



Is the Walt Disney Company still worth to Invest?

Recommendation for company and investors

Course #: ACCY 6900

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Roadmap

1950–1966:
Television
Disneyland
Walt Disney's death

1984–2005:
Michael Eisner's leadership
Disney Renaissance
"Save Disney" campaign

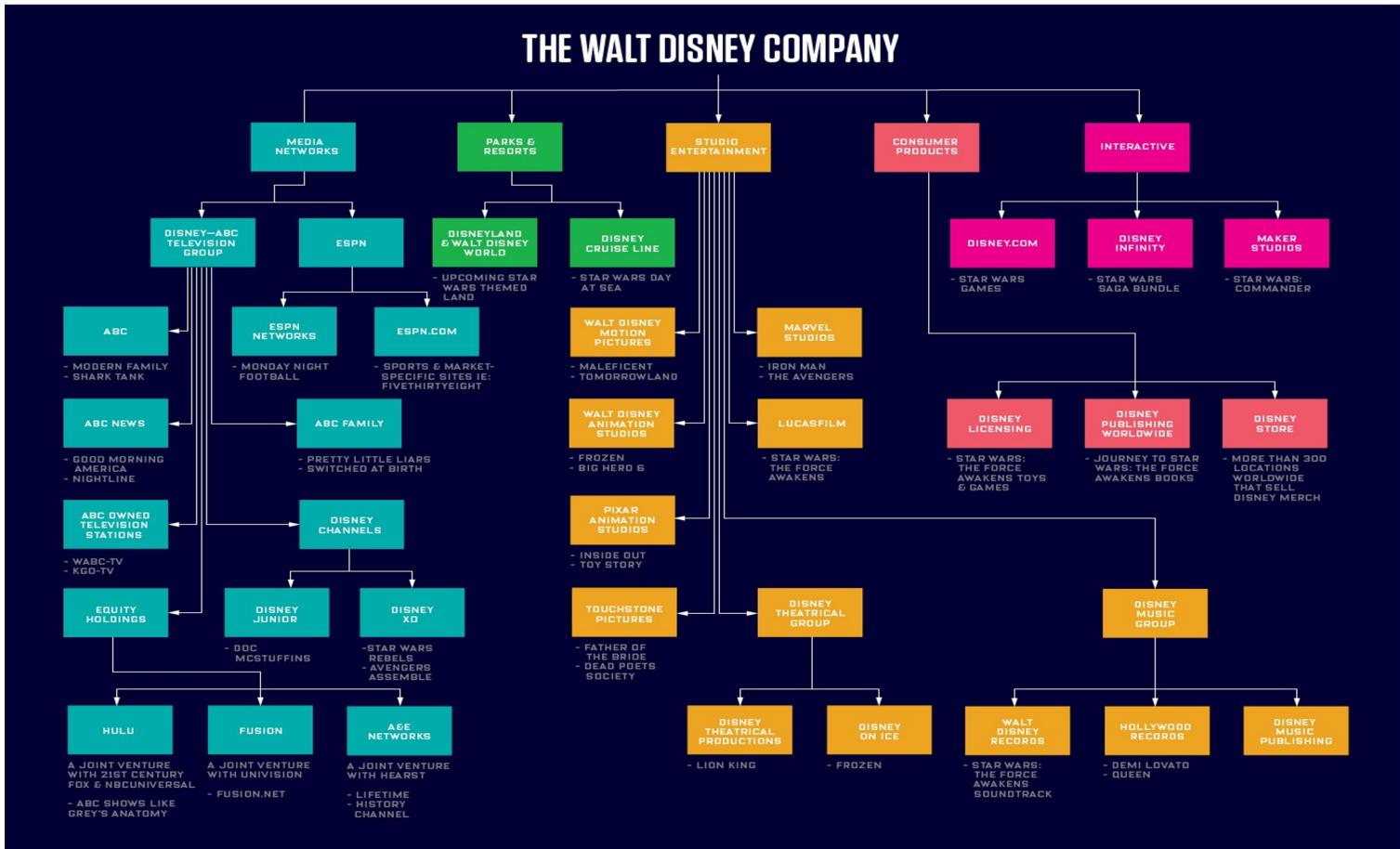
2020–present
Bob Chapek's leadership
COVID-19 pandemic



