

DISNEY (WALT) NYSE-DIS

RECENT PRICE **98.29** P/E RATIO **16.2** (Trailing: 17.2; Median: 16.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **1.6%** VALUE LINE

TIMELINESS 3 Lowered 3/11/16
SAFETY 1 Raised 2/13/09
TECHNICAL 4 Lowered 10/27/17
BETA 1.00 (1.00 = Market)

High: 34.9 36.8 35.0 32.8 38.0 44.3 53.4 76.5 95.9 122.1 106.8 116.1
 Low: 23.8 30.7 18.6 15.1 28.7 28.2 37.9 50.2 69.9 90.0 86.3 96.2

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

2020-22 PROJECTIONS

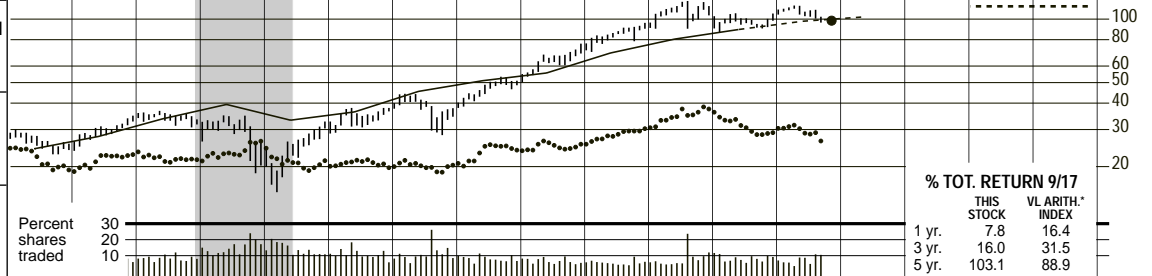
Price	Gain	Ann'l Total Return
High 140	(+40%)	11%
Low 115	(+15%)	6%

Insider Decisions

D	J	F	M	A	M	J	J	A
to Buy	0	0	0	0	0	0	0	1
Options	7	15	3	1	1	1	1	10
to Sell	2	1	3	0	1	1	1	0

Institutional Decisions

4Q2016	1Q2017	2Q2017	
to Buy	915	866	902
to Sell	811	944	872
Hlds(000)	962026	1082264	1035212



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
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	34.77	36.60	38.85	Revenues per sh ^A	41.85
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	7.45	7.90	8.20	"Cash Flow" per sh	9.85
.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	5.73	5.90	6.20	Earnings per sh ^{A B}	8.00
.21	.21	.21	.21	.24	.27	.31	.35	.35	.35	.40	.60	.75	.86	1.81	1.42	1.56	1.72	Div'ds Decl'd per sh ^C	2.35
.89	.53	.51	.70	.91	.63	.80	.87	.96	1.11	2.02	2.10	1.55	1.95	2.67	2.98	3.00	3.00	Cap'l Spending per sh	3.00
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	27.04	30.40	34.50	Book Value per sh ^D	48.15
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	1600.0	1530.0	1520.0	Common Shs Outst'g ^E	1500.0
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	17.7	17.8		Avg Ann'l P/E Ratio	16.0
1.56	2.03	1.60	1.15	1.09	.92	.94	.85	.83	1.00	.95	.87	.96	.98	1.05	.93	.88		Relative P/E Ratio	1.00
.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%	1.4%	1.5%		Avg Ann'l Div'd Yield	1.8%

CAPITAL STRUCTURE as of 7/1/17
 Total Debt \$21653 mill. Due in 5 Yrs \$11275 mill.
 LT Debt \$18788 mill. LT Interest \$850 mill.
 (Total interest coverage: NMF)

(28% of Cap'l)
 Leases, Uncapitalized Annual rentals 477.0 mill.
 Pension Assets-10/16 \$10.41 bill.
 Oblig. \$14.48 bill.

Pfd Stock None
Common Stock 1,543,480,961 shs. as of 8/2/17

MARKET CAP: \$152 billion (Large Cap)

35510	37843	36149	38063	40893	42278	45041	48813	52465	55632	56000	59050	62750	67500	71110	74844	78444	81300	83338	85438	87094
23.3%	23.7%	20.3%	22.2%	23.5%	25.7%	25.8%	28.3%	29.7%	30.4%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
1491.0	1582.0	1631.0	1713.0	1841.0	1987.0	2192.0	2288.0	2354.0	2527.0	2600	2625	2800	2800	2800	2800	2800	2800	2800	2800	2800
4014.0	4405.0	3408.0	4035.0	4839.0	5682.0	6136.0	7501.0	8382.0	9391.0	9485	9825	11970	11970	11970	11970	11970	11970	11970	11970	11970
37.2%	36.6%	36.1%	35.1%	34.5%	33.3%	31.0%	34.6%	36.2%	34.2%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
11.3%	11.6%	9.4%	10.6%	11.8%	13.4%	13.6%	15.4%	16.0%	16.9%	16.9%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
d77.0	75.0	2955.0	1225.0	1669.0	896.0	2405.0	1884.0	424.0	124.0	175	220	585	585	585	585	585	585	585	585	585
11892	11110	11495	10130	10922	10697	12776	12676	12773	16483	16000	16000	16000	16000	16000	16000	16000	16000	16000	16000	16000
30753	32323	33734	37519	37385	39759	45429	44958	44525	43265	46500	52420	72250	72250	72250	72250	72250	72250	72250	72250	72250
10.0%	10.8%	8.1%	8.9%	10.4%	11.6%	10.8%	13.0%	14.7%	15.9%	15.0%	14.5%	13.5%	13.5%	13.0%	14.7%	15.9%	15.0%	14.5%	13.5%	13.5%
13.1%	13.6%	10.1%	10.8%	12.9%	14.3%	13.5%	16.7%	18.8%	21.7%	20.5%	18.5%	16.5%	16.5%	18.8%	21.7%	20.5%	18.5%	16.5%	16.5%	16.5%
11.0%	11.6%	8.2%	9.0%	10.9%	11.6%	10.6%	13.3%	11.9%	16.4%	15.5%	14.0%	11.5%	11.5%	11.9%	16.4%	15.5%	14.0%	11.5%	11.5%	11.5%
16%	15%	19%	16%	16%	19%	16%	22%	37%	25%	25%	25%	25%	25%	37%	25%	25%	25%	25%	25%	25%

