



The WALT DISNEY Company

ULTRA PROTECTIVE WEALTH MANAGEMENT

History



- Founded October 16, 1923 as Disney Brothers Cartoon Studio
- 1928 Mickey Mouse was introduced in *Steamboat Willie*
- 1934 Disney produced *Snow White and the Seven Dwarves*
- 1955 Disneyland opened
- Founder Walt Disney died in 1966



Acquisitions

Jan. 24, 2006 - Pixar Animation Studios

Feb. 1, 2012 - UTV Software Communications

Oct. 30, 2012 - Lucasfilm

Aug. 8, 2017 - BAMTECH Media



Recent News

- Black Panther – Americas top grossing super hero movie of all time!
(1.21 Billion)
- 21 Century Fox Aquisition
- ESPN Plus



2018 Q1 News

- Revenue of \$15.35B (+ 3.9% Y/Y) , missed by 100 million
- EPS of \$1.89 beats by \$0.28



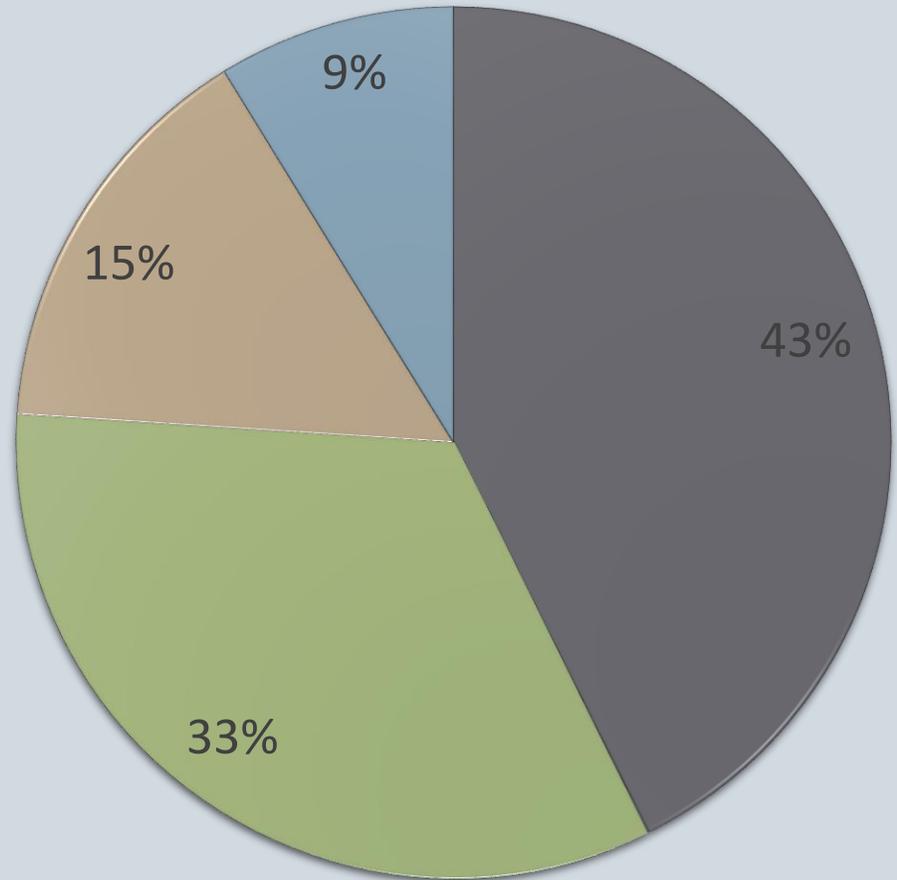
Business Segments

- Media Networks
- Parks and Resorts
- Studio Entertainment
- Consumer Products & Interactive Media





Revenues by Business Segments



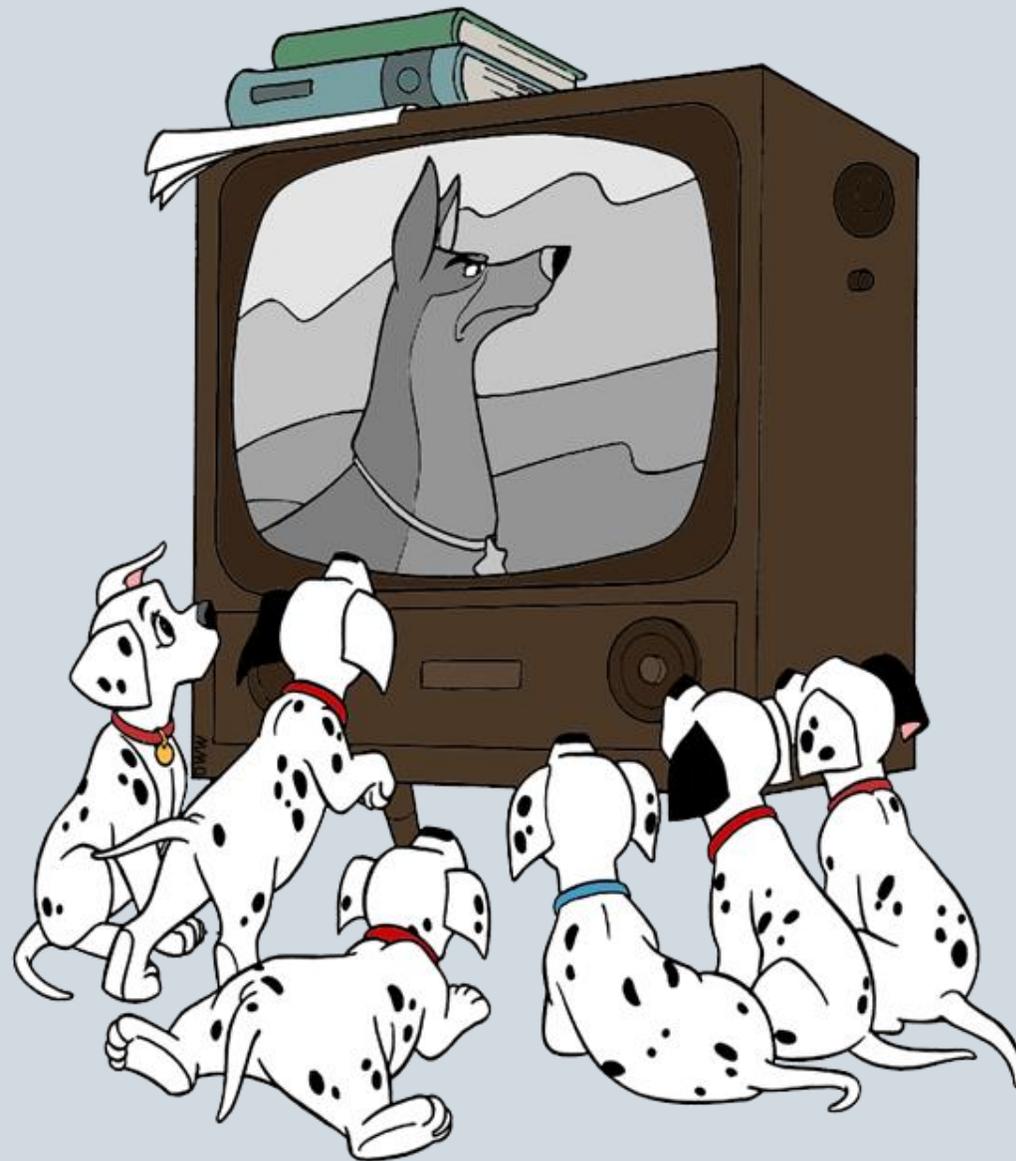
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Media Network

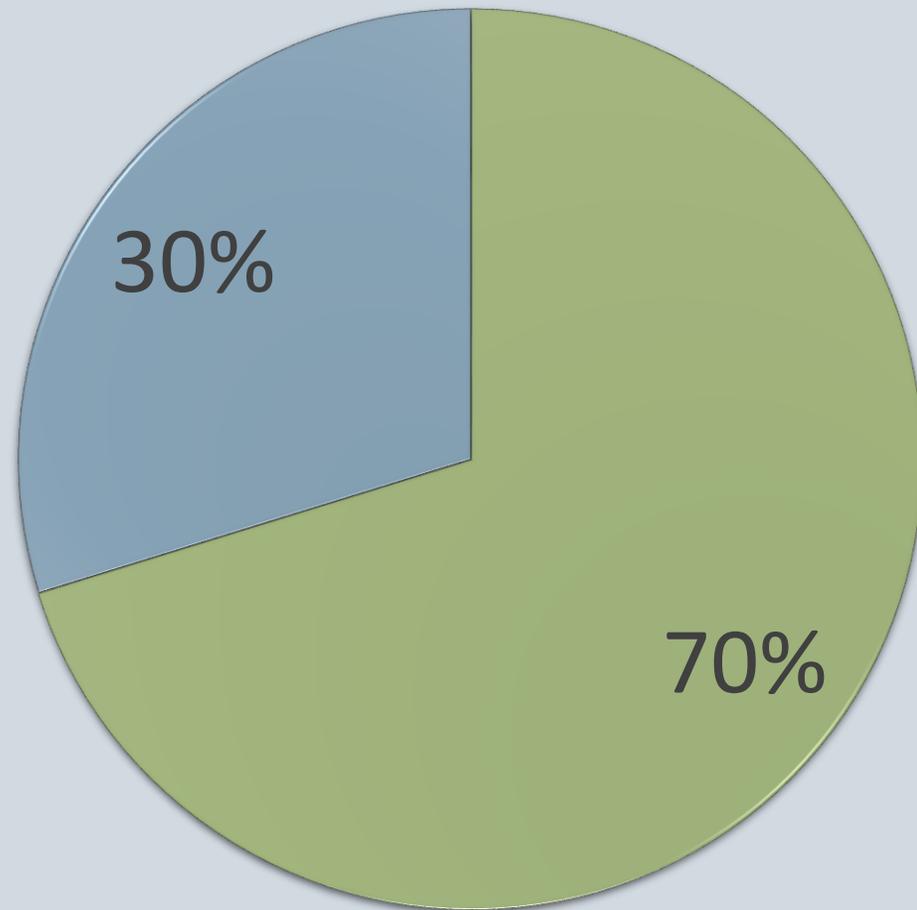
Cable networks

Television networks





Revenues by Media Network



- Cable Networks
- Broadcasting



Cable Networks and Television Networks

ESPN Domestic	368 million subscribers
Disney Domestic	328 million subscribers
Freeform	90 million subscribers
International Channels	645 million subscribers





