
Resurgence of Media & Entertainment M&A in 2024

FTI Delta M&A Analysis

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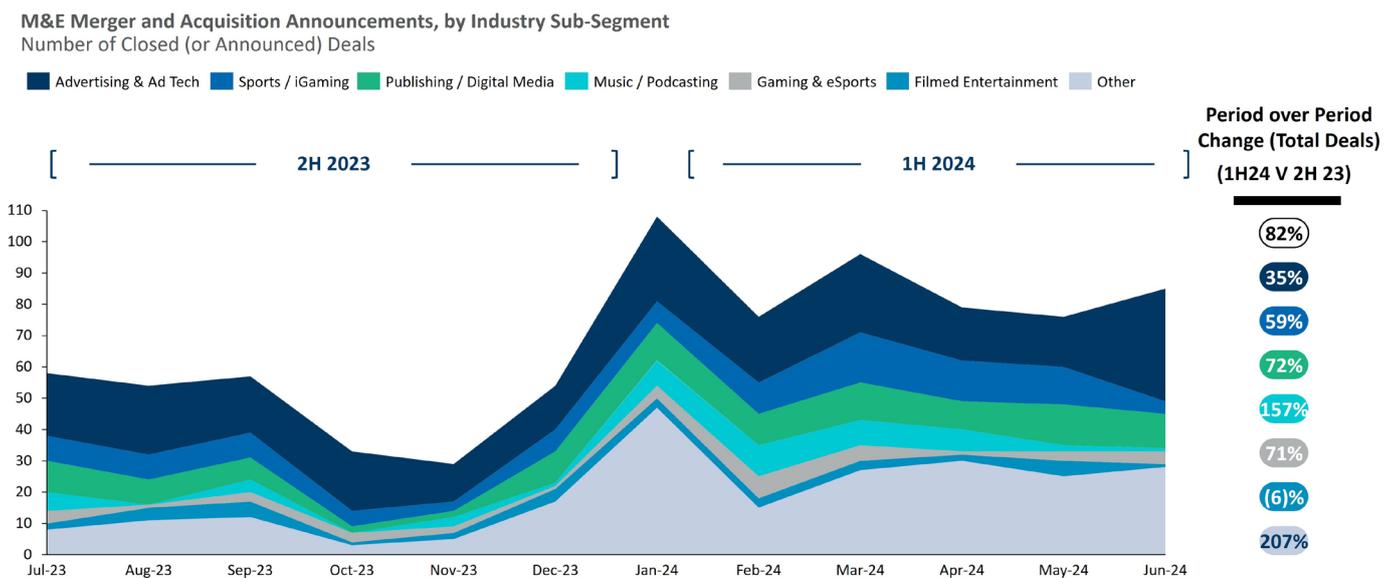
Based on FTI Delta’s tracking of closed and announced deals, media and entertainment M&A and JV activity has increased 82% in the first half of 2024 vs. the second half of 2023, with all categories showing increased deal volume except for filmed entertainment.

Despite a strong stock market, 2023 was the worst year for global M&A dealmaking since 2004.¹ The media and entertainment sector in the U.S. was hit hard as high inflation, aggressive interest rate hikes, a challenging regulatory environment and the shift in investor focus to prioritize profitability over growth impacted the volume of deals. Concurrently we were already in the

late stages of scale consolidation in M&E given there were few mega-merger options in-play after the Warner Bros.–Discovery, CBS–Viacom, and Disney–Fox mergers finalized.

Moving forward to the first half of 2024, we have seen private equity firms and major media companies sitting on large cash reserves grow more aggressive in pursuing M&A and JVs to expand positions in key sectors (e.g., live events, media supply-chain, gaming), increase scale, shed non-core assets, and better align business units with key market expertise to drive long-term value.

FIGURE 1: DEAL ACTIVITY HAS INCREASED 82% IN 1H 2024 VS. 2H 2023, WITH ALL CATEGORIES SEEING MORE DEALS OUTSIDE FILMED ENTERTAINMENT