Revenues per sh^A 41.85
"Cash Flow" per sh 9.85
Earnings per sh^{A B} 8.00
Div'ds Decl'd per sh^C 2.35
Cap'l Spending per sh 3.00
Book Value per sh^D 48.15
Common Shs Outst'g^E 1500.0
Avg Ann'l P/E Ratio 16.0
Relative P/E Ratio 1.00
Avg Ann'l Div'd Yield 1.8%

Revenues (\$mill)^A 62750
Operating Margin 33.0%
Depreciation (\$mill) 2800
Net Profit (\$mill) 11970
Income Tax Rate 32.0%
Net Profit Margin 19.1%
Working Cap'l (\$mill) 585
Long-Term Debt (\$mill) 16000
Shr. Equity (\$mill) 72250
Return on Total Cap'l 13.5%
Return on Shr. Equity 16.5%
Retained to Com Eq 11.5%
All Div'ds to Net Prof 30%

CURRENT POSITION

(\$MILL.)	2015	2016	7/1/17
Cash Assets	4269	4610	4336
Receivables	8019	9065	9636
Inventory (Avg Cst)	1571	1390	1300
Other	2899	1901	1879
Current Assets	16758	16966	17151
Accts Payable	7844	9130	9374
Debt Due	4563	3687	3338
Other	3927	4025	4382
Current Liab.	16334	16842	17094

BUSINESS: The Walt Disney Company operates Media Networks, incl. ABC and ESPN (43% of '16 revs.); Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot, Hollywood Studios, Animal Kingdom), and a cruise line (30%); Studio Entertainment (17%); Consumer Products and Interactive Media (10%). 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. '16 depr. rate: 4.7%. Employs 195,000. Off. and dir., less than 1% of common stock; Vanguard, 5.5% (1/17 proxy). Chairman/CEO: Robert A. Iger. Inc.: DE. Address: 500 S. Buena Vista St., Burbank, CA 91521-7320. Telephone: 818-560-1000. Internet: www.thewaltdisneycompany.com.

next year. What's more, the company is planning to launch a Disney-branded subscription streaming service in 2019. Disney plans to release its studio output directly to this platform. And the company will likely invest in developing original programming, exclusive for the streaming service. However, Disney plans to cut ties with Netflix beginning with its 2019 theatrical slate. (For now, it seems that Netflix' Marvel shows will remain on its platform.) These moves should enable the company to leverage the Disney, Marvel, and Pixar brands and content, and help it expand its global footprint. Nevertheless, the company will likely face a very competitive market due to the changing mediascape, and may have to fight to expand its audiences.

ANNUAL RATES

Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22	
Revenues	7.5%	9.0%	4.0%
"Cash Flow"	12.5%	15.5%	6.5%
Earnings	14.0%	18.5%	8.0%
Dividends	19.0%	30.0%	9.5%
Book Value	7.0%	6.5%	10.0%

The Walt Disney Company's earnings growth likely slowed in fiscal 2017. (Fiscal year ended September 30th.) Share earnings probably climbed % in the year just ended, while revenues came in relatively flat, marking a much softer performance than prior years. Unfavorable comparisons at Studio Entertainment, and higher operating expenses probably hindered results over the course of the year. Nevertheless, Disney's Parks & Resorts probably grew nicely over the past few months. And ongoing investments in technological improvements, its brands, and content should support results. Looking ahead, we believe the top and bottom lines will advance at a 5% clip in fiscal 2018.

This issue appears to be fairly valued at this juncture. The stock price has had a very nice run over the past few years, but the shares have cooled down a bit over the past several months. And this issue offers modest long-term capital appreciation potential. On the other hand, the blue chip may appeal to conservative investors.

QUARTERLY REVENUES (\$mill.)^A

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2014	12309	11649	12466	12389	48813
2015	13391	12461	13101	13512	52465
2016	15244	12969	14277	13142	55632
2017	14784	13336	14238	13642	56000
2018	15250	14575	14550	14675	59050

Disney is revamping its media distribution. In August, the company announced that it will be focusing on a direct-to-consumer distribution strategy. Disney is acquiring a majority stake in BAMTech for approximately \$1.58 billion, and will likely leverage the technology of the media streaming service to strengthen its distribution. To wit, ESPN will be rolling out an on-demand sports viewing platform early

Orly Seidman
 November 3, 2017

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2014	1.03	1.08	1.28	.87	4.26
2015	1.27	1.23	1.45	.95	4.90
2016	1.73	1.30	1.59	1.10	5.73
2017	1.55	1.50	1.51	1.34	5.90
2018	1.60	1.60	1.60	1.40	6.20

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QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2013	--	--	--	--	--
2014	.86	--	--	--	.86
2015	1.15	--	.66	--	1.81
2016	.71	--	.71	--	1.42
2017	.78	--	.78	--	1.56

paid in calendar 2012. Initiated semi-annual dividend in July '15.
(D) Incl. intang., in fiscal '16: \$34.8 bill., \$21.75/sh. (E) In millions.

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

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