Parks and Resorts

Walt Disney World Resort

Disneyland Resort

Disneyland Paris

Hong Kong Disneyland Resort

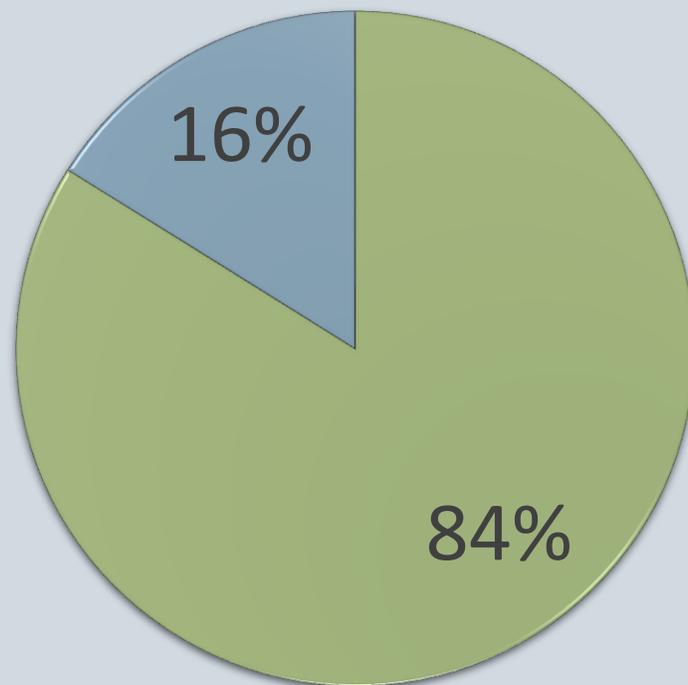
Shanghai Disney Resort

Tokyo Disney





Revenues of Parks



■ Domestic Parks

■ International
Parks



Hotels





Other Resort Offerings

Disney Vacation Club

Disney Cruise Line





Studio Entertainment

Theatrical Market

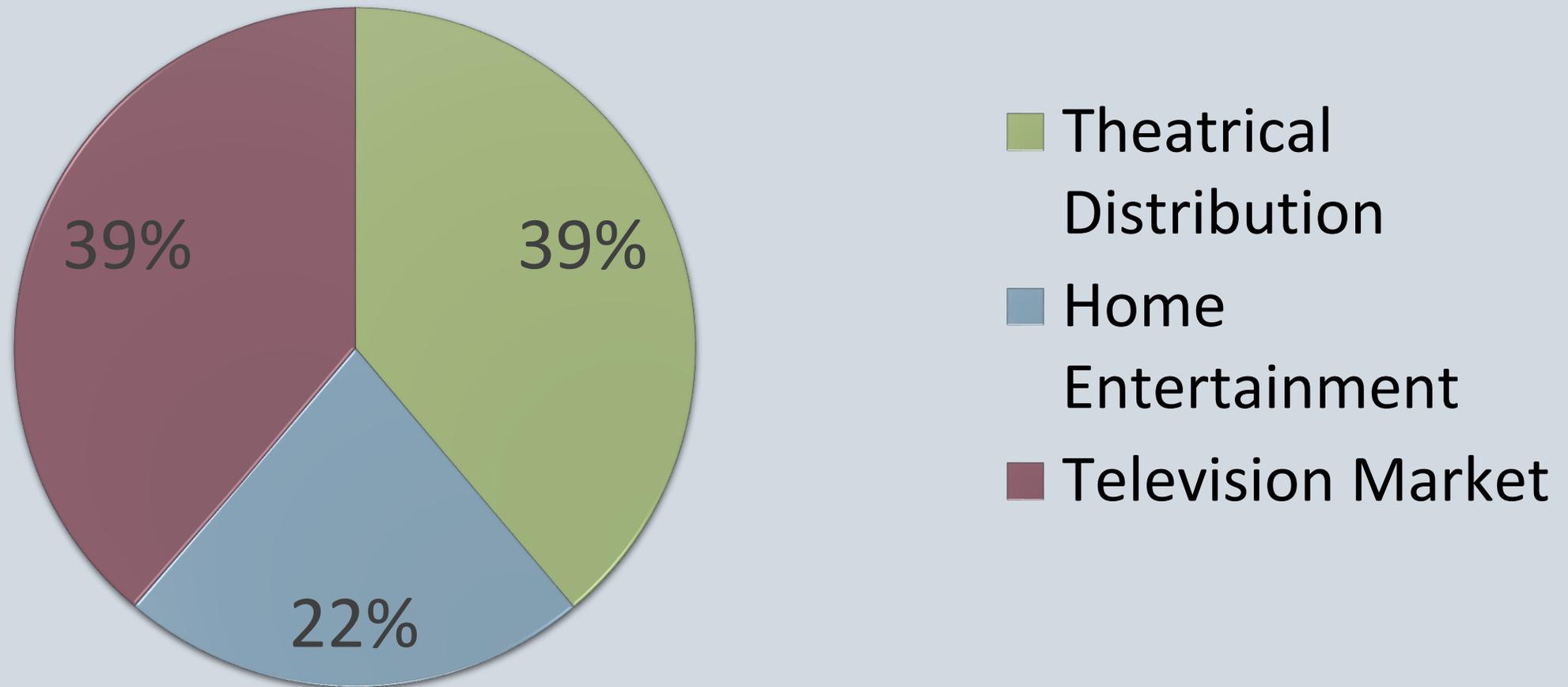
Home Entertainment Market

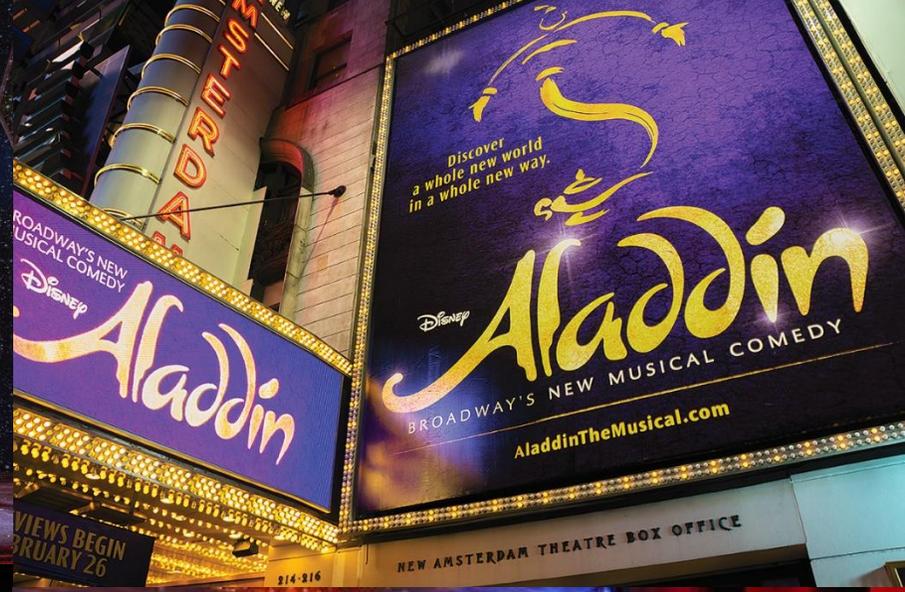
Television Market





Revenues by Studio Development





Disney ON BROADWAY



WALT DISNEY PICTURES

76 YEARS OF ANIMATED FEATURE FILMS



Disney Princesses

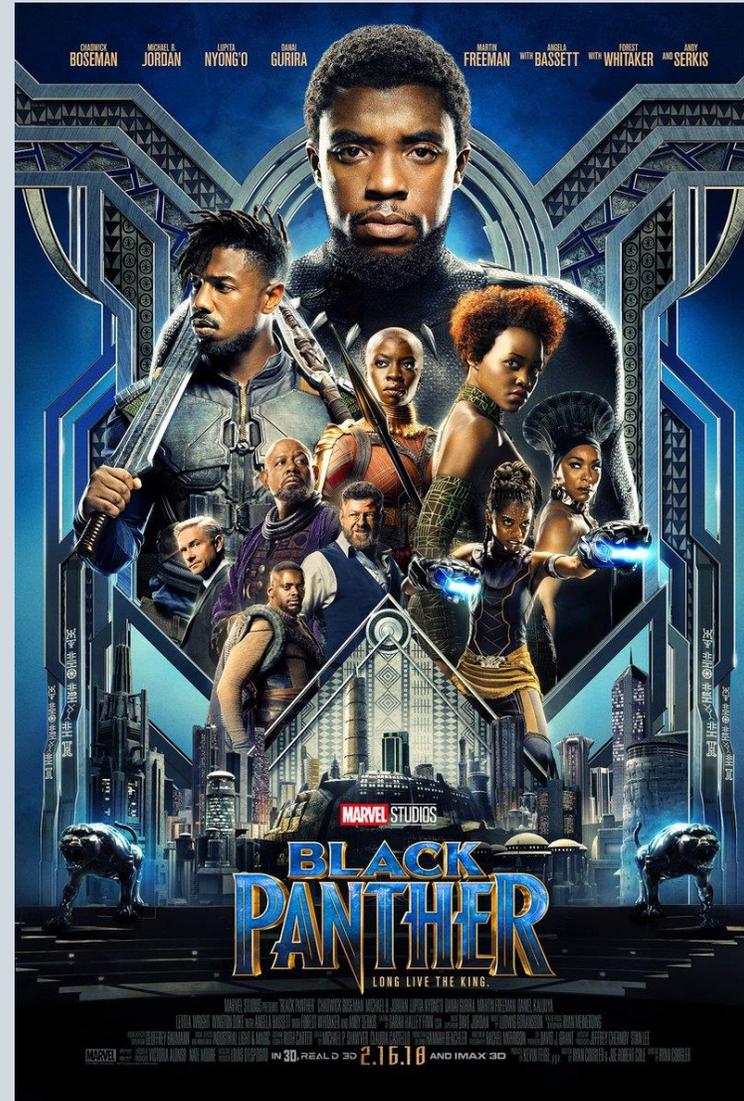


Black Panther

\$1.28 Billion

Predominately black cast

Saudi Arabia





Theatrical Market

Broadway shows:

- *The Lion King, Aladdin, Mary Poppins, Frozen*

Distributes films under:

- Walt Disney Pictures
- Pixar
- Marvel
- Lucasfilm
- Touchstone

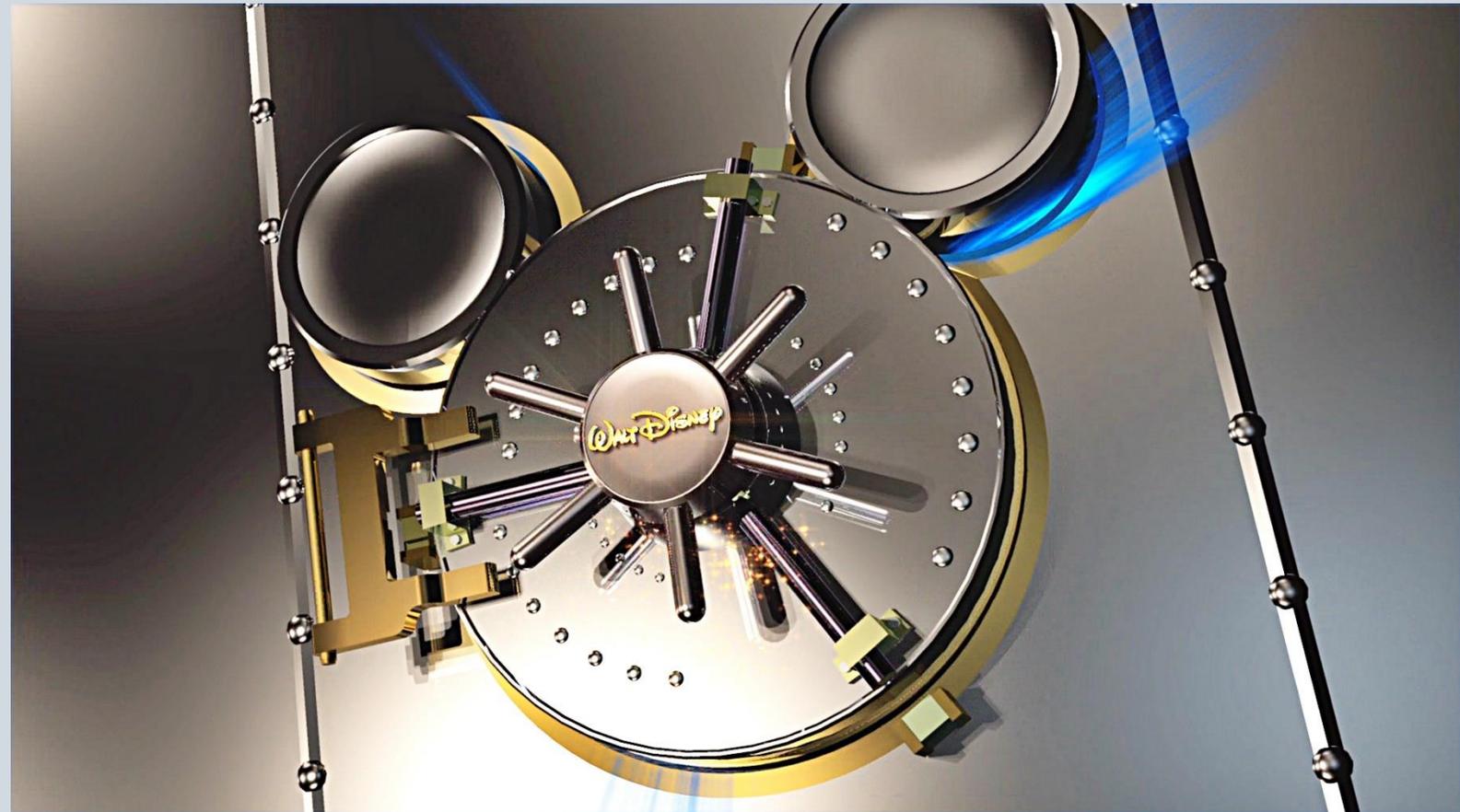


WALT DISNEY STUDIOS
MOTION PICTURES



Home Entertainment Market

DVD and Blu-ray
Electronic formats







Television Market

Video-on-Demand

Pay Television

Free Television

International Television





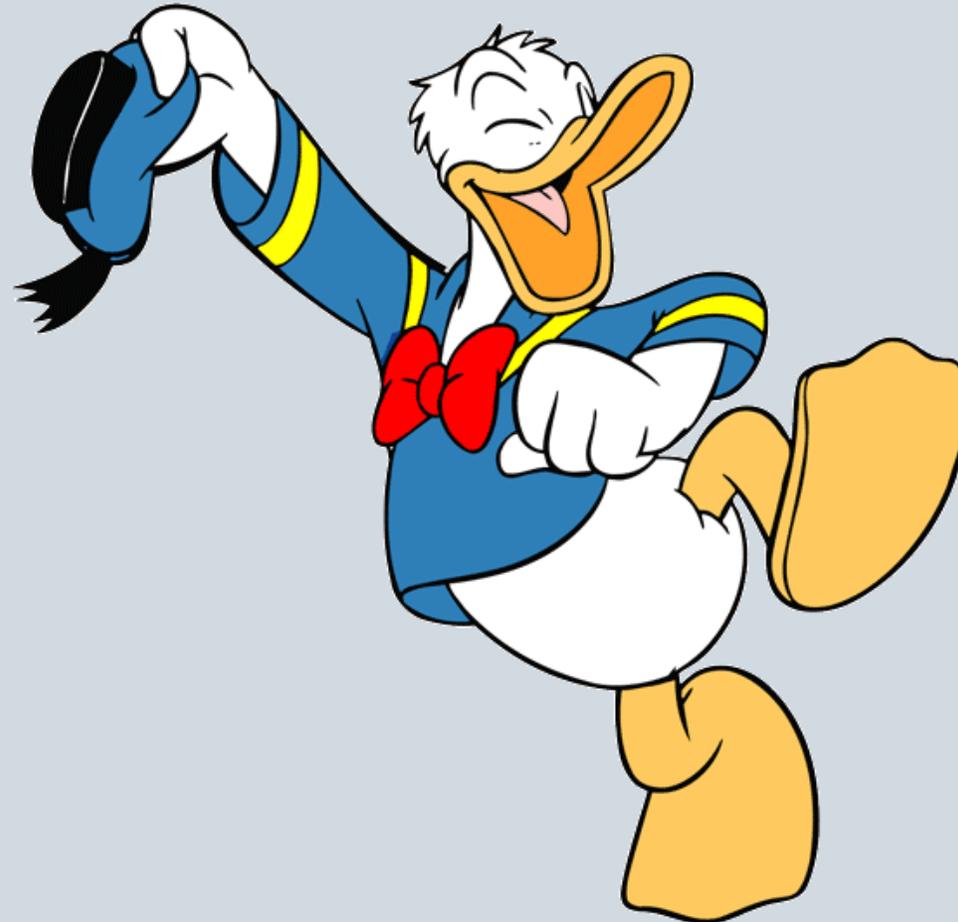
Consumer Products & Interactive Media

Merchandise Licensing

Retail

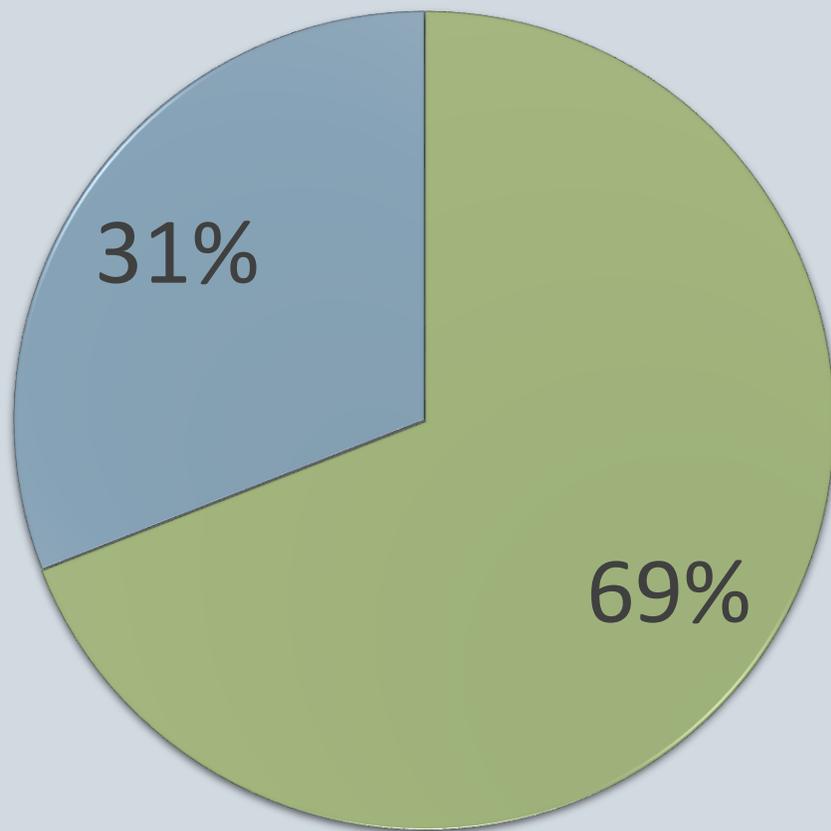
Games

Publishing





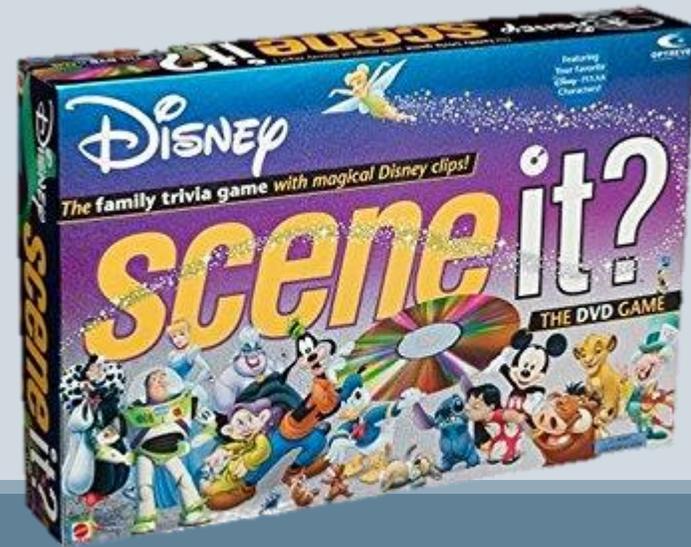
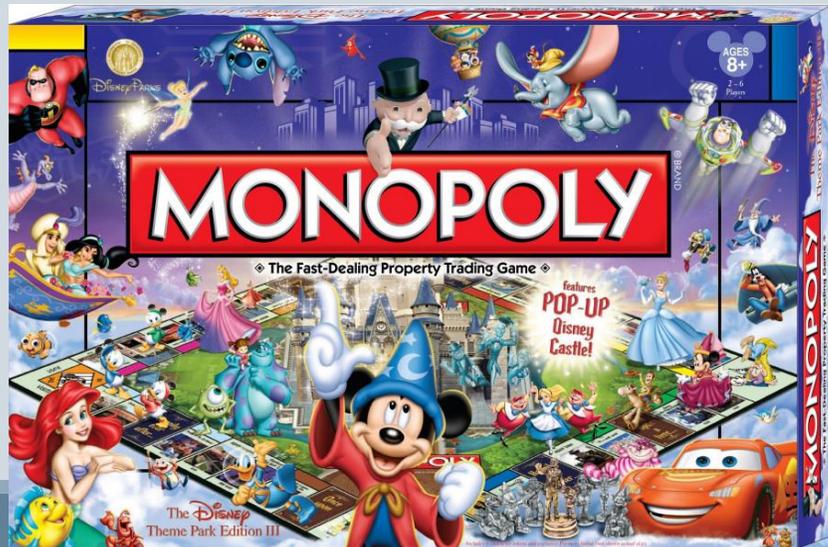
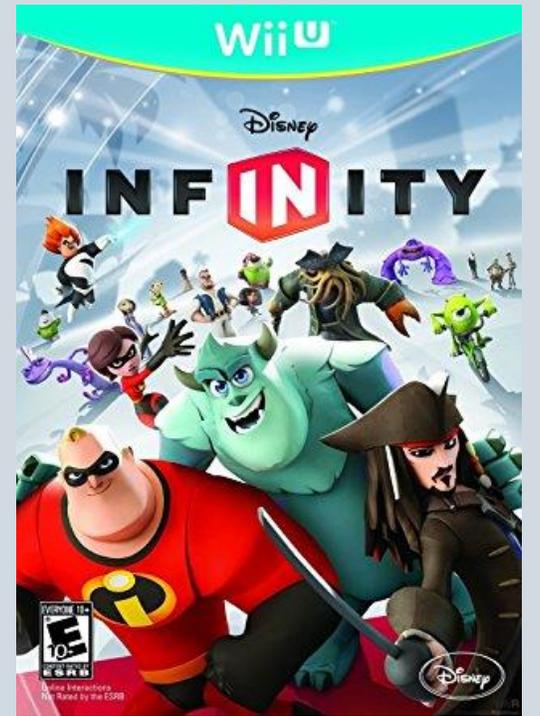
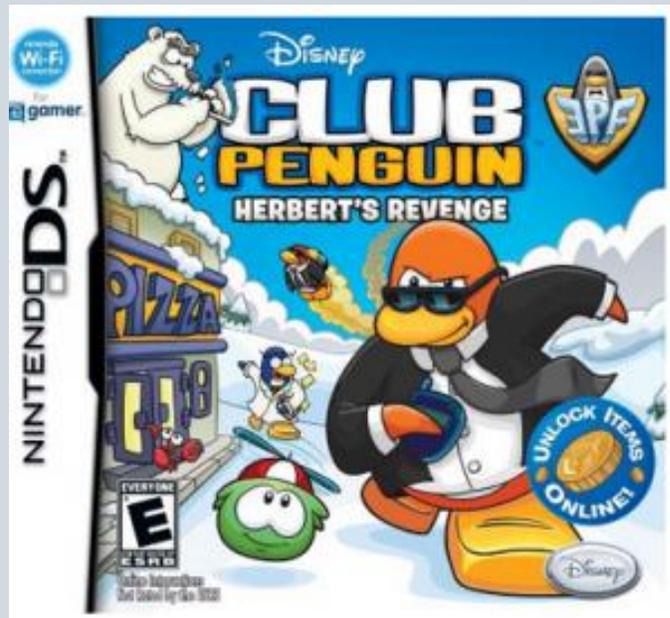
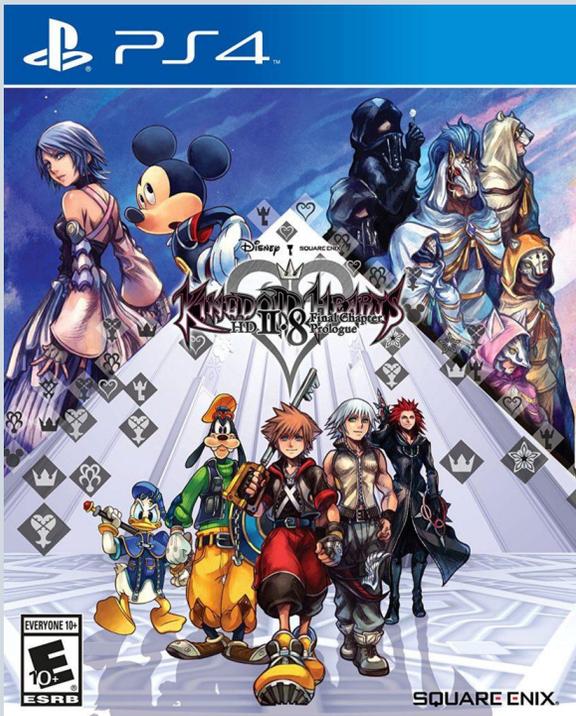
Consumer Products & Interactive Media Revenue

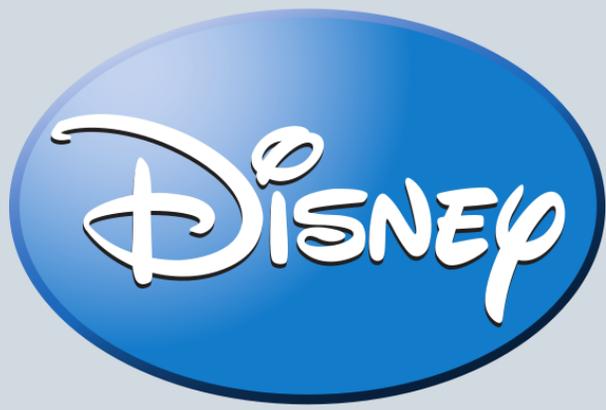


- Licensing, Publishing and Games
- Retail and Other









Publishing Worldwide





Risks

- Seasonality of certain of our businesses
- Changes in technology and in consumer consumption patterns
(cable cutting)
- Protection of electronically stored data
- Copyright renewals



Growth

- The acquisition of 21st Century Fox, with streaming & technology
