AZ STOCKS
Stocks from A to Z

Disney

The world's largest story factory in the middle of a transition: profitable streaming, expanding parks and a TV business that is fading

DEEP DIVE

November 2026

COMPANY PROFILE

Disney

THESIS

Disney combines some of the most valuable franchises in the world with streaming, parks, experiences and sports. In this report I assess what a company trying to turn the strength of its intellectual property into profitable, sustainable growth is really worth.

THE COMPANY

Disney is a film studio, the largest sports network in the United States (ESPN), the world's largest theme park operator, a streaming platform that competes with Netflix and a linear TV business in decline.

2026 is a pivotal year: Bob Iger handed the CEO job to Josh D'Amaro, who had been running the parks, and streaming became profitable.

TARGET PRICE
USD 86

UPSIDE / DOWNSIDE
-26.7%

SECTOR
Entertainment

EXCHANGE
NYSE

CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
USD 117.36	92.19 – 120.80	-26%	1.39

WEEKLY SHARE PRICE, LAST 5 YEARS



Legal disclaimer

The information contained in this document is for educational and informational purposes only. It does not constitute an offer, recommendation or financial, investment, legal or tax advice of any kind. The opinions expressed reflect a personal analysis and may change without notice.

Investing in financial markets involves risks, including the possible loss of all invested capital. Each reader or investor is responsible for doing their own research and, where necessary, consulting a registered financial advisor before making investment decisions.

The author accepts no liability for any loss or damage arising directly or indirectly from the use of the information presented here.

Contents

01	Introduction	05
02	Business model	08
03	Business quality	10
04	Management and capital allocation	14
05	Competitive position	15
06	The bulls vs. the bears	18
07	Valuation	19
08	Conclusions	23

SECTION 01

Introduction

Disney is probably the most recognized brand in the entertainment world. It is not a single company: it is a film studio, the largest sports network in the United States, the largest theme park operator on the planet, a streaming platform that competes head to head with Netflix, and still (although less and less) a linear TV business in structural decline.

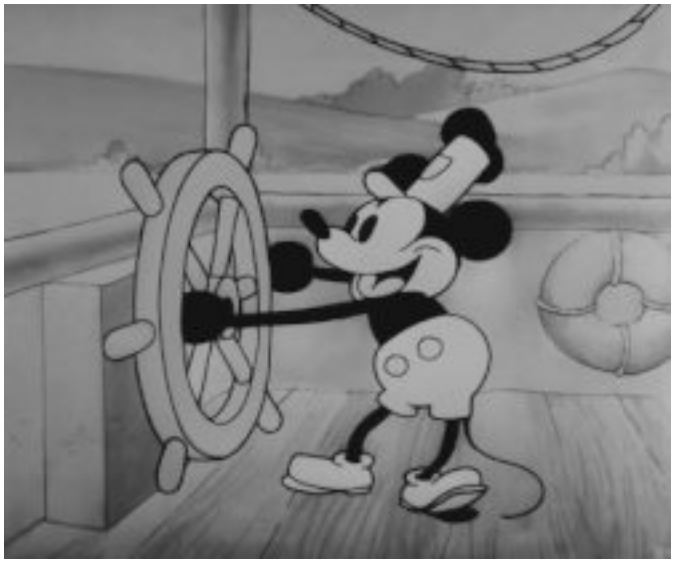
2026 is a key year. In March, Bob Iger stepped down as CEO for the second and final time, handing over to Josh D'Amaro, the executive who had been running the parks business. It is the first succession of the Iger era that did not end with a call for help to Iger himself (as happened with Bob Chapek in 2022). At the same time, streaming, which for years was the company's main cash drain, crossed the profitability threshold, with Entertainment DTC targeting an operating margin of at least 10% for fiscal 2026 as a whole. And yet the stock has had a very volatile year: it fell close to 15% in the first half of 2026, dragged down by the decline of linear TV, a weak quarter at ESPN and a consumer slowdown that started to show even in Parks, and then rebounded strongly after third-quarter results.

History

Disney was born on October 16, 1923, when Walt Disney and his brother Roy founded the Disney Brothers Cartoon Studio in Hollywood with just a few hundred borrowed dollars. Walt brought the creative talent; Roy, the financial discipline. That combination of art and business defines the company to this day.

Mickey Mouse appeared in 1928 with *Steamboat Willie*, one of the first animated shorts with synchronized sound, and turned Disney into a technology pioneer as well as a creative studio. In 1937, *Snow White and the Seven Dwarfs* became the first animated feature film in history and a resounding com-

mercial success, laying the foundations of the model Disney would repeat for almost a century: **tell a story once and monetize it for generations through re-releases, merchandise, music and, later, theme parks.**



Disneyland opened in 1955 in California, the first time the company turned its characters into a physical experience. It was the birth of the segment that, seventy years later, is the company's main profit engine. The following decades brought international expansion (Tokyo Disneyland in 1983, Disneyland Paris in 1992, Hong Kong Disneyland in 2005, Shanghai Disney Resort in 2016) and a wave

of acquisitions that completely redefined the company's profile: ABC and ESPN in 1996, Pixar in 2006, Marvel Entertainment in 2009, Lucasfilm (owner of Star Wars) in 2012, and the entertainment assets of 21st Century Fox in 2019 for US$71,300 million, the largest acquisition in the company's history.



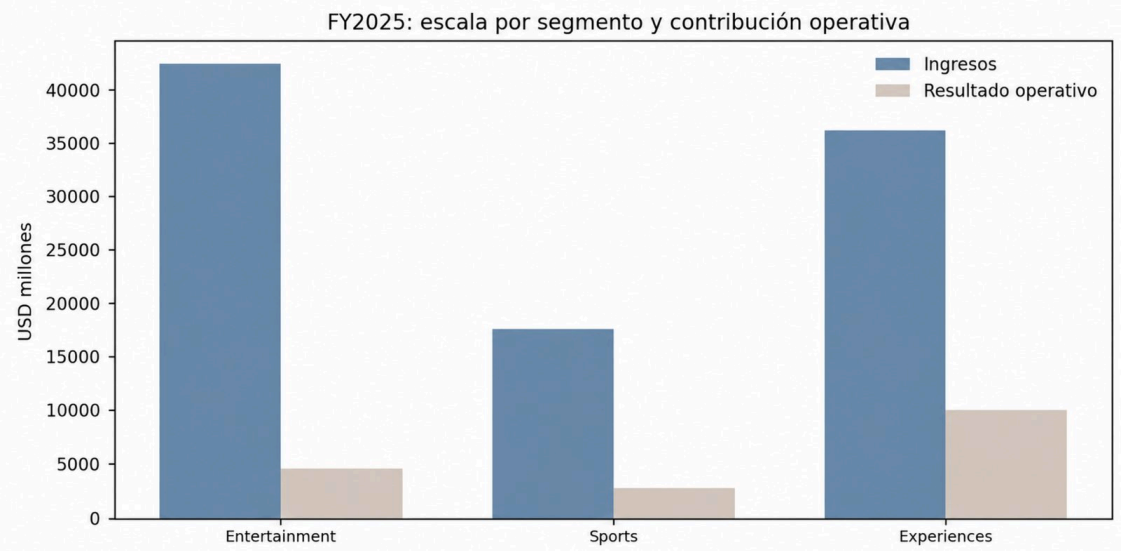
In November 2019 Disney launched Disney+, just months before the pandemic brutally accelerated the shift to streaming and forced the temporary closure of parks and movie releases. Bob Iger, who had been CEO between 2005 and 2020, handed the job to Bob Chapek in the middle of the pandemic. Chapek's tenure, marked by growing streaming losses, internal problems and a public clash with the governor of Florida, ended in November 2022 with Iger's surprise return as CEO. In February 2023, Iger reorganized the company into the three segments that exist today (Disney Entertainment, ESPN and Disney Experiences) and launched a US$7,500 million cost-cutting plan. **In March 2026, Josh D'Amaro, the executive who had run the parks business since 2020, became CEO**, closing the longest succession chapter in the company's recent history.

