

Communication Services Stock Presentation

Fall 2021

Daniel Rogers, Charlie Minneci, Yutao (Elena) Ren, Son Pham

Outline

- Sector recap
- ALPHABET INC
- DISCOVERY INC
- META PLATFORMS INC
- THE WALT DISNEY COMPANY
- Recommendation

Sector Recap

- SIM current holding
 - Match S&P500

Securities Allocation			
Sector	S&P 500 Weight	SIM Weight	+/-
Information Technology	27.71%	26.49%	-1.22%
Financials	11.44%	12.62%	1.18%
Health Care	13.11%	13.25%	0.14%
Consumer Discretionary	12.29%	11.88%	-0.41%
Consumer Staples	5.72%	5.46%	-0.26%
Industrials	8.06%	8.05%	-0.01%
Energy	2.81%	3.97%	1.16%
Utilities	2.43%	1.81%	-0.62%
Materials	2.49%	3.28%	0.79%
Communication Services	11.36%	11.36%	0.00%
Real Estate	2.58%	1.82%	-0.76%
Total	100.00%	100.00%	0.00%

Quantity	Security	Ticker	GIC Sector	Unit Co.	Total Cos.	Market Pri.	Market Val.	Unrealized Gain/(Loss)
185	ALPHABET INC-CL A	GOOGL	Communication Services	610.45	\$112,933.00	2,673.52	\$494,601.20	\$381,668
580	WALT DISNEY CO/THE	DIS	Communication Services	176.84	\$102,567.78	169.17	\$98,118.60	(\$4,449)
1,770	DISCOVERY INC	DISCA	Communication Services	29.39	\$52,012.16	25.38	\$44,922.60	(\$7,090)
1,320	FACEBOOK INC	FB	Communication Services	205.24	\$270,917.64	339.39	\$447,994.80	\$177,077

Sector Recap

- We recommended to overweight our sector because of its high growth companies at the top and more specifically we recommended to overweight the Interactive Media and Services Industry.

The Google logo, featuring the word "Google" in its signature multi-colored font.The Facebook logo, consisting of a blue square with a white lowercase "f" and the word "facebook" in blue lowercase letters.The Disney logo, featuring the word "Disney" in its iconic black script font.The Discovery logo, featuring a small globe icon followed by the word "Discovery" in a grey sans-serif font.The Netflix logo, featuring the word "NETFLIX" in a bold, red, sans-serif font.The Comcast logo, featuring the NBC peacock icon above the word "COMCAST" in a black sans-serif font.The Roku logo, featuring the word "Roku" in a bold, purple, sans-serif font.The Fox logo, featuring the word "FOX" in a bold, dark blue, sans-serif font.

Alphabet Overview



Overview

Market Cap: 1.985 T

Beta: 1.03

Dividend Yield: N/A

52-week range: 1,694.00 – 2,994.66

Diluted Shares Outstanding: 663.76 M

- Offers performance and online brand advertising services across the globe
- Offers cloud-based solutions that provide customers with platform and collaboration tools
- Sells products and services including phones/tablets, apps, digital content and hardware
- Segments include:
 - Google Services- Google Search, YouTube, Google Ads, Gmail
 - Google Cloud- Cloud computing, storing and networking on hardware and software (Google Cloud Platform)
 - Other Bets- Companies acquired by Alphabet that are considered "Moonshots" (Waymo, Nest)

Business Analysis



Fundamental Growth Drivers

- **Market Expansion**
 - As Alphabet expands into more countries, all their products and services follow along in the same path
- **Current Products and Services**
 - More products are launching and becoming popular
 - Services such as YouTube are doing extremely well and bringing in a lot of revenue for Alphabet
- **Maintaining Growth Post Covid-19**
 - Growth rates have been high since the beginning of the pandemic
 - More people are at home and spending more time online, which is translating to more ad revenue and more expansion for Alphabet

Competitive Advantages

- **Business Diversification and Acquisitions**
 - Expanding operations and adding new companies to grow their already existing services and add new features
- **Continuous Innovation**
 - Great at finding new trends and incorporating them into new products or technology
- **Ad Revenues and Digital Advertising**
 - Being a leader in advertising allows them to see trends, collect information and enhance their related services
 - They gain over 70% of revenue from this space
- **International Growth**
 - Google Search has become the most popular search engine across the world, and this has translated into expanding other parts of their business into foreign countries