- Parks! - Shanghai
- ESPN plus
- More movies
- More big name acquisitions



Competitive Advantages

- Intangible Assets
- Pricing Power





Qualitative Analysis

Can you easily explain what the business does?	Yes
Is it heavily unionized?	Yes
Does it require heavy capital infusion?	Yes
Does it require lots of research and development?	No
Can inventory become obsolete?	No
Are there chronic "one time" write offs?	No
Is the company able to raise its prices to offset inflation?	Yes
Will the company be able to sell more in the future?	Yes
If I gave you \$1 billion could you develop a competitor?	No

IOFS



<u>TTM</u>	Value	Low Threshold	Pass?
Gross Profit Margin	45.00%	≥ 20%	Yes
% SGA	32.99%	≤ 80%	Yes
% R&D	0.00%	≤ 10%	Yes
% Depreciation	11.32%	≤ 10%	No
Interest % of OP	3.81%	≤ 15%	Yes
Net Profit Margin	19.61%	≥ 10%	Yes
Obligation Ratio	2.13	< 5 years	Yes
Adj. Debt to Shareholder Equity	0.50	< 0.8	Yes
Return on Equity	25.24%	≥ 15%	Yes
Return on Capital	17.24%	≥ 15%	Yes
Dividend Payout Ratio	27.28%	≤ 60%	Yes
Preferred Stock	None	None	Yes
Capital Expenditures	34.20%	≤ 25%	NO
Net Earning Trend	Up	Up	Yes
Retained Earnings Trend	Up	Up	Yes



