Paramount Skydance (PSKY)

$13.10 (Stock Price as of 12/17/2025)

Price Target (6-12 Months): **$16.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 12/08/25) Prior Recommendation: Neutral	**Underperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**5-Strong Sell**
	Zacks Style Scores:	VGM: A
	Value: B | Growth: B	Momentum: C

Summary

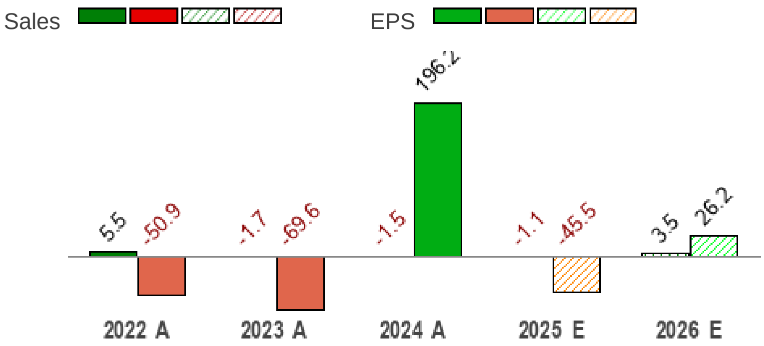
Paramount Skydance's merged entity combines Paramount's century-old content library and distribution network with Skydance's production capabilities and technological expertise. Key strengths include iconic brands like CBS, Paramount Pictures, and streaming platforms Paramount+ and PlutoTV, plus exclusive UFC and Zuffa Boxing rights that could drive subscriber growth. The company benefits from diversified revenue across studios, streaming, and traditional TV. Shares have outperformed the industry in the year-to-date period. However, the company faces intense competition from Netflix, Amazon, and Disney. Paramount historically struggled with streaming losses, declining cable viewership, and substantial debt. The recent merger brings integration risks and announced $2 billion cost cuts with 1,000 layoffs, signaling operational pressures.

Price, Consensus & Surprise(1)

Data Overview

52 Week High-Low	**$20.86 - $9.95**
20 Day Average Volume (sh)	**10,911,891**
Market Cap	**$14.8 B**
YTD Price Change	**32.4%**
Beta	**1.16**
Dividend / Div Yld	**$0.20 / 1.4%**
Industry	**[Media Conglomerates]**
Zacks Industry Rank	**Bottom 22% (189 out of 243)**
Last EPS Surprise	**12.2%**
Last Sales Surprise	**-0.2%**
EPS F1 Est- 4 week change	**-22.0%**
Expected Report Date	**11/10/2025**
Earnings ESP	**-144.4%**
P/E TTM	**12.3**
P/E F1	**23.0**
PEG F1	**35.4**
P/S TTM	**0.5**

Sales and EPS Growth Rates (Y/Y %)(1)



Sales Estimates (millions of $)(1)

	Q1	Q2	Q3	Q4	Annual*
2026	7,310 E	7,095 E	7,095 E	8,371 E	29,963 E
2025	7,192 A	6,849 A	6,856 E	8,169 E	28,995 E
2024	7,685 A	6,813 A	6,731 A	7,984 A	29,213 A

EPS Estimates(1)

	Q1	Q2	Q3	Q4	Annual*
2026	0.19 E	0.32 E	0.48 E	0.17 E	0.94 E
2025	0.29 A	0.46 A	0.27 E	0.05 E	0.57 E
2024	0.62 A	0.54 A	0.49 A	-0.11 A	1.54 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/17/2025.
(2) The report's text and the price target are as of 11/05/2025.

