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Apollo's \$11 Billion Bid for Paramount Ignites Bidding War | Analysis

The offer may be too good to ignore for majority owner Shari Redstone, analysts say

By [Lucas Manfredi](#) and [Alexei Barrionuevo](#) | March 21, 2024

Apollo Global Management's \$11 billion bid to buy Paramount Global's film and television assets on Wednesday is the most serious offer yet for the struggling entertainment conglomerate and has likely ignited a bidding war with David Ellison's Skydance Media and any other possible suitors for the legendary Hollywood brand.

The key now will be whether New York-based Apollo, one of the world's largest private equity firms, is offering Paramount majority owner Shari Redstone enough to persuade her to sell off the film studio her family owns.



Apollo Global Management co-founder Marc Rowan and Paramount non-executive chair Shari Redstone (TheWrap/Chris Smith/Getty Images)

The pressure shifts to Skydance, producer of “Mission: Impossible,” “Transformers” and other Hollywood tentpoles, and its Abu Dhabi-backed financial partner

RedBird Capital, to finish due diligence and get a deal done on their own offer made in January for an undisclosed amount.

Redstone, the non-executive chair of Paramount and president of its majority shareholder National Amusements, is fighting to preserve the legacy of her father Sumner Redstone, who didn't want to see Paramount sell off the storied studio and separate it from the conglomerate. The Redstone family more recently has reportedly opposed a piecemeal sale of the company, preferring to see it intact with cable, linear TV and streaming assets all together with the studios.

But Paramount also has a fiduciary responsibility to its shareholders to create the most value possible, and analysts are unanimous in their view that the company is worth far more if sold in parts.

“Shari will have to make up her own mind but I've got to believe that she's a seller at this price,” Lloyd Greif, CEO of the Los Angeles-based investment banking firm Greif & Co., told *TheWrap*.

Investment bankers and analysts who spoke with *TheWrap* said that Apollo has what it takes to get an agreement over the finish line and get the greatest value possible for Paramount's portfolio of assets, which include Paramount Pictures, Paramount+, CBS and cable networks such as MTV and Nickelodeon.



Hayley Atwell and Tom Cruise in “Mission: Impossible – Dead Reckoning Part I”
(Credit: Paramount Pictures)

“They're a no-nonsense buyer,” said Greif. “They don't make offers like this casually—Apollo is serious as a heart attack. This is the kind of buyer that does their homework, studies the assets carefully and then looks at it from the standpoint of whether or not it needs to be broken up, and it wouldn't surprise me if they are successful in this bid.”

Apollo's bid, as reported by *The Wall Street Journal*, would not include Paramount's non-studio assets, in other words it excludes CBS, Paramount+ and cable networks like MTV and Nickelodeon. The offer would be at least a 28% premium on Paramount's market cap of \$8.6 billion as of Wednesday's close.

It follows David Ellison's Skydance Media and Gerry Cardinale's RedBird Capital, who made a bid for National Amusements in January after it began kicking the

tires on Paramount's assets in December. That deal, which would also include backing from investment firm KKR and Oracle co-founder Larry Ellison, would be focused on merging Skydance with Paramount's film and TV studio.

Other potential suitors that have emerged in recent months include Allen Media Group founder Byron Allen and Warner Bros. Discovery, though the latter has since halted talks. Allen, who bid \$30 billion for Paramount Global in January, including the assumption of debt, is believed to be interested in the linear television assets that are burning a hole in Paramount's balance sheet. (It is unclear how Allen would finance his acquisition.)

Formed in 1990 by former bankers from defunct investment bank Drexel Burnham Lambert, Apollo is a publicly traded company with \$548 billion in assets un-

der management. It has a history of buying distressed assets, turning around their financial performance and then exiting from their investments with a profit.

Apollo has previous experience with transactions in the news and entertainment space. The company purchased “American Idol” owner CKx for \$510 million in 2011 and Redbox owner Chicken Soup for the Soul Entertainment for \$1.6 billion in 2016.

It also acquired Yahoo from Verizon Media for \$5 billion in 2021, made a \$760 million equity investment in Legendary Entertainment in 2022 and holds a majority stake in Cox Media Group. It also attempted to acquire media services company Tegna in February 2022 in a deal valued at \$8.6 billion, though that ended up falling apart.

“Other people can throw money at [Paramount], but from a preservation of the economic value of the assets [standpoint], I would vote for Apollo because they have a long history, they know how the debt markets work,” Sanjay Sharma, a USC adjunct professor and former investment banker, told TheWrap. “Their business is to take businesses that are in Paramount’s situation, divvy them up, deploy them economically, and make the most out of it while preserving the

value of the business. They’re the sharpest people in town.”

Paramount and its majority shareholder National Amusements declined to comment. A representative for Apollo did not immediately return TheWrap’s request for comment.

How much is enough?

Earlier on Wednesday, when the Journal first published its report, Apollo’s bid offered Paramount shareholders a premium of 43% on a \$7.7 billion market value. Paramount’s stock soon shot up on the news, closing at \$12.51 a share, up 11.8%

Apollo could realize a minimum return between 30% to 50% over the course of a year from a potential deal, Sharma estimated.

The special committee will have to ensure that a bid from Apollo or anyone else would be fair for Paramount shareholders, and for Shari Redstone, whose National Amusements owns 77.3% of Paramount Global’s common voting stock, before moving forward.

How attractive the offer is would depend on a number of factors, including whether it involves the entire Paramount/CBS library, contracts for licensing the library, and current production at the linear networks and streaming platforms, Moody’s analyst Neil Begley told TheWrap. He noted that the price

tag of Apollo’s offer is “light in historical terms for a major studio.” Amazon notably paid \$8.45 billion for MGM in 2022.

Without the film and television studio, Paramount Global would be worth \$11 billion to \$12 billion, MoffettNathanson analyst Robert Fishman estimated.

“Accepting a studio-only offer would mean divorcing the rest of the company from one of the key engines that drives it,” he added. “Remove one of its unique content creators from the equation and the rest of the company may appear hollow.”

One person familiar with Redstone’s thinking said that the Apollo offer may be too attractive not to consider, even if it doesn’t fully align with her priorities for a Paramount deal.

“If it is being considered by the independent committee, the board, I believe she has to stand down because she cannot look to do something that’s in her interest at the expense of the interest of the rest of the company shareholders,” this person told TheWrap. “If they’re taking it seriously and if they have reason to believe this is a serious bid, it stops any discussions Shari can have.”