SECTION 02

Business model

Since 2023 Disney has reported its results in **three segments**: Disney Entertainment, ESPN and Disney Experiences. In fiscal 2025 (ended September 27, 2025), the company billed US$94,425 million, with the following breakdown:

- **Entertainment: US$42,466 million** (~45% of sales). It includes the film studios (Walt Disney Pictures, Pixar, Marvel Studios, Lucasfilm, 20th Century Studios, Searchlight), entertainment streaming (Disney+, Hulu) and the non-sports linear TV networks (ABC, Freeform, FX, National Geographic).
- **Sports: US$17,672 million** (~19%). ESPN, ESPN2 and the rest of the family of sports channels, plus the new ESPN streaming service (launched as a direct-to-consumer app in August 2025) and stakes in regional sports businesses.
- **Experiences: US$36,156 million** (~38%). Theme parks (Walt Disney World, Disneyland, and the international parks in Tokyo, Paris, Hong Kong and Shanghai, some of them operated through licenses or joint ventures), Disney Cruise Line, Disney Vacation Club and the consumer products division (merchandise, licensing).
- **The shares add up to more than 100% because segment revenue includes intersegment operations. Disney recorded eliminations of US$1,869 million in FY2025.*



- Source: author's analysis.

DISNEY ENTERTAINMENT

It is the largest business and also the one going through the deepest transformation. For years, the film studio and linear TV funded the build-out of Disney+ and Hulu, which piled up multi-billion operating losses between 2019 and 2023. That stage is over: Entertainment Direct-to-Consumer (streaming) is targeting an operating margin of at least 10% for fiscal 2026 as a whole, after years in the red. Disney+ had approximately 132 million paid subscribers and Hulu close to 64 million at the end of FY2025 (the company stopped reporting this metric separately from 2026, following the same logic Netflix adopted years ago: once the business is profitable, the focus shifts from "how many subscribers I add" to "how much margin I earn per user").

The other side is traditional linear TV (ABC and the non-sports cable networks), which keeps losing audience and advertising revenue because of cord-cutting (cancelling traditional cable or satellite TV to watch video only over the internet). It is a high-margin business but in permanent decline, and its relative weight within Entertainment keeps falling.

ESPN

ESPN is the largest sports rights business in the United States: NFL, NBA, MLB, college football, and now a growing share of the NBA through new licensing agreements. In 2025 ESPN took a key step by launching **ESPN Unlimited**, its first direct-to-consumer streaming service without the need for a traditional cable bundle, with access to more than 47,000 live events a year. It is a bet similar to the one Entertainment made with Disney+: capture consumers who leave cable directly on its own platform before losing them to YouTube TV, Amazon or Apple.

The segment was not free of difficulties in 2026: a carriage dispute with YouTube TV that temporarily took Disney's channels off that platform cost the Sports segment close to US$110 million in operating income, contributing to a 23% drop in Sports operating income in one quarter. Even in the business with the most "irreplaceable" content (live sports), Disney is still exposed to the bargaining power of distributors.

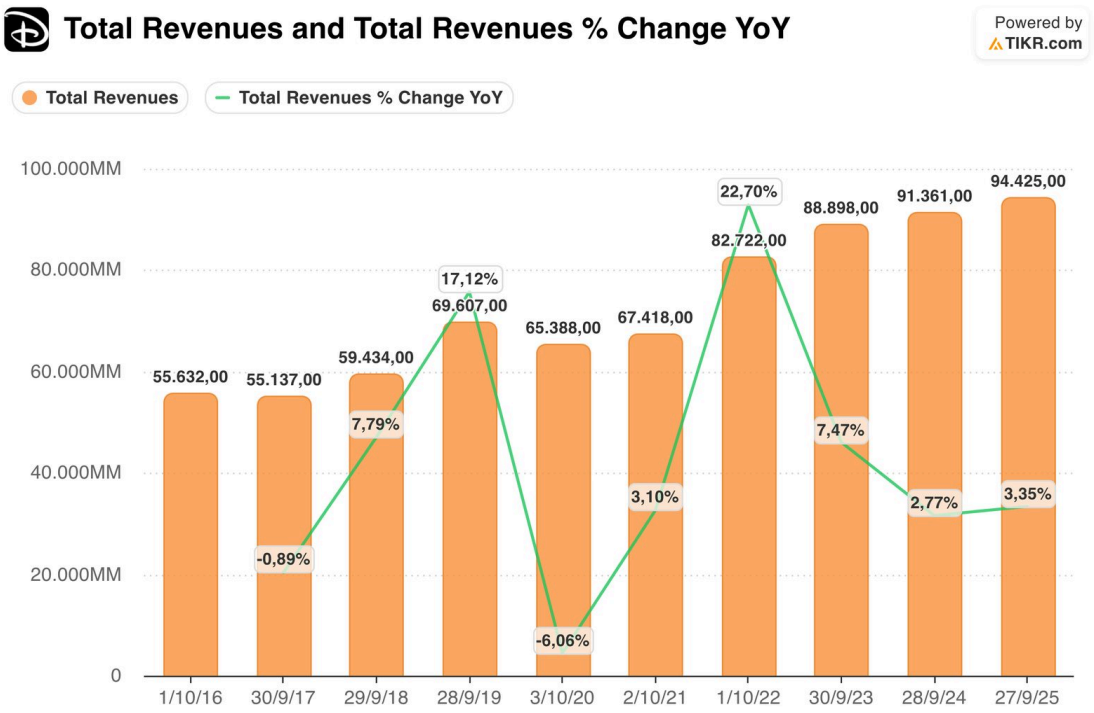
EXPERIENCES

Today it is the heart of Disney's profitability: parks, cruises, hotels and consumer products. The company announced a plan to **almost double Experiences capex over roughly ten years, to around US$60,000 million**, with 50% going to parks and resorts, 20% to Disney Cruise Line and 30% to technology and maintenance. It is the biggest capital bet in the company's history, and it comes just as Universal (Comcast) opened Epic Universe in 2025 and started competing for Orlando tourists far more aggressively than in the last decade.

SECTION 03

Business quality

REVENUE



Source: Tikr.

Total sales grew 7.5% in 2023, 2.8% in 2024 and 3.4% in 2025, to US$94,425 million. The reported growth of 2024 and 2025 looks poor, but it hides a more interesting dynamic underneath: Experiences grew strongly in 2025 (+5.9% year over year, to US$36,156 million) and Entertainment streaming went from losses to positive margins, while linear TV kept falling and dragging down consolidated growth.

For fiscal 2026, which includes an extra week, analyst consensus expects revenue of approximately US$101,600 million, growth of 7.6%, the highest in several years, supported by the maturing of ESPN Unlimited and the expansion of park capacity.

LATEST RESULTS: THIRD QUARTER OF FY2026

On August 6 Disney reported results for the quarter ended June 27, 2026, the latest reported at the time of this analysis. Revenue was **US$25,250 million, 7% more than a year earlier**, and adjusted earnings per share were US$2.06, up 28%, well above what the market expected.

By segment:

- **Experiences** billed US$9,970 million (+10%) with operating income of US$3,020 million (+20%), driven by more visitors, higher spending per guest and the expanded Disney Cruise Line fleet. Part of that improvement (around US$100 million) came from a tariff refund.

- **Entertainment** billed US$11,350 million (+6%) and its operating income grew 64%, to US$1,680 million. Streaming billed US$5,530 million (+11%) with operating income of US$712 million, more than double a year earlier and a margin close to 13%.
- **Sports** was the weak spot: revenue grew 4%, but operating income fell 17%, to US$858 million, because of higher sports rights costs (especially the NBA), more marketing spend and the dispute with a distributor.

Operating cash flow for the quarter was US$4,870 million (+33%) and free cash flow US$3,070 million (+63%). The company raised its FY2026 buyback target to at least US$9,000 million, reiterated adjusted earnings per share growth of around 12% for the year (16% including the extra week in FY2026) and again guided to double-digit growth for FY2027.

VERTICAL ANALYSIS

Income Statement.

