



# FC25



## M&A DEAL ANALYSIS “The largest LBO in history”

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BOCCONI STUDENTS FOR COMMERCIAL  
AND INVESTMENT BANKING

M&A DIVISION

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## M&A DEAL ANALYSIS

**Acquirer:** Public Investment Fund – PIF, Silver Lake,  
Affinity Partners

**Target:** Electronic Arts Inc

**Deal value:** \$56.6bn

**Sector:** Technology - Gaming

**Type of M&A:** Sponsor – LBO, 100% cash

**Announced date:** 29/09/2025

**Completed date:** TBD



### *Acquirer 1 details*

**Name:** Public Investment Fund

**Founding year:** 1971

**Headquarters:** Riyadh, Saudi Arabia

**Governor:** Yasir Al-Rumayyan (2021 - Present)

**Number of employees:** 2,962

**AUM:** \$925bn+

*(All financial data as of December 2024)*

**Company industry:** Sovereign wealth fund

### *Acquirer 3 details*

**Name:** Silver Lake Technology Management

**Founding year:** 1999

**Headquarters:** Menlo Park, California, USA

**CEO:** Egon Durban, Greg Mondre (2019 - Present)

**Number of employees:** 400+

**AUM:** \$103.9bn

*(All financial data as of December 2024)*

**Company industry:** Private Equity

### *Acquirer 2 details*

**Name:** Affinity Partners LLC

**Founding year:** 2021

**Headquarters:** Miami, Florida, USA

**CEO:** Jared Corey Kushner (2021 - Present)

**Number of employees:** 30+

**AUM:** \$4.08bn

*(All financial data as of December 2024)*

**Company industry:** Private Equity

### *Target details*

**Name:** Electronic Arts Inc.

**Founding year:** 1982

**Headquarters:** Redwood City,  
California, USA

**CEO:** Andrew Wilson (2013 - Present)

**Number of employees:** 14,500

**Market Cap:** \$56.0bn

**EV:** \$56.6bn

- Revenues: \$7.45bn
- EBITDA: \$1.84bn
- EBITDA margin: 24.63%
- EV/EBITDA: 30.72x
- EBIT: \$1.49bn

*(All financial data as of June 2025)*

**Company industry:** Software - Gaming

### *Deal Overview*

On September 29, 2025 Electronic Arts (NASDAQ: EA) announced that it has entered into a definitive agreement to be acquired by an investor consortium comprised of Saudi Arabia's Public Investment Fund (PIF), Silver Lake Technology Management and Affinity Partners.

This all-cash deal values EA at an Enterprise Value of \$56.6bn, making it the largest LBO ever recorded, and is expected to close in Q3 2026.

The Consortium will acquire 100% of EA and PIF will roll over its existing 9.9% stake in the Company. EA's shareholders will receive \$210 per share in cash, which represents a 25% premium to EA's \$168.32 closing share price on September 25, 2025, as well as a premium on the Company's all-time high of \$179.01, reached on August 14, 2025.

Since its founding in San Mateo, California in 1982, Electronic Arts has grown to become a global leader in digital interactive entertainment, employing approximately 14,500 people worldwide and reaching net revenues of approximately \$7.5bn in FY25. The company develops and delivers videogames, content and online services for Internet-connected consoles, mobile devices and personal computers. Among the Company's best-known games are EA SPORTS FC™, Battlefield™, Apex Legends™, The Sims™, EA SPORTS™ Madden NFL, EA SPORTS™ College Football, Need for Speed™, Dragon Age™, Titanfall™, Plants vs. Zombies™ and EA SPORTS F1®.

Upon completion of the transaction, EA will remain headquartered in Redwood City, California and continue to be led by Andrew Wilson as CEO, while its common stock will no longer be listed on any public market.

PIF is Saudi Arabia's sovereign fund and its Assets Under Management exceed \$925bn, making it one of the largest in the world. Born in 1971 to provide financial support for projects of strategic significance to the national economy, its investments are playing a key role in shaping the global economy, delivering returns and driving the economic transformation of Saudi Arabia. The gaming industry is one of PIF's priority sectors, as testified by its investments in Savvy Games Group, Scopely and Niantic's gaming division.

