POWERING NETFLIX'S

NEXT DECADE

Strategic Acquisition of Roblox Corporation

M&A Advisory Recommendation to the Netflix Board of Directors

Transforming Passive Viewing into Active Engagement

FACCTing Advisory | IANT Education | BKIG

Author: Joonha Kwon | FACCTing M&A Case Competition | Boston, MA | April 2026

EXECUTIVE SUMMARY

RECOMMENDATION:

Netflix should acquire Roblox Corporation for $45–48B to secure its position as the world's #1 entertainment platform for the next decade. Financed via $10B cash + $38B new debt. Target close: Q4 2026.

01 Strategic Rationale

Solves the attention economy by transforming passive viewers into active participants through gaming & social interaction

02 Financial Feasibility

$10B cash + $38B debt. Net Debt/EBITDA 3.0x post-close. Investment-grade A3/A credit. $10.4B op. income covers $2B interest 5x

03 Synergy Potential

$4–6B annual synergies from IP cross-pollination, ad platform integration, subscriber churn reduction, and global expansion

04 Competitive Moat

Only platform with premium streaming + UGC gaming + immersive ads. 4.5+ hrs/day combined engagement beats every rival

05 Deal Timeline

Target close Q4 2026. Non-binding offer April, exclusivity May, due diligence Jun, sign July, regulatory Oct–Dec, close Dec 2026

MACROECONOMIC LANDSCAPE — 2026

US GDP Growth

2.5%

Q4 2026 YoY — above consensus

Goldman Sachs projects outperformance. Consumer spending resilient, labor market solid. Positive backdrop for M&A activity.

Fed Funds Rate

4.25–4.50%

1–2 cuts forecast in 2026

Declining rates reduce Netflix's cost of debt financing. $38B issuance at ~5.0–5.5% vs higher if rates stayed elevated. ~$200M annual interest savings vs 2025 scenario.

Core PCE Inflation

2.1%

Target by December 2026

Normalizing inflation means stable input costs for content production. Media production cost inflation moderating from peak 8%+ in 2022–23.

INDUSTRY CONTEXT:

- Global streaming market: $277B (2026) → $886B by 2036 (12.3% CAGR)
- Media M&A deal value: $80B+ expected in 2026
- Content cost inflation: +4.6% annually
- Ad-supported streaming gaining traction — Netflix targeting $3B ad rev

NETFLIX SITUATION ANALYSIS — THREE PAIN POINTS

2024 10-K DATA

01 The Content Treadmill

$17B+

Annual Content Cash Spend

- Content amortization: $15.3B in 2024
- Cash paid for content: $17.0B
- 90%+ of value exhausted within 4 years
- Content obligations committed: $23.2B
- Churn spikes when hit shows end (Stranger Things, Squid Game)
- Spending growing faster than revenue can sustain

02 The "Attention Economy" War

95min

Daily TikTok Avg Engagement

- Netflix competes with TikTok, YouTube & video games
- Amazon spending $3.8B on sports rights (27% of all streamers)
- Netflix Games launched — minimal traction without social infra
- Gen Z increasingly prefers interactive & social content
- YouTube: 45 min/day | Gamers: 90 min/day average
- Pure passive viewing losing to interactive experiences

03 New Revenue Streams Underperform

$1.5B

Ad Rev vs $3B Target

- Ad-supported tier needs better targeting technology
- ARPU plateauing: US/Canada $17.20, only +6% YoY
- EMEA ARPU: $10.96 | LATAM: $8.24 | APAC: $7.29
- Netflix Games lack monetization & social infrastructure
- Ad CPMs lower than gaming peers (2–3x premium in gaming)
- Net Income: $8.7B (22% margin) — needs new growth vector

301.6M Subscribers | $39.0B Revenue | $10.4B Op.Income (27%) | $9.6B Cash | $6.0B Net Debt | 27% Op.Margin

