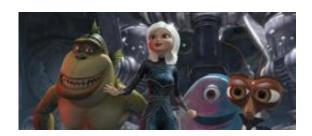


DreamWorks beats 3Q estimates with `MvA' on video

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This publicity still released by DreamWorks Animation shows a scene from DreamWorks Animation's "Monsters vs. Aliens." DreamWorks Animation SKG Inc. shot past analyst estimates in releasing third-quarter earnings Tuesday, Oct. 27, 2009, saying its only release this year, "Monsters vs. Aliens," is off to a strong start in the home video market. (AP Photo/ DreamWorks Animation LLC)

(AP) -- DreamWorks Animation SKG Inc. shot past analyst estimates in releasing third-quarter earnings Tuesday, saying its only release this year, "Monsters vs. Aliens," is off to a strong start in the home video market.

Analysts have been watching for clues as to how the beleaguered home video market is faring amid the recession. Industrywide, U.S. sales of packaged discs, including DVDs and Blu-ray discs, have fallen nearly 14 percent in the quarter, compared with the year-ago period.

DreamWorks Animation said "Monsters vs. Aliens" contributed \$33.4 million in revenue and sold 4.6 million units since its Sept. 29 release,



slightly above one analyst's forecast. Because it came out near the end of the July-September quarter, only part of the disc sales made it into the results.

But the movie had a poor showing in Germany and France theatrically, and the company decided against making a sequel, even as it soared past \$380 million in ticket sales worldwide.

"We can do bigger and better and use that production slot for something we think has even greater potential to it," Chief Executive Jeffrey Katzenberg said.

In 2011, DreamWorks plans to release a "Kung Fu Panda" sequel and "Puss in Boots," followed by, in 2012, "The Croods," the third "Madagascar" movie, and "The Guardians."

The animation house had been releasing two movies a year, but had only one in 2009. It said in July it would produce five movies every two years, starting with three next year beginning in March with "How to Train Your Dragon."

The company's small number of releases means that big swings in quarterly earnings from year to year are common.

Overall, net income in the quarter fell 48 percent to \$19.6 million, or 23 cents per share. Revenue fell 11 percent to \$135.4 million.

That still beat analysts' estimates of 16 cents per share on revenue of \$129 million, according to a survey by Thomson Reuters. Analysts, however, typically exclude one-time charges from their estimates.

DreamWorks also said it lost 5 cents per share in profit from its stage production, "Shrek the Musical," which the company recently announced



would be ending its run on Broadway on Jan. 3, earlier than anticipated.

But the show will begin touring next summer, starting in Chicago, and it has been filmed for eventual release in the home video market, which will help it become profitable eventually, Katzenberg said.

The company said it expects to earn close to \$1.57 per share for the year, unchanged from a year ago, but slightly below analysts' forecasts of \$1.59 per share.

Shares in DreamWorks Animation, which is based in Glendale, Calif., rose 52 cents, or 1.6 percent, in after-hours trading to \$32.50, after closing down 15 cents at \$31.98.

DreamWorks Animation was spun off from the privately held liveaction studio headed by Steven Spielberg, DreamWorks SKG Inc., in a public stock offering in 2004.

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