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RedBird, a small firm doing big media deals

Its wingspan stretches from Hollywood to AC Milan

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Modric in midfield, Cardinale up top

Even a Hollywood blockbuster rarely involves such a varied cast. Soon after Netflix said in early December that it would acquire most of Warner Bros Discovery, Paramount swooped in with a hostile bid. Its offer of $108bn for the whole of its rival film studio is backed not just by David Ellison, Paramount's chief executive, and his father Larry, a tech tycoon and one of the richest men in the world. Also on board are Apollo, a private-equity shop; several Gulf sovereign-wealth funds—and RedBird, an investment firm with a mere $12bn in assets under management.

Although small, RedBird is increasingly influential in media and sport. In the summer of 2024 it ponied up $2bn to help the younger Mr Ellison's production company, Skydance, merge with Paramount. It launched a doomed bid to buy a British newspaper. And it owns stakes in some of the best-known clubs in sport.

RedBird prides itself on a different approach to its Wall Street competitors. "I'm not out of central casting," insists Gerry Cardinale, its boss, even if he began his career at Goldman Sachs. He bristles when his firm is compared to conventional private equity. At a time when private giants are writing bigger cheques, RedBird wants to show that smaller specialist funds can reshape whole industries.

The firm's approach rests on three pillars. The first is deep-pocketed friends and backers. Mr Cardinale has a contacts book of rich families who see sports franchises and entertainment brands not as trophies, but as assets to generate financial returns. "They're not bringing me in because I'm charming," he says. RedBird IMI, a joint venture set up with Sheikh Mansour bin Zayed al-Nahyan, a member of Abu Dhabi's royal family, has backed makers of "The Morning Show", a popular series, and All3Media, Britain's biggest independent media-production company.

Its second pillar is spotting intellectual property that can be monetised. In 2022 Matt Damon and Ben Affleck, two Oscar-winning actors, teamed up with RedBird to raise $100m to create Artists Equity, a production firm that aims to give actors a bigger share of streaming profits. Artists Equity has since signed deals with Amazon Studios and Sony Pictures.

Similarly, RedBird has deftly navigated the sports business, revenues from which are growing at over 8% a year according to Morgan Stanley, a bank. It acquired AC Milan for $1.2bn in 2022, burnished the Italian football club's branding and expanded its merchandising, helping it turn a profit for the first time in nearly two decades. RedBird also has stakes in other sports properties, notably Fenway Sports Group, owner of Liverpool FC and the Boston Red Sox.

The third pillar is assembling bespoke deals suited to RedBird's investor base and co-investors. In conventional private equity an investment is held for a given period with a focus on internal rates of return. By contrast, RedBird makes relatively small investments upfront and keeps feeding a business as it grows, operating alongside entrepreneurs. It aims to keep investments for a long time, building them into bigger businesses, together with teams, creators and rights-holders. That in turn brings recurring profit streams from sponsorships, ticket sales and merchandising.

So far the strategy has worked, allowing RedBird to return double investors' money since its inception in 2014, according to a Harvard Business School case study published in February, which is about par for the industry. Sports and media account for three-quarters of its investments. It also has a financial-services business that rolls up and builds insurance and wealth-management firms, and sells out within five years—a "yield play" that provides predictable returns, says Mr Cardinale.

Yet not everything has gone smoothly. A £500m ($660m) bid by RedBird IMI to purchase the Telegraph Media Group, owner of the *Daily* and *Sunday Telegraph*, right-leaning British newspapers, collapsed after regulators balked at foreign ownership. Warner Bros has voiced scepticism about the durability of Paramount's financing (it favours Netflix's bid). Meanwhile, scouring valuable intellectual-property assets and expanding franchises when capital is expensive is tricky; sport is crowded with bubbly valuations.

Mr Cardinale hopes to build on the investments that RedBird has already made, resulting in a few big businesses that can become publicly traded and sources of capital for the leagues, teams and studios of the future. Hence his enthusiasm to create "the new Walt Disney" with Paramount and Warner Bros. The small firm's ambitions are only getting bigger. ■