COMPETITIVE LANDSCAPE — STREAMING WARS 2026

MARKET POSITIONING

Player	Subs	Strength	Netflix Gap
Netflix ★	301.6M	Content, global scale, algorithm	*No gaming, no live sports, no social*
Disney+/Hulu	~150M	IP (Marvel/SW), ESPN sports, bundles	Profitability challenges, high churn
Amazon Prime	~200M	NFL/NBA $3.8B/yr, e-commerce	Lower engagement per subscriber
YouTube	2B+ MAU	UGC, massive daily reach	Low revenue per user vs subscription
TikTok	1B+ MAU	95 min/day engagement	No premium content or subscription
DAZN	Niche	Sports-only ($3.3B rights)	Narrow content scope
Apple TV+	~25M	Premium originals	Limited catalog depth

NETFLIX COMPETITIVE GAPS

Live Sports Rights
❌ Missing
Amazon $3.8B/yr (NFL, NBA)

Interactive Gaming Platform
❌ Missing
Roblox 70M DAU at stake

UGC Content Engine
❌ Missing
YouTube & Roblox winning Gen Z

Social Engagement Features
⚠️ Weak
TikTok: 95min/day vs Netflix 2h

Ad-Tech Infrastructure
⚠️ Early Stage
Targeting still basic

Original Content Library
✅ Leader
$17B annual investment

Global Distribution (190 countries)
✅ Leader
Best-in-class reach

Recommendation Algorithm
✅ Best-in-class
AI-driven personalization

TARGET IDENTIFICATION

Why Roblox is the Perfect Missing Puzzle Piece for Netflix

TARGET IDENTIFICATION — WHY ROBLOX?

STRATEGIC FIT ANALYSIS

ROBLOX CORPORATION

User-Generated Gaming Platform & Virtual Economy

70M+ Daily Active Users	**2.5h** Avg Daily Engagement
$3B+ Annual Revenue	**15M+** UGC Experiences
~$40B Market Cap (Mar 2026)	**40%+** Gross Margin
12M+ Creators/Developers	**190** Countries Active

HOW ROBLOX SOLVES NETFLIX'S PAIN POINTS

01 Content Treadmill

→ **ROBLOX SOLUTION:**

Perpetual Content Engine: 15M+ user-created experiences refresh daily — no Hollywood production costs. IP longevity: Stranger Things game runs year-round vs. seasonal show releases. UGC vs. $17B annual content spend.

02 Attention Economy

→ **ROBLOX SOLUTION:**

2.5h/day Roblox engagement vs. ~2h Netflix. Sticky social graph (friend networks) drives retention unlike transactional viewing. Competes directly with TikTok/YouTube for Gen Z attention.

03 New Revenue Streams

→ **ROBLOX SOLUTION:**

Proven $3B+ virtual goods economy (Robux). Immersive ad platform ready for Netflix's ad-tier expansion. Creator economy (70/30 split) reduces cost burden significantly.

Alternatives rejected: Epic (Tencent 40% stake) | Discord (no content platform) | EA/TakeTwo (no UGC) | F1 rights (too narrow)

STRATEGIC FIT

The 1+1=3 Synergy Model — Five Pillars of Value Creation

Joonha Kwon | FACCTing Advisory | April 2026

STRATEGIC FIT — THE 1+1=3 SYNERGY MODEL

$4.1–6B ANNUAL VALUE

1

IP Cross-Pollination

$1.5–2.0B

Netflix IP → Roblox Games (Stranger Things, Squid Game, Bridgerton, Wednesday, Witcher). Roblox top games → Netflix shows/movies (Adopt Me!, Bloxburg). IP longevity year-round vs. seasonal releases.

2

Engagement Explosion

$0.8–1.2B

Combined 4.5–5h/day vs. 2h Netflix alone. Roblox churn <5% vs. Netflix ~8%. Social gaming creates sticky retention. Kids on Roblox + Parents on Netflix = household lock-in.

3

Ad Revenue Acceleration

$1.0–1.5B

Combined $3B Netflix + Roblox immersive ads. Gaming CPMs 2–3x premium vs. video ads. Full-funnel advertiser packages: awareness (Netflix) + engagement (Roblox) + conversion (virtual goods).

4

Data & Personalization

$0.5–0.8B

Real-time Roblox behavioral data: what users build, play, purchase. Enhanced Netflix content recommendations. Gaming preferences predict viewing habits. Trend data to greenlight shows.