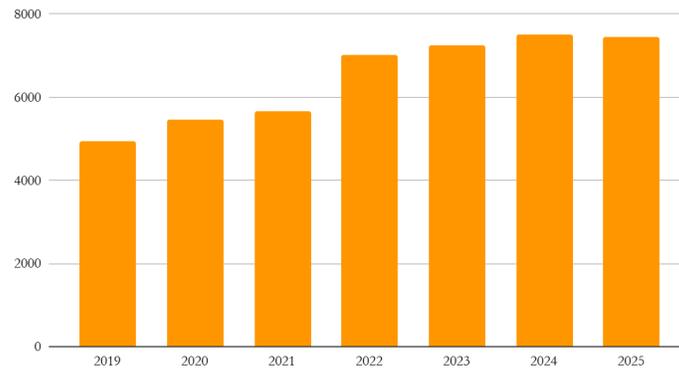
Moreover, PIF has also strongly invested in sports, a topic widely covered by EA's games: the Saudi Arabian fund owns football teams in England and at home, sponsors ATP and the country will host the World Cup in 2034

Silver Lake is a California-based global technology investment firm founded in 1999, currently managing more than \$110bn. The firm has offices in North America, Europe and Asia and its portfolio companies generate approximately \$260bn of annual revenues and employ over 448,000 people globally. Silver Lake's focus is partnering with investors and management teams to build resilient businesses that create value over time.

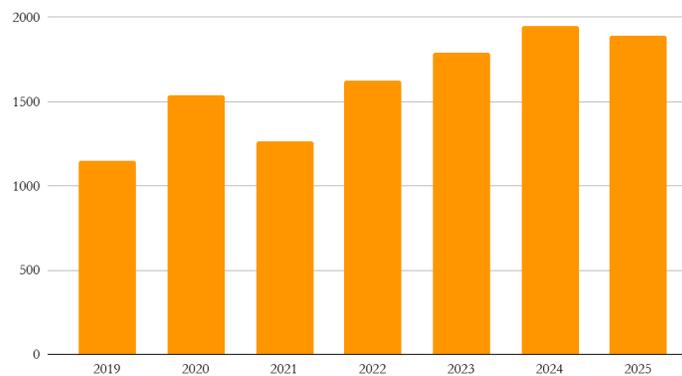
Interestingly, Silver Lake is also a minority shareholder in the owner of Manchester City and a major one in Endeavor, the controlling shareholder in the parent company of UFC.

Affinity Partners is an investment firm based in Miami and founded in 2021 by Jared Kushner, Donald Trump's son-in-law. To this date, the firm manages over \$5.4bn and has a team consisting of 30+ professionals. Affinity's investments focus on growth equity, financial services and technology across different industries and geographies. PIF is among the firm's top investors.

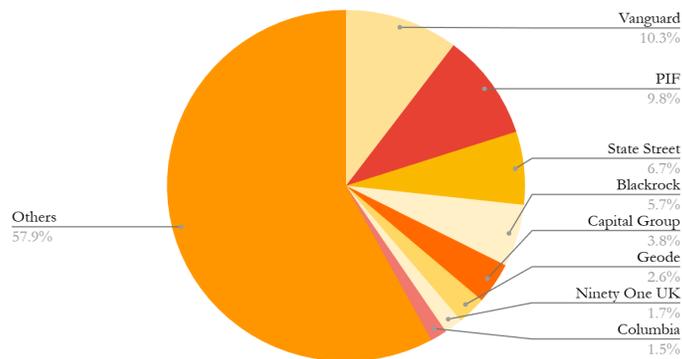
EA'S revenues (\$mn) 2019-2025



EA's EBITDA (\$mn) 2019-2025



EA's shareholder structure



## Industry Overview

The \$55bn take-private deal of EA marks the largest leveraged buyout in history, involving major sponsors and a sovereign wealth fund. This acquisition could reshape the gaming landscape by taking one of the world's leading publishers private.

### The Global Interactive Entertainment Landscape

The world gaming industry will reach \$269bn in 2025 and \$435bn in 2030, a CAGR of 10.37%. The

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rapid adoption of mobile, 5G rollout, and cloud-streaming functionalities have spurred sustained growth, and increased private-capital interest. Investors are beginning to view gaming as a core digital-media asset class with scalable IP, sticky user engagement, and predictable cash flows. Publishers are expanding their live-service ecosystems and subscription catalogs to stabilize earnings and extend lifecycles.

