EQUITY RESEARCH

April 30th, 2025 09:00 AM GMT

Walt Disney Co.

Recommendation: BUY | *Price Target: $103*

Due to strong fundamentals and a clear growth runway, we view Disney's current valuation as an opportunity. Under our base case, the company achieves an average growth of 6.55% per year in its revenues. We forecast **average Entertainment being the strong contributor it is to the general revenue,** backed by the acquisition of streaming brands like Fubo recently and **Hulu** in the past. However, **Sports growth is the main driver for Disney's revenue expansion.**

Nevertheless, this higher revenue does not come without a higher costs, but a decrease in CapEx and debt borrowing can be the main drivers for **a higher EBIT Margin and FCF**, The experiences sector has a higher risk in terms of its exposure to Macro-Economic conditions, while the general consensus is a high CAGR for the industry over the next few years, recession scares for the US, can lead to a less stounding growth, especially in the Hotels and Theme Parks sub-segment. One positive outlook, on the other hand, could be the valuation of some outside currencies facing the dollar, which could increase tourism to its main theme parks, but that would not be enough to offset the full recession impacts on Experiences.

Based on our DCF analysis, we arrive at a **fair value estimate of $103.71**, 13.7% above the current trading level. We believe the stock price understates medium-term cash flow potential. As such, we initiate coverage with a **Buy** recommendation.

Stock Performance

Business Overview

The Walt Disney Company is a leading global diversified entertainment and media conglomerate, operating across four core segments: **Entertainment**, **Sports**, **Experiences**, and **Direct-to-Consumer (DTC)**. The company differentiates itself through its unmatched portfolio of globally recognized intellectual property, including **Disney Animation, Pixar, Marvel, Star Wars,** and **ESPN**, which it strategically leverages across film, television, streaming, theme parks, merchandise, and gaming ecosystems.

As of 2024, Disney's streaming portfolio reaches over **174 million combined subscriptions** across Disney+, Hulu, and ESPN+, supported by its ongoing integration strategy (e.g., Hulu and ESPN tiles within Disney+). The company continues to evolve its DTC model by expanding into **ad-supported streaming,** now accounting for over half of new Disney+ subscriptions, and by enhancing monetization through proprietary **ad tech** and bundled content offerings.

Disney's entertainment sector revolves around: Producing and distributing non-sports film and TV content, including movies, episodic series, and digital streaming through platforms like Disney+ and Hulu. While the Sports segment, generally encompasses the Company's **sports-focused global television and DTC video streaming content production and distribution activities**. Experiences, on the other hand, shifts away from media and into operating **theme parks, resorts, cruise lines, and consumer products globally**. Key activities include park admissions, resort stays, cruises, vacation club properties, and merchandise sales

LISBON INVESTMENT SOCIETY

NYSE: DIS
Price (30 Apr 25): **$91.15**
Upside (Downside): **13.78%**

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Statistics	
Beta	1.48
% Float	99.45%
% Held by Insiders	0.06%
% Held by Institutions	71.62%
Short % of Float	1.24%

Major Holders	%
Vanguard	8.47
Blackrock	7.17
State Street	4.31
Morgan Stanley	2.27
Geode Capital	2.12
FMR LLC	1.81
State Farm	1.63
JP Morgan Chase	1.57
Northern Trust	1.23
Norges Bank	1.20

ESG Traffic Light	
LSEG ESG Score	**67**
E-Score	51
S-Score	36
G-Score	48
S&P Global ESG Score	**43**
Environmental	**51**
Social	**36**
Governance & Economic	**48**
Sustainalytics	**15.9**
ISS ESG Corporate Rating	**C**
SDG Impact Rating	3
Governance Quality Score	**3.2**
MSCI ESG Ratings	**BBB**