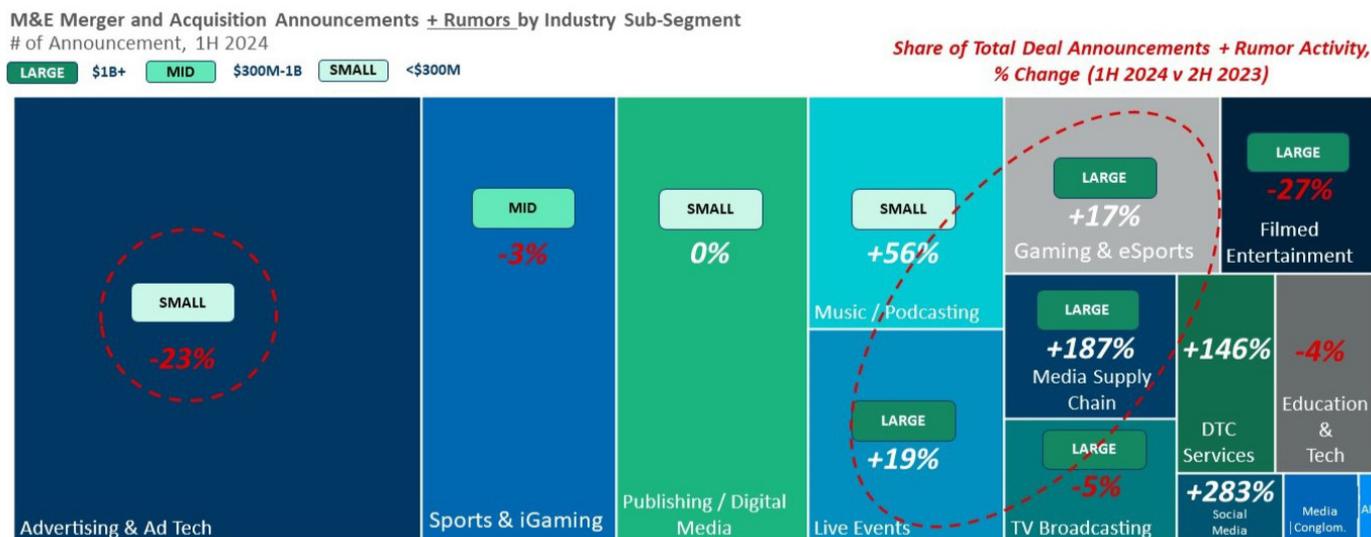


Source: FTI Delta M&A Tracker

Notes: Subsectors not displayed in graph include Broadband Players and Theatrical Exhibitors

¹ Siddarth S, “Global M&A volumes to rise by 50% this year, says Morgan Stanley”, Reuters, 3/5/2024, < <https://www.reuters.com/markets/deals/global-ma-volumes-rise-by-50-this-year-says-morgan-stanley-2024-03-05/>>

FIGURE 2: 2024 HAS SEEN AN UPTICK IN THE VOLUME OF LARGER DEALS IN LIVE EVENTS, GAMING & ESPORTS, MEDIA SUPPLY CHAIN, AMID SOME RELATIVE DECLINE IN SMALL DEAL SECTORS (E.G., AD AGENCIES)



Source: FTI Delta M&A Tracker

Notes: Treemap size correlates to # of deals; Only deals with publicly available transaction values were included in average deal size

Advertising and ad tech: Deal volume is up 35% in the first half of 2024 vs. the second half of 2023. The average deal price in the sector is below \$300 million and the share of total deal volume taken up by the sector has declined 23%.² Acquisitions in this sector are primarily driven by strategic, smaller acquisitions aimed at filling specific needs in areas such as addressability, CTV, retail media and sustainability. Smaller ad tech companies (valued at \$250M – \$500M) that have been unable to maintain Covid-era growth are prime M&A targets (such as Cadent’s \$324 million acquisition of AdTheorent³). Smaller “digital” ad shops are less differentiated today and may continue to consolidate as digital capabilities are more foundational than ever across the agency landscape, and companies may look to scale through acquisition to provide a wider set of functions (i.e., influencer marketing, auditing marketing technology partners). However there has been a notable mega acquisition, Walmart’s \$2.3 billion acquisition of Vizio, which allows Walmart to sell ads through streaming services and creates a more potent rival to Amazon, especially if Walmart goes on to acquire a streaming service.⁴

Sports & iGaming: Deal volume is up 59% in the first half of 2024 vs. the second half of 2023. The avg. deal price in the sports and iGaming sector is between \$300 million- \$1 billion and the share of total deal

volume taken up by the sector has declined 3%.² The most notable sports deal was Liberty Media’s acquisition of Moto GP’s parent company in April in a \$4.5 billion transaction, as Liberty Media will now attempt to grow the popularity of the motorcycle racing league. There have been notable smaller deals, including the acquisition by TGI Sport, a sports media and broadcasting company, of Supponor, a leading virtual advertising specialist for live sports broadcasting, for \$100 million. We expect there to be strong growth in sports, as the NFL is expected to soon allow institutional wealth to invest in equity minority ownership and further investments across teams in the U.S. major sports leagues and in European soccer are expected. There have also been notable acquisitions in the growing iGaming and virtual lottery space, most notably DraftKings’ acquisition of virtual lottery provider Jackpocket for \$750 million. As U.S. states relax regulations on iGaming and virtual lottery, platforms like Jackpocket that enable more sophisticated and engaging user experiences will allow leading players to gain market share and diversify their offerings.

