



Bridgeriver
Associates

Disney & Spotify

Creating the biggest and best streaming experience in the world

June 2021

Disney

PIXAR

MARVEL

STAR
WARS

NATIONAL
GEOGRAPHIC

Indicado para si



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1. Summary

M&A Deal with an excellent outlook








	<ul style="list-style-type: none">- Portfolio of solid platforms in the market <p>Spotify is the missing platform for Disney to achieve dominance on all fronts in the Streaming market</p>
	<ul style="list-style-type: none">- Global leadership and scalability <p>With the bundle of services, the consumer will have access to the leading platforms together, thus increasing scale and loyalty.</p>
	<ul style="list-style-type: none">- Target Synergies <p>Given that the streaming market has the most synergies, the companies will benefit both in revenue and expenses through joint strategies outlined in the integration plan</p>
	<ul style="list-style-type: none">- Data coupled with excellence <p>With a startup culture and a high standard of development, Spotify and Disney can work together with the available data and become industry leaders.</p>
	<ul style="list-style-type: none">- Capital structure favorable to the business model <p>Will ensure financial health while allowing Spotify board members to be involved ensuring a complementarity of talent</p>
	<ul style="list-style-type: none">- Positive financial indicators <p>NewCo's key financials are above the average of key peers, opening up an opportunity to expand against competitors</p>
	<ul style="list-style-type: none">- Aggressive Valuation <p>Will attract investors due to excellent long-term value generation prospects.</p>

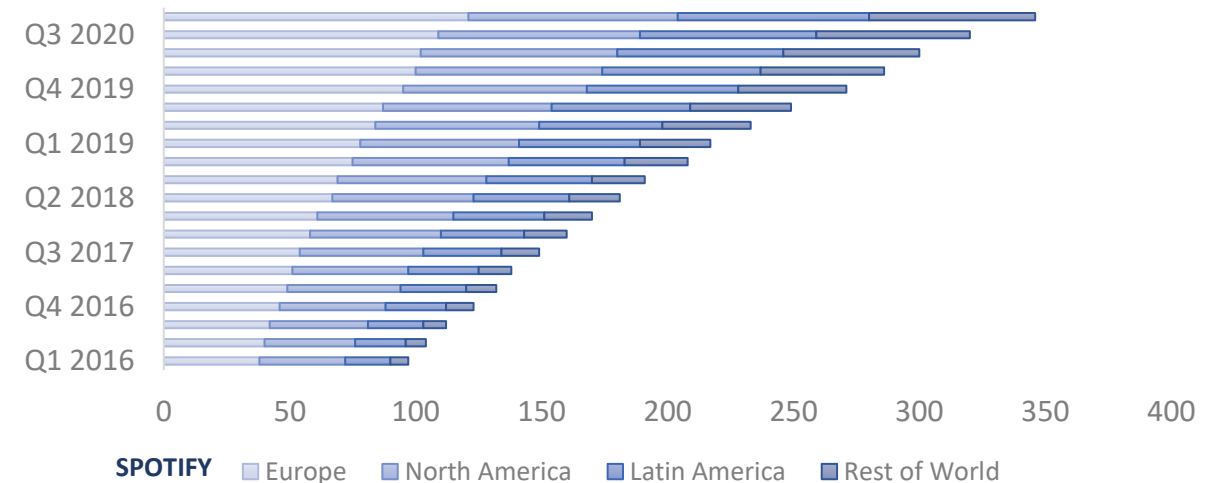
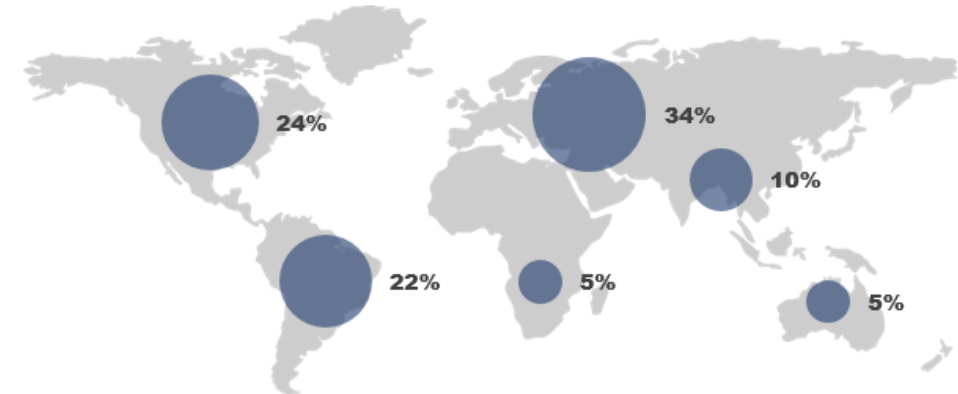
2. Spotify Overview: General Information and Global Positioning

World leader in audio streaming with the largest library and global presence, and accelerating growth



	<ul style="list-style-type: none">Transforming the way people listen to music since 2008Spotify has become the most popular global audio streaming subscription service
	<ul style="list-style-type: none">70 million tracks, including more than 2.6 million podcast titles700 000 Podcasts Titles
	<ul style="list-style-type: none">World's most popular audio streaming subscription service with 356MM active users and 158MM SubscribersUsers can choose from over 3 billion playlists.
	<ul style="list-style-type: none">Present in 178 Markets79 Countries
	<ul style="list-style-type: none">1Q 2021 Revenue: 2,147 (in € millions)ARPU ~\$ 5.00

Spotify Worldwide Subscribers in millions 2016 - 20

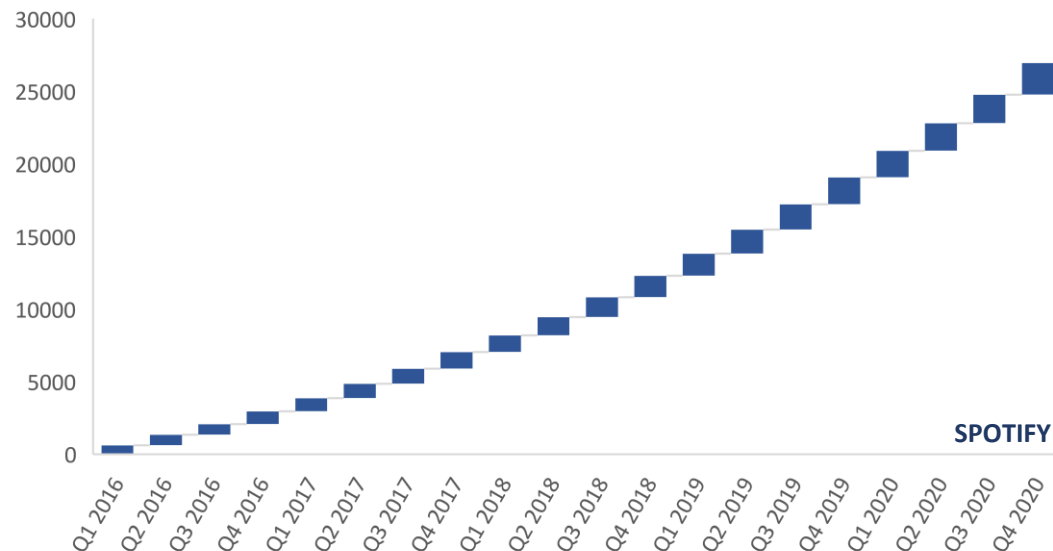


2. Spotify Overview: Financial Growth Overview

Analysis of revenue and profit growth, and their respective key factors such as differentiated business model

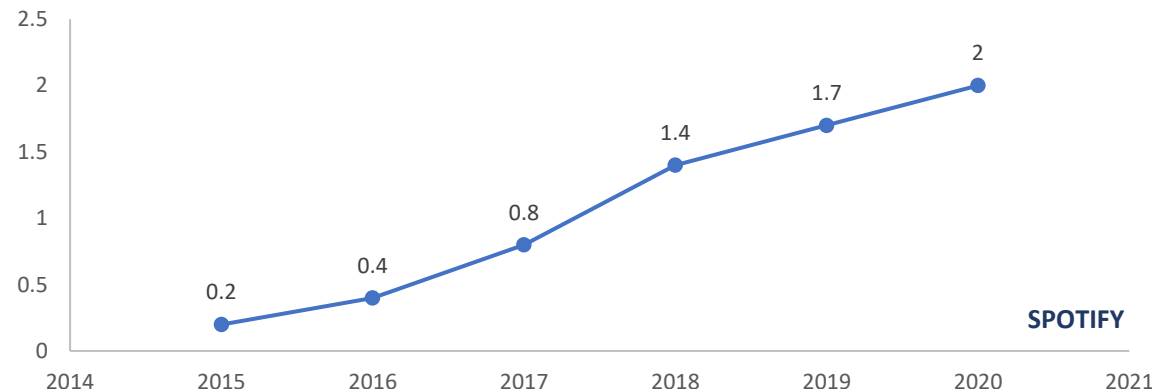


Spotify revenue by quarter, Q1 2016 - Q4 2020, EUR millions



Spotify's revenues grew by **16%** year-on-year to €2.15bn (around \$2.59bn), although the **14%** growth in its premium revenues (to €1.93bn) was put in the shade by a **46%** increase in its ad-supported revenues (to €216m). The company is predicting that it will end the second quarter of this year with **366-373 million MAUS; 162-166 million premium subscribers**; and quarterly revenues of €2.16bn-€2.36bn.

