DreamWorks says TV revenue to hit $200M by 2015

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DreamWorks Animation SKG Inc., the studio behind "Shrek" and "Kung Fu Panda," said Tuesday that a new deal to provide original TV shows to Netflix will help it double the revenue it gets from TV shows to $200 million by 2015.

The extra $100 million represents a 13 percent increase over the $750 million in revenue that DreamWorks as a whole posted last year.

The company said the figure, which it announced on a conference call with analysts Tuesday, will remain at that level in the long run. It said the revenue will be as profitable as its animated movies, with a 30 percent profit margin.

DreamWorks' multi-year deal with Netflix — and other operators it plans to announce soon — should help smooth out some of the lumps in its quarterly results, which have been largely dependent on when its two or three big-budget movies come out every year.

While acknowledging that movies "remain the heart and soul" of the company, DreamWorks CEO Jeffrey Katzenberg said Tuesday the deal "is clearly transformative for us."

Under the deal announced Monday, DreamWorks will supply Netflix Inc. with 300 hours of new TV shows over several years starting in 2014. The shows will be based on future or past hits but also can also be based on characters such as the Lone Ranger, which Dreamworks acquired when it bought Classic Media for $155 million last July.

The deal allows Netflix to debut the shows to streaming customers in the 40 markets where the Los Gatos, Calif., video company operates. DreamWorks also announced Tuesday that it will supply new TV shows to German broadcaster Super RTL, where Netflix doesn't operate.

Shares in DreamWorks, which is based in Glendale, Calif., rose 49 cents, or 2 percent, to $24.80 in extended trading Tuesday after the call. The stock had already closed 2.4 percent higher at $24.31 in the regular session. If the after-hours gains hold, the stock will have gained nearly 9 percent this week.

Netflix shares were down 52 cents in after-market trading at $228.31, still up about $14 since the deal was announced.

Some analysts doubted whether DreamWorks could handle the extra work. The latest TV series that the company took an active role in overseeing, "Dragons:

Riders of Berk" for Cartoon Network, represented less than 8 hours of content in all.

DreamWorks Chief Operating Officer Ann Daly told analysts that the company foresees producing a couple new series each year, with each new series having multiple seasons. She also said DreamWorks outsources the animation work but that the company takes an active role overseeing the product.

Katzenberg told The Associated Press after the call that DreamWorks is already managing three different TV shows on its own: the second season of "Dragons," a series based on the upcoming movie "Turbo," and a third show that hasn't been announced.

"These shows are being produced all over the world," he said. "We're very confident and more important, our partners that have bought the shows are confident that we can scale up to deliver the product."

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