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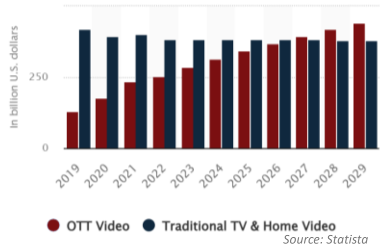
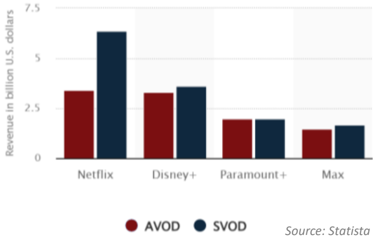
Industry Overview and Competitive Positioning

Revenue in the TV & Video market for different segments Worldwide from 2019 to 2029 (in billion U.S. Dollars)



Source: Statista

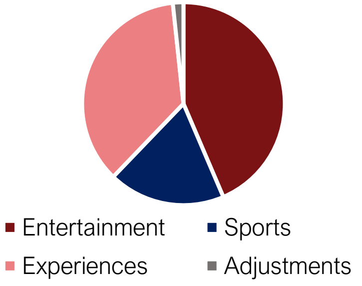
Revenues of selected hybrid video-on-demand (HVOD) services worldwide in 2029, by plan type (in billion U.S. Dollars)



Source: Statista

Market Share	
THE WALT DISNEY COMPANY	32%
WARNER BROS. DISCOVERY, INC.	14%
PARAMOUNT GLOBAL	10%
FOX CORPORATION	5%
NETFLIX, INC.	14%
Others	26%

Source: LIS



Source: Bloomberg

The entertainment industry, more focused on the streaming services and film production is a strong market with dominant companies in its center. The advances in technology, especially AI and deepfake allows for a mass production of media amusement with low costs, and Disney is one of the most famous for their production, including Marvel, Pixar, Star wars and others that the company bought the intellectual rights of use. **Nowadays, in average, about 76% of the entire population of Earth subscribes and uses some kind of streaming service such as Netflix, Disney Plus, Prime Video, and others, while in the United States, that number is about 99%.** Therefore, this industry shows a great opportunity for those who can deliver a quality service, enjoyable by the consumer. Backed by a predicted **CAGR of 8,53%,** which implies a **market size by revenue of 61,7 billion dollars worldwide by 2029**.

The key drivers, which can show a long-term trend, are the increasing preference by consumers of videos on demand (OTT Videos) instead of traditional television or home videos, in which Disney is becoming a worldwide leader with Disney Plus. However, the preferences amongst consumers is also changing from traditional Subscription-based VOD to Advertisement-based VOD, which has a lower profit margin as the revenue from sponsorships in publicity are lower than the difference in prices from SVOD to AVOD, something that implies a **decreasing marginal return in this increasing market**.

Another great change in this industry is the appearance of the three Asian titans, China, India and Japan in film production, as Disney mainly worked on the cultural monopoly of the quality of Hollywood, now the **new competitors**, such as the mass production of Bollywood are threats that can **increase the competition and decrease the company's market share.**

As an industry trend focused on Disney, it is very pessimistic to notice the **fall of quality in Disney's products,** as, since 2019/2020, the average Rotten Tomatoes Ranking (one of the most prestigious ranking systems online) have been declining and, even with some blockbusters showing now and then, Disney has been **struggling to keep the hype in their production and the trust in their company.**

Competitive Analysis

Disney competes in an industry with few competitors, but strong in market share, almost as a **cultural oligopoly** (as consumers tend to ignore small companies for not having enough media).