Publishing & Digital Media: Deal volume is up 72% in the first half of 2024 vs. the second half of 2023. The avg. deal price in the sector is below \$300 million and the share of total deal volume taken up

² FTI Delta M&A Tracker, Cap IQ

³ Deal figures via Cap IQ unless otherwise stated

⁴ Felix Salmon, “Why Walmart spent \$2.3 billion to buy Vizio,” Axios, 2/26/2024, <<https://www.axios.com/2024/02/26/why-walmart-bought-vizio>>



by the sector has remained consistent.² Coming out of 2023, in which KKR bought Simon & Schuster for \$1.6 billion, private equity has increased its focus on publishing with 7 PE-backed deals for smaller publishers, including Bloomsbury Publishing's \$83 million acquisition of Rowman & Littlefield Publishing Group's professional and academic division.⁵

Music / Podcasting: Deal volume is up 157% in the first half of 2024 vs. the second half of 2023. The average deal price in the sector is less than \$300 million, and the share of total deal volume taken up by the sector has grown 56%.² The majority of deals in this sector relate to the acquisition of music and content libraries, as digital distribution of content across multiple platforms can provide IP owners with consistent revenue streams. Of note, Sony Corp. acquired a 50% stake in Michael Jackson's publishing and recorded masters catalogue for \$600 million. ABBA Company acquired rock band KISS's image rights and back catalogue of music for \$300 million. We expect deal volume relating to both content libraries and for the companies who create and maintain content libraries to continue to increase in the second half of 2024. Already in July alone, Blackstone acquired control of Hipgnosis Song Fund, which owns the rights to works by the Red Hot Chili Peppers, Shakira, and Neil Young, for a reported \$1.6 billion. Downtown Music Holdings is reported to be in conversation with PE firms exploring a similar sale in the second half of 2024. In May, Warner Music Group also expressed their interest in leverage M&A to expand "lower-touch" services for its artists.⁶

Gaming & eSports: Deal volume is up 71% in the first half of 2024 vs. the second half of 2023. The average deal price in the sector exceeds \$1 billion, and the share of total deal volume taken up by the sector has grown

17%.² Companies are using strategic M&A to get through a challenging time for the sector, while gaming leaders look to expand their capabilities. There is increased deal activity as leaders pursue transmedia opportunities (Epic – Disney) and other gaming providers focus on consolidation and restructuring. A notable example of this is Embracer Group, which has split into three separate entities and shed assets in order to drive operational efficiency as their valuation has gone through a turbulent period. The highest-grossing deal in this sector in 2024 so far is Disney's \$1.5 billion investment in Epic Games. Disney plans to leverage Epic Games' expertise to build a Fortnite-style gaming universe centered entirely around Disney's IP. Disney and Epic Games have a long-established relationship. Epic Games participated in Disney's Accelerator Program for technology startups in 2017, and Disney relies on Unreal Engine to produce assets for its Star Wars-branded video games. Other deals in the sector include CVC Capital Partners' \$1.1 billion acquisition of Runescape maker Jagex from Caryl and Take-Two Interactive Softwares' \$635 million acquisition of The Gearbox Entertainment Company from Embracer Group AB.

Filmed Entertainment: While deal volume count is down 6% in the first half of 2024 vs. the second half of 2023, the average deal price exceeds \$1 billion, primarily as a result of RedBird Capital Partners' acquisition of British media programming and distribution company All3Media for \$1.5 billion². Of course, there is also the recently closed Paramount Global deal with Skydance Media and RedBird Capital, which will drive deal price higher in 2024, as Skydance is set to acquire Paramount Global in a ~\$2.4 billion cash deal. While there are now fewer opportunities for filmed entertainment megadeals, there has been activity in smaller deals, notably Mexico Legacy Holding's acquisition of a 50% equity stake in

⁵ Jim Milliot, "Cashing Out and Scaling Up: Publishing M&A in 2024 (So Far)," Publishers Weekly, 7/12/2024, <<https://www.publishersweekly.com/pw/by-topic/industry-news/publisher-news/article/95502-cashing-out-scaling-up.html>>

⁶ Daniel Tencer, "Robert Kyncl talks believe, M&A, India, superfans and more on WMG's latest earnings call, Music Business Worldwide," 5/10/2024, <<https://www.musicbusiness-worldwide.com/warner-believe-variety-superfans/>>

Miss Universe and Phantom Digital Effects' acquisition of Tibbett Studios. In the second half of 2024, we anticipate continued opportunity for media companies to pursue smaller content deals to boost their content libraries and help unlock new markets or demographics. We also anticipate Paramount Global to attempt to spin off some

of its other assets to cover a debt payment due in 2025. The company has expressed interest in divesting its CBS broadcast business and BET, as well as the Paramount lot in Los Angeles.⁷ There are still opportunities in the latter half of 2024 and beyond for larger deals involving Warner Bros. Discovery. The lockup window for M&A involving

