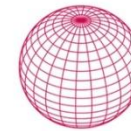


Can **Walt Disney** really **hit US\$100bn** revenue by 2024?



Valuation Master Class





The WALT DISNEY Company

Sector: Comm. Serv.



Among the largest family entertainment and media enterprises in the world. It started with animation films but expanded subsequently to film production, television, and theme parks.

3 things to know about this company

- ★ Over the past 9 years, Disney saw a 5% CAGR revenue growth
- ★ Streaming platform Disney+ comprises new growth engine
- ★ Fast recovery of theme parks could drive revenue rebound

Key statistics

Analyst consensus (34)

US\$191
(Upside 45%)

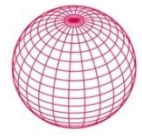
STRONG BUY

22E PE ratio

38x

Dividend yield

na



Media and entertainment 75%

Affiliate fees



Advertising



Subscription



Licensing



Parks & Experience 25%

Resorts and hotels



Theme parks



Merchandise



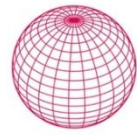
Overview of revenue over past 3-years

Media and Entertainment	19	20	21
Affiliate fees	15.9	17.9	17.8
Advertising	10.5	10.9	12.4
TV/theater licensing	10.3	8.4	6.2
Subscription fees	2.1	7.6	12.0
Other	4.0	3.5	2.5
Total segment	42.8	48.4	50.9
Park & Experience	19	20	21
Theme parks entrance	7.5	4.0	3.8
Resort and hotels	6.3	3.4	2.7
Retail and merchandise	7.7	5.0	5.0
Merchandise licensing	3.4	3.2	3.6
Other	1.9	1.4	1.4
Total segment	26.8	17.0	16.5
Total revenue	69.6	65.4	67.4
Growth (%)	17.1	(6.1)	3.1

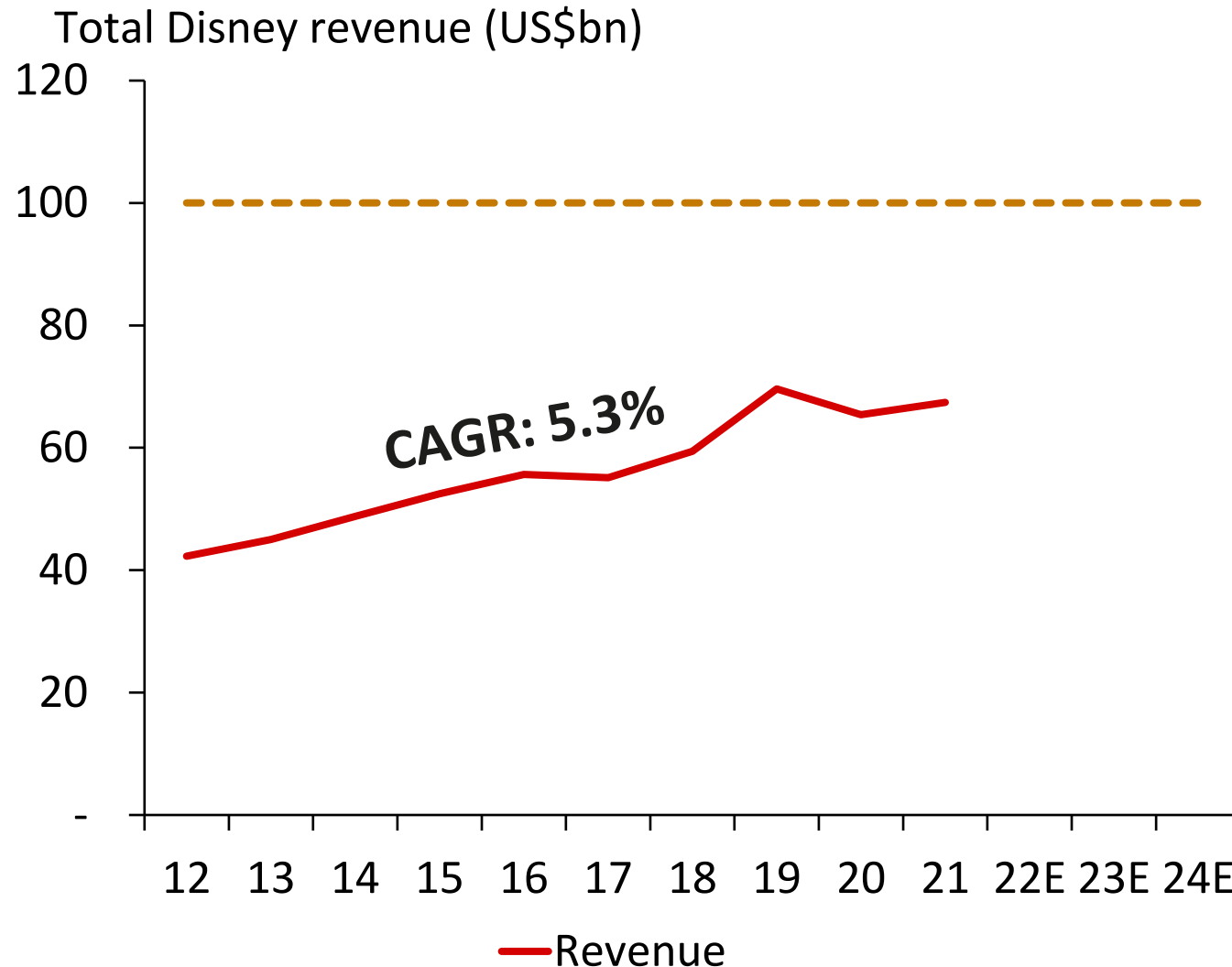
- Media and Entertainment remains main revenue contributor
- Park & Experience segment was heavily impacted by the pandemic