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**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	(53.7%)	(55.0%)	(55.1%)	(60.4%)	(67.1%)	(66.9%)	(65.8%)	(66.6%)	(64.2%)	(62.2%)	**(64.4%)**	**(65.2%)**
Gross Profit	**46.3%**	**45.0%**	**44.9%**	**39.6%**	**32.9%**	**33.1%**	**34.2%**	**33.4%**	**35.8%**	**37.8%**	**35.6%**	**34.8%**
Selling General & Admin Expenses	(15.7%)	(14.8%)	(14.9%)	(16.3%)	(18.9%)	(20.3%)	(19.7%)	(16.9%)	(16.8%)	(17.2%)	**(17.0%)**	**(18.2%)**
Total Operating Expenses	**(20.3%)**	**(19.9%)**	**(20.0%)**	**(22.3%)**	**(27.1%)**	**(27.9%)**	**(26.0%)**	**(22.9%)**	**(22.3%)**	**(22.8%)**	**(22.7%)**	**(24.4%)**
Operating Income	**26.0%**	**25.2%**	**25.0%**	**17.3%**	**5.8%**	**5.2%**	**8.3%**	**10.5%**	**13.5%**	**14.9%**	**13.0%**	**10.5%**
Interest Expense	(0.6%)	(0.9%)	(1.1%)	(1.8%)	(2.5%)	(2.3%)	(1.9%)	(2.2%)	(2.3%)	(1.9%)	**(2.1%)**	**(2.1%)**
EBT Incl. Unusual Items	**26.7%**	**25.0%**	**24.8%**	**20.0%**	**(2.7%)**	**3.8%**	**6.4%**	**5.4%**	**8.3%**	**12.7%**	**8.8%**	**7.3%**
Income Tax Expense	(9.1%)	(8.0%)	(2.8%)	(4.3%)	(1.1%)	(0.0%)	(2.1%)	(1.6%)	(2.0%)	1.5%	**(0.7%)**	**(0.8%)**
Net Income	**16.9%**	**16.3%**	**21.2%**	**15.9%**	**(4.4%)**	**3.0%**	**3.8%**	**2.6%**	**5.4%**	**13.1%**	**7.1%**	**5.6%**
EBITDA	30.6%	30.2%	30.0%	23.3%	14.0%	12.8%	14.5%	16.5%	18.9%	20.6%	**18.7%**	**16.7%**

Source: author's analysis based on Tikr data.

The table clearly shows the two Disneys of the last decade. Until FY2019 the company operated with gross margins of 45-46% and an operating margin of 25-26%, supported by linear TV and film. Then came the Fox acquisition, the pandemic and the years of streaming losses, which took operating margin down to a low of 5.2% in FY2021.

Since then the recovery has been steady: gross margin is back to 37.8% and operating margin to **14.9% in FY2025**, the highest since 2020. It is still far from pre-2020 levels, but the trend is clear.

Balance Sheet.

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**5.0%**	**4.2%**	**4.2%**	**2.8%**	**8.9%**	**7.8%**	**5.7%**	**6.9%**	**3.1%**	**2.9%**	**4.3%**	**5.3%**
Total Receivables	**9.8%**	**9.0%**	**9.5%**	**8.0%**	**6.3%**	**6.6%**	**6.2%**	**6.0%**	**6.5%**	**6.7%**	**6.4%**	**6.4%**
Inventory	2.8%	2.8%	2.7%	3.2%	1.9%	1.7%	1.8%	2.4%	2.1%	2.1%	**2.2%**	**2.0%**
Total Current Assets	**18.4%**	**16.6%**	**17.1%**	**14.5%**	**17.5%**	**16.5%**	**14.3%**	**15.9%**	**12.9%**	**12.3%**	**13.7%**	**14.4%**
Net Property Plant And Equipment	29.7%	29.7%	30.0%	16.3%	17.9%	18.1%	18.6%	19.2%	20.7%	22.6%	**20.8%**	**19.8%**
Long-term Investments	4.6%	3.3%	2.9%	1.7%	1.9%	1.9%	1.6%	1.5%	2.3%	4.1%	**2.6%**	**2.3%**
Goodwill	30.2%	32.8%	31.7%	41.4%	38.5%	38.3%	38.3%	37.5%	37.4%	37.1%	**37.3%**	**37.7%**
Other Intangibles	7.6%	7.3%	6.9%	12.0%	9.5%	8.4%	7.3%	6.4%	5.5%	4.7%	**5.5%**	**6.4%**
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%**
Total Current Liabilities	**18.3%**	**20.5%**	**18.1%**	**16.2%**	**13.2%**	**15.3%**	**14.3%**	**15.1%**	**17.6%**	**17.3%**	**16.7%**	**15.9%**
Long-Term Debt	17.9%	20.0%	17.3%	19.7%	26.3%	23.8%	22.2%	20.5%	19.9%	17.9%	**19.4%**	**20.9%**
Capital Leases	–	–	–	0.1%	1.4%	1.6%	1.6%	1.7%	1.5%	1.4%	**1.5%**	**1.6%**
Total Liabilities	**48.6%**	**51.8%**	**45.3%**	**47.0%**	**51.6%**	**49.8%**	**46.8%**	**45.0%**	**46.2%**	**42.0%**	**44.4%**	**46.0%**
Total Equity	**51.4%**	**48.2%**	**54.7%**	**53.0%**	**48.4%**	**50.2%**	**53.2%**	**55.0%**	**53.8%**	**58.0%**	**55.6%**	**54.0%**
Total Debt	**21.9%**	**26.4%**	**21.2%**	**24.3%**	**30.9%**	**28.6%**	**25.7%**	**24.6%**	**25.2%**	**23.0%**	**24.3%**	**25.4%**
Net Debt	16.9%	22.2%	17.0%	21.5%	22.0%	20.8%	20.0%	17.7%	22.2%	20.1%	**20.0%**	**20.2%**

Source: author's analysis based on Tikr data.

What stands out most is the weight of goodwill: 37% of total assets, a result of the Fox acquisition in 2019 (before that it was around 30%). Cash is low, under 3% of assets, and fixed assets (parks, cruise ships, studios) keep gaining weight, from 16% in FY2019 to 22.6% in FY2025, reflecting the new investment cycle in Experiences.

Cash Flow Statement.

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**16.9%**	**16.3%**	**21.2%**	**15.9%**	**(4.4%)**	**3.0%**	**3.8%**	**2.6%**	**5.4%**	**13.1%**	**7.1%**	**5.6%**
Total Depreciation & Amortization	**4.5%**	**5.0%**	**5.1%**	**6.0%**	**8.2%**	**7.6%**	**6.2%**	**6.0%**	**5.5%**	**5.6%**	**5.7%**	**6.2%**
Stock-Based Compensation	0.7%	0.7%	0.7%	1.0%	0.8%	0.9%	1.2%	1.3%	1.5%	1.4%	**1.4%**	**1.3%**
Cash from Operations	**23.6%**	**22.4%**	**24.1%**	**9.5%**	**11.7%**	**8.3%**	**7.3%**	**11.1%**	**15.3%**	**19.2%**	**15.2%**	**12.2%**
Capital Expenditure	(8.6%)	(6.6%)	(7.5%)	(7.0%)	(6.2%)	(5.3%)	(6.0%)	(5.6%)	(5.9%)	(8.5%)	**(6.7%)**	**(6.3%)**
Cash Acquisitions	–	(0.8%)	(2.7%)	(14.2%)	–	–	–	–	–	–	–	–
Cash from Investing	**(10.4%)**	**(7.5%)**	**(9.0%)**	**(5.9%)**	**(5.6%)**	**(4.7%)**	**(6.1%)**	**(5.2%)**	**(7.5%)**	**(8.5%)**	**(7.1%)**	**(6.4%)**
Total Debt Issued	**10.9%**	**11.0%**	**1.8%**	**61.1%**	**27.7%**	**0.1%**	**0.4%**	**0.1%**	**1.8%**	**1.1%**	**1.0%**	**0.7%**
Total Debt Repaid	**(5.6%)**	**(4.3%)**	**(6.1%)**	**(55.9%)**	**(10.5%)**	**(5.6%)**	**(5.3%)**	**(2.1%)**	**(3.4%)**	**(5.0%)**	**(3.5%)**	**(4.2%)**
Repurchase of Common Stock	(13.5%)	(17.0%)	(6.0%)	–	–	–	–	–	(3.3%)	(3.7%)	**(2.3%)**	**(1.4%)**
Common Dividends Paid	(4.2%)	(4.4%)	(4.2%)	(4.2%)	(2.4%)	–	–	–	(1.5%)	(1.9%)	**(1.1%)**	**(0.7%)**
Cash from Financing	**(13.0%)**	**(16.2%)**	**(14.9%)**	**(1.6%)**	**13.0%**	**(6.5%)**	**(5.7%)**	**(3.1%)**	**(16.7%)**	**(11.0%)**	**(10.3%)**	**(8.6%)**
Free Cash Flow	15.0%	15.8%	16.5%	2.5%	5.5%	3.0%	1.3%	5.5%	9.4%	10.7%	**8.5%**	**6.0%**

Source: author's analysis based on Tikr data.

