

DISNEY (WALT) NYSE-DIS

RECENT PRICE **133.36** P/E RATIO **15.8** (Trailing: 18.2; Median: 16.0) RELATIVE P/E RATIO **0.87** DIV'D YLD **1.3%** VALUE LINE

TIMELINESS 3 Lowered 3/22/19
SAFETY 1 Raised 2/13/09
TECHNICAL 3 Lowered 4/26/19
BETA .95 (1.00 = Market)

High: 35.0 32.8 38.0 44.3 53.4 76.5 95.9 122.1 106.8 116.1 120.2 134.2
 Low: 18.6 15.1 28.7 28.2 37.9 50.2 69.9 90.0 86.3 96.2 97.7 105.9

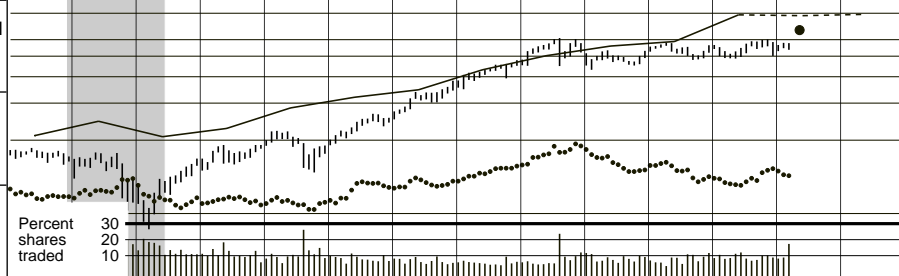
LEGENDS
 15.0 x "Cash Flow" p sh
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession

Target Price Range
 2022 2023 2024
 320
 200
 160
 120
 100
 80
 60
 40
 18

2022-24 PROJECTIONS
 Price Gain Ann'l Total
 High 190 (+40%) 10%
 Low 155 (+15%) 5%

Insider Decisions
 J A S O N D J F
 to Buy 0 0 0 0 0 0 0 0 0 0
 Options 0 10 2 0 11 0 6 12 1
 to Sell 0 2 3 1 2 1 2 2 1

Institutional Decisions
 2020 2019 2018
 to Buy 1034 1091 1249
 to Sell 867 861 847
 Hld's(000) 1008199 941137 951409



Year	THIS STOCK	VL ARITH. INDEX
1 yr.	12.3	2.7
3 yr.	17.1	35.5
5 yr.	48.8	37.5

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 22-24	
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	36.76	39.94	41.30	48.70	Revenues per sh ^A	54.45
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	7.84	10.49	10.40	10.55	"Cash Flow" per sh	11.40
.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	5.69	8.36	8.45	8.70	Earnings per sh ^{A B}	9.50
.21	.21	.24	.27	.31	.35	.35	.35	.40	.60	.75	.86	1.81	1.42	1.56	1.68	1.76	1.80	Div'ds Decl'd per sh ^C	2.00
.51	.70	.91	.63	.80	.87	.96	1.11	2.02	2.10	1.55	1.95	2.67	2.98	2.42	3.00	2.50	2.65	Cap'l Spending per sh	2.75
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	27.54	32.78	34.75	39.55	Book Value per sh ^D	52.75
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	1500.0	1488.0	1800.0	1800.0	Common Shs Outst'g ^E	1800.0
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	18.5	12.6	18.5	12.6	Avg Ann'l P/E Ratio	18.0
1.60	1.15	1.09	.92	.94	.85	.83	1.00	.95	.87	.96	.98	1.05	.93	.93	.68	1.05	.68	Relative P/E Ratio	1.00
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%	1.6%	1.6%	1.6%	Avg Ann'l Div'd Yield	1.2%

CAPITAL STRUCTURE as of 12/31/18
 Total Debt \$20665 mill. Due in 5 Yrs \$11840 mill.
 LT Debt \$17176 mill. LT Interest \$1000 mill.
 (Total interest coverage: 26.2x)

(32% of Cap'l)
 Leases, Uncapitalized Annual rentals 681.0 mill.
 Pension Assets-10/18 \$12.72 bill.
 Oblig. \$14.50 bill.

Pfd Stock None
 Common Stock 1,490,776,763 shs.
 as of 1/30/19

MARKET CAP: \$199 billion (Large Cap)

36149	38063	40893	42278	45041	48813	52465	55632	55137	59434	74295	87675	Revenues (\$mill) ^A	98000
20.3%	22.2%	23.5%	25.7%	25.8%	28.3%	29.7%	30.4%	30.2%	30.0%	30.0%	30.5%	Operating Margin	33.0%
1631.0	1713.0	1841.0	1987.0	2192.0	2288.0	2354.0	2527.0	2782.0	3011.0	3075	3125	Depreciation (\$mill)	3400
3408.0	4035.0	4839.0	5682.0	6136.0	7501.0	8382.0	9391.0	8980.0	12598	15650	15875	Net Profit (\$mill)	17100
36.1%	35.1%	34.5%	33.3%	31.0%	34.6%	36.2%	34.2%	32.1%	11.3%	21.0%	21.0%	Income Tax Rate	21.0%
9.4%	10.6%	11.8%	13.4%	13.6%	15.4%	16.0%	16.9%	16.3%	21.2%	21.0%	18.1%	Net Profit Margin	17.4%
2955.0	1225.0	1669.0	896.0	2405.0	1884.0	424.0	124.0	d3706	d1035	d850	d620	Working Cap'l (\$mill)	500
11495	10130	10922	10697	12776	12676	12773	16483	19119	17084	36650	35000	Long-Term Debt (\$mill)	30000
33734	37519	37385	39759	45429	44958	44525	43265	41315	48773	62525	71150	Shr. Equity (\$mill)	95000
8.1%	8.9%	10.4%	11.6%	10.8%	13.0%	14.7%	15.9%	15.2%	19.6%	16.0%	15.0%	Return on Total Cap'l	13.5%
10.1%	10.8%	12.9%	14.3%	13.5%	16.7%	18.8%	21.7%	21.7%	25.8%	25.0%	22.5%	Return on Shr. Equity	18.0%
8.2%	9.0%	10.9%	11.6%	10.6%	13.3%	11.9%	16.4%	15.8%	20.7%	20.0%	18.0%	Retained to Com Eq	14.0%
19%	16%	16%	19%	22%	20%	37%	25%	27%	20%	20%	20%	All Div'ds to Net Prof	21%

