

Media & Telecom: Ins and Outs of the Media M&A Bonanza

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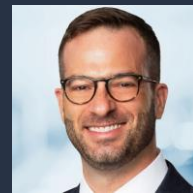
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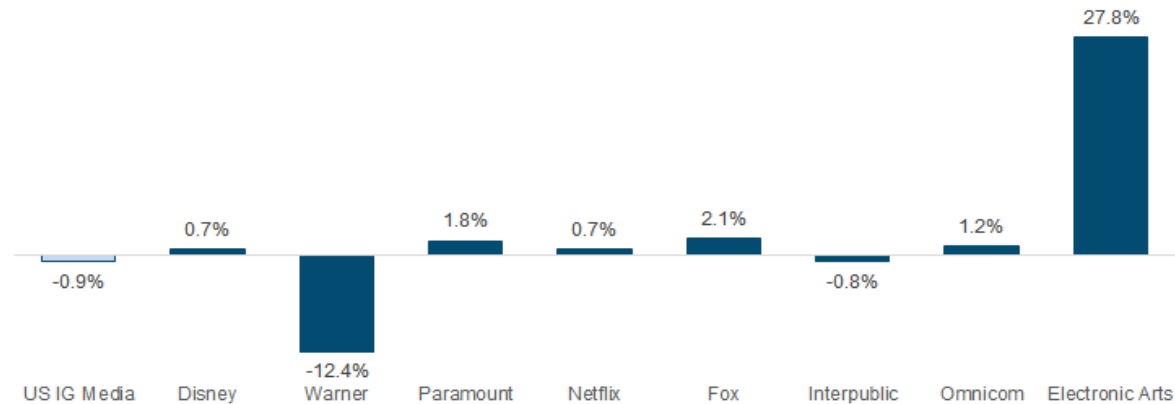
IG Returns: WBD Situation Weighs on IG Media Performance

US IG Excess Returns by Credit YTD

Company	Rating	Bonds	Market Val. (bn)	Duration	1-3 yrs	3-6 yrs	6-12 yrs	12+ yrs	ALL
US IG Index	A3	11,323	\$9,287.2	6.6	0.8%	1.2%	1.3%	1.6%	1.2%
USD BBB1	BBB1	1,871	\$1,480.3	6.9	0.9%	1.4%	1.8%	2.6%	1.6%
USD BBB2	BBB2	2,351	\$1,770.1	6.6	0.9%	1.1%	0.9%	1.1%	1.0%
USD BBB3	BBB3	1,258	\$917.1	5.4	1.4%	1.5%	1.0%	3.5%	1.5%
US IG Media	A3	256	\$300.0	8.9	0.0%	-0.7%	-1.5%	-0.6%	-0.9%
Disney	A2	29	\$26.9	9.2	0.3%	0.4%	0.7%	1.0%	0.7%
Warner	BBB3	15	\$23.4	7.2	-4.5%	-16.5%	-18.0%	-3.5%	-12.4%
Paramount	BBB3	17	\$11.6	7.2	1.4%	2.3%	1.5%	2.3%	1.8%
Netflix	A3	7	\$8.4	4.5	0.7%	0.7%	1.6%	0.3%	0.7%
Fox	BBB2	5	\$6.8	7.0	0.3%	1.0%	2.9%	2.9%	2.1%
Interpublic	BBB2	6	\$2.8	6.5	-0.5%	-0.1%	-0.7%	-2.2%	-0.8%
Omnicom	BBB1	4	\$2.5	5.1	0.0%	0.6%	0.7%	-	1.2%
Electronic Arts	BBB1	2	\$1.4	11.2	0.1%	10.8%	-	49.9%	27.8%

Source: BAML, CreditSights

YTD Excess Return (%) by Credit



Source: BAML, CreditSights

IG Media Leaders

- Electronic Arts skyrocketed on LBO news and impending bond redemption.
- Fox outperformed on gravity-defying linear network growth.
- Paramount benefited from staying IG and Skydance merger.

IG Media Laggards

- WBD performance weighed down by consent and exchange process ahead of separation.
- Interpublic merged with larger, higher-levered peer Omnicom.