5

Global Market Expansion

$0.3–0.5B

Roblox strong in LATAM & APAC. Netflix payment infrastructure in 190 countries. Roblox creators build culturally relevant content at zero cost to Netflix. Emerging market penetration accelerated.

TOTAL ANNUAL SYNERGY VALUE: $4.1 – 6.0 BILLION | Conservative case (50% capture) still = $2–3B — deal remains highly accretive

IP CROSSOVER STRATEGY — SPECIFIC PLAYBOOK

YEAR 1–3 EXECUTION

NETFLIX IP → ROBLOX GAMES (Year 1)

Stranger Things	*Game: The Upside Down*	20M+ plays	$15–20M
Squid Game	*Game: Survival Challenge*	50M+ plays	$22–30M
Wednesday	*Game: Nevermore Academy*	15M+ plays	$12–18M
The Witcher	*Game: Monster Hunter RPG*	10M+ plays	$8–12M
One Piece	*Game: Grand Line Adventures*	25M+ plays	$18–24M

ROBLOX → NETFLIX ORIGINALS (Years 2–3)

1. **Adopt Me!**
   Animated Series
   Audience: Children 6–12
   30B+ game visits — proven audience

2. **Bloxburg**
   Reality / Lifestyle Show
   Audience: Teens 13–25
   Top 5 most-played game on Roblox

3. **Tower of Hell**
   Physical Competition Series
   Audience: General audience
   Viral format — natural TV crossover

DAILY TIME-ON-PLATFORM (hours)

FINANCIAL ANALYSIS

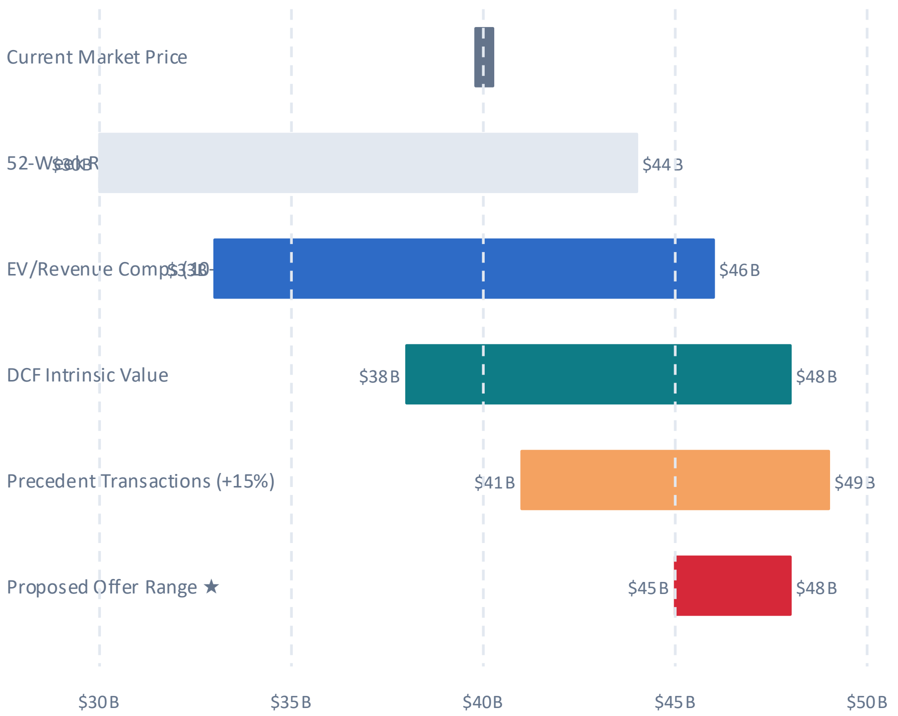
Valuation, Deal Structure & Pro Forma Financial Projections

Joonha Kwon | FACCTing Advisory | April 2026

ROBLOX VALUATION — COMPS & DCF

PROPOSED: $45–48B

VALUATION FOOTBALL FIELD ($B Enterprise Value)



COMPARABLE COMPANY ANALYSIS

Company	EV/Rev	EV/EBITDA
Roblox (current)	**13.0x**	**45x**
Unity Software	8.5x	NM
Snap Inc.	4.2x	28x
Discord (private est.)	~12x	NM
Median Gaming/Social	8.5x	36x
Proposed (14x Rev)	**14.0x**	**—**

