

Disney+ Subscriber Model

Our model assumes that the domestic subscriber base begins to season during 2021 yielding a material moderation in churn

Millions	Q3'20	Oct-20	Nov-20	Dec-20	Q4'20	Jan-21	Feb-21	Mar-21	Q1'21	Apr-21	May-21	Jun-21	Q2'21	Jul-21	Aug-21	Sep-21	Q3'21	
Disney+																		
Netflix Subs (millions)																		
Japan	7.4	5	5.1	5.3	5.5	5.5	5.6	5.8	6	6	6.1	6.3	6.5	6.5	6.6	6.8	7	7
US	61.0	27	27	28	29	29	30	30	31	31	32	32	33	33	34	34	35	35
Canada	7.0	7	7	7	7	7	8	8	8	8	8	8	8	8	8	8	8	8
Netherlands	2.4	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Australia & NZ	3.9	3	4	5	6	6	6	6	7	7	7	7	7	7	7	7	7	7
Germany	10.0	6	7	7	8	8	8	8	9	9	9	9	9	9	9	9	9	9
UK & Ireland	16.0	8	9	9	10	10	10	11	11	11	11	11	11	11	11	11	12	12
France	7.0	4	4	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6
Spain	7.0	4	4	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6
Italy	7.0	4	4	5	5	5	5	5	6	6	6	6	6	6	6	6	6	6
Rest of W-EU	0.0																	
Latin America	29.4	11	14	14	16	16	22	24	27	27	21	24	27	28	21	24	26	28
Eastern EU																		
India								10	15	15	19	25	35	35	40	45	50	50
China	305														9	14	20	20
Total		83	89	92	101	101	109	122	133	133	132	143	157	158	166	181	195	198
Period Start	56	83	90	93	83	101	109	123	101	133	132	142	133	157	167	182	157	
Gross Adds	39	12	9	13	34	13	20	15	48	4	14	19	37	13	18	16	47	
Monthly Churn	6.3%	6.3%	6.0%	5.8%	6.0%	5.3%	4.8%	4.3%	4.8%	3.8%	3.3%	2.8%	3.3%	2.3%	1.8%	1.3%	1.8%	
Disconnects	11.7	5.2	5.4	5.4	15.9	5.3	5.2	5.2	15.7	5.0	4.3	3.9	13.2	3.5	2.9	2.3	8.7	
Net Adds	27	7	4	8	18	8	15	10	32	-1	10	15	24	9	15	14	38	
Period End	83	90	93	101	101	109	123	133	133	132	142	157	157	167	182	195	195	

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India

Launch in India on top of Hotstar and STAR

China

Launch in China

- 1) Prior to doing this analysis and reading Bob Iger's autobiography we did not understand why Disney's international cable networks were bundled-in with DTC in its corporate reorganization post the 21st Century Fox merger. But now it's crystal clear why. Iger wanted the international legacy assets and the business development manpower (especially that acquired with 21CF) to put all of their might / influence into Disney+'s international expansion.
- 2) For context, 21st Century Fox's international TV business is twice the size of Disney's, and Hotstar is the leading OTT in India and Star India is the leading TV network. Star India's 60 networks reach 200m paid-TV HHs in India and have 790m monthly viewers.
- 3) Disney has been relatively silent to Wall Street about its international plans, save to "mark" a subscriber estimate of 40-60m by October 2024 and to denote the approximate launch quarters. Like in the US, we expect Disney+ to be priced to rapidly penetrate its markets and to utilize all of the available distribution partners.
- 4) We expect Disney+ to enter India with an extremely compelling price point of ~\$1.00 per month and China at ~\$1.75. Disney+ will have the benefit of learnings from Netflix and Amazon in these markets, along with its own businesses. We expect the China launch to be a celebrated achievement by Iger, potentially coming alongside a new theme park announcement, ie. that would be the trade with the government to gain access as the first western streaming company in China. That may also come with China taking an equity stake in China Disney+ as was done for Shanghai Disney Resort.