake in DirecTV for \$1.8bn.

The private equity group also acquired Dish TV and Sling from pay TV operator EchoStar for a nominal \$1 sum and the assumption of \$11.7bn in debt attached to the businesses.

The two deals will make TPG a giant in providing non-cable and broadband television services.

The specter of a “giant” in the direct broadcast satellite (DBS) TV market seems like an invitation for the Biden Administration competition regulators to contest the merger. But will they? That is precisely the question raised by Jeff Westling in his [latest AAF insight](#).

Certainly the combined firms will be large in the DBS market – Dish and DirecTV are the [two largest DBS companies](#) in the United States. Moreover, not only has the Biden Administration taken a strong stand against large mergers and concentrated markets, this merger will also be reviewed by the Federal Communications Commission (FCC) using the [public interest standard](#), which is even less [merger-friendly](#) than usual.

That would seemingly make the case against the merger a slam dunk. But DBS is not the only way to get TV, with many options available to consumers. Westling, thus, also notes potential benefits to consumers from the merger:

Consumers are increasingly “[cutting the cord](#)” and obtaining home television services through online streaming services such as Netflix, Hulu, and Dish’s SlingTV. As consumers move away from traditional forms of television viewing, DBS providers must make their offerings more attractive to outcompete newer rivals. Accordingly, the merger would likely allow the firm to offer more targeted channel packages at lower costs to consumers, and put additional competitive pressures on broadcast, cable, and streaming services. Further, by offloading its heavily indebted DBS business, Dish’s parent EchoStar would be able to more [freely invest in its budding wireless network](#), increasing competition in broadband markets.

So, it is potentially an interesting test of whether the Biden Administration is solely focused on firm size and market concentration. Look forward to the FCC review, with the potential for the Federal Trade Commission or Department of Justice to weigh in as well.