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April 29, 2020

New York Post
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Five months ago, Disney stood at the top of the Hollywood Matterhorn. It controlled some 40% of all box office revenue last year and scooped up 60% of industry profits. Its market cap was larger than any studio competitor by a

during sports moratorium: sources

Reuters
Google makes Meet video conferencing free to all users, challenging Zoom

Los Angeles Times
Hollywood is figuring out how to start rolling again

Associated Press
With captive audience, cable news has big ratings in April

Spotlight PA
Gov. Tom Wolf says he won't abandon ambitious spending plan as massive budget deficit looms

Pittsburgh Post-Gazette
GOP state House candidate appeals to Supreme Court in challenge to Gov. Wolf's shutdown

Pennlive
Ex-House Speaker Bill DeWeese must pay $100K-plus restitution on corruption conviction, split Pa. court says

Pittsburgh Post-Gazette
COVID-19 testing lags in Pennsylvania as federal government promises help

Philadelphia Inquirer
The legal team that overturned Pa. gerrymandering is suing to relax the state's absentee ballot deadlines amid the coronavirus outbreak

mile. And while most of its legacy businesses (except ESPN) were humming, Disney successfully launched its ambitious new streaming service, Disney+, paving the way for a pivot to a digital future.

In an instant, the coronavirus pandemic changed all that. The global shutdown has closed Disney's theme parks, suspended cruises, ended movie and TV production, stopped theatrical releases in their tracks, choked off live sports and taken a sledgehammer to television advertising.

The Walt Disney Co. that emerges from this crisis will likely look very different — and smaller — than the behemoth that ruled just months ago. Earlier this month, Disney said it was furloughing 43,000 Disney World employees as the theme park has been shuttered since mid-March due to concern about the spread of coronavirus; tens of thousands more were furloughed at the company's California parks. And the conglomerate secured a new credit agreement with Citigroup for up to $5 billion to help it get through the crisis.

"The problem for Disney is acute," said analyst Rich Greenfield, a longtime observer of the company. Like many analysts and knowledgeable observers, he feels Disney may face higher risks and a longer recovery horizon than other entertainment companies. "I don't think Disney comes back to 2019 numbers until, earliest, 2022," said Naveen Sarma, senior director at S&P Global Ratings. "The media segment will come back sooner. The huge growth in direct-to-consumer — that will help. But theme parks? And it may be difficult to fill up a theater for 'Star Wars' or 'Avengers' for a while." Sarma's firm downgraded Disney debt last week from A to A-, citing the closures due to "government-mandated social distancing orders and it's unclear when they will be allowed to reopen," as S&P said in an April 23 report. A Disney spokesman declined to comment for this story.

Others are more optimistic about the media giant's turnaround prospects. "We believe Disney is the only company with a big enough lifeboat and the organizational will to come out of these secular changes in a strong position while Fox's focus on live news and sports remains the right strategy," a new report from MoffettNathanson said late last week. "Disney will be fine," investor Ross Gerber told TheWrap. "Disney is the most sought-after of entertainment experiences. Disney fans cannot wait to go back. They (theme parks) will have to open with less people, I'm sure."

But like several observers, Greenfield pinpointed challenges unique to Disney. "Movies drive the entire company," he said. "If they don't release movies, the whole flywheel stops. And theme parks are financially worse off if you open them and nobody shows. If you can't draw 75% of what you used to draw, you will lose an incredible amount of money. If you open and do 30% less revenue, your profits disappear. How do you know when to reopen?"

The latest estimate by UBS suggests that Disney's global theme parks may not fully reopen until 2021. (The company's official stance is the parks are closed "until further notice.") The financial cost of that to the entertainment giant is massive, with Parks and Resorts the single largest division at Disney in 2019, constituting $26 billion of Disney's 2019 revenues of nearly $70 billion. Additionally, even with tens of thousands employees furloughed, theme parks are burdened with very high levels of fixed costs.

In April, Disney's outgoing CEO Bob Iger raised the possibility of taking the temperatures of guests coming into the parks, but that is only one of a host of complications in reopening its tourist attractions and cruises. Greenfield was among several analysts who pointed out that the parks will face extreme challenges to reopen.

Logistics are only one aspect. A former Disney executive noted that another factor is the overall hit to the global economy. The average American family, this executive noted, saved for five years to afford a vacation at a Disney

The Hill
Delaware to allow voters with disabilities to vote online in primary: report

theme park. The crushing surge in unemployment and deep recession we are entering may take that vacation off of Middle America's list of priorities.