Spotify annual Gross Profit 2015 - 2020 EUR Billions

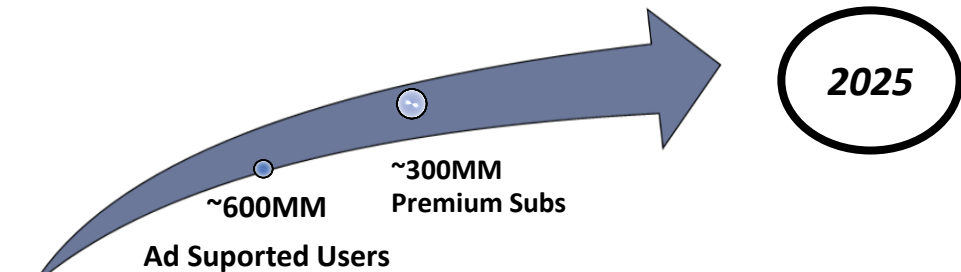
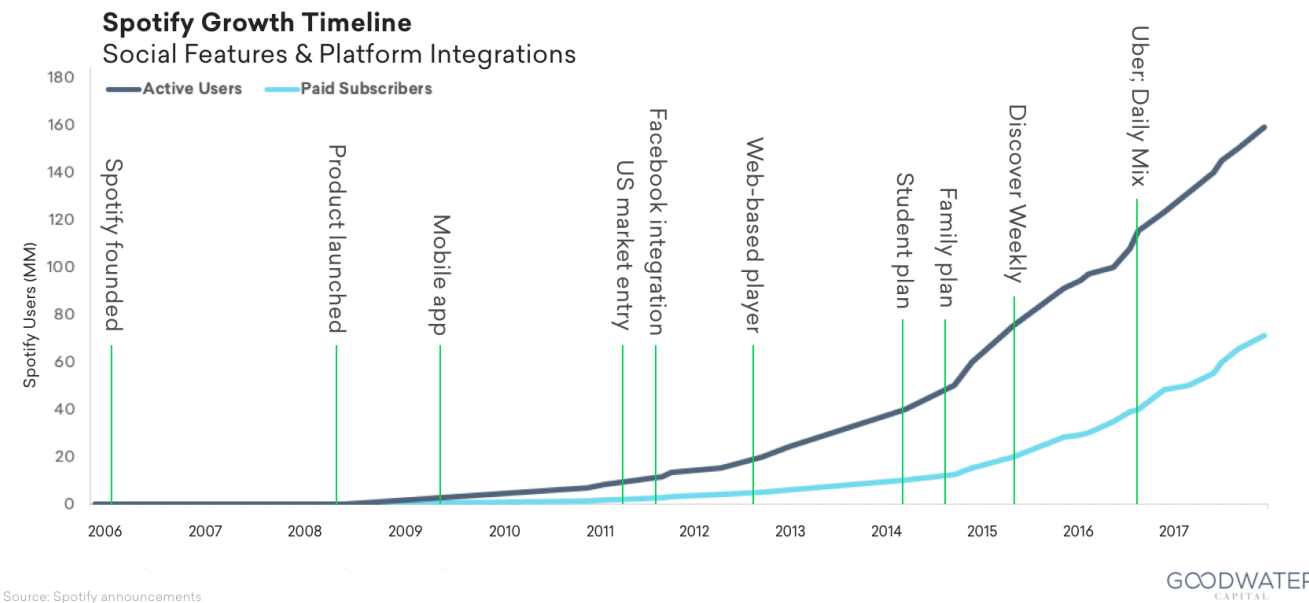


Gross Profit Drivers

- (1) Royalty and distribution costs**, as the company has negotiated royalties that are paid as greater of percent of revenue & per user amount in the subscription business and as greater of percent of revenue & content hours in the ad-supported business
- (2) Promotions** with the company running biannual trials in last months of 2Q/4Q but making payments in full to Labels
- (3) Mix of Subscription vs. Ad supported revenue**, with the business currently experiencing better margins in the subscription business while ad-supported margins are improving.

2. Spotify Overview: Competitive Overview and Growth Indicators

Competitive differentials, growth indicators, and company milestones



Growth Drivers

Spotify is both driving and benefitting the ongoing secular shift from **transaction-based** to **access-based** streaming models.

Differentiated **freemium** model at **scale**; Investments in podcasts and **Two-Sided Marketplace** have the potential to drive **margin leverage and engagement** over the long term

Competitive advantages

- | | | |
|------------------------------|----------------------------------|---|
| - Data drive personalization | - Singular focus on the platform | - Ubiquity of service |
| - Music Discovery | - Best UX/UI in the market | - Higher scale potential (Focus on service not on a device) |

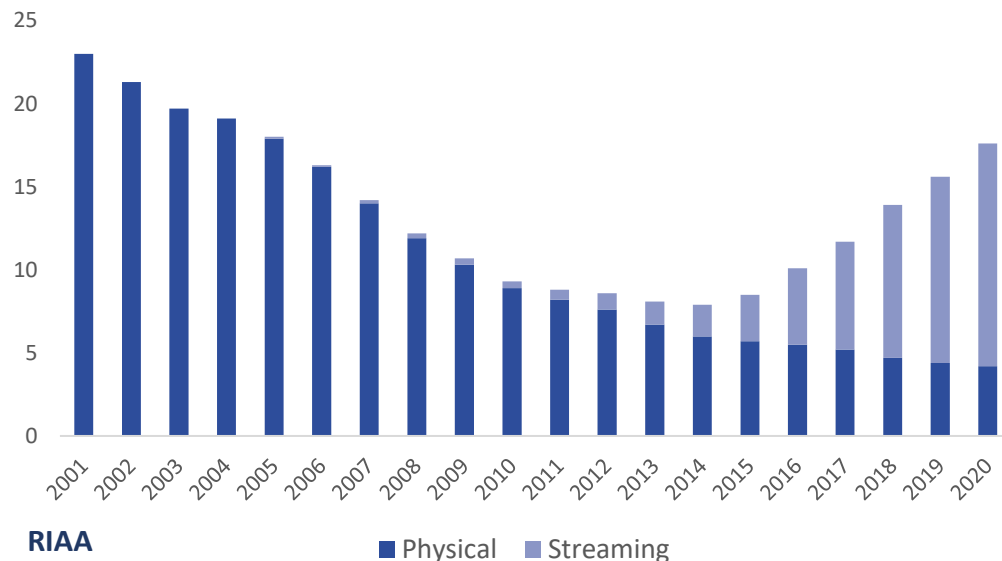
	Spotify	Apple	Pandora	Amazon	Google
Programmatic Playlists	●	●	●	●	●
Curation	●	●	●	●	●
Personalization	●	●	●	●	●
API/App Integration	●	●	●	●	●
Ad - supported Version	●	●	●	●	●
Combo Plans	●	●	●	●	●
Device	●	●	●	●	●

2. Spotify Overview: Sector Analysis

High industry growth and opportunities to expand and remain market leader



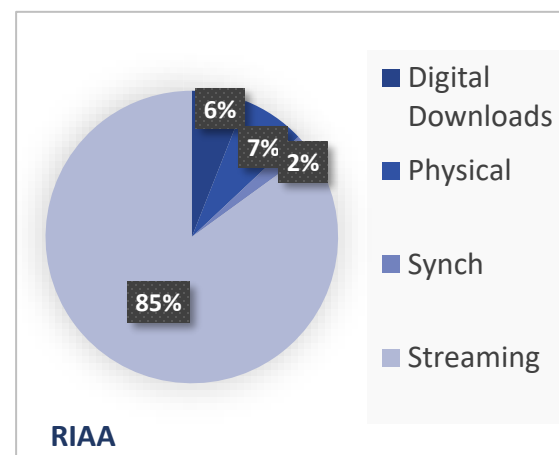
Global Recorded Music Industry Revenues (US\$ Billions)



With exponential growth, **streaming is gradually replacing the physical market**, even though it is not even at half of the revenue generated by the physical one. **The global recorded music market grew by 7.4%** in 2020, the sixth consecutive year of growth, according to IFPI, the organization that represents the recorded music industry worldwide, **total revenues for 2020 were US\$21.6 billion.**

Growth was driven by streaming, especially by **paid subscription streaming revenues, which increased by 18.5%**. There were 443 million users of paid subscription accounts at the end of 2020. **Total streaming** (including both paid subscription and advertising-supported) **grew 19.9%** and reached \$13.4 billion, or 62.1% of total global recorded music revenues. **The growth in streaming revenues more than offset the decline in other formats' revenues, including physical revenues which declined 4.7%; and revenues from performance rights which declined 10.1%**

U.S. MUSIC INDUSTRY REVENUES 1H 2020



Streaming music revenues grew 12% to \$4.8 billion in the first half of 2020. This category includes revenues from subscription services

RIAA	Year	Revenue
	2018	3,4
	2019	4,3
	2020	4,8

Digital & Customized Radio Services	10%
Ad-Supported On-Demand	8%
Paid Subscriptions	82%

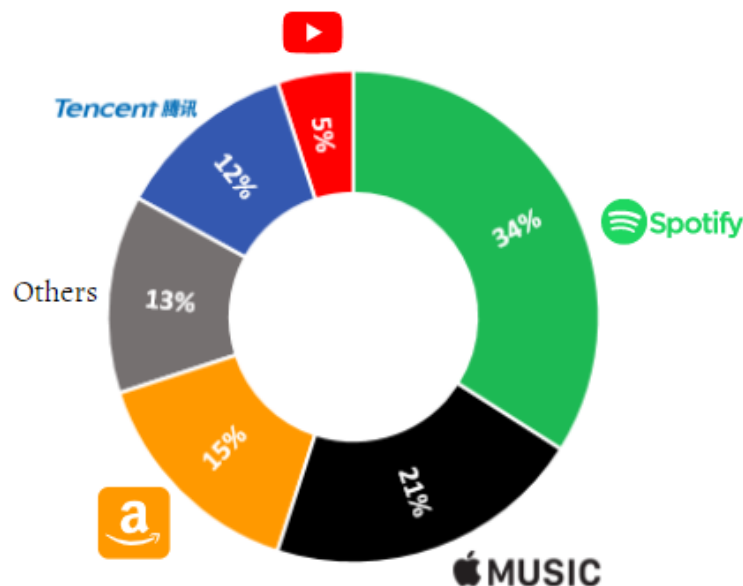
STREAMING REVENUES (\$ Billions)

2. Spotify Overview: Competitive Advantages

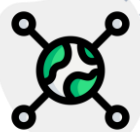
Competitive advantages that drive the largest market share and new avenues for growth



Market Share



Backlink.io



Market Size:
400MM



04 Competitive overview

Today's largest audio streaming service and the industry's pioneering conduit, thus possessing market dominance and a high advantage among its competitors

03 High Growth Potential

The company is growing its total MAUs at ~30% and is generating positive FCF, Spotify could have ~600M users, including ~300M Premium subs, in 2025

02 Differentiated model

Spotify has a differentiated model that manages to monetize users on the Free version while its Premium customer base only grows with the recurrence model.

