Tigress Financial Partners

Company Report – Research Update

Walt Disney Company (DIS-US)

Media

- We reiterate our Buy rating on DIS as the integration of Fox Media and the launch of new key digital initiatives will drive a transition in the company's operating metrics and a new opportunity for shareholders.
- Business Performance continues to accelerate driven by ongoing strength in media, studios, and theme parks.
- Disney Studios could have another record year as a number of potential blockbusters are scheduled to be released this year.
- DIS will launch its own direct-to-consumer streaming service in 2019.
- DIS's Parks & Resorts continues to benefit from growth in family travel and ongoing movie content-themed attractions.
- DIS continues to invest its significant cash flow in new growth initiatives and strategic acquisitions, in addition to enhancing shareholder returns through ongoing dividend increases and share repurchases.
- DIS is on our Research Focus List and is in our Focus Opportunity Portfolio.

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Company Note

Walt Disney Company (DIS-US)

Media

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Research Action:

Reiterate rating

Rating:	**Buy**
Prior Rating:	**Buy**
Price 02/11/2019:	**$109.44**
52 Week High / Low:	**$120.20 $97.68**
Key Data: (TTM as of Dec-18)	
Excess Cash per Share:	**$2.99**
Annual Dividend:	**$1.76**
Dividend Yield:	**1.61%**
Avg. Volume (30 Day):	**7.8M**
Shares Outstanding:	**1,490.8M**
Float:	**1,488.6M**
Short Interest:	**27.8M**
SI % / Float	**1.87%**
Equity MV:	**$163,151.0M**
Sales TTM:	**$59,402.0M**
Beta:	**0.85**
EBITDAR:	**$18,290.8M**
NOPAT:	**$11,335.5M**
Total Invested Capital:	**$76,275.2M**
Return on Capital:	**14.89%**
Cost of Capital:	**6.13%**
Economic Profit:	**$6,667.7M**
Market Value Added:	**$113,768.5M**
Current Operations Value:	**$184,846.3M**
Future Growth Value:	**$5,197.5M**

- **We reiterate our Buy rating on DIS as the integration of Fox Media and the launch of new key digital initiatives will drive a transition in the company's operating metrics and a new opportunity for shareholders.** DIS continues to benefit from record box office revenues with its largest-ever market share, and will further increase its box office dominance with its strong pipeline of upcoming blockbuster releases and its recent acquisition of Fox's media assets. DIS is also benefiting from strength in consumer spending as it continues to experience significant increases in theme park traffic and in-park spending. DIS's upcoming direct-to-consumer (DTC) streaming service, Disney+, will significantly monetize its vast content library. We believe DIS's strong brand equity and creative ability will continue to drive greater Return on Capital, increasing Economic Profit and long-term shareholder value creation. We believe a number of catalysts exist that will emerge later in this year, and will drive significant upside gains from current levels. We continue to recommend purchase.
- **Business Performance continues to accelerate driven by ongoing strength in media, studios, and theme parks.** For the 12 months ending December 2018, Net Sales Revenue increased 6.84% Y/Y from $55.6 billion to $59.4 billion. We forecast a further increase of 3% to $61.1 billion over the NTM. Economic Operating Cash Flow (EBITDAR) increased 5.1% Y/Y from $17.41 billion to $18.29 billion over the LTM. We forecast a further increase of 4% to $19 billion over the NTM. Net Operating Profit After Tax (NOPAT) increased slightly Y/Y from $11.26 billion to $11.34 billion over the LTM. We forecast an increase of 4.7% to $11.87 billion over the NTM. Return on Capital (ROC) declined slightly from 15.33% to 15.56% over the LTM. We forecast an increase to 15.56% over the NTM. Economic Profit increased slightly Y/Y from $6.63 billion to $6.67 billion over the LTM. We forecast a further increase of 4.5% to $6.97 billion over the LTM. We believe there are a number of catalysts for growth including ten potential blockbuster movies being released throughout the year, and are expecting a successful reception to the upcoming Disney+ streaming service that could drive further increases in Return on Capital and Economic Profit.

