

Roku grows both revenues and streaming hours by 20% in Q3

Article

The news: Roku delivered stronger Q3 revenues despite a wider net loss. Key results included the following:

- Total net revenues: \$912 million (up 20% year over year); \$787 million of that was platform revenues, up 18% YoY. Roku attributed the bump to strong performance in content

distribution, video advertising, and sales of Roku-branded TVs, which launched in March 2023.

- Gross profit: \$369 million (up 3% YoY; up 22% YoY excluding restructuring charges).
- Streaming hours: 26.7 billion—up 4.9 billion hours for 22.5% YoY growth. For context, traditional TV viewing hours in the US, per Nielsen, decreased by 15% YoY.

The company also said that streaming hours surpassed 100 billion on a trailing 12-month basis for the first time.

Yes, but: Average revenue per user (ARPU) was \$41.03, down 7% YoY—although it was up 1% from last quarter's total.

- Loss per share was \$2.33, which was actually worse than analysts' \$1.97 loss per share estimate.

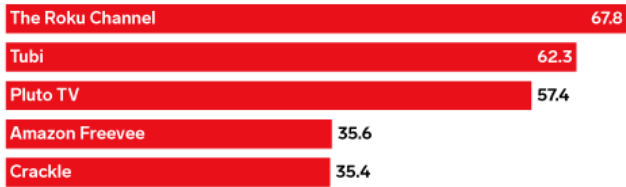
Looking ahead: Roku believes it can maintain and grow ad share in Q4 and expects a solid rebound in the video ad market—but it remains cautious due to the uncertain macro environment.

Our take: Free ad-supported TV viewership in the US has eclipsed 50% in recent years, and Roku is well-positioned to capitalize on the trend—especially in a moment where inflation has made many households more sensitive to cost.

- Roku faces dual challenges: maintaining pace in the rapidly evolving streaming sector and managing the complexities of a hardware business, which may divert its focus from pure streaming competitors.
- This dual-business model, although innovative, might be more of a challenge than an advantage, as evidenced by mounting losses—something the company said it plans to reverse in Q4.
- This could make Roku a compelling acquisition target for a player like **Walmart**. If acquired, Roku might benefit from an influx of capital and brand recognition, allowing it to create content that resonates more and scales higher in the market.
- For now, though, Roku appears to be balancing the tightrope of being both a hardware provider and a streaming leader—something very few companies can claim.

US Free Premium Video Streaming Viewers, by Provider, 2023

millions



Note: Individuals of any age who watch videos via app or website at least once per month on a free-to-access ad-supported platform that primarily offers professionally produced content; examples include Pluto TV, The Roku Channel, and Tubi; excludes services like Hulu, YouTube, and Twitch
Source: Insider Intelligence, Feb 2023

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