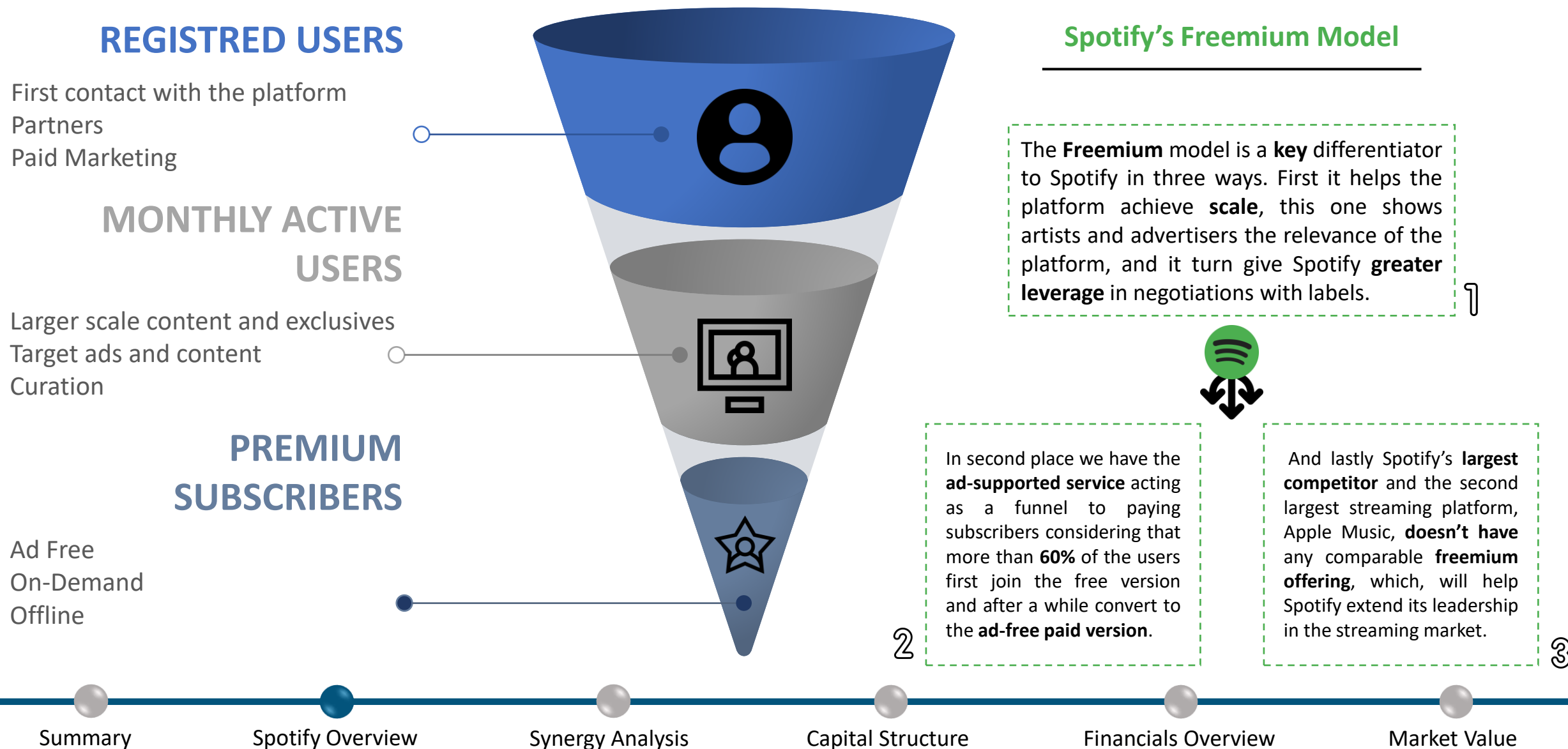
01 Podcasts

The strong growth of podcasts has leveraged the company's investments in the area, with exclusive shows and acquisitions, bringing a relevant growth driver with monetization and margin higher than music s streaming

With the most robust catalog of music and podcasts, an interface totally focused on the user experience with playlists, content suggestions based on preference, and extremely affordable pricing, Spotify manages to maintain a very low churn level of ~5%.

2. Spotify Overview: Freemium Model Sales Funnel

Understanding the Freemium model and how it is the key to Spotify's success against the competition

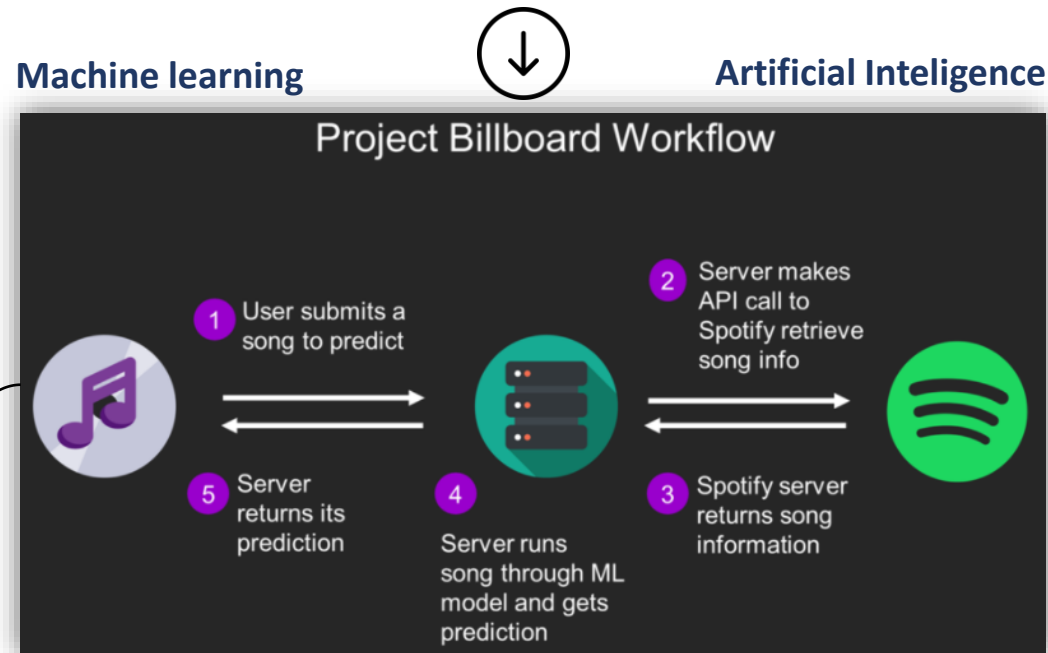


2. Spotify Overview: Data-driven User Experience

Data culture and personalization to customer, with the best content, within the world's most complete platform



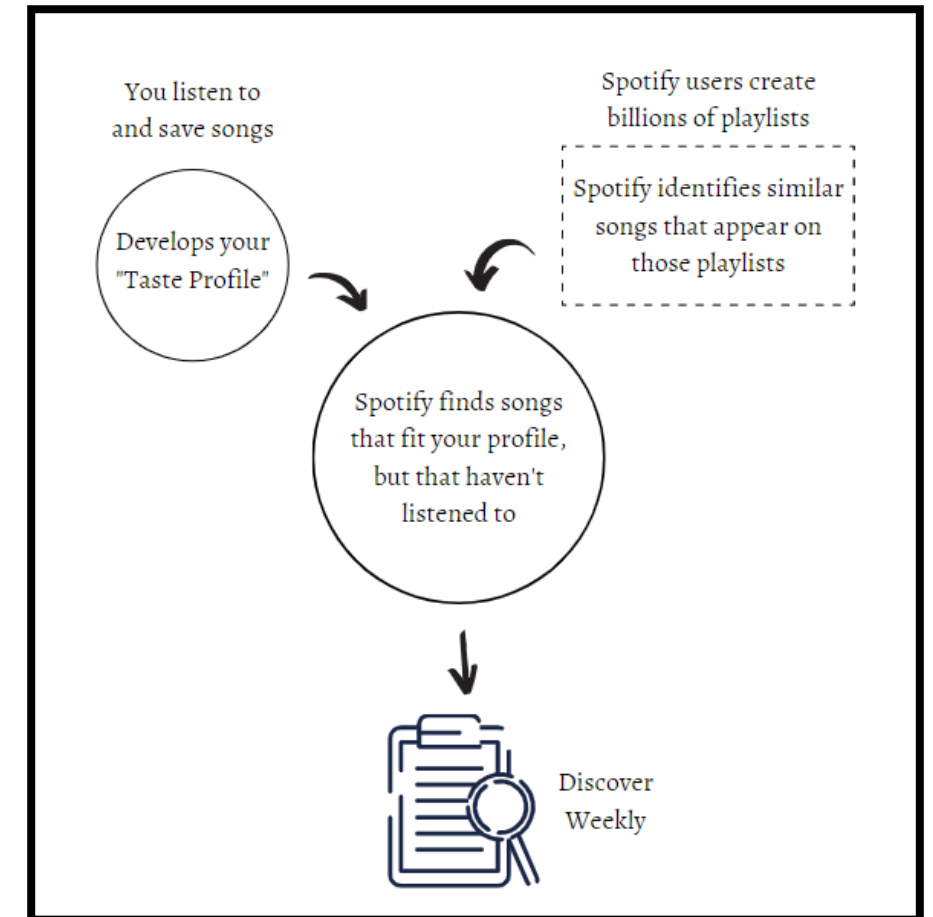
Data-based personalization of content



The Discover function analyzes each user's data and assembles a playlist based on taste.

The larger the user's library of music and podcasts, the more accurate the algorithm becomes

Spotify's infrastructure team has been prioritising data, they've built an automated data collection platform that enables data-driven decision-making and has improved their developer productivity and product value.



3. Synergy Analysis: Revenue synergies

Cross selling and bundle services as strategies for revenue increase, expansion and complete market dominance



Through a post-acquisition synergy plan both companies would have an increase in revenue with the migration of users to a joint subscription.

It could also include Spotify in the access bundle that already contains the following platforms: Hulu, Espn+ and Disney+.

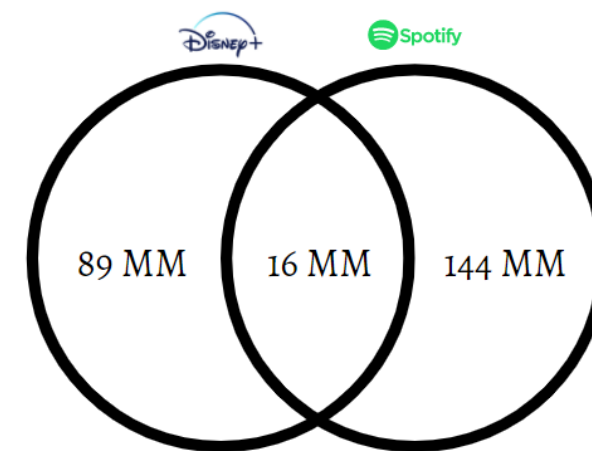
With this the user base tends to increase and the loyalty will be greater and greater, since in a single plan the user will have access to several verticals of streaming

Disney+	
Quarter	Subscribers, millions
Q1 2020	26,5
Q2 2020	33,5
Q3 2020	57,5
Q4 2020	73,5
Q1 2021	94,9
CAGR	38%

	Quarter	Revenue, billions
Disney+	Q1 2021	2515
Spotify	Q1 2021	2625

Considering the last few years' **enrollment** and **revenue** growth of the two companies, a **platform bundle** is a high-value synergy for *NewCo*.

