Disney to axe 7,000 jobs in bid to cut costs

Around 7,000 jobs are to go at Disney – about 3.6% of the workforce – as a multi-billion dollar cost saving restructuring was announced by chief executive Bob Iger in his battle to improve the company's finances.

It was Mr Iger's first quarterly results announcement since he retook control of the entertainment giant in late November following a shareholder backlash over its performance.

He revealed plans to save $5.5bn in costs under a "significant transformation" to improve profitability at the company's streaming business, which lost more than $1bn in the October-December quarter as Disney+ subscriptions fell.

An earlier $1.5bn quarterly group loss led to the departure late last year of Iger appointee, Bob Chapek.

Disney planning sequels for some of its most popular movies

Mr Iger, who had stepped down from the top job in 2020, told investors on Wednesday night: "This reorganisation will result in a more cost-effective, coordinated approach to our operations.

"We are committed to running efficiently, especially in a challenging environment."

At the same time he revealed plans for sequels of some of the company's biggest animated franchises such as Toy Story, Frozen and Zootopia.

While group net profits came in at $1.8bn, subscribers of the Disney+ streaming service dropped by 2.4 million, the first decline since the platform was launched, but revenues were still up and better than Wall Street forecasts as theme parks brought in operating profit of $3.1bn during the quarter.

Despite the cost of living crisis the theme park profit is a 25% increase from a year earlier, helped by strong attendance over Christmas.

As seen more generally in the streaming industry, Disney+ subscriptions fell: by the end of last year there were 161.8 million people paying to access the Disney+ service – down from 164.2 million on 1 October, Disney said in its results announcement for the first three months of its 2023 financial year.

The fall came as the cost of a monthly ad-free subscription was upped from $7.99 (£6.61) to $10.99 (£9.10) in December.

Read more
Is the magic back? Bob Iger's return to Disney
Five ways streaming giants could change to stop Britons

hitting cancel

Despite the Disney+ drop and losses, revenues overall came in ahead of analyst estimates at $23.51bn (£19.47bn).

Mr Iger said streaming remained Disney's top priority. He said the company would "focus even more on our core brands and franchises" and "aggressively curate our general entertainment content".

He also said he would ask the company's board to restore the shareholder dividend by year end.

Chief Financial Officer Christine McCarthy said the initial dividend would likely be a "small fraction" of the pre-COVID level with a plan to increase it over time.