

Disney softens its Hulu talk, but the fight is far from over

Article

The news: Hulu's ownership may have just gotten a lot less complicated. In a recent CNBC interview, **Disney CEO Bob Iger** said the company isn't committed to pursuing full ownership of Hulu, saying "everything is on the table."

Reversal: Not too long ago, former CEO **Bob Chapek** expressed a desire to buy out the remaining share of Hulu in order to create a bundle combining it with Disney+. But now, under new (old?) leadership, it seems plans are-a-changin’.

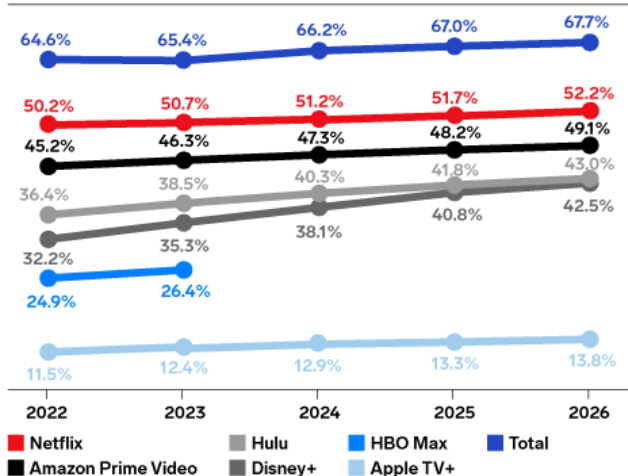
- Disney owns a 66% stake in Hulu, with the other 33% belonging to **Comcast**. The co-ownership comes with caveats: Comcast can force Disney to cough up \$9.2 billion and buy its stake in 2024, or Disney can force Comcast to sell.
- In 2021 and 2022, Chapek initiated multiple failed attempts to buy out Hulu before the deal’s expiry date, which reportedly involved Comcast CEO **Brian Roberts** asking for Disney to hand over **ESPN** in exchange—something Disney wasn’t willing to give up.
- But Iger and Roberts have a better working relationship, according to CNBC, which could lead to less-combative negotiations around Hulu’s ownership.

Why Hulu matters: In the US, Hulu is the second-largest streaming service just behind **Netflix**, and is expected to reach 130.7 million viewers this year, per our October forecast. But with Comcast, Disney, and others launching their own branded, flagship streaming services, Hulu’s place in the mix is unclear.

- For Disney, a Hulu buyout would solidify its position as a titan of digital subscription video, and allow it to create a Hulu and Disney+ bundle combining two of the largest and most popular streaming libraries in a deal that would dramatically change the streaming landscape.
- But Comcast may not be willing to give up its share so easily. To begin with, the \$9.2 billion price isn’t fixed—if a third-party arbitrator thinks Hulu’s value has increased in 2024, the price could go up significantly. Streaming service **Peacock** is also beginning to emerge from a difficult period, and it recently recovered rights to content that defaulted to Hulu.

US Subscription OTT Video Penetration, by Service, 2022-2026

% of population



Note: Individuals of any age who watch video at least once per month via any app or website that provides paid subscription access to streaming video content over the internet and bypasses traditional distribution; OTT video services are not mutually exclusive; there is overlap between groups
 Source: eMarketer, Sep 2022

278647 eMarketer | InsiderIntelligence.com

Our take: Iger’s statements should be taken at face value—anything is on the table. It’s unlikely that Disney would give up its pursuit of Hulu ownership outright, but backing off its aggression makes sense given the company’s recent earnings and revenue struggles.

- On an investor call, Iger restated the company’s commitment to streaming despite a quarter of subscription and revenue losses that resulted in significant job cuts. While Disney reorganizes and puts a post-Iger leadership plan in place, it may be unwilling to flaunt billions in a buyout.