Spotify		
Quarter	Users, millions	Subscribers, millions
Q1 2020	286	130
Q2 2020	299	138
Q3 2020	320	144
Q4 2020	345	155
Q1 2021	356	158
CAGR	6%	5%



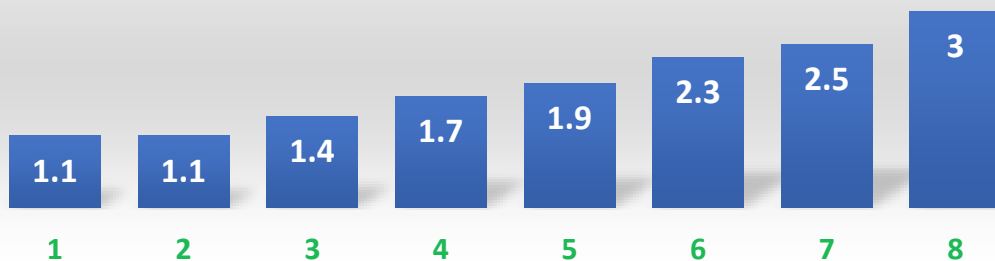
Considering an adoption of ~6% of users purchasing the bundle of services together, we estimate that there could be an increase of ~2,6% in Spotify's revenue and ~5% in Disney's, given that in the post-acquisition plan together with a **joint marketing strategy**, **cross-selling** should be a good increase in revenue and in reaching new markets, the plan with Disney's **other platforms** (Hulu and ESPN+) should also be considered.

3. Synergy Analysis: Revenue synergies

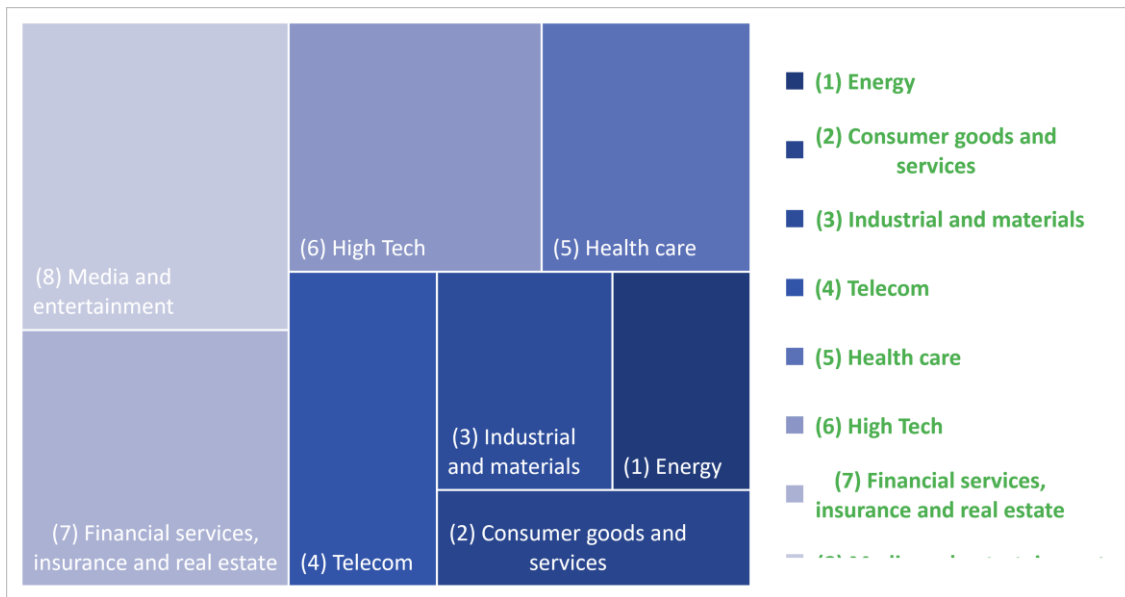
Sector with more synergies, allied to a close consumer profile allowing more strategies to be explored



Globally Consolidated Sectors Announce Higher Synergies



Thomson ONE Banker based on +1000 public-to-public M&A transactions from 2008 through 2017.



- It is observed that the streaming sector has the **most potential for synergy**.
- The integration plan will benefit the Gross Profit, through **scale** on **bundles**, enhancement of the brand image and **increasing margins** given that the user will have more consumption options in a single package

This revenue synergy would increase the gross profit margin by approximately **3%** based on previous deals with companies in sectors with a **high level of synergy** such as media and entertainment

Consumer Profile Synergy



55% Of Spotify's users are between 18 – 34 years (USA)

21% Of Spotify's users are between 50+ years (USA)

STATISTA



36% Of Disney+ users are between 18 – 34 years (USA)

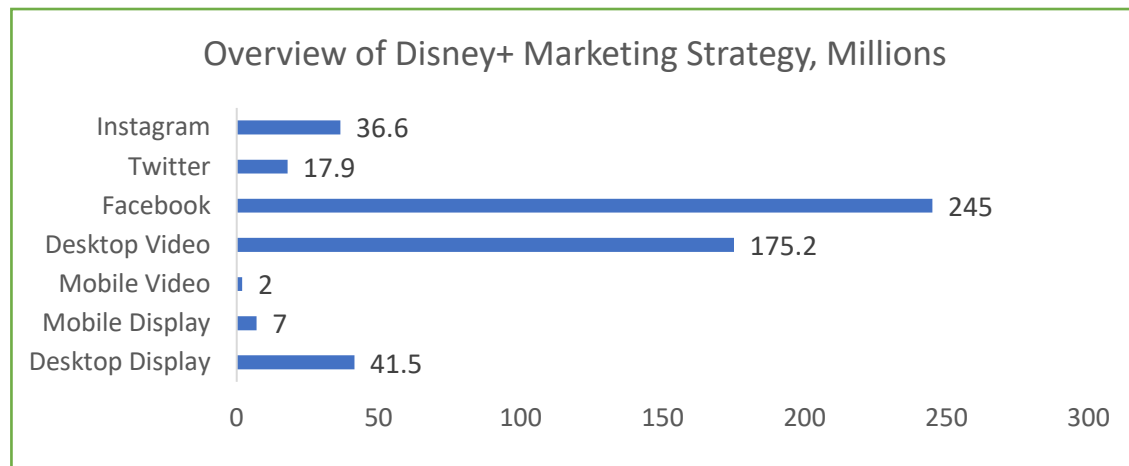
32% Of Spotify's users are between 50+ years (USA)

ANTENNA

Given a very close consumer profile, a good **integration plan** to capture this consumer and also to explore new **user profile verticals** is of **utmost importance**. Thus achieving the most important synergy for the *NewCo*, the synergy of **scale**.

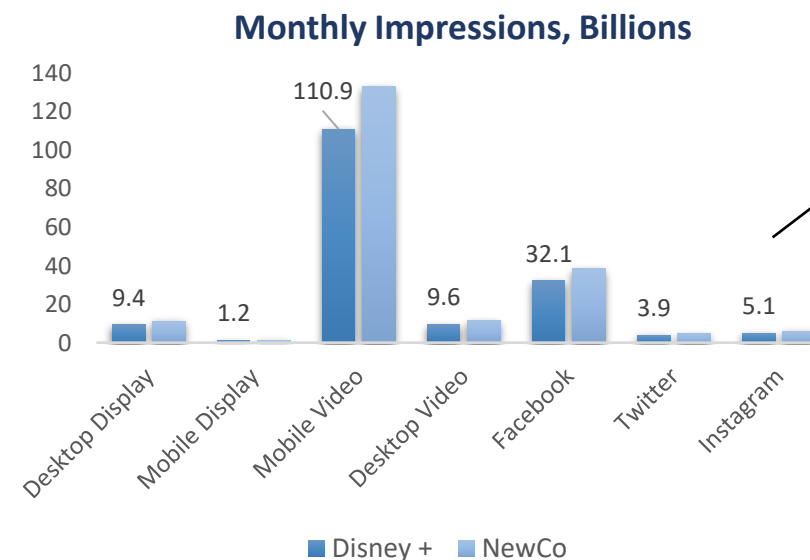
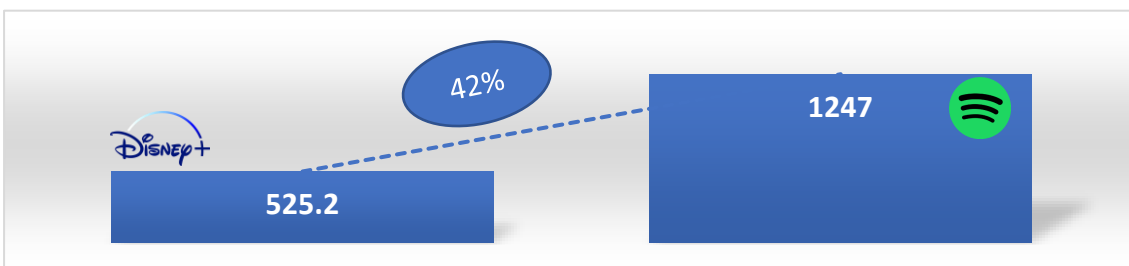
3. Synergy Analysis:

A joint marketing strategy would bring significant savings and still a possibility of greater reach for expansion



Joint Campaign (Subscription Bundle)

- Based on a joint campaign work, we can see a saving of up to 4% in every joint campaign costs, totaling up to \$70 million in savings, and still reach a larger number of markets and achieve the main goal, which is scale.



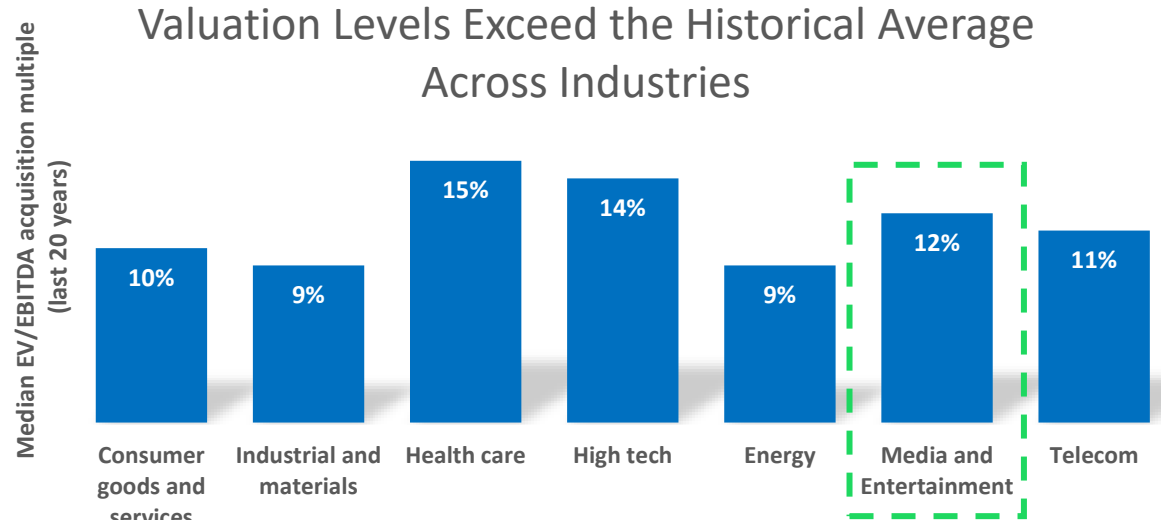
based on Disney's data and possible joint campaigns, we estimate that the number of impressions can increase by up to ~20% mainly on **video channels** and through **Facebook Ads**