- **Disney Studios could have another record year as a number of potential blockbusters are scheduled to be released this year.** DIS has ten blockbuster releases in its pipeline which could generate over $7.5 billion in box office revenue. DIS's pipeline for 2019 includes *Captain Marvel* which stars Brie Larson in the lead role, and is the first time Marvel is launching a female lead in a standalone superhero film. DIS is also releasing a live action remake of the movie *Dumbo*. *Penguins* from Disneynature will follow the previous successes of its *Born in China* movie about pandas and its *Ghosts of the Mountains* movie about snow leopards. Disneynature movies have broad family appeal and have been a surprising success. *Avengers: Endgame,* starring the ensemble cast of Marvel superheroes, has the potential for $2 billion in box office revenue following the success of Avengers: Infinity War, which was the fourth film to ever beat $2 billion at the box office and the third-highest grossing movie of all time. In addition, DIS is also releasing a new version of *Aladdin; Toy Story 4; Spider-Man: Far From Home; The Lion King; Artemis Fowl; Frozen 2; and the highly anticipated Star Wars: Episode IX*. A number of these movies have significant box office surprise potential, the same way *Frozen* became a surprise in 2013, grossing over $400 million. *Star Wars: Episode IX* has the potential to hit $1.5 billion in box office revenue with upside surprise potential. This is in addition to a number of Fox Studios movies being released as well. The strong movie franchise value of DIS's action-adventure and animated features continues to drive Consumer Product division revenue growth through merchandise sales and licensing revenue. The strength of Star Wars and Toy Story also drives traffic to its Parks and Resorts.
- **DIS will launch its own direct-to-consumer streaming service in 2019.** DIS announced the termination of its distribution agreement with Netflix (NFLX-US, Non-rated) as it prepares to launch its own direct-to-consumer streaming service, Disney+, featuring its extensive content of movies and TV shows from Disney Studios, Pixar, Marvel, and Lucasfilm. This will follow its already-launched sports streaming service ESPN+ which offers multiple-device access to live sports including Major League Baseball and the National Hockey League, along with Major League Soccer, Grand Slam Tennis, and various college games -- all for $4.99 per month. DIS recently announced the acquisition of the rights to broadcast UFC (Ultimate Fighting Championship) events for five years starting this year, further expanding its content. This should drive a further increase in subscriber growth. Also, the recent approval of sports betting by various states should also drive an increase in ESPN+ subscriptions and renewed growth in ESPN viewership. DIS will be providing further updates on its upcoming Disney+ launch at its investor day on April 11th.

- **DIS's Parks & Resorts continues to benefit from growth in family travel and ongoing movie content-themed attractions.** DIS's theme parks continue to benefit from strong consumer spending on travel both in the U.S. and globally as its parks continue to experience record attendance at higher ticket prices as well as record levels of in-park spending. Disney Shanghai was DIS's most successful theme park opening and continues to be its best performing park. DIS recently opened Toy Story land in Shanghai, which is also driving incremental theme park attendance and in-park spending, and raising its brand visibility in China as the Toy Story movies remain very popular in that country. DIS is also opening Toy Story land at its Orlando, Florida Park and is in the process of building Star Wars lands at its Anaheim, California Disneyland as well as Orlando, Florida's Walt Disney World. The powerful appeal and popularity of DIS movie content drives increased visitation to its theme parks and spending on movie-related merchandise.
- **DIS continues to invest its significant cash flow in new growth initiatives and strategic acquisitions, in addition to enhancing shareholder returns through ongoing dividend increases and share repurchases.** DIS continues to invest in new content development and new digital media initiatives. DIS currently has over $4.4 billion, $2.99 per share, in excess cash along with generating him $19 billion in Economic Operating Cash Flow (EBITDAR) over the NTM. DIS further increases shareholder return through ongoing dividend increases and share repurchases. In November 2018, DIS increased its quarterly dividend 4.75% from $0.84 to $0.88 per share, which followed a 7.7% dividend increase at the end of 2017. Since 2008, DIS has repurchased close to $53 billion worth of stock.
- **DIS is on our Research Focus List and is in our Focus Opportunity Portfolio.** We view that DIS's best-in-class position in media entertainment, together with the value of its vast media library and intellectual property, makes it the best way to play the ongoing evolution in consumer entertainment.

Investment Thesis

We believe that DIS's ability to develop and leverage unique and valuable content will continue to drive long-term revenue growth. Across all mediums including TV, theaters, streaming networks, cable networks, and wireless networks, content is king and Disney is the king of content. We further believe that ongoing investment in new entertainment initiatives including Star Wars-based theme park attractions and its upcoming direct-to-consumer (DTC) streaming service Disney+ along with ESPN+ will further add to increased value creation of its content. DIS's content also enables it to drive increased traffic to its theme parks and add incremental consumer product, gaming and licensing revenue. We believe DIS's strong brand equity and innovative entertainment development capabilities, together with ongoing investments in new digital media development initiatives, will continue to drive greater Return on Capital, increasing economic profit and long-term gains in shareholder value creation.

Company Overview

The Walt Disney Company (DIS-US) is a diversified international entertainment and media companies and one of the world's largest media conglomerates. Its properties include consumer products, interactive media, movies, music, publishing and theme parks.

Disney operates and reports revenue by four Business Segments:

Media Networks: (38% of revenue) Operates domestic broadcast television network, television production and distribution operations, domestic television stations, cable networks, domestic broadcast radio networks and stations, along with publishing and digital operations. Disney operates the ABC Television Network and a number of owned television stations; ESPN and Disney Channel cable networks; and ESPN Radio and Radio Disney networks.

