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**M&A Like a Pro: The Warner Bros Walkthrough**

with **Andrea Ward**

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# M&A - What Do Shareholders Want To Know

## Acquiring shareholders

- Strategic rationale
- Price
- Premium offered
- Consideration
- Conditions to closing
- Potential interloper
- Financing of transaction and impact on credit rating
- Synergies
- Value creation – ROI, NPV of synergies, EPS, impact on share price
- Management post deal
- Management experience in M&A

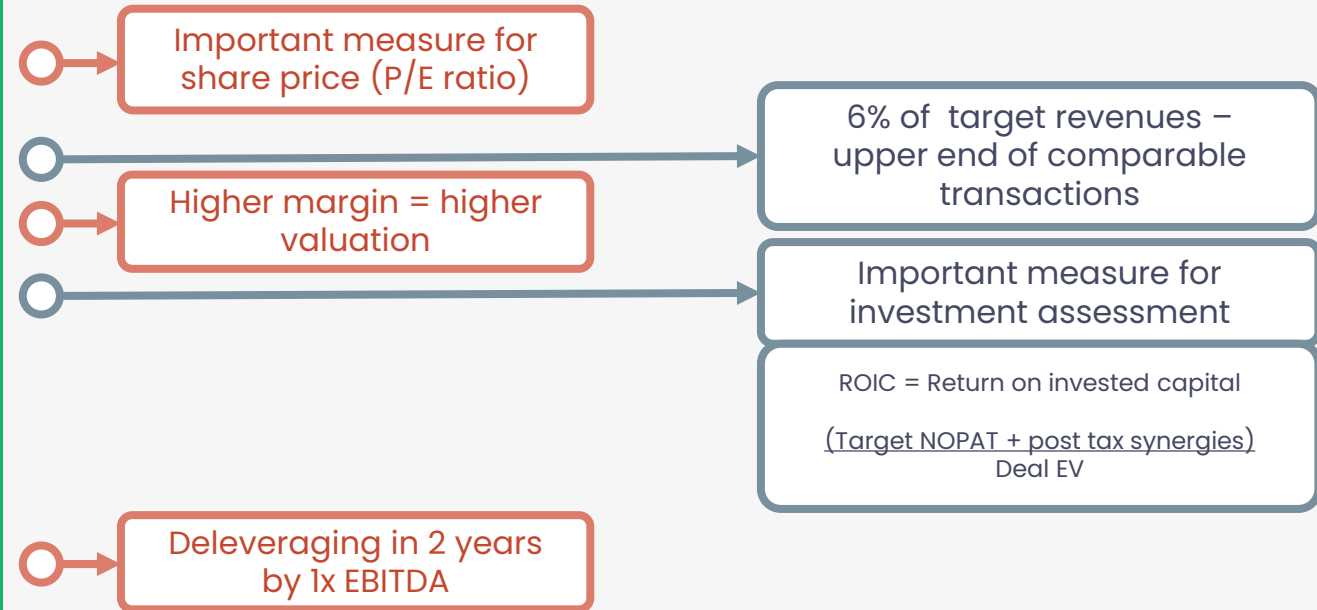
## Selling shareholders

- Strategic rationale
- Price
- Premium offered
- Consideration
- Conditions to closing
- Potential interloper

# Deal Assessment – The Investor Presentation (An Example)

## Compelling value creation for Acquirer's shareholders

- ✓ Mid-single digit adj. EPS accretion in year 1 and double-digit in year 2
- ✓ Substantial cost synergies of GBP 100m
- ✓ Margin accretive for Group post realisation of synergies
- ✓ ROIC exceeds WACC of 7% in year 3
- ✓ 100% debt financed
- ✓ Continued commitment to investment grade rating
- ✓ Stable and attractive hard currency cash flows and growth prospects from well performing assets in low-risk region
- ✓ Solid cash flows supporting deleveraging to NIBD/EBITDA of 2.5x during 2027
- ✓ High-quality and experienced management teams and shared organisational cultures



# Warner Timeline

Dec 2024	In early 2024 WBD decided after due diligence not to make an offer for Paramount Global (predecessor of PSKY)			
June 2025	Structure: Streaming & Studios vs Global Networks, most of the debt to sit with Global Networks. Share price initially spiked by 10% but closed 3% down on the day. Complex deal & debt levels	Pre Deal \$10.00	PSKY all of WBD	Netflix no networks
Sept 2025	Initial proposal from PSKY: \$19.00 (60% cash/40% shares) per share, rejected		\$19.00	
End of Sept 2025	New proposal from PSKY: \$22.00 (66.7% cash/33.3% shares) per share, rejected		\$22.00	
Mid Oct 2025	New proposal from PSKY: \$23.50 (80% cash/20% shares) per share, rejected, press release from WBD: initiate strategic alternatives review		\$23.50	
End Oct 2026	PSKY wants significant changes to NDA incl. right to require financial institutions to act exclusively for PSKY. Finally sign on 10 Nov 2025			
20 Nov 2025	PSKY: \$25.50, 85% cash / 15% equity Netflix: \$27, 81% cash / 19% equity		\$25.50	\$27
4 & 8 Dec 2025	Dec 4: Netflix: \$27.75 84% cash / 16% equity Dec 8: PSKY goes hostile, all cash		\$30.00	\$27.75
20 Jan 2026	Warner recommends \$27.75 all cash bid by Netflix			\$27.75
24 Feb 2026	PSKY offers \$31 all cash, accepted as superior bid on 26 Feb by Warner, Netflix walks		\$31.00	

