

## The Walt Disney Company

DIS

Bloomberg  
ReutersDIS:US  
DIS.N

Company's positive momentum and strong performance continue in current quarter with focus on earnings, cost reductions, and strategic priorities.

### Earnings Result

The current quarter financial report shows positive performance for the company, with increases in revenue, income from continuing operations, segment operating income, diluted EPS, cash provided by continuing operations, and free cash flow. Revenues increased by 5% in the fourth quarter and 7% for the full year, while income from continuing operations before income taxes showed a significant improvement of over 100% in the fourth quarter. Total segment operating income increased by 86% in the fourth quarter and 6% for the full year. Diluted EPS from continuing operations increased by 56% in the fourth quarter, and cash provided by continuing operations and free cash flow also showed substantial growth. These results indicate positive momentum and strong performance for the company.

### Strong net profit growth YoY

The net profit growth for 4Q fiscal 2023 compared to the same quarter in fiscal 2022 showed a significant increase. The income from continuing operations before income taxes increased by over 100%, while the diluted EPS from continuing operations increased by 56%. However, the net profit growth for the full year of fiscal 2023 compared to fiscal 2022 showed a decrease, with income from continuing operations before income taxes decreasing by 10% and diluted EPS from continuing operations decreasing by 26%. The report also mentioned higher operating income at Hong Kong Disneyland Resort, attributed to guest spending growth and increased volumes. Additionally, the DTC streaming businesses showed an increase in revenue but still reported an operating loss.

### Disney+ net adds of 7m up 7% QoQ

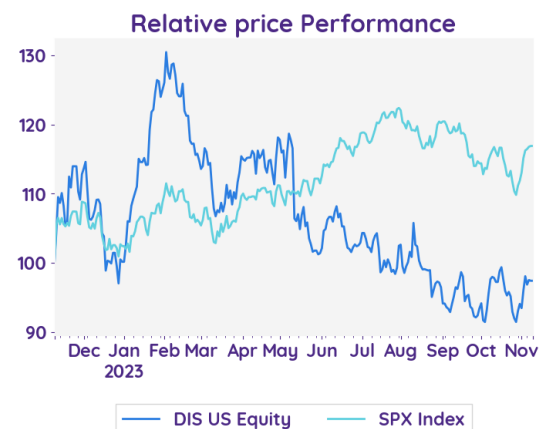
Disney+ and ESPN+ experienced strong revenue growth in the quarter, with a 13% increase to \$5.5 billion compared to the prior year. However, the operating loss for the DTC streaming businesses, which include Disney+ and ESPN+, decreased by 74% to \$387 million. This suggests that while revenue is growing, the streaming businesses are still operating at a loss. On the other hand, the park and experience business saw higher operating income due to increased guest spending and attendance.

### Solid operating margin growth

The operating margin for the company has shown growth, with total segment operating income increasing by 86% YoY. Similarly, for the full year, total segment operating income increased by 6% YoY. This indicates improved performance in the company's operating businesses. In 4Q fiscal 2024, Entertainment business turned from operating loss of US\$606 million to operating profit of US\$236 million. Operating income of Sports and Experience business grew 14% and 31% respectively.

### Outlook - Upbeat Free Cash Flow and Streaming business outlook

DIS expect to grow free cash flow in 2024 significantly versus 2023, approaching pre COVID-19 and also expect combined streaming businesses will reach profitability in 4Q fiscal 2024. DIS is on track to achieve US\$7.5 billion in cost reduction. Key focus in 2024 including 1) profitability in streaming business, 2) building ESPN into digital sports platform, 3) improving film studio, 4) turbocharging growth in parks and experiences business.



SENTIMENT	1Q23	2Q23	3Q23	4Q23
net profit	Neutral	Negative	Negative	Positive
margin	Neutral	Neutral	Neutral	Neutral
revenue	Positive	Negative	Positive	Positive

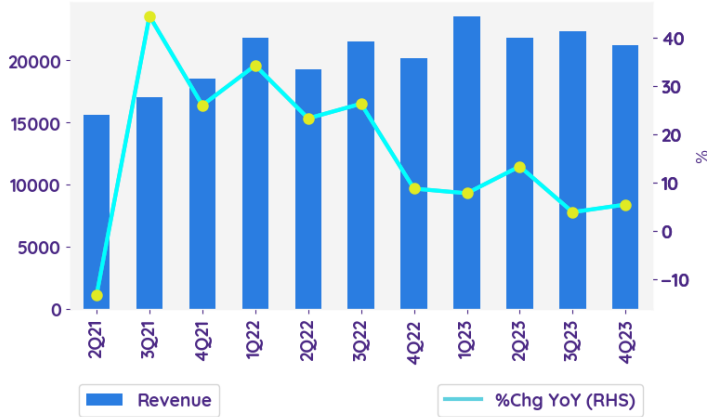
STOCK DATA	
Market Cap (USD Million)	154.62
Beta	1.18
Last close	84.50
12-m Low / High	78.7 / 118.2
Target price	108.45
Return Potential	28.3 %
% of Buy / Sell rating	74.0 % / 5.0 %

