

Netflix and the Credit Implications of an M&A Surge

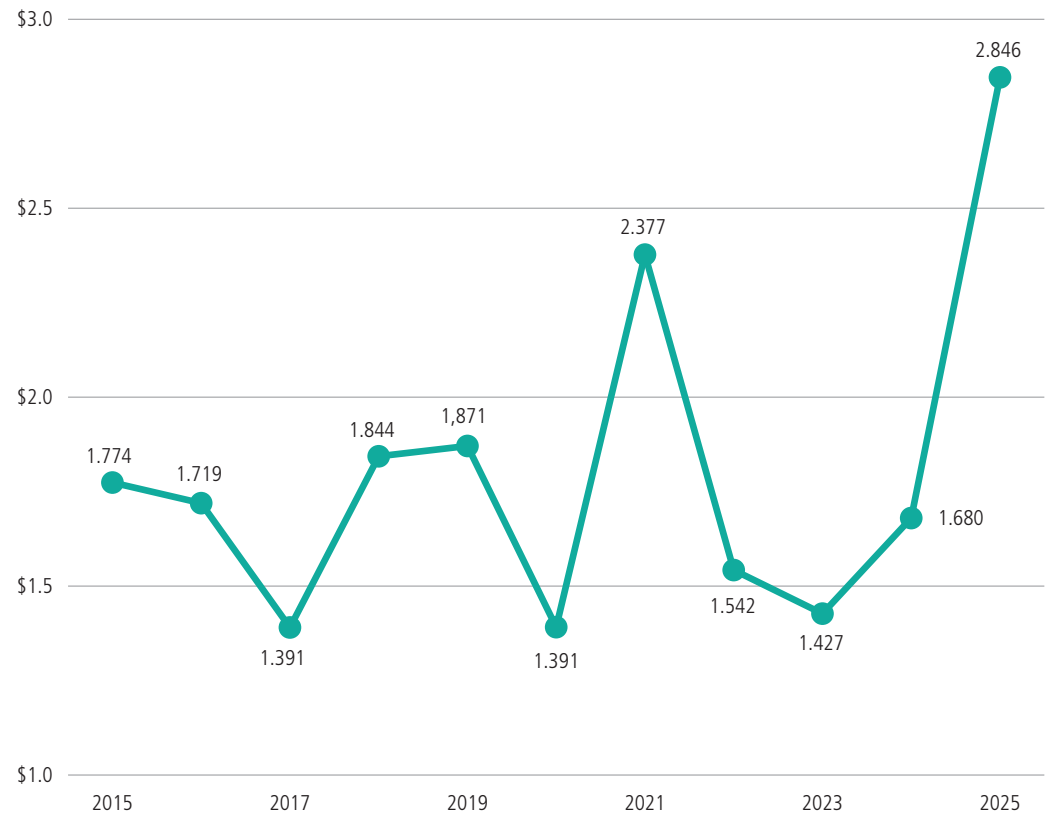
Investment Grade Credit Research Team

How could the new wave of high-profile dealmaking affect the investment grade landscape?

- Recent offers by Netflix and Paramount for Warner Bros Discovery, along with a steady acceleration of large, complex transactions across sectors and regions, have put mergers and acquisitions in focus again for credit markets.
- As macro volatility has eased, growth has been resilient and financing conditions have become favorable, the environment has become more conducive to M&A. Indeed, November clocked in as the second-largest M&A issuance month of the year, at nearly \$25 billion.¹ The current pipeline of pending, completed or proposed deals and investments in North America alone totals over \$2 trillion.²
- For bondholders, we believe outcomes are likely to be highly deal-specific. Assessing regulatory issues, funding sources and post-deal capital structures (as opposed to just headline leverage) are critical to understanding the impact these transactions have on underlying credit risk.
- We favor a focus on sector- and issuer-level analysis to mitigate risks associated with these deals while capturing the select opportunities they may provide.

M&A MAKES A COMEBACK

North American M&A Activity (\$ Trillions)



Source: Bloomberg. Data as of December 9, 2025. Reflects pending, completed and proposed M&A transactions potential deal value in North America.

¹ Source: Bloomberg, as of November 30, 2025.

² Source: Bloomberg, as of December 9, 2025.

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