Operating cash flow jumped from 7.3% of sales in FY2022 to **19.2% in FY2025** (US$18,101 million), while capex rose to 8.5% of sales (US$8,024 million) with the start of the parks investment cycle. Even so, free cash flow reached 10.7% of sales, the highest since 2019.

FINANCIAL RATIOS

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		(0.9%)	7.8%	17.1%	(6.1%)	3.1%	22.7%	7.5%	2.8%	3.4%	**4.5%**	**7.9%**
EBIT growth		(4.2%)	6.9%	(18.9%)	(68.6%)	(7.6%)	95.6%	36.6%	32.0%	14.4%	**27.7%**	**34.2%**
Diluted EPS growth		(0.7%)	46.9%	(25.1%)	(125.1%)	n.m.	57.7%	(26.3%)	110.9%	151.8%	**78.8%**	**73.5%**
Change in diluted shares (dilution / buybacks)		(3.7%)	(4.5%)	10.6%	8.5%	1.1%	(0.1%)	0.2%	0.1%	(1.1%)	**(0.3%)**	**0.0%**

Source: author's analysis based on Tikr data.

Sales growth has been low in recent years (2.8% in FY2024 and 3.4% in FY2025), but EBIT grew much faster: 32% and 14% respectively. In other words, Disney is not growing through volume but through better profitability, especially in streaming. The share count started to fall in FY2025 thanks to buybacks.

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	46.3%	45.0%	44.9%	39.6%	32.9%	33.1%	34.2%	33.4%	35.8%	37.8%	**35.6%**	**34.8%**
SG&A % revenue	15.7%	14.8%	14.9%	16.3%	18.9%	20.3%	19.7%	16.9%	16.8%	17.2%	**17.0%**	**18.2%**
R&D % revenue	–	–	–	–	–	–	–	–	–	–	–	–
EBIT margin	26.0%	25.2%	25.0%	17.3%	5.8%	5.2%	8.3%	10.5%	13.5%	14.9%	**13.0%**	**10.5%**
EBITDA margin (EBIT + D&A)	30.6%	30.2%	30.0%	23.3%	14.0%	12.8%	14.5%	16.5%	18.9%	20.6%	**18.7%**	**16.7%**
Net margin	16.9%	16.3%	21.2%	15.9%	(4.4%)	3.0%	3.8%	2.6%	5.4%	13.1%	**7.1%**	**5.6%**
Stock-based compensation % revenue	0.7%	0.7%	0.7%	1.0%	0.8%	0.9%	1.2%	1.3%	1.5%	1.4%	**1.4%**	**1.3%**
Effective tax rate	34.2%	32.1%	11.3%	21.7%	(40.1%)	1.0%	32.8%	28.9%	23.7%	(11.9%)	**13.6%**	**14.9%**

Source: author's analysis based on Tikr data.

EBITDA margin went from 12.8% in FY2021 to 20.6% in FY2025. The FY2025 net margin (13.1%) is inflated by a one-off tax benefit (the effective tax rate was negative), so I prefer to look at operating margin.

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	23.6%	22.4%	24.1%	9.5%	11.7%	8.3%	7.3%	11.1%	15.3%	19.2%	**15.2%**	**12.2%**
FCF margin (TIKR FCF / revenue)	15.0%	15.8%	16.5%	2.5%	5.5%	3.0%	1.3%	5.5%	9.4%	10.7%	**8.5%**	**6.0%**
FCF conversion (FCF / net income)	89.1%	97.1%	78.0%	15.7%	n.m.	99.7%	33.9%	208.0%	172.1%	81.2%	**153.8%**	**119.0%**
Capex % revenue	8.6%	6.6%	7.5%	7.0%	6.2%	5.3%	6.0%	5.6%	5.9%	8.5%	**6.7%**	**6.3%**
D&A % revenue	4.5%	5.0%	5.1%	6.0%	8.2%	7.6%	6.2%	6.0%	5.5%	5.6%	**5.7%**	**6.2%**
Capex / D&A	1.9x	1.3x	1.5x	1.2x	0.8x	0.7x	1.0x	0.9x	1.1x	1.5x	**1.2x**	**1.0x**
D&A % beginning net PP&E		10.2%	10.6%	14.1%	16.9%	14.1%	14.0%	14.2%	12.7%	13.1%	**13.3%**	**13.6%**
Acquisitions % revenue	–	0.8%	2.7%	14.2%	–	–	–	–	–	–	–	–

Source: author's analysis based on Tikr data.

Capex as a share of sales had fallen to 5-6% between FY2021 and FY2024 and went back to 8.5% in FY2025. The capex / depreciation ratio (1.5 times) shows that Disney is investing for growth again, something that had not happened since before the pandemic.

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	59.5	57.1	57.3	81.2	70.9	72.4	55.8	50.6	50.9	51.1	**50.9**	**56.2**
Inventory days (DIO)	31.8	31.9	30.2	54.2	31.2	28.4	24.4	30.6	25.6	26.1	**27.4**	**27.0**
Payables days (DPO)	83.8	75.9	72.5	119.6	103.1	126.8	103.9	88.5	87.2	90.1	**88.6**	**99.3**
Cash conversion cycle (DSO + DIO − DPO)	7.4	13.1	15.0	15.8	(1.0)	(26.0)	(23.7)	(7.2)	(10.7)	(13.0)	**(10.3)**	**(16.1)**
Deferred revenue % revenue	7.2%	8.3%	5.9%	6.7%	6.4%	6.9%	7.8%	7.4%	7.1%	6.9%	**7.1%**	**7.2%**
Operating NWC % revenue	(1.6%)	(2.9%)	(3.4%)	(0.6%)	(5.1%)	(11.0%)	(10.2%)	(6.9%)	(6.7%)	(7.2%)	**(6.9%)**	**(8.4%)**

Source: author's analysis based on Tikr data.

Disney collects in about 51 days, holds inventory for 26 and pays its suppliers in 90, which leaves a **negative cash conversion cycle of about 13 days**. It is a favorable dynamic typical of content companies with bargaining power over their suppliers.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	11,049	10,581	11,316	9,175	2,884	2,663	5,211	7,118	9,395	10,749	**9,087**	**7,027**
Invested capital = debt + equity − cash & ST inv.	62,883	67,426	70,679	144,571	141,921	144,578	149,022	149,502	149,037	154,340	**150,960**	**149,296**
ROIC = NOPAT / average invested capital		16.2%	16.4%	8.5%	2.0%	1.9%	3.5%	4.8%	6.3%	7.1%	**6.0%**	**4.7%**
ROIC incl. cash = NOPAT / average (debt + equity)		15.2%	15.5%	8.2%	1.9%	1.7%	3.2%	4.4%	5.9%	6.8%	**5.7%**	**4.4%**
Pre-tax ROIC = EBIT / average invested capital (reference)		21.3%	21.5%	11.2%	2.6%	2.4%	4.7%	6.3%	8.3%	9.3%	**7.9%**	**6.2%**
ROE = net income / average equity		19.2%	25.2%	14.1%	(2.9%)	2.0%	3.0%	2.1%	4.6%	11.3%	**6.0%**	**4.6%**
ROA = net income / average total assets		9.6%	13.0%	7.6%	(1.4%)	1.0%	1.5%	1.2%	2.5%	6.3%	**3.3%**	**2.5%**

Source: author's analysis based on Tikr data.