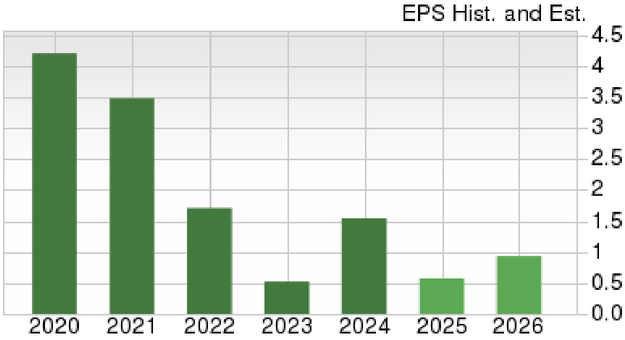
Overview

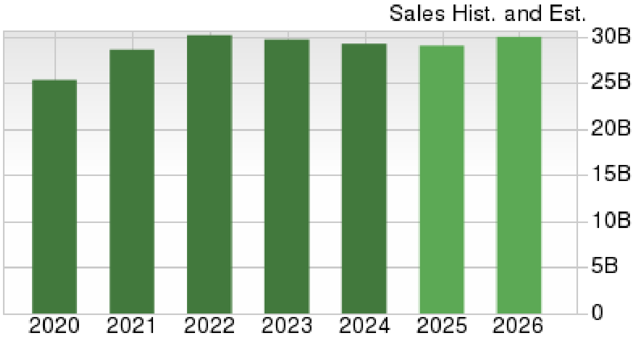
Headquartered at the Paramount Pictures lot in Los Angeles, CA, Paramount, a Skydance Corporation, is a leading, next-generation global media and entertainment company. The company was formed on Aug. 7, 2025, through the merger of Paramount Global and Skydance Media, creating a premier standalone global entertainment enterprise. Paramount Class B shares trade on the Nasdaq Stock Market under the ticker symbol "PSKY."

The merger combines Paramount's extensive creative library and global distribution network with Skydance's production expertise and industry-leading technological capabilities.

Paramount operates through three business segments: Studios, Direct-to-Consumer, and TV Media. The company's portfolio unites legendary brands, including Paramount Pictures, Paramount Television, CBS (America's most-watched broadcast network), CBS News, CBS Sports, Nickelodeon, MTV, BET, Comedy Central, Showtime, Paramount+, Pluto TV, and Skydance's Animation, Film, Television, Interactive/Games, and Sports divisions.

The Studios segment brings together the company's film and television production capabilities, enabling comprehensive green-light and licensing decisions while enhancing the ability to attract top creative talent. Skydance's animation division develops and produces high-end feature films and television series with full production capability across two studios in Los Angeles and Madrid.