Business Analysis

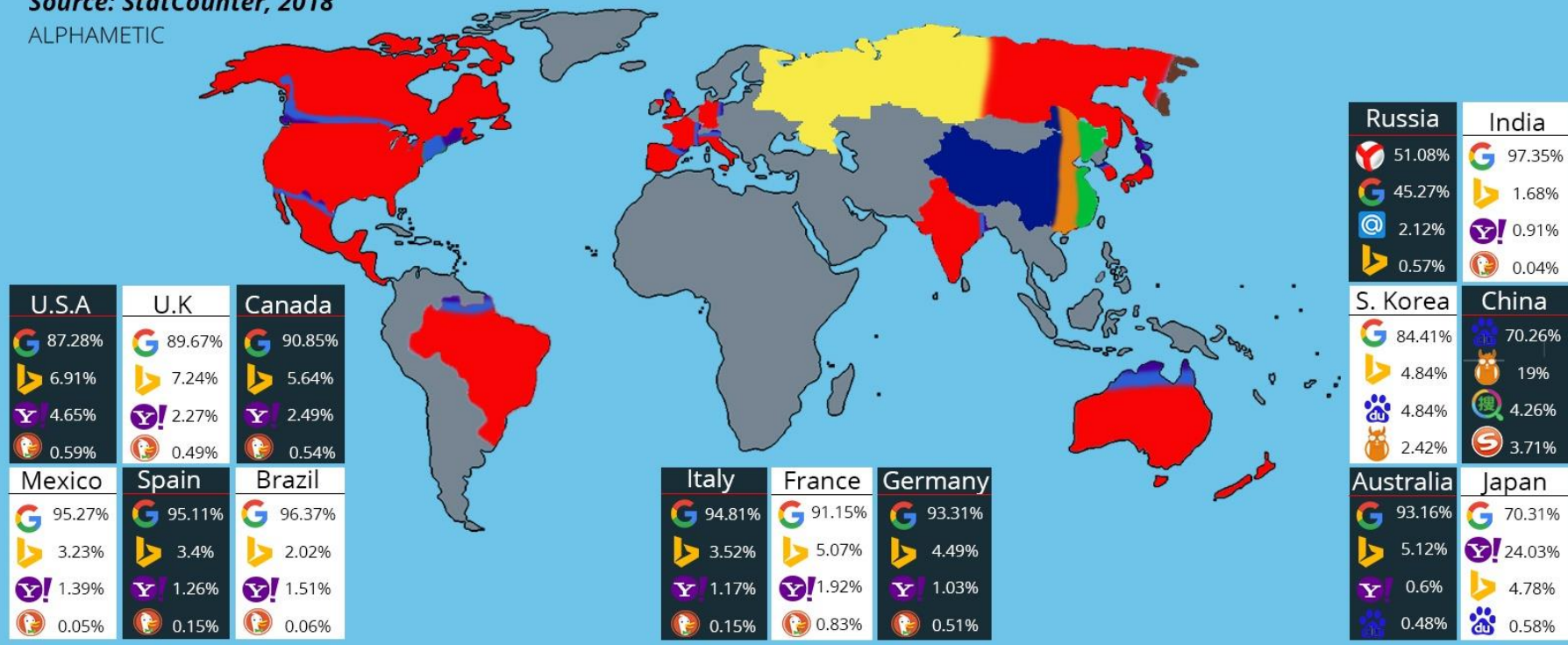


GLOBAL SEARCH ENGINE MARKET SHARE

Source: StatCounter, 2018

ALPHAMETIC

LEGEND



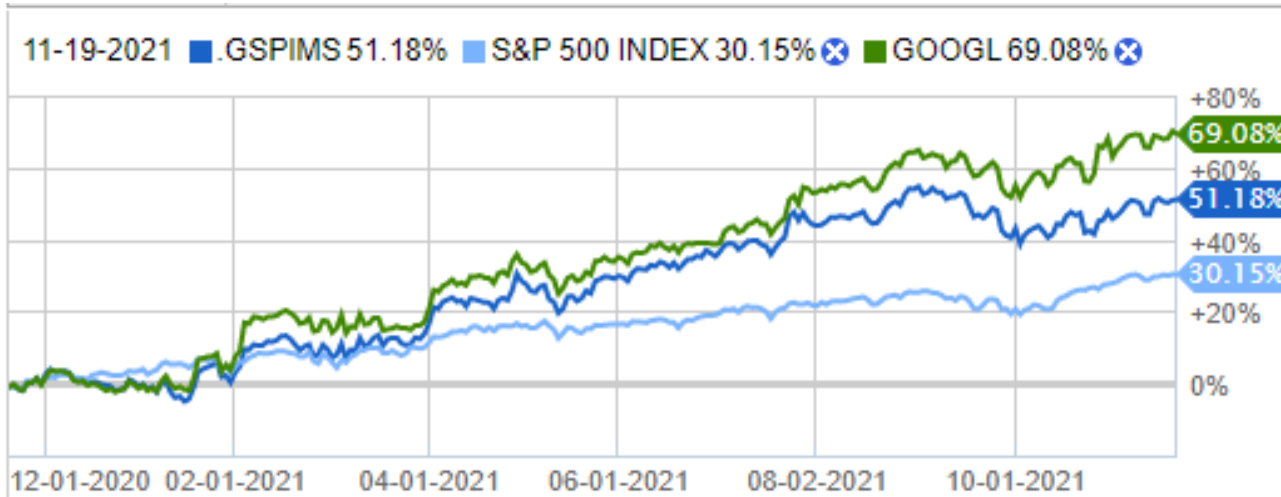
Financial Analysis



Alphabet (GOOGL)

USD (\$) In Millions:

	FY 2023E	FY 2022E	FY 2021E	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<i>Consensus</i>	<i>280,890</i>	<i>242,440</i>	<i>207,110</i>					
Net Sales	287,319	243,491	209,906	182,527	161,857	136,819	110,855	90,272
EPS								
Basic	120.17	103.69	89.70	59.15	49.59	44.22	18.27	28.32
Diluted	123.92	106.12	90.83	58.61	49.16	43.70	18.00	27.85
<i>Consensus</i>	<i>123.03</i>	<i>106.31</i>	<i>100.73</i>					



GSPIMS = Interactive Media and Services Industry

- Earnings continue to trend high, and my projected earnings are in line with consensus
- 3Q21 Earnings reported of \$65.12 B in revenue and \$27.99 EPS which keeps them on pace to achieve my forecasted revenue and EPS
- Alphabet is outperforming the Communication Services sector, the Interactive Media and Services Industry and the S&P 500 over the past year

Financial Analysis



	Stock Price	Market Cap	P/E	P/B	P/S	PEG
Alphabet	\$ 2,982.96	1.985 T	28.03	7.89	8.27	0.87
Facebook	\$ 336.68	936.535 B	23.60	6.88	8.47	0.94
Microsoft	\$ 334.85	2.514 T	36.84	16.27	14.18	2.82
Apple	\$ 151.63	2.489 T	29.26	38.52	7.34	2.04
Amazon	\$ 3,451.54	1.75 T	58.72	14.89	3.90	2.52
Average			35.29	16.89	8.43	1.84

Yahoo Finance: As of
November 4, 2021

- Below AVG P/E and P/B show that the stock price is more undervalued than many of its competitors
- P/S is right at the AVG, which also shows that it is slightly undervalued
- PEG slightly less than 1 shows that it is undervalued, and it is less risky and more closely related to the market

Alphabet (GOOGL)

