Pandemic hits Disney revenue, but streaming TV sees gains

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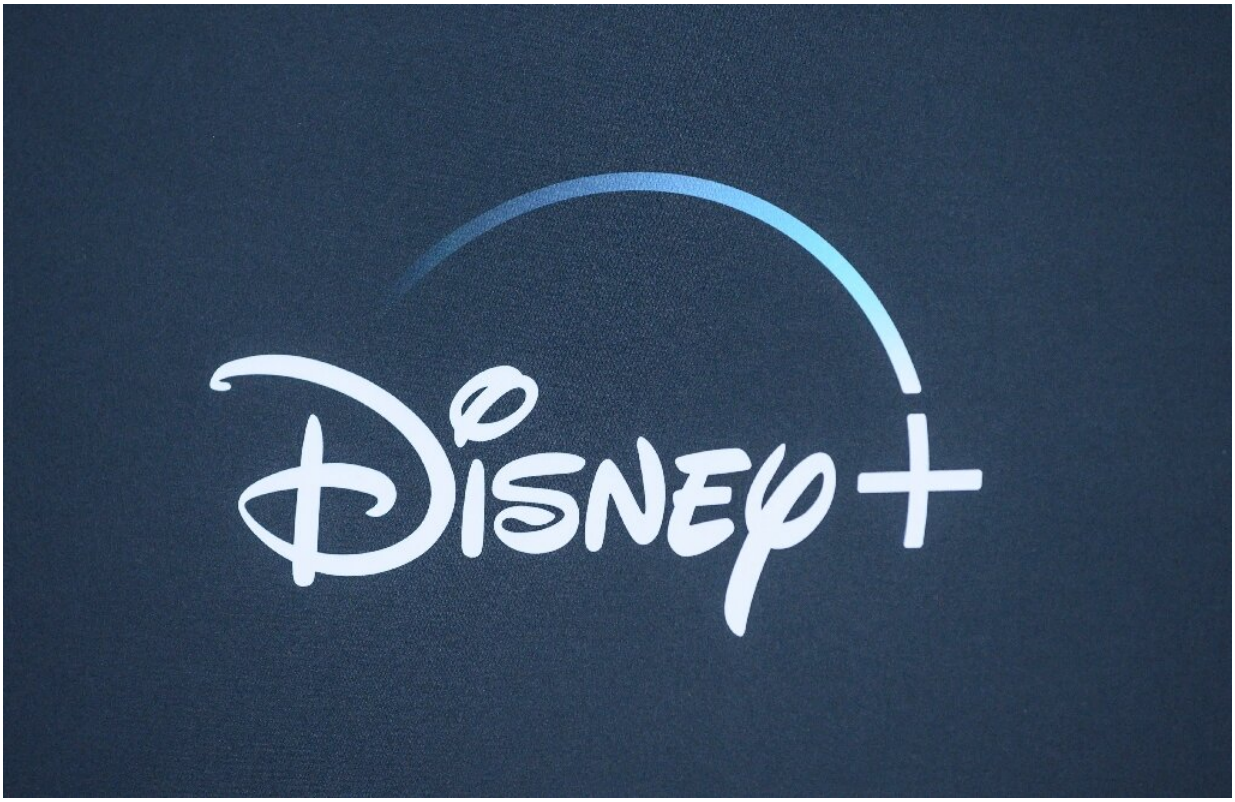

Subscriber gains in the new Disney+ streaming service helped allay concerns at the media-entertainment giant which reported a hefty loss in the past quarter

Walt Disney Co. on Thursday reported a hefty loss in the just-ended quarter as the global pandemic hit its theme parks and cinema operations, but shares rose on gains in its new streaming television

service.

The media-entertainment powerhouse reported a loss of $710 million in the period ending October 3, compared with a $777 million profit in the same period a year ago. Revenue slumped 23 percent from last year to $14.7 billion in the company's dismal fourth quarter.

But Disney shares jumped in after-hours trade on news that its recently launched streaming television service Disney+ had hit 73 million subscribers in a positive sign for the company shifting to compete with rivals like Netflix.

"Even with the disruption caused by COVID-19, we've been able to effectively manage our businesses while also taking bold, deliberate steps to position our company for greater long-term growth," said chief executive Bob Chapek.

"The real bright spot has been our direct-to-consumer business, which is key to the future of our company, and on this anniversary of the launch of Disney+ we're pleased to report that, as of the end of the fourth quarter, the service had more than 73 million paid subscribers—far surpassing our expectations in just its first year."

The earnings statement said results "were adversely impacted" by the pandemic with the closure of many of Disney's theme parks and resorts and suspension of its cruise operations.

"In addition, at Studio Entertainment we have delayed, or in some cases, shortened or cancelled, theatrical releases, and stage play performances have been suspended since late in the second quarter," the statement said.

"Since March 2020, we have experienced significant disruptions in the

production and availability of content, including the shift of key live sports programming from our third quarter to the fourth quarter and into fiscal 2021 as well as the suspension of production of most film and television content since late in the second quarter."

Analyst Eric Haggstrom of eMarketer said that the streaming service showed impressive results for Disney.

"Within one year of launch, Disney+ has easily reached Disney's pre-launch subscriber goals four years ahead of schedule," Haggstrom said.

"Disney's other US streaming services, Hulu and ESPN+, have also shown impressive subscriber growth. Moving forward, Disney will need to increase their content investments for their streaming services if they want to keep those subscribers."

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