Parks, Experiences, & Consumer Products: (44% of revenue) A new reporting segment which combines Disney's global consumer products business with its parks and resorts. Disney owns and operates theme parks, resorts, and cruise lines including The Disney World Resort in Florida, the Disneyland Resort in California, the Disney Vacation Club, the Disney Cruise Line, and Adventures by Disney. It also has ownership interests in Disneyland Paris, Hong Kong Disneyland Resort, and in Shanghai Disney Resort. Disney licenses the operations of the Tokyo Disney Resort in Japan. Disney owns properties in the U.S., Canada, Asia, Australia, Europe, and Latin America.

Disney operates international Disney park locations including a 77% interest in Euro Disney, which operates Disneyland Paris, and it collects royalties and fees from Tokyo Disneyland Resort operator Oriental Land Co. Disney owns and operates four cruise ships: The Disney Dream, Fantasy, Magic and Wonder ships that feature U.S., Caribbean, and European destinations. Disney will be adding three more ships to its fleet between 2021 in 2023. Disney's global consumer products business publishes and licenses products based on its characters and other intellectual property through its Merchandise Licensing, Publishing and Retail businesses throughout the world. It also creates and distributes Disney-branded entertainment and lifestyle content across interactive media platforms. It also operates retail, online, and wholesale distribution of products through The Disney Store, DisneyStore.com and MarvelStore.com. Disney also creates and distributes branded entertainment and lifestyle content for interactive media platforms.

Studio Entertainment: (12% of revenue) Produces animated and live-action motion pictures, direct-to-video programming, musical recordings, and live stage plays. Its library of films is distributed under five major film studios: Walt Disney Studios, Walt Disney Animation Studios, Pixar Animation Studios, Marvel Studios, and Lucasfilm Ltd, and with the recent acquisition of 21st Century Fox's media properties, now owns Fox's studios and media properties as well.

Direct-to-Consumer & International: (6% of revenue) Includes Disney's new direct-to-consumer (DTC) streaming services consisting of ESPN+ and the upcoming Disney+ along with its international media operations, global advertising sales, and ad technology for Disney media properties; ABC; Disney Channels; ESPN, and Freeform. Disney also owns 30% of premium media streaming service Hulu.

Disney reports revenue by four Geographic Regions: United States & Canada (76% of revenue); Europe (12% of revenue); Asia-Pacific (9% of revenue); and Latin America & Other (3% of revenue).

Walt Disney Company (DIS-US)