Disney's revenue continuously increased, but not exploded

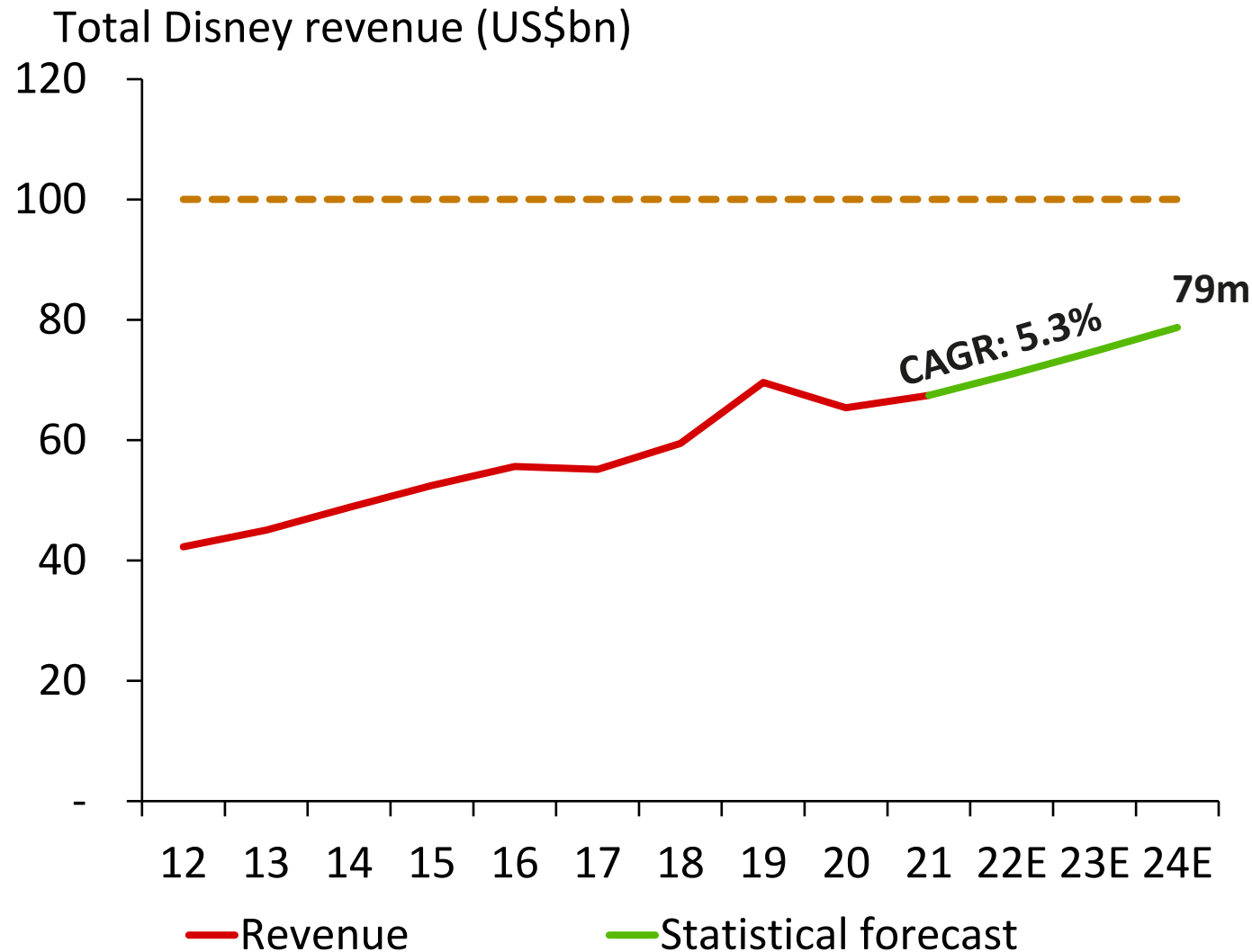


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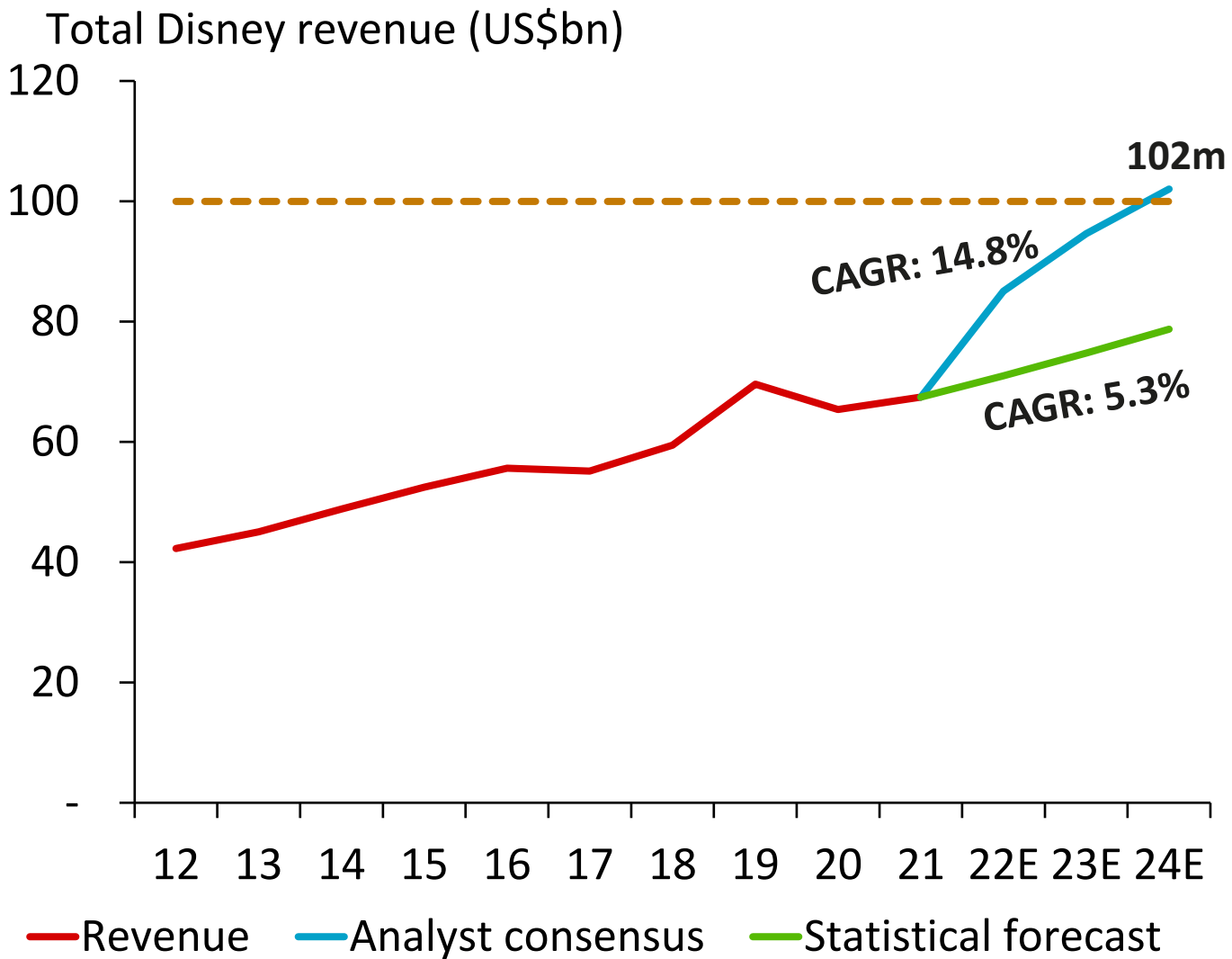
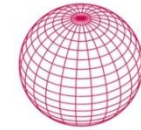
- ★ In the past 9 years, revenue grew at a solid CAGR of 5.3%
- ★ The company survived the pandemic well thanks to its new streaming platform Disney+
 - Revenue from streaming subscriptions partly offset the severe drop from its Park and Experience segment

