**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)
* Graphical user interface, text, application

  Description automatically generatedDCF -> 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)

**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 🡪 BUY (Brown Arrow)
     + Death Cross: 20MA < 100MA 🡪 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)

Chart, line chart

Description automatically generated

1. RSI
   * RSI > 70 🡪 Market had been overbought 🡪 SELL
   * RSI < 30 🡪 Market had been oversold 🡪 BUY
   * 30 < RSI < 70 🡪 Market is in a neutral area

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

Graphical user interface, chart

Description automatically generated

1. VWAP
   * Price is above VWAP = Bull market
   * Price is below VWAP = bear market

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

Chart, line chart

Description automatically generated

**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.