Media

Financial Data

Report Basis Reported Period Ending	LTM 12/28/2013	LTM 12/27/2014	LTM 01/02/2016	LTM 12/31/2016	LTM 12/30/2017	LTM 12/29/2018	NTM 12/31/2019	5 Yr Average	3 Yr Average	Current Trend
Net Sales Revenue	$45,926.0	$49,770.0	$53,816.0	$54,943.0	$55,600.0	$59,402.0	$61,146.1	$54,706.2	$56,648.3	$60,274.0
Sales Growth	7.22%	8.37%	8.13%	2.09%	1.20%	6.84%	2.94%	5.33%	3.38%	4.89%
Sales Growth Trend	6.17%	7.91%	8.23%	4.51%	1.56%	4.58%	4.50%	5.36%	3.55%	4.54%
Economic Operating Cash Flow (EBITDAR)	$13,226.6	$16,943.1	$16,677.2	$17,130.3	$17,406.8	$18,290.8	$19,011.7	$17,289.6	$17,609.3	$18,651.3
EBITDAR Margin	28.80%	34.04%	30.99%	31.18%	31.31%	30.79%	31.09%	31.66%	31.09%	30.94%
EBITDAR Growth	11.28%	28.10%	-1.57%	2.72%	1.61%	5.08%	3.94%	7.19%	3.14%	4.51%
Net Operating Profit Before Tax (NOPBT)	$10,112.6	$13,741.1	$13,449.2	$13,676.3	$13,701.8	$14,359.8	$15,023.4	$13,785.6	$13,912.6	$14,691.6
NOPBT Margin	22.02%	27.61%	24.99%	24.89%	24.64%	24.17%	24.57%	25.26%	24.57%	24.37%
NOPBT Growth	12.28%	35.88%	-2.12%	1.69%	0.19%	4.80%	4.62%	8.09%	2.23%	4.71%
Cash Operating Income Tax	$3,293.4	$4,534.6	$4,438.2	$4,513.2	$2,438.1	$3,024.4	$3,154.9	$3,789.7	$3,325.2	$3,089.6
Economic Tax Effective Rate	32.57%	33.00%	33.00%	33.00%	17.79%	21.06%	21.00%	27.57%	23.95%	21.03%
Net Operating Profit After Tax (NOPAT)	$6,819.2	$9,206.6	$9,010.9	$9,163.1	$11,263.7	$11,335.5	$11,868.5	$9,995.9	$10,587.4	$11,602.0
NOPAT Margin	14.85%	18.50%	16.74%	16.68%	20.26%	19.08%	19.41%	18.25%	18.67%	19.25%
NOPAT Growth	12.47%	35.01%	-2.12%	1.69%	22.92%	0.64%	4.70%	11.63%	8.42%	2.67%
Cash & Equivalents	$7,181.0	$7,719.0	$7,569.0	$7,956.0	$7,883.0	$7,425.0	$7,758.9	$7,710.4	$7,754.7	$7,591.9
Total Assets	$83,166.0	$87,035.0	$90,121.0	$91,576.0	$97,734.0	$99,941.0	$104,435.2	$93,281.4	$96,417.0	$102,188.1
Non - Interest Bearing Liabilities (NIBLs)	$20,469.0	$22,699.0	$23,008.0	$23,909.0	$23,418.0	$23,759.0	$24,827.4	$23,358.6	$23,695.3	$24,293.2
Net Assets	$59,725.0	$60,708.0	$62,873.0	$63,700.0	$69,380.0	$70,981.0	$74,172.9	$65,528.4	$68,020.3	$72,577.0
Economic Asset Adjustments	$5,133.6	$4,808.6	$2,683.1	$7,248.8	$6,579.2	$5,294.2	$5,532.3	$5,322.8	$6,374.1	$5,413.2
Net Operating Assets	$64,858.6	$65,516.6	$65,556.1	$70,948.8	$75,959.2	$76,275.2	$79,705.2	$70,851.2	$74,394.4	$77,990.2
Debt & Debt Equivalents	$18,504.6	$19,570.6	$21,906.1	$23,249.8	$28,969.2	$23,807.2	$24,877.8	$23,500.6	$25,342.1	$24,342.5
Equity & Equivalents	$44,324.0	$44,165.0	$43,958.0	$43,210.0	$43,289.0	$50,316.0	$52,578.6	$44,987.6	$45,605.0	$51,447.3
Total Capital - Financing Sources	$62,828.6	$63,735.6	$65,864.1	$66,459.8	$72,258.2	$74,123.2	$77,456.4	$68,488.2	$70,947.1	$75,789.8
Capital Adjustments	$2,030.0	$1,781.0	($308.0)	$4,489.0	$3,701.0	$2,152.0	$2,248.8	$2,363.0	$3,447.3	$2,200.4
Net Capital Financing Sources	$64,858.6	$65,516.6	$65,556.1	$70,948.8	$75,959.2	$76,275.2	$79,705.2	$70,851.2	$74,394.4	$77,990.2
Net Working Capital	$962.3	$1,665.5	$2,657.8	$1,389.2	$852.0	$1,290.1	$1,348.1	$1,570.9	$1,177.1	$1,319.1