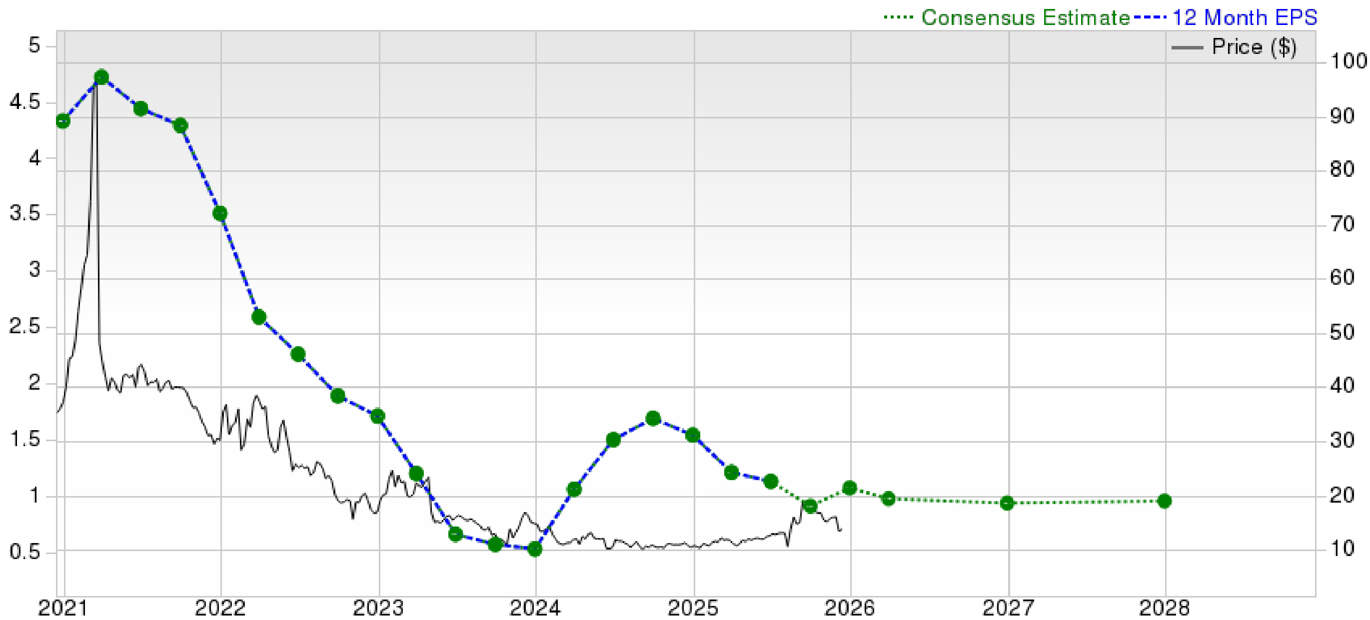


As of 12/17/2025

The Direct-to-Consumer segment includes the flagship Paramount+ streaming service and PlutoTV, delivering entertainment, news, and sports experiences to audiences worldwide through digital platforms. The company has secured major content partnerships, including exclusive seven-year media rights agreements with TKO Group Holdings for UFC events and Zuffa Boxing distribution throughout the United States, Canada, and Latin America.

The TV Media segment comprises the company's domestic and international linear television networks, with a focus on reinventing its portfolio of brands for a non-linear world while maximizing cash flow to reinvest in growth businesses.

The company is backed by strategic investment from the Ellison family and RedBird Capital Partners, which brings business-building and financial expertise to support the combined entity's transformation.



As of 12/17/2025

Reasons To Buy:

> Paramount Skydance's expanding international footprint, sports content portfolio, strong balance sheet with strategic debt reduction, and extensive content library are key positives.

- Paramount Skydance secured exclusive U.S. rights to UFC in a landmark seven-year, $7.7 billion agreement beginning in 2026, paying an average of $1.1 billion annually for 13 marquee numbered events and 30 Fight Nights. This deal eliminates the pay-per-view model, making all UFC content available on Paramount+ at no additional cost, creating a powerful subscriber acquisition and retention tool for year-round engagement. The company's sports portfolio includes NFL rights, The Masters, PGA Championship, Big Ten football and basketball, and Champions League, alongside March Madness through a joint agreement. The sports portfolio, especially March Madness and NFL deals, continues to drive strong profitability and underpins substantial enterprise value. Additionally, Paramount Sports Entertainment develops premium scripted and unscripted content through a joint venture with the NFL.

- The merger structure included Skydance's $2.4 billion cash infusion to acquire National Amusements' stake in Paramount, coupled with a $1.5 billion capital injection, slashing Paramount's debt burden by 40%. Net debt was $11.77 billion as of June 30, 2025, with total shareholder equity of $17.1 billion and a debt-to-equity ratio of 84.8%. The company's debt-to-equity ratio has significantly improved, reducing from 135.1% to 84.8% over the past five years, demonstrating sustained deleveraging efforts. Free cash flow generation reached $114 million in second-quarter 2025, supported by streaming cost reductions and operational improvements. Management has identified $2 billion in annualized cost savings while maintaining investment in strategic growth initiatives, enhancing financial flexibility for value creation.

- Paramount Skydance combines one of the industry's most extensive libraries of television and film titles, uniting legendary brands, including Paramount Pictures, CBS, Nickelodeon, MTV, BET, Comedy Central, Showtime, and Skydance's Animation, Film, Television, and Interactive divisions. The company controls valuable franchises, including Mission Impossible, Top Gun, Transformers, Star Trek, SpongeBob SquarePants, Avatar: The Last Airbender, NCIS, FBI, South Park, and multiple Nickelodeon properties. Skydance Animation, led by industry pioneer John Lasseter, expands content creation capabilities and consumer products opportunities for long-term monetization. The company brings state-of-the-art interactive and gaming proficiencies with two in-house game developer studios working on franchises, including Marvel and Star Wars properties. This intellectual property foundation ensures longevity and provides multiple revenue streams across theatrical, streaming, licensing, and merchandising channels.

- Paramount International Networks operates through three regional hubs covering United Kingdom and Australia, Europe Middle East Africa and Asia, and the Americas, with region-specific networks, including Channel 5 in the United Kingdom, Network 10 in Australia, and Chilevisión in Chile. UFC programming reaches nearly 950 million broadcast and digital households across more than 210 countries and territories in 50 languages, with Paramount securing exclusive 30-day negotiating windows for international rights renewals. The company co-owns SkyShowtime streaming service, a 50% joint venture with Comcast targeting European markets, complementing Paramount+ global expansion. The merger combines Paramount's extensive global distribution network with Skydance's production expertise and technological capabilities, creating an enhanced international content delivery infrastructure. International revenues represent 18.91% of total annual revenues, providing geographic diversification and growth opportunities in emerging streaming markets worldwide.

