

DIS > \$550/sh by 2027

- We have modeled the **bull-case**, i.e. things go the right way for the company; Disney+ is a home run, Disney's DTC strategy strongly succeeds while the legacy businesses "hold on". Moreover, this bull-case scenario assumes no economic recession or global geo-political breakdown.
- Call-outs from this modeling include:
 - ✓ Media profits are driven by license sales to OTT distributors, including Hulu and Disney+.
 - ✓ Diluted shares outstanding are driven lower starting in 2022 due to large buybacks as the company repurchases shares to maintain a cash position of \$5B.
 - ✓ The financial leverage could be increased to maximize a share count reduction. We are modeling a substantial reduction in leverage out of convenience.
- DIS' forward multiple has had a historic range of 16-20X. However, with the DTC, Disney becomes more like Google and Microsoft which trade at 25X.
- Increasing the financial leverage (net debt/EBITDA) to 1.5x (vs. 0.5X) increases the equity returns and the **Price Target to nearly \$600/sh** (from \$555).

(millions)	2019	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Media Networks *									
Revenue	\$24,827	\$27,867	\$28,828	\$29,185	\$29,332	\$29,234	\$29,125	\$28,861	\$28,455
EBIT	\$7,479	\$8,811	\$9,337	\$9,059	\$8,147	\$7,593	\$7,326	\$7,683	\$7,975
YoY \$ Ch	\$141	\$1,332	\$526	-\$278	-\$912	-\$555	-\$266	\$357	\$292
Parks, Experiences & CP									
Revenue	\$26,225	\$28,555	\$31,720	\$35,868	\$39,125	\$41,556	\$44,145	\$46,905	\$49,849
EBIT	\$6,758	\$7,281	\$8,239	\$9,489	\$10,471	\$11,550	\$12,704	\$13,937	\$15,256
YoY \$ Ch	\$663	\$523	\$958	\$1,251	\$981	\$1,079	\$1,154	\$1,233	\$1,319
Studio Ent.									
Revenue	\$11,127	\$11,291	\$9,719	\$12,146	\$12,659	\$13,080	\$13,080	\$13,080	\$13,080
EBIT	\$3,369	\$3,775	\$3,406	\$4,376	\$4,582	\$4,750	\$4,750	\$4,750	\$4,750
YoY \$ Ch	\$365	\$406	-\$369	\$970	\$205	\$168	\$0	\$0	\$0
DTC & International									
Revenue	\$9,349	\$16,694	\$21,142	\$27,104	\$33,014	\$37,149			
YoY \$ Ch									
Segment EBIT									
International	\$670	\$935	\$1,015	\$1,111	\$1,226	\$1,364	\$1,530	\$1,729	\$1,968
Disney+	-\$67	-\$777	\$323	\$2,441	\$5,618	\$7,414	\$7,815	\$9,155	\$10,424
Hulu	-\$1,777	-\$1,325	-\$687	-\$44	\$87	\$301	\$486	\$646	\$786
ESPN+	-\$650	-\$538	-\$977	-\$784	-\$335	-\$231	\$245	\$530	\$1,096
HotStar	\$250	\$250	\$300	\$350	\$400	\$450	\$500	\$550	\$600
Associates	-\$2,100	-\$1,190	-\$140	-\$90	-\$40	\$0	\$0	\$0	\$0
EBIT	<u>-\$1,814</u>	<u>-\$1,454</u>	<u>-\$25</u>	<u>\$3,073</u>	<u>\$6,997</u>	<u>\$9,300</u>	<u>\$10,576</u>	<u>\$12,610</u>	<u>\$14,874</u>
YoY \$ Ch	-\$1,076	\$360	\$1,429	\$3,098	\$3,924	\$2,303	\$1,277	\$2,034	\$2,264
Eliminations									
Revenue	-\$1,958	-\$2,056	-\$2,159	-\$2,267	-\$2,380	-\$2,499	-\$2,624	-\$2,755	-\$2,893
EBIT	-\$241	-\$241	-\$241	-\$241	-\$241	-\$241	-\$241	-\$241	-\$241
Total Segment EBIT	\$15,551	\$18,171	\$20,716	\$25,757	\$29,956	\$32,952	\$35,116	\$38,740	\$42,615
YoY \$ Ch	-\$138	\$2,620	\$2,545	\$5,041	\$4,198	\$2,996	\$2,164	\$3,624	\$3,875
Pre-Tax	\$13,483	\$16,196	\$18,989	\$24,269	\$28,539	\$31,519	\$33,667	\$37,274	\$41,131
Net Income	\$10,085	\$12,125	\$14,279	\$18,431	\$21,832	\$24,200	\$25,899	\$28,700	\$31,703
Diluted Shares	1,666	1,664	1,660	1,640	1,595	1,547	1,505	1,466	1,428
EPS-PF ex. PPA	\$6.05	\$7.29	\$8.60	\$11.24	\$13.69	\$15.64	\$17.21	\$19.58	\$22.20
YoY % Change		20%	18%	31%	22%	14%	10%	14%	13%

* See appendix for details on Media Networks segment

Forward P/E Multiple
Stock Price

25.0 x
\$555