

ModernGraham Valuation

Company Name:

Walt Disney Co

Company Ticker DIS

Date of Analysis

2/26/2018



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$165,118,605,619	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.87	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	175.91%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	19.62	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.86	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.87	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-7.72	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.60
MG Growth Estimate	9.56%
MG Value	\$154.59
MG Value based on 3% Growth	\$81.16
MG Value based on 0% Growth	\$47.58
Market Implied Growth Rate	5.56%

MG Opinion

Current Price	\$109.81
% of Intrinsic Value	71.03%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.44
Graham Number	\$60.93
PEmg	19.62
Current Ratio	0.87
PB Ratio	3.86
Current Dividend	\$1.56
Dividend Yield	1.42%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.99	Next Fiscal Year Estimate	\$5.60
Sep2017	\$5.69	Sep2017	\$5.20
Sep2016	\$5.73	Sep2016	\$4.73
Sep2015	\$4.90	Sep2015	\$4.03
Sep2014	\$4.26	Sep2014	\$3.42
Sep2013	\$3.38	Sep2013	\$2.85
Sep2012	\$3.13	Sep2012	\$2.51
Sep2011	\$2.52	Sep2011	\$2.19
Sep2010	\$2.03	Sep2010	\$2.01
Sep2009	\$1.76	Sep2009	\$1.94
Sep2008	\$2.28	Sep2008	\$1.92
Sep2007	\$2.25	Sep2007	\$1.61
Sep2006	\$1.64	Sep2006	\$1.20
Sep2005	\$1.19	Sep2005	\$0.88
Sep2004	\$1.07	Sep2004	\$0.67
Sep2003	\$0.59	Sep2003	\$0.47
Sep2002	\$0.60	Sep2002	\$0.45
Sep2001	-\$0.02	Balance Sheet Information 12/1/2017	
Sep2000	\$0.57	Total Current Assets	\$17,274,000,000
Sep1999	\$0.62	Total Current Liabilities	\$19,875,000,000
Sep1998	\$0.89	Long-Term Debt	\$20,082,000,000
		Total Assets	\$97,734,000,000
		Intangible Assets	\$38,360,000,000
		Total Liabilities	\$54,445,000,000
		Shares Outstanding (Diluted Average)	1,521,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in DIS at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [Walt Disney Co Valuation – March 2017 \\$DIS](#)
- [Walt Disney Co Valuation – December 2015 Update \\$DIS](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [The Walt Disney Company Annual Valuation – 2014 \\$DIS](#)
- [Throwback Thursday – One Share Challenge](#)

Other ModernGraham posts about related companies

- [Live Nation Entertainment Inc Valuation – Initial Coverage \\$LYV](#)
- [Walt Disney Co Valuation – March 2017 \\$DIS](#)
- [Tegna Inc Valuation – February 2017 \\$TGNA](#)
- [E.W. Scripps Co Valuation – Initial Coverage \\$SSP](#)
- [News Corp Valuation – February 2017 \\$NWSA](#)
- [Cinemark Holdings Inc Valuation – Initial Coverage \\$CNK](#)
- [International Speedway Corp Valuation – Initial Coverage \\$ISCA](#)
- [Corus Entertainment Inc Valuation – Initial Coverage \\$TSE:CJR.B](#)
- [AMC Networks Inc Valuation – December 2016 \\$AMCX](#)
- [Charter Communications Inc Valuation – Initial Coverage \\$CHTR](#)