

DISNEY (WALT) NYSE-DIS

RECENT PRICE **118.46** P/E RATIO **23.3** (Trailing: 25.5; Median: 16.0) RELATIVE P/E RATIO **1.26** DIV'D YLD **1.1%** VALUE LINE

TIMELINESS 1 Raised 6/26/15
SAFETY 1 Raised 2/13/09
TECHNICAL 3 Raised 7/24/15
BETA 1.05 (1.00 = Market)

High: 28.4, 30.0, 34.9, 36.8, 35.0, 32.8, 38.0, 44.3, 53.4, 76.5, 95.9, 119.9
 Low: 20.9, 22.9, 23.8, 30.7, 18.6, 15.1, 28.7, 28.2, 37.9, 50.2, 69.9, 90.1

LEGENDS
 — 12.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

Target Price Range
 2018 2019 2020

2018-20 PROJECTIONS

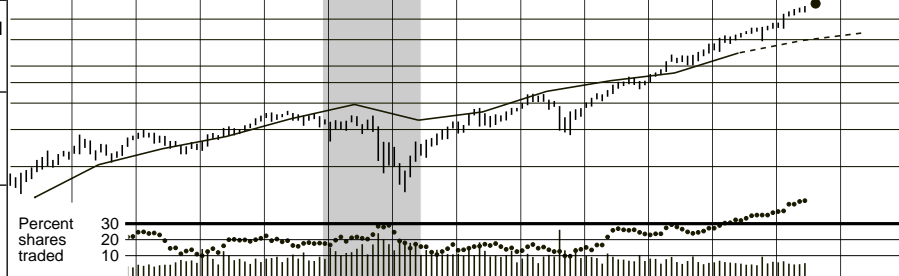
	Price	Gain	Ann'l Total Return
High	130	(+10%)	4%
Low	105	(-10%)	-1%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	8	7	2	3	0	2
to Sell	0	0	2	2	4	5	4	0	2

Institutional Decisions

	3Q2014	4Q2014	1Q2015
to Buy	581	765	759
to Sell	733	673	746
Hlds(000)	1079676	1058902	1058857



% TOT. RETURN 6/15
 THIS STOCK VLARITH. INDEX
 1 yr. 34.8 3.2
 3 yr. 144.9 64.2
 5 yr. 287.7 113.9

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
11.34	12.09	12.52	12.40	13.23	15.05	15.91	16.61	18.10	20.76	19.88	20.07	23.21	23.49	25.02	28.71	31.05	33.50	Revenues per sh ^A	37.90
1.30	1.98	1.89	1.06	1.19	1.70	2.03	2.32	2.81	3.28	2.77	3.03	3.79	4.26	4.63	5.76	6.70	7.20	"Cash Flow" per sh	8.90
.66	.90	.98	.55	.66	1.09	1.31	1.61	1.92	2.26	1.82	2.07	2.54	3.13	3.38	4.26	5.00	5.50	Earnings per sh ^{A B}	7.35
.20	.21	.21	.21	.21	.21	.24	.27	.31	.35	.35	.35	.40	.60	.75	.86	1.15	1.32	Div'ds Decl'd per sh ^C	1.50
1.03	1.02	.89	.53	.51	.70	.91	.63	.80	.87	.96	1.11	2.02	2.10	1.55	1.95	1.95	1.90	Cap'l Spending per sh	1.85
10.16	11.65	11.23	11.48	11.63	12.77	13.06	15.42	15.67	17.73	18.55	19.78	21.22	22.09	25.24	26.45	28.45	31.25	Book Value per sh ^D	42.50
2064.0	2069.0	2019.0	2042.0	2045.0	2043.0	2007.2	2064.0	1962.2	1822.9	1818.3	1896.9	1762.2	1800.0	1800.0	1700.0	1690.0	1685.0	Common Shs Outst'g ^E	1675.0
46.0	39.5	30.4	37.2	28.0	21.8	20.4	17.1	17.8	14.2	12.5	15.7	15.1	13.6	17.1	18.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
2.62	2.57	1.56	2.03	1.60	1.15	1.09	.92	.94	.85	.83	1.00	.95	.87	.96	.97			Relative P/E Ratio	1.00
.7%	.6%	.7%	1.0%	1.1%	.9%	.9%	1.0%	.9%	1.1%	1.5%	1.1%	1.0%	1.4%	1.3%	1.1%			Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 3/28/15
 Total Debt \$14957 mill. Due in 5 Yrs \$9220 mill.
 LT Debt \$12186 mill. LT Interest \$600 mill.
 (Total interest coverage: 53.3x)

(20% of Cap'l)
Leases, Uncapitalized: Annual rentals \$507 mill.