HY Returns: Media M&A Drives Top-Shelf Performance in 2025

YTD Total Return Heat Map (12/02/25)	YTW	Index	BB	B	CCC
US HY	6.7%	7.9%	8.4%	7.6%	5.9%
Media Content	6.8%	15.0%	12.9%	12.9%	24.6%
Telecommunications	7.5%	11.2%	9.8%	9.8%	18.7%
Healthcare	6.4%	11.0%	8.6%	10.4%	21.6%
Real Estate	6.0%	10.5%	8.4%	11.6%	16.1%
Services	6.6%	8.9%	8.6%	8.4%	13.0%
Fins	6.2%	8.4%	8.2%	8.6%	9.9%
Insurance	5.9%	8.1%	7.1%	8.4%	8.1%
Auto	6.6%	7.9%	7.3%	9.4%	-0.7%
Diversified Media	8.9%	7.7%	4.5%	8.6%	11.7%
Cap Goods	5.8%	7.6%	8.5%	8.3%	2.8%
Retail	6.8%	7.2%	8.6%	5.9%	9.6%
Cons Goods	6.3%	7.1%	7.9%	7.9%	0.1%
Energy	6.8%	6.8%	8.1%	5.6%	-3.5%
Banking	5.0%	6.7%	6.7%	0.0%	0.0%
Basics	6.7%	6.3%	8.4%	5.2%	-6.5%
Leisure	6.5%	6.2%	7.8%	5.6%	-5.9%
Technology	7.3%	5.8%	8.9%	3.4%	2.8%
Cable & Satellite TV	9.9%	4.5%	8.6%	8.8%	-2.7%
Transportation	7.3%	2.9%	7.3%	5.6%	-43.3%
Publishing & Printing	12.7%	-3.0%	11.1%	3.0%	-13.1%

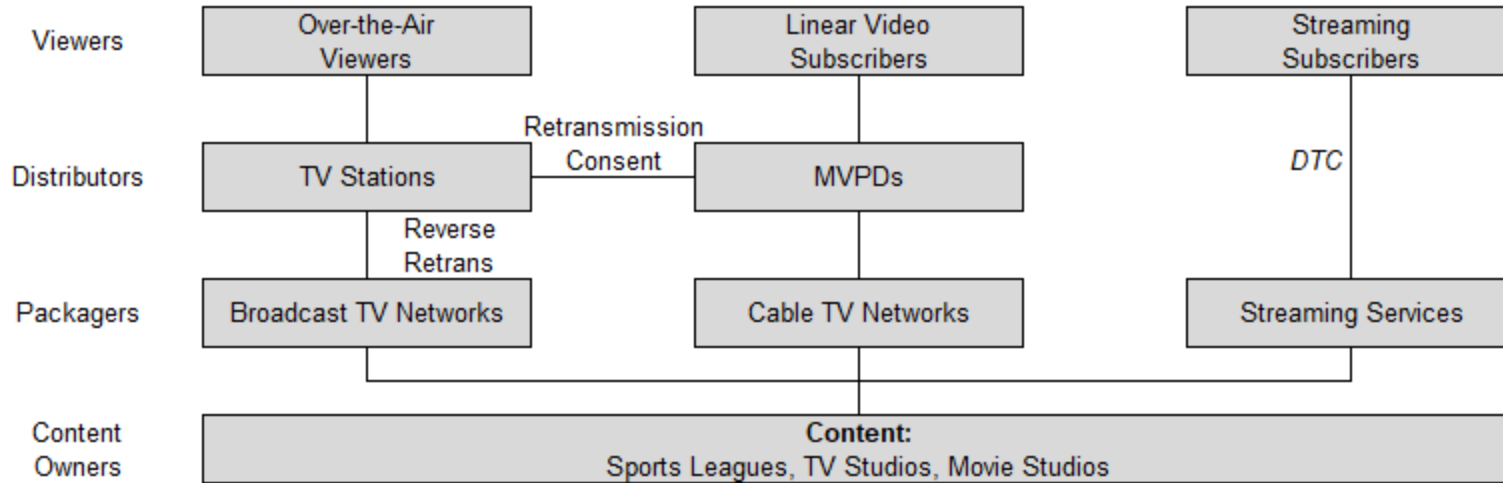
Source: CreditSights

Top Performing HY Media Issues (Total Ret)

SSP 5.375% Sr. Notes '31	+60%
GTN 4.75% Sr. Notes '30	+45%
GTN 5.375% Sr. Notes '31	+44%
SBGI 5.50% Sr. Notes '30	+36%
SSP 3.875% 1L Notes '29	+30%
Cox 8.875% 2L Notes '29	+23%
CCO 7.5% Sr. Notes '29	+20%
IHRT 10.875% 2L Notes '30	+18%
CCO 7.75% Sr. Notes '28	+18%
SBGI 9.75% 2L Notes '33	+17%
GTN 10.5% 1L Notes '29	+17%