But, past growth would not be enough to achieve US\$100bn revenue

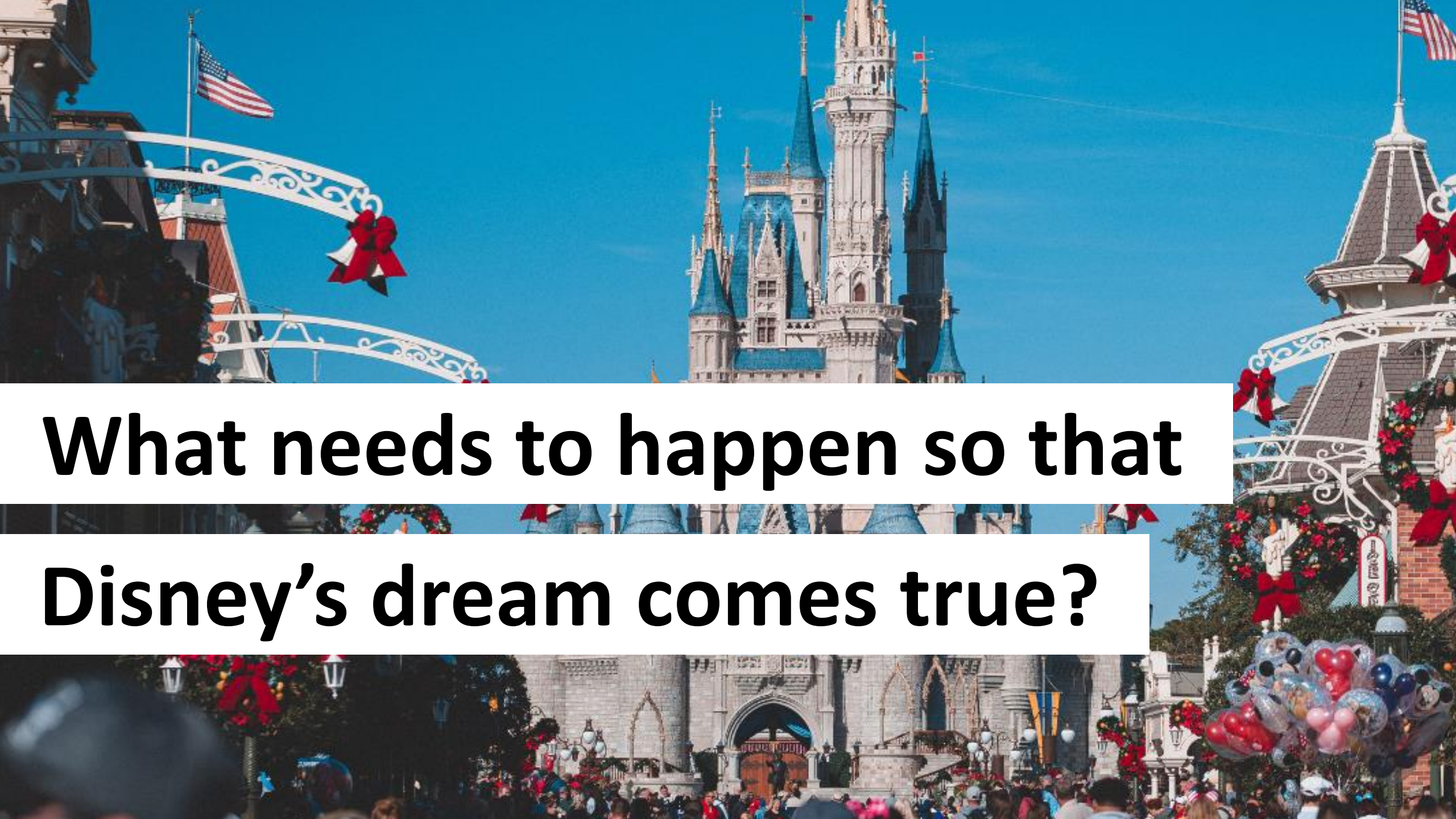


- ★ If we were to assume that Disney continues its stable growth rate of 5.3%, then we would end up at US\$79 revenue in 2024
 - This is US\$21m less than the US\$100bn mark

However, analyst consensus expect much higher growth



- ★ Analysts expects Disney revenue to grow at 14.8% CAGR over the next 3 years
 - This would result in US\$102m revenue by 2024



