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THE WALT DISNEY COMPANY'S STOCK: BUY, HOLD, OR SELL?[1]

Shuran (Freya) Yang wrote this case under the supervision of Stephen Foerster solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

On November 7, 2019, Antonia Crowley, a portfolio manager at Century 23 Investment Company, was reviewing the recently released fourth quarter and full fiscal year earnings report of The Walt Disney Company (Disney). She was closely monitoring Disney's stock, since it was one of the major holdings of Century 23 Global Fund. Crowley was known for her strong leadership of a team of analysts, and the fund had achieved a consistently strong performance in the past, outperforming the benchmark MSCI World Index.

The fund's strategy was to identify stocks that were showing consistent earnings growth above broad market levels while also trading at a reasonable price, a strategy known as growth at a reasonable price (GARP), popularized by well-known Fidelity Investments Inc. fund manager, Peter Lynch, and combining elements of growth and value investing strategies. According to Lynch, a firm's price-to-earnings (P/E) ratio, calculated as the stock price divided by the earnings per share, should roughly equate expected earnings growth (G).[2] For example, if a company had a P/E ratio of 15 and an expected earnings growth of 15 per cent, its PEG ratio would be 1.0, calculated as P/E divided by G. Promising GARP candidates tended to be those with PEG ratios below 1.0.

As a leading company in the entertainment industry, Disney, together with its subsidiaries, was involved in various businesses, including movie production, streaming, and parks and resorts development. On the movie front, Disney's 2019 blockbuster *Avengers: Endgame* became the all-time highest-grossing film, with a worldwide box office gross of over US$2.8 billion.[3] The new *Star Wars*-themed park, *Star Wars*: *Galaxy's Edge*, opened on May 31, 2019 at Disneyland in Anaheim, California.[4] The Disney+ streaming service, launching on November 12, 2019, was set to take on pioneering streaming service Netflix Inc. (Netflix) by featuring thousands of movies and television (TV) series from Disney, Pixar Animation Studios (Pixar), Marvel Studios LLC. (Marvel), Star Wars Studio, and others.[5]

Disney's stock had delivered a relatively strong performance in the last three years, outperforming media conglomerates Viacom Inc. (Viacom) and Comcast Corporation (Comcast), although underperforming Netflix. Crowley expected intense market competition to continue in the entertainment industry, particularly in the streaming services area. With a major holding in the fund, Crowley and her team had been closely monitoring Disney's stock performance and were impressed by Disney's growth to date. However, Crowley felt it was time to update her investment thesis on the stock. What long-term trends were expected to play out in the industry? In the short-term, what success or failures might Netflix challengers face in streaming services? Were current global economic conditions a concern? Could an analysis of recent financial performance coupled with expectations of future performance provide any clues as to the suitability of current investments? Ultimately, she needed to know whether the Century 23 Global Fund should hold its current position in Disney's stock, buy more, or sell. Were there better options to consider, such as buying stocks from Disney's competitors?

THE ENTERTAINMENT INDUSTRY

The media and entertainment (M&E) industry consisted of film, radio, print, and TV. Its segments included movies, TV shows, radio shows, news, music, newspapers, magazines, and books. The US media and entertainment industry recently contributed more than $717 billion annually to the economy, which represented one-third of the global gross amount of this industry.[6] Revenues from the global M&E industry were expected to grow steadily at 4.3 per cent annually, to reach approximately $2.3 trillion in 2020.[7]

The industry was embracing new opportunities in adapting fifth-generation (5G) wireless technology. Meanwhile, more familiar themes, including video streaming, personalized content, and data privacy and protection, continued to change the industry landscape.[8]

The industry was also being reshaped by mergers and acquisitions (M&A), particularly as large firms attempted to strengthen their market power by controlling a greater portion of TV series and films. In August 2019, Viacom and CBS Corporation (CBS) entered into a definitive agreement to combine in an all-stock merger, creating a company with more than $28 billion in revenue.[9] In March 2019, Disney acquired Twenty-First Century Fox, Inc. (renamed TFCF Corporation) through a $71 billion acquisition, which enabled Disney to accelerate its direct-to-consumer strategy and expand its global presence.[10] The aggressive M&A deals and strategic repositioning were expected to contribute to changing consumer streaming behaviours, and were intended in part to build stronger brand loyalty.

Media Networks

The media networks segment included cable and broadcast TV networks, TV production and distribution operations, domestic TV stations, and radio networks and stations.

Since its invention in the early 1900s, TV had played a vital role in family life. However, in recent years, consumers were shifting away from viewing traditional network and cable TV, instead embracing the expanding opportunities to enjoy media experiences tailored to their personal preferences, schedules, and contexts.[11] Facing a decline in their traditional business, TV subscription providers offered services such as pared-down bundles, advanced set-top boxes, and delivery of 4K TV quality.

In the United States, TV subscription revenue was expected to fall by 2.9 per cent annually to $81.8 billion by 2023,[12] in contrast to the ongoing rise of video streaming. New competitors were challenging the historically strong players, as even publicly funded broadcasters had proven unable to achieve a significant increase in income under pressure from leading streaming companies such as Netflix and Amazon Inc.[13] The rise of streaming companies stimulated the investment in, and consumption of, quality original content such as original series and films. Global revenue from the video streaming sector was forecast to increase 4.2 per cent annually to $28.2 billion by 2023, which would account for 16 per cent of the digital media market.[14] The number of users in the subscription video on demand segment was estimated to grow by 5 per cent annually to 1.3 billion by 2023.[15]

Parks and Resorts

Amusement parks featured various attractions, including rides, games, and other events to serve entertainment purposes. The parks were usually structured around certain themes. With the explosion of the experience economy, particularly driven by millennials, the spending on theme parks had recently been increasing at an annual rate of 5 per cent globally to $44.8 billion. According to a 2014 research report about the experience economy, 78 per cent of millennials chose to spend money on desirable experiences or events over buying desirable physical objects.[16]

Recent worldwide park attendance was 1.1 billion and was expected to grow at an annual rate of 3.8 per cent through 2022.[17] As a result, many theme parks and resorts were being built or renovated worldwide. Universal Beijing Resort was one such theme park project, partly owned by Universal Parks & Resorts (Universal), a business unit of Comcast NBCUniversal Media, LLC. It was intended to feature several all-new attractions, along with the best Universal rides and specially created experiences designed to reflect China's cultural heritage.[18] The resort was expected to be the largest theme park development in the world at the time of its opening, in 2021. Also, Hong Kong Disneyland Resort was expanding to add new themed areas, including Disney's highly popular Frozen Ever After as well as Marvel Super Hero Island. The resort recently debuted a new stage show based on Disney's popular animated musical adventure film *Moana*, called Moana: A Homecoming Celebration.

An increasing number of theme parks and resorts were dedicated to providing highly immersive environments that integrated intellectual property, sophisticated storylines, and cutting-edge technology such as Internet of Things and virtual reality.

