

Comcast says it will ‘likely’ sell Hulu stake to Disney, paving the way for a streaming empire

Article

The news: Comcast CEO Brian Roberts told investors that it is “more likely than not” that the company will sell its 33% stake in Hulu to Disney when the streaming service’s ownership deal

ends in January 2024.

The statement could signal the end to a years-long stalemate between the two companies over ownership of one of the world's leading streaming services, positioning Disney to become a streaming giant capable of bundling its portfolio of popular services in a move that would dramatically alter the streaming landscape.

How we got here: It wasn't long ago that Disney (which owns 67% of Hulu) and Comcast (which holds the remaining 33%) couldn't find a middle ground on Hulu ownership. When the deal expires in 2024, both parties can force each other's hand for a sale, but Comcast seemed unwilling to give up its share of such a major streaming service.

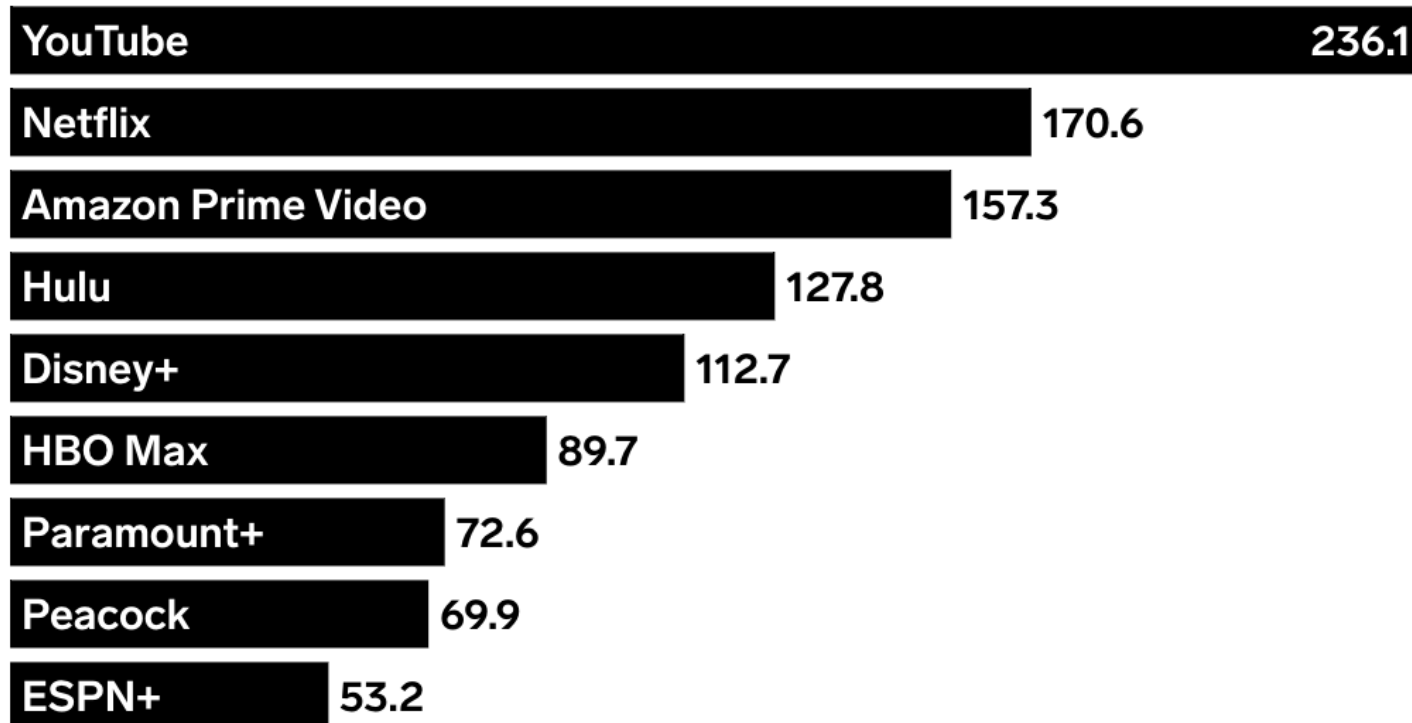
- Negotiations between Disney and Comcast had fallen through multiple times under the leadership of former Disney CEO **Bob Chapek**—in one negotiation, Comcast said it would only sell if Disney handed over ownership of **ESPN**.
- But now-CEO **Bob Iger**'s return to the Disney helm started a new chapter of smoother negotiations, with Disney framing the relationship between Iger and Roberts as "cordial."
- Just last week when Disney posted its quarterly earnings, it gave a clear message about its intent with Hulu when it announced that it would soon wrap Hulu content into Disney+ and had been discussing a purchase with Comcast, hence Roberts' statements.

What is Hulu worth? Any purchase has a contractual minimum of \$9 billion, but the amount is likely to be much, much higher. Disney proposed a buyout in 2019 for **\$27.5 billion**—but now the streaming market is even more competitive, and Comcast is cash-hungry, which means the deal could go even higher.

- With **127.8 million US viewers**, Hulu is the fourth-most-viewed over-the-top video service in the country and a well-regarded brand by both consumers and advertisers. Hulu also has a pay TV service, **Hulu + Live TV**, which is expected to grow to 13 million US viewers by 2024 (though there are concerns about price hikes).

OTT Video Viewers, by Provider

US, 2023, millions



Note: individuals of any age who watch video via any app or website at least once per month that provides streaming video content over the internet and bypasses traditional distribution; examples include HBO Max, Hulu, Netflix and YouTube; OTT video services are not mutually exclusive; there is overlap between groups

Source: eMarketer, February 2023

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- For Comcast, ownership of Hulu would give it access to a huge swath of subscribers and revenues, helping offset the heavy losses it's suffered building a streaming service of its own in Peacock—though so would a multi-billion cash injection from selling. As network TV

viewership continues to decline, ownership of Hulu could secure Peacock as a media brand that can be a leader in the digital era.

- For Disney, the power lies in expanding its streaming offering and opening up the potential for bundles. Consumers have repeatedly expressed interest in bundles, especially as streaming prices rise, and Disney's vast portfolio that includes **Disney+**, **ESPN**, **ABC**, and more could result in a high-value bundle that would disrupt the streaming landscape.

Our take: Though owning Hulu would propel Disney into a streaming giant capable of upsetting the balance of the industry, it will come at a high cost that could lead to **Warner Bros. Discovery**-esque layoffs and content write-offs. But to secure a place as a leader of the next generation of entertainment, Disney will be willing to fork over a steep price.