In this sense, EA is one of the top three independent publishers worldwide behind Ubisoft and Take-Two with an estimated 3-4% share of revenue. Unlike vertically integrated players such as Microsoft, Sony, and Tencent, which collectively control over 40 % of global gaming revenue through their hardware, platforms, and publishing arms, EA is a pure content publisher. This lack of proprietary distribution raises competitive pressure but also makes EA an attractive acquisition target: a premium IP portfolio without regulatory complications tied to platform ownership.

### Growth Drivers and Strategic Relevance

First, by focusing on mobile-first monetization methods such as in-app purchases, ads, and lightweight subscriptions, ARPU (Average Revenue Per User) is getting better and cash flows are becoming stable and diverse. Moreover, with the help of 5G and cloud gaming, hardware-heavy gaming is now more accessible. Major publishers aim to reach emerging markets. Gamers can play on any device and game makers can partner with telecom or cloud partners. Third, Trans-media expansion is turning hit franchises into multi-platform assets across film and streaming, a model suited to EA's brands such as *EA Sports FC*, *Battlefield*, and *The Sims*. Finally, live service and in-game advertising create predictable, annuity-like income streams that resonate with private-equity preferences: scalability, recurrency and data-drivenness. With services like EA Play and the growing usage of AI development help, profitability is robust. Collectively, these drivers explain investor interest in EA as a scalable, cash-generative platform well positioned for long-term value creation under private ownership.

### Key Industry Challenges

Gaming remains a high-growth sector, although higher risks favor scale, capital strength, and diversified portfolios. The cost of development, with AAA budgets that can surpass \$200 million, reduces margins and extends payback periods. Consequently, consolidation among publishers seeking synergies and shared technology has increased. In addition, stricter regulation around monetization, data privacy, and regional content laws (e.g., GDPR) adds compliance costs and uncertainty. Publishers are also platform dependent with a 30% distribution fees on app stores constraining profitability. Meanwhile, market saturation increases earnings volatility, pushing investors toward larger and more resilient portfolios.

For Electronic Arts, the industry is getting harder. Public investors expect quick profits every quarter, which limits EA's ability to invest long-term. Instead, by going private, EA can reinvest in R&D without short-term shareholder constraints.

### Competitive Landscape and Consolidation

The industry's consolidation wave provides direct precedent for the EA transaction. Microsoft's \$69bn acquisition of Activision Blizzard and Take-Two's \$12.7bn purchase of Zynga illustrate how strategic acquirers are locking down IP and live-services. Tencent and NetEase continue to secure minority stakes in Western studios, while Sony extends its first-party reach to PC and streaming.

Such deals signal a race for content scale and ecosystem control and demonstrate that valuations above 10× EBITDA are now standard for assets with global IP and digital distribution. EA's independence, strong balance sheet, and recurring revenue base positioned it as one of the few remaining targets capable of commanding a mega-cap private transaction.

### Strategic Implications of the EA Transaction

This transaction, representing the largest LBO in history, reflects investor conviction that gaming IP is a durable, cash-generative class of digital assets. Privatization releases management from the short-term expectations of public markets, enabling it to invest in AI-driven development, live-service platforms, and international expansion. Combining PIF's global entertainment ambitions with Silver Lake's digital-infrastructure expertise positions EA for long-term strategic gains.

In conclusion, this private buyout of EA is aimed at positioning the company for greater flexibility and growth in the long term. With private capital support, EA is well-placed to capitalize on leading positions within the rapidly changing global gaming marketplace.

### **Deal rationale**

#### Strategic motivation

For the past few years, the Saudi economy has been focused on fossil fuel operations. However, as the world begins to move away from fossil fuels, the Gulf country has started diversifying its investment portfolio. Two years after finalizing its purchase of Scopely for \$4.9 billion, and a few years after taking minority stakes in Take-Two Interactive, Activision Blizzard, and Nintendo, PIF, together with Silver Lake and Affinity Partners, decided to make another impressive move by acquiring Electronic Arts (EA), one of the largest game publishers in the world. This marks a strong statement about their desire to strengthen their position in the global gaming market. Furthermore, EA's acquisition aligns perfectly with PIF's strategy, as it allows the fund to accumulate soft power through gaming, entertainment, and sports, bringing more value to Saudi Arabia and contributing directly to its Vision 2030 objectives. For Silver Lake and Affinity Partners, this deal also deepens their long-term ties with PIF, ensuring future co-investment opportunities and access to Saudi-backed financing for other global ventures.