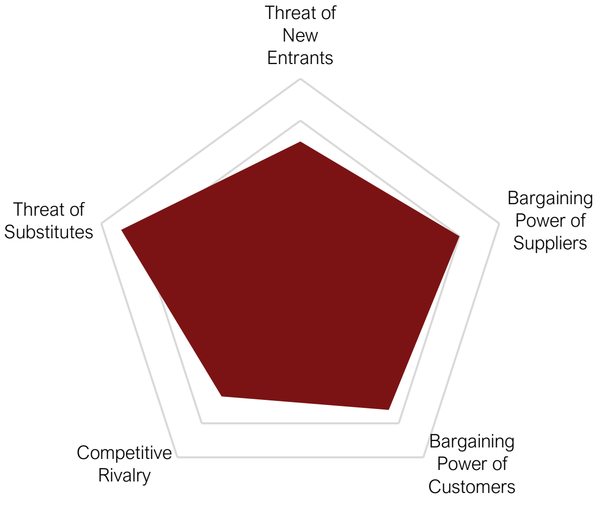
Key competitors in this industry include **Netflix, Paramount, Warner Bros and Fox**, where Netflix and Paramount focus on the streaming services, sector of interest, and Warner Bros and Fox focus on movie production, mostly selling intellectual rights to other companies. **Disney, holds the highest market share amongst these(32%)** as the other companies hold an average of 11%.

Economic Moat

Disney mostly operates in the entertainment industry, but also has a huge share in amusement, derived from its famous parks around the globe. It also has a significant part in Sports, but it focuses more on streaming and transmission.

This diversity can be a highlight for Disney, as it can't suffer much from the transitions happening around AVODs and the rise of new competitors worldwide, therefore, even having a huge part in this segment, **it should not accommodate many risks as Disney's hedging techniques may show useful in market recessions**.

Porter's Five Forces



Bargaining Power of Buyers – Moderate

Disney has over 120 million users worldwide in which can not negotiate prices with the company for their services, they are obligated to buy the available package by the market price and cannot demand any bulk discount. However, **Disney depends on the buyers to get the revenue and has a high price sensitivity in their product**, as any alteration can change the consumer's preference and make him leave and, as there is almost **no cost of switching in this complete information market**, buyers have a bargaining power to switch and simply leave Disney.

Bargaining Power of Suppliers – Moderately high

Besides from Disney's own production team, acting as internal suppliers, the company depends on other producers to achieve their 1400+ movies in the platform. It is true that suppliers may not sell directly to consumers, something that limits their range, but they have the power on switching intermediates, and their **contracts are normally very rigid regarding intellectual purchasing and uniqueness in distribution**, something that creates a high bargaining power from the suppliers when making contracts.

Threat of New Entrants – Moderate

The film production, streaming services and entertainment in general is a **difficult industry to get started into**, normally with **grand initial investments of capital in infrastructure and marketing,** however, while that is true for major productors, there is an increasing market in the industry regarding small content creators with almost zero budget, using their creativity to innovate, these are not a real threat however as there are different preferences for blockbusters and indie movies. In general, **new entrants are not a concerning threat**, but it can not be trusted as **there is always a possibility to get overwhelmed by other creators if Disney's quality is not up to standard.**

Threat of Substitutes – Very High

This industry doesn't have many companies in perfect competition, but **their products are almost perfect substitutes**. Consumers are always going to have some preference regarding type of entertainment and producers quality, but when fandoms are removed from equation, **most clients are indifferent when choosing which media to consume** – as long as it has the desired quality. Therefore, following this type of market with **high price elasticity**, it is important that companies **maintain a competitive value on their products**, as any unsatisfaction can result in massive migrations between platforms.