**What needs to happen so that
Disney's dream comes true?**

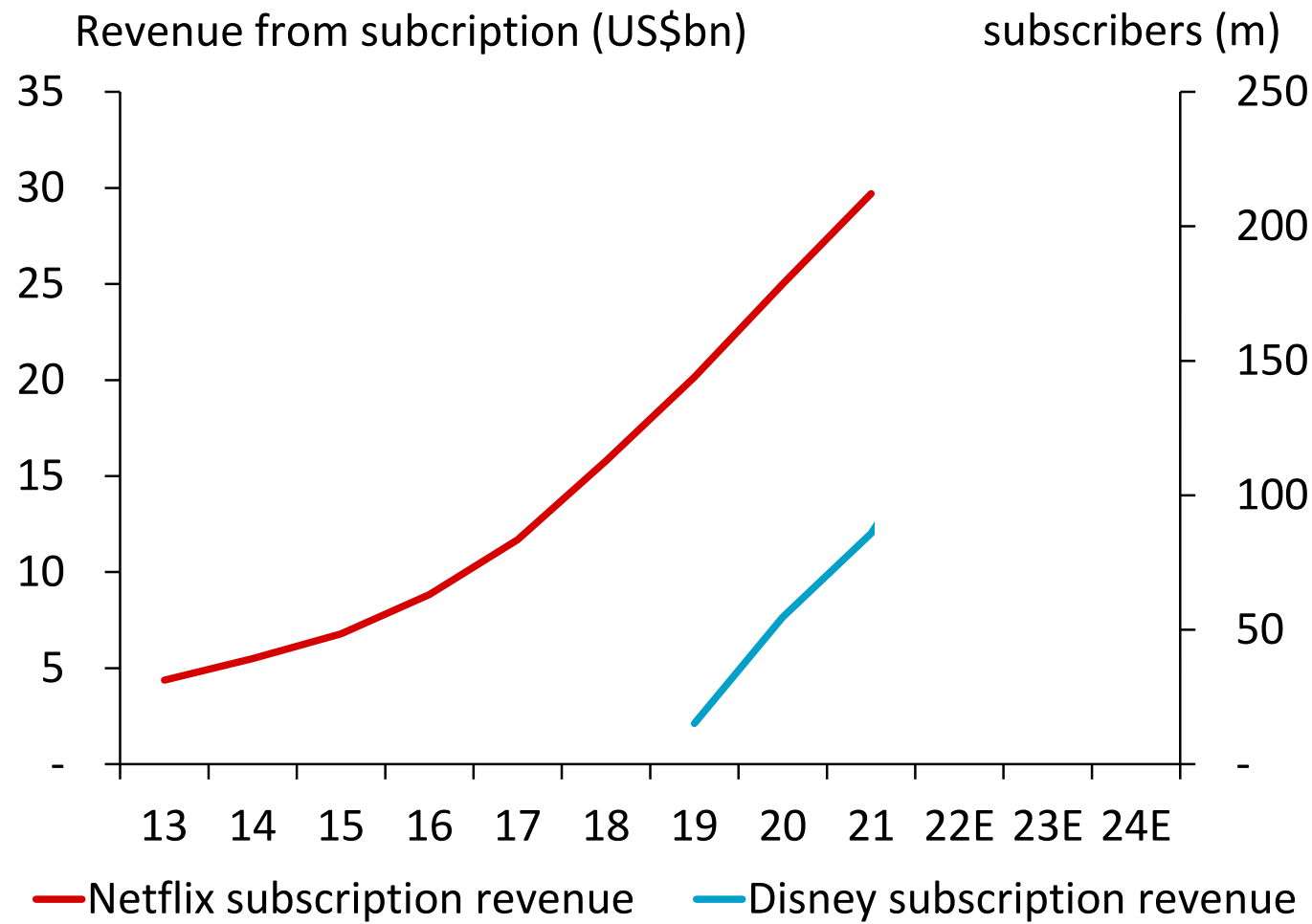
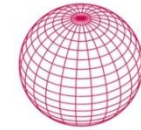
Revenue forecast for Disney

Media and Entertainment	19	20	21	22E	23E	24E
Affiliate fees	15.9	17.9	17.8	18.5	19.0	19.5
Advertising	10.5	10.9	12.4	12.4	12.8	13.2
TV/theater licensing	10.3	8.4	6.2	8.0	10.0	12.0
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- Rising costs for affiliate content and advertising should benefit Disney's top revenue contributor
- Theater licensing could see a strong rebound as pandemic measures are lifted

