

‘The one thing I’ve always had is deal flow’: RedBird’s Gerry Cardinale
Investor behind high-profile media and sport takeovers says he has ‘no tolerance for political behaviour’

By James Fontanella-Khan
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When Gerry Cardinale left Goldman Sachs in 2012 he underestimated just how hard it would be to launch a successful private equity business without the balance sheet of one of the world’s most prestigious investment banks.

“At Goldman you pushed a button and \$20bn would show up. When I started RedBird, I had no relationships with capital . . . [it] was basically an ‘oops’ moment like the Road Runner scene where the coyote goes off the cliff, looks down and says ‘Oh, shit’,” says Cardinale, from his office on New York’s Madison Avenue. “But the one thing I’ve always had is deal flow.”

Those deal opportunities, coupled with close connections with some of America’s richest families, helped the Goldman alum raise his first round of capital. “Families and entrepreneurs I made money with and worked with, were the first to show up. And that gave me enough credibility. I think I raised \$100mn from those groups,” he recollects.

From there the 56-year-old financier has built a network of investments spanning Wall Street, Hollywood, sports and media over the past decade, by partnering with seasoned industry executives and sourcing deals nobody else had.

His RedBird vehicle now has \$10bn of assets under management, according to the private equity group, with 70 per cent of its investments in sports, media and entertainment and the rest focused on insurance and asset management. According to people briefed about the matter, it has to date returned investors 2.5 times gross multiple of capital and 33 per cent gross internal rate of return.

Of late, RedBird and its affiliates have been ubiquitously investing and buying assets.

On Friday RedBird IMI, a new fund launched by Cardinale with former CNN boss Jeff Zucker and an Abu Dhabi investment group, agreed to buy All3Media, the London-based TV and film production company behind Fleabag and Squid Game: The Challenge, from Warner Bros Discovery and Liberty Global for £1.15bn. Separately, one of its portfolio companies, Skydance, is a frontrunner to take control of the US studio Paramount Global. Fenway Sports Group, the owner of Boston Red Sox and Liverpool Football Club that is backed by RedBird, was recently approved as an investor by the US golf organisation PGA Tour. In 2022 RedBird acquired Italian football club AC Milan.

A recent deal — an audacious attempt to take over the UK’s Telegraph newspaper and Spectator magazine — is an example of a classic Cardinale manoeuvre but one that has brought a new level of political scrutiny.

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RedBird IMI, the partnership RedBird has with the Emirati group, managed to gain control of the Telegraph and Spectator by settling the debts of the Barclay family, the existing owners of the UK newspaper group who risked losing the titles to its creditor Lloyds Banking Group. The UK bank had initially planned to auction the media group but RedBird IMI’s decision to lend the Barclay family cash killed that process.

RedBird IMI’s move shocked and angered rival bidders including Paul Marshall, the rightwing hedge fund billionaire, and media groups News UK and DMGT. Several rival bidders as well as Conservative members of parliament accused RedBird IMI of being a front for an authoritarian regime, which could try to influence UK politics.

The deal is being held up after culture secretary Lucy Frazer announced a review because of concerns the newspaper would be under the control of Abu Dhabi, which has a poor record on press freedom.

RedBird IMI has been co-operating with UK officials, reassuring them the Emirati investor would play a passive role, but is holding its cards close to its chest on how it plans to manage the approval process. RedBird IMI has deployed some of the best known UK advisers, including boutique investment bank Robey Warshaw, which counts former chancellor of the exchequer George Osborne among its team, to help it reach a compromise. Zucker previously told the FT that the bidders would be prepared to set up clear safeguards and an independent advisory board to protect the media group's independence. Separately, people briefed on the matter said RedBird would not make job cuts and planned to expand not shrink the business.

"As I listen to the commentary around The Telegraph process, I would put our record on protecting editorial independence up against anyone's," says Cardinale. "We've excelled in this area, not just because it's the right thing to do, but also because it is good business.

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A day in the life of Gerry Cardinale

With a portfolio of companies from India to Los Angeles, Cardinale spends a significant amount of the time in the air.

He currently spends at least 10 days a month travelling, with flights to Europe and the Middle East before returning to his base in Palm Beach.

When he is at home in Florida he tries to live a fairly straightforward life. "I wake up around 6.30am, start my day making breakfast for my kids," Cardinale says with a smile.

The core part of the day is spent on calls with managers at portfolio companies and RedBird investors. The first emails tend to come from AC Milan executives, with updates on issues ranging from a player's new contract negotiations to talks with public officials about a new stadium.

A lot of his focus is around existing deal situations and in particular the acquisition of the Telegraph and SkyDance's potential takeover of Paramount.

The Telegraph deal highlights some of the common threads in Cardinale's deals: the US financier comes up with unusual, creative financing solutions and often partners with high-profile and experienced executives to tap their operational expertise. His approach integrates private equity sophistication with hands on operational involvement.

"We don't select players for the Boston Red Sox, Liverpool, the New York Yankees or AC Milan; those decisions are left to the management of these assets who have the expertise and record in these areas," Cardinale says.

"We don't tell David Ellison what movies to make or not make at Skydance; we don't tell Ben Affleck or Matt Damon what movies to make or not make at Artists Equity; and we don't tell [basketball player] LeBron James and [business partner] Maverick Carter what projects to take on or not take on at The SpringHill Company."

One person who has worked on multiple deals with Cardinale says: “His biggest strength is to delegate and take on board the advice of his partners . . . that’s how he manages to stay on top of so many things at the same time.” For example, when it comes to the Telegraph situation he relies on Zucker to lead without micromanaging the former CNN boss.

Cardinale has attempted to instil similar working practices within RedBird. He tells the FT that he has recently hired former Goldman Sachs president John Thornton as chair and Italian financier Paolo Scaroni as chair of the international business, who will join a series of top executives including former top Citi adviser Hamid Biglari as chair of the financial services unit, and former NBCUniversal chief Jeff Shell as chair of the sports and media division.

“One of the benefits of spending 20 years at Goldman Sachs is that culture plays a critical role in everything we do as a firm. I have no tolerance for political behaviour or lack of collegiality,” says Cardinale, whose firm employs about 100 people across nine offices and plans to open two more in London and Riyadh.

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“At RedBird, we have a culture of collegiality, collaboration, and over-communication. Nobody is off on their own, but I give people an entrepreneurial experience with room to run. I expect everybody to take initiative and have a mentality of building their own business, so that ultimately the sum of the parts will be greater than the whole.”

Cardinale, who was a Rhodes scholar and spent the early part of his career working for a think-tank linked to the Japanese foreign ministry, says he was the “quirky guy who would work on oddball opportunities that others would shun”. That spirit remains unchanged.

Convincing a British government that is sensitive to losing domestic assets to foreign buyers in the aftermath of Brexit will be a new test for RedBird’s chief. But that is not something that scares Cardinale.

“In any endeavour, it’s essential to wake up every day with a clear purpose and a sense of urgency. Simply maintaining your lifestyle as a former Goldman partner lacks legitimacy,” he says.

“There’s been little innovation in private equity for four decades, returns have compressed and yet there’s been no change to the constructs or the investment methodologies. We want to be a catalyst to help evolve the private equity paradigm towards the ‘new new thing’.”