Pension Assets-9/14 \$9.77 bill. **Oblig.** \$12.19 bill.

Pfd Stock None
Common Stock 1,696,761,250 shs. as of 4/29/15

MARKET CAP: \$201 billion (Large Cap)

31944	34285	35510	37843	36149	38063	40893	42278	45041	48813	52500	56420	Revenues (\$mill) ^A	63475
17.8%	20.2%	23.3%	23.7%	20.3%	22.2%	23.5%	25.7%	25.8%	28.3%	29.7%	30.0%	Operating Margin	32.0%
1339.0	1436.0	1491.0	1582.0	1631.0	1713.0	1841.0	1987.0	2192.0	2288.0	2300	2380	Depreciation (\$mill)	2600
2729.0	3343.0	4014.0	4405.0	3408.0	4035.0	4839.0	5682.0	6136.0	7501.0	9050	9785	Net Profit (\$mill)	12280
31.5%	34.2%	37.2%	36.6%	36.1%	35.1%	34.5%	33.3%	31.0%	34.6%	32.0%	32.0%	Income Tax Rate	32.0%
8.5%	9.8%	11.3%	11.6%	9.4%	10.6%	11.8%	13.4%	13.6%	15.4%	17.2%	17.3%	Net Profit Margin	19.3%
d323.0	d648.0	d77.0	75.0	2955.0	1225.0	1669.0	896.0	2405.0	1884.0	2890	3250	Working Cap'l (\$mill)	6185
10157	10843	11892	11110	11495	10130	10922	10697	12776	12676	12500	12500	Long-Term Debt (\$mill)	12000
26210	31820	30753	32323	33734	37519	37385	39759	45429	44958	48060	52625	Shr. Equity (\$mill)	71220
8.2%	8.4%	10.0%	10.8%	8.1%	8.9%	10.4%	11.6%	10.8%	13.0%	15.0%	15.0%	Return on Total Cap'l	15.0%
10.4%	10.5%	13.1%	13.6%	10.1%	10.8%	12.9%	14.3%	13.5%	16.7%	19.0%	18.5%	Return on Shr. Equity	17.0%
8.5%	8.9%	11.0%	11.6%	8.2%	9.0%	10.9%	11.6%	10.6%	13.3%	15.0%	14.5%	Retained to Com Eq	13.5%
18%	16%	16%	15%	19%	16%	16%	19%	22%	20%	21%	23%	All Div'ds to Net Prof	20%

CURRENT POSITION

(\$MILL.)	2013	2014	3/28/15
Cash Assets	3931	3421	3745
Receivables	6967	7822	8161
Inventory (Avg Cst)	1487	1574	1432
Other	1724	2359	2308
Current Assets	14109	15176	15646
Accts Payable	6803	7595	6823
Debt Due	1512	2164	2771
Other	3389	3533	3807
Current Liab.	11704	13292	13401

BUSINESS: The Walt Disney Company operates Media Networks, incl. ABC and ESPN (43% of '14 revs.); Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot, Hollywood Studios, Animal Kingdom), and a cruise line (31%); Studio Entertainment (15%); Consumer Products (8%); and Interactive Media (3%). Earns Tokyo Disneyland royalties. Manages Disneyland Paris and Hong Kong Disneyland. Acq. Pixar, 5/06; Marvel, 12/09; Lucas-Films, 12/12. Div. ABC Radio, 6/07. '14 depr. rate: 4.9%. Employs 180,000. Laurene Powell Jobs Trust owns 7.7% of stock; off. and dir., less than 1% (1/15 proxy). Chairman/CEO: Robert A. Iger. Inc.: DE. Address: 500 S. Buena Vista St., Burbank, CA 91521-7320. Tel.: 818-560-1000. Internet: www.thewaltdisneycompany.com.

