

RYAN REYNOLDS, REDBIRD \$900M ALPINE DEAL REFLECTS F1 FINANCIAL CHANGES

By Eben Novy-Williams and Scott Soshnick
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RedBird Capital and actor Ryan Reynolds are part of a group buying a significant minority stake in Alpine Racing, a deal that values the F1 team a little north of \$900 million.

The group, led by RedBird and Otro Capital, are paying \$218 million (€200 million) for 24% of the team, which is owned by French automotive giant Renault. It's a strategic investment—the new backers will help Renault Group market Alpine globally, particularly in the U.S., and increase revenue via merchandise, hospitality and sponsorships.

It's also a reflection of dramatic financial changes recently across F1, which has utilized cost cap measures, international expansion and a new media approach to turn team ownership into a money-making venture.

"This partnership will accelerate Alpine F1 development by diversifying revenue drivers and increasing brand value," Renault Group CEO Luca de Meo said in a statement.

As an example, consider Wrexham AFC, the Welsh soccer team that Reynolds took over in 2020 alongside fellow actor Rob McElhenney. The duo utilized their celebrity, their social media savvy and a Disney docuseries to make Wrexham the world's most popular fifth-division soccer team. That popularity drove merchandise, ticket and sponsorships sales, and the success translated quickly to the field—the Red Dragons just recently won promotion to a higher league.

This is the first investment for Otro Capital, which recently launched out of RedBird in the “tiger cub” model. Co-founded by RedBird partner Alec Sheiner and staffed with long-time RedBird principals and VPs, Otro will focus exclusively on sports and will work in partnership with the larger firm—Redbird will have an option, not an obligation, to participate in future Otro deals. Scheiner will also join the Alpine board as part of this transaction.

Reynolds' participation, through his Maximum Effort Investments, includes McElhenney and actor Michael B. Jordan, also a soccer owner.

The investment comes amid significant commercial growth for Liberty Media-owned F1, both in the U.S. and in other global markets. The circuit reported \$2.5 billion in revenue in 2022, a 20% jump from the prior season (\$2.1 billion), and had 5.7 million people attend races, up 36% from 2019, its last full season without any COVID restrictions.

That growth happened alongside new cost-cap measures that have fundamentally flipped the cash-flow profile of F1 teams, many of which were previously losing tens of millions (or more) per season. It has all led to a flood of investors looking to buy into the 10-team circuit. F1 boss Stefano Domenicali recently said that owners were turning down “almost billions” from interested investors, and F1 has also considered expanding, which would give it an opportunity to sell two new teams. As an example of how much the economics have changed, Renault bought a prior version of the Alpine team in 2015 for £1, or roughly \$1.50.

The shift is partially due to F1's global expansion across Asia and the Middle East, and due to new U.S. races in Miami and Las Vegas. It also arises from the vast media opportunities now available to popular global sports. F1 has found mainstream success with its new ESPN deal and the popular Netflix docuseries Formula 1: Drive to Survive. The latter inspired a number of similar projects—for golf, tennis, cycling, etc.—greenlit by other leagues and governing bodies looking to find new fans.

Reynolds and McElhenney paid \$0 to acquire Wrexham, and their media strategy has become a road map for other owners hoping to recreate the success. (Reynolds expressed interest in joining a group to buy the NHL's Ottawa Senators earlier this year, but he was not part of the final bidding.)

Founded by former Goldman Sachs partner Gerry Cardinale, RedBird currently manages over \$8.6 billion in assets, with a sports portfolio that includes AC Milan, French soccer team Toulouse, cricket's Rajasthan Royals, the XFL and 10% of Fenway Sports Group, parent of the

Boston Red Sox, Pittsburgh Penguins and Liverpool FC. Equally important, the group's media portfolio includes investments in YES Network, David Ellison's production company Skydance, LeBron James's production company Springhill, and Everpass Media, a newly-created streaming platform launched alongside the NFL.

Alpine, whose current drivers are Pierre Gasly and Esteban Ocon, finished fourth in last season's team standings, and is currently running fifth. The investment does not include Alpine Racing SAS, the France-based F1 engine manufacturer, which will remain wholly owned by Renault Group.

The new investors also include Paul Wachter's Main Street Advisors, and the family of late billionaire Jon Huntsman Sr.