1966–1984:
Roy O. Disney's leadership and death
Walt Disney World

2005–2020:
Bob Iger's leadership
Company expansion

Business Model



Financial Analysis

Ratio Analysis

- Liquidity Ratios
- Asset Ratios
- Profitability Ratios
- Debt Ratios

Liquidity Ratios Formulas			
Ratio	Numerator	Operation	Denominator
Current Ratio	Current Assets	/	Current Liabilities
Cash Ratio	Cash	/	Current Liabilities
Quick Ratio	Current assets - Inventory	/	Current liabilities

Profitability Ratios			
Ratios	Numerator	Operation	Denominator
Return on Assets	Net income	/	Total Assets
Return on Equity	Net income	/	Equity
Net Profit Margin	Net Income	/	Sales
Gross Profit Margin	(Revenues - COGS)	/	Revenues
Operating Profit Margin	EBIT	/	Sales

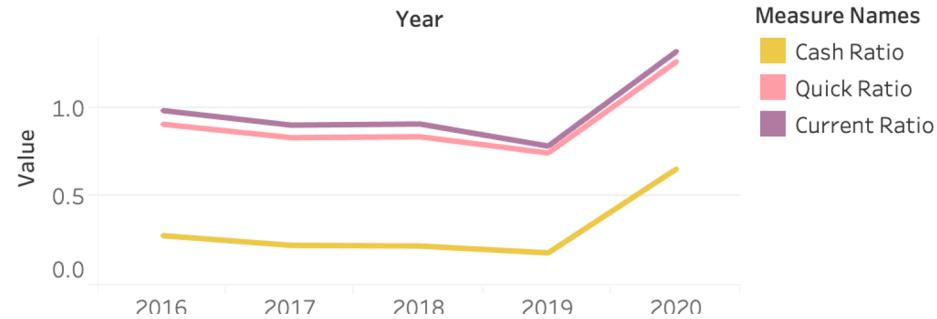
Asset Utilization			
Ratios	Numerator	Operation	Denominator
Total Asset Turnover	Sales	/	Total Assets
Fixed Asset Turnover	Sales	/	Fixed Assets
Days Sales Outstanding	Accounts Receivable	/	(Annual sales / 365)
Inventory Turnover	Sales	/	Inventory
Accounts Receivable Turnover	Sales	/	Accounts Receivable
Working Capital Turnover	Sales	/	Working Capital
AP Turnover	Sales	/	Accounts Payable

Debt Ratios			
Ratios	Numerator	Operation	Denominator
Debt Ratio	LT Debt	/	Total Assets
Debt/Equity	LT Debt	/	Common Equity

Liquidity Ratio

Liquidity Ratio

Year of Year	Cash Ratio	Current Ratio	Quick Ratio
2016	0.281	0.985	0.908
2017	0.227	0.903	0.833
2018	0.223	0.910	0.838
2019	0.185	0.785	0.746
2020	0.658	1.319	1.261



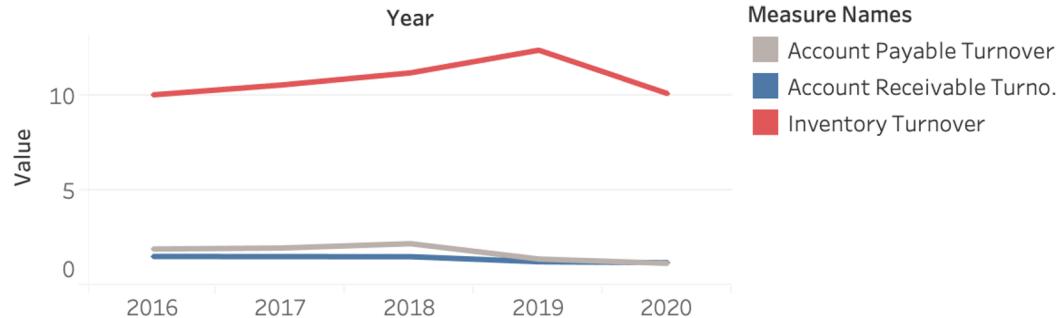
Conclusion

- Cash Ratio: Investors should expect the company to shift back to a less-cash situation
- Quick Ratio: Investors should anticipate the quick ratio falling back to the 80% level
- Current Ratio: The firm was able to project the perception of liquidity