Gross Profit Margin





Net Profit Margin





Return on Equity





Return on Capitol





Revenues



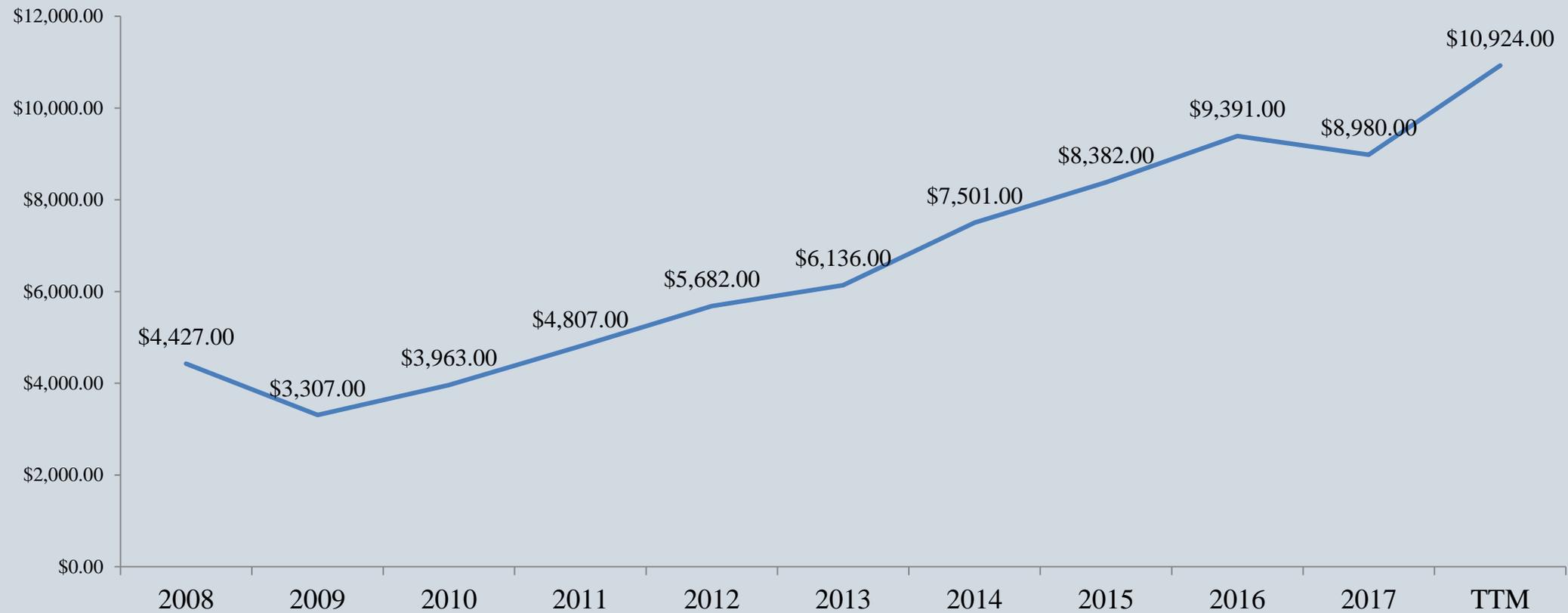


Retained Earnings



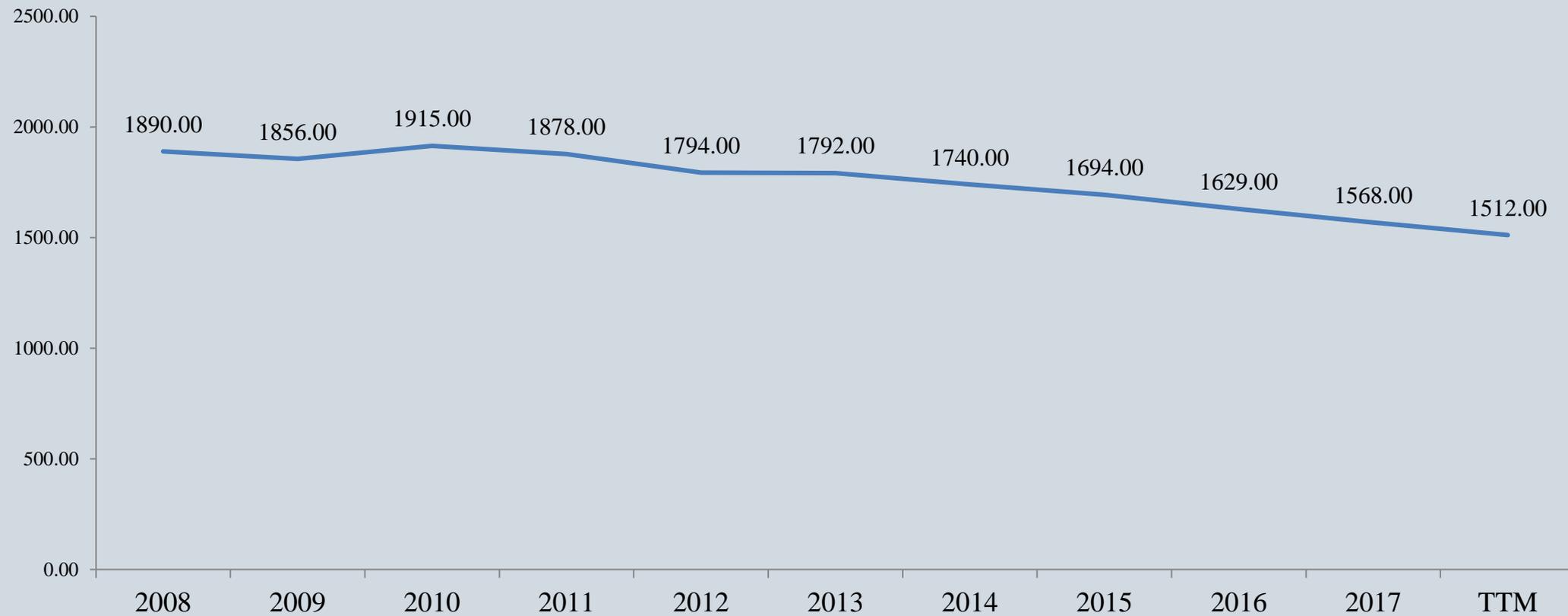


Net Income





Total Shares Outstanding





Statistical Array Analysis

Sales per Share	Increasing
Cash flow per Share	Increasing
Earnings per Share	Increasing
Dividends per Share	Increasing
Book Value per Share	Increasing
Operating Profit Margin	Stable
Shareholder's Equity	Increasing
Long-Term Debt	Increasing



DuPont (Historical)

Years	Net profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
TTM	20.00%	.57	2.26	25.24%
2017	16.00%	.58	2.32	21.74%
2016	17.00%	.60	2.13	21.71%
2015	16.00%	.59	1.98	18.83%



Industry DuPont Analysis

Company	Net profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
DIS	20.00%	.57	2.26	25.24%
FOX	13.00%	.56	2.87	21.54%
SNE	-3.00%	.38	6.39	-6.55%
CBS	3.00%	.66	10.54	18.05%
CMCSA	27.00%	.45	2.73	33.38%

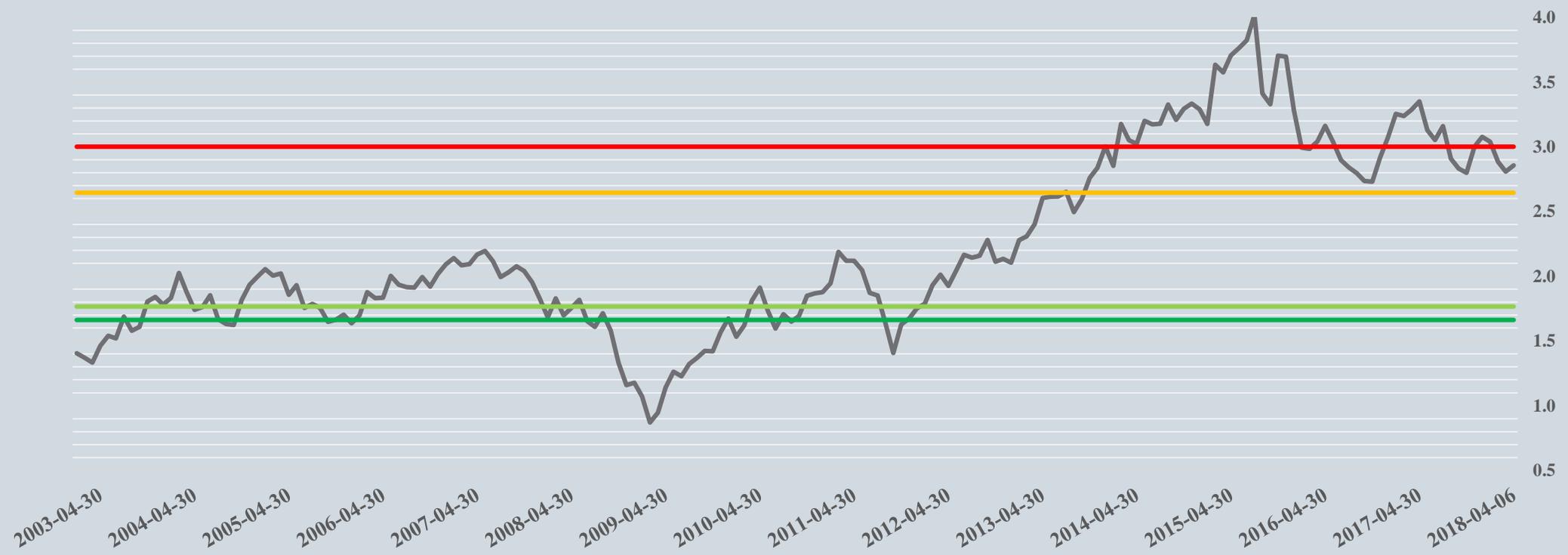


TTM	DIS	CBS	FOX	SNE	CMCSA
Market Cap	\$153.54 B	\$20.25 B	\$67.19 B	\$61.26 B	159.77 B
Revenue	\$55,704M	\$13,692 M	\$29.351 M	\$65,547 M	84,526 M
P/E	14.47	58.96	16.90	NMV	7.03
P/S	2.85	1.58	2.29	.89	1.96
P/B	3.55	10.28	3.64	2.10	2.34
EV/EBIT	15.41	14.44	15.55	NMV	12.10
ROA	11.63%	1.56%	7.75%	NMV	12.37%
ROE	25.51%	12.59%	24.78%	NMV	39.43%
Gross Margin	45.00%	38.37%	34.56%	24.68%	69.97%
Operating Margin	25.06%	17.70%	20.35%	.50%	21.28%
Net Margin	19.61%	2.61%	13.5%	-2.69%	26.87%