DCF: Rev CAGR 18% | Terminal Growth 3.5% | WACC 9.5% | EBITDA margin 22%→30% | Tax 21%

DEAL STRUCTURE & FINANCIAL FEASIBILITY

$45–48B ACQUISITION

NETFLIX FINANCIAL CAPACITY (Dec 31, 2024)

Cash & ST Investments	$9.6B
Total Debt	$15.6B
Net Debt	$6.0B
Operating Income	$10.4B
Op. Margin	27%
Free Cash Flow	$7.4B
Credit Rating	A3/A
Buyback Auth. Remaining	$17.1B

DEAL FINANCING (RECOMMENDED)

Cash on Hand — **$10B**
21% of offer

New Debt Issuance — **$38B**
79% of offer

Total Offer Value — **$46B**

Option B (Mixed): $15B cash + $25B debt + $8B stock (1–2% dilution)

POST-DEAL CREDIT METRICS

Net Debt / EBITDA	3.0x
Interest Coverage	5x+
Ann. Interest Expense	~$2B
Deleverage Target	3 Years

PRO FORMA 5-YEAR OUTLOOK

Yr	Rev	Op.Inc	Margin
2026	$42.0B	$11.2B	27%
2027	$48.5B	$14.5B	30%
2028	$55.8B	$18.9B	34%
2029	$63.2B	$23.1B	37%
2030	$70.5B	$27.2B	39%

IRR 18–22% | ROIC 15%+ Yr3 | $60–80B Value

Accretion/Dilution: Yr1 slightly dilutive → Yr2 neutral → Yr3+ 15–20% EPS accretion with full synergies

ADVERTISING SYNERGY — COMBINED AD PLATFORM STRATEGY

$3.3B → $12.5B BY 2030

PROJECTED AD REVENUE BY SOURCE ($B)

Source	2026	2027	2028	2030
Netflix Traditional Video Ads	$2.5B	$3.5B	$4.5B	$6.0B
Roblox Immersive In-Game Ads	$0.5B	$1.0B	$1.8B	$3.5B
Cross-Platform Packages	$0.3B	$0.8B	$1.5B	$3.0B
TOTAL AD REVENUE	**$3.3B**	**$5.3B**	**$7.8B**	**$12.5B**

INTEGRATED AD PACKAGES FOR BRANDS

Full Funnel Entertainment

$5–10M/package

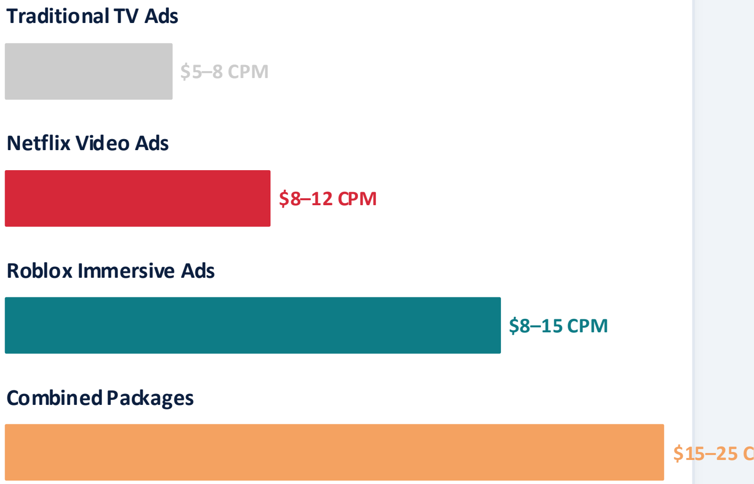
Brand awareness (Netflix video) + consideration (Roblox experience) + conversion (virtual goods promo codes). Target: Coca-Cola, Nike, McDonald's.

Movie/Show Launch Package

$2–5M/title

Pre-release Roblox experience → Netflix ads at launch → post-release virtual goods. Target: major studios.

