

Warner Bros. Discovery: Which Rights Travel With Max?

Internal ID: S&F-STR-583

Topic: Corporate Strategy, Platform Strategy, Mergers & Acquisitions

Industry: Movies & Entertainment

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision date and information cutoff: March 1, 2024

Case convention: The portfolio-review assignment is hypothetical. It is not a disclosed WBD decision.

A global service, multiple ways to distribute content

Warner Bros. Discovery (WBD) makes and distributes films, television programs, news, sports and other content through theaters, television networks, streaming services and third-party distributors. Its Studios segment includes theatrical film releases, television production, licensing to WBD services and external buyers, and distribution to both internal and third-party services. WBD's Content Sales group distributes programming across streaming, cable, satellite, broadcast, local television and airline channels. [P1]

The company had launched Max in the United States in May 2023. On February 27, 2024, Max launched across 39 territories in Latin America and the Caribbean. WBD said EMEA and APAC markets were expected to follow later in 2024. The February launch date is known; subscriber uptake and financial results after launch are outside this case's information cutoff. [P1, P3]

As Max expands, WBD faces a portfolio question about the rights it controls for future decisions. A title kept for Max may help the service present a distinctive catalog in a new territory. Licensing a title to another distributor may reach audiences outside Max and generate content-licensing revenue. The company's filings describe both owned-service and third-party distribution channels, but they do not say every title or territory is available for a fresh choice. Existing contracts and windows still govern.

What the reported results show-and do not show

At December 31, 2023, WBD reported 97.7 million DTC subscribers, including 1.3 million from its BluTV acquisition. The DTC measure includes subscriptions to Max, HBO Max, discovery+, HBO and certain regional or wholesale products; WBD's DTC segment also includes premium pay-TV services such as HBO. It is not a Max-only streaming count. [P1, P2]

For 2023, WBD reported \$10.154 billion of DTC segment revenue and \$103 million of adjusted EBITDA. In the company's comparison table, 2022 pro forma combined DTC revenue was \$9.693 billion and adjusted EBITDA was a loss of \$2.063 billion. Fourth-quarter 2023 DTC adjusted EBITDA was a loss of \$55 million. The annual measure and the quarter tell different things; adjusted EBITDA is non-GAAP, and the prior-year comparison includes pro forma adjustments. None of these segment results isolates a title's or Max's international launch economics. [P1, P2]

Content revenue also moved differently across segment lines. WBD said Networks segment content revenue fell 24% in 2023, attributing the decline to lower international sports sublicensing, including the prior-year Olympics comparison, and lower third-party U.S. content-licensing deals, partly offset by higher inter-segment licensing to DTC. Separately, DTC content revenue rose 17%, which management attributed primarily to higher licensing-deal volume. These are separate segment aggregates, not a title-by-title comparison of external licensing proceeds and Max value. Inter-segment revenue is eliminated in consolidated results. [P1]

Selected reported measure	2023 figure	Comparison and scope
DTC subscribers	97.7 million	At year-end; includes 1.3 million BluTV subscribers and is not Max-only.
DTC revenue	\$10.154 billion	Segment result; +5% ex-FX versus 2022 pro forma combined.
DTC adjusted EBITDA	\$103 million	Segment non-GAAP measure; 2022 pro forma combined was a \$2.063 billion loss.
Networks content revenue	\$1.005 billion	Segment line; –24% ex-FX versus 2022 pro forma combined.
DTC content revenue	\$886 million	Segment line; +17% ex-FX versus 2022 pro forma combined.

Sources: P1 Item 7 and P2. The content revenue lines are different segment measures; the 2022 comparison is pro forma combined and ex-FX. These figures do not establish title-level economics.

The rights are not a blank slate

WBD says distribution and licensing agreements have limited terms that vary by territory and distributor. Whether a distributor renews on favorable terms may depend on WBD’s decision to make content available on both linear networks and streaming platforms. The filings do not disclose the rights map, title-level license fees or exclusivity windows needed to determine which future choices are actually open. [P1]

The public record also leaves unanswered how many Max subscribers watch a specific title, whether its availability changes acquisition or retention, how external licensing affects awareness, and what a title contributes after production, marketing and platform costs. The 97.7 million subscriber measure and segment revenue lines cannot answer those questions by themselves.

Assignment

Assume you are advising a **hypothetical WBD portfolio-rights review** at the March 1, 2024 cutoff. Recommend a policy for future, uncommitted content rights as Max expands internationally. You may reserve selected titles or windows for Max, license eligible content to third parties, or use a title- and territory-specific hybrid. Respect existing contracts and do not assume WBD can move or cancel rights already committed.

Identify what information should determine a title's window and territory, what evidence would support expanding or changing the policy, and what would cause you to reconsider your recommendation. Distinguish Max-only outcomes from broader DTC and segment measures. State any classroom assumptions explicitly; no fixed budget, expected license fee or subscriber response is supplied.

Sources and information boundary

The cutoff is March 1, 2024; public information through February 29 is included. No post-launch subscriber uptake or later results are included.

- **[P1]** WBD FY2023 Form 10-K, filed February 23, 2024. Item 1, printed pp. 5-8; Item 1A, distribution-license discussion, HTML ¶¶476-484; Item 7, printed pp. 39-41.
- **[P2]** WBD fourth-quarter and full-year 2023 results, furnished as Exhibit 99.1 to Form 8-K, February 23, 2024; subscriber and Q4 DTC results, PDF pp. 1, 4-5; full-year segment table, PDF p. 6.
- **[P3]** WBD, Max launches in Latin America and the Caribbean, February 27, 2024; launch in 39 territories was announced in this WBD release.