

Endeavor to lay off up to 250 people as the coronavirus clobbers the industry

Layoffs hit talent agencies hard as live events and Hollywood productions stop due to the coronavirus

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In a further sign of how the coronavirus outbreak is buffeting the entertainment industry, the operator of one of Hollywood's largest talent agencies disclosed that it would lay off as many as 250 employees due to the health crisis.

Beverly Hills-based Endeavor Group Holdings, owner of the William Morris agency that has significantly invested in live events, is cutting as many as 250 employees out of its roughly 7,000-person staff, said a person close to the agency who was not authorized to comment.

The cuts, which began Wednesday and will continue through April, will largely affect people who can't work remotely and will not include agents. Endeavor may take other actions to reduce costs, such as salary reductions, the source said.

Endeavor CEO Ari Emanuel and Chairman Patrick Whitesell are not taking salaries for the rest of the year.



Endeavor Chief Executive Ari Emanuel, right, onstage with the editor-in-chief of Fast Company, Robert Safian, at the Fast Company Innovation Festival in 2015 in New York City. Endeavor said Wednesday that it is laying off as many as 250 people. (Ilya S. Savenok)

“As we all focus inward to protect our personal health and safeguard our families, every company around the world is simultaneously faced with safeguarding the health and future of its business. We are no different,” Emanuel wrote in his note to his staff. “All parts of our company are feeling the effects.”

Endeavor and others in the representation business, including Paradigm Talent Agency and United Talent Agency, have been hard hit by the effects of the novel coronavirus. The pandemic has caused live events and Hollywood productions to be canceled or delayed, causing more than 100,000 workers to lose their jobs.

The latest layoffs underscore how rapidly circumstances have changed for Endeavor and others in the agency business who were already facing economic pressures before the pandemic struck.

Last summer, Emanuel and Endeavor, the powerhouse talent agency he founded in 1995 with no clients and no money, were on top of the world. Emanuel was considered one of the most powerful men in Hollywood, and he eagerly awaited a highly anticipated initial public offering in the fall.

Then it all began to crumble. A planned IPO was scrapped one day before it was set to hit the market on Sept. 27.

Endeavor partners anticipating a windfall from the IPO who had taken large cuts in their bonuses were now left without the expected payout. Rumbblings of unease and unhappiness began to bubble up.

Then, Hollywood and the world shut down in an effort to curb the spread of the coronavirus, which came as Endeavor and other agencies were still grappling with the fallout from a months-long stand-off with the Writers Guild of America over packaging and other industry practices.

While the shutdown has hit all of the entertainment business and talent agencies hard, Endeavor is particularly vulnerable.

In recent years, the company acquired or took major stakes in IMG Worldwide Holdings for \$2.4 billion and Ultimate Fighting Championship for \$4 billion, as

well as the Professional Bull Riders, the Miss Universe Pageant, Frieze Art Fair, and a full basket of seemingly disparate assets in the realms of technology, fashion, food and investment banking — largely live event businesses that were now forced to close.

Those acquisitions helped to diversify Endeavor's businesses, but also left it with a substantial debt load.

According to its SEC filing, Endeavor was carrying \$4.6 billion debt on its books as of last September.

Los Angeles investment banker Lloyd Greif said the company's debt has since increased due to a refinancing and estimates that it will have to pay roughly \$300 million to service its debt this year alone.

"It's fair to assume that Endeavor is in a world of hurt," Greif said. "The real issue is when their massive debt needs to be repaid. That train is coming down the track."

A representative of WME could not be immediately reached for comment.

This month Endeavor postponed a buyback that was to take place on April 5 where partners would have been able to cash out 20% of their equity based on a \$3.6-billion valuation of the company, said a person familiar with the matter who was not authorized to comment.

Other agencies also are struggling amid the COVID-19 crisis.

Last week, Paradigm announced significant cuts in its staff, including agents. And on Monday UTA said it was implementing companywide salary reductions.

ICM Partners last week laid off floating assistants, the support staff that is not assigned to a specific agent or department. The assistants were given a month's salary and medical benefits were paid through May, the company said. An ICM spokesman declined to say how many workers were let go.

Other entertainment and media companies are making similar moves in response to the outbreak. AMC Theatres, the biggest theater chain in the U.S., said it was going to furlough about 600 workers at its Leawood, Kan. headquarters.

Digital news site BuzzFeed told its staffers on Wednesday that it will be reducing salaries for most of its employees in April and May and review the situation on a monthly basis. The salary cuts will apply to workers who make at least \$40,000 a year.

"In our own business we want to save as many jobs as possible, even at the expense of wages declining," wrote BuzzFeed CEO Jonah Peretti in a note to staffers. "We don't know how long this will last, but we want to move quickly to make sure our business remains sustainable and we will lift the program and reevaluate if things improve."