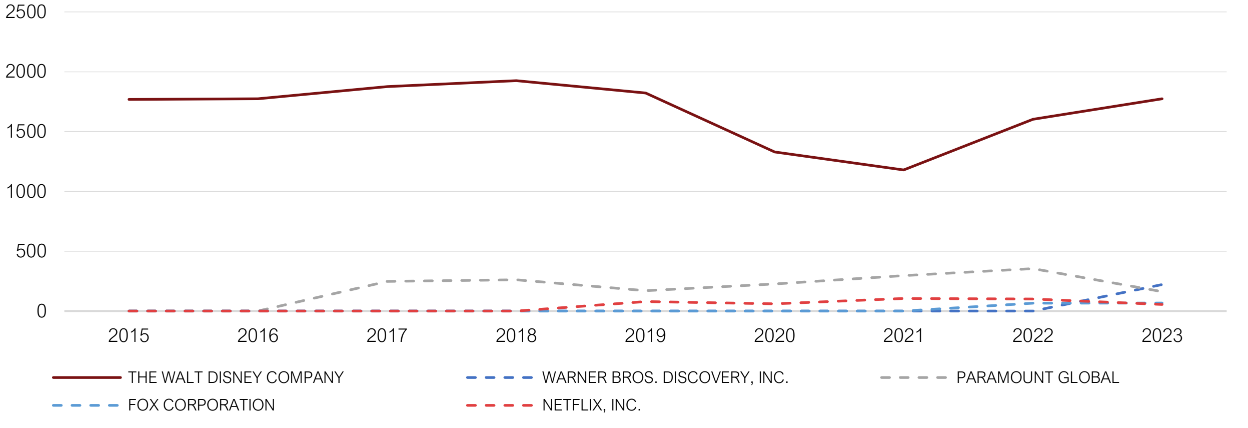
Competitive Rivalry – Moderately low

Even though a lot could be said and set about the producing of media content in the internet, when regarding film creators and blockbuster generators, it is very rare to find companies with the capability to deliver anything similar to Disney. When comparing market share, Disney dominates with almost double as anyone else with more than 30% of domain. Netflix, Paramount, Warner Bros, and others are a viable comparison, bit outside this circle of giants, **no other company generate enough impact to be considered a competition**.

It is true that this industry is growing – and some people would say exponentially since it's start – however, when computing the **entry barriers and cultural monopolies** available now, it is difficult to affirm any of this will have any significant impact in the short and long term.

ESG Analysis

Walt Disney Co. has set a target to reduce absolute emissions from direct operations (Scope 1 & 2) by 46.2% by 2030, against a 2019 baseline. While it achieved a 15% reduction in Scope 2 emissions in 2023, Scope 1 rose by 17%. The company has the goal of sourcing 40% of its total power use with renewable energy by 2030 and purchasing or producing 100% zero carbon electricity for all direct operations globally. There is, however, a lack of disclosure regarding its progress towards that goal. ESG risk remains in waste and water management, where direct initiatives are not resulting in waste and water reduction, but rather in an increase of 4% and 33%, respectively.



On the social front, a 2019 a class-action lawsuit was filed against Disney, alleging systemic gender-based pay disparities, as well as a filled lawsuit claiming religious discrimination by three former Disney employees in 2022 flags room for improvement in workplace equity. With the aggrieving of the lawsuit in November 2024, in which the $43.3 million settlement included provisions for Disney to address pay equity issues for full-time, non-union employees below the vice president level.

Nonetheless, Disney demonstrates a strong commitment to responsible supply chain management through clear policies, audit mechanisms, and supplier diversity goals. However, key metrics such as supplier violations, non-compliance, audit results, and corrective action outcomes are not publicly disclosed.

Disney stands out in the industry for its dedication to consumer safety, particularly in its theme parks and branded products, thanks to robust safety protocols and regular audits. Disney demonstrates strong social impact through a deep commitment to community engagement and youth empowerment.

Name	Position	Past Experience
James P. Gorman	Chairman	Former Executive Chairman at Morgan Stanley, ex McKinsey Accountant
Robert A. Iger	CEO and Director	Former CEO of Walt Disney Co.
Maria Elena Logomasino	Director	CEO and Managing Partner at WE Family Offices
Calvin R. McDonald	Director	CEO of lululemon athletica inc.
Mark G. Parker	Director	Executive Chairman at NIKE, Inc.
Derica W. Rice	Director	Former Executive Vice President at CVS Health Corporation
Michael B.G. Froman	Director	President of the Council on Foreign Relations
Carolyn N. Everson	Director	Former President of Instacart
D. Jeremy Darroch	Director	Former Executive Chairman and Group CEO at Sky
Amy L. Chang	Director	Former Executive Vice President at Cisco Systems, Inc.
Mary T. Barra	Director	Chair and CEO of General Motors Company

Disney ties a large portion of executive compensation to stock performance through stock awards and options, encouraging alignment with shareholder interests. However, the emphasis on share value may incentivize short-term gains over long-term performance, potentially misaligning with broader strategic goals like profitability, sustainability, and operational excellence.