But the MoffettNathanson analysis was far more bullish on Disney's ability to bounce back to its previous heights, pointing to the company's unique ability to drive profit from its movies. "Disney's share of industry profits (excluding Fox in 2019) went from 29% in 2010 to 61% in 2019!" the report read. "The non-Disney studios' profits have been mostly consistent the past three years with shifts in success between the majors. In fact, over the decade, profits of the non-Disney studios has been flat! "How has Disney done this? The answer can be found in their unrivaled ability to build global tentpole franchises that actually make money in the first window of theatrical," the report noted. "They create significant profits in that first window and then supplement that with profits in downstream windows like home video, Pay 1 (now with Disney+), and sales to TV networks (which will not happen again due to Disney+)."

Of course, some of those downstream profits will disappear as many Disney movies end up debuting directly on Disney+. Indeed, with movie theaters still closed and the all-important summer movie season looming, difficult decisions lie ahead about what to send to its new streaming platforms and what to hold until theaters are fully open. "I give Disney a lot of credit for doing Disney+. It was a big corporate step," Greenfield said. "The challenge now is they're so wedded to theatrical, and they saw Disney+ as a replacement for their Netflix output deal. Now do they have to look at Disney+ as a replacement for their entire theatrical business?"

One imminent example, he said, is "Black Widow," a Marvel Cinematic Universe spinoff starring Scarlett Johansson that was originally slated to hit theaters on April 24 and is now dated for November 6, 2020. But what if it turns out that movie lovers stay home? "You can't put 'Black Widow' on Disney+ at $6.00 per month," Greenfield said, noting that a big-budget tentpole movies are unlikely to recoup their investment (or turn a profit) without a worldwide theatrical release. "Either you change the price of the service and incorporate new movies, or you sit on your content and wait (for theatrical). I don't have any idea when you can do $1 billion in box office for 'Black Widow.'" – ***The Wrap***

The state's top health official said Tuesday she believes Pennsylvania has passed its coronavirus peak but cautioned that outbreaks and surges remain possible.

Secretary of Health Dr. Rachel Levine said the data and trends point toward the state being past the highest point for new cases and deaths, but she reiterated that "the virus determines the timeline." "As we start to reopen — as counties and regions go from red to yellow — we're going to have to be very, very careful that we don't see outbreaks and we are able to deal with those very, very quickly," she said during a virtual press briefing.

The remarks came as the state inches toward the start of a phased reopening, with counties in the northwest and north-central parts of the state likely to see restrictions eased beginning May 8. Levine and Gov. Tom Wolf have said they will announce by the end of the week which areas can move into the first phase of reopening, dubbed the yellow phase. Officials have set criteria for counties and regions to be able to begin reopening, though both have stressed that there are no truly hard-and-fast rules.

Wolf, in a call with reporters early Tuesday afternoon, said officials will "try to be as logical and rational as we can," noting that "there will be some subjectivity." "In the end, we're looking at what we can do to keep people safe," he said. Once those phased reopenings are underway, Wolf said, health officials will be watching the number of new cases, mortality rates and other data points in those areas. If trends show an outbreak, he said, the reopening can and will be walked back.

The Department of Health on Tuesday reported more than 100 new deaths from covid-19 along with more than 1,200 new positive cases. The 119 deaths reported to the state throughout the day Monday brought the statewide death toll to 1,716. There have now been 43,264 cases of covid-19 since the state saw its first two positive tests on March 6. Among those deaths are eight more in Allegheny County, which now has a total of 87 – 78 are confirmed and nine are probable. The county also added 11 new positive cases for a total of 1,235.

Probable deaths are those for which covid-19 is listed on the death certificate and the deceased had symptoms and close contact with a confirmed case, but had not been tested. Across the state, 2,781 covid-19 patients were hospitalized as of about 3 p.m. Of those, 600 were on ventilators and 14 were undergoing an intensive process that circulates the blood outside the body to be oxygenated so as to give the lungs time to rest.

Deaths in nursing homes continued to increase both across the state and locally. In Allegheny County, deaths in long-term care facilities increased to 66 on Tuesday from 58 a day prior. There have been 257 covid-19 cases across 31 facilities, and 84 employees have contracted the virus. Ten of those deaths have been at Kane Community Living's Glen Hazel location.

In Beaver County, where more than 100 residents in Brighton Rehab have tested positive for the virus, nursing home deaths jumped to 52, up from 39 a day earlier. Across three care facilities, there have been 247 cases among residents and 19 among employees. Across the state, just under 1,000 care facility residents have died from the virus. Across 452 facilities, 7,360 residents have been infected, along with 920 employees. – ***Pittsburgh Tribune-Review***; **more from *Pennlive.com***

NCTC and ACA Connects announced the in-person Independent Show set for July 26-29 in San Antonio is canceled due to the COVID-19 pandemic. "We have made this difficult but essential decision to redesign this year's Independent Show and hold it either in conjunction with another conference this fall or move to an online experience," organizers said, adding they expect to share more plans within the next three weeks. – ***Cablefax Daily***

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