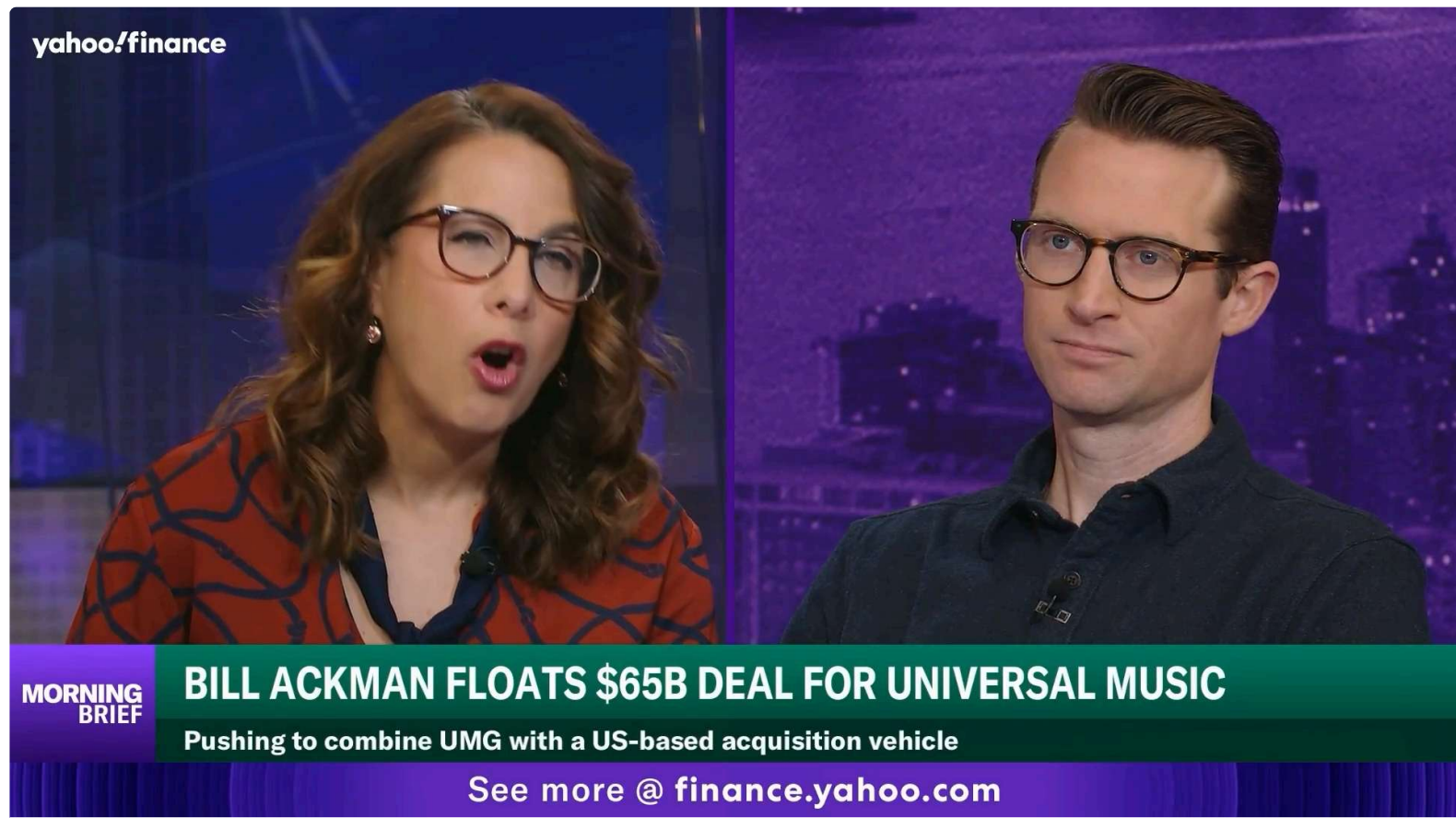


# Universal Music stock soars as Bill Ackman plans \$64 billion acquisition and US listing



Francisco Velasquez

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Bill Ackman's Pershing Square Capital Management has proposed a massive cash-and-stock acquisition of Universal Music Group (UMG), the creative home of Taylor Swift, Drake, and Bad Bunny.

UMG stock opened 24% higher on Tuesday following the announcement. It gave up some gains and ended the trading session up 11.5% for the day.

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## Universal Music Group N.V. (UMG.AS)

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The deal, valued at approximately \$64 billion, would merge UMG with Pershing Square SPARC Holdings, an acquisition vehicle. The move would create "New UMG," an SEC-registered corporation in Nevada that would be listed on the New York Stock Exchange (NYSE) and report under US GAAP standards.

Pershing is Universal's fourth-largest shareholder with a 4.74% stake.

In a [letter](#) to the UMG board, Ackman argued that the company's current valuation does not reflect its success. "While the business performance has been strong, UMG's share price has languished," the Pershing Square CEO said, referring to the company's primary listing on the Euronext Amsterdam.

By moving UMG to the NYSE, the billionaire investor aims to make the music label eligible for major US indexes, such as the S&P 500 (^GSPC). Such a move would force massive investment funds to buy the stock, theoretically driving up its value.

To support his case, Ackman noted that despite Universal's robust performance — with revenues up 60% since 2021 — the stock has dropped 23% in the same period. He described the stock as "dramatically

underperforming," arguing that the slump is due to technical factors and market positioning, not the music business itself.

Among these factors, Ackman specifically cited "the postponement of UMG's US listing" and "uncertainty" regarding the 18% stake held by Bolloré Group, a French investment conglomerate specializing in transportation and logistics. However, he maintains that such issues can be resolved through this specific merger transaction.



Taylor Swift performs during "The Eras Tour" at SoFi Stadium in Los Angeles on Aug. 7, 2023. (AP Photo/Chris Pizzello, File) · Chris Pizzello/Invision/AP

Under the terms of the proposal, shareholders would receive 5.05 euros per share in cash — a total payout of 9.4 billion euros — along with 0.77 shares of "New UMG" for every share they currently hold. Pershing Square estimates the total package is worth roughly 30.40 euros per share, representing a 78% premium over the stock's April 2 closing price.

To help fund the deal, Pershing Square will contribute 2.5 billion euros, while another 1.5 billion euros will

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