Asset Ratio

Asset Ratio

Year o..	Account Paya..	Account Receiv..	Inventory Tur..
2018	2.20	1.51	11.23
2016	1.92	1.53	10.07
2017	1.97	1.52	10.59
2019	1.39	1.25	12.43
2020	1.16	1.20	10.13



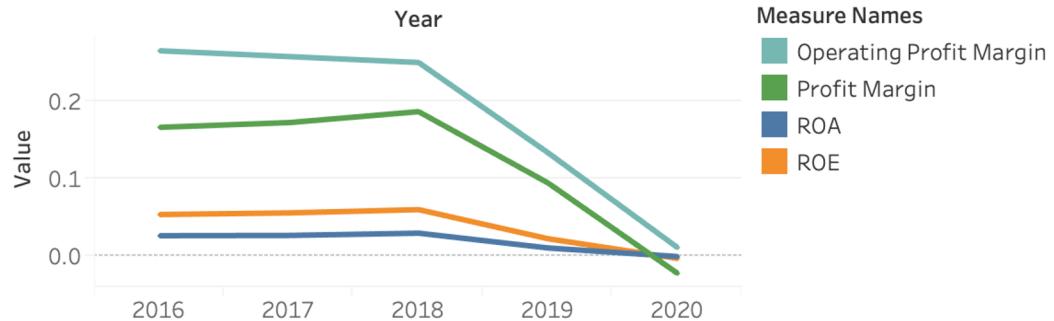
Conclusion

- Account Payable Turnover: Set a consistent payment practice with suppliers
- Account Receivable Turnover: Increase cash reserves
- Inventory Turnover: Free up capital for reducing debt or investing in future projects

Profitability Ratio

Profitability Ratio

Year of Year	Operating..	Profit Mar..	ROA	ROE
2016	0.2661	0.1665	0.0254	0.0530
2017	0.2585	0.1726	0.0258	0.0551
2018	0.2508	0.1868	0.0287	0.0593
2019	0.1333	0.0940	0.0094	0.0215
2020	0.0099	-0.0236	-0.0017	-0.0041



Conclusion

- Operating Profit Margin: Expect a moderate to substantial rise in operating profits
- Profit Margin: Implement a better Accounts Payable practice
- ROA: Suffer through the trough of low return on asset
- ROE: Be compensated in correlation with the elevated risk taken on

Debt Ratio

Debt Ratio

Year of Year	Debt Ratio	Debt/Equity
2016	0.1683	0.3453
2017	0.2014	0.4530
2018	0.1761	0.3670
2019	0.1829	0.4222
2020	0.2615	0.6301



Conclusion

- Debt/Equity: Investors need to consider the risk tolerance caused by low debt to equity ratio
- Debt Ratio: Investors should anticipate a reduction in overall debt over the next several years