4. Capital Structure: Spotify's Equity Value Premium

Spotify's premium was estimated based on synergies and EV/EBITDA multiples in past M&A deals



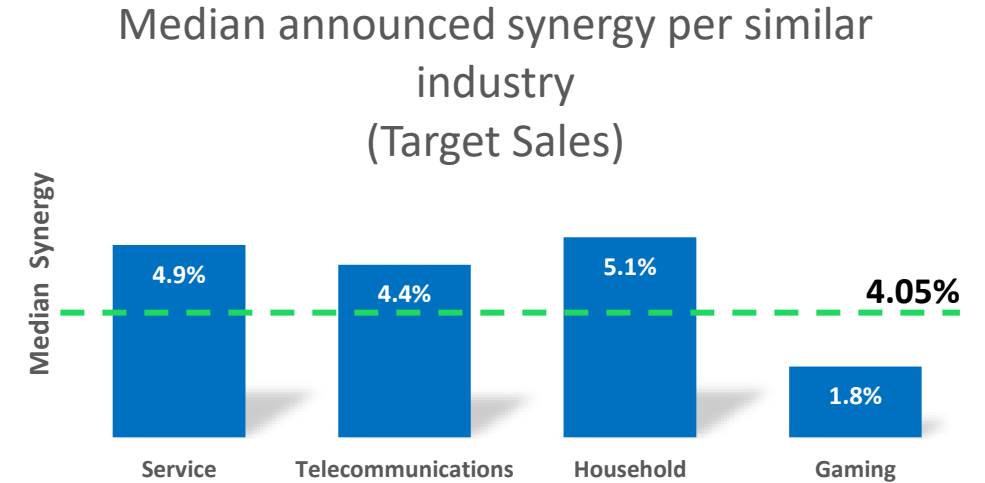
Based on **historical average** M&A Deals da for
EV/EBITDA multiple...



Source: BCG's M&A Report (2018)

...we will use the Media and Entertainment Industry
value as a part of the **Spotify value award: 12%**

Based on **average synergy awards** paid on past M&A
Deals for similar industries...



Source: BCG analysis (2018)

...we will use the average synergy rewards paid in
past M&A Deals as **another part of the Spotify value
reward: 4.05%**

Therefore, we will adopt a value of **14.05%** as **Equity Value Premium** for Spotify shares

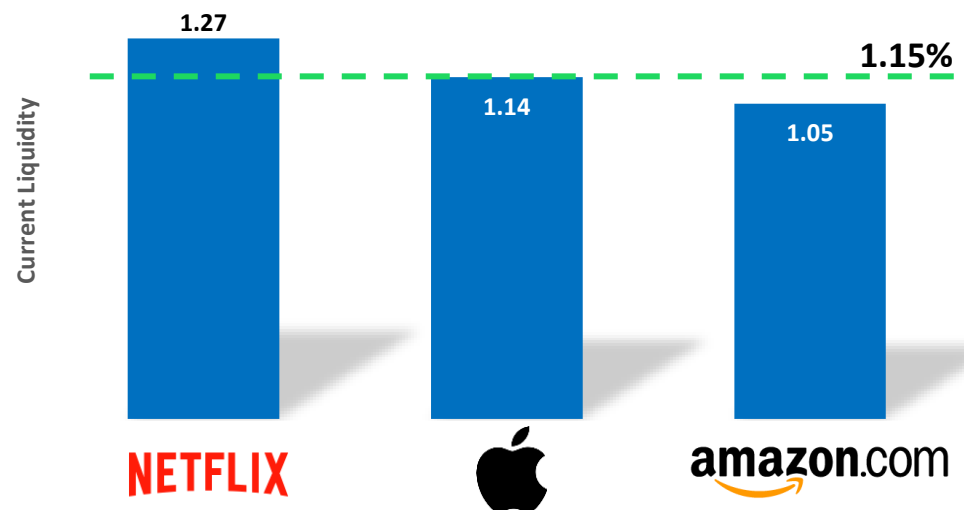
4. Capital Structure: *NewCo* Financial Health

We analyze financial indicators of the main peers to suggest a Capital Structure that guarantees financial health



In order to indicate an adequate Capital Structure for the acquisition of Spotify, we will initially seek to **keep some financial indicators in line with the market**.

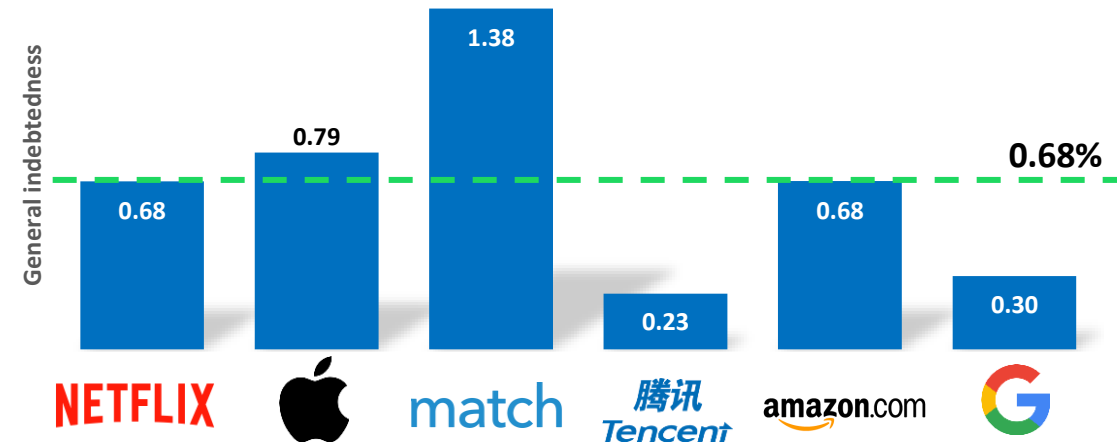
Current Liquidity of the main peers



Source: Yahoo Finance

For *NewCo*'s **Current Liquidity**, we will seek to maintain the levels of its **main Peers** (Netflix, Amazon and Apple): **1.15%**

General indebtedness of Similar Companies



Source: Yahoo Finance

For the insolvency risk index indicator (**General Indebtedness**), we will try to keep it in the range of other **similar companies**: **0.68%**

In addition, we will seek a proportion that ensures *NewCo*'s **financial health**, as well as prioritizing other factors, such as the participation of part of **Spotify's governance** on ***NewCo*'s Board of Directors**

4. Capital Structure: Spotify's Governance

Spotify's board members could ensure the complementarity of talent and bring broad market knowledge



Spotify's Governance

Daniel Ek



FOUNDER, CEO, AND CHAIRMAN OF THE BOARD OF DIRECTORS

- Member of the board of directors since 2008
- 15 years of experience on Spotify
- Experience in renowned advertising and entertainment companies

Martin Lorentzon



CO-FOUNDER, DIRECTOR, AND MEMBER OF THE BOARD OF DIRECTORS

- Member of the board of directors since 2008
- Served as Chairman of our board of directors (2008-2016)
- Experience as member of the board of directors of Telia Company AB (Sweden's main telecom operator)
- Tradedoubler founder, an internet marketing company based in Stockholm

Barry McCarthy



DIRECTOR AND MEMBER OF THE BOARD OF DIRECTORS

- Experience as the company's CFO (2015-2021)
- Member of the board of directors of several renowned private companies: Pandora, Eventbrite, Chegg
- Management positions in management consulting, investment banking, and media and entertainment

We have prioritized the **Equity capital structure (60%)** in order to **attract members of Spotify's governance** who will be able to contribute to *NewCo's* management by bringing their **management and innovation experience**.

Through the experience of some of Spotify's key members of the board of directors, who have already **worked at other renowned companies**, *NewCo* will be able to stand out from its competitors, which will contribute to **leveraging long-term value generation**

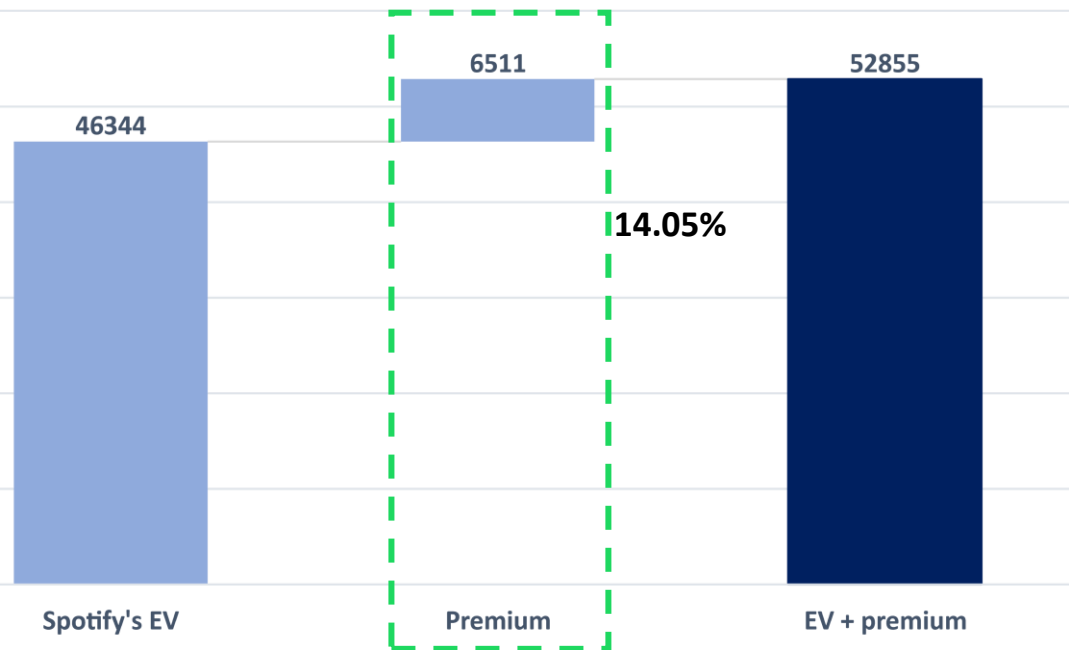
4. Capital Structure: Deal Structure

We balance a capital structure that ensures both *NewCo's* financial health and Spotify's stakeholder participation



As explained above, we suggest a capital structure that ensures *NewCo's* **financial health** in order to avoid financial insolvency. In addition, we will consider an Equity structure that ensures the **attraction of Spotify's board members** that have great knowledge of the market, in order to complement the existing know-how of Disney's management team.

