Anticipated acquisition by Paramount Skydance Corporation of Warner Bros. Discovery, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/7144/26

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Paramount Skydance Corporation (**Paramount**) of Warner Bros. Discovery, Inc. (**WBD**) does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) in the UK.

2. **Paramount** agreed to acquire **WBD** on 27 February 2026. The CMA refers to this acquisition as the **Merger**. Paramount and WBD are referred to as the **Parties** and for statements relating to the future, the **Merged Entity**.

Who are the businesses and what products/services do they provide?

3. The Parties are active across a wide variety of activities in the theatrical and audio visual (**AV**) content value chains. The main activities considered for the purposes of the CMA's investigation included theatrical film distribution, AV content production and licensing, retail supply of non-linear AV content through subscription video on demand (**SVOD**) services via Paramount+, HBO Max, and Discovery+, and the wholesale supply of linear children's TV channels, such as Nickelodeon and Cartoon Network.

Why did the CMA review this merger?

4. The CMA has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so. In this case, the CMA has concluded that it has jurisdiction to review this Merger on the basis of the turnover test; the target WBD has revenues in the UK in excess of £100 million.

What evidence has the CMA looked at?

5. The CMA considered a wide range of evidence, including the Parties' submissions and internal commercial and strategy documents, as well as views from all stakeholders that responded to the CMA's invitation to comment. The CMA also spoke to and gathered evidence from customers and competitors to understand the competitive landscape and the likely impact of the Merger.

…**about the effects on competition of the Merger?**

6. The CMA considered whether the Merger would lead to an SLC in the theatrical distribution of films and wholesale supply of linear children's TV channels in the UK. The CMA also considered but dismissed any concerns arising from other AV overlaps and vertical relationships, including production and licensing of AV content, retail supply of non-linear content via SVOD and potential foreclosure of downstream competitors.

7. In theatrical film distribution, the CMA found that, although the Parties compete closely, they do not appear closer to each other than to Universal, Disney, or Sony. While the Merged Entity would become the UK's largest distributor, it would continue to face competition from these three major studios and a range of other smaller studios.

8. In relation to linear children's TV channels, we found that although the Parties have a strong position in the supply of linear pay-TV children's channels, consumers have a number of alternatives, including free-to-air channels and children's content available via SVOD. The demand for linear pay-TV children's channels and the importance of these channels for pay-TV providers is declining. Overall, the Merged Entity will be sufficiently constrained in the supply of linear children's TV channels.

9. In relation to the supply of SVOD services, we found that other competitors (eg Netflix, Apple, Disney and Amazon Prime), as well as non-SVOD services such as broadcast video on demand services (eg BBC iPlayer and ITVX), will continue to provide sufficient competition to the Merged Entity. Sufficient competitive constraints will also remain post-Merger in the other areas in which the Parties overlap, including in relation to the production and licensing of AV content.

What happens next?

10. The CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the UK. Accordingly, the Merger will **not** be referred to a phase 2 investigation pursuant to section 33(1) and 34ZA(2) of the Enterprise Act 2002.