Reasons To Sell:

PSKY suffers from hemorrhaging streaming losses, intensifying competition, skyrocketing programming and production costs, while devastating mass layoffs signal operational desperation.

- Paramount Skydance has commenced brutal layoffs impacting approximately 2,000 employees, representing roughly 10% of the company's total workforce. Management has acknowledged these cuts are part of an aggressive cost-cutting program targeting more than $2 billion in annual savings, with the layoff total potentially exceeding 2,500 to 3,000 positions. These workforce reductions follow previous cuts of 15% in 2024 and an additional 3.5% reduction earlier in 2025, demonstrating a disturbing pattern of continuous downsizing. The elimination of critical marketing and production roles raises serious concerns about the company's ability to maintain creative innovation and content quality, which are essential drivers in the content-driven entertainment industry. Such drastic workforce reductions typically signal fundamental business model failures and an inability to compete effectively.

- Paramount's direct-to-consumer streaming segment has incinerated $2.16 billion over the past two calendar years, with 2024 losses alone reaching $497 million. Despite management's optimistic rhetoric, Paramount+ remains deeply unprofitable and faces withering competition from far better-capitalized rivals, including Netflix, Disney+, and Amazon Prime Video. The potential consolidation between Paramount Skydance and Warner Bros Discovery, if consummated, would create yet another formidable competitor with vastly superior content libraries and distribution capabilities, further marginalizing Paramount's streaming position. Industry experts acknowledge that the streaming landscape cannot sustain the current number of services, and legacy studios like Paramount lack sufficient scale to compete globally against dominant platforms. The company's streaming strategy appears fundamentally flawed, with no clear pathway to sustainable profitability visible.

- Despite implementing aggressive cost reductions, Paramount Skydance has simultaneously committed to massive content spending, including a staggering $7.7 billion seven-year deal for UFC rights and expensive exclusive agreements with high-profile creators. While management touts cost savings of $500 million annually from layoffs and restructuring, these savings are being immediately consumed by escalating content investments required to remain competitive in the streaming wars. The company reported $157 million in impairment charges during second-quarter 2025 alone, reflecting ongoing write-downs in struggling business segments. The timing mismatch between content expenditures and revenue recognition continues to plague the business model, with management forecasting continued quarterly losses despite occasional profitable periods. This vicious cycle of escalating content costs without corresponding revenue growth makes achieving sustainable profitability increasingly unlikely.

- The Paramount-Skydance merger integration has already encountered serious execution challenges, with higher-than-expected integration expenses partially offsetting projected cost savings and raising grave concerns about operational stability. Just weeks after completing the $8 billion Skydance merger, management's premature pursuit of Warner Bros Discovery demonstrates reckless empire-building that diverts attention from critical integration work and places impossible strain on an already overleveraged balance sheet. The company has also experienced devastating talent defections, with key creative executives departing amid the chaotic merger process. The merger faces ongoing regulatory scrutiny, investor lawsuits questioning whether the deal disproportionately benefits certain stakeholders at minority shareholders' expense, and potential foreign influence concerns that could trigger additional governmental interference. Historical parallels to failed media mergers, particularly the disastrous Boeing-McDonnell Douglas combination, suggest Paramount's cultural clashes and excessive focus on financial efficiency over creative excellence could permanently damage long-term franchise value.

Last Earnings Report

Paramount Skydance Q2 Earnings Beat Estimates, Revenues Rise Y/Y

FY Quarter Ending	12/31/2024
Earnings Reporting Date	NA
Sales Surprise	-0.22%
EPS Surprise	12.20%
Quarterly EPS	0.46
Annual EPS (TTM)	1.13

Paramount Skydance reported second-quarter 2025 adjusted earnings of 46 cents per share, which beat the Zacks Consensus Estimate by 12.2%, though the bottom line declined 15% from the year-ago quarter. Second-quarter 2025 revenues increased 1% year over year to $6.85 billion, though the figure missed the Zacks Consensus Estimate by 0.22%. Revenue growth was primarily driven by strong Direct-to-Consumer performance, with total company affiliate and subscription revenues up 5% in the second quarter.