CPM PREMIUM: GAMING vs. VIDEO



KEY INSIGHT

Gaming engagement commands 2–3x CPM premium vs. traditional video. Netflix's ad-tier targeting improves dramatically with Roblox's behavioral data on 70M+ daily users — enabling true multi-screen audience segmentation.

RISK ASSESSMENT

All Deal-Breakers Identified — Probability, Impact & Mitigation

Joonha Kwon | FACCTing Advisory | April 2026

RISK ASSESSMENT & MITIGATION — SIX KEY RISKS

ALL SCENARIOS COVERED

Regulatory / Antitrust

Medium | High Impact

- ✓ Not horizontal — streaming ≠ gaming market
- ✓ No reduction in consumer choice (both platforms remain)
- ✓ Behavioral remedies: operationally separate 2–3 years

Integration Complexity

High | Medium Impact

- ✓ Standalone subsidiary model (Instagram/Meta precedent)
- ✓ Golden handcuffs: top 200 Roblox employees 3-yr RSUs
- ✓ Brand: 'Roblox by Netflix' preserves beloved identity

Valuation / Overpayment

Medium | Medium Impact

- ✓ Contingent Value Rights (CVR): $3–5B earn-out on 2027–28 DAU
- ✓ Collar structure if stock component used
- ✓ Even 50% synergy capture = $2–3B annual value

Synergy Realization

Medium | Medium Impact

- ✓ Pre-deal IP pilot: 2–3 Netflix games on Roblox before close
- ✓ 50-person PMO with monthly KPI tracking vs. baseline
- ✓ Phased capture: Yr1 IP → Yr2 Ad platform → Yr3 Full

Debt Burden Risk

Low | Medium Impact

- ✓ $10.4B op. income covers $2B interest 5x over
- ✓ Deleverage: return to 1.5x Net Debt/EBITDA in 3 years
- ✓ Can pause $17.1B buyback authorization to pay down debt

Competitive Response Risk

Medium | Low Impact

- ✓ Roblox UGC moat: 15+ years, 15M experiences — impossible to replicate fast
- ✓ 70M DAU + 12M creators = defensible network effects
- ✓ Close Q4 2026 — speed prevents competitive bidding

ALTERNATIVE SCENARIOS — WHAT IF WE DON'T ACQUIRE ROBLOX?

BUILD vs. BUY vs. PARTNER

A Build In-House Gaming Platform

❌ TOO SLOW & RISKY

Pros:
+ No integration risk
+ Full control from day one

Cons:
– 3–5 years to scale — competitors act now
– $5–8B R&D with high failure rate
– Google Stadia & Amazon Game Studios failed
– No existing DAU, no network effects

B Partner with Roblox (No Acquisition)

⚠️ LEAVES VALUE ON TABLE

Pros:
+ Lower cost, no balance sheet impact
+ No integration complexity

Cons:
– No control over platform decisions
– Competitors can outbid for exclusivity
– Limited synergies vs. full ownership
– No access to user data at scale

C Acquire Different Target

❌ NONE MATCH ROBLOX

Pros:
+ Potentially lower price (Discord $15B)
+ Less regulatory scrutiny possible

Cons:
– Epic: Tencent 40% stake + Disney partnership
– Discord: communication tool, no content platform
– EA/Take-Two: traditional publisher, no UGC model
– None offer UGC + engagement + monetization combo

D Status Quo — No Major M&A

❌ UNACCEPTABLE

Pros:
+ No debt, no integration risk
+ Board focus stays on core streaming

Cons:
– Content treadmill grows: $20B+ by 2028
– Competitors acquire gaming platforms first
– Slow market share erosion to Amazon/Disney
– Netflix vulnerable in Gen Z attention economy

COMPETITIVE POSITIONING — POST-DEAL LANDSCAPE

Player	Before Acquisition — Competitive Advantage	After Acquisition — New Position
Netflix ★	Content library, global scale — no gaming, no live	**Content + Gaming + UGC + Social + Ad-tech — ONLY platform with all four**
Disney+	IP (Marvel/Star Wars), family, sports (ESPN), bundles	IP (Marvel/SW), family, sports (ESPN) — no UGC, no gaming
Amazon	NFL/NBA sports $3.8B/yr, e-commerce integration	Sports, e-commerce — no premium original gaming platform
YouTube	UGC, massive daily reach, 2B+ users	UGC, reach — no premium subscription, no gaming economy
TikTok	95 min/day short-form engagement, Gen Z dominant	Short-form only — no long-form, no gaming, no subscription