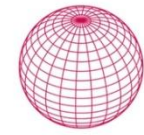


Streaming platform Disney+ could be the main growth engine

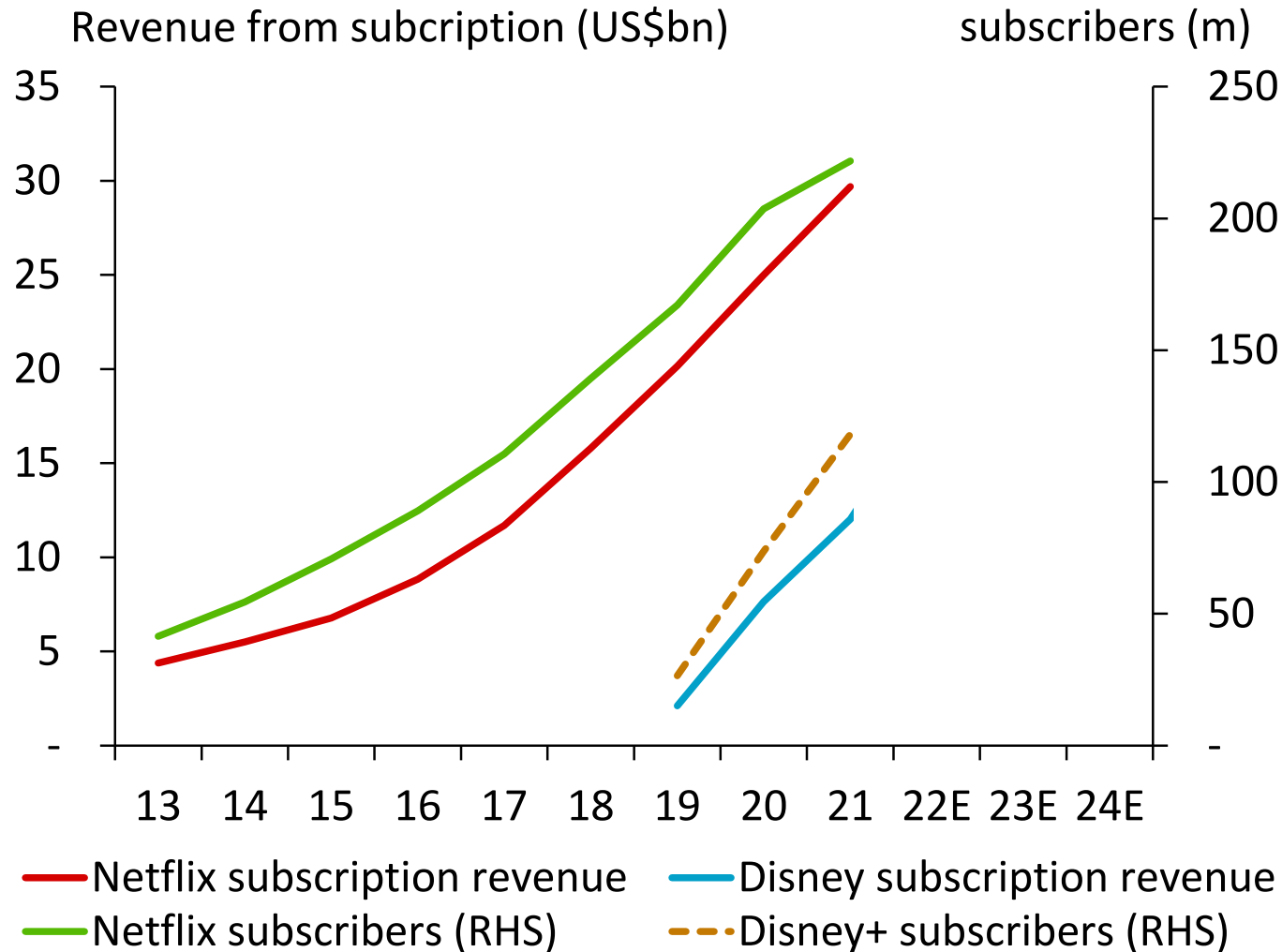


- ★ Within 2 years, Disney+ contributed US\$12bn in revenue, which is around 40% of Netflix’s revenue
- ★ As a comparison, Netflix started streaming services in 2007 and needed 10 years to get to US12bn in sales