Spotify's Equity Value (US\$ million)

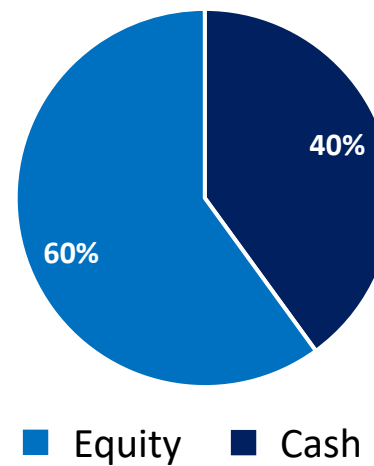


Source: Own Elaboration

Deal

- **Cash payment to Spotify Shareholders:** US\$21142mi
- **Shares to Spotify Shareholders:** US\$31713
- **New Disney Shares created for Spotify Shar. (m shares):** 179
- **Disney + Spotify new # shares (m shares):** 1996
- **Acquirer (Disney) EPS (US\$):** -2.49
- **Target (Spotify) EPS (US\$):** -3.80
- **EPS (*NewCo*) (US\$):** -2.46
- **Accretion / Dilution (%):** 1.01

Capital Structure



Source: Own Elaboration

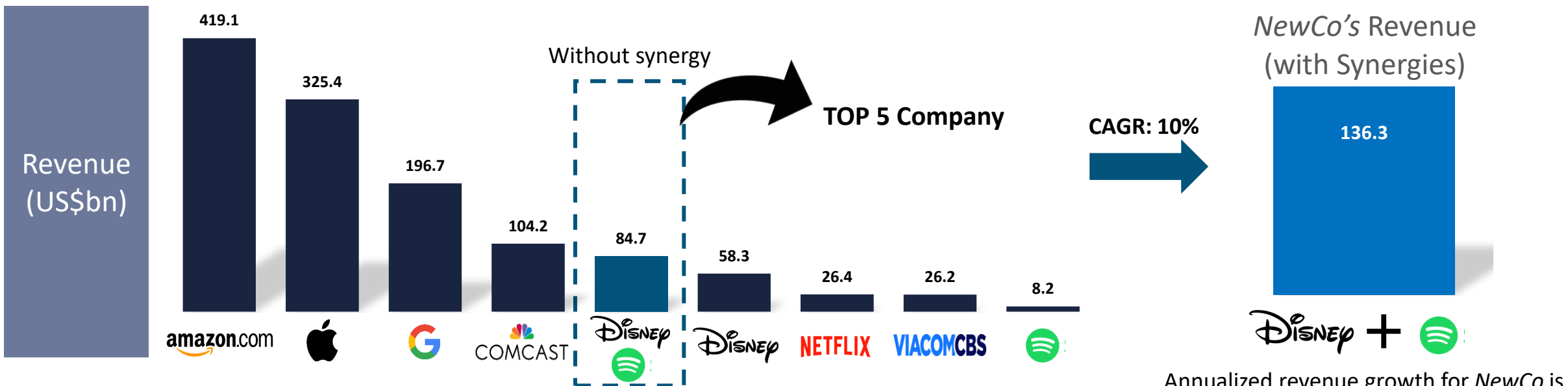
Given Disney's current cash position, we suggest **taking on US\$15bi of debt** in order to ensure *NewCo's* financial health, keeping **key indicators at the levels of its competitors**:



- **Current Liquidity:** 1.00%
- **General Indebtedness:** 0.65%

5. Financials Overview:

Subtítulo



Annualized revenue growth for *NewCo* is 10%, a super positive factor compared to the industry track record

NewCo's Balance Sheet - Post Acquisition (US\$bn)	
Equity	71.3
Liabilities	130.3
Current Liabilities	29.6
Non Current Liabilities	100.7
Assets	201.5
Current Assets	29.8
Cash & Short Term Investments	12.8
Non-current assets	171.7

- **Current Liquidity = 1.0**
- **General Indebtedness = 0.7**

NewCo's leverage will remain at the average of its main peers, without taking financial risks and **avoiding the Debt Covenant being reached**, which could ruin the Company

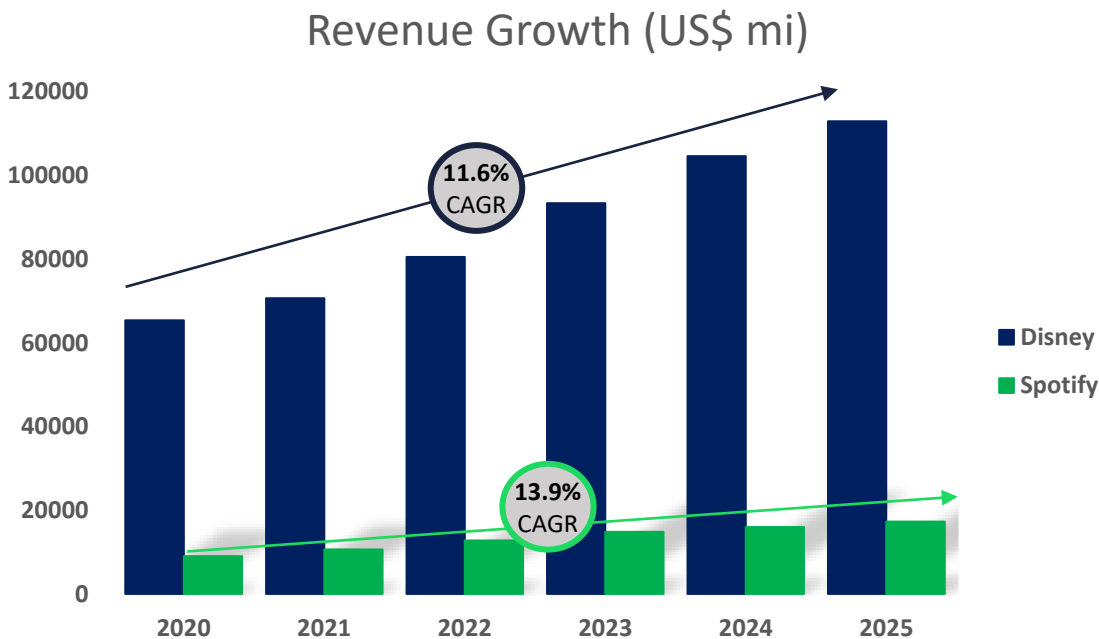
6. Market Value: Revenue and EBITDA Growth

Both companies' Revenue and EBITDA growth are in line with growth expectations for the DTC sector

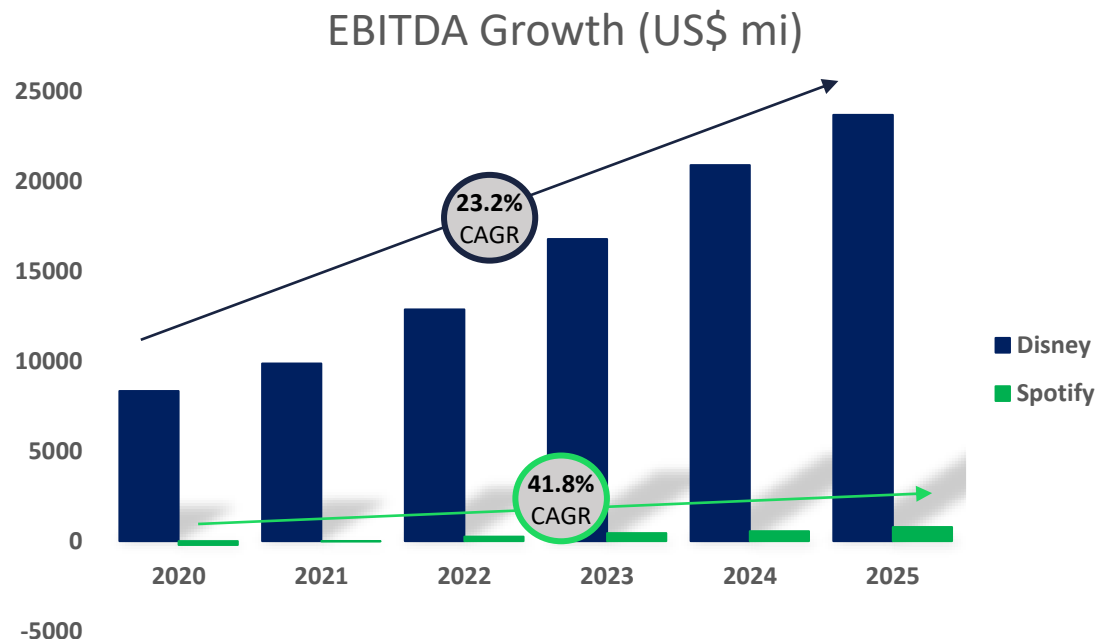


Disney's **revenue and EBITDA growth** is mainly attributable to leverage due to **increased investments in DTC**, especially those related to new platform subscribers.

Spotify, on the other hand, will also experience **intense growth**, favored by the **expansion of the streaming market**, which will help the company **increase its market share** due to its competitive advantages over its competitors.



Source: Own Elaboration



Source: Own Elaboration

Through sum of the parts (**SOTP**) valuation, we will have **NewCo's Revenue and EBITDA (without Synergies)** being US\$130.206mi and US\$24.498mi, respectively

6. Market Value: EV/EBITDA estimates

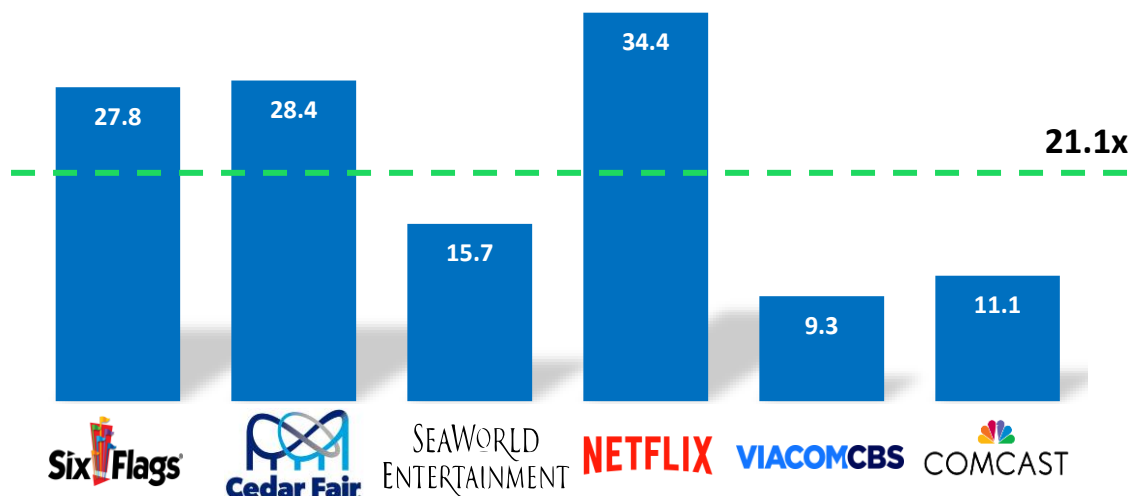
EV estimates were based on companies with similar businesses



To estimate **Disney's EV/EBITDA**, we will analyze companies that operate in **similar businesses**, such as: Parks and Entertainment; Streaming (DTC); Media and Entertainment; and Telecommunications. Thus, we will have an average of **21.1x** for the EV/EBITDA multiple, which will be used to **estimate Disney's FY2025E EV**.