Studio Entertainment

The global film industry had experienced steady growth over recent years. Industry revenue grew 3.8 per cent in 2019 to $103 billion.[19] Owing to numerous blockbusters that galvanized the global box office and led to fierce competition, global box office revenue was forecast to increase at an annual rate of 9 per cent in 2020,[20] although it was challenging to predict hit movies.

The innovative film production industry encouraged creative filmmakers to utilize new technology, such as the full frame look and 4K+, which provided audiences with brand new cinematic experiences. Distribution within the industry had gradually shifted from physical distribution through tape reels to digital distribution. As distribution became simpler and more affordable, an increasing number of independent filmmakers entered the industry, particularly over the previous five years.[21]

The black and white film *Roma*, financed by Netflix, was released in 2019 and gained recognition from the Golden Globe Awards and the British Academy of Film and Television Arts awards. It was also nominated for the Academy Award for Best Picture that year. The success of *Roma* intensified arguments about the definition and boundary of film production.[22] Online streaming services were engaged in a fierce battle with the traditional film industry, with the trend of financing original streaming films led by Netflix.

Moreover, the film industry was evolving and reflecting more diversity, which enabled more women and people of colour to portray lead characters in positions of power. *Wonder Woman,* featuring one of the first female superhero protagonists, and *Black Panther*, a milestone African American film, were both recent Hollywood mega-budget films with huge box office success.

THE WALT DISNEY COMPANY

The Walt Disney Company was founded by Walt Disney and his brother, Roy O. Disney, in 1923 as the Disney Brothers Cartoon Studio. According to its mission statement, the company was dedicated to "entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company."[23] As a leading diversified international family entertainment and media enterprise, Disney mainly operated in four business segments: media networks, parks and resorts, studio entertainment, and consumer products and interactive media.

From humble beginnings, Walt subsequently continued his legendary work of creating world-class stories and experiences. Some highlights along the way included *Steamboat Willie*, the first animated film to star Mickey Mouse and to feature synchronized sound, *Flower and Trees*, Disney's first full-colour cartoon and first Academy Awards winner for Cartoon Short Subject, and *Snow White and the Seven Dwarfs*, Disney's first feature-length animated film.[24]

In 1955, Disneyland Resort in Anaheim came to fruition as Walt's first theme park, growing into one of the most popular providers of family travel and leisure experiences. Creating a unique destination built around the original storyline and immersive experience, Disneyland Resort ushered a new era of family entertainment. In 1971, Walt Disney World Resort opened in Lake Buena Vista, Florida.

Disney's stock had been traded publicly since 1957, with its initial public offering (IPO) at $13.88 per share. Given the numerous stock splits over the years (approximately 401 to 1),[25] the current stock price of $131.27 was equivalent to $52,647, relative to the original IPO price. In the fiscal year ending September 30, 2019, Disney generated total revenue of $69.6 billion, up from $59.4 billion in 2018, for an increase of 17 per cent.[26] Diluted earnings per share (EPS) attributable to Disney decreased from $8.36 to $6.64.[27]

The reduction in EPS was attributable to a number of factors across various segments. Operating income declined in the direct-to-consumer and international and studio entertainment segments, and was partially offset due to higher results with the parks, experiences and products, and media networks segments. Media networks achieved $24.8 billion in revenue in 2019 (or 36 per cent of total revenue) and $7.5 billion in operating income (or 50 per cent of total operating income).[28] Parks and resorts reported $26.2 billion in revenue (or 38 per cent of total revenue) and $6.8 billion in operating profits (or 45 per cent of total operating income), resulting from growth with domestic theme parks and resorts and merchandise licensing.[29] Studio entertainment had $11.1 billion in revenue (or 16 per cent of total revenue) and $2.7 billion in operating income (or 18 per cent of total operating income). The year-over-year decline in this segment's operating income was primarily due to the consolidation of TFCF as well as the loss from theatrical distribution and film cost impairments of TFCF operations.[30] Direct-to-consumer and international revenue was $9.3 billion (or 13 per cent of total revenue), almost three times greater than the previous year, while operating income was –$1.8 billion, owing to the consolidation of video streaming service Hulu, ongoing investment in the sports streaming service ESPN+, and the cost of supporting the launch of the new video streaming service Disney+.[31]

Disney was launching its direct-to-consumer streaming platform Disney+ on November 12, 2019. It included series and films from Disney, Pixar, Marvel, Star Wars Studio, National Geographic, and TFCF. Disney intended to go head-to-head with the leading companies in the streaming market—in particular, Netflix. It had recently banned Netflix from advertising across its entertainment TV network, which was an unusual move.[32] The subscription cost of Disney+ at the time of launch was $6.99 per month, or $69.99 per year, compared with a $9 per month plan from Netflix.[33]

THE COMPETITORS

Crowley identified three main competitors of Disney: Netflix, Viacom, and Comcast. She planned to use these firms in her comparable analysis.

Netflix

Netflix was started in 1997 as a rental service for digital video discs (DVD) using regular mail, and grew to become a global leading Internet entertainment service provider, with paid membership in over 190 countries.[34] Paying members were able to watch its TV series, documentaries, and featured films across a wide variety of genres and languages on Internet-connected screens, and without commercials.[35] Launching its streaming service in 2007, Netflix was a pioneer in Internet delivery of video entertainment.[36] It identified the potential of streaming technology and began to transform into a subscription video on demand business model.[37] The annual revenue of Netflix had grown from $1.36 billion to about $18.9 billion in 11 years.[38] Following a similar trend, the number of Netflix paying subscribers increased from less than 22 million in 2011 to approximately 150 million in 2019.[39] The United States continued to serve as its largest market, with over 60 million paying streaming subscribers in 2018,[40] which accounted for 77 per cent of the video on demand industry in the United States.[41]

Netflix operated mainly in three segments: domestic streaming, international streaming, and domestic DVDs. The streaming services derived revenue from monthly membership fees from subscribed members.[42] Domestic and international streaming together generated $15.4 billion in revenue in 2018, which accounted for 97.8 per cent of Netflix's total revenue.[43]

According to forecasts by Netflix, over the following decades, linear TV (real-time broadcast scheduled TV) would gradually be replaced by Internet entertainment. Netflix hoped to continue to lead by providing top entertainment experiences to subscribers.[44]

Viacom

Viacom was one of the largest media conglomerates worldwide and was committed to creating "entertainment experiences that drive conversation and culture around the world."[45] It connected with diverse audiences through TV, film, digital media, live events, merchandise, and business solutions.[46] Viacom mainly operated in two sectors: media networks and filmed entertainment.[47]

In the media networks segment, Viacom created, acquired and distributed entertainment content, service, and related branded products through cable satellite and broadband services worldwide.[48] Under its advanced marketing solutions portfolio, the segment also delivered advertising services and licensed its brands and properties.[49] The media networks segment attracted approximately 4.4 billion TV subscribers in over 180 countries and 46 languages by 2018.[50] The segment generated around $10 billion in revenue and $3.13 billion in operating profits before tax, which accounted for 76.7 per cent of total revenue, and it was also the only profitable sector across the company.[51]

Powered by the iconic Paramount Picture Corporation, the filmed entertainment segment produced, developed, financed, acquired, and distributed films, TV programming, and other entertainment content through various divisions including Paramount Pictures, Paramount Players, Paramount Animation, and Paramount Television, across various markets and media worldwide.[52] It generated $3 billion in revenue in

2018 and accounted for 23.3 per cent in total revenue. However, the segment generated a $39 million loss in terms of operating profit before tax.