Media Industry Landscape

Video Industry Snapshot



Network O&O TV Stations	ABC	CBS	NBC	FOX	Univision	Telemundo	ION
Independent TV Stations	Nexstar	Gray	Sinclair	TEGNA	EW Scripps	Cox Media	Allen Media
Broadcast TV Networks	ABC	CBS	NBC	FOX	Univision	CW	MyNwkTV
Cable TV Networks	Fox News	CNN	TNT	ESPN	Discovery	USA Nwk	AMC Nwks
Linear MVPDs	Comcast	Charter	DirecTV	DISH	Cox Cable	Altice USA	Verizon Fios
Virtual MVPDs	YouTube TV	Hulu Live	DTV Stream	Sling TV	fubo		
Streaming Services	Netflix	Amazon	HBO Max	is/Hulu/ESPN	Peacock	Paramount+	Apple TV
Sports Leagues	NFL	NBA	NHL	MLB	MLS	NCAA	PGA
Studios	Disney	Paramount	Universal	Warner Bros	Sony	Lions Gate	

Source: Congressional Research Service and CreditSights.

- **Content consolidation** drives better churn, negotiating leverage

WBD sale

B'cast TV M&A

Cable net roll-up?

- **Distribution M&A** drives better volume discounts, negotiating leverage

Charter / Cox

Hulu / Fubo

DTV / DISH?

Warner Bros. Discovery: M&A Scenarios & Implications*

Scenario	Win Likelihood	What Happens to WBD's Bonds?	Comments
Sale of WB to Netflix; Spin DG	60%	Travel with DG	<ul style="list-style-type: none"> - Bid: \$27.75/share for Warner Bros. only, 85% cash/15% equity - WBD Impact: Negative, downgrade to low BB/high B - NFLX Impact: Negative, downgrade to A-/BBB+
Sale of WBD to Paramount	40%	Assumed by PSKY	<ul style="list-style-type: none"> - Bid: \$30/share for WBD, all cash - WBD Impact: Neutral, bonds already trade like low BB - PSKY Impact: Negative, bonds likely primed by new 1L

Scenario	Regulatory Approval	Relevant Markets	Comments
Sale of WB to Netflix; Spin DG	Jump Ball	SVOD, Pay-TV, Content Licensing, Theatrical	<ul style="list-style-type: none"> - Antitrust Risk: Elevated, market share, content strategy - Political Risk: Moderate, largely market-share focused
Sale of WBD to Paramount	Likely	Linear TV, Pay-TV, Content Licensing, Theatrical	<ul style="list-style-type: none"> - Antitrust Risk: Moderate, pay-TV & studio market shares - Political Risk: Low, notable political favor

* Based on publicly available information as of December 9, 2025.

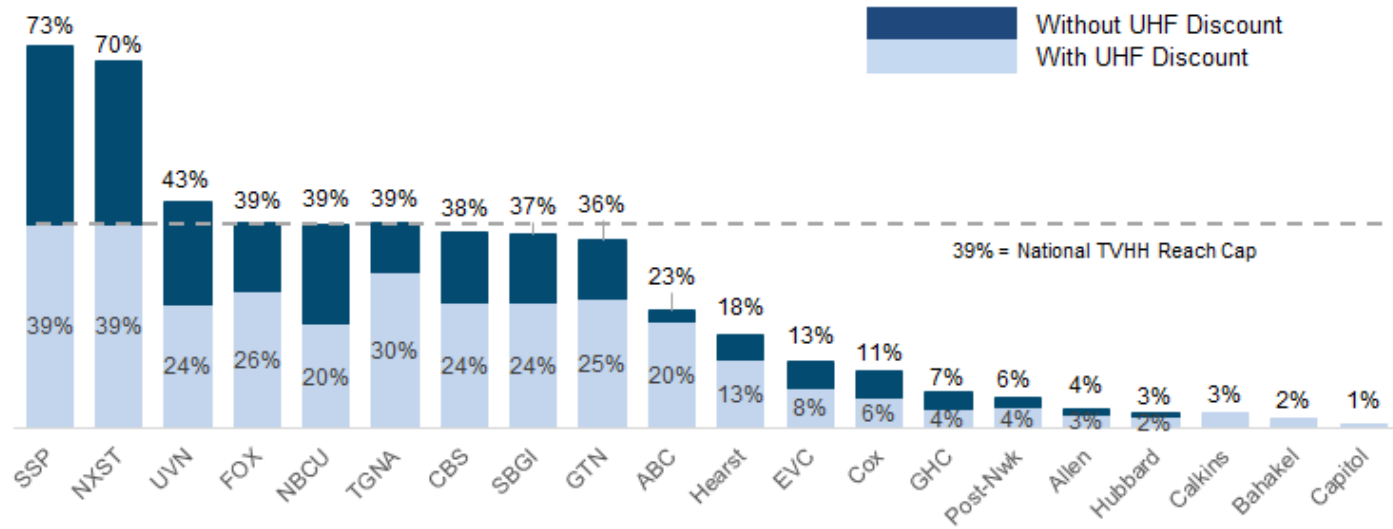
"WB" = Warner Bros. (Streaming & Services, "S&S")

