

IMG Worldwide Inc

\$250m SoftBank investment values WME-IMG at \$5.5bn

Japanese technology group backs entertainment, sports and fashion company as it looks to expand

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SoftBank, the Japanese technology group, has invested \$250m in WME-IMG, which represents stars ranging from actor Ben Affleck to tennis player Serena Williams, in a deal that values the entertainment, sports and fashion company at \$5.5bn.

The deal will be announced on Wednesday, according to people familiar with the matter, and represents a steep increase in the value of WME-IMG over the past two years. The companies declined to comment.

In 2014 WME, run by Ari Emanuel and Patrick Whitesell, completed the \$2.4bn acquisition of IMG, the sports and fashion marketing company, and secured a second round of investment from Silver Lake. The private equity firm first bought into WME in 2012, paying \$200m for a 31 per cent stake.

Silver Lake is the majority shareholder in WME-IMG. Stakes held by the firm and other WME-IMG investors will be diluted following the SoftBank investment.

The SoftBank funds will be used for potential investments, joint ventures and acquisitions as WME-IMG looks to increase its global footprint, people close to the situation said.

The acquisition of IMG gave WME a leading position in fashion: it owns one of the industry's largest modelling agencies and produces fashion weeks in New York, Berlin, Shenzhen and Toronto. It also owns or commercially represents several leading golf and tennis tournaments, including the Championships at Wimbledon.

However, Mr Emanuel and Mr Whitesell, WME-IMG's co-chief executives, are known to be keen to bolster the company's portfolio of assets, building on the network of talent and events they have assembled.

In 2015, the company added Professional Bull Riders to its roster and formed a joint venture with Turner, the Time Warner-owned television group, to operate an "eSports" league. It also bought the Miss Universe pageant from Donald Trump, the Republican presidential hopeful.

WME-IMG represents entertainment stars ranging from Larry David and Martin Scorsese to Justin Timberlake and Charlize Theron. It has expanded beyond its roots as William Morris, Hollywood's most venerable talent agency, using its heft with top talent to enter businesses in marketing and branding.

For SoftBank, the WME-IMG

investment comes as it plans to separate its Japanese business from more volatile but potentially faster growth global operations that include stakes in Chinese more volatile but potentially faster growth global operations that include stakes in Chinese ecommerce group Alibaba and Sprint, the US telecoms operator.

Its global operations will be led by Nikesh Arora, the former Google executive. SoftBank will retain control of both businesses.

SoftBank has entertained other possible Hollywood investments, having entered talks with DreamWorks Animation in 2014 about a possible purchase and offering \$8.5bn for Universal Music Group, the world's largest recorded music group, in 2013.

Neither deal came to fruition. However, it did acquire a \$250m stake in Legendary Entertainment, the producer of Hollywood films Godzilla and Pacific Rim.

Its WME-IMG deal should ensure a substantial paper profit for Silver Lake. The firm led the purchase of Skype, the online telephony group, in 2009 for \$1.8bn and sold it for \$8.5bn to Microsoft only two years later.