

# TheStreet Quant Ratings

## DISNEY (WALT) CO

BUY					HOLD			SELL						<b>HOLD</b>	RATING SINCE	03/13/2020	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	Price as of 3/14/2024
Annual Dividend Rate <b>\$0.60</b>				Annual Dividend Yield <b>0.53%</b>				Beta <b>1.41</b>			Market Capitalization <b>\$205.6 Billion</b>			52-Week Range <b>\$78.73-\$115.19</b>		Price as of 3/14/2024 <b>\$112.06</b>	

Sector: **Information** | Industry Group: **Radio and Television Broadcasting Stations**

### DIS BUSINESS DESCRIPTION

The Walt Disney Company operates as an entertainment company worldwide. It operates through three segments: Entertainment, Sports, and Experiences.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	19.29	20.03	-17.17

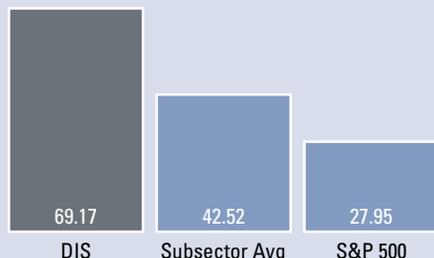
### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	0.15	4.09	13.54
Net Income	49.41	-10.07	37.55
EPS	48.57	-10.99	37.43

### RETURN ON EQUITY (%)

	DIS	Subsector Avg	S&P 500
Q1 2024	2.96	22.72	17.66
Q1 2023	3.45	17.50	19.00
Q1 2022	3.50	26.47	18.28

### P/E COMPARISON

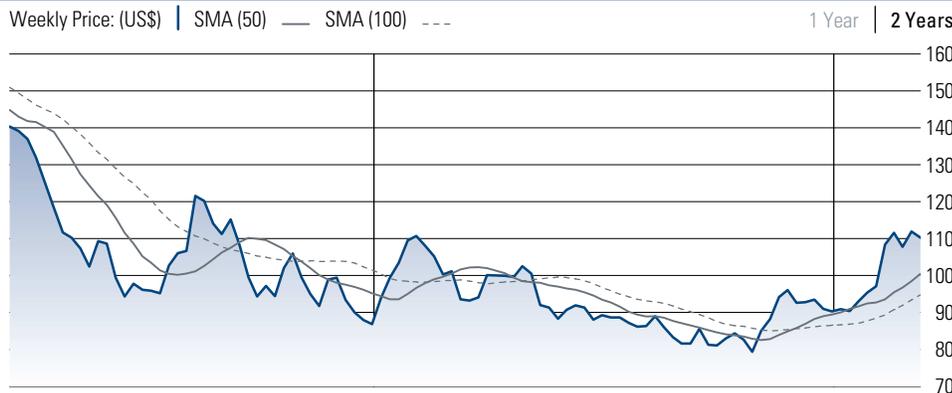


### EPS ANALYSIS<sup>1</sup> (\$)



NA = not available NM = not meaningful

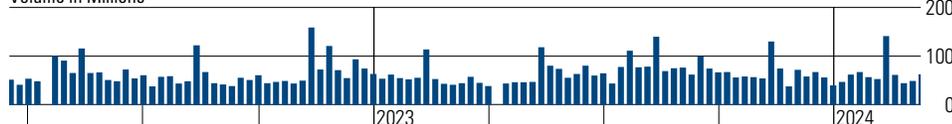
<sup>1</sup> Compustat fiscal year convention is used for all fundamental data items.



### Rating History



### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate DISNEY (WALT) CO (DIS) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its revenue growth, good cash flow from operations and largely solid financial position with reasonable debt levels by most measures. However, as a counter to these strengths, we also find weaknesses including disappointing return on equity and poor profit margins.

### HIGHLIGHTS

DIS's revenue growth has slightly outpaced the subsector average of 0.5%. Since the same quarter one year prior, revenues slightly increased by 0.1%. Growth in the company's revenue appears to have helped boost the earnings per share.

Net operating cash flow has significantly increased by 324.33% to \$2,185.00 million when compared to the same quarter last year. The firm also exceeded the subsector average cash flow growth rate of 276.83%.

The current debt-to-equity ratio, 0.47, is low and is below the subsector average, implying that there has been successful management of debt levels. Despite the fact that DIS's debt-to-equity ratio is low, the quick ratio, which is currently 0.69, displays a potential problem in covering short-term cash needs.

The gross profit margin for DISNEY (WALT) CO is currently lower than what is desirable, coming in at 33.81%. Regardless of DIS's low profit margin, it has managed to increase from the same period last year. Despite the mixed results of the gross profit margin, the net profit margin of 8.11% trails the subsector average.

The company's current return on equity has slightly decreased from the same quarter one year prior. This implies a minor weakness in the organization. Compared to other companies in the Internet Publishing and Broadcasting subsector and the overall market, DISNEY (WALT) CO's return on equity significantly trails that of both the subsector average and the S&P 500.