#### Financial benefits

For EA, going private removes the pressure of delivering strong quarterly results, allowing for long-term planning, greater creative freedom, and riskier but potentially more rewarding investments. On the other end of the spectrum, for PIF, Silver Lake, and Affinity Partners, the acquisition of a company with multiple lucrative franchises provides a steady source of revenue and allows for potential synergies within PIF's growing entertainment ecosystem. It also provides exposure to one of the most profitable and resilient industries globally, with the gaming market forecasted to surpass \$300 billion by 2030.

#### Innovation and digital expansion

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This deal reflects Saudi Arabia's ambition, under Vision 2030, to become a global hub for digital innovation and entertainment technology. EA's expertise in game development, data analytics, and AI-driven immersive technologies provides PIF with a solid foundation to build from. Furthermore, through EA's advanced R&D, PIF, Silver Lake, and Affinity Partners gain access to cutting-edge technologies and creative talent that can help them develop and upgrade local gaming studios, esports infrastructure, and digital platforms across the Gulf region and within their broader economic ecosystem.

### Cultural and Social Impact

As part of Vision 2030, Saudi Arabia aims to diversify its national identity by investing in industries that engage young people and enhance quality of life. Through EA's global reputation, PIF, Silver Lake, and Affinity Partners can support cultural shifts toward creativity, technology, and entertainment-based career paths. The integration of EA into Saudi Arabia's economic ecosystem will generate new jobs and entrepreneurship opportunities, contributing to the nation's human capital development. Furthermore, by owning a cultural powerhouse like EA, Saudi Arabia's international image will increasingly reflect modernization, digital creativity, and openness, enabling the Gulf country to reposition itself as a global contributor to digital culture.

### **Deal Structure**

The Consortium will acquire Electronic Arts in a transaction valued at an equity purchase price of approximately \$56.0bn, with an Enterprise Value of \$56.6bn. Having considered FY25 financial results, the transaction reflects an acquisition multiple of 30.72x EV/EBITDA.

The transaction will be funded with cash from PIF, Silver Lake, and Affinity Partners and roll-over of PIF's existing stake in EA. The equity investment will be close to \$36bn, with an extra \$20bn of debt financing committed by JPMorgan Chase Bank, N.A., with approximately \$18bn expected to be drawn at closing. The Consortium members plan to fund the equity investment entirely from capital under their control.

### **Risks and Implications**

#### Short-Term Risks

##### **Operation's timing**

After the announcement, some analysts doubted that the deal's timing was right for EA. The Company was expected to release "Battlefield 6" on October 10 and, considering the positive responses the game had received from players in its testing period, the launch seemed quite promising. The sale of the company days before this date puzzled TD Cowen's analysts, who expected the game's revenues to increase EA's share price.

By the time this article is being written, those forecasts seem accurate: Battlefield 6 is reported to have sold more than 10 millions copies.

##### **Financing risks**

The \$20bn loan creates a cautious financial leverage compared to traditional LBOs, where debt can

cover more than 60% of the price, whereas it only contributes roughly 35% in this deal. As explained below, the buyout's success will largely depend on whether AI will significantly cut EA's operating costs, allowing the Consortium to manage this large debt load.

### Medium/Long term Risks

#### **AI's impact**

The first area where AI can impact EA's operations is its P&L. This buyout is indeed a bet that AI will reduce the firm's operating costs as forecasted. As a matter of fact, EA has always carried limited net debt, so cutting those expenses would be crucial for the Consortium to manage the \$20bn loan.

AI can also impact the player's experience and the quality of the games, thus leading to increased profits, eventually. In games development, AI can now be used to replace voice actors, create backdrops and to automate play testing to avoid bugs before release, but experts believe that it will soon allow to create more realistic and responsive characters, or to adapt the gameplay to players' personal preferences, making the user experience more and more unique.