Peer Analysis and Relative Valuation

Peers	Ticker	EBITDA Margin 2023	EBITDA Margin 2024	Profit Margin 2022-2023	Profit Margin 2023-2024
THE WALT DISNEY COMPANY	DIS	**12%**	**14%**	**3.8%**	**6.3%**
WARNER BROS. DISCOVERY, INC.	WBD	18%	18%	-7.6%	-29%
PARAMOUNT GLOBAL	PARA	8.1%	11%	-2.1%	-21%
FOX CORPORATION	FOXA	26%	21%	8.3%	11%
NETFLIX, INC.	NFLX	21%	27%	16%	22%
LIVE NATION ENTERTAINMENT, INC	LYV	7.4%	8.4%	2.5%	3.9%
COMCAST CORPORATION	CMCSA	31%	31%	13%	13%
Average		**17.5%**	**18.5%**	**4.8%**	**0.9%**
Deviation from Average		-5.6%	-4.0%	-1.0%	5.4%

The Walt Disney Company (DIS) long considered a pillar of the global media landscape, is currently facing structural challenges that are increasingly reflected in its financial profile and market performance. Margins in profits are enhancing, with EBITDA Margin improving from 11.9% in 2023 to 14.5% in 2024, and adjusted profit margin rising from 3.2% to 5.8%. While these figures show incremental progress, they continue to lag behind the peer group averages of 18.5% and 8.9% respectively, highlighting Disney's ongoing struggle with operational efficiency and cost discipline relative to its main peers, presenting a weak company in the market. Revenue growth is not important nor relevant to analyze, as this industry represents a scalable market in a non-mediocristan scenario, therefore, they are not optimal to compare. Peers such as Fox (FOXA) and Comcast (CMCSA) are not only delivering meaningfully higher profitability, but doing so with more consistency, meanwhile, underperformers as Paramount (PARA), Live Nation (LYV) and Warner Bros (WBD) are having problems, especially in disclosure of operating expenses. Netflix (NFLX) maintains as leader in the market with higher margins. In general, DIS, while being a major leader in the entertainment, especially film production, market, it doesn't show financial strength in its number when comparing with other companies.

In this analysis, the "Adjusted Net Income" was used as WBD and PARA had huge abnormal losses due to impairment, caused mainly by the negative evaluation of future cash from their televisionary affiliates. The calculus made for correcting this was similar to Adjusted EBITDA, but instead was made by: Adjusted Pretax Income * (1 – Average Tax Expense in % of Pretax Income).

Peers	Ticker	EV / EBITDA 2023	EV / EBITDA 2024	Adjusted Price / Earnings 2023	Adjusted Price / Earnings 2024
THE WALT DISNEY COMPANY	DIS	**20**	**16**	**59**	**31**
WARNER BROS. DISCOVERY, INC.	WBD	8.0	8.3	-9	-12
PARAMOUNT GLOBAL	PARA	8.9	6.8	14	5.3
FOX CORPORATION	FOXA	6.5	8.8	11	13
NETFLIX, INC.	NFLX	71	48	87	56
LIVE NATION ENTERTAINMENT, INC	LYV	20	17	40	16
COMCAST CORPORATION	CMCSA	6.0	5.9	8.5	7.7
Average		**20**	**16**	**30**	**17**
Deviation from Average		-0.2	0.1	29	14

