

# Time Warner boosts annual guidance

November 5 2014, by Mae Anderson

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In this Nov. 7, 2007 file photo, people walk by the Time Warner building in New York. building. Time Warner, which owns TV channels like HBO and TBS as well as Warner Bros. studios, is raising its guidance for the full year 2014 due to the reversal of some tax reserves. (AP Photo/Diane Bondareff, File)

Time Warner is raising its guidance for the full year, boosted by a tax settlement and better-than-expected third-quarter results driven by strong subscription revenue from its Turner and HBO units.

Shares rose 3 percent in midday trading.

The media company, which owns TV channels including CNN and TBS as well as Warner Bros. studios, has been going through belt tightening since August, when Rupert Murdoch's 21st Century Fox abandoned an attempt to take over Time Warner and combine two of the world's biggest media companies.

It has recently announced job cuts across divisions, including about 1,000 jobs at its Warner Bros. Studios, which employs about 7,300; and 1,475 jobs, or about 10 percent of staff, at Turner Broadcasting, the parent of the CNN, TBS and TNT networks.

But Time Warner had rosier news on Wednesday. It now expects adjusted earnings for 2014 to rise by a high teens percentage rate, up from prior expectations for growth in the low teens.

That's partly due to a tax settlement offsetting restructuring and other costs. But even excluding the one-time benefit, the company said results are trending above plan.

In a call with analysts, CEO Jeff Bewkes said the company is focused on cutting costs in some areas to focus on investing in video content.

Time Warner is trying to adjust to a future of TV when more shows and networks are available on an on-demand basis. In October it said it would offer its popular streaming video service HBO Go as a stand-alone product beginning later in 2015.



This file image released by HBO shows Woody Harrelson, left, and Matthew McConaughey from the HBO series "True Detective." Time Warner, which owns TV channels like HBO and TBS as well as Warner Bros. studios, is raising its guidance for the full year due to the reversal of some tax reserves. The company said both Turner and HBO had double-digit increases in subscription revenues, boosted by consumer demand for their programming including shows like "True Detective." (AP Photo/HBO, Jim Bridges, File)

"HBO GO is the gold standard TV product for the industry," Bewkes said. "At the same time we can't ignore the growing opportunity outside the ecosystem. So we'll be investing there as well."

New York-based Time Warner said that its net income fell 18 percent to \$967 million, or \$1.11 per share, in the third quarter. Adjusted results were 97 cents per share, beating analyst expectations of 94 cents per share, according to Zacks Investment Research. Revenue rose 3 percent to \$6.24 billion, beating expectations of \$6.13 billion.

The company said both Turner and HBO had double-digit increases in subscription revenue, boosted by consumer demand for original programming including shows like HBO's "True Detective."

Shares rose \$2.24, or 3 percent to \$77.21 in afternoon trading Wednesday. Its shares have risen almost 18 percent over the past year.

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Citation: Time Warner boosts annual guidance (2014, November 5) retrieved 23 April 2024 from <https://phys.org/news/2014-11-warner-boosts-annual-guidance.html>

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