CURRENT POSITION 2017 2018 12/31/18 (\$MILL.)

Cash Assets	4017	4150	4455
Receivables	8633	9334	10123
Inventory (Avg Cst)	1373	1392	1357
Other	1866	1949	1602
Current Assets	15889	16825	17537
Accts Payable	8855	9479	10696
Debt Due	6172	3790	3489
Other	4568	4591	3434
Current Liab.	19595	17860	17619

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '16-'18 to '22-'24

Revenues (per sh)	7.0%	9.0%	6.5%
"Cash Flow"	12.0%	15.5%	5.5%
Earnings	13.0%	17.0%	6.5%
Dividends	17.5%	21.5%	4.5%
Book Value	6.0%	5.0%	10.5%

BUSINESS: The Walt Disney Company operates Media Networks, incl. ABC and ESPN (41% of '18 revs.); Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot, Hollywood Studios, Animal Kingdom), and a cruise line (34%); Studio Entertainment (17%); Consumer Products and Interactive Media (8%). 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. '18 depr. rate: 5.0%. Employs 201,000. Off. and dir., less than 1% of common stock; Vanguard, 6.8%; Blackrock, 6.2% (1/19 proxy). Chairman/CEO: Robert A. Iger. Inc.: DE. Addr.: 500 S. Buena Vista St., Burbank, CA 91521. Tel.: 818-560-1000. Internet: www.thewaltdisneycompany.com.

QUARTERLY REVENUES (\$mill.) ^A

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2016	15244	12969	14277	13142	55632
2017	14784	13336	14238	12779	55137
2018	15351	14548	15228	14307	59434
2019	15303	14552	19990	24450	74295
2020	18600	18150	23250	27675	87675

EARNINGS PER SHARE ^{A B}

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2016	1.73	1.30	1.59	1.11	5.73
2017	1.55	1.50	1.51	1.13	5.69
2018	2.91	1.95	1.95	1.55	8.36
2019	1.86	1.74	2.10	2.75	8.45
2020	1.90	1.85	2.15	2.80	8.70

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2015	1.15	--	.66	--	1.81
2016	.71	--	.71	--	1.42
2017	.78	--	.78	--	1.56
2018	.84	--	.84	--	1.68
2019	.88	--	--	--	--

Shares of The Walt Disney Company are up more than 20% in value since our February review. The stock price jumped in early April, shooting up around 12% and reaching a new all-time high, following the company's investor day. Investors seemed pleased by management's plans for the media conglomerate, including the launch of a new streaming platform (more below). We also suspect some of the price action may be in response to growing enthusiasm surrounding the Twenty First Century Fox tie-up (the \$71 billion purchase of the bulk of its television and film assets closed on March 20th). **Disney is investing in its branded content.** Beyond the company's blockbuster slate, it has been focusing on the rollout of new video streaming service *Disney+*. The direct-to-consumer subscription is scheduled to launch in mid-November. Previously, Disney outlined plans to migrate much of its content library to that platform, and will likely develop exclusive shows and movies for streaming. The company has already launched and seen some success with *ESPN+*. Too, management will likely leverage the Fox media library on *Disney+*,

as well. Overall, we think this move will enable the company to compete with streaming giants such as Netflix, Amazon Prime Video, and HBO Go. **The media conglomerate looks well positioned for the near term.** Even though the House of Mouse got off to a humble start in fiscal 2019 (year began October 1st), and we are somewhat conservative in our outlook for the March period, we imagine things will pick up in the back half of the year, but share net will likely only gain about 1%, on a robust 25% revenue advance (thanks to the Fox merger). Next year, the bottom line ought to increase 3%, while the top line expands at a mid-to upper-teen-digit clip. The company expects to achieve \$2 billion in cost synergies by the end of 2021. What's more, we expect that Disney's other operating units, including Parks & Resorts, will perform well in the near future. **This top-quality issue offers limited appreciation potential out to 2022-2024.** On the other hand, the blue chip offers decent risk-adjusted total return possibilities over that span.
Orly Seidman May 3, 2019

(A) Fiscal year ends Saturday closest to Sept. 30th. Fiscal 2009 contained 53 weeks. (B) Dil. egs. Excl. nonrecurring gains/(losses): '03, (4¢); '04, 4¢; '05, (9¢); '06, 3¢; '07, 32¢; '08, 2¢; '09, 6¢; '10, (4¢); '11, (2¢). Excl. disc. ops.: '07, 1¢. Next egs. report due early Aug. (C) Div'ds hist. paid in mid-Jan. Two div'ds paid in calendar 2012. Initiated semi-annual dividend in July '15. (D) Incl. intang., in fiscal '18: \$38.8 bill., \$26.61/sh. (E) In millions.

Company's Financial Strength A++
Stock's Price Stability 90
Price Growth Persistence 80
Earnings Predictability 85