# Valuation

Netflix Deal	Streaming & Studios	Global Networks	Combo
<p>Fairness Opinion delivered to WBD – analysis by Allen &amp; Company and J.P.Morgan</p> <p><a href="#">Opinions of Allen &amp; Company and J.P. Morgan in Connection with the Merger</a></p> <p>Above link can be accessed by all</p>	<p><b>Selected public comps</b></p>	<p><b>Selected public comps</b></p>	<p><b>Public comps</b></p>
	<p><b>\$16.09 – \$19.99 per share</b> Based on 2026E EBITDA (management projections) 15.0x – 17.0x</p>	<p><b>\$1.33 – \$3.24 per share</b> Based on 2026E EBITDA (management projections) 4.5x – 5.5x</p>	<p><b>\$17.42 – 23.23</b></p>
	<p><b>Selected transactions</b></p>	<p><b>Selected transactions</b></p>	<p><b>Transactions</b></p>
<p><b>\$17.05 – \$23.81 per share</b> Based on LTM EBITDA multiples of 17.5x – 25.0x</p>	<p><b>\$4.63 – \$6.86 per share</b> Based on LTM EBITDA multiples of 5.5x – 6.5x</p>	<p><b>\$21.68 – \$30.67</b></p>	
<p><b>DCF</b></p>	<p><b>DCF</b></p>	<p><b>DCF</b></p>	
<p><b>Allen &amp; Co: \$20.77 – \$30.79 per share</b> (WACC 8% – 9.5%, exit multiple 11 – 15x) <b>J.P.Morgan: \$20.29 – \$30.28 per share</b> (WACC 8.5% – 9.5%, perp. growth 2.5% – 3.5%)</p>	<p><b>Allen &amp; Co: \$0.72 – \$1.65 per share</b> (WACC 6.75% – 8%, exit multiple 4.5 – 5x) <b>J.P.Morgan: \$0.72 – \$1.58 per share</b> (WACC 7% – 8%, exit multiple 4.5 – 5x)</p>	<p><b>Allen &amp; Co: \$21.49 – \$32.43</b> <b>J.P.Morgan: \$21.01 – \$31.86</b></p>	

# Regulatory Considerations

	PSKY & WBD (whole company)	Netflix & WBD (studios + streaming)
<b>Structure</b>	Buys all of WBD, including networks	Buys WBD studios + streaming; networks spun off
<b>Main US concern</b>	Studio/content consolidation but no single dominant streamer	Dominant global streamer; concentration in Subscription Video on Demand and premium content
<b>DOJ stance</b>	Second request issued, then cleared; lower perceived risk	Opened broad antitrust probe; no clearance before Netflix walked
<b>HSR status</b>	Second Request 23 Dec 2025; compliance 9 Feb 2026; HSR waiting period expired 19 Feb 2026	Never reached HSR review ongoing when deal died
<b>EU / other</b>	Reviews still required but starting concerns seen as lower	Likely in-depth review; behavioural remedies expected
<b>Political angle</b>	Framed as more acceptable politically than Netflix	Higher political scrutiny; Big Tech in streaming narrative. Meeting in White House on 26 Feb. 2026
<b>Current outcome</b>	PSKY past US HSR wait; still needs definitive deal and global approvals	Netflix withdrew after PSKY bid deemed superior

# 27 Feb: The Press (AI generated)

## Financial Times

Paramount has “clinched” Warner Bros after a months-long campaign to scupper Netflix’s transaction, with its roughly **111 billion dollar, 31-dollars-per-share cash bid** for the whole company.

The paper emphasises that WBD shareholders extracted a **higher price, full cash, and broader protections** (reverse break fee, coverage of Netflix break fee, ticking fee), framing the outcome as “richly priced but defensible” given PSKY’s need for scale.

## Wall Street Journal

Netflix pulled the plug soon after the WBD board judged Paramount’s **31-dollars-per-share offer for the entire group superior to Netflix’s partial asset deal**, effectively handing control of Warner’s franchises to the Ellison-backed group.

In markets coverage, the Journal highlights that **Netflix shares rallied** on the decision, casting Netflix as the disciplined bidder and Paramount as the party assuming the leverage and integration risk to create a broader content and streaming platform.

Le Figaro (in English summary) Describes the Paramount bid as “**essential**” for PSKY but merely “**opportunistic**” for Netflix, echoing the view that Paramount could not easily walk away from WBD’s assets without jeopardising its own long-term competitiveness. Earlier, the paper had underlined the **extraordinary level of debt financing** and warned that this raises **execution and failure risk**, a concern it notes has now been effectively transferred from WBD shareholders to Paramount’s balance sheet.



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