The Walt Disney Company (DIS) appears overpriced relative to peers at first glance, trading at around 15x forward EV/EBITDA and 29,2x forward P/E for 2024. This, however, can be explained by Disney's position as a market leader, and its closest competitive stock, being priced at around 48x its earnings (NFLX). Another metric by which we can disregard this relatively high P/E for DIS is its stock price, which has not fallen significantly below 80$ over the past 5 years and is in its second lowest valuation over this period, as blue-chip stocks trade at higher P/Es. (for reference see page 1)

Regarding EV/EBITDA, its valuation approaches the mean of the market only because of the right-tail valuation of Netflix (NFLX), However, comparing DIS to other more distant peers in EV, it is slightly overpriced, but has a much greater arrange of activities, with the exception of Comcast Corporation.

Profitability	Disney	WARNER	PARAMOUNT	FOX	NETFLIX,	LIVE	COMCAST
ROA (%)	2.9%	-10.8%	-13.4%	6.8%	16.2%	4.6%	6.1%

DIS Adjusted Return on Assets has been lower than its peers (except for WBD who had a negative return), showing that, there current constraint on Disney's capabilities to transform their main assets, that are in majority licenses to movie production, amusement parks and equipment, into profit are lower than its main competition.

Valuation - FCFF

Disney's revenue growth and consequently its Free Cash Flow are expected to grow on the backs of growing segments, this comes from a more DTC approach for Entertainment with the wave following the past years and Disney+ being the current **market leader in the streaming industry**, as well as the switch consumer adoption from cable to streaming for Sports. In terms of experiences Disney is fortifying and has fortified its presence internationally with theme parks and hotels all over the world, with the main constraint being recession scares in this sector, **Experiences was Disney's highest growth sector the past 3 years**. The revenue growth was estimated by a weigh between company goals, CAGR of the Industry, and Analyst assumptions.

Segment Assumptions	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue by Segments													
Entertainment	39,569	40,635	41,186	44,048	47,110	50,384	53,886	57,631	60,800	64,144	67,672	71,394	75,321
% of total growth		*2.69%*	*1.36%*	6.95%	6.95%	6.95%	6.95%	6.95%	5.50%	5.50%	5.50%	5.50%	5.50%
Sports	17,270	17,111	17,619	19,557	21,708	24,096	26,747	29,689	32,287	35,112	38,184	41,525	45,159
% of total growth		*-0.92%*	*2.97%*	11.00%	11.00%	11.00%	11.00%	11.00%	8.75%	8.75%	8.75%	8.75%	8.75%
Experiences	28,085	32,549	34,151	36,029	38,011	40,102	42,307	44,634	45,973	47,352	48,773	50,236	51,743
% of total growth		*15.89%*	*4.92%*	5.50%	5.50%	5.50%	5.50%	5.50%	3.00%	3.00%	3.00%	3.00%	3.00%
Total	84,924	90,295	92,956	99,635	106,829	114,582	122,940	131,954	139,060	146,608	154,629	163,156	172,223

FCFF Valuation	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT	6,533	5,196	8,254	9,044	9,344	11,102	12,029	13,216	14,348	15,318	16,442	17,678	18,938
% of revenue	*7.9%*	*5.8%*	*9.0%*	*9.1%*	*8.7%*	*9.7%*	*9.8%*	*10.0%*	*10.3%*	*10.4%*	*10.6%*	*10.8%*	*11.0%*
NOPAT	4,392	3,694	6,295	6,469	6,818	8,170	8,744	9,659	10,492	11,176	12,012	12,913	13,829
Depreciation & Amortization	5,163	5,369	4,990	5,312	5,464	5,526	5,748	5,916	6,087	6,256	6,417	6,588	6,774
Stock Based Compensation	977	1,143	1,366	1,265	1,442	1,572	1,636	1,782	1,879	1,971	2,085	2,199	2,320
Changes in NWC	442	(1,168)	(186)	818	144	476	553	425	348	441	416	445	480
Net CapEx	(4,943)	(4,969)	(5,412)	(3,061)	(3,274)	(3,502)	(3,745)	(4,005)	(3,344)	(3,528)	(3,722)	(3,927)	(4,143)
FCFF	6,031	4,069	7,053	10,803	10,594	12,241	12,936	13,777	15,461	16,316	17,208	18,218	19,260
Present Value of FCFF				10,476	9,351	9,834	9,458	9,168	9,365	8,995	8,635	8,320	8,006

