

# Paramount Skydance: One Portfolio, Several Windows

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## A portfolio after the close

On August 7, 2025, Skydance Media and Paramount Global completed a transaction that formed Paramount Skydance Corporation. The new public company brought together Paramount's television and film studios, CBS and other broadcast and cable networks, Paramount+ and Pluto TV, and Skydance's film, television, animation, interactive and sports operations. Paramount Class B shares began trading under the ticker PSKY.

For this case, take the role of David Ellison, the new company's chairman and chief executive officer. The question is how to govern content and technology investment across the company's owned streaming services, linear networks, theatrical releases and third-party licensing. The combination brought more production capabilities and distribution outlets under one parent. It did not, by itself, establish that the company could make or distribute content more profitably.

The timing was consequential. The transaction had taken more than a year to complete. Paramount's legacy television business faced declining pay-TV subscriptions and advertising pressure; its streaming business was growing, but its title-level economics were not public. A larger portfolio could make it easier to match content with audiences across multiple channels. The same portfolio could also create competing claims on scarce content, capital, management attention and creative talent.

At the November 10 earnings release, management described a plan to invest in technology and content while reducing costs and strengthening the balance sheet. The company's stated goal was to grow direct-to-consumer (DTC) operations, improve free-cash-flow conversion and regain investment-grade debt metrics. Its near-term choices would help determine whether content was treated primarily as a subscriber engine, a portfolio of rights to monetize across windows, or a product of studios whose value should be assessed before assignment to any particular platform.

## What closed-and what the figures mean

The transaction had two related steps. On August 7, affiliates of the Skydance investors acquired National Amusements, Inc. (NAI), Paramount Global's former controlling shareholder. Following that step, Paramount Global and Skydance became wholly owned subsidiaries of Paramount Skydance Corporation. The Federal Communications Commission approved the relevant broadcast-license transfers on July 24; that approval was not the closing. Paramount had announced July 25 that it expected to close on August 7, and confirmed completion on that date.

Deal announcements and closing disclosures describe several different economic legs. In July 2024, the parties announced that the investor group would pay \$2.4 billion to acquire NAI, provide \$4.5 billion for cash elections by eligible public Paramount shareholders, and add \$1.5 billion of primary capital to Paramount. The announcement valued Skydance at \$4.75 billion, with its investors receiving shares in the combined company. These headline amounts were not one cash purchase price paid to one seller.

At closing, Paramount Skydance reported a \$6.0 billion private investment in public equity (PIPE) for 400 million new Class B shares at \$15 each. Of the proceeds, \$4.45 billion funded shareholder cash-stock elections and \$1.52 billion was provided to the company. Skydance investors were entitled to 316.7 million Class B shares, reduced to 313.8 million after specified tax withholding. Eligible Class A holders could elect \$23 in cash or 1.5333 Class B shares; eligible Class B holders could elect \$15 in cash, subject to proration, or one Class B share. These terms distinguish cash paid to shareholders, cash invested in the company and noncash consideration issued to Skydance investors.

The accounting adds another distinction. Paramount Skydance said the Ellison family controlled both Paramount Global and Skydance at the transaction point. It accounted for the combination as a common-control transaction, recorded Paramount Global's net assets at estimated fair value as of August 7, and combined Skydance at the ultimate parent's basis. The 10-Q therefore presents the pre-close period as "Predecessor" and the post-close period as "Successor." The company warns that their results, financial positions and cash flows are not comparable.

## A first quarter of mixed signals

The company's first post-close quarter included just under two months of successor results. The earnings release also gave supplemental pro forma revenue figures to show a combined-company view for all of Q3 and for Q3 2024, with Skydance included in both periods and intercompany revenue eliminated. These supplemental figures are a revenue comparison; they are not a pro forma income statement or cash-flow statement.

### Exhibit 1. Q3 supplemental pro forma revenue

USD millions; three months ended September 30.

| Revenue line               | Q3 2025 pro forma | Q3 2024 pro forma | Change |
|----------------------------|-------------------|-------------------|--------|
| Advertising                | 1,944             | 2,174             | -11%   |
| Affiliate and subscription | 3,427             | 3,215             | +7%    |
| Theatrical                 | 112               | 108               | +4%    |
| Licensing and other        | 1,231             | 1,443             | -15%   |

| Revenue line | Q3 2025 pro forma | Q3 2024 pro forma | Change     |
|--------------|-------------------|-------------------|------------|
| <b>Total</b> | <b>6,714</b>      | <b>6,940</b>      | <b>–3%</b> |

| Segment revenue      | Q3 2025 pro forma | Q3 2024 pro forma | Change |
|----------------------|-------------------|-------------------|--------|
| TV Media             | 3,796             | 4,298             | –12%   |
| Direct-to-Consumer   | 2,167             | 1,860             | +17%   |
| Filmed Entertainment | 768               | 799               | –4%    |

Management also described combined rounded Q3 2025 revenue of \$6.7 billion as flat compared with Paramount Global’s predecessor Q3 2024 revenue of \$6.7 billion. That is a different comparison: it does not include Skydance in the 2024 base. Management said Filmed Entertainment revenue rose 30% compared with predecessor Q3 2024, primarily because Skydance licensing and other revenue was consolidated; on the supplemental pro forma basis, Filmed Entertainment revenue declined 4%. The comparison base changes the story.

