



(DIS US)



**The Walt Disney Company** is an American entertainment and media company. The company generates revenue through positive brand experiences through interactive media, studio entertainment, resorts and parks, as well as licensing and the sale of products.

Return of beloved Bruce Vaughn

Return of Bruce Vaughn into the Walt Disney Imagineering division (responsible for theme parks and attractions) will co-lead with Barbara Bouza. Bruce Vaughn has had two decades of previous experience with Disney but left in 2016 to become CEO and CCO of Dreamscape Immersive. Some of his previous works include Spaceship Earth renovations, Pandora – The World of Avatar, and Lucky the Dino.

Disney fans speculate that along with the announcement of projects such as Avatar experience, that Disney will bring some focus back to their Parks segment.

Disney +

The recent quarter brought revenue growth of 2% in the online streaming segment. Despite the recent decrease in subscribers (2.4 million) in the last quarter, Disney’s other streaming services Hulu and ESPN+ received an additional 1.4 million. The decrease is likely due to the increase in subscription price to \$11/month for the ad-free plan and \$7.99 for the ad-supported plan.

Restructuring

On February 4<sup>th</sup> recently returned CEO Bob Iger said they would reorganize the company into three segments, Disney Entertainment, EPSN/ESPN+ division and a Parks, Experiences and Products unit. Bob Iger aims to help identify cost inefficiencies in this way as well as prevent conflicts of interest between various departments from affecting the quality of the product.

DIS hopes to cut down \$ 1 billion in cost savings with significant cuts to Hulu, ABC Signature and 20<sup>th</sup> Television.

Competition

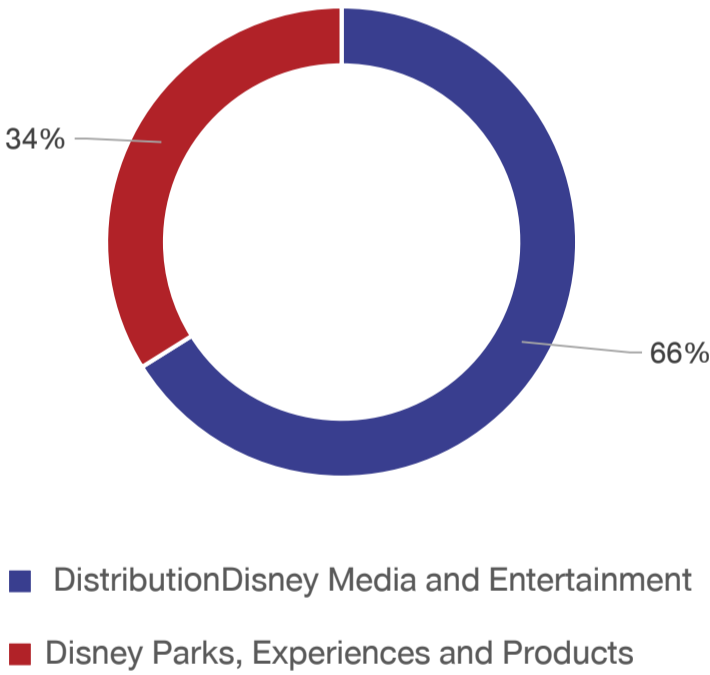
In comparison to its direct competitors, DIS has a fairly PE ratio of 37.72 (compared to NFLX 34.16 and CMCSA 11.49) though it is still far below the industry average of 60.8. PBV value is lower than direct competitors Netflix and Comcast at 1.79 compared to 6.55 and 1.93. 1.07 PEG ratio is a little high compared to Netflix’s 0.99 but better than Comcast’s negative -1.94. **The Walt Disney Company is fairly valued, if not, slightly undervalued compared to industry and direct competitors**

|                 |                     |
|-----------------|---------------------|
| Industry        | Entertainment Media |
| Last Price      | USD96.54            |
| Bloomberg TP    | USD127.09           |
| Upside/Downside | 31.6%               |

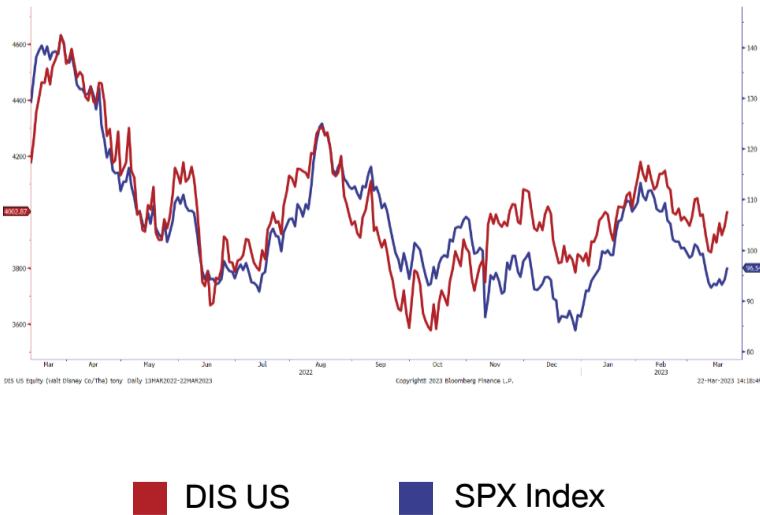
| Financial (USD)       | 22A    | 23E    | 24E    |
|-----------------------|--------|--------|--------|
| Revenue (Millions)    | 83,745 | 90,358 | 96,333 |
| Net Profit (Millions) | 4,671  | 7,309  | 9,815  |
| Profit Margin         | 5.6%   | 8.1%   | 10.2%  |
| EBITDA Margin         | 17.2%  | 17.25% | 19.3%  |
| Earning Per Share     | 2.56   | 4.05   | 5.42   |

| Valuation | 22A   | 23E   | 24E   |
|-----------|-------|-------|-------|
| P/E (x)   | 36.86 | 23.83 | 17.80 |
| P/B (x)   | 1.79  | 1.78  | 1.64  |

Revenue Breakdown



1 Year Return VS S&P 500 Index



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