Viacom was also dedicated to utilizing cutting-edge technology to explore the possible future of the entertainment business. In 2019, Viacom signed a deal to partner with ACCESS Co., Ltd., an Internet technology company from Japan, to make Viacom's TV brands accessible in vehicles through the ACCESS Twine4Car system in Germany.[53] The service would integrate 5G technology and was anticipated to usher in new eras of in-car entertainment and linear TV network distribution.[54]

On August 13, 2019, CBS and Viacom agreed to merge through a stock swap, thereby creating a combined entity with over $28 billion in revenue.[55] The combined ViacomCBS Inc. would have the largest US TV viewership share, with 22 per cent compared to 18 per cent for Comcast and 14 per cent each for Disney and for Fox Entertainment Group. The deal was an important milestone for the Redstone family, including Shari Redstone, daughter of ailing media mogul Sumner Redstone. In 2006, the private firm National Amusements, Inc. spun out both Viacom and CBS, and Shari Redstone sought to reunite the firms beginning in 2016.[56] At the time of the spinoff, Viacom was seen as a firm with huge growth potential, owning popular brands such as Nickelodeon and MTV, but its market capitalization had dropped from $26 billion to $12 billion; it was dwarfed by both Comcast, valued around $400 billion, and AT&T Inc. (the parent of Warner Brothers), valued around $250 billion.[57] As media converged and the traditional TV audience declined through "cord-cutting," Shari Redstone sought to recombine the two entities to achieve synergy, but initially faced resistance from the chief executive officer of CBS, Les Moonves, who was ousted in 2018 due to allegations of sexual misconduct.[58] With an expected market capitalization of around $30 billion, some analysts viewed the combined entity as still too small to effectively compete with the larger players.[59] The deal was completed on December 4, 2019.

Comcast

Founded by Ralph Roberts in 1963, Comcast was a global media and technology company that operated through the business segments of cable communication, cable networks, broadcast TV, filmed entertainment, themed parks, and British media and telecommunications conglomerate Sky Limited (Sky).[60] The United States was the largest market for Comcast, with 87 per cent of its revenue generated in the United States in 2018.[61]

Cable communications was its largest sector, which accounted for 57 per cent of revenue and 69 per cent of earnings before interest, taxes, depreciation, and amortization in 2018.[62] Cable communications consisted of the operations of Comcast Cable Communication LLC (under the trade name Xfinity), which was one of the largest providers of high-speed Internet, video, voice, and security and automation services to residential and business customers.[63] By the middle of 2019, Xfinity had 22 million video subscribers in the United States, with a continuous slight decline in the number of subscribers over the previous three years.[64]

The cable networks, broadcast TV, filmed entertainment, and parks segments generated 25 per cent of Comcast's total revenue in 2018.[65] These segments were all under NBCUniversal Media LLC. (NBCUniversal), which was acquired by Comcast in 2013.[66] After the acquisition, Comcast enriched its media properties, which included broadcast networks, cable networks, movie studios, and theme parks owned by NBCUniversal. The theme park business—Universal Parks & Resorts in Orlando, Florida; Hollywood, California; and Osaka, Japan—reported $35.8 billion in revenue and an increase of 9 per cent in 2018.[67]

Sky was one of the leading entertainment companies in Europe.[68] It provided direct-to-consumer businesses, including videos, high-speed Internet, the Sky News broadcast network, and the Sky Sports network.[69] Sky generated $4.6 billion in revenue in 2018, which accounted for 5 per cent of the company's overall revenue.[70]

ECONOMIC CONDITIONS

The US economy had recovered from the financial crisis of 2008–09.[71] Real gross domestic product (GDP) had grown at a relatively robust average annual growth rate of 3.39 per cent over the previous decade.[72] While economic growth slowed in recent years, the likelihood of a recession occurring in 2020 was still quite low. According to a model developed by Bloomberg, the chances of a recession occurring in 2020 were estimated at 26 per cent. Economic concerns included the persistent trade war and tariffs with China and decreased corporate investment, but these were balanced by a robust labour market with low rates of unemployment.[73] The inflation rate was steady over the previous three years and was predicted to remain at approximately 2.2 per cent per year over the next five years, around the US Federal Reserve System's target rate of 2 per cent.[74] The 10-year Treasury rate had fluctuated between 1.4 per cent and 3.2 per cent over the previous three years, with a downtrend since the end of 2018, and was currently around 1.92 per cent.[75] The 1-year Treasury rate had increased from 0.15 per cent at the beginning of 2015 to 2.70 per cent at the end of 2018, then declined to the current rate of 1.58 per cent.[76] After a period of inversion between May and October of 2019, the yield curve—as measured the difference between the 10-year and 3-month Treasury yields—was once again sloping upward.[77]

Global economic activity had been substantially affected over the last few years as trade and geopolitical tensions had increased uncertainty about the future of the global trading system and international co-operation.[78] The real GDP of China had shown remarkable growth over the previous few years. Although economic growth had been moderate in the previous decade, China had experienced an average 6.9 per cent annual growth in GDP over the previous five years.[79] China had become one of the world's leading countries, with the second-largest GDP (after the United States).[80] It was projected that China would accelerate opening up its economy to benefit more fully from international trade and foreign investment.[81] Under the pressures of trade wars and Brexit, the European Union had generated a 1.1 per cent real GDP growth and a 1.2 per cent inflation rate in 2019.[82] On November 7, 2019, the European Commission announced a cut in eurozone growth targets, expecting a 1.2 per cent GDP growth in both 2020 and 2021 and a steady inflation rate of about 1.3 per cent.[83]

BUY, HOLD, OR SELL?

Crowley and her team had collected comprehensive financial information about Disney and its peer companies—including the latest balance sheets (see Exhibits 1 and 2), income statements (see Exhibits 3 and 4), cash flow statements (see Exhibit 5), related financial ratios (see Exhibits 6 and 7), and comparative valuation metrics (see Exhibit 8). Crowley's team had also adopted a forward-looking approach by examining analysts' expectations of the future performances of companies (see Exhibit 9). She first wanted to understand what connection, if any, there was between key financial metrics and the stock performance of these companies over the past several years see (see Exhibit 10). She then wanted to examine how the companies' stocks were currently priced relative to analysts' expectations, while also considering the fund's strategy of identifying and investing in prosperous growth companies with reasonable stock prices.