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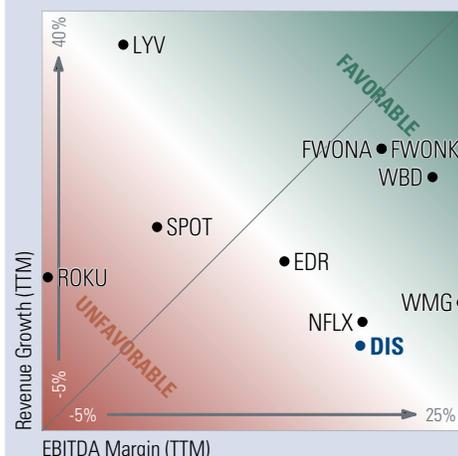
## DISNEY (WALT) CO

Sector: Information | Radio and Television Broadcasting Stations

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### PEER GROUP ANALYSIS

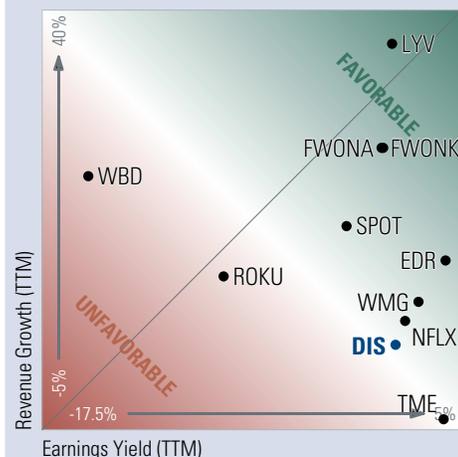
#### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$4.6 Billion and \$265.3 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

#### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -3.9% and 36.4%. Companies with NA or NM values do not appear.

### SUBSECTOR ANALYSIS

DISNEY (WALT) CO falls within the Information sector and the Radio and Television Broadcasting Stations industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Television Broadcasting Stations.

TheStreet Quant Ratings is currently tracking 627 companies in the Information sector that total around \$14,604 billion in market capitalization as well as \$3,266 billion in annual sales.

The Broadcasting and Content Providers subsector accounts for 14.2% of those revenues.

Industries in the Broadcasting and Content Providers subsector include establishments that create content or acquire the right to distribute content and subsequently broadcast or distribute that content. The industry groups (Radio and Television Broadcasting Stations and Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers) are based on differences in the methods of communication and the nature of services provided. The Radio and Television Broadcasting Stations industry group includes establishments that operate radio or television broadcasting stations for the programming and transmission of programs to the public. Programming may originate in their own studio, from an affiliated network, or from external sources. The Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers industry group includes establishments providing media streaming distribution services, operating social network sites, operating media broadcasting and cable television networks, and supplying information, such as news reports, articles, pictures, and features, to the news media. The establishments classified in this subsector are often engaged in the production and purchase of programs and other textual, audio, and/or video content, and they typically generate revenues from the sale of advertising space and air time, subscriptions, donations, subsidies, and/or the sale of programs.

### PEER GROUP: Internet Publishing and Broadcasting

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>DIS</b>	<b>DISNEY (WALT) CO</b>	<b>112.06</b>	<b>205,552</b>	<b>69.17</b>	<b>88,935.00</b>	<b>2,986.00</b>
TME	TENCENT MUSIC ENTERTAINMEN	10.45	8,971	24.88	4,027.73	673.35
ROKU	ROKU INC	64.66	8,158	NM	3,484.62	-709.56
EDR	ENDEAVOR GROUP HOLDINGS	25.16	7,556	24.19	5,960.16	356.52
SPOT	SPOTIFY TECHNOLOGY SA	257.13	50,691	NM	14,642.51	-588.04
WMG	WARNER MUSIC GROUP CORP	32.95	4,639	37.44	6,297.00	467.00
NFLX	NETFLIX INC	613.01	265,286	51.04	33,723.30	5,407.99
LYV	LIVE NATION ENTERTAINMENT	103.41	23,867	79.55	22,749.07	315.84
WBD	WARNER BROS DISCOVERY INC	8.53	20,811	NM	41,321.00	-3,126.00
FWONA	LIBERTY MEDIA FORMULA ONE	61.81	16,206	128.77	3,222.00	185.00
FWONK	LIBERTY MEDIA FORMULA ONE	69.97	16,206	145.77	3,222.00	185.00

The peer group comparison is based on Major Broadcasting and Content Providers companies of comparable size.