Cost of Net Working Capital	$120.0	$73.5	$114.3	$117.8	$70.7	$65.7	$68.6	$88.4	$84.7	$67.2
% of Revenue	0.26%	0.15%	0.21%	0.21%	0.13%	0.11%	0.11%	0.16%	0.15%	0.11%
Operational Capital	$23,872.9	$24,205.1	$24,650.9	$28,301.0	$29,959.2	$29,893.3	$31,237.6	$27,401.9	$29,384.5	$30,565.4
Cost of Operational Capital	$1,508.6	$1,344.5	$1,292.0	$1,541.1	$1,837.2	$1,835.2	$1,917.7	$1,570.0	$1,737.8	$1,876.5
% of Revenue	3.28%	2.70%	2.40%	2.80%	3.30%	3.09%	3.14%	2.86%	3.07%	3.11%
Productive Capital	$58,509.9	$59,423.1	$59,572.9	$62,986.0	$68,319.2	$67,929.3	$70,984.0	$63,646.1	$66,411.5	$69,456.7
Cost of Productive Capital	$3,687.7	$3,298.0	$3,147.0	$3,567.0	$4,140.6	$4,177.6	$4,365.5	$3,666.0	$3,961.7	$4,271.6
% of Revenue	8.03%	6.63%	5.85%	6.49%	7.45%	7.03%	7.14%	6.69%	6.99%	7.09%
Total Operating Capital	$59,973.9	$60,286.1	$60,677.9	$65,740.0	$70,856.2	$71,820.3	$75,050.0	$65,876.1	$69,472.2	$73,435.1
Cost of Total Operating Capital	$3,754.9	$3,363.1	$3,199.0	$3,679.3	$4,307.5	$4,374.7	$4,571.5	$3,784.7	$4,120.5	$4,473.1
% of Revenue	8.18%	6.76%	5.94%	6.70%	7.75%	7.36%	7.48%	6.90%	7.27%	7.42%
Non - Operating Capital	$4,884.7	$5,230.5	$4,878.2	$5,208.9	$5,103.0	$4,454.9	$4,655.2	$4,975.1	$4,922.3	$4,555.1
Cost of Non - Operating Capital	$268.4	$282.9	$267.3	$293.6	$325.2	$293.1	$306.2	$292.4	$303.9	$299.7
% of Revenue	0.58%	0.57%	0.50%	0.53%	0.58%	0.49%	0.50%	0.54%	0.54%	0.50%
Total Capital	$64,858.6	$65,516.6	$65,556.1	$70,948.8	$75,959.2	$76,275.2	$79,705.2	$70,851.2	$74,394.4	$77,990.2
Cost of Total Capital	$4,023.3	$3,646.0	$3,466.4	$3,972.9	$4,632.6	$4,667.8	$4,877.7	$4,077.1	$4,424.4	$4,772.7
% of Revenue	8.76%	7.33%	6.44%	7.23%	8.33%	7.86%	7.98%	7.44%	7.81%	7.92%
Cost of Capital (WACC)	6.26%	5.59%	5.29%	5.82%	6.31%	6.13%	6.13%	5.83%	6.09%	6.13%
Capital Structure										
Debt & Debt Equivalents	$18,504.6	$19,570.6	$21,906.1	$23,249.8	$28,969.2	$23,807.2	$24,877.8	$23,500.6	$25,342.1	$24,342.5
Debt & Debt Equivalents % of Market Value	12.41%	10.83%	11.20%	12.29%	15.17%	12.97%	12.97%	12.50%	13.49%	12.97%
Preferred Equity	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Preferred Equity % of Market Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market Value of Common Equity	$130,653.8	$161,143.4	$173,715.9	$165,862.1	$162,047.9	$159,734.4	$166,917.4	$164,500.7	$162,548.1	$163,325.9
Common Equity % of Market Value	87.59%	89.17%	88.80%	87.71%	84.83%	87.03%	87.03%	87.50%	86.51%	87.03%
Total Economic Market Value (MV)	$149,158.4	$180,714.0	$195,622.0	$189,111.9	$191,017.1	$183,541.6	$191,795.2	$188,001.3	$187,890.2	$187,668.4
Total %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Excess Cash	$4,884.7	$5,230.5	$4,878.2	$5,208.9	$5,103.0	$4,454.9	$4,655.2	$4,975.1	$4,922.3	$4,555.1
Economic Enterprise Value	$144,273.7	$175,483.5	$190,743.8	$183,903.1	$185,914.1	$179,086.7	$187,140.0	$183,026.2	$182,968.0	$183,113.4
Average Capital	$64,255.1	$65,187.6	$65,536.3	$68,252.4	$73,454.0	$76,117.2	$77,990.2	$69,709.5	$72,607.9	$77,053.7
Capital ∆	$1,207.2	$658.0	$39.4	$5,392.8	$5,010.4	$316.0	$3,430.0	$2,283.3	$3,573.1	$1,873.0