Daniel Rogers

9/16/2021

Terminal Discount Rate = 9.00%

Terminal FCF Growth = 5.50%

In Millions

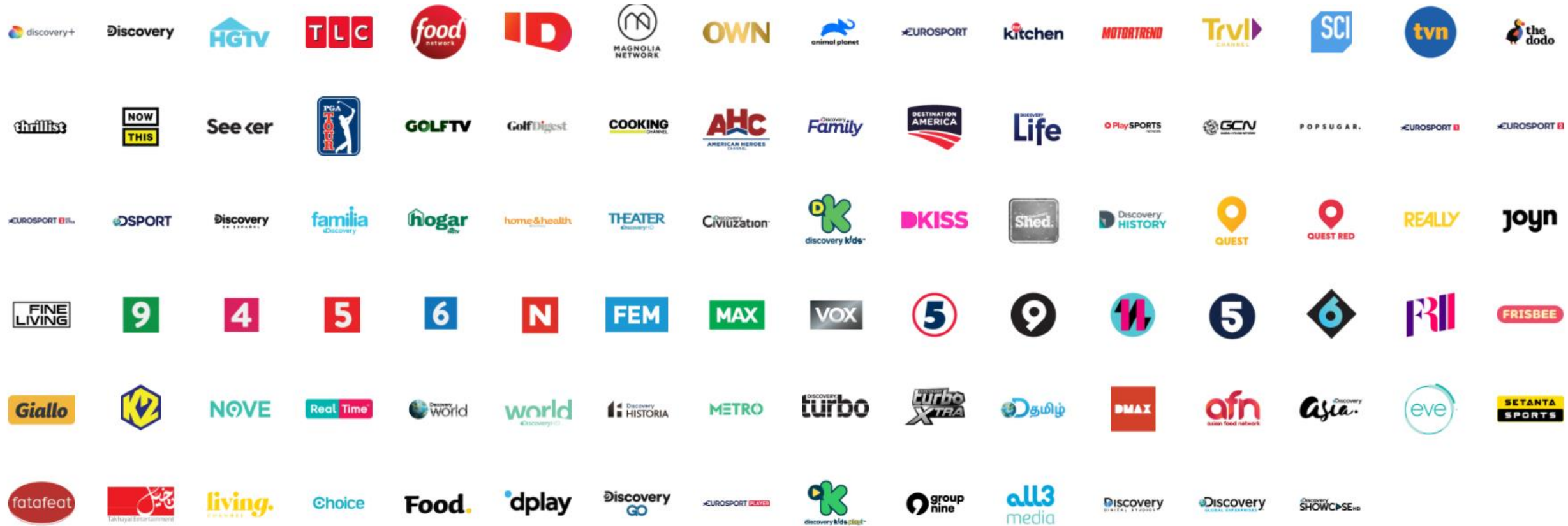
Year	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	209,906	243,491	287,319	330,417	373,372	418,176	468,357	524,560	577,016	634,718	685,495
% Growth		16.0%	18.0%	15.0%	13.0%	12.0%	12.0%	12.0%	10.0%	10.0%	8.0%
Operating Income	65,071	75,482	90,506	102,429	115,745	129,635	145,191	162,614	178,875	196,763	212,504
Operating Margin	31.0%	31.0%	31.5%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
Interest Expense (Income)	8,396	9,740	8,620	9,913	11,201	12,545	14,051	15,737	17,310	19,042	20,565
Interest % of Sales	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Before Taxes	73,467	85,222	99,125	92,517	104,544	117,089	131,140	146,877	161,565	177,721	191,939
Taxes	12,122	14,488	17,347	16,190	18,295	20,491	22,950	25,703	28,274	31,101	33,589
Tax Rate	16.5%	17.0%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Net Income	61,345	70,734	81,778	76,326	86,249	96,599	108,191	121,173	133,291	146,620	158,349
% Growth		15.3%	15.6%	-6.7%	13.0%	12.0%	12.0%	12.0%	10.0%	10.0%	8.0%
Add Depreciation/Amort	15,743	19,479	22,986	26,433	29,870	33,454	37,469	41,965	46,161	50,777	54,840
% of Sales	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Plus/(minus) Changes WC	(3,685)	(5,332)	(9,189)	(10,568)	(11,942)	(13,375)	(14,979)	(16,777)	(18,455)	(20,300)	(21,924)
% of Sales	-1.8%	-2.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%
Subtract Cap Ex	25,189	26,784	28,732	33,042	33,603	37,636	32,785	36,719	40,391	44,430	47,985
Capex % of sales	12.0%	11.0%	10.0%	10.0%	9.0%	9.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Free Cash Flow	48,215	58,098	66,843	59,150	70,574	79,042	97,895	109,642	120,606	132,667	143,280
% Growth		20.5%	15.1%	-11.5%	19.3%	12.0%	23.9%	12.0%	10.0%	10.0%	8.0%
NPV of Cash Flows	557,088	23%									
NPV of terminal value	1,824,338	77%								Terminal Value	4,318,872
Projected Equity Value	2,381,426	100%									
Free Cash Flow Yield	2.43%									Free Cash Yield	3.32%
Current P/E	32.3	28.1	24.3							Terminal P/E	27.3
<i>Projected P/E</i>	38.8	33.7	29.1								
Current EV/EBITDA	23.2	19.7	16.5							Terminal EV/EBITDA	15.7
<i>Projected EV/EBITDA</i>	28.1	23.9	20.0								
Shares Outstanding	690.82										
Current Price	\$ 2,872.20										
Implied equity value/share	\$ 3,447.25										
Upside/(Downside) to DCF	20.0%										
Debt	25,947										
Cash	135,863										
Cash/share	196.67										

