Canada's Cogeco 'definitively' rejects Altice takeover bid

October 19 2020, by Olivier Monnier Avec Delphine Touitou À Washington

Altice USA is a subsidiary of French tycoon Patrick Drahi's telecom and media empire

Canadian telecom giant Cogeco on Sunday definitively rejected an increased takeover bid from Altice U.S., citing the company's "enviable" market position and continued profitability under current ownership.

Just hours after Altice U.S. announced it had upped its purchase offer, Cogeco's controlling shareholder—Montreal's Audet family—released a statement saying they "unanimously reject this further proposal."

"We are not interested in selling our shares," said Gestion Audem president Louis Audet in the statement. "This is not a negotiating strategy, but a definitive refusal."

The Audet family, he said, had allowed the company to grow and prosper.

"Today, Cogeco enjoys a unique and enviable position as the only broadband services company with a significant presence in both Canada and the United States."

He also noted that the company "far outperforms those of either" Altice U.S. or Toronto-based Rogers, which was set to buy Cogeco's Canadian operations if the deal went ahead.

Altice U.S., a subsidiary of French tycoon Patrick Drahi's media and telecom empire, earlier in the day said it had increased its takeover bid to Can$11.1 billion ($8.4 billion) from the Can$10.3 billion proposed in early September.

No deal?

Altice U.S. was primarily interested in acquiring the Montreal-based firm's Atlantic Broadband US operations.

Atlantic Broadband is the ninth-largest cable distributor in the US, and an acquisition would have enabled Altice U.S. to add more than 1.1 million additional individuals and businesses to its customer portfolio.

A side deal would also have then seen Altice sell Cogeco's Canadian assets to Rogers, which already has a significant stake in the telecom industry.

Rogers hoped to acquire a company whose activities are concentrated in Quebec, where it has a smaller presence.

But the Audet family's rejection on Sunday now effectively buries the acquisition project.

The company said in its own statement Sunday that if it did not reach a deal by November 18, "this revised offer will be withdrawn."

Altice U.S. CEO Dexter Goei had described the "revised and enhanced" offer as "incredibly attractive" for Cogeco.

But he had also stressed the need to get the support of Audet, Cogeco's chairman and controlling shareholder.

Altice U.S.'s sweetened offer had included Can$900 million to the Audet family, versus an initial Can$800 million, for their ownership interests.

Created in 1957 by Henri Audet, Cogeco is the second-largest cable distributor in Ontario and Quebec—Canada's two most populous provinces—where it provides internet, video and telephone services. It is also present in 11 states on the US east coast.