Revenue Analysis

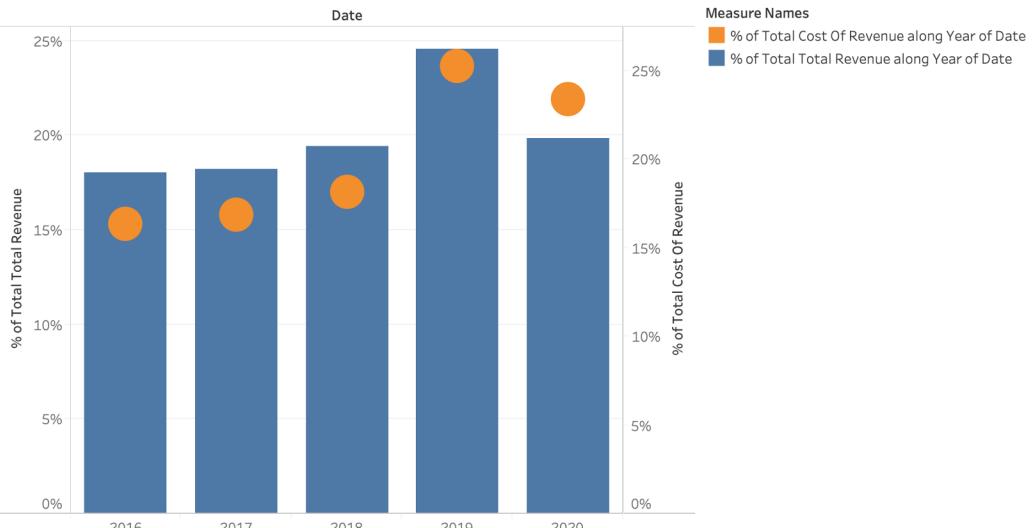
Reason for 2019 Increase:

- The Disney-FOX merger
- Increased stake in Hulu
- Strong performance in Parks and Resorts segment



Revenue Growth

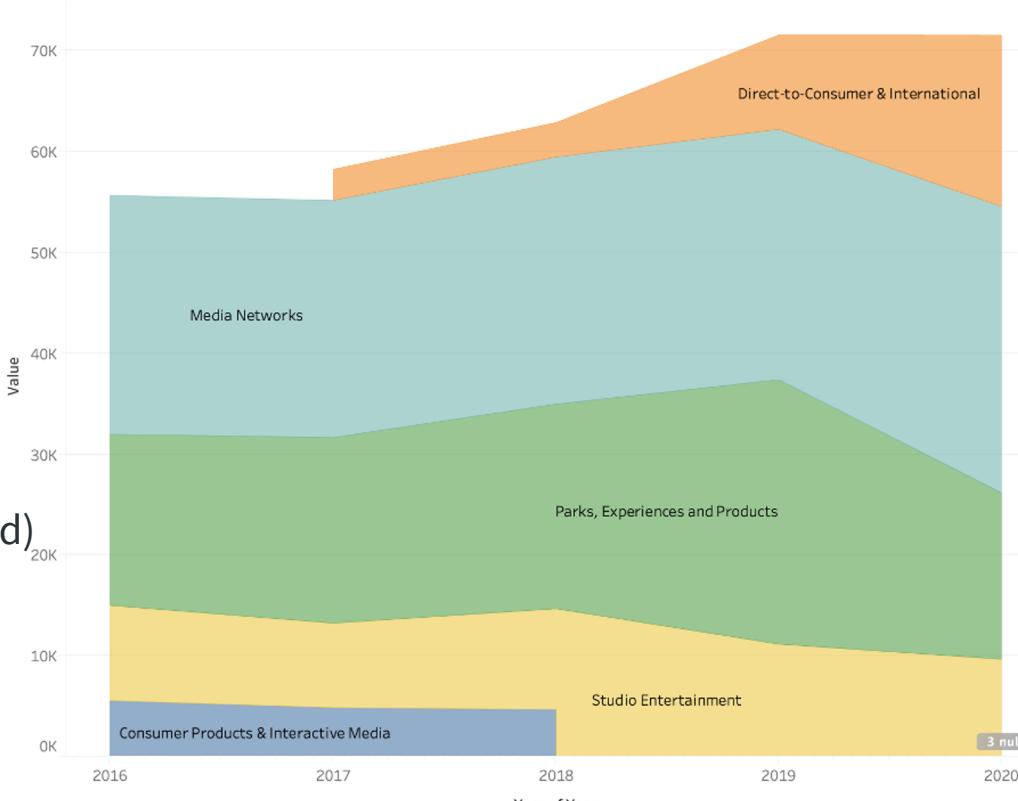
Year of Date	% of Total Revenue along Table (Down)	Total Revenue	% of Total Cost Of Revenue along Year of ..	Cost Of Revenue	Gross Profit	CoR%
2016	18.02%	55,172,000,000	16.36%	29,776,000,000	25,396,000,000	215.81%
2017	18.20%	55,704,000,000	16.83%	30,637,000,000	25,067,000,000	219.82%
2018	19.40%	59,386,000,000	18.12%	32,990,000,000	26,396,000,000	222.09%
2019	24.54%	75,125,000,000	25.29%	46,033,000,000	29,092,000,000	243.75%
2020	19.84%	60,744,000,000	23.40%	42,602,000,000	18,142,000,000	280.56%
Grand Total	100.00%	306,131,000,000	100.00%	182,038,000,000	124,093,000,000	