This is Disney's weakest point. ROIC was 16% before the Fox acquisition. The deal doubled invested capital (from US$70,000 to 145,000 million) and ROIC collapsed to 2% in the middle of the pandemic. Since then it has recovered steadily, to 7.1% in FY2025, but it is still below the cost of capital. **The Fox acquisition is still not generating a return that justifies what was paid.**

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	15,560	21,274	16,724	41,719	44,409	42,354	40,644	36,490	43,515	39,728	**39,911**	**40,546**
Net debt / EBITDA	0.9x	1.3x	0.9x	2.6x	4.9x	4.9x	3.4x	2.5x	2.5x	2.0x	**2.3x**	**3.1x**
Interest coverage (EBIT / interest expense)	40.9x	27.4x	21.8x	9.7x	2.3x	2.3x	4.4x	4.7x	6.0x	7.8x	**6.2x**	**5.0x**
Debt / (debt + equity), book	29.9%	35.4%	27.9%	31.4%	39.0%	36.3%	32.5%	31.0%	31.9%	28.4%	**30.4%**	**32.0%**
Current ratio	1.01	0.81	0.94	0.90	1.32	1.08	1.00	1.05	0.73	0.71	**0.83**	**0.92**

Source: author's analysis based on Tikr data.

Net debt is around US$40,000 million, equivalent to 2 times EBITDA, half of FY2021's level. Interest coverage improved from 2.3 to 7.8 times. The current ratio fell to 0.7, but I do not see it as a problem for a company with Disney's cash generation and access to credit.

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	117.3%	135.5%	62.0%	167.3%	44.1%	–	–	–	50.9%	52.6%	**34.5%**	**20.7%**
EV / EBITDA	9.9x	10.4x	11.1x	18.5x	30.7x	43.4x	18.7x	13.4x	12.7x	12.6x	**12.9x**	**20.2x**
EV / revenue	3.0x	3.1x	3.3x	4.3x	4.3x	5.5x	2.7x	2.2x	2.4x	2.6x	**2.4x**	**3.1x**
P/E	15.9x	16.9x	13.8x	21.2x	n.m.	160.3x	54.7x	63.0x	35.1x	16.4x	**38.2x**	**65.9x**
FCF yield (FCF / market cap)	5.6%	5.7%	5.7%	0.7%	1.6%	0.6%	0.6%	3.3%	4.9%	4.9%	**4.4%**	**2.9%**

Source: author's analysis based on Tikr data.

Disney resumed shareholder returns in FY2024, after three years without dividends or buybacks, and in FY2025 it used a little more than half of its free cash flow for that. In terms of valuation, the stock ended FY2025 at 12.6 times EBITDA, well below the five-year average (which is distorted by the years of depressed earnings), and with an FCF yield of 4.9%.

SECTION 04

Management and capital allocation

THE END OF THE IGER ERA

Bob Iger was Disney's CEO between 2005 and 2020, a period in which he carried out the acquisitions of Pixar, Marvel, Lucasfilm and Fox, and launched Disney+. He handed the job to Bob Chapek in 2020, but returned in November 2022 after a Chapek tenure marked by growing streaming losses and corporate communication mistakes. That return was explicitly transitional: Iger had to stabilize the company, cut costs, reorganize the segments and, hardest of all, leave the succession resolved after it had failed the first time.

In March 2026, Josh D'Amaro became CEO, succeeding Iger after a succession process the specialized press described as a multi-year race between D'Amaro and Dana Walden (co-chair of Disney Entertainment). D'Amaro, who joined Disney in 1998 and had run Experiences since 2020, including the year the US$60,000 million parks capex plan was announced, arrives with an operating and execution profile, not a dealmaking one. Dana Walden became president and Chief Creative Officer, reporting directly to him. Iger stayed on as a senior advisor until the end of the year.

It is the first CEO transition at Disney in two decades that did not end in a corporate governance crisis. For a long-term thesis this matters: it substantially reduces the "failed succession" risk that weighed on the stock for much of 2020-2022.

CAPITAL ALLOCATION

Today's number one capital priority is, without a doubt, Experiences: the ~US$60,000 million ten-year plan (50% parks and resorts, 20% cruises, 30% technology and maintenance) is the biggest capex bet in the company's history, and total capex guidance for FY2026 is already around US$9,000 million, against US$8,024 million in FY2025.

At the same time, Disney reinstated its dividend in 2023 (it had been suspended during the pandemic) and raised it to US$1.50 per share a year in FY2025, with a conservative payout ratio of approximately 20% of earnings. The company also stepped up buybacks: the FY2026 target went from US$8,000 to at least US$9,000 million, more than 4% of market capitalization. At the margin, Disney's capital allocation under D'Amaro will lean more towards Experiences than at any time in the last decade: it is, after all, the business the new CEO knows best and the one where the company sees the highest incremental return today.

SECTION 05

Competitive position

INDUSTRY

Disney competes simultaneously in three industries with very different dynamics: video streaming, theme parks and sports rights/TV. In all three, the underlying trend is the same: consolidation. Comcast spun off its cable networks into an independent company (Versant Media, separated in January 2026) to keep NBCUniversal and Peacock as its growth business. Warner Bros. Discovery announced in 2025 that it would split into two companies: one for streaming and studios, and another for linear TV networks. Disney, for now, is the exception: its CFO confirmed that **there are no plans to spin off linear TV** (ABC, ESPN included), betting that the combined scale of live sports, content and distribution still generates synergies that make up for the drag of the declining channels.

MAIN COMPETITORS

Disney does not have a single rival; it competes on three different boards at once (streaming, parks and broadcast/studios), and that shows in the dispersion of multiples across the peer group: from 4.9x to 21.2x EV/EBITDA (LTM), a range too wide to think the market is valuing "a single industry".

Ticker	Company	Market Cap	Gross Profit	EBITDA Margin	Operating Margin	Return on Invested	Net Debt / EBITDA	EV/EBITDA	Revenue 3Y CAGR
DIS	The Walt Disney Company	$166,982.94M	37.2%	20.3%	14.7%	7.5%	2.1	10.9	3.8%
FUN	Six Flags Entertainment Corporation	$1,809.01M	37.4%	25.4%	9.7%	3.3%	6.8	9.4	20.1%
PSKY	Paramount Skydance Corporation	$8,740.74M	32.6%	10.6%	7.0%	3.2%	4.7	7.9	-1.2%
6758	Sony Group Corporation	$136,813.63M	31.2%	15.8%	12.9%	4.6%	-0.3	10.5	4.4%
NFLX	Netflix, Inc.	$304,675.47M	49.1%	30.4%	29.7%	23.4%	0.5	21.2	14.6%
CMCSA	Comcast Corporation	$83,996.23M	69.4%	27.3%	14.7%	5.7%	2.4	4.9	1.2%
WBD	Warner Bros. Discovery, Inc.	$63,845.12M	45.7%	20.4%	6.0%	4.0%	3.8	12.4	-3.5%
FOXA	Fox Corporation	$23,270.19M	36.8%	21.9%	19.4%	13.9%	1.1	7.7	2.8%

Source: Fiscal AI.

Netflix is the quality end of the group and the one that best explains why the market pays high multiples for pure streaming: a gross margin of 49.1%, an EBITDA margin of 30.4%, ROIC of 23.4% (the best on the list, by far) and three-year revenue growth of 14.6%, all with almost no leverage (0.5x net debt/EBITDA). With those numbers, it is no surprise that the market pays 21.2x EV/EBITDA. It is the yardstick for any streaming business, including Disney+.

Comcast is the comparable most structurally similar to Disney: it combines parks (Universal), streaming (Peacock) and TV, the same business mix. However, it trades at the lowest multiple in the whole group (4.9x), despite having the highest EBITDA margin after Netflix (27.3%) and manageable leverage (2.4x). The explanation is not profitability but perception: the market still heavily discounts the structural loss of cable/broadband subscribers in the Xfinity business, and punishes the consolidated multiple even though NBCUniversal and Peacock have been improving. It is the clearest example that a quality conglomerate can trade cheaply if the declining segment weighs more in the market's perception than in the actual business.

Warner Bros. Discovery is the opposite case: a business with the lowest operating margin in the group (6.0%), revenue falling 3.5% a year and the weakest ROIC after Paramount and Six Flags, but trading at 12.4x, the second-highest multiple after Netflix. That multiple is not explained by fundamentals but by speculation: WBD announced its split into two companies (streaming/studios on one side, linear networks on the other) and has been mentioned as an acquisition target, so much of that 12.4x is a premium for possible M&A and value unlocking, not for the current operating business.

