

Disney beats forecasts as streaming struggles improve

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Disney CEO Robert Iger speaks onstage during The New York Times Dealbook Summit 2023.

Disney on Wednesday reported higher than expected profit in the final three months of last year as it strives to adapt to a shift from television to

streaming.

During the earnings announcement, Disney chief Robert Iger also revealed that the entertainment giant is acquiring a "small equity stake" in Fortnite-maker Epic Games, and will release a sequel to its high-grossing animated film "Moana".

Iger also boasted that Disney+ [streaming service](#) will be the exclusive online stage for Taylor Swift's recent concert film starting on March 15.

"Audiences are going to absolutely love the chance to relive the electrifying Taylor Swift Eras tour whenever they want," Iger said of bringing it to Disney+.

Disney is looking to tap into the passion for video games in general and "Fortnite" in particular with a \$1.5 billion stake in Epic, according to Iger.

The plan is to integrate Disney storytelling into Fortnite, and expand the franchise into its [theme parks](#) and merchandise, Iger said on an earnings call.

Streaming sports

The entertainment giant reported a net income of \$2.15 billion on revenue of \$23.5 billion, about the same amount of money it brought in during the same quarter a year earlier.

"Our strong performance this past quarter demonstrates we have turned the corner and entered a new era," Iger said.

He added that Disney is focused on "building streaming into a profitable growth business, reinvigorating our film studios, and turbocharging

growth in our parks and experiences."

A day earlier, Disney-owned ESPN, Fox and Warner Bros Discovery said they reached agreement on a new streaming platform for live sports content.

The platform would combine the sports offerings of the three networks in one product with content from the top US leagues and is planned to be launched later this year.



Disney+ says a Taylor Swift 'Eras' tour concert film will be streamed exclusively on its service starting March 15.

The product is targeted at 'cord-cutters' who prefer to subscribe to streaming services rather than traditional cable TV packages.

Consumers would be able to bundle the sports product with existing broader streaming offerings from Disney+, Hulu and Max.

"This initiative could bring in a major audience for Disney as it reaches households outside the pay TV ecosystem while its linear channels continue to see declining viewership," said Third Bridge analyst Jamie Lumley.

Boardroom battle

Disney has been under significant pressure ever since Iger left the company only to be brought out of semi-retirement more than a year ago when his successor underperformed.

Upon his return, Iger embarked on a cost-cutting campaign that saw major cuts to the lavish spending that got Disney+ off the ground.

Disney has since raised prices and cracked down on password sharing on the streaming service, and the efforts seemed to be paying off.

Disney's direct-to-consumer business, of which Disney+ is part, lost a less than expected \$138 million in the last quarter of last year, compared with a loss of \$984 million 12 months earlier.

But rival streamer Netflix has seen subscriber numbers grow and profits soar despite its crackdown on sharing passwords and higher prices.

As he works to put Disney's streaming service on a profitable path, Iger is trying to fend off campaigns by activist investors to win seats on the entertainment giant's board at an annual meeting of shareholders on

April 3.

"The last thing that we need right now is to be distracted by an activist or activists that, frankly, ... don't understand our company, its assets, even the essence of the Disney brand," Iger said on CNBC.

Blackwells Capital sent a letter Tuesday urging support for its board candidates in order to have "the right collection of minds" on the Disney board.

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