Market Segment Analysis

- Direct-to-Consumer & International (new)
- Media Networks
- Parks, Experiences and Products
- Studio Entertainment
- Consumer Products & Interactive Media (old)

Income Segment



Market Segment Analysis

Parks, Experiences and Products

- Rating of park is highly related to the location
- Waiting time decrease during COVID might increase satisfaction rate
- After vaccination the park daily flow would return to normal



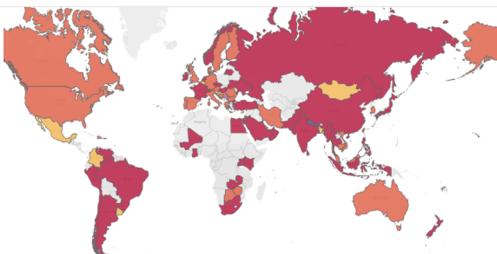
Disney World Review (3 branches)

Branch

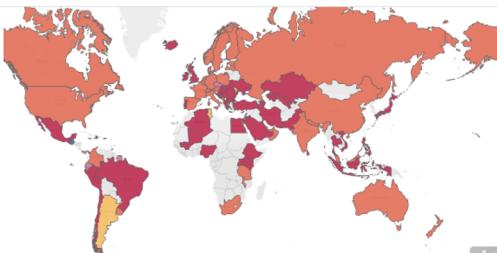
Disneyland_California



Disneyland_HongKong

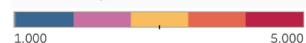


Disneyland_Paris



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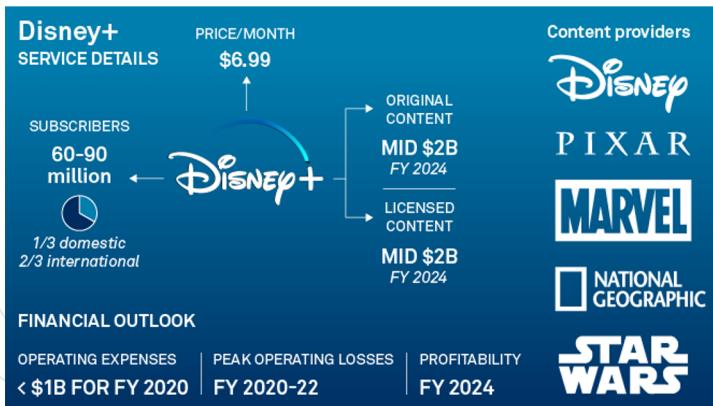
MEDIAN(Rating)