Fox Corp shows the opposite dynamic: the second-best ROIC in the group (13.9%), some growth (2.8%) and low leverage (1.1x), but it trades at the second-lowest multiple (7.7x). Here the discount probably has more to do with structure than fundamentals: a dual-class share structure controlled by the Murdoch family, a small free float and a market view of Fox as a niche news and sports asset, without the global streaming leg its peers have.

Paramount Skydance, merged in August 2025, is the weakest comparable in the group on almost every metric: the lowest EBITDA margin (10.6%), revenue still falling (-1.2%) and ROIC of just 3.2%. Its 7.9x multiple reflects that: it is a restructuring story in progress, not a mature business, and the market does not yet give it the benefit of the doubt it gives WBD.

Six Flags is the only listed pure-play park comparable, useful to isolate that specific Disney segment, but it should be taken with a grain of salt: the 20.1% jump in revenue is not organic growth, it is the effect of the merger with Cedar Fair in 2024, and its leverage of 6.8x net debt/EBITDA is by far the highest in the group. Its 9.4x multiple should be read as that of a regional park company, leveraged and without the proprietary IP that Disney (or Universal) has.

Sony, with its mix of Pictures, Music and PlayStation, is the "diversified conglomerate" comparable closest to Disney in philosophy: neither the most profitable nor the fastest-growing, but with a solid balance sheet (net cash position) and a multiple of 10.5x, practically in line with Disney's at the time of that comparison.

In that context, the multiple at which Disney traded in that comparison (10.9x EV/EBITDA LTM) placed it in the upper half of the table: below Netflix and WBD, but above Comcast, Fox, Paramount and Six Flags, and very close to Sony. The interesting part is that this position in the ranking is not fully explained by its own numbers: Disney's ROIC (7.5%) and growth (3.8%) are mediocre against the group, neither among the best nor the worst. That suggests that much of the multiple the market pays for Disney is not a reward for current profitability, but for the turnaround story: streaming that stopped losing money, expanding parks and a CEO succession resolved without upheaval. If that story is not confirmed over the coming quarters, Disney looks more like a Comcast (a punished conglomerate) than a WBD or a Netflix.

SWOT ANALYSIS

Strengths: the largest and most recognizable IP catalog in global entertainment (Marvel, Star Wars, Pixar, Disney Animation, ESPN); the only operator with truly global scale in theme parks alongside Universal; streaming that is now profitable after years of losses; a negative cash conversion cycle; a CEO succession resolved without a governance crisis.

Opportunities: ESPN Unlimited as a new way to monetize live sports outside traditional cable; expansion of park capacity (new attractions, cruises, international markets) just as Universal validates that the category still has demand; recovery of JioStar in India reducing losses; additional operating leverage in streaming as it matures.

Weaknesses: tight short-term liquidity (current ratio below 1x); ROIC still modest against premium-quality comparables; heavy reliance on a handful of franchises and box office releases to sustain the content cycle; exposure to distribution disputes (the YouTube TV episode showed that even ESPN can lose carriage negotiations).

Threats: irreversible structural decline of linear TV; growing competition for attention (YouTube, TikTok, Roblox, Fortnite) that erodes traditional content consumption; sensitivity of the parks business to the discretionary consumer cycle right in the middle of the biggest capex cycle in the company's history; rising content and sports rights costs across the industry.

PORTER'S FIVE FORCES

Rivalry among competitors: high. Streaming, parks and sports are each categories with few players of global scale but with intense rivalry for content, rights and consumer attention.

Threat of new entrants: low. Building a comparable IP catalog, a global network of theme parks or top-tier sports rights takes decades of history and capital that no new entrant can replicate in the short term. The real threat does not come from new "Disneys", but from platforms that compete for attention with a completely different product (social media, gaming).

Supplier bargaining power: low to medium. In most cases Disney is the one creating the content and intellectual property, not the one buying it, except in sports rights, where leagues such as the NFL or the NBA have growing bargaining power over ESPN.

Customer bargaining power: medium and rising. Distributors (cable, streaming platforms through skinny bundles, YouTube TV) have more and more power to negotiate carriage fees, as was clear in the dispute that cost Sports close to US$110 million in one quarter.

Threat of substitutes: high. The biggest risk is not that another studio takes audience away from Disney, but that consumers, especially younger ones, reallocate entertainment time towards gaming and social media, categories outside Disney's traditional competitive radar.

SECTION 06

The bulls vs. the bears

Disney is one of those stocks where both sides have good arguments, which is why it has traded in such a wide range for years.

What do the bulls say?

The first argument is that **streaming is already a profitable business and is only just starting to show its potential**. DTC operating income doubled in a year and the margin is approaching 13%. If it reaches margins of 15-20%, like Netflix in its mature stage, Entertainment profit can grow much faster than its sales.

The second is Experiences. The parks keep growing despite competition from Epic Universe, the cruise fleet is expanding and the US$60,000 million investment plan should sustain growth for a decade. It is a business with unique intellectual property that nobody can replicate.

The third is the combination of **margin improvement and buybacks**. With double-digit earnings per share growth and buybacks of more than 4% a year, the bulls argue that the stock is cheap at 12-13 times EBITDA.

What do the bears say?

The first argument is return on capital. Disney earned 16% on its capital before buying Fox and today it earns 7%. For the bears, the company overpaid for Fox and is still destroying value in the economic sense, because ROIC is below the cost of capital.

The second is ESPN. Sports rights are increasingly expensive (the new NBA contract is the best example) and distributors have more and more bargaining power. Sports operating income fell 17% in the last quarter.

The third is the parks investment cycle. Spending US$60,000 million just as consumers start to show signs of fatigue and Universal competes harder in Orlando is a significant risk. If demand slows, Disney will have a lot of new capacity and fewer visitors.

And fourth, linear TV: it keeps falling and there is no sign that this will change.

SECTION 07

Valuation

To value Disney I built a ten-year **discounted cash flow (DCF) model** with three scenarios (best, base and worst case) and **two methods to calculate the terminal value: perpetuity growth and exit multiple on EBITDA.**

Model inputs and assumptions

Both methods share the following **assumptions or drivers**:

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		7.5%	2.8%	3.4%	**4.5%**	**7.0%**	**5.5%**	**5.0%**	**5.0%**	**4.5%**	**4.5%**	**4.0%**	**4.0%**	**3.5%**	**3.5%**
Best case	1.0%					8.0%	6.5%	6.0%	6.0%	5.5%	5.5%	5.0%	5.0%	4.5%	4.5%
Base case						7.0%	5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%	3.5%	3.5%
Worst case	(1.5%)					5.5%	4.0%	3.5%	3.5%	3.0%	3.0%	2.5%	2.5%	2.0%	2.0%
Gross margin ▸ selected scenario		33.4%	35.8%	37.8%	**35.6%**	**38.5%**	**39.0%**	**39.0%**	**39.5%**	**39.5%**	**39.5%**	**40.0%**	**40.0%**	**40.0%**	**40.0%**
Best case	1.0%					39.5%	40.0%	40.0%	40.5%	40.5%	40.5%	41.0%	41.0%	41.0%	41.0%
Base case						38.5%	39.0%	39.0%	39.5%	39.5%	39.5%	40.0%	40.0%	40.0%	40.0%
Worst case	(1.0%)					37.5%	38.0%	38.0%	38.5%	38.5%	38.5%	39.0%	39.0%	39.0%	39.0%
EBIT margin ▸ selected scenario		10.5%	13.5%	14.9%	**13.0%**	**15.5%**	**16.0%**	**16.5%**	**17.0%**	**17.0%**	**17.0%**	**17.0%**	**17.0%**	**17.0%**	**17.0%**
Best case	1.5%					17.0%	17.5%	18.0%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Base case						15.5%	16.0%	16.5%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Worst case	(2.5%)					13.0%	13.5%	14.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Capex % of revenue ▸ selected scenario		5.6%	5.9%	8.5%	**6.7%**	**9.0%**	**9.0%**	**9.0%**	**9.0%**	**9.0%**	**8.5%**	**8.5%**	**8.5%**	**8.0%**	**8.0%**
Best case	(1.0%)					8.0%	8.0%	8.0%	8.0%	8.0%	7.5%	7.5%	7.5%	7.0%	7.0%
Base case						9.0%	9.0%	9.0%	9.0%	9.0%	8.5%	8.5%	8.5%	8.0%	8.0%
Worst case	1.0%					10.0%	10.0%	10.0%	10.0%	10.0%	9.5%	9.5%	9.5%	9.0%	9.0%

Source: author's analysis.