The weight of each factor was done through a compensation between how **reliable this information is to the sensitivity of the period**. From then we got CAGR of the industry as a 35% weight in the first five years but coming to 50% on the last five years, **as the reliability on Company goals decreased as they do not usually have or meet explicit 10-year goals**. The Analysis section following the views of our own analysts, served as a **constraint factor** as we thought of possible ways each segment's growth could be stunted, as well as providing **more realistic growth scenarios** within the company's history.

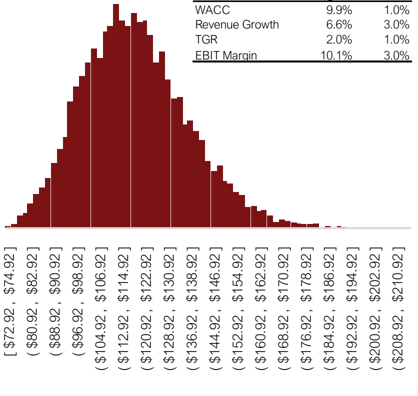
Segments	CAGR(25-29)	CAGR(30-34)	Goals(25-29)	Goals(30-34)	Analysis
Entertainment	11%	8%	*5%*	2%	4%
Sports	13%	10%	*11%*	7%	8%
Experiences	7%	9%	7.00%	-3%	-3%

	Year 1 -5	Year 5-10
CAGR(25-29)	35%	0%
CAGR(30-34)	0%	50%
Company Goals(25-29)	50%	0%
Company Goals(30-34)	0	25%
Analysis	15%	25%

WACC		
Market Cap *(in millions)*	$	164,816
% of Equity		76.97%
Cost of Equity		11.88%
Risk-Free Rate		4.25%
Unlevered Beta		0.55
Beta		1.41
Equity Risk Premium		5.41%
Cost of Equity		11.88%
Debt *(in millions)*		49,327
% of Debt		23.03%
Cost of debt		4.31%
Tax Rate		28.47%
Total		214,143
WACC		**9.85%**

By adopting a free cash flow to firm DCF model, NOPAT is found assuming an average **effective tax rate of 27%**. For 2025, the free cash flow is expected to be higher than the year prior. A cost reduction strategy alongside the digital expansion of their current segments will affect positively the firm's profitability and cash generating capacity for 2025. Discount periods were defined by accounting for the stub period alongside the mid-year convention. The chosen **terminal growth rate is 3%**, as Disney is not as impacted by tariffs as most other companies, giving it an ability to grow beyond the American market. The company is also expected stabilize its growth by 2034 with the revenue growth slowly plateauing. The DCF model indicates Disney is currently undervalued, with an expected **upside of 13-20%** and a **fair price of $103.73**. Which in our sensitivity analysis is shown to be a not so optimistic approach to Disney's scenarios.

Sensitivity Analysis



Variables	Average	St Dev
WACC	9.9%	1.0%
Revenue Growth	6.6%	3.0%
TGR	2.0%	1.0%
EBIT Margin	10.1%	3.0%

To assess the sensitivity of our DCF valuation, we conducted 10,000 Monte Carlo simulations incorporating randomized inputs for key assumptions. The simulation used a WACC with a mean of **9.85%** and a standard deviation of 1.00%, revenue growth with a mean of 6.55% and 3.00% standard deviation, a terminal growth rate of 3.00% (±1.00%), and an EBIT margin centered at 10.05% (±3.00%). The resulting distribution of simulated outcomes produced an average implied stock price of **$118.13**, representing a **27.9% upside** to the current share price of $91.15. The **median** price of **$117.13** further supports a positively skewed distribution, though the simulation also revealed a **downside floor of $73.99**, or **-18.8%**, reflecting the valuation's sensitivity to lower-margin or higher-WACC scenarios. Overall, the Monte Carlo analysis highlights a favorable asymmetry in the risk-reward profile under our assumptions.