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	6.5%	5.5%	6.0%
"Cash Flow"	14.0%	10.5%	10.5%
Earnings	16.5%	12.5%	12.5%
Dividends	13.5%	17.0%	11.5%
Book Value	7.5%	7.5%	9.5%

QUARTERLY REVENUES (\$mill.) ^A

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2012	10779	9629	11088	10782	42278
2013	11341	10554	11578	11568	45041
2014	12309	11649	12466	12389	48813
2015	13391	12461	13250	13398	52500
2016	14250	13890	13780	14500	56420

EARNINGS PER SHARE ^{A B}

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2012	.80	.63	1.01	.69	3.13
2013	.77	.83	1.01	.77	3.38
2014	1.03	1.08	1.28	.87	4.26
2015	1.27	1.23	1.40	1.10	5.00
2016	1.35	1.40	1.50	1.25	5.50

QUARTERLY DIVIDENDS PAID ^C

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2011	.40	--	--	--	.40
2012	.60	--	--	.75	1.35
2013	--	--	--	--	--
2014	.86	--	--	--	.86
2015	1.15	--	.66	--	--

The Walt Disney Company should continue to impress. The media conglomerate started fiscal 2015 (year began October 1st) on a strong note and continued to build steam in the second quarter. Although we believed Disney might see some slack in its year-over-year comparisons, due to the monumental success of *Frozen* (which blew into theaters in early fiscal 2014); we are now optimistic that the media mogul's other movie franchises and thriving business segments will boost totals in the coming quarters. Note: Third-quarter results were scheduled to be released shortly after we went to press with this report. All told, we look for the top and bottom lines to climb 5%-10% and 15%-20%, respectively, this year. Moreover, share earnings ought to advance another 10% in fiscal 2016.

Disney is carving out a new operating segment. The company is combining its digital and merchandising units. This move has been prompted by the increasing importance of technology and digital entertainment across its merchandise. We believe the newly minted Disney Consumer Products and Interactive (DCPI) will bet-

ter leverage its brands. The company will likely focus on product development and technological innovation. It plans to report on the unit as a single entity in the beginning of fiscal 2016.

Disney has been rewarding its shareholders. The board announced that it will begin paying a semiannual dividend (it has historically paid a single dividend in mid-January). Its first payment of \$0.66 a share represents a 15% hike, on an annualized basis. Even though the current yield is nothing to write home about, this move sweetens DIS' total return prospects. Further, Disney has continued to buy back stock, which ought to boost per-share comparisons going forward.

The stock price has been testing new highs since our May review. In fact, DIS shares have climbed nearly 10% since our May review. And this issue now is ranked 1 (Highest) for year-ahead relative price momentum. That said, the top-quality stock is already trading at the low end of our 2018-2020 Target Price Range, thereby limiting much of the stock's long-term appeal.

Orly Seidman
 August 7, 2015

(A) Fiscal year ends Saturday closest to Sept. 30th. Fiscal 2009 contained 53 weeks. (B) Dil. egs. Excl. nonrecurring gains/(losses): '99, (4¢); '00, 2¢; '01, (\$1.00); '02, 8¢; '03, (4¢); '04, 4¢; '05, (9¢); '06, 3¢; '07, 32¢; '08, 2¢; '09, 6¢; '10, (4¢); '11, (2¢). Excl. disc. ops.: '07, 1¢. Excl. loss from interest in Disney Internet Group: '00, 35¢. Next egs. report due early August. (C) Div'ds hist. paid in mid-Jan. Two div'ds paid in calendar 2012. (D) Incl. intang., at 9/27/14: \$35.3 bill., \$20.76/sh. (E) In millions.

Company's Financial Strength A++
 Stock's Price Stability 85
 Price Growth Persistence 100
 Earnings Predictability 90