Valuebands

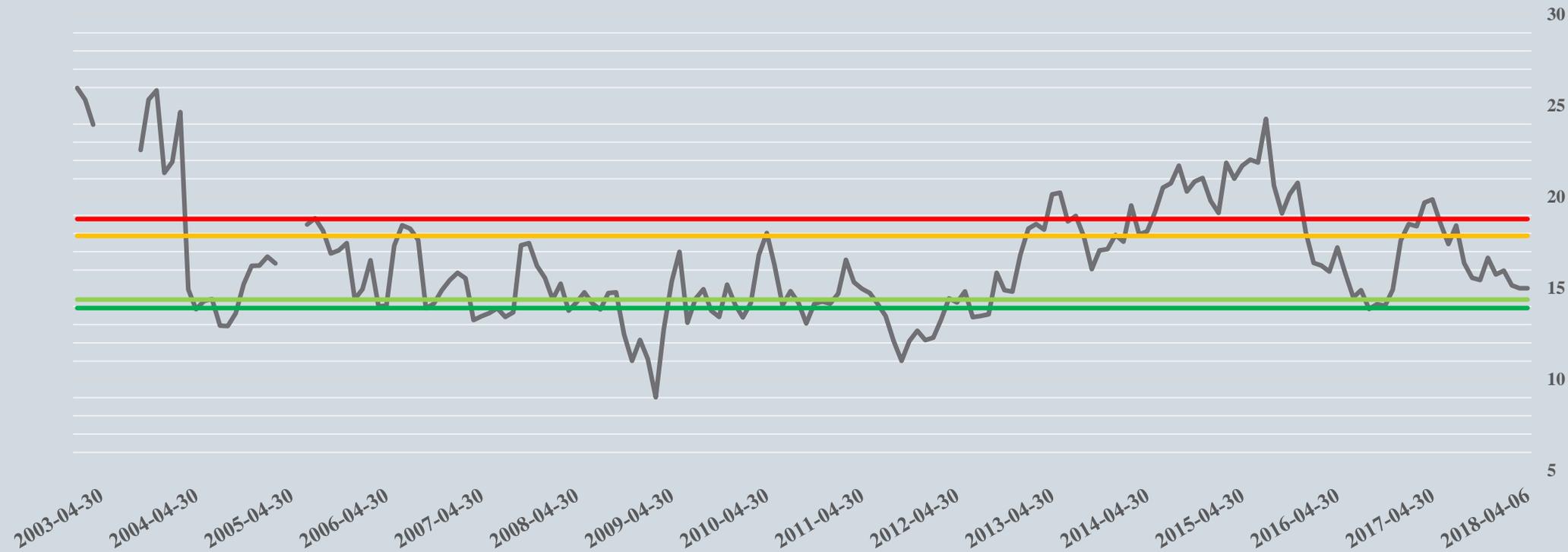


Price/Sales



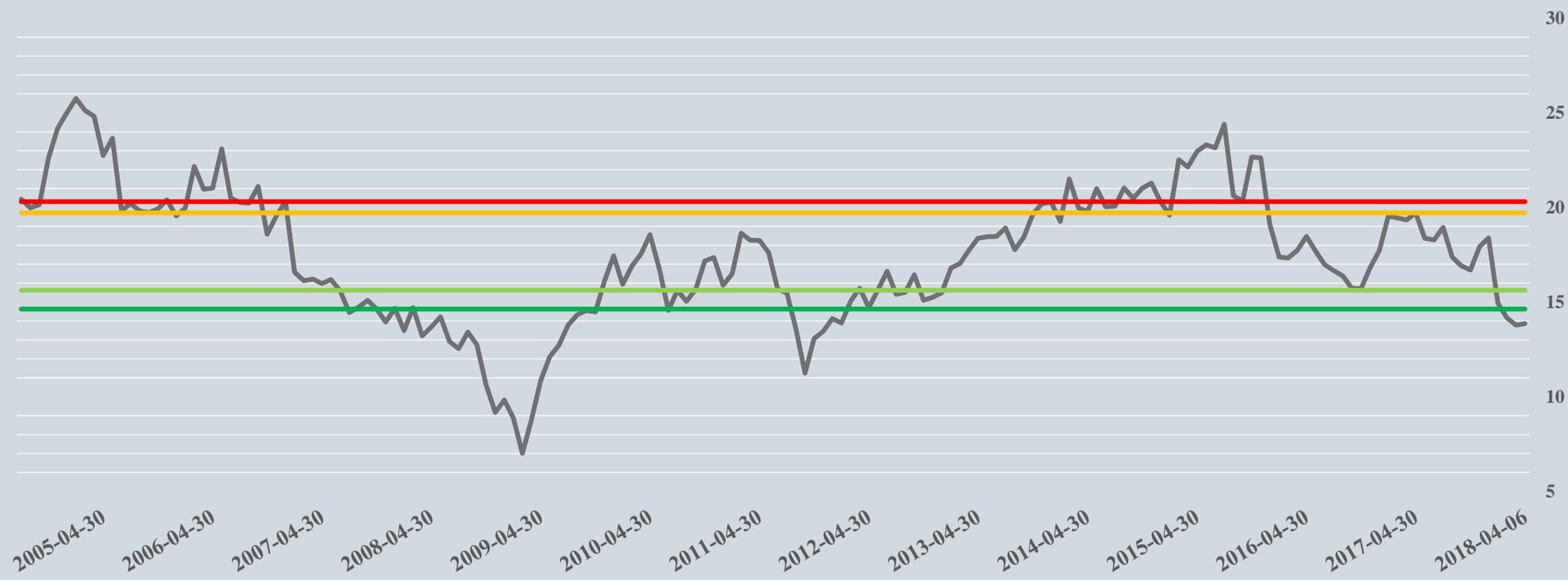


Price/Owners Earnings



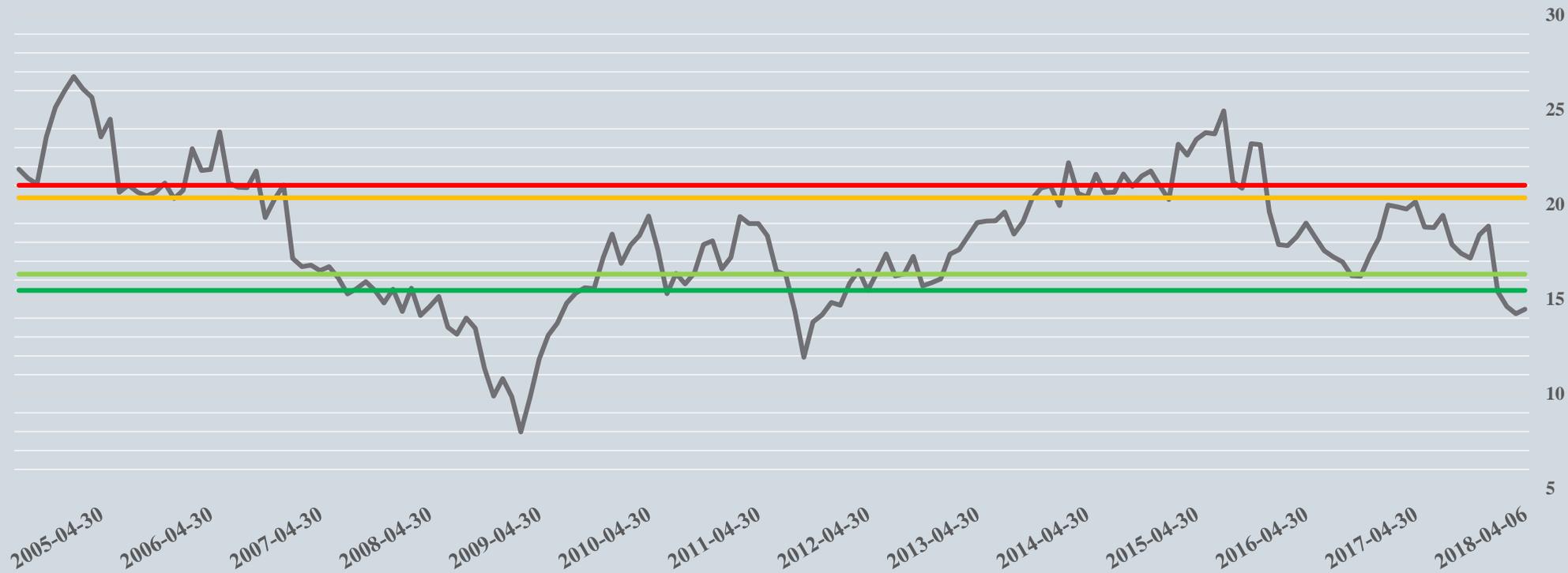


Price/Earnings less Cash



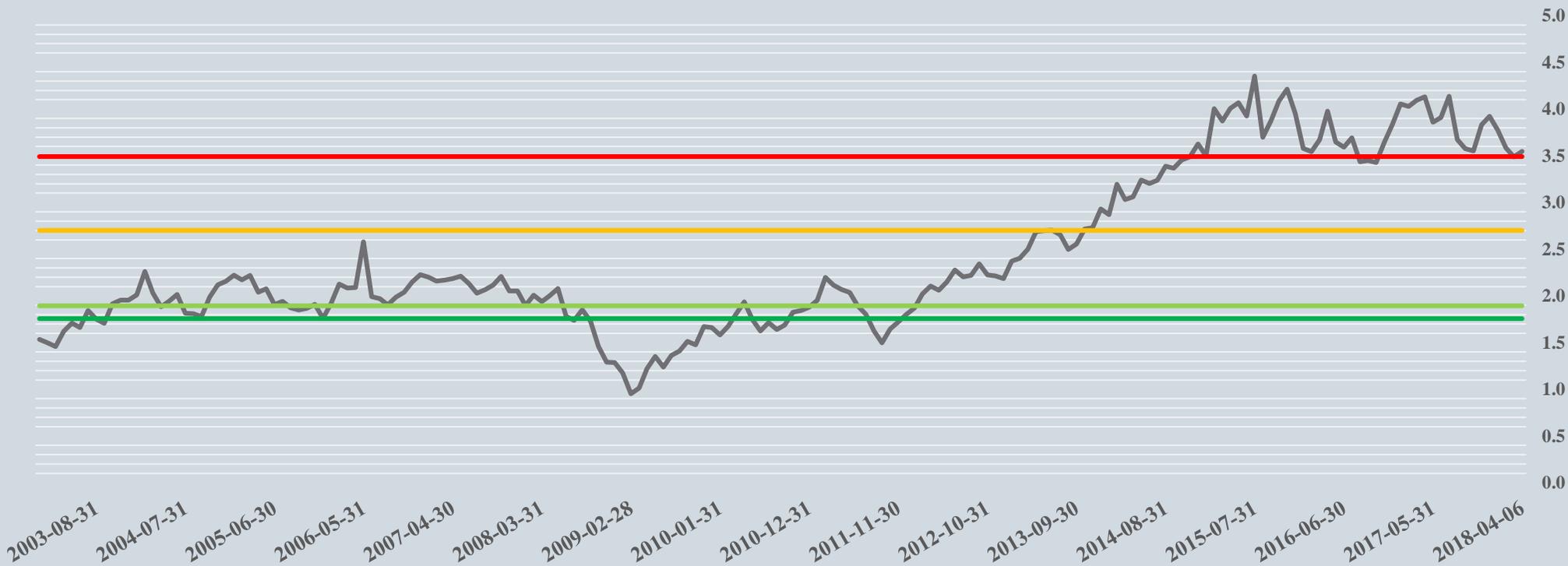


Price/Earnings



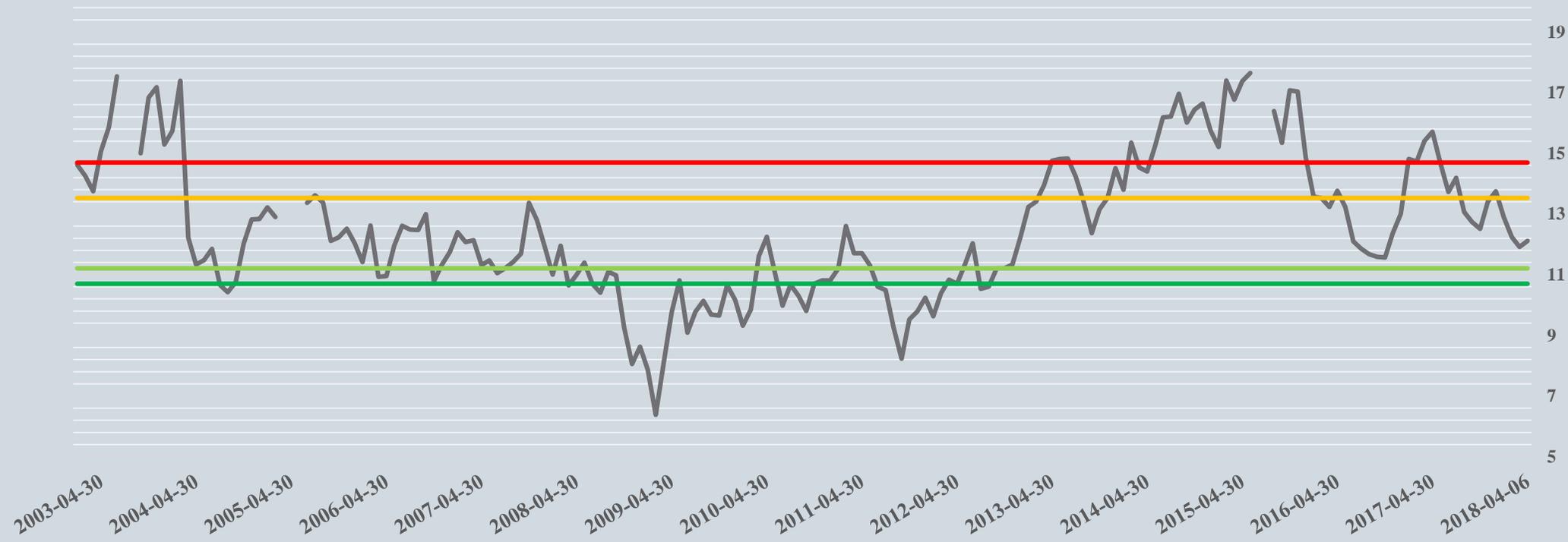


Price/Book



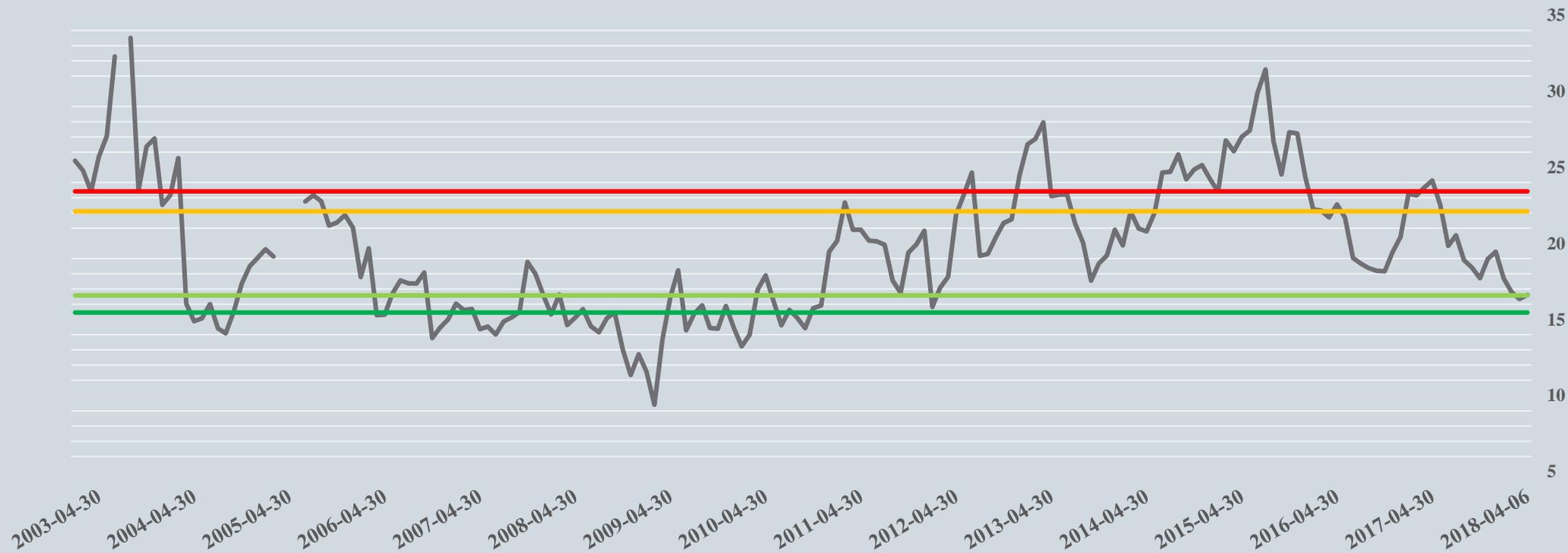


Price/Cashflow



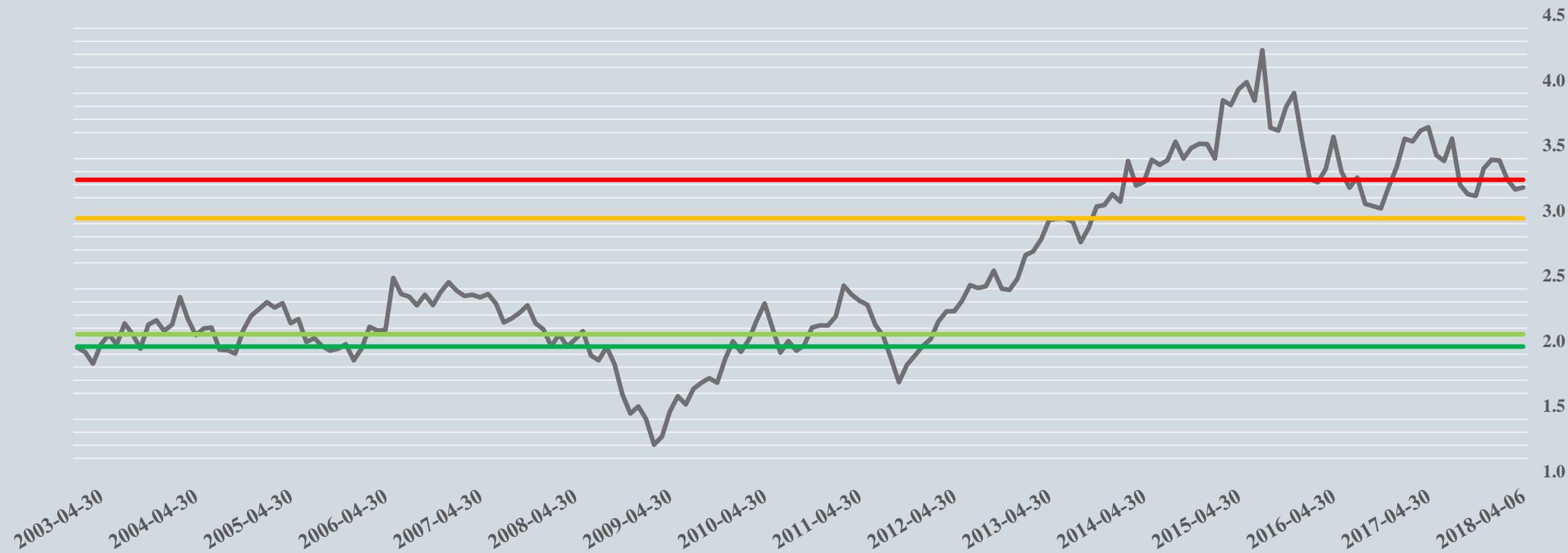


Price/Free Cashflow



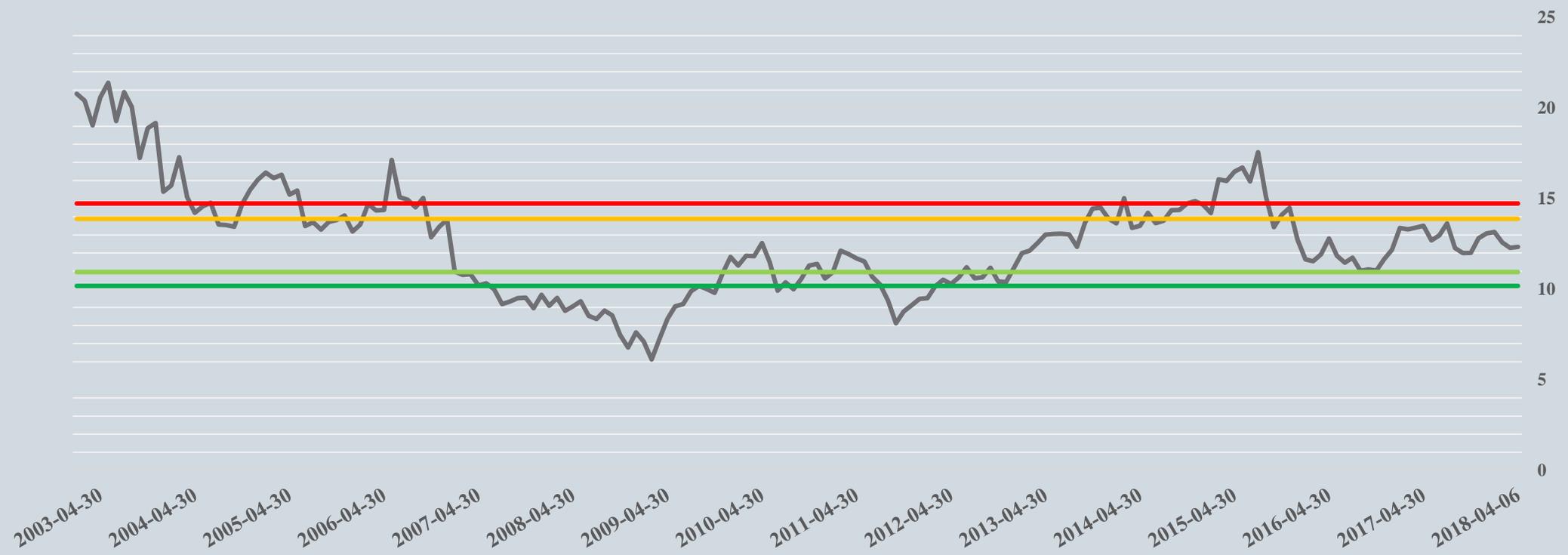


EV/Revenue





EV/EBIT



Discounted Cash Flow



Default DCF

EPS	7.06
Growth Rate (10y)	12.7%
Terminal Growth Rate	4%
Years of Terminal Growth	10
Discount Rate	12%

Fair Value	124.2
Margin of Safety	18%



Valueline DCF

EPS	5.69
Growth Rate (10y)	8.5%
Terminal Growth Rate	4%
Years of Terminal Growth	10
Discount Rate	9.6%

Fair Value	92.84
Margin of Safety	-10%



Tax Adjusted EPS

EPS	6.89
Growth Rate (10y)	9%
Terminal Growth Rate	4%
Years of Terminal Growth	10
Discount Rate	9.6%

Fair Value	116.29
Margin of Safety	12%



Reverse DCF

EPS	6.89
Growth Rate (10y)	9%
Terminal Growth Rate	4%
Years of Terminal Growth	10
Discount Rate	9.6%

Fair Value	116.29
Margin of Safety	12%

Growth Rate: 7.07%

Conscious Investor



10 Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EPS	2.28	1.76	2.03	2.52	3.13	3.38	4.26	4.90	5.73	5.69