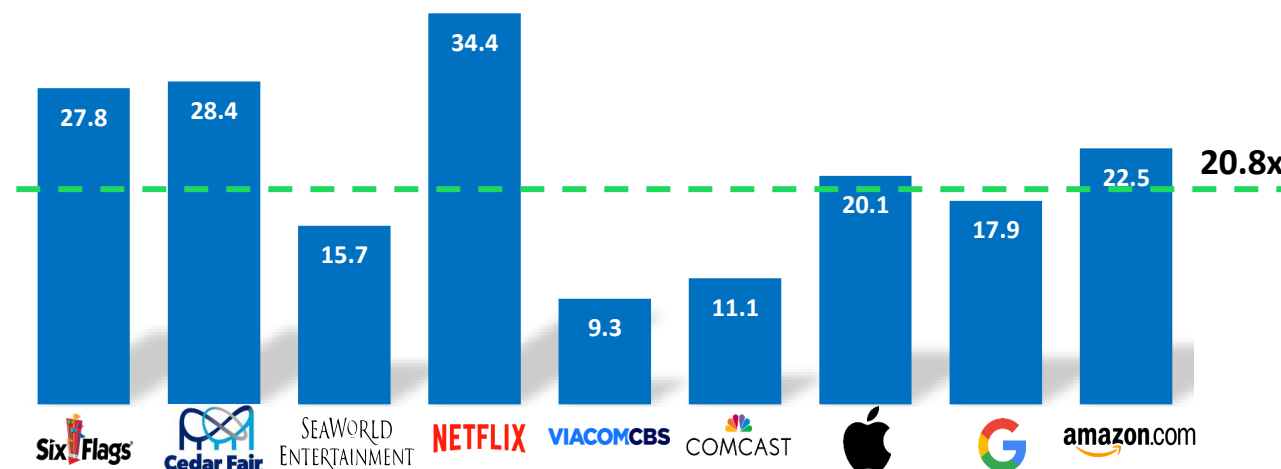
For **NewCo' EV/EBITDA**, we will analyze 3 more **Tech companies that have DTC fronts**, in order to **replicate the business of the target company** (Spotify). Therefore, we will use an EV/EBITDA multiple equal to **25.0x**, considering a **small expansion** of the multiple **against its peers**.

EV/EBITDA
(companies w/ similar business)



Source: Yahoo Finance

EV/EBITDA
(similar companies)



Source: Yahoo Finance

6. Market Value: Companies's EV

The market value analysis was done by projecting the main financials by SOTP and Multiples Analysis



Taking synergy improvements for the **key financials** (Revenue, Gross Margin and SG&A) as explained earlier (*Topic 3: Synergy Analysis*) and replicating the EV/EBITDA multiples, we get the values in 2025 for **Disney without the acquisition** and for **NewCo with and without synergies**:

(US\$ millions)	FY2025E		SOTP	SOTP
	Walt Disney	Spotify	NewCo	NewCo w/ Synergies
Revenue	112,960	17,245	130,206	136,300
COGS	(68,906)	(12,710)	(81,616)	(81,347)
Gross Profit	44,055	4,536	48,590	54,953
% Gross margin	39.0%	26.3%	37.3%	40.3%
SG&A	(18,074)	(2,759)	(20,833)	(20,000)
% margin	16.0%	16.0%	16.0%	14.7%
EBITDA	23,722	776	24,498	31,695
% EBITDA margin	21.0%	4.5%	18.8%	23.3%
EV (US\$bn)	501		612	792

- 2.7% increase in revenue from Spotify
- 5% increase in Disney revenue

- 3% improvement in NewCo's gross margin

- 4% reduction in costs (SG&A)

Sensitivity Matrix - NewCo EV with Synergies (US\$bn)

		Gross Profit Synergies				
		1.0%	2.0%	3.0%	4.0%	5.0%
SG&A Synergies	(2.0%)	714	748	782	816	850
	(3.0%)	719	753	787	821	855
	(4.0%)	724	758	792	826	861
	(5.0%)	729	763	798	832	866
	(6.0%)	735	769	803	837	871

Analyzing the impact of synergies on NewCo's EV, we will have:

- **Worst Case: US\$714bn**
- **Base Case: US\$792bn**
- **Best Case: US\$871bn**

Estimated impact for the EV in 2025:

Disney

US\$501bn

Disney + Spotify

Without synergy

US\$612bn

Disney + Spotify

With synergy

US\$792bn

Source: Own Elaboration

The background of the slide is a solid dark blue. A large, semi-transparent light blue circle is positioned on the right side, partially overlapping the edge. The text 'Q&A' is centered in the middle of the slide in a white, sans-serif font.

Q&A

APPENDIX



Target Ads

Spotify Podcast Ads

Powered by Streaming Ad Insertion (SAI)



The intimacy and quality of traditional podcast advertising with the precision and transparency of modern-day digital marketing.

AD DELIVERY

- Confirmed Ad Impressions
- Reach
- Frequency

AUDIENCE INSIGHTS

- Age
- Gender
- Device
- Listening Behavior

CREATIVE PERFORMANCE

- Completion Rate

Assertiveness to advertisers

Spotify is able to use all user data to target ads according to their interests, thus becoming a great opportunity for advertisers who want to make assertive ads to a selected audience, as well as people who receive playlists and ads according to their taste and mood



Spotify has several ways to send content and advertisements through data: (1) Location; (2) Age; (3) Gender; (4) Interest; Real-Time Context (Studying, Chill, Party Playlist); (5) Genre; (6) Artists.



By using size, color, positioning, and alignment of various elements, Spotify promotes a good visual hierarchy that communicates what the users should be paying attention to first. By doing this, users can quickly digest and orient themselves within the app experience.

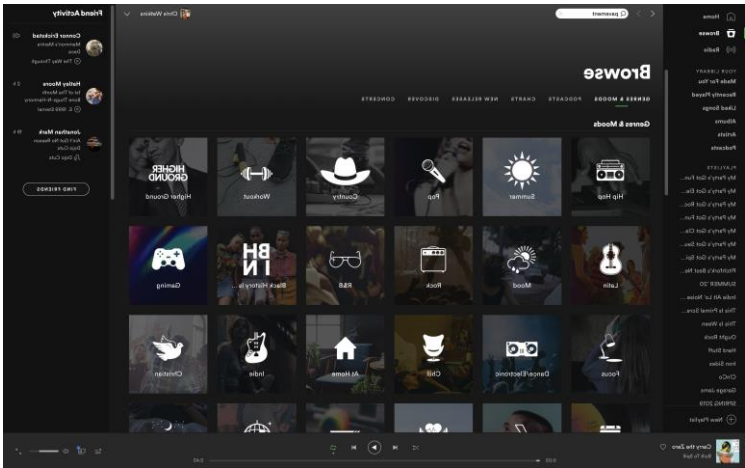


By developing this consistent design language, users begin to navigate the app in an intuitive manner, often making decisions based upon sub-conscious information.

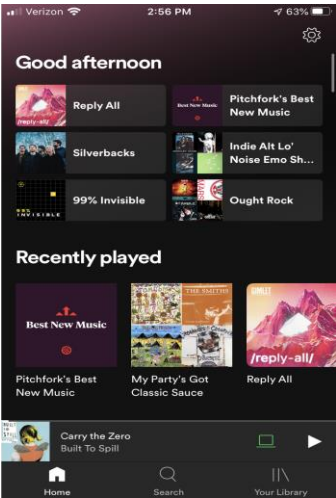
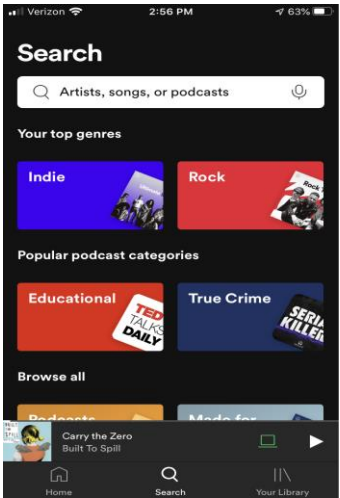


Device Optimization

Desktop	Mobile
<ul style="list-style-type: none">• Screen Space• Visual Hierarchy• Separated Modules	<ul style="list-style-type: none">• Easy Navigation• Personal Library• Car View Model



Dark Interface



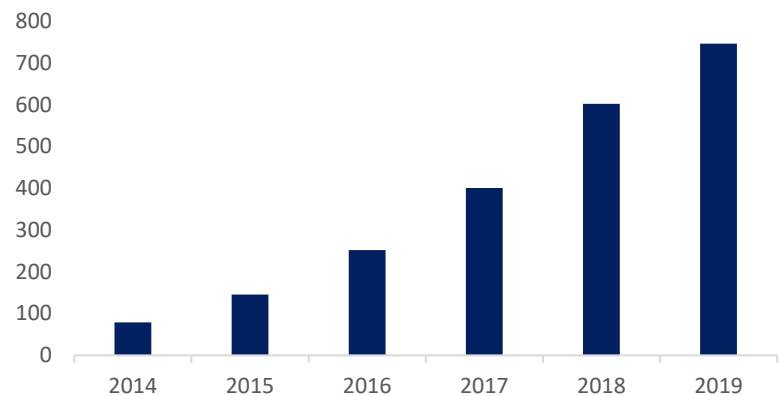
Appendix (Growth Projections)



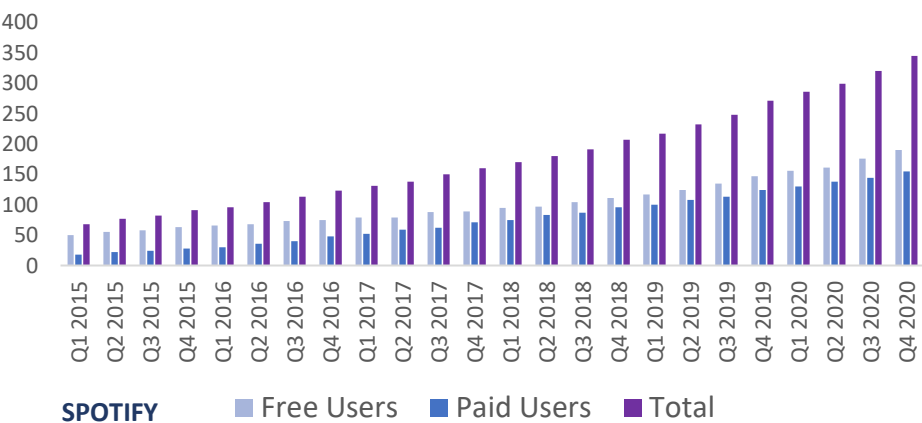
Projections in Million		2021E	2022E	2023E	2024E	2025E	CAGR
Premium Subs	Estimate	184	212	239	265	290	12,00%
Ad-Supported MAUs	Estimate	252	302	347	386	418	13,50%
Premium Revenue	Estimate	€ 8,40	€ 9,91	€ 11,28	€ 12,61	€ 13,88	13,40%
Ad Revenue	Estimate	€ 963	€ 1.194	€ 1.413	€ 1.611	€ 1.768	16,40%
Total Revenue	Estimate	€ 9.358	€ 11.099	€ 12.694	€ 14.218	€ 15.650	13,70%