Source: Company Data, Financial statements and Tigress Research

Walt Disney Company (DIS-US)

Media

Financial Analysis

Report Basis	LTM	LTM	LTM	LTM	LTM	LTM	NTM	5 Yr	3 Yr	Current
Reported Period Ending	**12/28/2013**	**12/27/2014**	**01/02/2016**	**12/31/2016**	**12/30/2017**	**12/29/2018**	**12/31/2019**	**Average**	**Average**	**Trend**
Return on Market Value (NOPAT / MV)	**4.57%**	**5.09%**	**4.61%**	**4.85%**	**5.90%**	**6.18%**	**6.45%**	**5.32%**	**5.64%**	**6.31%**
Return on Enterprise Value (NOPAT / EV)	**4.73%**	**5.25%**	**4.72%**	**4.98%**	**6.06%**	**6.33%**	**6.61%**	**5.47%**	**5.79%**	**6.47%**
Return on Capital (NOPAT / Average Capital)	**10.61%**	**14.12%**	**13.75%**	**13.43%**	**15.33%**	**14.89%**	**15.56%**	**14.30%**	**14.55%**	**15.23%**
Cost of Capital (WACC)	**6.26%**	**5.59%**	**5.29%**	**5.82%**	**6.31%**	**6.13%**	**6.13%**	**5.83%**	**6.09%**	**6.13%**
Economic Return Spread	**4.35%**	**8.53%**	**8.46%**	**7.60%**	**9.03%**	**8.76%**	**9.15%**	**8.48%**	**8.46%**	**8.96%**
Capital Charge	**$4,023.3**	**$3,646.0**	**$3,466.4**	**$3,972.9**	**$4,632.6**	**$4,667.8**	**$4,877.7**	**$4,077.1**	**$4,424.4**	**$4,772.7**
Economic Profit (EP)	**$2,795.9**	**$5,560.6**	**$5,544.6**	**$5,190.2**	**$6,631.0**	**$6,667.7**	**$6,967.5**	**$5,918.8**	**$6,163.0**	**$6,817.6**
Economic Profit Improvement (EPI)	**($82.7)**	**$2,764.7**	**($16.0)**	**($354.3)**	**$1,440.8**	**$36.7**	**$299.8**	**$774.4**	**$374.4**	**$168.2**
EP Growth	*-2.87%*	*98.88%*	*-0.29%*	*-6.39%*	*27.76%*	*0.55%*	*4.50%*	*24.10%*	*7.31%*	*2.52%*
Economic Profit Margin on Sales	*6.09%*	*11.17%*	*10.30%*	*9.45%*	*11.93%*	*11.22%*	*11.39%*	*10.81%*	*10.87%*	*11.31%*
Economic Profit Per Share	**$1.56**	**$3.20**	**$3.27**	**$3.19**	**$4.23**	**$4.45**	**$4.65**	**$3.67**	**$3.95**	**$4.55**
GAAP Earnings Per Share	**$3.68**	**$4.55**	**$5.40**	**$5.57**	**$7.09**	**$7.34**	**$7.05**	**$5.99**	**$6.67**	**$7.19**
Excess Cash Per Share	**$2.77**	**$3.08**	**$2.95**	**$3.27**	**$3.38**	**$2.99**	**$3.12**	**$3.13**	**$3.21**	**$3.06**
Performance Drivers										
Sales Growth	7.22%	8.37%	8.13%	2.09%	1.20%	6.84%	2.94%	5.33%	3.38%	4.89%
Sales Growth Trend (ROC Sales Growth)	6.17%	7.91%	8.23%	4.51%	1.56%	4.58%	4.50%	5.36%	3.55%	4.54%
EBITDAR Margin	28.80%	34.04%	30.99%	31.18%	31.31%	30.79%	31.09%	31.66%	31.09%	30.94%
EBITDAR Growth	11.28%	28.10%	-1.57%	2.72%	1.61%	5.08%	3.94%	7.19%	3.14%	4.51%
NOPBT Margin	22.02%	27.61%	24.99%	24.89%	24.64%	24.17%	24.57%	25.26%	24.57%	24.37%
NOPBT Growth	12.28%	35.88%	-2.12%	1.69%	0.19%	4.80%	4.62%	8.09%	2.23%	4.71%
NOPAT Margin	14.85%	18.50%	16.74%	16.68%	20.26%	19.08%	19.41%	18.25%	18.67%	19.25%
NOPAT Growth	12.47%	35.01%	-2.12%	1.69%	22.92%	0.64%	4.70%	11.63%	8.42%	2.67%
Economic Profit Margin on Sales (EP / Sales)	6.09%	11.17%	10.30%	9.45%	11.93%	11.22%	11.39%	10.81%	10.87%	11.31%
Economic Profit Growth	-2.87%	98.88%	-0.29%	-6.39%	27.76%	0.55%	4.50%	24.10%	7.31%	2.52%
Economic Return Spread (ROC-WACC)	4.35%	8.53%	8.46%	7.60%	9.03%	8.76%	9.43%	8.48%	8.46%	9.09%
Economic Return Ratio (ROC / WACC)	169.49%	252.51%	259.95%	230.64%	243.14%	242.84%	253.76%	245.82%	238.87%	248.30%
Economic Profit Momentum (ΔEP/Capital)	-0.13%	4.22%	-0.02%	-0.50%	1.90%	0.05%	0.38%	1.13%	0.48%	0.21%
Economic Profit Momentum Margin (ΔEP/Sales)	-0.18%	5.55%	-0.03%	-0.64%	2.59%	0.06%	0.49%	1.51%	0.67%	0.28%
Capital Growth	1.90%	1.01%	0.06%	8.23%	7.06%	0.42%	4.50%	3.36%	5.23%	2.46%
Capital Turns	0.71X	0.76X	0.82X	0.77X	0.73X	0.78X	0.77X	0.77X	0.76X	0.77X
EVC Acceleration Margin	*-0.19%*	*6.02%*	*-0.03%*	*-0.66%*	*2.62%*	*0.07%*	*0.50%*	*1.27%*	*0.68%*	*0.30%*
EVC Acceleration Spread	*-0.14%*	*4.30%*	*-0.02%*	*-0.54%*	*2.11%*	*0.05%*	*0.39%*	*0.99%*	*0.54%*	*0.23%*
Risk Factors										
Free Cash Flow (NOPAT - Δ Capital)	$5,612.0	$8,548.6	$8,971.5	$3,770.3	$6,253.3	$11,019.4	$8,438.5	$7,712.6	$7,014.4	$9,729.0