Business model relies on economies of scale

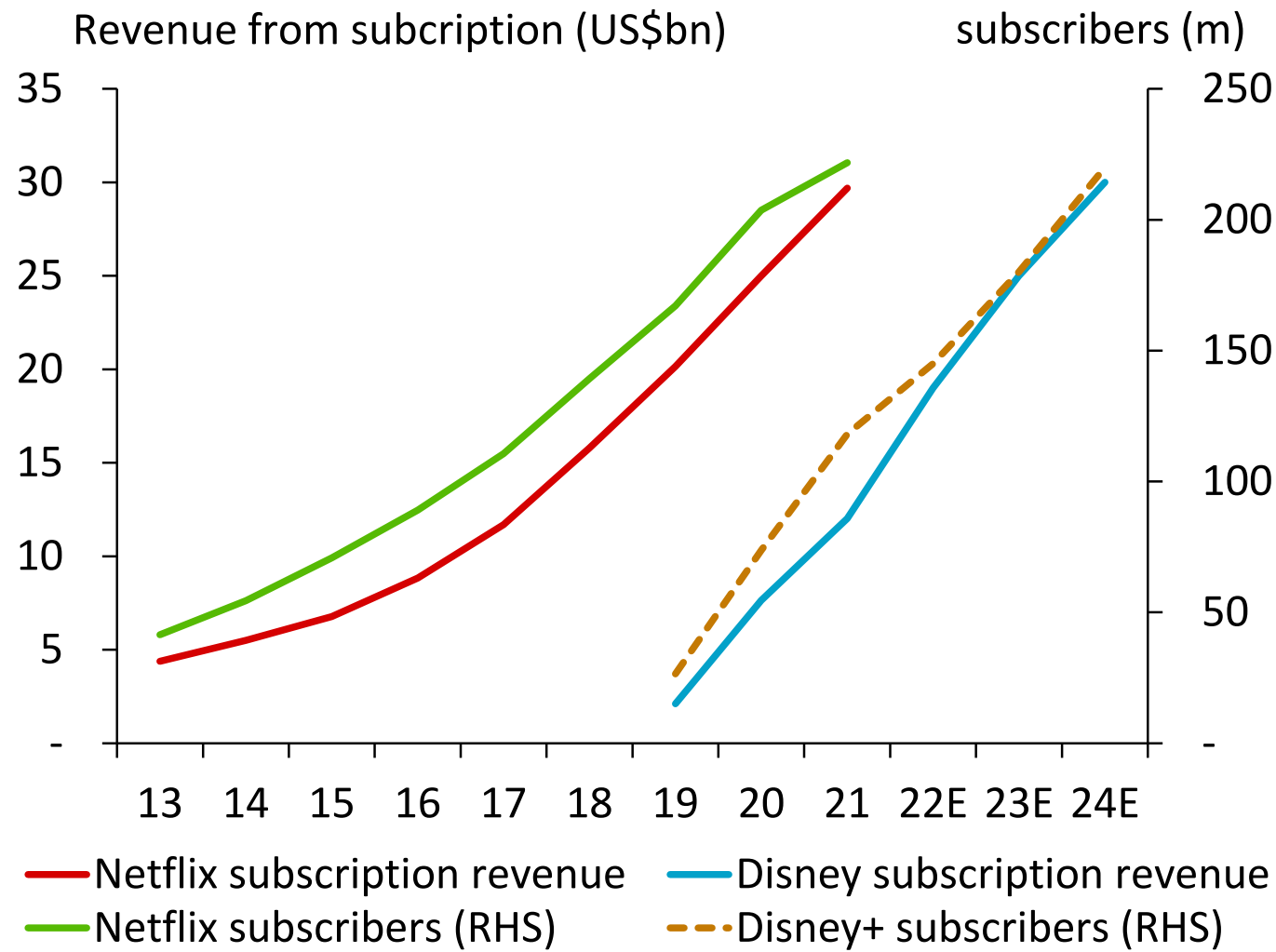
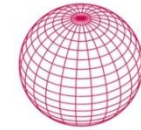


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- ★ To increase revenue, streaming providers must focus on increasing quantity
 - **Given the intense competition, it is difficult to raise prices**
- ★ As of 2021, Netflix has over 200m subscribers compared to Disney + with 118m

Let's assume Disney can grow to Netflix level in 3 years



- ★ Disney+ would need to add another 100m subscribers in 3 years
- ★ If the company can do so, it could generate around US\$30bn in annual revenue

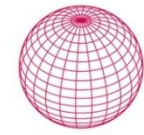
How I incorporate the story into my forecast

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Total segment	42.8	48.4	50.9	61.3	70.1	78.0
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Total segment	26.8	17.0	16.5			
Total revenue	69.6	65.4	67.4			
Growth (%)	17.1	(6.1)	3.1			

- Its streaming platform Disney+ is the main growth driver
- Reaching 220m subscribers by 2024 does not seem unrealistic