FIGURE 3: 1H 2024 HAS SEEN SOME SIGNIFICANT DEAL ANNOUNCEMENTS ACROSS M&E SECTORS

Noteworthy M&A Deals																																							
<p><i>Technically announced in 2H 2024</i></p> <p>Jul'24: Skydance unveils \$8B Paramount merger</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>~\$1B²</td> <td>\$30B</td> </tr> <tr> <td># FTEs</td> <td>500</td> <td>24,500</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	~\$1B ²	\$30B	# FTEs	500	24,500	<p>Jul'24: Keywords Studios accepts \$2.7B takeover offer by Swedish private equity firm EQT Group</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$2.1B</td> <td>\$0.8B</td> </tr> <tr> <td># FTEs</td> <td>1,800</td> <td>13,000</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	\$2.1B	\$0.8B	# FTEs	1,800	13,000	<p>Apr'24: Liberty Media announces \$4.5B-agreement to acquire MotoGP's parent company, Dorna Sports</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$8.95B</td> <td>\$0.5B</td> </tr> <tr> <td># FTEs</td> <td>6,500</td> <td>500</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	\$8.95B	\$0.5B	# FTEs	6,500	500	<p>Apr'24: Endeavor Group Holdings to be sold to private equity firm Silver Lake</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,150</td> <td>\$6B</td> </tr> <tr> <td># FTEs</td> <td>500,000</td> <td>10,000</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	1,150	\$6B	# FTEs	500,000	10,000
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<p>Apr'24: Embracer Group announces split into three distinct games and entertainment entities</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$4B</td> <td>n/a</td> </tr> <tr> <td># FTEs</td> <td>11,000+</td> <td>n/a</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	\$4B	n/a	# FTEs	11,000+	n/a	<p>Mar'24: The Walt Disney Company and Reliance Industries form TV and streaming joint venture valued at \$8.5B</p>  <table border="1"> <thead> <tr> <th></th> <th>Reliance</th> <th>WDC</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$118.6B³</td> <td>\$88.9B</td> </tr> <tr> <td># FTEs</td> <td>389,400</td> <td>225,000</td> </tr> </tbody> </table>		Reliance	WDC	Revenue	\$118.6B ³	\$88.9B	# FTEs	389,400	225,000	<p>Feb '24: PE firm Redbird Capital purchases All3Media from Warner Brothers Discovery for \$1.45B</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirers</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>n/a</td> <td>\$1.3B</td> </tr> <tr> <td># FTEs</td> <td>57¹</td> <td>250</td> </tr> </tbody> </table>		Acquirers	Target	Revenue	n/a	\$1.3B	# FTEs	57 ¹	250	<p>Feb '24: Disney invests \$1.5B to acquire equity stake in Epic Games and develop new games and entertainment universe</p>  <table border="1"> <thead> <tr> <th></th> <th>Acquirer</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$88.9B</td> <td>\$5.76⁴</td> </tr> <tr> <td># FTEs</td> <td>225,000</td> <td>n/a</td> </tr> </tbody> </table>		Acquirer	Target	Revenue	\$88.9B	\$5.76 ⁴	# FTEs	225,000	n/a
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Sources: Cap IQ, SEC Archives, LinkedIn, Fortune, WSJ; All Revenue figures are LTM of last reporting period
Notes: 1) Revenue and FTE figures are for EQT only; 2) Estimated 2024 revenue, via WSJ 3) 2022 Revenue; 4) 2021 Revenue

As we enter the second half of the year, we continue to see strategic opportunities for M&A as borrowing costs remain stable, public companies have significant cash reserves and PE investors that remained on the sidelines in 2023 will likely look to be more aggressive. We forecast deals to be a particular focus in advertising, as OTT platforms embrace advertising, increasingly sophisticated data creates new ad formats (e.g., CTV advertising) and e-commerce / internet ad spend continues to grow. While there are opportunities for dealmaking, there are also risks as interest rates and inflationary pressure is still high and there is a possibility that geopolitical factors around the U.S. election may act as a restraint.

For more information about how FTI Delta's Media and Entertainment team advises clients throughout the M&A process, reach out to [Dan Punt](#).

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⁷ Jill Goldsmith, Anthony D'Alessandro, "With Paramount assets in play, there's chatter about a sale of its Hollywood lot," Deadline, 6/25/2024, <<https://deadline.com/2024/06/paramount-asset-sales-chatter-around-sale-leaseback-hollywood-lot-1235983020/>>

⁸ Tony Maglio, "Why so many Hollywood execs have April 8, 2024 circled on their calendar," IndieWire, 11/21/2023, <<https://www.indiewire.com/news/analysis/april-8-2024-warner-bros-discovery-date-1234928394/>>



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