

DISNEY (WALT) NYSE-DIS

RECENT PRICE **104.89** P/E RATIO **18.2** (Trailing: 19.6; Median: 16.0) RELATIVE P/E RATIO **0.97** DIV'D YLD **1.4%** VALUE LINE

TIMELINESS **3** Lowered 3/11/16
SAFETY **1** Raised 2/13/09
TECHNICAL **4** Lowered 5/6/16
BETA 1.05 (1.00 = Market)

High: 30.0 34.9 36.8 35.0 32.8 38.0 44.3 53.4 76.5 95.9 122.1 105.6
Low: 22.9 23.8 30.7 18.6 15.1 28.7 28.2 37.9 50.2 69.9 90.0 86.3

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

2019-21 PROJECTIONS

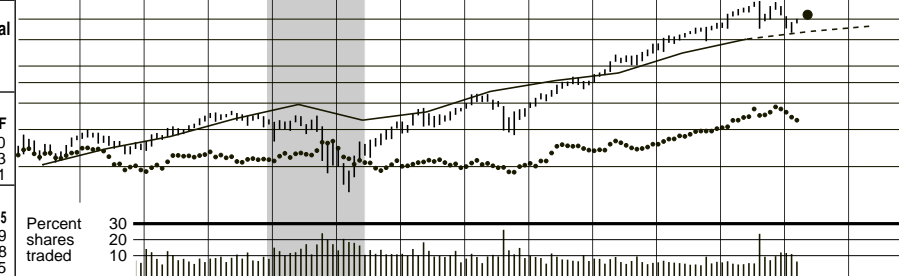
Price	Gain	Ann'l Total Return
High 130	(+25%)	7%
Low 105	(Nil)	2%

Insider Decisions

	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0
Options	3	1	2	0	9	0	8	17
to Sell	4	2	1	0	0	0	1	1

Institutional Decisions

	2Q2015	3Q2015	4Q2015
to Buy	772	907	869
to Sell	705	688	768
Hlds(000)	10570181	1020309	987915



Target Price Range	2019	2020	2021
% TOT. RETURN 3/16	THIS STOCK	VLARITH. INDEX	
1 yr.	-4.2	-5.8	
3 yr.	81.4	27.9	
5 yr.	146.9	48.5	

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
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	32.79	34.70	35.90	Revenues per sh ^A	37.90
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	6.71	7.75	7.75	"Cash Flow" per sh	8.90
.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	4.90	5.75	6.20	Earnings per sh ^{A B}	7.35
.21	.21	.21	.21	.21	.24	.27	.31	.35	.35	.35	.40	.60	.75	.86	1.81	1.42	1.65	Div'ds Decl'd per sh ^C	2.00
1.02	.89	.53	.51	.70	.91	.63	.80	.87	.96	1.11	2.02	2.10	1.55	1.95	2.67	2.25	2.15	Cap'l Spending per sh	2.00
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	27.83	29.95	31.05	Book Value per sh ^D	41.00
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	1600.0	1625.0	1650.0	Common Shs Outst'g ^E	1675.0
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	20.9	20.9	20.9	Avg Ann'l P/E Ratio	16.0
2.57	1.56	2.03	1.60	1.15	1.09	.92	.94	.85	.83	1.00	.95	.87	.96	.98	1.06	1.06	1.06	Relative P/E Ratio	1.00
.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%	1.8%	1.8%	1.8%	Avg Ann'l Div'd Yield	1.7%

CAPITAL STRUCTURE as of 12/16
Total Debt \$18915 mill. Due in 5 Yrs \$10925 mill.
LT Debt \$12965 mill. LT Interest \$600 mill.
(Total interest coverage: NMF)

(21% of Cap'l)
Leases, Uncapitalized Annual rentals 463.0 mill.
Pension Assets-10/15 \$9.42 bill.
Oblig. \$12.38 bill.

Pfd Stock None
Common Stock 1,631,570,150 shs.
as of 2/3/16

MARKET CAP: \$171 billion (Large Cap)

34285	35510	37843	36149	38063	40893	42278	45041	48813	52465	56420	59200	Revenues (\$mill) ^A	63475
20.2%	23.3%	23.7%	20.3%	22.2%	23.5%	25.7%	25.8%	28.3%	29.7%	30.0%	30.5%	Operating Margin	32.0%
1436.0	1491.0	1582.0	1631.0	1713.0	1841.0	1987.0	2192.0	2288.0	2354.0	2380	2425	Depreciation (\$mill)	2600
3343.0	4014.0	4405.0	3408.0	4035.0	4839.0	5682.0	6136.0	7501.0	8382.0	9500	10325	Net Profit (\$mill)	12315
34.2%	37.2%	36.6%	36.1%	35.1%	34.5%	33.3%	31.0%	34.6%	36.2%	32.0%	32.0%	Income Tax Rate	32.0%
9.8%	11.3%	11.6%	9.4%	10.6%	11.8%	13.4%	13.6%	15.4%	16.0%	16.8%	17.4%	Net Profit Margin	19.4%
d648.0	d77.0	75.0	2955.0	1225.0	1669.0	896.0	2405.0	1884.0	424.0	250	375	Working Cap'l (\$mill)	2585
10843	11892	11110	11495	10130	10922	10697	12776	12676	12773	13000	13000	Long-Term Debt (\$mill)	13000
31820	30753	32323	37374	37519	37385	39759	45429	44958	44525	48660	51250	Shr. Equity (\$mill)	68675
8.4%	10.0%	10.8%	8.1%	8.9%	10.4%	11.6%	10.8%	13.0%	14.7%	15.5%	16.0%	Return on Total Cap'l	15.0%
10.5%	13.1%	13.6%	10.1%	10.8%	12.9%	14.3%	13.5%	16.7%	18.8%	19.5%	20.0%	Return on Shr. Equity	18.0%
8.9%	11.0%	11.6%	8.2%	9.0%	10.9%	11.6%	10.6%	13.3%	11.9%	15.0%	15.0%	Retained to Com Eq	13.0%
16%	16%	15%	19%	16%	16%	19%	22%	20%	37%	24%	26%	All Div'ds to Net Prof	27%