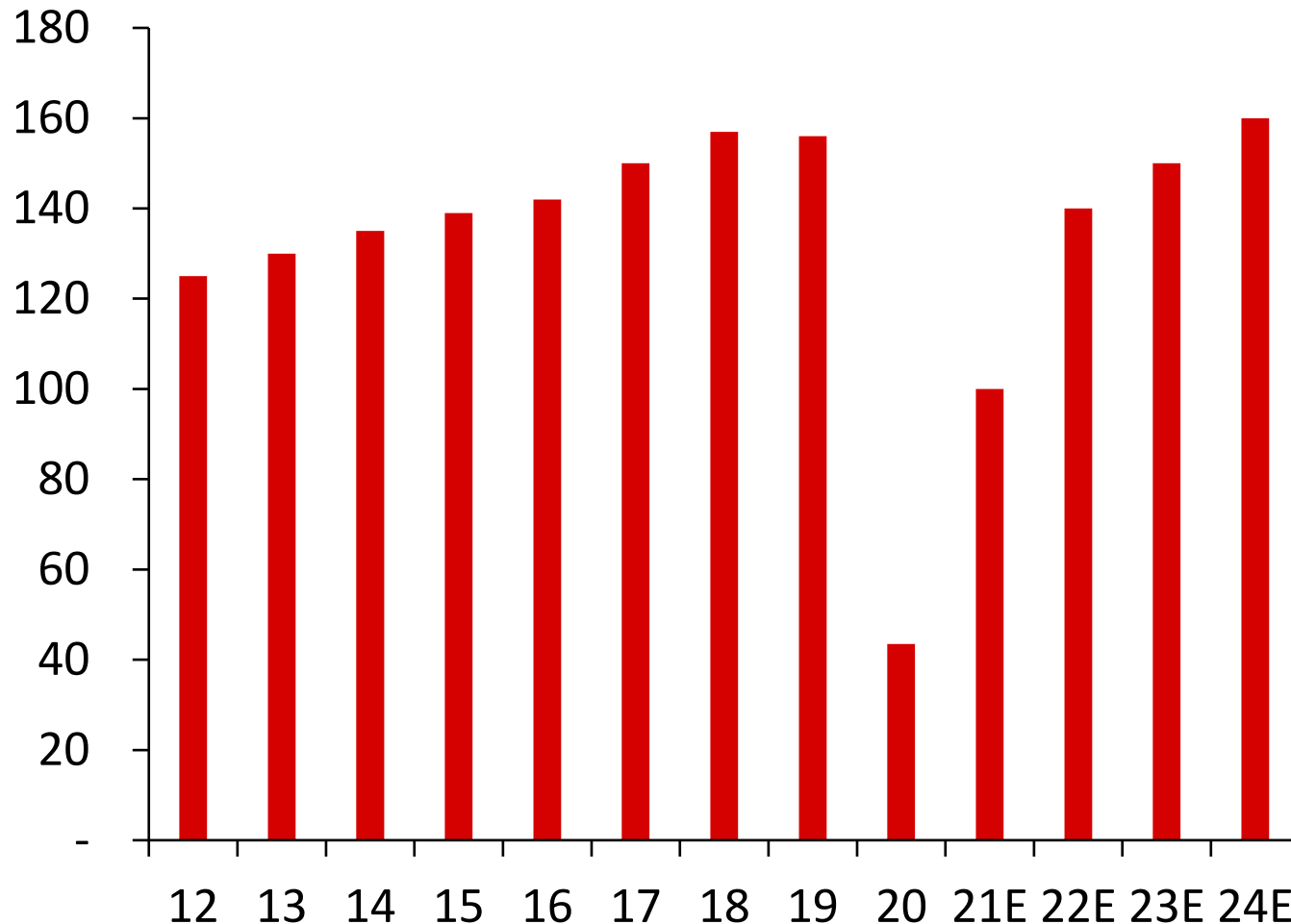


Parks and Experience segment could see a strong rebound



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Estimated number of annual Disneyland visitors (m)*



- ★ In total, the company operates 12 amusement parks under the Disneyland brand
 - Florida, California, Tokyo, Hong Kong, Shanghai, and Paris
- ★ In 2021, it reopened all locations
 - Only Chinese locations face frequent temporary shutdowns
 - This could delay full recovery

Revenue forecast

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Total revenue	69.6	65.4	67.4			
Growth (%)	17.1	(6.1)	3.1			

- Within 3 years from now, this segment should have recovered fully from COVID-19 shock



Revenue forecast

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Other	1.9	1.4	1.4	1.6	1.6	1.6
Total segment	26.8	17.0	16.5	20.5	23.0	26.5
Total revenue	69.6	65.4	67.4	81.7	93.1	104.6
Growth (%)	17.1	(6.1)	3.1	21.3	13.9	12.3

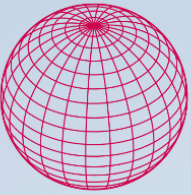
- The company could indeed reach US\$100bn revenue in 2024



CONCLUSION



- **We imposed two main assumptions**
 - Full recovery of amusement parks, hotels, and merchandise revenue by 2024
 - Disney+ reaches more than 200m subscribers by 2024 which is roughly equivalent to current Netflix subscribers
- **Under these assumptions, the US\$100bn mark is possible**

CASE  STUDY

VALUATION MASTER CLASS

by
A. Stolz INVESTMENT
RESEARCH

Can **Walt Disney**
really **hit US\$100bn**
revenue by 2024?