NETFLIX'S NEW COMPETITIVE MOAT — POST-ACQUISITION

1 Only Platform
Premium streaming + UGC gaming + immersive ads — no rival has all three

2 Highest Engagement
4.5+ hours/day combined — beats Netflix alone (2h), Roblox alone (2.5h)

3 Best Data Asset
Viewing + gaming behavioral data — superior targeting for ads & content

4 TAM Expansion
Streaming $277B + Gaming $200B+ = $477B+ addressable — 20%+ share by 2028

STAKEHOLDER IMPACT ANALYSIS

ALL CONSTITUENCIES

Netflix Shareholders

- ✅ Long-term value creation through market expansion
- ✅ Reduced churn risk improves revenue predictability
- ✅ Higher terminal valuation as multi-platform co.
- ✅ 15–20% EPS accretion by Year 3 with full synergies
- ⚠️ Short-term dilution in Year 1 (integration costs)
- ⚠️ $38B additional debt — 3.0x Net Debt/EBITDA

Roblox Shareholders

- ✅ 15–20% premium to current trading price
- ✅ Access to Netflix's global distribution & content expertise
- ✅ Liquidity event for early investors & employees
- ⚠️ Loss of independence as standalone entity
- ⚠️ Cultural integration uncertainty in Year 1

Netflix Subscribers

- ✅ More value: content + gaming in one subscription
- ✅ Richer show-linked experiences (Squid Game on Roblox)
- ✅ Household retention improves — family bundle
- ⚠️ Potential price increases for bundled tier
- ⚠️ Integration disruption during transition period

Roblox Users

- ✅ Platform stays free-to-play (committed)
- ✅ Higher quality experiences via Netflix content budget
- ✅ New IP to engage with year-round
- ⚠️ Concerns about platform governance changes
- ⚠️ Risk of Netflix commercialization of UGC culture

Roblox Creators

- ✅ More IP to build experiences around (Netflix library)
- ✅ Larger user base from Netflix cross-promotion
- ✅ Higher monetization via Netflix ad platform
- ⚠️ Platform governance changes — need council rep.
- ⚠️ Uncertainty about revenue-share terms (currently 70/30)

Employees (Both Cos.)

- ✅ Retention packages for key talent
- ✅ Career growth in larger, diversified company
- ✅ Access to resources of combined $70B+ revenue entity
- ⚠️ Cultural integration challenges (Hollywood vs. gaming)
- ⚠️ 5–10% G&A headcount reduction communicated upfront

GOVERNANCE & POST-MERGER ORGANIZATION

EXECUTIVE STRUCTURE POST-CLOSE

Netflix Board of Directors (Majority Netflix + 2 Roblox seats)

Co-CEOs: Ted Sarandos & Greg Peters (Netflix)
CFO: Spencer Neumann | CTO: Roblox CTO (elevated)

Netflix Streaming
Ted Sarandos lead

Roblox Gaming & Interactive
David Baszucki — President

Shared Services: Finance | Legal | HR | Ad Sales | Cross-platform IP Collaboration Team

GOVERNANCE PRINCIPLES

Roblox maintains autonomy on product roadmap | Netflix approval on brand/IP usage | Joint committee for cross-platform initiatives | Annual strategic planning together

DECISION RIGHTS & OPERATING MODEL

Brand & IP Usage	Netflix Approval Required
Roblox Product Roadmap	Roblox Autonomous
Cross-Platform Initiatives	Joint Committee
Finance & Legal	Netflix (Shared Services)
Creator Revenue Share	Roblox Autonomous
Ad Sales Strategy	Joint (Shared Ad Sales Team)
Strategic Planning	Annual Joint Off-site
Hiring (senior roles)	Cross-approval required

