

Date of Analysis: 03/12/2021

Stock Symbol:

The Walt Disney Company - DIS

About:

The Walt Disney Company is an American multinational entertainment and media company. Disney not only has its own 14 theme parks around the world, but it launched its streaming video platform called Disney plus in recent years. Disney+ serves customers various shows related to many famous Disney characters such as Micky Mouse, Disney princess, Marvel movies, Star Wars series, etc. The subscribers has grown to the number of 118 million and expect to grow more after launching in more counties such as the recent Taiwan, South Korea.

Fundamental analysis

Sector	Symbol	Current Price	
Communication Services	DIS	146.22	
Total Assets	Total Debt	Free Cash Flow	DCF value
2.03609E+11	58566000000	1989000000	158.4017118
P/B	P/E Ratio	P/S Ratio	Beta
0.545729382	133.65631	3.9422445	1.16935

- P / S: Great than 1, meaning it is overvalued. (SELL)
- P / B: less than 1, meaning it is undervalued. (BUY)
- P / E: The lower value the company is, the better value to be invested.

We can compare Netflix to Disney's P / E today. Netflix has a P / E ratio of around 140, and its stock price is around 600, while Disney has P / E 133.65, and its price is only 146. With this comparison, Disney's P / E ratio of 133.65 seems not to be overvalued.

(BUY)

- Beta: A beta greater than 1 indicates that the security's price tends to be more volatile than the market. Therefore, 1.169 seems to be a bit risky. (NEUTRAL)

- DCF -> fair value:

Due to the pandemic, the TTM of eps is significant lower than other years, which means it can not be a well input to measure DIS's fair value. Therefore, here is using TTM of EPS in 2019 to assume that Disney will have the same or even higher EPS in the future. In fact, Disney is gradually resuming its EPS, so using the TTM of EPS in 2019 should not be a bad idea of measuring its fair value. Therefore, we use the EPS in 2019 to estimate the approximate EPS in the future. We can see the fair value for Disney now is 150. Higher than the current price 146. (BUY)

Fair Value	\$ 150.29																
Margin Of Safety	2.71%																
Stock Price	\$ 146.22																
Based on <input checked="" type="radio"/> EPS w/o NRI <input type="radio"/> FCF	6.64																
Discount Rate %	10																
Tangible Book Value <input checked="" type="checkbox"/> Add to Fair Value	\$ -3.65																
<table border="1"> <thead> <tr> <th colspan="2">Growth Stage</th> <th colspan="2">Terminal Stage</th> </tr> </thead> <tbody> <tr> <td>Years</td> <td>10</td> <td>Years</td> <td>10</td> </tr> <tr> <td>Growth Rate</td> <td>14.2</td> <td>Growth Rate</td> <td>4</td> </tr> <tr> <td>Growth Value</td> <td>\$ 82.07</td> <td>Terminal Value</td> <td>\$ 71.87</td> </tr> </tbody> </table>		Growth Stage		Terminal Stage		Years	10	Years	10	Growth Rate	14.2	Growth Rate	4	Growth Value	\$ 82.07	Terminal Value	\$ 71.87
Growth Stage		Terminal Stage															
Years	10	Years	10														
Growth Rate	14.2	Growth Rate	4														
Growth Value	\$ 82.07	Terminal Value	\$ 71.87														

Technical Analysis:

RSI	10 day EMA	20 day SMA	50 day SMA	200 day SMA
27.18723473	149.8646434	158.2474991	159.7847821	159.7847821

1. Simple Moving Average

- 20 SMA: The orange line that represents short-term moving average
- 100 SMA: The green line that represents long-term moving average
 - Golden Cross: $20MA > 100MA \rightarrow \text{BUY}$ (Brown Arrow)
 - Death Cross: $20MA < 100MA \rightarrow \text{SELL}$ (Purple Arrow)

There is a death cross appearing around October, and the price seems to be keeping going down and no sign to bounce back. Therefore, we might have to be conservative of buying DIS. (SELL)

DIS Price with EMA

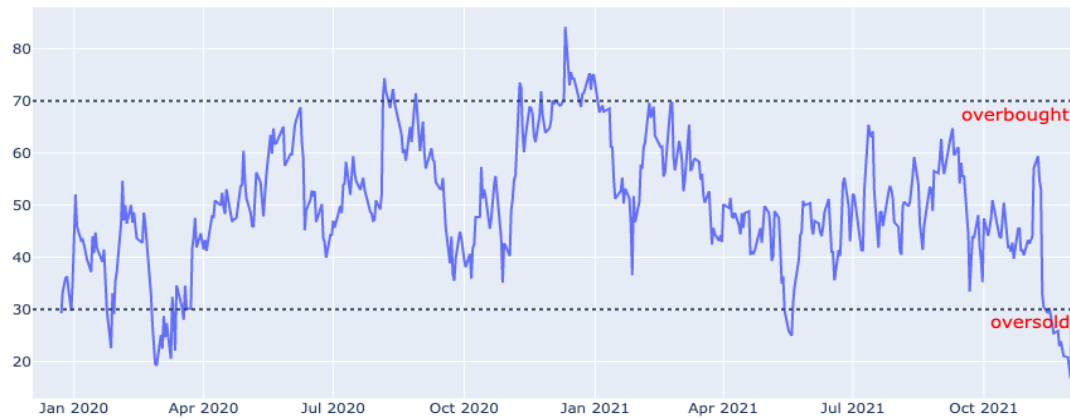


2. RSI

- $RSI > 70 \rightarrow$ Market had been overbought \rightarrow SELL
- $RSI < 30 \rightarrow$ Market had been oversold \rightarrow BUY
- $30 < RSI < 70 \rightarrow$ Market is in a neutral area

The RSI tells us that DIS has been oversold, so it's a signal to buy. (BUY)

DIS Price with RSI



3. VWAP

- Price is above VWAP = Bull market
- Price is below VWAP = bear market

Now it's price over VWAP = Bull Market (BUY)

DIS Price with VWAP



Conclusion:

Although P / S and SMA gave us bad signals not to buy DIS, we believe now is still good to buy DIS for two reasons. One is that we got pretty good signals on RSI and VWAP, where they both indicated DIS may have a chance to bounce back. Moreover, we got a fair price of DIS by inputting DCF is higher than the current price. The other one is that Disney+ just recently launched in Taiwan, Korea, and Hong Kong, so we can expect the current 118 million total subscribers to grow and gradually catch to Netflix (215 million total subscribers). DIS may grow slow in the following months, but with the undervalued price of 146, we recommend everyone to buy some shares at this time and wait for it to bounce back, and then it may raise its price steadily as the strikes of pandemic gradually gets eased.