#### **Regulatory uncertainty**

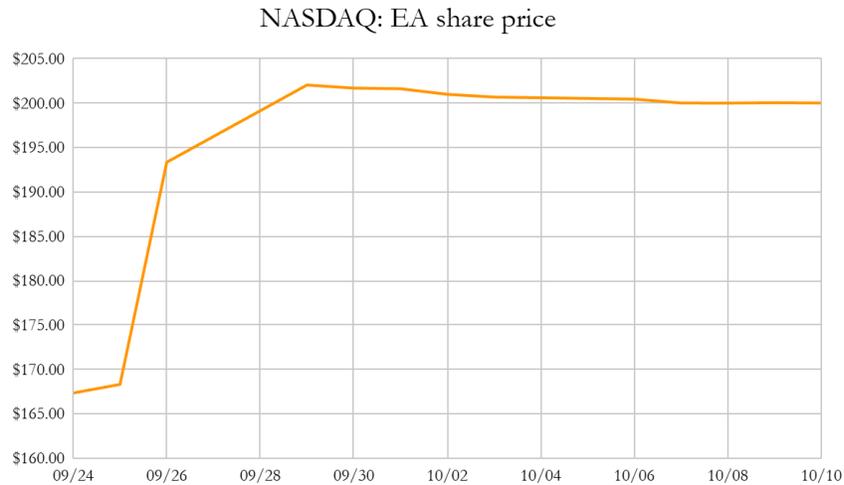
The deal still needs shareholder and regulatory approval. NYU professor and gaming industry researcher Joost van Dreunen, alongside with other experts, expect possible regulatory pushback from consumer watchdogs globally, mainly in Europe and China.

On the other hand, Baird Equity Research analysts noted that the Consortium's connections to both the Saudi and the Trump administrations (Kushner is President Trump's son-in-law) may be "a strategic asset for EA in navigating any regulatory speed-bumps".

### **Market reaction**

#### **Electronic Arts (NASDAQ: EA) Share Price**

After the deal was first rumored on September 26, 2025, EA's stock price soared 20% in just two trading days, from September 25 closing price of \$168.32 to the September 29 closing price of \$202.02. In the month following September 29's announcement, the share price slightly declined to \$200.60, with trading volumes back to a more usual level. One can therefore say that the market reaction to the deal was positive.



### Analyst Commentary

Analysts from Freedom Capital Markets feel that the financial backing and resources of the investor consortium should enable EA to increase its focus on long-term growth opportunities that may have been considered too risky or expensive as a public company.

Regarding the timing of the operation, analysts' opinion differ: some believe that selling the company before releasing Battlefield 6 has been a mistake, others respond that EA's management and shareholders aimed at monetizing the company sooner to avoid risking a disappointing launch.

### Key Market Perception Drivers

Investors and experts seem to believe in the potential of this deal: AI can improve EA's games, increase its revenues and lower its operating costs, thus creating growing cash flows to repay the \$20bn loan.

Additionally, the Consortium can rely on the expected growth of the gaming market, which is estimated at 6% annual rate in the next few years. At this pace, the market could reach \$257bn by 2028, as highlighted by a Bain & Company research.

Last, the global popularity and consistent recurring revenue of EA's portfolio have stood out for over a decade and are expected to continue, as strong in-game spending patterns remain key for the franchise's longevity.

### Deal Advisors

#### Electronic Arts Inc.

Lead Financial Advisor: *Goldman Sachs & Co. LLC*

Non-Lead Financial Advisors: *Barclays, Goldman Sachs, Morgan Stanley & Co*

Legal Advisors: *Wachtell, Lipton, Rosen & Katz*

### **The Consortium**

Financial Advisors: *JP Morgan Securities LLC*

Lead Legal Advisor: *Kirkland & Ellis LLP*

Specialized Legal Advisors

- PIF: *Dunn & Crutcher LLP*
- Silver Lake: *Latham & Watkins LLP, Simpson Thacher & Bartlett LLP*
- Affinity Partners: *Sidley Austin LLP*

### **Sources**

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<https://ir.ea.com/press-releases/press-release-details/2025/EA-Announces-Agreement-to-be-Acquired-by-PIF-Silver-Lake-and-Affinity-Partners-for-55-Billion/default.aspx>

Financial Times. (2025, September 29). Video games maker Electronic Arts strikes \$55bn deal to go private. <https://www.ft.com/content/be980240-13ec-498c-ba79-71eada30d133>

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Factset

Mergermarket