Year 1 of the model is FY2026, which closed at the end of September but had not yet been reported at the time of this analysis. That is why I used the close of that fiscal year as the valuation date.

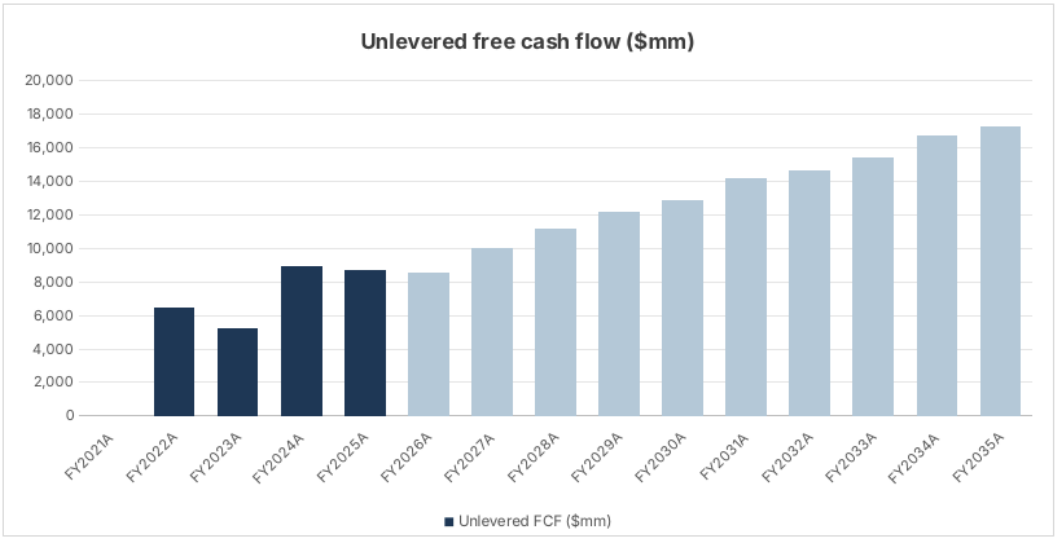
- **Sales growth:** 7% in FY2026 (in line with the first three quarters and with the year's extra week), slowing gradually to 3.5% in FY2035. Disney is a mature company: the growth of Experiences and streaming is partly offset by the decline of linear TV.
- **Gross margin:** a gradual improvement from 38.5% to 40%, thanks to the larger weight of profitable streaming and the parks.
- **EBIT margin:** rises from 15.5% in FY2026 to 17% from FY2029 onwards, reflecting the maturing profitability of streaming and the operating leverage of Experiences. It stays below the pre-2020 level of 25%, because linear TV, which was the highest-margin business, will never weigh as much again.
- **Capex:** stays at 9% of sales between FY2026 and FY2029, following the Experiences investment plan, and falls gradually to 8% by the end of the period.

What does each scenario mean?

- The **base case** assumes streaming keeps improving margins, the parks grow in line with the new capacity and linear TV keeps declining at a pace similar to today's.

- The **best case** adds one point of growth per year and one and a half points of EBIT margin, and takes one point off capex: streaming with margins similar to Netflix's and a parks investment cycle that pays off faster than expected.
- The **worst case** takes away 1.5 points of growth and 2.5 points of EBIT margin, and adds one point of capex: a weaker consumer, more expensive sports rights and a faster decline in linear TV.

With these assumptions, free cash flow recovers as the parks investment cycle loses weight:



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)

		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.39
Equity risk premium		4.2%
Country risk premium		–
Cost of equity		10.7%
Pre-tax cost of debt		5.3%
Tax rate (debt tax shield)		23.7%
After-tax cost of debt		4.0%
Market value of equity	$ mm	209,488
Total debt	$ mm	45,423
Debt / (Debt + Equity)		17.8%
Equity / (Debt + Equity)		82.2%
WACC		9.5%

Source: author's analysis.

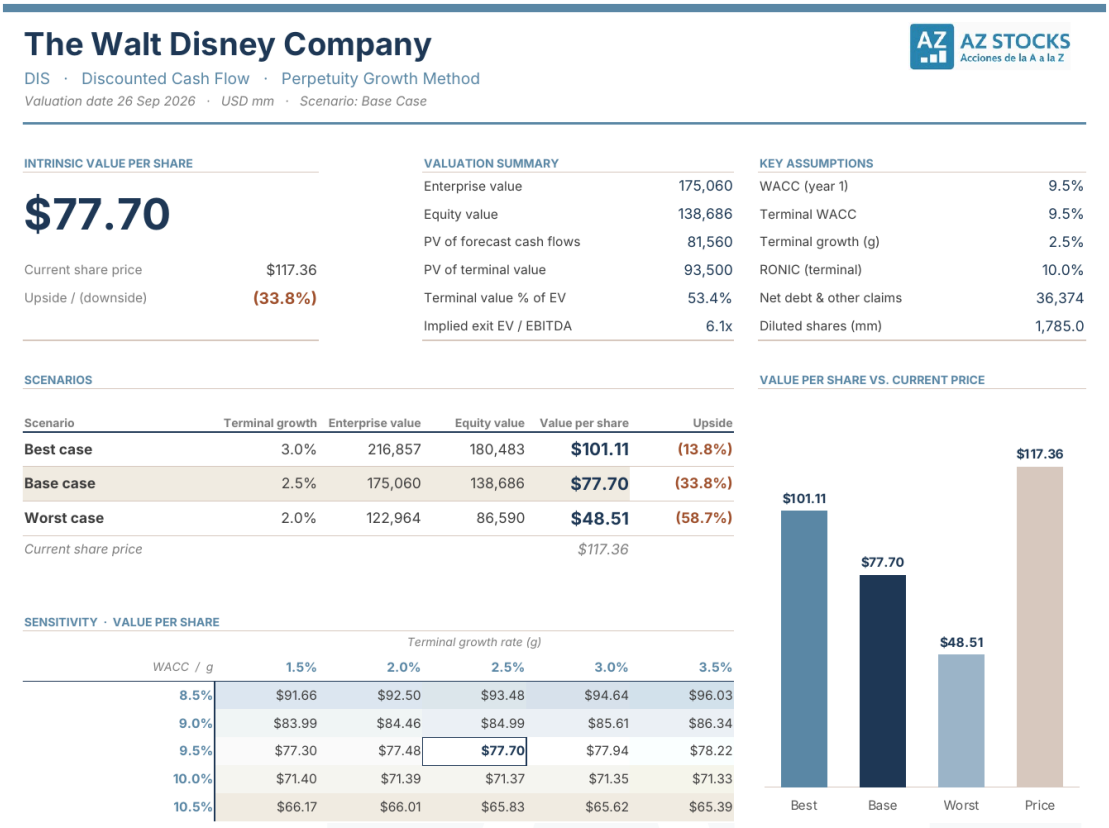
I used a risk-free rate of 4.9%, a beta of 1.39 and an equity risk premium of 4.2%, which gives a cost of equity of 10.7%. The pre-tax cost of debt is 5.3%. With a capital structure of 82% equity and 18% debt at market values, **the WACC comes out at 9.5%.**

To go from Enterprise Value to Equity Value I subtracted net debt and other claims of US$36,374 million. The diluted share count is 1,785 million.

What is Disney worth? The two methods and what they say

Method 1: Perpetuity growth

With a perpetual growth rate of 2.5% and a return on new invested capital of 10%, the base case gives an Enterprise Value of **US$175,060 million**, equivalent to an Equity Value of US$138,686 million, or **US$77.70 per share**.



