

Time Warner 4Q earnings edge up, beats Street

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In this Jan. 3, 2008 file photo, the Time Warner Center is shown in New York. Time Warner said Wednesday, Feb. 8, 2012, its fourth-quarter earnings grew slightly as revenue jumped 8 percent on strong performance at its Warner Bros. movie studio and its cable television networks. (AP Photo/Mark Lennihan, file)

(AP) -- Time Warner Inc. got a boost from its movie studio and cable TV networks in the last three months of the year, and the company expects growth to continue in 2012 even with the end of its lucrative Harry Potter franchise.

Fourth-quarter net income grew slightly as revenue increased 5 percent. Adjusted earnings for the quarter and the growth forecast for this year topped Wall Street's expectations.

Time Warner, which owns Warner Bros., HBO, CNN, Time and People

magazines and other media properties, also raised its dividend by 11 percent and said it plans to expand a stock buyback program.

Its stock rose 50 cents, or 1.3 percent, to \$38.60 in midday trading after the results were announced Wednesday.

Time Warner released "Harry Potter and the Deathly Hallows: Part 2" on home video on Nov. 11, contributing to higher revenue at the Warner Bros. studio.

That growth came even as the quarter was compared with a period that included the November 2010 theatrical release of the next-to-last installment of the series. That movie, "Harry Potter and the Deathly Hallows: Part 1," went on to sell nearly \$950 million in box office tickets worldwide.

With the series ending, the company needs new ways to sustain growth. Time Warner said midnight IMAX screenings of the new Batman movie in July were already selling out. The company was also expecting heavy interest in the first of two "Hobbit" movies and "Dark Shadows" from director Tim Burton.

The company said growth in adjusted earnings should be in the low double-digit percentages this year. Adjusted income was \$2.89 per share in 2011, meaning it could range from \$3.18 to \$3.32 in 2012. Analysts were expecting \$3.16.

And Harry Potter remains alive through theme parks. Comcast Corp.'s Universal Studios is building a Harry Potter attraction inside its existing Hollywood theme park and expanding one in Orlando, Fla. Time Warner expects significant increases in licensing fees starting in 2014.

For the fourth quarter of 2011, Time Warner's net income rose to \$773

million, or 76 cents per share, compared with \$769 million, or 68 cents per share, a year earlier.

Adjusted for one-time items, the company earned 94 cents per share. That beat Wall Street's expectations of 87 cents per share, according to a survey by FactSet.

Revenue grew to \$8.2 billion from \$7.8 billion a year ago and beat analysts' expectations for \$8.06 billion.

Revenue in the television business grew 5 percent to \$3.5 billion. The company saw a 16 percent increase in content revenue, including licensing fees from HBO shows such as "Sex and the City" in the U.S. and "Game of Thrones" abroad. Subscription revenue for HBO and other cable channels increased 5 percent, and advertising revenue increased 2 percent.

An NBA lockout, which delayed the start of the pro basketball season, hurt advertising. Although the company said fan enthusiasm has returned in the current quarter, some advertisers have already shifted their money elsewhere.

Warner Bros. revenue grew 7 percent to \$3.9 billion on stronger home entertainment and video game releases and new subscription video-on-demand agreements. That was offset partly by lower revenue from theatrical releases and television licensing fees.

Besides "Harry Potter," Time Warner released "The Hangover Part II" on DVD and other home video during the quarter, along with the video game "Batman: Arkham City." The new subscription agreements included deals with Netflix Inc. and Hulu for content produced for the CW television network, jointly owned by Warner Bros. and CBS Corp.

Warner Bros. also benefited from licensing the TBS hit "The Big Bang Theory" to syndication.

Revenue at the Time Inc. publishing division fell 1 percent \$1 billion.

Time Warner also said it will raise its quarterly dividend to 26 cents per share, to be paid March 15 to shareholders of record on Feb. 29.

The company also announced plans to buy back up to \$4 billion in stock, on top of the nearly \$5 billion it had already repurchased since the beginning of 2011. Buybacks boost the company's stock price by concentrating profits among fewer outstanding shares.

In a statement, CEO Jeff Bewkes said both decisions reflect "our confidence and our continued commitment to strong shareholder returns.

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