Free Cash Flow Rate (FCF / Capital)	8.65%	13.05%	13.69%	5.31%	8.23%	14.45%	10.59%	10.95%	9.33%	12.52%
Free Cash Flow Yield (FCF / MV)	3.76%	4.73%	4.59%	1.99%	3.27%	6.00%	4.40%	4.12%	3.76%	5.20%
Total Debt / Total Capital	28.53%	29.87%	33.42%	32.77%	38.14%	31.21%	31.21%	33.08%	34.04%	31.21%
Total Debt / EBITDAR	139.91%	115.51%	131.35%	135.72%	166.43%	130.16%	130.85%	135.83%	144.10%	130.51%
Excess Cash	$4,884.7	$5,230.5	$4,878.2	$5,208.9	$5,103.0	$4,454.9	$0.0	$4,975.1	$4,922.3	$2,227.5
Financial Leverage ((Total Debt - Excess Cash) /	9.13%	7.94%	8.70%	9.54%	12.49%	10.54%	12.97%	9.84%	10.86%	11.76%
Pension Leverage (Net Pension Liability / MV)	-0.85%	-1.22%	-1.28%	-1.93%	-1.61%	-1.43%	0.00%	-1.49%	-1.66%	-0.72%
Equity Risk Index (S&P 500 = 1.00)	0.89	0.89	0.86	0.86	0.86	0.86	0.86	0.87	0.86	0.86
Stock Price Volatility	2.51	2.63	2.84	2.83	2.26	2.52	2.52	2.61	2.53	2.52
Sales Index (NL Sales)	10.73	10.82	10.89	10.91	10.93	10.99	11.02	10.91	10.94	11.01
Market Value Index (NL Market Value)	11.91	12.10	12.18	12.15	12.16	12.12	12.16	12.14	12.14	12.14
Size Index (NL Sales: MV)	11.32	11.46	11.54	11.53	11.54	11.56	11.59	11.53	11.54	11.57
Beta	0.83	0.83	0.80	0.80	0.79	0.79	0.79	0.80	0.79	0.79
TFP Adjusted Beta	0.89	0.89	0.86	0.86	0.86	0.86	0.86	0.87	0.86	0.86
Stock Price Volatility	2.51	2.63	2.84	2.83	2.26	2.52	2.52	2.61	2.53	2.52
Valuation Measures										
Total Economic Market Value (MV)	$149,158.4	$180,714.0	$195,622.0	$189,111.9	$191,017.1	$183,541.6	$191,795.2	$188,001.3	$187,890.2	$187,668.4
Economic Enterprise Value	$144,273.7	$175,483.5	$190,743.8	$183,903.1	$185,914.1	$179,086.7	$187,140.0	$183,026.2	$182,968.0	$183,113.4
Equity Market Value	$130,653.8	$161,143.4	$173,715.9	$165,862.1	$162,047.9	$159,734.4	$166,917.4	$164,500.7	$162,548.1	$163,325.9
Total Capital	$64,858.6	$65,516.6	$65,556.1	$70,948.8	$75,959.2	$76,275.2	$79,705.2	$70,851.2	$74,394.4	$77,990.2
Market Value Created MVC (MV - Capital)	$84,299.8	$115,197.4	$130,065.9	$118,163.1	$115,057.9	$107,266.4	$112,090.0	$117,150.1	$113,495.8	$109,678.2
MVC Margin (MVC / Sales)	183.56%	231.46%	241.69%	215.06%	206.94%	180.58%	183.32%	214.14%	200.35%	181.97%
MVC Spread (MVC / Capital)	129.97%	175.83%	198.40%	166.55%	151.47%	140.63%	140.63%	165.35%	152.56%	140.63%
Current EVC Value (EP / WACC)	$44,652.4	$99,419.0	$104,828.2	$89,166.6	$105,139.4	$108,729.1	$113,618.5	$101,550.1	$101,253.3	$111,173.8
Current Operations Value COV	$108,907.5	$164,606.6	$170,364.5	$157,419.1	$178,593.4	$184,846.3	$191,608.7	$171,259.6	$173,861.1	$188,227.5
Current Operations Value Per Share	$60.77	$94.60	$100.57	$96.64	$113.90	$123.31	$117.84	$105.33	$111.07	$120.47
Future Growth Value (MVC - EVA Value)	$40,251.0	$16,107.4	$25,257.5	$31,692.8	$12,423.6	($1,304.7)	$186.6	$16,741.7	$14,029.1	($559.0)
Future Growth Value Reliance (FGV / MV)	26.99%	8.91%	12.91%	16.76%	6.50%	-0.71%	0.10%	8.91%	7.47%	-0.30%
Share Price	$65.19	$88.74	$105.08	$104.22	$98.57	$116.94	$116.94	$102.71	$106.58	$116.94
Dividend Yield	1.15%	0.97%	1.72%	1.36%	1.58%	1.44%				
Total Shareholder Return (TTM)	25.84%	37.09%	20.14%	0.54%	-3.84%	20.07%	0.00%	-12.17%	3.76%	9.72%
MV to IC Ratio	2.30X	2.76X	2.98X	2.67X	2.51X	2.41X	2.41X	2.65X	2.53X	2.41X
EV / EBITDAR Multiple	10.91X	10.36X	11.44X	10.74X	10.68X	9.79X	9.84X	10.59X	10.39X	9.82X
EV / NOPBIT Multiple	14.27X	12.77X	14.18X	13.45X	13.57X	12.47X	12.46X	13.28X	13.15X	12.46X
EV / NOPAT Multiple	21.16X	19.06X	21.17X	20.07X	16.51X	15.80X	15.77X	18.31X	17.28X	15.78X
EV / EP Multiple	51.60X	31.56X	34.40X	35.43X	28.04X	26.86X	26.86X	30.92X	29.69X	26.86X
Future Growth Value (% of MV)	26.99%	8.91%	12.91%	16.76%	6.50%	-0.71%	0.10%	8.91%	7.47%	-0.30%
Current Operations Value (% of MV)	73.01%	91.09%	87.09%	83.24%	93.50%	100.71%	99.90%	91.09%	92.53%	100.30%
Market Value (COV + FGV %)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Basic Shares Outstanding	1,792.0	1,740.0	1,694.0	1,629.0	1,568.0	1,499.0	1,626.0	1,626.0	1,565.3	1,562.5