"DG" = Discovery Global (Global Networks, "GN")

"WBD" = Warner Bros. Discovery (both S&S and GN)

Broadcast TV Industry Landscape

TV Household Reach by Broadcaster (With and Without UHF Discount)



Source: FCC, Company reports and CreditSights.

Big Four Overlap Markets

	Gray	Sinclair	TEGNA	Nexstar	Scripps
Gray		36	22	61	18
Sinclair	36		26	46	20
TEGNA	22	26		35	13
Nexstar	61	46	35		22
Scripps	18	20	13	22	

Big 4 Combined TV Household Reach (% of Homes)

	Gray	Sinclair	TEGNA	Nexstar	Scripps
Gray		61%	60%	81%	49%
Sinclair	61%		62%	85%	54%
TEGNA	60%	62%		79%	53%
Nexstar	81%	85%	79%		78%
Scripps	49%	54%	53%	78%	

"Big Four" = ABC, CBS, NBC, FOX

- **National Ownership:** TV broadcasters cannot own station licenses that reach more than 39% of TV households

FCC action - July 2025

public notice to refresh record from 2018 NPRM... is President Trump opposed?

- **Local Ownership:** Cannot own two "Top Four" stations in a mkt

FCC action - Sept. 2025

NPRM on duopoly rules, FCC has been waiving for certain transactions to date

M&A Landscape for HY Broadcasters

Company	Buyer or Seller?	Leverage (L8Q)	Activity	Comments
Nexstar (NXST)	Buyer	3.4x 4.4x (pf)	Pending deal to acquire TEGNA	<ul style="list-style-type: none"> - Agreed to acquire TEGNA in all-cash, \$6.2bn deal (8/19/25) - Estimated multiple at 8x pre-sygs, 6x post-sygs (\$300mn), 1x leveraging for NXST NXST/TGNA: One Big Beautiful Broadcaster Indeed
Gray Media (GTN)	Buyer	5.8x 5.5x (pf)	Pending deals with Block, Allen Media, Scripps swap	<ul style="list-style-type: none"> - Scripps station swap (7/1/25) - Block Communications purchase for \$80mn cash (8/1/25) - Allen Media select TV stations for \$171mn cash (8/8/25) - Estimated aggregate multiple at 10x pre-sygs, 3x post-sygs (0.25x deleveraging) Gray Media (GTN) 3Q25: Good Fits over Merger Blitz
Sinclair (SBGI)	Buyer or Seller	6.0x	JSA/SSA buyouts, proposal to buy SSP	<ul style="list-style-type: none"> - Completed one station swap, four station sales and 11 JSA buy-ins - Reportedly approached GTN about a deal (per CNBC), reportedly offered to buy TEGNA - Proposed to buy SSP (65% stock/35% cash), leave in separate credit silo, values SSP at 7x SBGI/SSP: Different Motivations
EW Scripps (SSP)	Seller	5.4x 5.3x (pf)	Swap with GTN, select station sales	<ul style="list-style-type: none"> - Gray station swap (7/1/25) - Agreed to sell Fort Myers Fox affiliate for \$40mn cash (9/3/25) - Agreed to sell Indianapolis ABC affiliate for \$83mn cash (10/28/25) - Estimated aggregate multiple greater than 9x to SSP (0.1x deleveraging) - Confirmed strategic discussions ended with SBGI, now thwarting hostile effort EW Scripps (SSP) 3Q25: Buy, Sell, Swap
Cox Media (CMGMCO)	Seller	~6x	Sold Tulsa radio stations	<ul style="list-style-type: none"> - Apollo has reportedly hired advisors to help sell its Cox Media TV and radio stations - Bottlenecks: steep pricetag (\$4bn reportedly), radio and retrans dis-synergies Broadcast TV: Cox on the Market?