Buried by the reports and statistics, Crowley was deep in thought, while staring at the green plants in her office. To what extent did past financial performance correlate with the stock price performance? What was the outlook and future prospects for these companies compared with consensus forecasts? Was there any further analysis to be undertaken? Should Century 23 Global Fund buy more Disney stock, hold its current position, or sell and invest elsewhere?

EXHIBIT 1: BALANCE SHEETS
(in US$ Million)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
ASSETS												
Cash & Short-term Investments	4,017.0	4,150.0	5,418.0	2,822.8	3,794.5	4,435.0	3,428.0	3,814.0	3,507.0	1,389.0	1,557.0	760.0
Accounts Receivables	8,633.0	9,334.0	15,481.0	—	—	466.2	8,834.0	11,104.0	10,684.0	3,456.0	3,144.0	3,717.0
Inventory	2,651.0	2,706.0	6,246.0	—	—	—	-	-	-	919.0	896.0	775.0
Prepaid Exp. and Other Current Assets	588.0	635.0	979.0	4,847.2	5,899.7	426.6	4,081.0	6,930.0	8,132.0	523.0	482.0	460.0
Total Current Assets	**15,889.0**	**16,825.0**	**28,124.0**	**7,670.0**	**9,694.1**	**5,327.8**	**16,343.0**	**21,848.0**	**22,323.0**	**6,287.0**	**6,079.0**	**5,712.0**
Gross Property, Plant, & Equipment	57,443.0	60,304.0	64,018.0	641.2	786.8	1,915.6	88,386.0	95,743.0	103,784.0	2,973.0	3,013.0	3,071.0
Less Accumulated Depreciation	(29,037.0)	(30,764.0)	(32,415.0)	(321.8)	(368.5)	(402.6)	(49,916.0)	(51,306.0)	(52,983.0)	(1,995.0)	(2,094.0)	(2,149.0)
Net Property, Plant, & Equipment	**28,406.0**	**29,540.0**	**31,603.0**	**319.4**	**418.3**	**1,513.0**	**38,470.0**	**44,437.0**	**50,801.0**	**978.0**	**919.0**	**922.0**
Long-term Investments	3,202.0	2,899.0	3,224.0	-	-	-	6,931.0	7,883.0	7,473.0	-	410.0	496.0
Goodwill and Other Intangibles	38,421.0	38,081.0	103,508.0	10,371.1	14,961.0	14,588.6	114,277.0	163,877.0	161,442.0	11,978.0	11,922.0	12,211.0
Other Long-Term Assets	9,871.0	11,253.0	27,525.0	652.3	901.0	9,512.3	11,441.0	13,639.0	14,335.0	4,455.0	4,453.0	4,330.0
Total Assets	**95,789.0**	**98,598.0**	**193,984.0**	**19,012.8**	**25,974.4**	**30,941.7**	**187,462.0**	**251,684.0**	**256,374.0**	**23,698.0**	**23,783.0**	**23,671.0**
LIABILITIES												
Accounts Payable	6,305.0	6,503.0	17,942.0	359.6	563.0	444.1	6,908.0	8,494.0	10,198.0	431.0	433.0	482.0
Accrued Expenses	1,819.0	2,189.0	-	315.1	477.4	876.8	6,620.0	10,721.0	9,497.0	869.0	848.0	927.0
Other Current Liabilities	8,699.0	8,163.0	8,237.0	4,791.7	5,446.9	5,937.0	8,465.0	8,388.0	6,294.0	2,453.0	2,773.0	2,415.0
Total Current Liabilities	**16,823.0**	**16,855.0**	**26,179.0**	**5,466.3**	**6,487.3**	**7,257.9**	**21,993.0**	**27,603.0**	**25,989.0**	**3,753.0**	**4,054.0**	**3,824.0**
Interest Bearing Debt	21,891.0	18,089.0	43,471.0	6,499.4	10,360.1	12,425.7	59,422.0	106,899.0	99,847.0	11,100.0	9,515.0	8,640.0
Other Non-Current Liabilities	10,923.0	9,699.0	21,482.0	3,465.0	3,888.3	4,396.6	35,231.0	43,364.0	50,010.0	2,478.0	2,503.0	2,446.0
Total Liabilities	**49,637.0**	**44,643.0**	**91,132.0**	**15,430.8**	**20,735.6**	**24,080.2**	**116,646.0**	**177,866.0**	**175,846.0**	**17,331.0**	**16,072.0**	**14,910.0**
Total Common Equity	**41,315.0**	**48,773.0**	**88,877.0**	**3,582.0**	**5,238.8**	**6,861.5**	**68,616.0**	**71,613.0**	**78,144.0**	**6,035.0**	**7,407.0**	**8,454.0**
Minority Interest	4,837.0	5,182.0	13,975.0				2,200.0	2,205.0	2,384.0	332.0	304.0	307.0
Total Equity	**46,152.0**	**53,955.0**	**102,852.0**	**3,582.0**	**5,238.8**	**6,861.5**	**70,816.0**	**73,818.0**	**80,528.0**	**6,367.0**	**7,711.0**	**8,761.0**
Total Liabilities And Equity	**95,789.0**	**98,598.0**	**193,984.0**	**19,012.7**	**25,974.4**	**30,941.7**	**187,462.0**	**251,684.0**	**256,374.0**	**23,698.0**	**23,783.0**	**23,671.0**

Note: Exp. = expenses
Source: Created by the case writers using data from S&P Capital IQ.