PSKY's Segment Performance

Direct-to-Consumer revenues were $2.16 billion (31.5% of total revenues), up 15% from the year-ago quarter. Paramount+ finished the quarter with 77.7 million subscribers, representing a year-over-year increase of 9.3 million subscribers but a decline of 1.3 million versus the first quarter of 2025, primarily reflecting the anticipated expiration of an international distribution agreement. Paramount+ total revenues grew 23% year over year, with watch time per subscriber up 11% and churn improving 70 basis points to achieve a record low. TV Media revenues decreased 6.08% year over year to $4.01 billion due to ongoing declines in affiliate and advertising revenues. Filmed Entertainment revenues increased 2-11% year over year to $690 million, with theatrical revenues increasing 84% to $254 million, reflecting the release of Mission: Impossible – The Final Reckoning.

PSKY's Operating Results

Adjusted EBITDA reached $824 million versus analyst estimates of $749.8 million, representing a 9.9% beat with a 12% margin, though consolidated adjusted OIBDA fell 5% from the year-ago quarter. DTC generated adjusted organic EBITDA of $157 million, an improvement of 6x versus a year ago, with year-to-date DTC profitability improved by $300 million versus the comparable period. TV Media adjusted OIBDA decreased 15% to $863 million, primarily reflecting lower revenues. Selling, general and administrative expenses decreased 11.3% year over year to $1.4 billion.

PSKY's Balance Sheet & Merger

As of June 30, 2025, cash and cash equivalents totaled $2.74 billion, up from $2.67 billion as of March 31, 2025. Total debt as of June 30, 2025, was $14.16 billion. The non-GAAP free cash flow was $114 million. The Skydance transaction is expected to close on Aug. 7, 2025, marking the final earnings call under the current corporate structure before the combined entity begins trading as PSKY.

Recent News

On Oct. 6, Paramount, a Skydance Corporation, announced the acquisition of The Free Press, a leading independent subscription media company. The combination brings together CBS News' scale and reach with The Free Press' culture-shaping voice and innovative spirit, united in the pursuit of setting a new standard for trusted journalism in America.

On Sept. 29, Paramount, a Skydance Corporation and TKO Group Holdings, announced a long-term media rights agreement in which Paramount+ will become the exclusive home of Zuffa Boxing throughout the United States, Canada, and Latin America. Zuffa Boxing is the new professional boxing promotion formed by TKO and leading entertainment conglomerate Sela.

On Sept. 5, Paramount Skydance Corporation announced that its board of directors has declared a quarterly cash dividend of 5 cents per share, payable Oct. 1, 2025, to each of its Class A and Class B shareholders of record as of Sept. 15, 2025.

On Aug. 11, Paramount, a Skydance Corporation and TKO Group Holdings, announced a seven-year media rights agreement in which Paramount will become the exclusive home of all UFC events in the United States.

Valuation

Paramount Skydance shares are up 41.9% in the year-to-date period and 30.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 2.9% and the same in the Zacks Consumer Discretionary sector are up 1.4% in the year-to-date period. Over the past year, the Zacks sub-industry is up 11.6% and the sector is up 3%.

The S&P 500 Index is up 16.7% in the year-to-date period and 16.4% in the past year.

The stock is currently trading at 9.59X forward 12-month earnings, which compares to 19.46X for the Zacks sub-industry, 18.67X for the Zacks sector and 23.67X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.83X and as low as 5.64X, with a 5-year median of 10.28X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $16 price target reflects 10.07X forward 12-month earnings.

The table below shows summary valuation data for PSKY

Valuation Multiples - PSKY

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	9.59	19.46	18.67	23.67
	5-Year High	27.83	46.69	39.34	23.67
	5-Year Low	5.64	16.04	15.39	15.72
	5-Year Median	10.28	20.52	19.12	21.18
P/S F12M	Current	0.34	1.6	2.49	5.42
	5-Year High	2.33	1.86	3.3	5.52
	5-Year Low	0.21	1.25	1.64	3.84
	5-Year Median	0.38	1.54	2.26	5.04
EV/EBITDA TTM	Current	1.35	6.4	12.1	18.33
	5-Year High	5.02	9.42	18.47	22.58
	5-Year Low	1.12	5.01	8.8	13.96
	5-Year Median	1.46	6.92	11.51	18.05