SPS	20.76	19.5	19.9	22.0	23.5	25.0	28.7	31.1	34.6	36.8

Growth	STAAGR
14.99%	88.78%
7.87%	95.52%



6 Years

	2012	2013	2014	2015	2016	2017
EPS	3.13	3.38	4.26	4.90	5.73	5.69
SPS	23.5	25.0	28.7	31.1	34.6	36.8

Growth	STAEGR
14.44%	88.78%
9.84%	98.64%



3 Years

	2015	2016	2017
EPS	4.90	5.73	5.69
SPS	31.1	34.6	36.8

Growth	STAEGR
7.76%	97.07%
8.74%	99.33%



Conscious Investor: Default

	Price	EPSttm	P/E Ratio	HGrowth	STRETD®
Default	99.42	7.050	17.88	14.99%	19.54%
Safety	99.42	7.050	12.31	7.87%	8.43%



Conscious Investor: Kill It

	Price	EPSttm	P/E Ratio	HGrowth	STRETD®
Default	99.42	7.050	17.88	14.99%	19.54%
Kill It	99.42	7.050	10.00	6.00%	5.20%

Cut P/E: 44%

Cut growth: 60%



Conscious Investor: Kill It Again

	Price	EPS _{ttm}	P/E Ratio	HGrowth	STRETD®
Default	99.42	7.050	17.88	14.99%	19.54%
2 nd Kill	99.42	7.050	6.20	4.00%	0.00%

Cut P/E: 65%

Cut growth 73%

Intraportfolio

Price/Book

Symbol	PB Ratio
AIG	0.75
BRK.B	1.42
UHAL	2.06
MCK	2.52
QCOM	3.41
DIS	3.55
NSRGY	3.7
ORCL	3.95
UNIP	4.2
DG	4.26
TSCO	5.43
OMC	6.37
PII	7.94
IBM	8.12
MSFT	9.1
CHRW	9.12
NKE	11.57
PEP	14.23



ROIC

Symbol	ROIC%
MSFT	36.89
UNP	32.54
MCK	32.13
QCOM	31.92
UHAL	27.87
OMC	25.03
TSCO	23.77
CHRW	22.29
PII	19.57
DG	18.86
NKE	18.81
DIS	17.51
PEP	16.02
NSRGY	12.81
IBM	11.47
BRK.B	10.89
ORCL	10.31
AIG	-6.67



ROE

Symbol	ROE%
UNIP	51.86
OMC	46.44
MCK	45.32
PEP	40.74
CHRW	37.73
IBM	31.19