The Walt Disney Company

DIS · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 26 Sep 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$77.70

Current share price	$117.36
Upside / (downside)	(33.8%)

VALUATION SUMMARY

Enterprise value	175,060
Equity value	138,686
PV of forecast cash flows	81,560
PV of terminal value	93,500
Terminal value % of EV	53.4%
Implied exit EV / EBITDA	6.1x

KEY ASSUMPTIONS

WACC (year 1)	9.5%
Terminal WACC	9.5%
Terminal growth (g)	2.5%
RONIC (terminal)	10.0%
Net debt & other claims	36,374
Diluted shares (mm)	1,785.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	216,857	180,483	**$101.11**	(13.8%)
Base case	2.5%	175,060	138,686	**$77.70**	(33.8%)
Worst case	2.0%	122,964	86,590	**$48.51**	(58.7%)
Current share price				*$117.36*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
8.5%	$91.66	$92.50	$93.48	$94.64	$96.03
9.0%	$83.99	$84.46	$84.99	$85.61	$86.34
9.5%	$77.30	$77.48	**$77.70**	$77.94	$78.22
10.0%	$71.40	$71.39	$71.37	$71.35	$71.33
10.5%	$66.17	$66.01	$65.83	$65.62	$65.39

Source: author's analysis.

Note: the DCF is dated 09/26/2026, the end of Disney's fiscal year, and the share price is as of 11/06/2026. That is why the model counts only one day of fiscal 2026, about USD 23 million of cash flow before discounting, with the rest coming from the following years.

In the **best** case the value per share is **US$101.11** and in the **worst** case **US$48.51**.

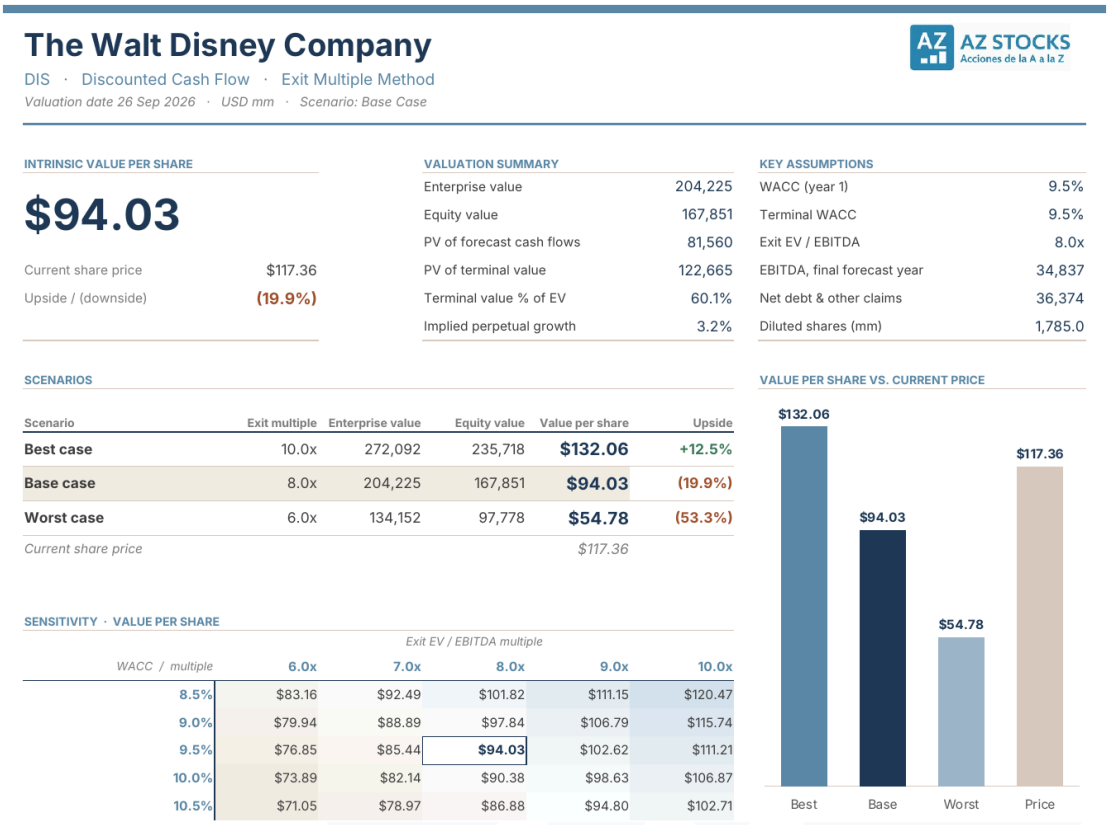
The sensitivity table shows something interesting: the value barely changes with the perpetual growth rate and depends much more on the WACC. The reason is that Disney currently earns less on its capital (7%) than its cost of capital (9.5%). **When a company does not earn more than its capital costs, growth does not add value.** It is the numerical translation of what I said about ROIC.

Method 2: Terminal EBITDA multiple

The multiples used for each scenario are: Best case 10x, **Base case 8x**, Worst case 6x.

Disney currently trades at around 12.6 times EBITDA. The 8x in the base case assumes the multiple compresses ten years from now, when the company is growing less than today. That multiple implies perpetual growth of 3.2%, a reasonable level.

Under this method, the base case gives an Enterprise Value of **US$204,225 million**, an Equity Value of US$167,851 million, or **US$94.03 per share**.



The Walt Disney Company

DIS · Discounted Cash Flow · Exit Multiple Method

Valuation date 26 Sep 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$94.03

Current share price	$117.36
Upside / (downside)	(19.9%)

VALUATION SUMMARY

Enterprise value	204,225
Equity value	167,851
PV of forecast cash flows	81,560
PV of terminal value	122,665
Terminal value % of EV	60.1%
Implied perpetual growth	3.2%

KEY ASSUMPTIONS

WACC (year 1)	9.5%
Terminal WACC	9.5%
Exit EV / EBITDA	8.0x
EBITDA, final forecast year	34,837
Net debt & other claims	36,374
Diluted shares (mm)	1,785.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	10.0x	272,092	235,718	**$132.06**	+12.5%
Base case	8.0x	204,225	167,851	**$94.03**	(19.9%)
Worst case	6.0x	134,152	97,778	**$54.78**	(53.3%)
Current share price				*$117.36*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	6.0x	7.0x	8.0x	9.0x	10.0x
8.5%	$83.16	$92.49	$101.82	$111.15	$120.47
9.0%	$79.94	$88.89	$97.84	$106.79	$115.74
9.5%	$76.85	$85.44	**$94.03**	$102.62	$111.21
10.0%	$73.89	$82.14	$90.38	$98.63	$106.87
10.5%	$71.05	$78.97	$86.88	$94.80	$102.71

Source: author's analysis.

In the **best** case the value per share is **US$132.06** and in the **worst** case **US$54.78**.

Reading the two methods together

For the target price I take the average of both methods in the base case: **US$86 per share**, against a market price of US$117.36. That is a downside of around 27%.

The gap between the two methods (US$78 versus US$94) is, in itself, the investment thesis summed up in two numbers. The perpetuity method says that as long as ROIC does not exceed the cost of capital, Disney is worth considerably less than its price. The multiple method says that if the market keeps paying multiples similar to today's, the stock is close to fair value. **For there to be upside from here, you need the best case**: streaming margins similar to Netflix's and a parks investment cycle that delivers more than expected.

SECTION 08

Conclusions

Disney in 2026 is a company of contrasts. On the one hand, it has the most valuable IP catalog in global entertainment, a streaming business that stopped burning cash and is already doubling its profitability year over year, a parks business that is still the largest and most profitable in the world, and a CEO succession that, for the first time in two decades, was not resolved in the middle of a crisis. On the other, it carries a linear TV business in decline with no end date, an ESPN with ever-higher rights costs, returns on capital still below its cost of capital, and it is halfway through the largest investment cycle in its history.

The market rewarded the latest results and the stock recovered strongly from mid-year levels. But that rally, in my view, has left Disney above its intrinsic value: my target price is **US$86 per share**, around 27% below the current price.

My view is that Disney is still, with nuances, a quality company: few businesses in the world have at the same time the brand power, scale and revenue diversification this company has across content, live sports and physical experiences. But quality is not the same as a buying opportunity at any price. As long as ROIC stays below 9-10%, I find it hard to justify higher multiples.

It is a thesis to follow closely, especially D'Amaro's execution in Experiences, the evolution of streaming margins and, above all, whether ROIC manages to exceed the cost of capital over the coming years. If that happens, the value of the company can change a lot. Today, at this price, I prefer to wait.

Alan



WEB	SUBSTACK	X
azstocks.net	@alaninvests	@alan_azstocks