CURRENT POSITION

	2014	2015	1/2/16
Cash Assets	3421	4269	4301
Receivables	7822	8019	10298
Inventory (Avg Cst)	1574	1571	1434
Other	2359	2899	1735
Current Assets	15176	16758	17768
Accts Payable	7595	7844	9320
Debt Due	2164	4563	5950
Other	3533	3927	3526
Current Liab.	13292	16334	18796

ANNUAL RATES

	Past 10 Yrs	Past 5 Yrs	Est'd '13-'15 to '19-'21
change (per sh)	7.0%	7.5%	4.5%
Revenues	13.5%	13.5%	7.5%
"Cash Flow"	15.0%	15.5%	10.0%
Earnings	18.0%	26.5%	8.5%
Dividends	8.0%	7.0%	7.5%

BUSINESS: The Walt Disney Company operates Media Networks, incl. ABC and ESPN (44% of '15 revs.); Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot, Hollywood Studios, Animal Kingdom), and a cruise line (31%); Studio Entertainment (14%); Consumer Products (9%); and Interactive Media (2%). 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. '15 depr. rate: 4.7%. Employs 185,000. Laurene Powell Jobs Trust owns 7.8% of stock; off. and dir., less than 1% (1/16 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.

The Walt Disney Company is well positioned for the year ahead. The media conglomerate got off to a healthy start in fiscal 2016 (year began October 3rd), and we think it will continue to gain traction in the coming quarters. Note: Second-quarter earnings were scheduled to be released shortly after this report reaches our subscribers. Even though Disney may face some operational difficulties at ESPN (more below), and the unfavorable foreign exchange environment may hinder some of its gains from overseas markets, we think the success of its movie slate and related merchandising efforts, along with incremental price increases at its Parks & Resorts, will bolster totals. All told, we look for share earnings to climb 15%-20% on a 5%-10% revenue advance.

The company has been investing in its content and brands. Disney has a strong film slate, scheduled to be released over the next few months. Too, a related merchandising push should boost totals at Consumer Products and better monetize its brands and licenses. Indeed, the recent box office success of *Star Wars*, the Marvel superhero movies, and standalone titles like *Zootopia* should lift totals.

Things may not fare as well for its Media Networks. ESPN has struggled due to higher programming costs and declining subscription rates (partly due to carriage disputes with cable providers), which may well take their toll on near-term results. Looking ahead, Disney will likely seek out partnerships (such as its deal with Sling TV) and invest in its media platforms to pursue its cord-cutting viewers.

These shares seem fairly valued at this juncture. Although the stock price is up about 9% since our February review, the Dow-30 component is well off of the 52-week high. To wit, the issue continued to slip after the company announced fiscal-first-quarter results, as investor concerns regarding rising costs and subscriber trends at ESPN eclipsed the stellar performance of Disney's Studio Entertainment division. For now, this equity is ranked to perform in line with the broader market averages, and offers modest capital appreciation potential over the 2019-2021 time frame.

QUARTERLY REVENUES (\$mill.) ^A

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2013	11341	10554	11578	11568	45041
2014	12309	11649	12466	12389	48813
2015	13391	12461	13101	13512	52465
2016	15244	13210	14025	13941	56420
2017	15350	14100	14250	15500	59200

EARNINGS PER SHARE ^{A B}

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2013	.77	.83	1.01	.77	3.38
2014	1.03	1.08	1.28	.87	4.26
2015	1.27	1.23	1.45	.95	4.90
2016	1.73	1.40	1.52	1.10	5.75
2017	1.85	1.50	1.70	1.15	6.20

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2012	.60	--	--	.75	1.35
2013	--	--	--	--	--
2014	.86	--	--	--	.86
2015	1.15	--	.66	--	1.81
2016	.71	--	--	--	--

Orly Seidman

May 6, 2016

(A) Fiscal year ends Saturday closest to Sept. 30th. Fiscal 2009 contained 53 weeks. (B) Dil. egs. Excl. nonrecurring gains/(losses): '00, 2c; '01, (\$1.00); '02, 8c; '03, (4c); '04, 4c; '05, (9c); '06, 3c; '07, 32c; '08, 2c; '09, 6c; '10, (4c); '11, (2c). Excl. disc. ops.: '07, 1c. Excl. loss from interest in Disney Internet Group: '00, 35c. Next egs. report due early Aug. (C) Div'ds hist. paid in mid-Jan. Initiated semi-annual dividend in July '15. Two div'ds paid in calendar 2012. (D) Incl. intang., in fiscal '15: \$35.0 bill., \$21.87/sh. (E) In millions.