Paramount+ ended September with 79.1 million global subscribers, up 1.4 million during Q3 and 10% year over year. That total included 1.2 million free-trial subscribers; the company said it would report only paid subscribers beginning in Q4. Management attributed similar shares of Paramount+ revenue growth to subscriber gains and higher average revenue per subscriber. It did not disclose title-level additions, churn, subscriber lifetime value or the incremental contribution from putting a title on Paramount+ rather than licensing it elsewhere.

Reported profitability also requires care. DTC adjusted operating income before depreciation and amortization (adjusted OIBDA) was \$105 million in the short predecessor period from July 1 through August 6, and \$235 million in the successor period from August 7 through September 30. The periods differ in length and accounting basis. Management said successor DTC results benefited in part from a reduction in content assets resulting from the change in accounting basis. Neither figure is a clean measure of a recurring full-quarter merger benefit.

At September 30, cash was \$3.3 billion. Debt had a \$13.6 billion carrying amount and \$14.98 billion face value. The 10-Q says pushdown accounting reduced carrying debt by \$898 million, reflecting fair-value adjustments and reversal of prior discounts and fees. Management cited \$433 million of maturities over the next 12 months and said it expected investment-grade debt metrics by the end of 2027. Cash, carrying debt, face debt and transaction financing therefore tell different parts of the capital story.

## The allocation problem

Content can generate value in several ways. A title may attract or retain streaming subscribers, support advertising, fill a linear schedule, earn a theatrical release, or be licensed to another platform or broadcaster. A release-window choice may shift viewing among those channels rather than create wholly new demand. Rights can differ by territory and duration, and a production partner or talent agreement can constrain where and when a title appears.

The economics of a portfolio are not limited to a title’s first window. A film released theatrically might also strengthen a later streaming launch; a series licensed to another platform might generate revenue and extend its audience; an exclusive release might differentiate Paramount+ but sacrifice an external sale. The company’s public disclosures did not quantify these title-level trade-offs. Nor did they reveal the internal prices or decision rights studios

would use to compare a title's outside licensing value with its value to an owned platform.

Management set several goals and targets in the Q3 release. It said it was targeting at least \$3 billion in annual run-rate efficiencies, including more than \$1 billion of additional actions planned for 2026. It estimated one-time transformation costs of about \$800 million in 2026 and \$400-500 million in 2027. At the same time, it planned more than \$1.5 billion of incremental programming investment in 2026, including UFC, Paramount+ originals, third-party catalog licensing and an expanded film slate. Management forecast \$30 billion of revenue and \$3.5 billion of adjusted OIBDA in 2026, and free-cash-flow conversion of about 5% before roughly \$800 million of nonrecurring transformation costs. These were targets and forecasts, not achieved results.

## Decision

As CEO, what operating and investment model should Paramount Skydance use for the next planning cycle?

1. **Prioritize owned platforms.** Concentrate distinctive content and shared technology on Paramount+ and Pluto TV, using exclusivity where it can support subscriber value and advertising. What evidence should be required before withholding a title from external buyers?
2. **Optimize the portfolio across windows.** Let each title's rights, audience and expected economics determine its release sequence across theatrical, linear, owned streaming and third-party licensing. How would the company protect platform differentiation while capturing outside demand?
3. **Integrate selectively, retain separate accountability.** Keep studio and platform investment cases distinct, but centralize selected capabilities such as technology, audience data and rights management. What transfer prices and decision rights would reveal genuine combined value without weakening creative incentives?

Prepare a recommendation that states the decision rights, investment priorities and evidence thresholds you would use. Explain how your proposal can coexist with the savings and balance-sheet objectives, and identify one early measure that could show whether the model is working. Do not assume that the merger has already produced operating synergies.

## Sources

1. Paramount Global and Skydance, definitive agreement announcement, July 7, 2024, [transaction terms](#).
2. Paramount Global, Form 8-K reporting the August 7, 2025 closing, [SEC filing](#), Item 2.01.
3. Federal Communications Commission, July 24, 2025 license-transfer approval, [FCC item](#).
4. Paramount Skydance Corporation, Form 10-Q for the quarter ended September 30, 2025, filed November 10, 2025, [SEC filing](#), Note 1, MD&A and debt footnote.
5. Paramount Skydance Corporation, Q3 2025 earnings release filed as Exhibit 99.1 to Form 8-K, November 10, 2025, [SEC exhibit](#), financial presentation, supplemental pro forma revenue, subscriber and outlook tables.

*This teaching case uses public information available through the stated cutoff. Scenario alternatives and the role assignment are for classroom analysis; they do not describe a private management meeting or undisclosed management proposal.*