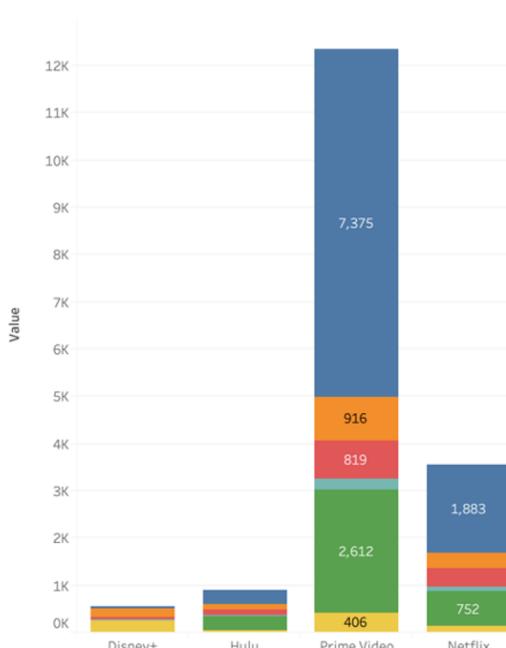
Market Segment Analysis

DTC & International

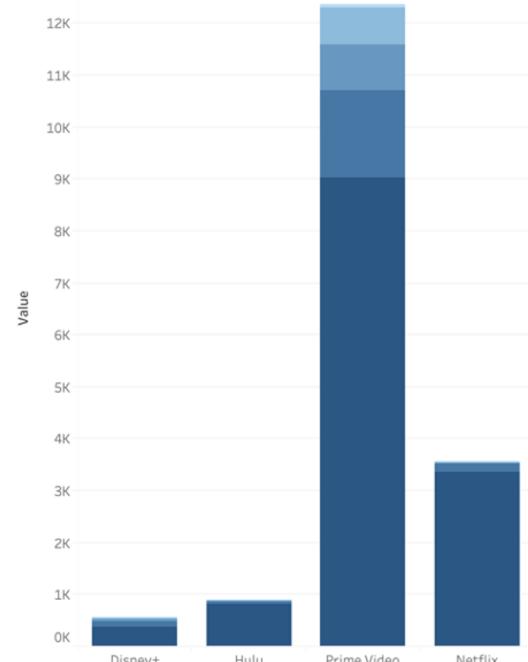
- Prime Video earns the largest proportion in stream platforms
- Disney+ unique position
- Disney has growing market share while other does not

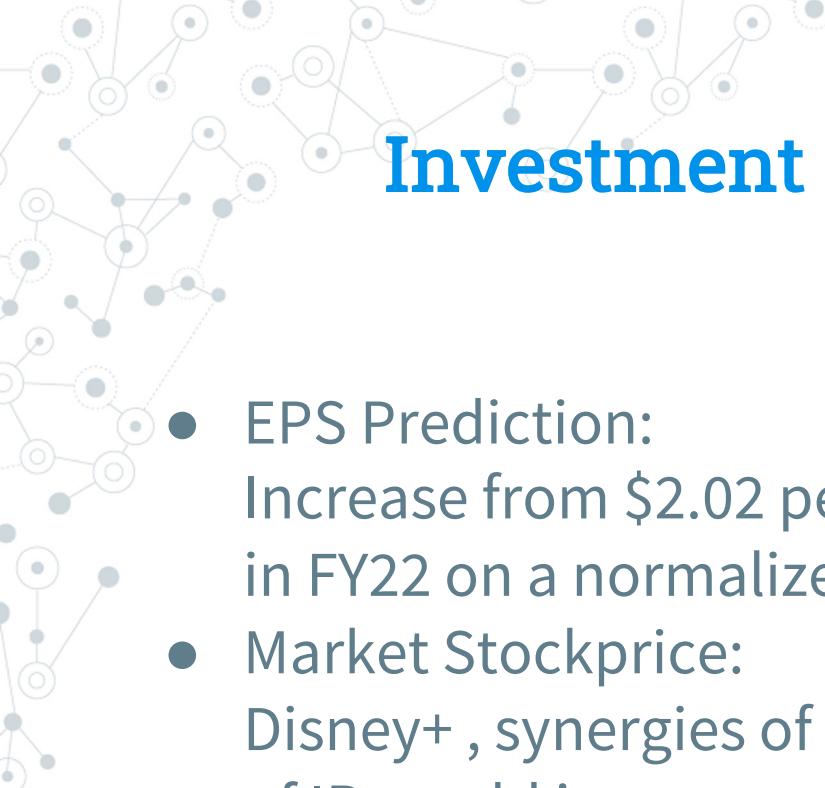


Streams Target Age Group



Stream Target Movies Produced Year





Investment Recommendation:

BUY!!!

- EPS Prediction:
Increase from \$2.02 per share in FY20 to \$4.50 per share
in FY22 on a normalized outlook.
 - Market Stockprice:
Disney+ , synergies of the company's high profile brand
of IP would increase stock price.
- 