EXHIBIT 2: COMMON SIZE BALANCE SHEETS
(in % of Assets)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
ASSETS												
Cash & Short-term Investments	4.2%	4.2%	2.8%	14.8%	14.6%	14.3%	1.8%	1.5%	1.4%	5.9%	6.5%	3.2%
Accounts Receivables	9.0%	9.5%	8.0%	-	-	1.5%	4.7%	4.4%	4.2%	14.6%	13.2%	15.7%
Inventory	2.8%	2.7%	3.2%	-	-	-	-	-	-	3.9%	3.8%	3.3%
Prepaid Exp. and Other Current Assets	0.6%	0.6%	0.5%	25.5%	22.7%	1.4%	2.2%	2.8%	3.2%	2.2%	2.0%	1.9%
Total Current Assets	16.6%	17.1%	14.5%	40.3%	37.3%	17.2%	**8.7%**	**8.7%**	**8.7%**	**26.5%**	**25.6%**	**24.1%**
Gross Property, Plant, & Equipment	60.0%	61.2%	33.0%	3.4%	3.0%	6.2%	47.1%	38.0%	40.5%	12.5%	12.7%	13.0%
Less Accumulated Depreciation	(30.3%)	(31.2%)	(16.7%)	(1.7%)	(1.4%)	(1.3%)	(26.6%)	(20.4%)	(20.7%)	(8.4%)	(8.8%)	(9.1%)
Net Property, Plant, & Equipment	29.7%	30.0%	16.3%	1.7%	1.6%	4.9%	20.5%	17.7%	19.8%	4.1%	3.9%	3.9%
Long-term Investments	3.3%	2.9%	1.7%	-	-	-	3.7%	3.1%	2.9%	-	1.7%	2.1%
Goodwill and Other Intangibles	40.1%	38.6%	53.4%	54.5%	57.6%	47.1%	61.0%	65.1%	63.0%	50.5%	50.1%	51.6%
Other Long-Term Assets	10.3%	11.4%	14.2%	3.4%	3.5%	30.7%	6.1%	5.4%	5.6%	18.8%	18.7%	18.3%
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
LIABILITIES												
Accounts Payable	6.6%	6.6%	9.2%	1.9%	2.2%	1.4%	3.7%	3.4%	4.0%	1.8%	1.8%	2.0%
Accrued Expenses	1.9%	2.2%	-	1.7%	1.8%	2.8%	3.5%	4.3%	3.7%	3.7%	3.6%	3.9%
Other Current Liabilities	9.1%	8.3%	4.2%	25.2%	21.0%	19.2%	4.5%	3.3%	2.5%	10.4%	11.7%	10.2%
Total Current Liabilities	**17.6%**	**17.1%**	**13.5%**	**28.8%**	**25.0%**	**23.5%**	**11.7%**	**11.0%**	**10.1%**	**15.8%**	**17.0%**	**16.2%**
Interest Bearing Debt	22.9%	18.3%	22.4%	34.2%	39.9%	40.2%	31.7%	42.5%	38.9%	46.8%	40.0%	36.5%
Other Non-Current Liabilities	11.4%	9.8%	11.1%	18.2%	15.0%	14.2%	18.8%	17.2%	19.5%	10.5%	10.5%	10.3%
Total Liabilities	**51.8%**	**45.3%**	**47.0%**	**81.2%**	**79.8%**	**77.8%**	**62.2%**	**70.7%**	**68.6%**	**73.1%**	**67.6%**	**63.0%**
Total Common Equity	**43.1%**	**49.5%**	**45.8%**	**18.8%**	**20.2%**	**22.2%**	**36.6%**	**28.5%**	**30.5%**	**25.5%**	**31.1%**	**35.7%**
Minority Interest	5.0%	5.3%	7.2%	-	-	-	1.2%	0.9%	0.9%	1.4%	1.3%	1.3%
Total Equity	**48.2%**	**54.7%**	**53.0%**	**18.8%**	**20.2%**	**22.2%**	**37.8%**	**29.3%**	**31.4%**	**26.9%**	**32.4%**	**37.0%**
Total Liabilities And Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: Exp. = expenses
Source: Created by the case writers using data from S&P Capital IQ.

EXHIBIT 3: INCOME STATEMENTS
(in US$ Million)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
Total Revenue	**55,137.0**	**59,434.0**	**69,570.0**	**11692.7**	**15794.3**	**18875.9**	**85,029.0**	**94,507.0**	**108390.0**	**13,263.0**	**12,943.0**	**12,838.0**
Cost Of Goods Sold	30,191.0	32,726.0	42,018.0	8,033.0	9,967.5	11,707.6	25,355.0	29,692.0	34,392.0	7,292.0	6,879.0	6,761.0
Gross Profit	**24,946.0**	**26,708.0**	**27,552.0**	**3,659.7**	**5,826.8**	**7,168.3**	**59,674.0**	**64,815.0**	**73998.0**	**5,971.0**	**6,064.0**	**6,077.0**
Selling General & Admin Expenses	8,176.0	8,860.0	11,438.8	1,867.3	2,999.8	3,339.2	31,968.0	34,791.0	40,323.0	3,005.0	3,056.0	3,150.0
R & D Expenses	-	-	-	953.7	1,221.8	1,467.6	-	-	-	-	-	-
Depreciation & Amortization	2,782.0	3,011.0	4,160.0	—	—	—	7,914.0	8,281.0	8,772.0	223.0	213.0	215.0
Other Operating Expenses (Income)	—	—	—	—	—	—	2216	2736	4201	—	—	—
Operating Income (EBIT)	**13,988.0**	**14,837.0**	**11,953.2**	**838.7**	**1,605.2**	**2,361.5**	**17,576.0**	**19,007.0**	**20702.0**	**2,743.0**	**2,795.0**	**2,712.0**
Net Interest Exp.	(412.0)	(574.0)	(980.0)	(225.4)	(377.8)	(509.2)	(2,755.0)	(3,216.0)	(4,326.0)	(618.0)	(560.0)	(489.0)
Other Non-Operating Income (Expenses)	320.0	(102.0)	(103.0)	(128.0)	(1.0)	180.0	107.0	(364.0)	(603.0)	86.0	(8.0)	(12.0)
Other Unusual Items	(108.0)	568.0	3073.8	-	-	-	425.0	(185.0)	230.0	4	-199 -	178.0
Income Tax Expense	(4,422.0)	(1,663.0)	(3,031.0)	(73.6)	(15.2)	(618.4)	(7,569.0)	(3,380.0)	(3,298.0)	(293.0)	(269.0)	(445.0)
Earnings Of Discontinued Operations	—	—	613.0	—	—	—	—	—	—	—	—	—
Net Income to Company	**9366.0**	**13066.0**	**11526.0**	**411.7**	**1211.2**	**1413.9**	**7784.0**	**11862.0**	**12705.0**	**1922.0**	**1759.0**	**1588.0**
Minority Int. in Earnings	(386.0)	(468.0)	(472.0)	—	—	—	(187.0)	(131.0)	(299.0)	(48.0)	(40.0)	(40.0)
Net Income	**8,980.0**	**12,598.0**	**11,054.0**	**411.679**	**1,211.2**	**1,413.9**	**7,597.0**	**11,731.0**	**12406.0**	**1,874.0**	**1,719.0**	**1,548.0**
Weighted Avg. Diluted Shares Out. (mil)	1,578.0	1,507.0	1,666.0	431.9	435.4	437.3	4,708.0	4,584.0	4,542.8	400.6	403.0	403.8
Dividends per Share	$1.62	$1.72	$1.76	—	—	—	$0.63	$0.76	$0.82	$0.8	$0.8	$0.8

Note: R & D = research and development; EBIT = earnings before interest and taxes; Exp. = expenses
Source: Created by the case writers using data from S&P Capital IQ.