As of 11/04/2021 *Source: Zacks Investment Research*

Industry Analysis[1] **Zacks Industry Rank:** Bottom 22% (189 out of 243)

Top Peers [1]

Company (Ticker)	Rec	Rank
Liberty Media Corpor...**(FWONA)**	Neutral	4
Liberty Media Corpor...**(FWONK)**	Neutral	3
Nexstar Media Group,...**(NXST)**	Neutral	4
Pearson, PLC **(PSO)**	Neutral	3
Sinclair, Inc. **(SBGI)**	Neutral	3
Tencent Music Entert...**(TME)**	Neutral	3
Lionsgate Studios Co...**(LION)**	Underperform	5
Liberty Media Corpor...**(FWONB)**	NA	

Industry Comparison[1] Industry: Media Conglomerates

	PSKY	X Industry	S&P 500	NXST	PSO	TME
				Industry Peers		
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	4	3	3
VGM Score	A	-	-	C	B	C
Market Cap	14.84 B	1.14 B	38.58 B	6.14 B	8.92 B	30.49 B
# of Analysts	5	2	22	1	4	3
Dividend Yield	1.44%	0.00%	1.42%	3.67%	1.52%	0.98%
Value Score	B	-	-	A	B	C
Cash/Price	0.22	0.07	0.04	0.04	0.06	0.10
EV/EBITDA	2.77	3.50	14.55	5.41	NA	20.47
PEG Ratio	36.28	1.58	2.20	1.61	2.08	1.19
Price/Book (P/B)	1.15	1.43	3.33	2.71	1.89	2.54
Price/Cash Flow (P/CF)	0.61	11.13	15.10	4.01	11.13	27.48
P/E (F1)	23.58	20.27	19.71	16.06	16.35	20.27
Price/Sales (P/S)	0.52	1.80	3.09	1.19	NA	6.93
Earnings Yield	4.12%	2.02%	5.06%	6.23%	6.10%	4.95%
Debt/Equity	1.00	0.31	0.57	2.76	0.40	0.04
Cash Flow ($/share)	22.83	1.21	8.99	50.48	1.25	0.65
Growth Score	B	-	-	D	B	C
Hist. EPS Growth (3-5 yrs)	-30.31%	-15.27%	8.16%	-5.22%	NA	18.82%
Proj. EPS Growth (F1/F0)	-62.99%	12.31%	8.57%	-41.10%	8.97%	31.34%
Curr. Cash Flow Growth	-1.35%	-0.61%	6.75%	17.48%	-0.61%	24.96%
Hist. Cash Flow Growth (3-5 yrs)	-0.96%	5.82%	7.43%	16.64%	-4.85%	9.21%
Current Ratio	1.34	0.95	1.18	1.87	2.31	2.09
Debt/Capital	50.03%	27.53%	38.01%	73.43%	28.34%	3.97%
Net Margin	-0.95%	-0.04%	12.78%	10.02%	NA	34.00%
Return on Equity	3.95%	1.22%	17.00%	22.99%	NA	11.13%
Sales/Assets	0.64	0.53	0.53	0.45	NA	0.32
Proj. Sales Growth (F1/F0)	-0.70%	0.00%	5.79%	-9.20%	5.70%	18.20%
Momentum Score	C	-	-	C	D	A
Daily Price Chg	-1.00%	0.00%	-0.24%	-0.74%	-0.36%	-0.62%
1 Week Price Chg	2.81%	3.36%	-0.59%	7.76%	5.76%	-1.94%
4 Week Price Chg	-13.92%	4.40%	2.76%	8.52%	5.77%	-4.97%
12 Week Price Chg	-29.80%	-4.85%	2.15%	0.24%	0.58%	-23.67%
52 Week Price Chg	28.12%	-1.22%	12.39%	25.44%	-13.68%	50.85%
20 Day Average Volume	10,911,891	323,362	2,743,646	272,355	760,680	4,310,462
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.29%	1.02%
(F1) EPS Est 4 week change	-22.01%	0.00%	0.00%	0.00%	-0.29%	1.02%
(F1) EPS Est 12 week change	-57.96%	-14.96%	0.69%	-6.32%	2.71%	2.70%
(Q1) EPS Est Mthly Chg	-54.17%	0.00%	0.00%	0.00%	NA	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	B
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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