IMPLEMENTATION ROADMAP — 24-MONTH POST-CLOSE PLAN

PHASED EXECUTION

Phase 1

Foundation

Months 1–6

- Regulatory approval process (DOJ/FTC + international)
- Integration planning & team formation (50-person PMO)
- Creator & user communications — platform stays F2P
- Pilot 3 Netflix IP experiences on Roblox before close
- Employee retention packages finalized & communicated

Phase 2

Quick Wins

Months 7–12

- Launch 5–7 major Netflix IP games on Roblox (Stranger Things, Squid Game...)
- Cross-platform promotion: Roblox in Netflix, Netflix in Roblox
- Unified login pilot — link Netflix + Roblox accounts
- Combined family subscription bundle offering launched
- First ad-platform integration tests with select advertisers

Phase 3

Platform Integration

Months 13–18

- Full advertising platform integration (Roblox → Netflix ad-tier data)
- Shared data infrastructure: user preferences, engagement signals
- Creator fund expansion: Netflix content budget → Roblox creators
- First Roblox → Netflix content adaptation announced (Adopt Me!)
- Unified subscriber reporting and combined P&L reporting

Phase 4

Full Synergy

Months 19–24

- Netflix originals launch simultaneously with Roblox experiences
- Unified subscription offering (Netflix + Roblox Premium bundle)
- Virtual goods tied to Netflix shows (Wednesday's wardrobe in Roblox)
- Global expansion into new markets using combined infrastructure
- Full synergy realization: target $4–6B annual value confirmed

Engagement +25% | **Churn −15%** | **Ad Revenue +40%** | **Op Margin 30%+ Yr3** | **Net Debt/EBITDA <1.5x by 2029**

NEXT STEPS & DEAL TIMELINE

IMMEDIATE ACTION ITEMS

IMMEDIATE ACTION ITEMS — NEXT 30 DAYS

1 Board Approval

Present to full Netflix Board. Vote on deal authorization and mandate to proceed. Approve valuation ceiling of $48B maximum.

2 Preliminary Outreach

Submit non-binding offer to Roblox Board at $46B midpoint. Engage Roblox CFO & CEO in preliminary discussions.

3 Financing Commitment

Secure debt commitment letters from J.P. Morgan, Goldman Sachs, Morgan Stanley. Lock in rates during favorable window.

4 Antitrust Counsel

Engage Wachtell Lipton for regulatory strategy. Begin pre-filing antitrust assessment. Prepare behavioral remedy package.

Critical Success Factors: Speed | Communication | Valuation Discipline ($48B max) | Culture Preservation

M&A DEAL TIMELINE — 2026

Milestone	Date	Key Activities
Initial Offer	April 2026	Board approval + submit non-binding offer at $46B
Exclusivity	May 2026	60-day exclusive negotiation period with Roblox
Due Diligence	May–June	Financial, legal, technical, cultural deep-dive
Definitive Agreement	July 2026	Sign merger agreement + public announcement
Regulatory Filing	August 2026	HSR filing + international merger control notifications
Shareholder Votes	Sept 2026	Netflix + Roblox shareholder approvals obtained
Regulatory Approval	Oct–Dec 2026	DOJ/FTC review (2nd request likely) — behavioral remedies
FINANCIAL CLOSE ★	Q4 2026	**Deal closes — integration begins Day 1**

ANTICIPATED Q&A — BOARD QUESTIONS & RESPONSES

6 KEY QUESTIONS

Q1: Why not just partner with Roblox instead of buying them?

Partnership leaves $3–5B in annual synergies unrealized. Gives competitors (Disney, Microsoft) chance to outbid for exclusivity. No platform control for full product integration. No access to user behavioral data at scale. Roblox remains a standalone target — someone will acquire them.

Q2: Can Netflix's balance sheet handle $38B in new debt?

Absolutely. Pro forma 3.0x Net Debt/EBITDA is conservative for media/tech. $10.4B operating income covers $2B annual interest 5x over. Commitment to return to 1.5x in 3 years via $8–10B combined FCF. Can pause $17.1B buyback authorization to prioritize paydown.

Q3: What if the DOJ/FTC blocks this deal?

Low probability — this is vertical integration (content + gaming), not horizontal consolidation. Different markets. Netflix competing against Amazon/Disney/YouTube justifies scale. Prepared to offer behavioral remedies: keep platforms operationally separate for 2–3 years. Timeline: +6–9 months at most.

