

Alternative Scenario-2: Disney's business falters and DTC only achieves breakeven

(millions)	2019	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Media Networks									
EBIT base case	\$7,479	\$8,811	\$9,337	\$9,059	\$8,147	\$7,593	\$7,326	\$7,683	\$7,975
Worse					-\$262	-\$292	-\$324	-\$360	-\$400
EBIT	\$7,479	\$8,811	\$9,337	\$9,059	\$7,885	\$7,301	\$7,002	\$7,323	\$7,575
YoY \$ Ch	\$141	\$1,332	\$526	-\$278	-\$1,174	-\$584	-\$299	\$321	\$252
Parks, Experiences & CP									
EBIT	\$6,758	\$7,265	\$7,810	\$8,395	\$9,025	\$9,702	\$10,430	\$11,212	\$12,053
YoY \$ Ch	\$663	\$507	\$545	\$586	\$630	\$677	\$728	\$782	\$841
Studio Ent.									
EBIT	\$3,369	\$3,302	\$3,236	\$3,074	\$2,920	\$2,774	\$2,635	\$2,504	\$2,378
YoY \$ Ch	\$365	-\$67	-\$66	-\$162	-\$154	-\$146	-\$139	-\$132	-\$125
DTC & International									
Segment EBIT									
International Cable	\$811	\$872	\$937	\$1,008	\$1,083	\$1,164	\$1,252	\$1,345	\$1,446
DTC	-\$2,240	-\$2,389	-\$1,040	\$0	\$0	\$0	\$0	\$0	\$0
Associates	-\$240	-\$190	-\$140	-\$90	-\$40	\$0	\$0	\$0	\$0
EBIT	-\$1,814	-\$1,707	-\$243	\$918	\$1,043	\$1,164	\$1,252	\$1,345	\$1,446
YoY \$ Ch	-\$1,076	\$107	\$1,465	\$1,160	\$126	\$121	\$87	\$94	\$101
Total Segment EBIT	\$15,551	\$17,429	\$19,899	\$21,205	\$20,632	\$20,701	\$21,078	\$22,143	\$23,212
YoY \$ Ch	-\$138	\$1,878	\$2,470	\$1,306	-\$573	\$68	\$377	\$1,065	\$1,068
Corporate	-\$987	-\$888	-\$799	-\$500	-\$500	-\$500	-\$500	-\$500	-\$500
Other Income									
Interest Expense	-\$978	-\$1,113	-\$954	-\$795	-\$761	-\$761	-\$761	-\$761	-\$761
Equity Income (ex segments)	-\$103								
Pre-Tax	\$13,483	\$15,427	\$18,145	\$19,910	\$19,372	\$19,440	\$19,817	\$20,882	\$21,951
Taxes	\$2,926	\$3,348	\$3,937	\$4,320	\$4,204	\$4,218	\$4,300	\$4,531	\$4,763
Rate	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%	21.7%
Minority Interests	-\$472	-\$556	-\$589	-\$572	-\$498	-\$461	-\$442	-\$462	-\$478
Net Income	\$10,085	\$11,524	\$13,618	\$15,018	\$14,670	\$14,761	\$15,075	\$15,889	\$16,709
Diluted Shares	1,666	1,667	1,640	1,597	1,550	1,488	1,429	1,373	1,324
EPS-PF ex. PPA	\$6.05	\$6.91	\$8.30	\$9.40	\$9.46	\$9.92	\$10.55	\$11.58	\$12.62
YoY % Change		14%	20%	13%	1%	5%	6%	10%	9%

Given our work on the business risks for Disney+, it is highly unlikely that Disney+ becomes a Disney-minus in the long-term

Larger contraction in the linear-network and TV studio businesses

Moderate growth at the Parks

Studio fades

DTC only achieves break-even

14X valuation (\$176) given secular pressures and lower growth