VALUATION DATA	12M FORWARD	5-YR AVERAGE
P/E	18.37	49.55
P/B	1.47	2.82
P/S	1.65	3.25
EV/EBITDA	11.40	19.33
Dividend Yield	0.0 %	

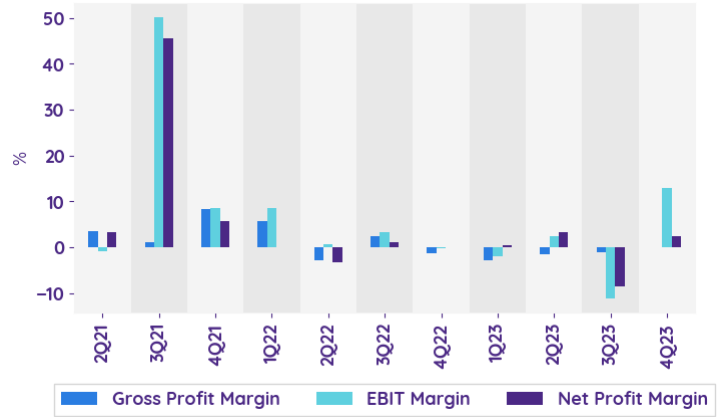
OPERATING INCOME - %CHG YOY	4Q22	1Q23	2Q23	3Q23	4Q23
Disney+ ARPU	-4.0%	-8.5%	3.2%	5.9%	14.0%
ESPN+ ARPU	2.1%	7.2%	19.2%	19.8%	10.3%
Experience revenue	36.2%	20.8%	16.9%	12.6%	9.9%
Consumer product	4.4%	-0.2%	-13.6%	-3.2%	-17.2%

The Walt Disney Company operates as an entertainment and media enterprise company. The Company's business segments includes, media networks, parks and resorts, studio entertainment, consumer products, and interactive media. Walt Disney serves customers worldwide.

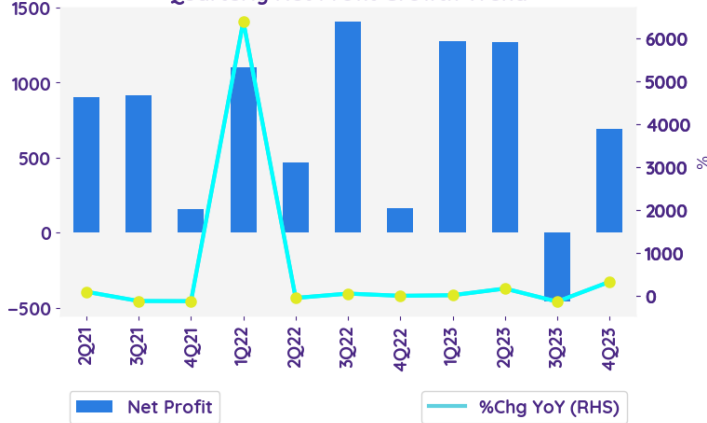
Quarterly Revenue Trend



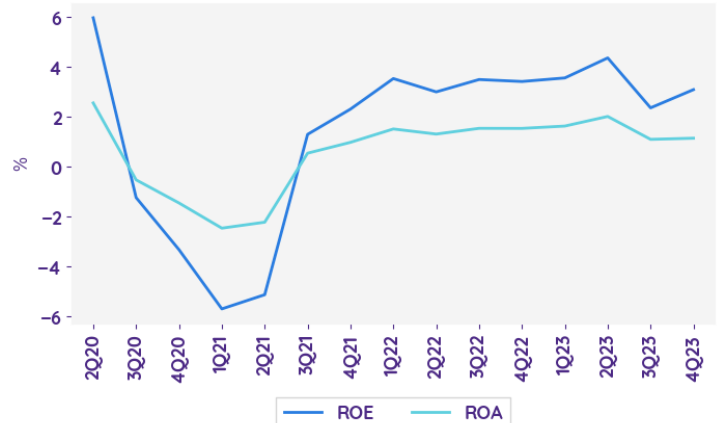
Quarterly Margin Expansion Trend



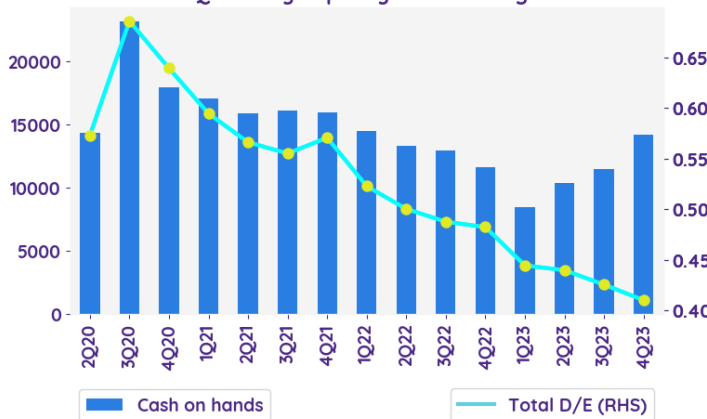
Quarterly Net Profit Growth Trend



Quarterly ROE and ROA Trend



Quarterly Liquidity and Leverage



Quarterly Cash Flows Trend