EXHIBIT 4: COMMON SIZE INCOME STATEMENTS
(in % of Revenue)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	54.8%	55.1%	60.4%	68.7%	63.1%	62.0%	29.8%	31.4%	31.7%	55.0%	53.1%	52.7%
Gross Profit	**45.2%**	**44.9%**	**39.6%**	**31.3%**	**36.9%**	**38.0%**	**70.2%**	**68.6%**	**68.3%**	**45.0%**	**46.9%**	**47.3%**
Selling General & Admin Expenses	14.8%	14.9%	16.4%	16.0%	19.0%	17.7%	37.6%	36.8%	37.2%	22.7%	23.6%	24.5%
R & D Expenses	-	-	-	8.2%	7.7%	7.8%	-	-	-	-	-	-
Depreciation & Amortization	5.0%	5.1%	6.0%	-	-	-	9.3%	8.8%	8.1%	1.7%	1.6%	1.7%
Other Operating Expenses (Income)	-	-	-	-	-	-	2.6%	2.9%	3.9%	-	-	-
Operating Income (EBIT)	**25.4%**	**25.0%**	**17.2%**	**7.2%**	**10.2%**	**12.5%**	**20.7%**	**20.1%**	**19.1%**	**20.7%**	**21.6%**	**21.1%**
Net Interest Exp.	(0.7%)	(1.0%)	(1.4%)	(1.9%)	(2.4%)	(2.7%)	(3.2%)	(3.4%)	(4.0%)	(4.7%)	(4.3%)	(3.8%)
Other Non-Operating Income (Expenses)	0.6%	(0.2%)	(0.1%)	(1.1%)	(0.0%)	1.0%	0.1%	(0.4%)	(0.6%)	0.6%	(0.1%)	(0.1%)
Other Unusual Items	(0.2%)	1.0%	4.4%	-	-	-	0.5%	(0.2%)	0.2%	0.0%	(1.5%)	(1.4%)
Income Tax Expense	(8.0%)	(2.8%)	(4.4%)	(0.6%)	(0.1%)	(3.3%)	(8.9%)	(3.6%)	(3.0%)	(2.2%)	(2.1%)	(3.5%)
Earnings of Discontinued Operations	-	-	0.9%	-	-	-	-	-	-	-	-	-
Net Income to Company	**17.0%**	**22.0%**	**16.6%**	**3.5%**	**7.7%**	**7.5%**	**9.2%**	**12.6%**	**11.7%**	**14.5%**	**13.6%**	**12.4%**
Minority Interest in Earnings	(0.7%)	(0.8%)	(0.7%)	-	-	-	(0.2%)	(0.1%)	(0.3%)	(0.4%)	(0.3%)	(0.3%)
Net Income	**16.3%**	**21.2%**	**15.9%**	**3.5%**	**7.7%**	**7.5%**	**8.9%**	**12.4%**	**11.4%**	**14.1%**	**13.3%**	**12.1%**

Note: Admin = administrative; R & D = research and development; EBIT = earnings before interest and taxes; Exp. = expenses; Int. = interest
Source: Created by the case writers using data from S&P Capital IQ.

EXHIBIT 5: STATEMENTS OF CASH FLOWS
(in US$ Million)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
Cash flow from operating activities:												
Net Income	8,980.0	12,598.0	11,054.0	558.9	1,211.2	1,413.9	22,735.0	11,731.0	12,406.0	1,874.0	1,719.0	1,548.0
Depreciation & Amortization	2,782.0	3,011.0	4,160.0	71.9	83.2	99.0	10,130.0	11,017.0	12,973.0	223.0	213.0	215.0
Change in Working Capital	(266.0)	(502.0)	23.0	74.6	199.2	(13.0)	(696.0)	(1,196.0)	(1,675.0)	(339.0)	(295.0)	(76.0)
Other Operating Activities	847.0	(812.0)	(8,631.0)	(2,491.3)	(4,174.1)	(4,160.3)	(10,908.0)	2,745.0	1,548.0	(53.0)	185.0	(111.0)
Cash from Operation	**12,343.0**	**14,295.0**	**6,606.0**	**(1,785.9)**	**(2,680.5)**	**(2,660.5)**	**21,261.0**	**24,297.0**	**25,252.0**	**1,705.0**	**1,822.0**	**1,576.0**
Cash from investing acitvities:												
Capital Expenditure	(3,623.0)	(4,465.0)	(4,876.0)	(173.3)	(173.9)	(215.4)	(9,621.0)	(10,234.0)	(10,972.0)	(195.0)	(178.0)	(194.0)
Sale of Property, Plant, & Equipment	-	-	-	-	-	-	-	-	-	848.0	57.0	5.0
Cash Acquisitions	(417.0)	(1,881.0)	(9,901.0)	-	-	-	(532.0)	(38,219.0)	(38,312.0)	(378.0)	(112.0)	(424.0)
Other Investing Activities	(71.0)	710.0	10,659.0	207.6	(165.2)	(44.4)	(3,380.0)	(2,401.0)	(3,892.0)	54.0	9.0	5.0
Cash from Investing	**(4,111.0)**	**(5,636.0)**	**(4,118.0)**	**34.3**	**(339.1)**	**(259.8)**	**(13,533.0)**	**(50,854.0)**	**(53,176.0)**	**329.0**	**(224.0)**	**(608.0)**
Cash flow from financing activities:												
Increase (Decrease) in Debt	3,703.0	(2,583.0)	3,677.0	3,020.5	3,961.9	4,305.0	3,197.0	36,362.0	22,436.0	(783.0)	(1,000.0)	(1,320.0)
Issuance of Common Stock	276.0	210.0	318.0	88.4	124.5	68.3	-	-	-	172.0	2.0	-
Repurchase of Common Stock	(9,368.0)	(3,577.0)	-	-	-	-	(5,435.0)	(5,320.0)	(1,470.0)	-	-	-
Total Dividends Paid	(2,445.0)	(2,515.0)	(2,895.0)	-	-	-	(2,883.0)	(3,352.0)	(3,643.0)	(319.0)	(322.0)	(322.0)
Other Financing Activities	(1,125.0)	(378.0)	(2,190.0)	(31.9)	(37.8)	(37.6)	(2,451.0)	(550.0)	(143.0)	(114.0)	(90.0)	(102.0)
Cash from Financing	**(6,959.0)**	**(8,843.0)**	**(1,090.0)**	**3,077.0**	**4,048.6**	**4,335.8**	**(7,572.0)**	**27,140.0**	**17,180.0**	**(1,044.0)**	**(1,410.0)**	**(1,744.0)**
Foreign Exchange Rate Adjusted	31.0	(25.0)	(98.0)	29.8	(39.7)	(34.3)	-	(245.0)	(276.0)	20.0	(20.0)	(21.0)
Net Change in Cash	**(696.0)**	**(209.0)**	**1,300.0**	**1,355.2**	**989.3**	**1,381.2**	**156.0**	**338.0**	**(11,020.0)**	**1,010.0**	**168.0**	**(797.0)**

Source: Created by the case writers using data from S&P Capital IQ.

