

Date: May 2nd, 2022

Sector: Communication Services

Company: The Walt Disney Company

Transaction: Buy **60** units

Exposure: **\$6.7k**

Sector Team: Vincent Huang, Adam Kawalek, Jack Schaffer

Ticker: NYSE: DIS

Price (as of 5/2/22): \$111.77

Price Target: \$192.00 (71.8%)

52 Week High: \$189.22

The Binghamton Investment Fund (“the Fund”) is requesting approval to purchase **60** units in The Walt Disney Company (NYSE: DIS) (“the Company” or “DIS”), a global entertainment company. The Company is currently trading at \$111.77 (as of 5/2/22), but through extensive analysis the Fund believes the value of the units are \$193.00, implying an upside of 72.7%. The Fund utilized both a discounted cash flow analysis and public comparables to arrive at an implied valuation. The recent communication services selloff represents an excellent opportunity to buy into a stable premium name at a more attractive price.

Company Description:

The Walt Disney Company is an entertainment company which conducts its business through their Media and Entertainment Distribution segment, and their Disney Parks, Experience and Products segment. Their revenue streams vary with multiple streaming services such as Disney+, Hulu +, and ESPN+, branded merchandise of the theatrical and home entertainment characters, and theme parks/ resorts which are in several locations across the United States and the world.

Thesis:

- *Overreaction in the Streaming Market:* Netflix, one the largest streaming companies, is hemorrhaging users currently due to the introduction of advertising and increased prices which made the overall streaming market plummet, leading to Disney share price dropping despite performing differently than Netflix
- *Unrealistic Political Scares provides Discount Price:* While tax break concerns present themselves to Disney, the probability of the bill is very unlikely, due to thousands of Floridians having to pay hundreds of dollars more a year and in the case the bill gets passed only 25% of their revenue streams – Parks, Experiences and Products – will get affected by the bill

Risks:

- DeSantis bill getting approved in Florida
- Industry Competition with streaming services
- Further Overreaction of Market