Year	Revenue, EUR billions
2015	1.9
2016	3
2017	4.1
2018	5.3
2019	6.7
2020	7.8

Music SVOD Growth
Songs Streamed (in billions)



Spotify Users, millions



Quarter	Spotify ARPU, EUR
Q1 2018	4.72
Q2 2018	4.89
Q3 2018	4.73
Q4 2018	4.89
Q1 2019	4.71
Q2 2019	4.86
Q3 2019	4.67
Q4 2019	4.65
Q1 2020	4.42
Q2 2020	4.41
Q3 2020	4.19
Q4 2020	4.26

- Higher market standard growth and dominance in the music streaming sector
 - Consolidated and growing user base in new markets
 - Revenue based on paid users and ads

Appendix (Deal Structure)



Acquisition Price

Target	2021
Spotify # shares 2021 (m shares)	190,2
Spotify 11/06/2021 share price before announce. (US\$)	243,66
Purchaser	
Disney # shares 2021 (m shares)	1816,9
Disney 11/06/2021 share price (US\$)	177,38
Equity value of Disney (US\$ million)	159936
Premium paid by Disney on Spotify 11/06/2021 share price (%)	14,05%
Spotify 11/06/2021 share price with premium (US\$)	277,89
Spotify Equity value w/ premium (US\$ million)	52855

Deal

% Cash in the Disney offer to Spotify Shareholders	40%
% Equity in the Disney offer to Spotify Shareholders	60%
Cash payment to Spotify Shareholders (US\$ million)	21142
Shares to Spotify Shareholders (US\$ million)	31713

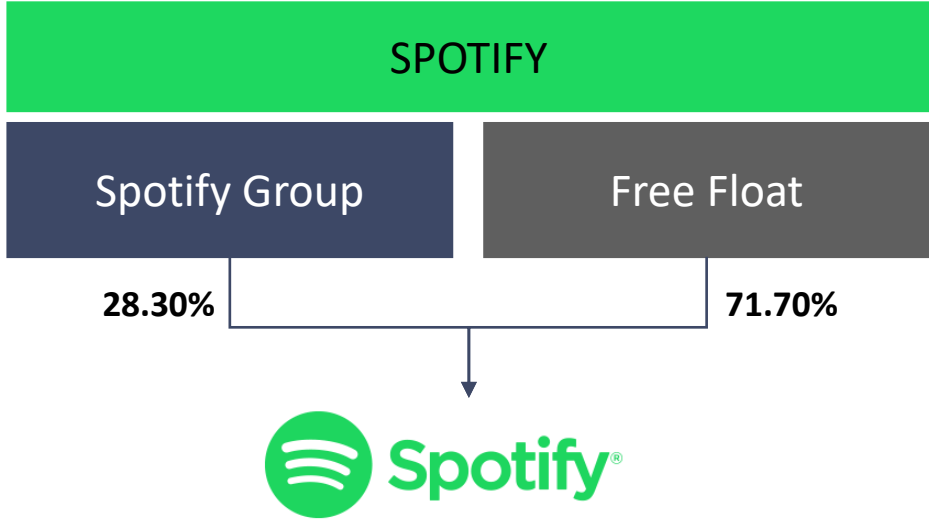
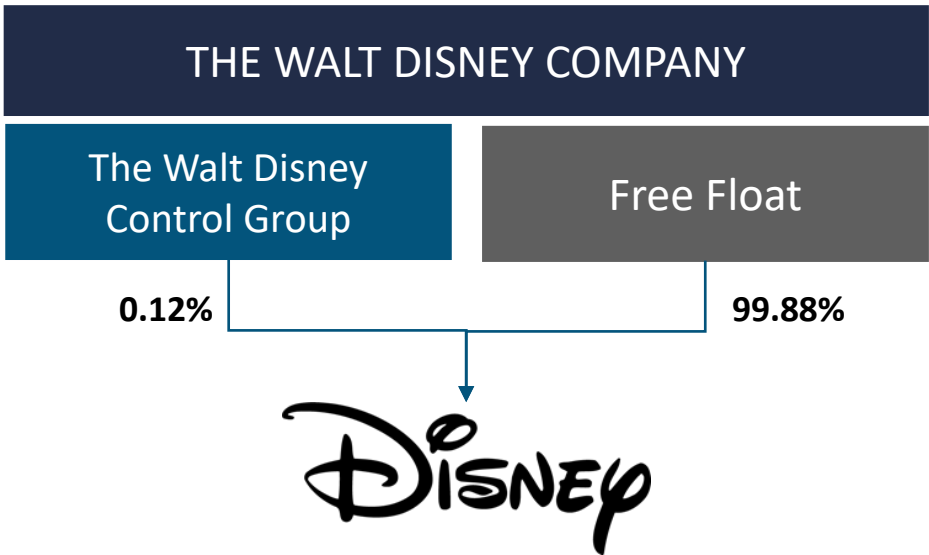
New Disney Shares created for Spotify Shar. (m shares)	179
Disney + Spotify new # shares (m shares)	1.996

Disney + Fox New EPS and EPS growth

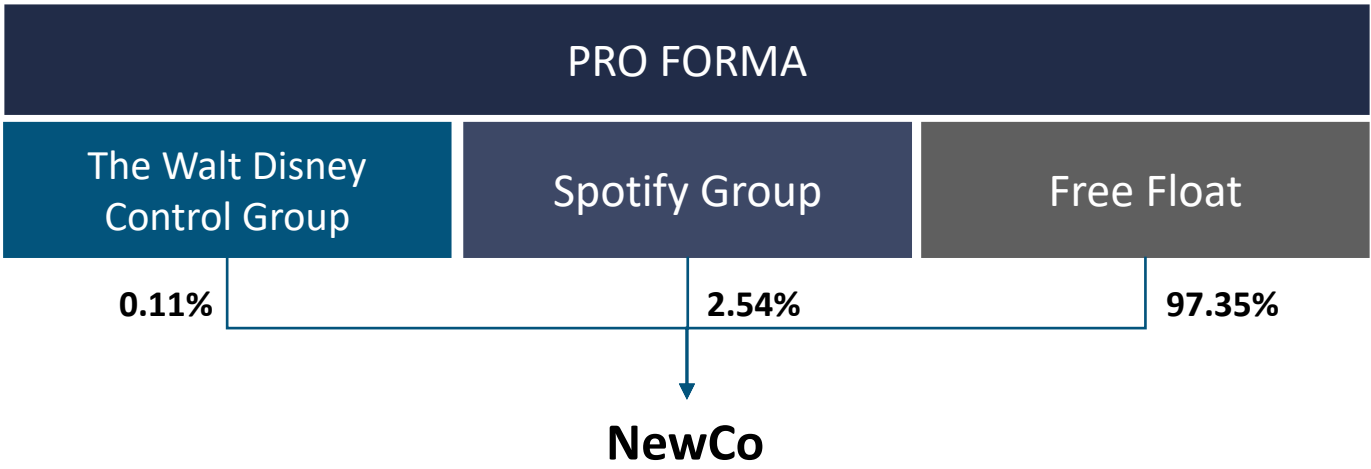
Disney Net Profit (US\$ million)	-4490
Spotify Net Profits (US\$ million)	-559
Pre-tax Synergies generated by the deal (US\$ million)	204
Disney tax rate (%)	32%
Post-tax Synergies generated by the deal (US\$ million)	139
Disney + Spotify new Net Income (US\$ million)	-4910
Acquirer (Disney) EPS (US\$)	-2,49
Target (Spotify) EPS (US\$)	-3,80
EPS (US\$)	-2,46
Accretion / Dilution (%)	1,01



CURRENT



POST TRANSACTION COMPLETION





2020 – 2025 mainly Financials Overview

(US\$ millions)	FY2020		FY2021E		FY2022E		FY2023E		FY2024E		FY2025E	
	Walt Disney	Spotify	Walt Disney	Spotify	Walt Disney	Spotify	Walt Disney	Spotify	Walt Disney	Spotify	Walt Disney	Spotify
Revenue	65388	9001	70619	10622	80506	12746	93387	14785	104593	15968	112,960	17,245
% Y/Y	-5.1%	16.6%	8.0%	18.0%	14.0%	20.0%	16.0%	16.0%	12.0%	8.0%	8.0%	8.0%
COGS	(43,880)	(6,700)	(56,495)	(7,966)	(56,354)	(9,496)	(60,701)	(10,985)	(65,894)	(11,832)	(68,906)	(12,710)
Gross Profit	21508	2302	14124	2655	24152	3250	32685	3800	38699	4136	44,055	4,536
% Gross margin	32.9%	25.6%	20.0%	25.0%	30.0%	25.5%	35.0%	25.7%	37.0%	25.9%	39.0%	26.3%
SG&A	(12,369)	(1,680)	(13,771)	(1,912)	(15,296)	(2,231)	(16,810)	(2,513)	(16,735)	(2,635)	(18,074)	(2,759)
% margin	18.9%	18.7%	19.5%	18.0%	19.0%	17.5%	18.0%	17.0%	16.0%	16.5%	16.0%	16.0%
EBITDA	8357	(208)	9887	(21)	12881	255	16810	444	20919	559	23,722	776
% EBITDA margin	12.8%	-2.3%	14.0%	-0.2%	16.0%	2.0%	18.0%	3.0%	20.0%	3.5%	21.0%	4.5%

SOTP VALUATION

(US\$ millions)	FY2025E		SOTP	SOTP
	Walt Disney	Spotify	NewCo	NewCo w/ Synergies
Revenue	112,960	17,245	130,206	136,300
COGS	(68,906)	(12,710)	(81,616)	(81,347)
Gross Profit	44,055	4,536	48,590	54,953
% Gross margin	39.0%	26.3%	37.3%	40.3%
SG&A	(18,074)	(2,759)	(20,833)	(20,000)
% margin	16.0%	16.0%	16.0%	14.7%
EBITDA	23,722	776	24,498	31,695
% EBITDA margin	21.0%	4.5%	18.8%	23.3%
EV (US\$bn)	501		612	792