TSCO	30.16
UHAL	27.5
DG	27.01
DIS	25.51
PII	19.53
NKE	15.38
MSFT	15.29
BRK.B	14.67
NSRGY	11.54
ORCL	6.91
AIG	-8.41
QCOM	-14.03



EV to EBIT

Symbol	EV- to – EBIT
MCK	5.7
OMC	8.77
UHAL	9.01
TSCO	11.69
ORCL	12.31
DIS	12.46
UNP	14.23
DG	14.28
IBM	14.67
PEP	16.44
BRK.B	16.61
CHRW	18.37
MSFT	21.06
PII	23.53
NSRGY	24.84
QCOM	25.57
NKE	25.66
AIG	26.07



Price/Sales

Symbol	PS Ratio
MCK	0.15
CHRW	0.89
AIG	1.03
TSCO	1.08
OMG	1.11
DG	1.12
PII	1.4
IBM	1.82
UHAL	1.98
BRK.B	2.04
PEP	2.49
NSRGY	2.6
DIS	2.85
NKE	3.38
QCOM	3.66
ORCL	4.94
UNP	5.02
MSFT	7.28



Price/Earnings

Symbol	PE Ratio
AIG	0
QCOM	0
MCK	6.49
UHAL	8.9
UNP	9.96
BRK.B	11
DIS	14.46
OMC	15.6
DG	17.08
TSCO	18.6
IBM	25.07
CHRW	26.13
NSRGY	32.52
PEP	32.93
PII	44.24
ORCL	56.04
MSFT	62.85
NKE	65.66



Price to FCF

Symbol	Price –to –FCF
AIG	0
UHAL	0
OMC	8.98
IBM	11.12
MCK	13.99
BRK.B	14.52
ORCL	14.61
DIS	16.67
PII	19.15
QCOM	20
TSCO	20.3
MSFT	21.63
PEP	22.6
DG	22.78
NSGRY	26.47
UNP	26.74
CHRW	40.47
NKE	43.48





Conclusion

- Well Diversified Entertainment conglomerate
- Substantial amounts of Intangible Assets & licensing abilities.
- Pricing Power with Theatres.
- Park Growth



Recommendation

Market Order:

\$ 101.50



I ONLY HOPE
THAT WE NEVER LOSE SIGHT
OF **ONE** THING...



THAT IT WAS **ALL**
STARTED BY
A MOUSE.

WALT DISNEY





“

When you wish upon a
star,
Your investment will
go far!”