Investment Risks

Walt Disney Co's equity offers a compelling **low-risk investment**, at current levels.

Its relatively **low exposure to trade tariffs** and macro volatility, combined with a material disconnect between intrinsic value and market sentiment, positions Disney as an undervalued blue-chip stock with meaningful long-term upside. While the company has underperformed broader equity benchmarks year-to-date and **remains outside of the AI-driven investor narrative**, **this relative neglect presents an opportunistic entry point**. Much of the recent underperformance is attributable to **cyclical fears** — particularly recessionary pressure and global trade concerns — yet these macro headwinds have had a limited actual impact on Disney's operating fundamentals. The reinstatement of a dividend last year further reinforces management's confidence in free cash flow durability and long-term capital return policy, restoring the company's appeal to income-focused investors.

Brand strength remains a core strategic asset for Disney, as it leverages one of the most iconic and diversified IP portfolios in the global media landscape. Through franchises like Marvel, Star Wars, Pixar, and Disney Animation — now further extended through gaming integrations like Fortnite and cross-platform streaming bundling - the company continues to build engagement and monetization across generations and geographies. Unlike more commoditized media platforms, Disney's value is rooted in both nostalgia and multigenerational cultural relevance, protecting long-term pricing power and platform stickiness. This brand equity also enhances Disney's ability to expand globally with high-margin products and experiences, particularly through its targeted CapEx investments in theme parks and cruise lines.
However, the company's future growth trajectory will depend on disciplined execution across its evolving streaming and experiences segments. With over 174 million combined subscriptions across Disney+, Hulu, and ESPN+, Disney's DTC business is shifting from a scale-driven loss leader to a sustainable profit center. Execution risk remains - especially in an AVOD-driven landscape where ad monetization can make up for lower subscription Average Revenue Per User - but Disney's proprietary ad tech and highly desirable content library offer a strong foundation for margin expansion. The recent bundling of Hulu and ESPN within Disney+ is a strategic masterstroke to increase engagement and reduce churn.
Operational efficiency remains in focus. As Disney expands its content footprint and experiential offerings, effective cost control — including AI-assisted CGI production, automation, and tighter project ROI discipline - will be essential. Management has already signaled a commitment to streamlining the cost base while continuing to invest in high-ROI segments such as sports rights (e.g., college football) and experiential assets tied to franchise IP.

Lastly, macroeconomic challenges such as inflation, currency fluctuations, and potential recessions could affect near-term consumer discretionary spending across parks, products, and streaming. However, Disney's global diversification, vertical integration, and iconic brand identity provide meaningful downside protection. Importantly, Monte Carlo simulations based on a dynamic DCF model suggest a positively skewed return profile, with a median price target implying over 35% upside, and limited downside risk relative to the current trading price -supporting a bullish view based on fundamentals, not market hype.

In short, Disney is undervalued not because of fundamental weakness, but because of investor dislocation. As cash flows stabilize, dividend momentum returns, and brand-driven monetization kicks in, Disney has all the levers to re-rate back toward its historical multiples - or exceed them.

Equity Research Team

This report was prepared by the Equity Research team at the Lisbon Investment Society. Our analysts combine rigorous financial modeling, critical thinking, and collaborative research to deliver high-quality, student-led investment analysis.
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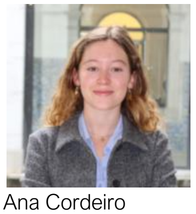

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