EXHIBIT 6: FINANCIAL RATIO DEFINITIONS

LIQUIDITY RATIOS		
Current ratio	=	Total Current Assets/Total Current Liabilities
Quick ratio	=	(Cash + Marketable Securities + Account Receivable)/Total Current Liabilities
EFFICIENCY (Resource Management)		
Days of inventory	=	Inventory/(Cost of Goods Sold/365)
Days of accounts receivable	=	Accounts Receivable/(Revenue/365)
Days of accounts payables	=	Accounts Payable/(Cost of Goods Sold*/365) **if purchases are not available*
Cash conversion cycle	=	Days of Inventory + Days of Accounts Receivable - Days of Accounts Payable
CAPACITY (Financial Leverage)		
Debt/total assets	=	Interest Bearing Debt/Total Assts
Debt/common equity	=	Interest Bearing Debt/Common Equity
Interest-bearig debt/EBITDA	=	Interest Bearing Debt/Operating Income, Before Depreciation
EBITDA/interest	=	Operating Income, Before Depreciation/Interest Expense
EBIT/interest	=	Operating Income/Interest Expense
PROFITABILITY		
Return on common equity	=	Net Income (Loss)/Common Equity
Return on assets	=	Net Income/Total Assets
ROE DECOMPOSITION (Dupont formula)		
Return on equity	=	Profit Margin × Asset Turnover × Leverage
Profit margin	=	Net Income/Revenue
Asset turnover	=	Revenue/Total Assets
Financial leverage	=	Total Assets/Total Equity

Note: EBIT = earnings before interest and taxes; EBITDA = earnings before interest, taxes, depreciation, and amortization
Source: Created by the case authors.

EXHIBIT 7: COMPARATIVE FINANCIAL RATIOS

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
LIQUIDITY RATIOS												
Current ratio	0.94	1.00	1.07	1.40	1.49	0.73	0.74	0.79	0.86	1.68	1.50	1.49
Quick ratio	0.75	0.80	0.80	0.52	0.58	0.68	0.56	0.54	0.55	1.29	1.16	1.17
EFFICIENCY (Resource Management)												
Days of inventory	32.0	30.2	54.3	—	—	—	—	—	—	46.0	47.5	41.8
Days of accounts receivable	57.1	57.3	81.2	—	—	9.0	37.9	42.9	36.0	95.1	88.7	105.7
Days of accounts payables	76.2	72.5	155.9	16.3	20.6	13.8	99.4	104.4	108.2	21.6	23.0	26.0
Cash conversion cycle	13.0	15.0	-20.4	-16.3	-20.6	-4.8	-61.5	-61.5	-72.3	119.5	113.2	121.5
CAPACITY (Financial Leverage)												
Debt/total assets	0.2	0.2	0.2	0.3	0.4	0.4	0.3	0.4	0.4	0.5	0.4	0.4
Debt/common equity	0.5	0.4	0.5	1.8	2.0	1.8	0.9	1.5	1.3	1.8	1.3	1.0
Interest-bearing debt/EBITDA	1.3	1.0	2.7	7.7	6.5	5.3	2.3	3.9	3.4	3.7	3.2	3.0
EBITDA/interest	40.7	31.1	16.4	3.7	4.2	4.6	9.3	8.5	6.8	4.8	5.4	6.0
EBIT/interest	34.0	25.8	12.2	3.7	4.2	4.6	6.4	5.9	4.8	4.4	5.0	5.5
PROFITABILITY												
Return on common equity	21.7%	25.8%	12.4%	11.5%	23.1%	20.6%	11.1%	16.4%	15.9%	31.1%	23.2%	18.3%
Return on assets	9.4%	12.8%	5.7%	2.2%	4.7%	4.6%	4.1%	4.7%	4.8%	7.9%	7.2%	6.5%
GROWTH (Over Prior Year)												
Revenue		7.8%	17.1%		35.1%	19.5%		11.1%	14.7%		(2.4%)	(0.8%)
Operating income		6.1%	(19.4%)		91.4%	47.1%		8.1%	8.9%		1.9%	(3.0%)
Net income		40.3%	(12.3%)		194.2%	16.7%		54.4%	5.8%		(8.3%)	(9.9%)
ROE DECOMPOSITION (Dupont formula)												
Return on common equity	21.7%	25.8%	12.4%	11.5%	23.1%	20.6%	11.1%	16.4%	15.9%	31.1%	23.2%	18.3%
Profit margin	16.3%	21.2%	15.9%	3.5%	7.7%	7.5%	8.9%	12.4%	11.4%	14.1%	13.3%	12.1%
Asset turnover	0.58	0.60	0.36	0.61	0.61	0.61	0.45	0.38	0.42	0.56	0.54	0.54
Financial leverage	2.32	2.02	2.18	5.31	4.96	4.51	2.73	3.51	3.28	3.93	3.21	2.80

Note: EBIT = earnings before interest and taxes; EBITDA = earnings before interest, taxes, depreciation, and amortization
Source: Created by the case authors using data from S&P Capital IQ; simplified by case writer.

EXHIBIT 8: COMPARATIVE VALUATION METRICS
(in US$)

	Disney			Netflix			Comcast			Viacom		
	Sep-30-2017	Sep-29-2018	Sep-28-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Dec-31-2017	Dec-31-2018	Sep-30-2019	Sep-30-2017	Sep-30-2018	Sep-30-2019
Share price ($)	102.74	113.03	146.93	195.54	346.71	275.3	36.27	35.84	44.84	23.69	32.99	22.47
Earnings per share ($)	5.69	8.36	6.64	0.95	2.78	3.23	1.61	2.56	2.73	4.68	4.27	3.83
Common shares outstanding (millions)	1,578	1,507	1,666	432	435	437	4,708	4,584	4,543	401	403	404
Market value of equity ($millions)	162,124	170,336	244,785	84,451	150,949	120,378	170,759	164,291	203,697	9,490	13,295	9,073
Book value of equity ($millions)	41,315	48,773	88,877	3,582	5,239	6,862	68,616	71,613	78,144	6,035	7,407	8,454
Book value per share ($)	26.18	32.36	53.35	8.29	12.03	15.69	14.57	15.62	17.20	15.06	18.38	20.94
Market to book ratio	3.9	3.5	2.8	23.6	28.8	17.5	2.5	2.3	2.6	1.6	1.8	1.1
Total enterprise value ($millions)*	188,852	193,607	302,231	90,950	161,309	132,803	232,381	273,395	305,928	20,922	23,114	18,020
Enterprise value / revenue	3.4	3.3	4.3	7.8	10.2	7.0	2.7	2.9	2.8	1.6	1.8	1.4
Enterprise value / EBITDA	11.3	10.8	18.8	108.4	100.5	56.2	9.1	10.0	10.4	7.1	7.7	6.2
Enterprise value / EBIT	13.5	13.0	25.3	108.4	100.5	56.2	13.2	14.4	14.8	7.6	8.3	6.6
Price / Earnings	18.1	13.5	22.1	205.1	124.6	85.1	22.5	14.0	16.4	5.1	7.7	5.9
3-month Treasury Bill yield	1.05%	2.14%	1.76%									
6-month Treasury Bill yield	0.42%	2.31%	1.85%									
12-month Treasury Bill yield	0.58%	2.58%	1.78%									
Real U.S. GDP Growth (year-over-year)	2.22%	2.86%										
P/E Ratios:												
S&P 500	23.7	21.3	21.7									
NASDAQ Composite	49.8	19.2	31.5									