Q4: How do you ensure Roblox creators don't revolt?

Day 1 communication: platform stays open & free-to-play. Creator revenue share 70/30 — unchanged. Roblox CEO David Baszucki stays as President of Gaming division. Create creator advisory council with direct leadership access. Track Glassdoor ratings and attrition closely.

Q5: What is Plan B if Roblox says no?

Escalate offer to $50B if necessary (still accretive given synergies). If truly rejected, pivot to negotiated partnership (revenue-share) to begin IP cross-pollination. Epic Games possible but Tencent 40% stake complicates. Build in-house: 3–5 years, $5–8B, high risk.

Q6: How confident are you in the $4–6B synergy estimate?

Conservative. Based on: (1) Proven IP demand — Stranger Things experience had 10M+ plays on Roblox already. (2) Ad revenue benchmarks from gaming industry CPMs 2–3x video. (3) Churn reduction seen in bundled offerings (Disney+ bundle data). Even 50% capture ($2–3B) makes deal highly accretive by Year 3.

APPENDIX — M&A PRECEDENT TRANSACTIONS

DEAL COMPS

Deal	Year	Value	EV/Revenue	Strategic Rationale
Microsoft / Activision Blizzard	2023	$69B	8.5x	Gaming content + platform expansion into subscription model
Disney / 21st Century Fox	2019	$71B	3.2x	Content library consolidation for Disney+ streaming launch
Amazon / MGM	2022	$8.5B	5.0x	Content IP library for Prime Video — James Bond, Rocky franchises
Meta / Instagram	2012	$1B	~40x	Platform diversification, UGC, mobile-first social graph
Google / YouTube	2006	$1.65B	~10x	UGC video platform — became $30B+ business, 2B+ MAU
Take-Two / Zynga	2022	$12.7B	9.2x	Mobile gaming expansion, cross-platform synergies
Roblox Proposed Deal ★	2026E	$45–48B	14x	Streaming + UGC gaming convergence — transforms Netflix's TAM

Key: Platform deals (Instagram, YouTube) trade at premium multiples due to network effects | Gaming: 8–10x | Content: 3–5x | Roblox premium justified by unique UGC + engagement combination

THE RECOMMENDATION

We Recommend the Board
Approve This Acquisition

1 **Solves $17B+ content treadmill** UGC perpetual engine — 15M+ experiences at zero Hollywood cost	**2** **Wins the attention economy** 4.5+ hrs/day combined engagement — beats every rival platform	**3** **$4–6B annual synergy value** 5 proven pillars: IP, engagement, ads, data, global expansion
4 **IRR 18–22% — above cost of capital** 15–20% EPS accretion by Year 3 with full synergy realization	**5** **Defensible moat via network effects** 15M+ UGC experiences + 12M creators = impossible to replicate	**6** **Risk-adjusted — all scenarios covered** Regulatory, integration, synergy risks all identified with mitigations

Acquire Roblox for $45–48B · $10B cash + $38B debt · Target close: Q4 2026 · Joonha Kwon | FACCTing Advisory

REFERENCES & SOURCES

42 SOURCES CITED

SEC FILINGS & PRIMARY

- Netflix Inc. Form 10-K FY2024 — SEC EDGAR, filed Jan 24, 2025. Revenue $39.0B, Op.Income $10.4B, Cash $9.6B, Debt $15.6B, 301.6M subs.
- Roblox Corp. Form 10-K FY2023 — SEC EDGAR. DAU 70M+, revenue model, platform metrics, creator economics (70/30 split).
- FACCTing M&A Case Competition Guidelines, March 2026. Evaluation rubric: Strategy 40%, Financials, Risk/Q&A 30%, Delivery 30%.

MARKET RESEARCH

- Future Market Insights (2026): Video Streaming Market 2026–2036. Global market $277.25B → $885.9B. CAGR 12.3%.
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Disclaimer: This analysis is prepared for educational purposes as part of the FACCTing M&A Case Competition. All financial projections are analytical estimates and do not constitute investment advice. Sources current as of March 24, 2026. Author: Joonha Kwon.