# TheStreet Quant Ratings

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### COMPANY DESCRIPTION

The Walt Disney Company operates as an entertainment company worldwide. It operates through three segments: Entertainment, Sports, and Experiences. The company produces and distributes film and television video streaming content under the ABC Television Network, Disney, Freeform, FX, Fox, National Geographic, and Star brand television channels, as well as ABC television stations and A+E television networks; and produces original content under the ABC Signature, Disney Branded Television, FX Productions, Lucasfilm, Marvel, National Geographic Studios, Pixar, Searchlight Pictures, Twentieth Century Studios, 20th Television, and Walt Disney Pictures banners. It also offers direct-to-consumer streaming services through Disney+, Disney+ Hotstar, Hulu, and Star+; sports-related entertainment services through ESPN, ESPN on ABC, ESPN+ DTC, and Star; sale/licensing of film and episodic content to third-party television and VOD services; theatrical, home entertainment, and music distribution services; DVD and Blu-ray discs, electronic home video licenses, and VOD rental services; staging and licensing of live entertainment events; and post-production services. In addition, the company operates theme parks and resorts comprising Walt Disney World Resort, Disneyland Resort, Disneyland Paris, Hong Kong Disneyland Resort, Shanghai Disney Resort, Disney Cruise Line, Disney Vacation Club, National Geographic Expeditions, and Adventures by Disney, as well as Aulani, a Disney resort and spa in Hawaii. It also licenses its intellectual property to a third party for operations of the Tokyo Disney Resort; licenses trade names, characters, visual, literary, and other IP for use on merchandise, published materials, and games; operates a direct-to-home satellite distribution platform; sells branded merchandise through retail, online, and wholesale businesses; and develops and publishes books, comic books, and magazines. The company was founded in 1923 and is based in Burbank, California.

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### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of DIS shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, DIS has a growth score better than 90% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>3.5 out of 5 stars</b>	★	★	★	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 60% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>3.5 out of 5 stars</b>	★	★	★	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 60% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
<b>Income</b>	<b>3.0 out of 5 stars</b>	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 50% of the companies we track.		weak				strong

### THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### INCOME STATEMENT

	Q1 FY24	Q1 FY23
Net Sales (\$mil)	23,549.00	23,512.00
EBITDA (\$mil)	4,179.00	3,299.00
EBIT (\$mil)	2,936.00	1,993.00
Net Income (\$mil)	1,911.00	1,279.00

### BALANCE SHEET

	Q1 FY24	Q1 FY23
Cash & Equiv. (\$mil)	7,192.00	8,473.00
Total Assets (\$mil)	197,774.00	202,124.00
Total Debt (\$mil)	47,690.00	48,377.00
Equity (\$mil)	100,721.00	96,149.00

### PROFITABILITY

	Q1 FY24	Q1 FY23
Gross Profit Margin	33.81%	30.31%
EBITDA Margin	17.74%	14.03%
Operating Margin	12.47%	8.48%
Sales Turnover	0.45	0.42
Return on Assets	1.50%	1.64%
Return on Equity	2.96%	3.45%

### DEBT

	Q1 FY24	Q1 FY23
Current Ratio	0.84	0.99
Debt/Capital	0.32	0.33
Interest Expense	528.00	465.00
Interest Coverage	5.56	4.29

### SHARE DATA

	Q1 FY24	Q1 FY23
Shares outstanding (mil)	1,834	1,826
Div / share	0.30	0.00
EPS	1.04	0.70
Book value / share	54.92	52.66
Institutional Own %	NA	NA
Avg Daily Volume	12,393,525	13,017,993

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

### FINANCIAL ANALYSIS

DISNEY (WALT) CO's gross profit margin for the first quarter of its fiscal year 2024 has increased when compared to the same period a year ago. Sales and net income have grown, and although the growth in revenues has outpaced the average competitor within the subsector, the net income growth has not. DISNEY (WALT) CO has weak liquidity. Currently, the Quick Ratio is 0.69 which shows a lack of ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

At the same time, stockholders' equity ("net worth") has remained virtually unchanged only increasing by 4.75% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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## RATINGS HISTORY

Our rating for DISNEY (WALT) CO has not changed since 3/13/2020. As of 3/14/2024, the stock was trading at a price of \$112.06 which is 2.7% below its 52-week high of \$115.19 and 42.3% above its 52-week low of \$78.73.

2 Year Chart



## MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/14/22	\$129.03	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

## RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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## VALUATION

HOLD. DISNEY (WALT) CO's P/E ratio indicates a significant premium compared to an average of 42.52 for the Broadcasting and Content Providers subsector and a significant premium compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 2.04 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 5.70. The price-to-sales ratio is below the S&P 500 average and is well below the subsector average, indicating a discount.

Price/Earnings	1	2	3	4	5
	premium			discount	

**DIS 69.17** Peers **42.52**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- DIS is trading at a significant premium to its peers.

Price/Projected Earnings	1	2	3	4	5
	premium			discount	

**DIS 20.52** Peers **19.13**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- DIS is trading at a significant premium to its peers.

Price/Book	1	2	3	4	5
	premium			discount	

**DIS 2.04** Peers **5.70**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- DIS is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
	premium			discount	

**DIS 2.31** Peers **3.80**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- DIS is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
	premium			discount	

**DIS 15.75** Peers **19.70**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- DIS is trading at a discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
	premium			discount	

**DIS 0.27** Peers **0.73**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- DIS trades at a significant discount to its peers.

Earnings Growth	1	2	3	4	5
	lower			higher	

**DIS -10.99** Peers **37.80**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, DIS is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower			higher	

**DIS 4.09** Peers **3.92**

- Average. Comparing a company's sales growth to its subsector helps to determine if the company is adding or losing market share.
- DIS is keeping pace with its peers on the basis of sales growth.

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