

Comcast buying DreamWorks Animation for about \$3.55B

April 28 2016, by By Barbara Ortutay



This June 11, 2013, file photo, shows the Comcast Corp. logo during The Cable Show 2013 convention in Washington. Comcast is buying DreamWorks Animation, the film company behind the Shrek, Madagascar and Kung Fu Panda franchises, for approximately \$3.55 billion, the companies announced Thursday, April 28, 2016. DreamWorks will become part of the Universal Filmed Entertainment Group, which includes Universal Pictures. (AP Photo/Susan Walsh, File)

Comcast is buying DreamWorks Animation, the film company behind the "Shrek," "Madagascar" and "Kung Fu Panda" franchises, for approximately \$3.55 billion, strengthening its presence in the important and growing business of children's entertainment.

DreamWorks stockholders will receive \$41 for each share they own. That's a 24 percent premium to the company's Wednesday closing price of \$32.20. The companies put the deal's value at about \$3.8 billion.

DreamWorks will become part of the Universal Filmed Entertainment Group, which includes Universal Pictures. The studio has churned out hit animated movies through its Illumination label, including the "Minions" sequel and it has some Dr. Seuss projects in the works such as "How the Grinch Stole Christmas."

The nation's largest cable company said the deal gives NBCUniversal, a unit of Comcast Corp., a "broader reach to a host of new audiences in the highly competitive kids and family entertainment space, in both TV and film." In addition to the cartoon franchises, DreamWorks also owns what Comcast called a "thriving TV operation" with its AwesomenessTV network of online video creators and a lengthy contract to create shows for Netflix.

The deal solves what Cowen and Co. analyst Doug Creutz "would have been a very difficult succession plan had DWA remained independent, as to a certain extent we think the company had been held together purely through (CEO Jeffrey) Katzenberg's force of will."



In this Thursday, July 19, 2012, file photo, DreamWorks Animation CEO Jeffrey Katzenberg, center, plays with Madagascar characters, Alex the lion, right, and Kowalski the penguin, left, during a groundbreaking opening of DreamWorks studios in Redwood City, Calif. Comcast is buying DreamWorks Animation, the film company behind the Shrek, Madagascar and Kung Fu Panda franchises, for approximately \$3.55 billion, the companies announced Thursday, April 28, 2016. DreamWorks will become part of the Universal Filmed Entertainment Group, which includes Universal Pictures. Once the deal closes, DreamWorks co-founder and CEO Katzenberg will become chairman of DreamWorks New Media. He'll also serve as a consultant to NBCUniversal, a unit of Comcast Corp. (AP Photo/Paul Sakuma, File)

The analyst said that while he is "skeptical about the strategic logic" for Comcast in inking the deal, it is an excellent one for DreamWorks.

"Despite some positive recent developments with TV production and the

Awesomeness asset, DWA remains a company that has not generated significant earnings since 2010," Creutz wrote. "We think DWA is worth far less than either Marvel or Lucasfilm, for which Disney paid comparable prices when they acquired those companies."

Once the deal closes, DreamWorks co-founder and Katzenberg will become chairman of DreamWorks New Media. He'll also serve as a consultant to NBCUniversal. Creutz called it a "happy exit." Katzenberg owned nearly 10 million shares—meaning he'll receive over \$400 million—and controlled 60 percent of the voting shares in the company, which spun off from DreamWorks Pictures as a publicly traded company in 2004. DreamWorks Pictures, backed by Steven Spielberg, produces live action movies like "Bridge of Spies" and is not part of the deal.



In this Sept. 17, 2015, file photo, Comcast trucks are parked in a lot in the company's Westford, Mass. operations center. Comcast, in a deal announced Thursday, April 28, 2016, is buying DreamWorks Animation, the film company behind the "Shrek," "Madagascar" and "Kung Fu Panda" franchises, strengthening its presence in the important and growing business of children's

entertainment. Though the bulk of its business remains in cable TV services, Comcast also has television channels and theme parks, mostly through its purchase of NBCUniversal from General Electric. (AP Photo/Tali Arbel, File)

Earlier this year, DreamWorks expanded a licensing deal with Netflix Inc. to have the online video service feature more of its series and movies. The expanded licensing agreement announced in January allows Netflix to showcase several new DreamWorks series, including "Trollhunters," a fantasy created by acclaimed movie director Guillermo del Toro. The deal gives Netflix more video likely to appeal to children, an audience segment that has played an important role in its growing its service to 81.5 million subscribers in the first quarter.

The boards of both Comcast and DreamWorks have approved the transaction, which is targeted to close by year's end.

Shares of DreamWorks Animation SKG Inc. leapt \$7.76, or 24 percent, to \$39.97 while Comcast added 9 cents to \$61.39 in afternoon trading.



In this Thursday March 20, 2014, file photo, Jeffrey Katzenberg, CEO of DreamWorks Animation, speaks at the kickoff ceremony of Shanghai DreamCenter in Shanghai. Comcast is buying DreamWorks Animation, the film company behind the Shrek, Madagascar and Kung Fu Panda franchises, for approximately \$3.55 billion, the companies announced Thursday, April 28, 2016. DreamWorks will become part of the Universal Filmed Entertainment Group, which includes Universal Pictures. Once the deal closes, Katzenberg will become chairman of DreamWorks New Media. He'll also serve as a consultant to NBCUniversal, a unit of Comcast Corp. (AP Photo/File)

How Comcast will look after buying DreamWorks Animation

With DreamWorks Animation, Comcast adds several movie franchises—among them, "Shrek," "Madagascar" and "Kung Fu

Panda"—to its growing entertainment empire.

Though the bulk of its business remains in cable TV services, Comcast also has television channels and theme parks, mostly through its purchase of NBCUniversal from General Electric.

Here's a look at Comcast's various businesses:

— **CABLE SERVICES:** Comcast got its start providing cable TV services and grew to be the nation's largest cable provider, though it trails AT&T in overall TV subscribers following the phone company's purchase of satellite provider DirecTV last year. Comcast's cable services, which include high-speed Internet and phone services, generate about two-thirds of the company's revenue and income. It has more than 22 million TV customers.

— **TELEVISION:** Comcast owns the NBC and Telemundo broadcast networks and operates 27 local TV stations. The company also owns such cable channels as CNBC, MSNBC, USA, Syfy, E! and Bravo. Sports networks include NBC Sports Network, Golf Channel and a few regional networks that cover hometown teams.

— **MOVIES:** Even without DreamWorks Animation, Comcast already has a large TV and movie production business. It owns the Universal Pictures, Illumination and Focus Features studio brands. Major Universal franchises include "Jurassic Park," "Despicable Me," "Fast & Furious" and the Jason Bourne films.

— **THEME PARKS:** Comcast owns Universal theme parks in Florida and California and the Wet 'n Wild water park in Orlando, Florida. It has a majority stake in Universal Studios Japan and plans to open a theme park in Beijing. The theme parks include rides devoted to Harry Potter under license from rival studio Warner Bros.

— ONLINE: Comcast has a hodgepodge of Internet businesses . Comcast bought the movie ticketing business Fandango in 2007 and bought the M-Go online movie service this year—from a joint venture that included DreamWorks Animation. M-Go is now FandangoNow. Through Fandango, Comcast is getting movie rating services Flixster and Rotten Tomatoes from Warner Bros. Meanwhile, the DreamWorks deal gives Comcast a controlling interest in AwesomenessTV, an online video service that targets younger viewers.

— SPORTS: Through Comcast Spectacor, the Philadelphia-based company owns the Flyers hockey team and the Wells Fargo Center arena in Philadelphia.

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