

Netflix to stream Paramount, Lionsgate, MGM movies

August 10 2010, By RYAN NAKASHIMA and MICHAEL LIEDTKE ,
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This Jan. 29, 2010 file photo, shows the company logo and view of Netflix headquarters in Los Gatos, Calif. Netflix Inc. has reached a multiyear agreement Tuesday, Aug. 10, 2010, to stream movies from Paramount, Lionsgate and MGM online starting Sept. 1. It's a major move as Netflix looks to cater to people who want to watch movies instantly. (AP Photo/Marcio Jose Sanchez, file)

(AP) -- Netflix Inc. has reached a five-year deal worth nearly \$1 billion to stream movies from Paramount, Lionsgate and MGM online starting Sept. 1 - a major move that boosts its "Watch Instantly" offerings and makes the studios' joint pay TV venture Epix immediately profitable.

The agreement marks a further push by Netflix to stream movies to homes directly via personal computers, game consoles, Blu-ray players and TVs, and away from its rent-by-mail method. Netflix is trying to get

its customers to view movies online so it can save on postage costs. Its shares jumped more than 6 percent.

The deal vastly increases the amount Netflix spends on streaming movies annually. It spent \$117 million in the first six months this year on streaming, up from \$31 million a year ago. The new deal adds roughly \$200 million a year to that tab.

Epix, the pay TV channel launched last October by [Viacom Inc.](#)'s Paramount Pictures, Metro-Goldwyn-Mayer Inc. and Lions Gate Entertainment Corp., will make the movies, including new releases, available to Netflix 90 days after they premiere on premium pay TV and subscription on-demand. Epix holds subscription pay TV rights to new releases and movies from its partners' libraries.

"Coupled with our other carriage deals, this makes Epix immediately profitable," Lions Gate CEO Jon Feltheimer told analysts on a conference call Tuesday.

Netflix said that previously these rights to distribute films are pre-sold to pay TV for up to nine years after a movie's theatrical release. The deal means it can add many more popular [movies](#) from major studios.

Shares of Netflix rose \$7.62, or 6.5 percent, to \$124.52 on heavy volume in midday trading Tuesday. Viacom's Class B shares were up 6 cents at \$33.73 and Lions Gate shares rose 2 cents to \$6.60. MGM is privately held.

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Citation: Netflix to stream Paramount, Lionsgate, MGM movies (2010, August 10) retrieved 27 April 2024 from <https://phys.org/news/2010-08-netflix-stream-paramount-lionsgate-mgm.html>

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