

The Walt Disney Company

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Disney gets revenue boost from film revamps, parks but streaming service costs weigh on earnings

Walt Disney Co.(NYSE:DIS) shares jumped in pre-market trading Friday following quarterly results, released after-hours on Thursday, which saw revenues boosted by its amusement parks as well as by the release of revamps of evergreen titles such as The Lion King, Toy Story 4 and Aladdin, although the costs of the group's soon-to-be-launched new streaming service pulled income lower.

The media giant reported a 52% jump to US\$3.3bn in studio entertainment revenues for the quarter to 28 September, while the group's parks, experiences and products segment saw revenues rising 8% to US\$6.7bn, mostly driven by higher consumer spending in merchandise and in the Disneyland Resort.

READ: Disney to launch streaming service with Marvel and Star Wars spin-offs at nearly half the price of Netflix

Those jump drove a 34% climb in overall quarterly revenues to US\$19bn, however the high costs in the run-up to the launch of its streaming service Disney+ saw underlying earnings per share (EPS) fall by 28% to US\$1.07 as losses mounted in the group's direct-to-consumer (DTC) business.

Disney's DTC unit reported a US\$740mln loss, more than doubled last year's loss, reflecting investments in its streaming services Hulu and ESPN+ and the costs of supporting the launch of Disney+, slated for next Tuesday in the US.

The company's free cash flow also plunged 85% to US\$409mln mostly due to expenses following the acquisition of Twenty-First Century Fox earlier this year.

"Disney once again showed off its ability to develop and then monetise top quality content," said analysts at Hargreaves Lansdown, pointing out that "there is a lot to like" in the numbers despite the decline in EPS.

They added: "That will be key to financing the Direct-to-Consumer business in the years ahead - because if the content can pay for itself before it even reaches Disney+ then the streaming revenue has the potential to do great things for profits in the long term."

Disney shares were up 5% to US\$139.65 in pre-market New York trading.

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No investment advice

Price: 117.3

Market Cap: \$211.88 billion

1 Year Share Price Graph



Share Information

Code: DIS

Listing: NYSE

52 week High Low
153.41 79.08

Sector: Media

Website: corporate.disney.go.com

Company Synopsis:

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company. The Company operates in five segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive Media.

action@proactiveinvestors.com

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