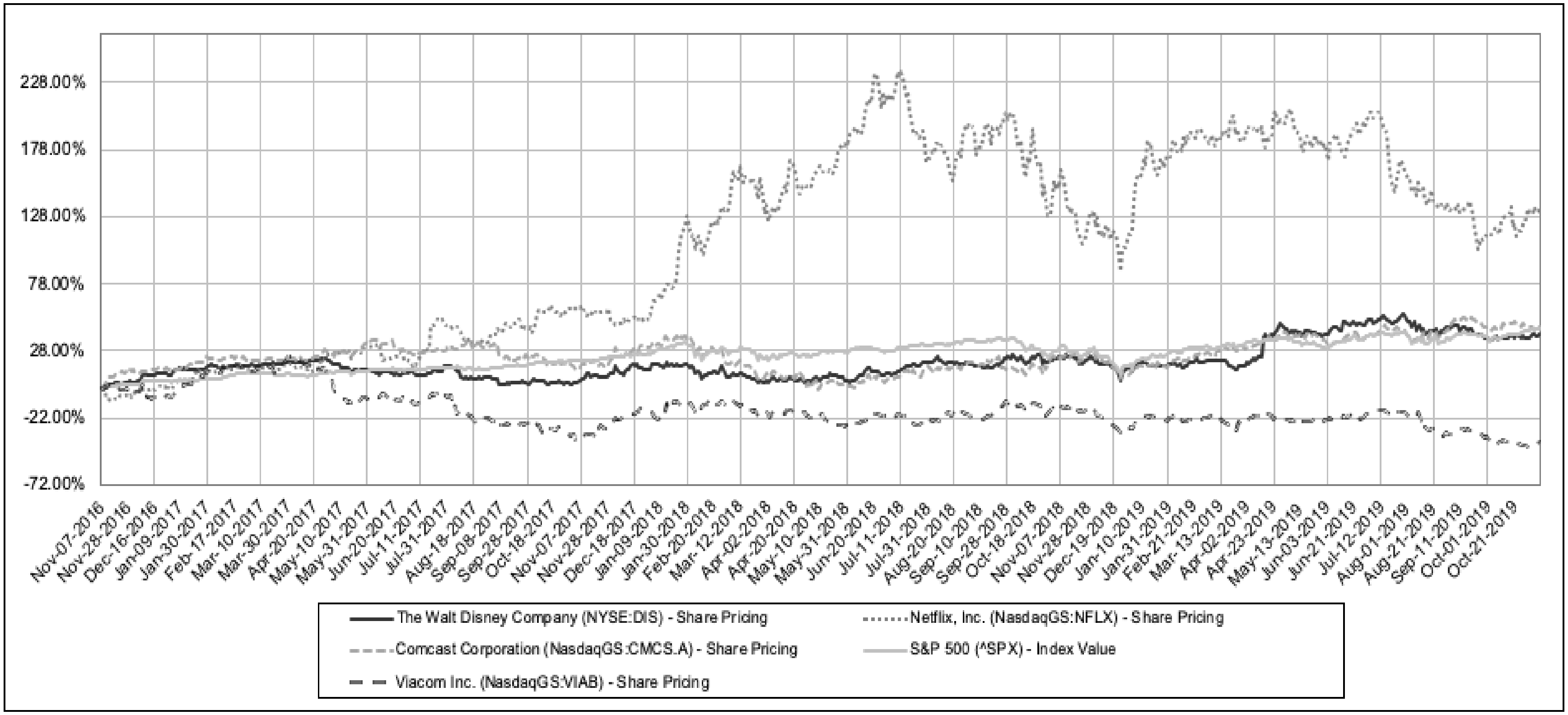
*Total enterprise value is estimated as the market value of equity plus the book value of interest-bearing debt plus minority interest
Note: GDP = gross domestic product; P/E = price/earnings; EBIT = earnings before interest and taxes; EBITDA = earnings before interest, taxes, depreciation, and amortization
Source: Created by the case authors using data from S&P Capital IQ and case writer's calculations, all accessed January 13, 2020, 3 month Treasury Bill, https://ycharts.com/indicators/3_month_t_bill; 6 month Treasury Bill, https://ycharts.com/indicators/6_month_treasury_bill_rate; 12 month Treasury Bill, https://ycharts.com/indicators/1_year_treasury_rate; US GDP Growth, https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=US; S&P 500: www.multpl.com/s-p-500-pe-ratio/table/by-month; NASDAQ Composite, www.macrotrends.net/stocks/charts/NDAQ/nasdaq/pe-ratio.

EXHIBIT 9: ANALYSTS' CONSENSUS FORECASTED REVENUE, PROFITS AND VALUATION METRICS (in US$ million)

	Disney			Netflix			Comcast			Viacom		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Revenue	69,570 A	81,766	86,723	20,134	24,532	29,199	108,770	114,530	116,249	12,838 A	13,275	13,631
EBITDA	16,113 A	18,235	19,639	3,120	4,551	6,254	34,292	36,590	37,609	2,927 A	2,945	2,965
EBIT	11,953 A	15,244	16,964	2,633	3,941	5,507	21,142	23,252	23,987	2,712 A	2,719	2,751
Net Income	11,054 A	8,684	10,125	1,528	2,495	3,831	13,092	14,378	15,225	1,548 A	1,712	1,799
Enterprise value/revenue	4.3	3.0	2.8	7.3	5.6	4.7	2.7	2.5	2.4	1.4	1.3	1.2
Enterprise value/EBITDA	18.8	13.5	12.4	47.0	29.9	22.0	8.7	7.9	7.3	6.2	6.0	5.6
Enterprise value/EBIT	25.3	16.2	14.4	55.8	34.6	24.9	14.1	12.4	11.4	6.6	6.5	6.0
Price/earnings	22.1	24.3	19.7	89.5	49.6	32.3	15.4	14.0	12.7	5.9	5.9	5.9

Note: EBIT = earnings before interest and taxes; EBITDA = earnings before interest, taxes, depreciation, and amortization; A = actual
Source: Created by the case authors using data from S&P Capital IQ and case writer's calculations.

EXHIBIT 10: STOCK PERFORMANCE
November 2016 to November 2019
Indexed to November 2016 = 100



Source: Created by the case authors using data from S&P Capital IQ.

ENDNOTES

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