Source: Company Data, Financial statements and Tigress Research

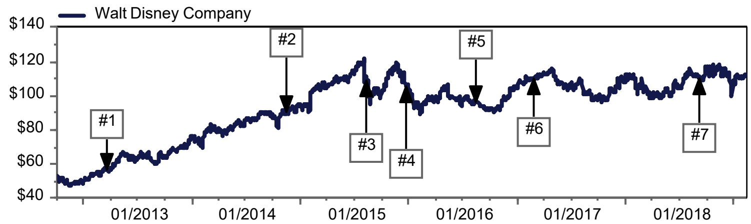
Walt Disney Company (DIS-US)

Media

Ratings History

Item #	Date	Research Action	Rating	Price
#7	09/06/2018	Reiterate Rating	Buy	$110.26
#6	02/27/2018	Reiterate Rating	Buy	$110.23
#5	08/16/2016	Reiterate Rating	Buy	$96.88
#4	12/24/2015	Reiterate Rating	Buy	$105.83
#3	08/07/2015	Reiterate Rating	Buy	$109.35
#2	11/14/2014	Reiterate Rating	Buy	$90.80
#1	03/20/2013	Initiation of Coverage	Buy	$56.94

Walt Disney Company (DIS-US)



Tigress Research Methodology Overview

We employ proprietary quantitative valuation models combined with dynamic fundamental analysis based on the principles of Economic Profit to formulate timely and insightful investment ratings, analysis, strategies, and recommendations.

We make key adjustments to reported financial data eliminating GAAP-based accounting distortions and measuring all companies on a cash operating basis.

Our proprietary research framework is a multi-factor model that scores and ranks companies based on their risk-adjusted ability to create Economic Profit relative to their current market value focusing on three key components:

Business Performance: Measuring economic profitability, growth and operating efficiency.

Risk: Measuring business sustainability, volatility, strength, and consistency.

Valuation: Linking business performance to market value. Measuring value created relative to capital employed and enterprise multiples of economic profit and cash flow.

We score and rank 24 key measurements of performance, risk, and value into relative market and industry investment recommendations.

Glossary of Key Terms and Measures

Excess Cash per Share: Excess Cash per Share is the amount of excess cash divided by basic shares outstanding. Excess Cash consists of all cash and short-term securities less operating cash needed to run the business. Operating Cash is 5% of TTM net sales revenue.

EBITDAR: Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring and Rent Costs. This is especially important when comparing companies that use a significant amount of leased assets like restaurants and retailers.

NOPAT: Net Operating Profit after Tax represents a company's after-tax cash operating profit excluding financing costs.

Total Invested Capital: Total Invested Capital the total cash investment that shareholders and debt holders have made during the life of the company.

Return on Capital: Return on Capital equals NOPAT divided by Total Invested Capital. It is a key measure of operating efficiency. ROC quantifies how well a company generates cash flow relative to the capital invested in its business.

Cost of Capital: Is the proportionately weighted cost of each category of capital – common equity, preferred equity and debt.

Economic Profit: Economic Profit is the net operating income after tax less the opportunity cost of the total capital invested. It is the most important driver of shareholder value.

Current Operations Value: Current Operations Value is the portion of market value based on the discounted present value of the current earnings stream assuming it remains constant forever.

Future Growth Value: Future Growth Value is the portion of market value based on un-earned Economic Profit

For more information on the key terms and measures, please review the Tigress Investment Research Guide to Company Valuation and Analysis.

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Rating:	Meaning:	Companies Under Coverage #	Companies Under Coverage %	Relationship Companies Under Coverage* #	Relationship Companies Under Coverage* %
Strong Buy:	Expect significant price gains in the price of the stock relative to its industry peer group and general market over the next 12 months.	16	14%	1	15%
Buy:	Expect out-performance for the price of the stock relative to its industry peer group and general market over the next 12 months.	51	44%	5	70%
Neutral:	Expect little or no outperformance opportunity over the next 12 months.	44	38%	1	15%
Underperform:	Expect underperformance for the price of the stock relative to its industry peer group and general market over the next 12 months.	5	4%	0	0%
Sell:	Expect price decline or significant relative market and industry underperformance over the next 12 months.	0	0%	0	0%
Not Rated	No Current Research Rating	NA	NA	65	NA
	Total	116	100%	72	100%

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Company:	Disclosure:
Walt Disney Company (DIS-US)	14

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