Buy GOOGL stock with a target price of \$3,447.25 with an implied upside of 20% (16% upside from current stock price)

Sensitivity Analysis		Terminal Discount Rate					
		8.25%	8.50%	8.75%	9.00%	9.25%	9.50%
Terminal Growth Rate	5.00%	\$ 3,871.71	\$ 3,579.84	\$ 3,327.11	\$ 3,106.19	\$ 2,911.46	\$ 2,738.56
	5.25%	\$ 4,132.27	\$ 3,798.58	\$ 3,512.80	\$ 3,265.36	\$ 3,049.03	\$ 2,858.35
	5.50%	\$ 4,440.21	\$ 4,053.79	\$ 3,727.07	\$ 3,447.25	\$ 3,204.94	\$ 2,993.12
	5.75%	\$ 4,809.73	\$ 4,355.39	\$ 3,977.04	\$ 3,657.13	\$ 3,383.13	\$ 3,145.85
	6.00%	\$ 5,261.36	\$ 4,717.32	\$ 4,272.46	\$ 3,901.99	\$ 3,588.72	\$ 3,320.41

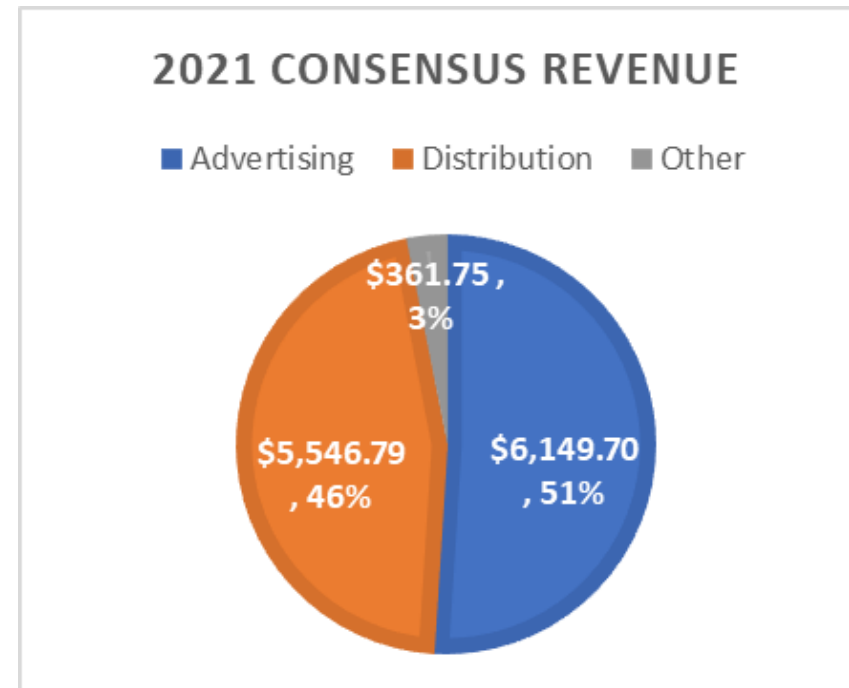
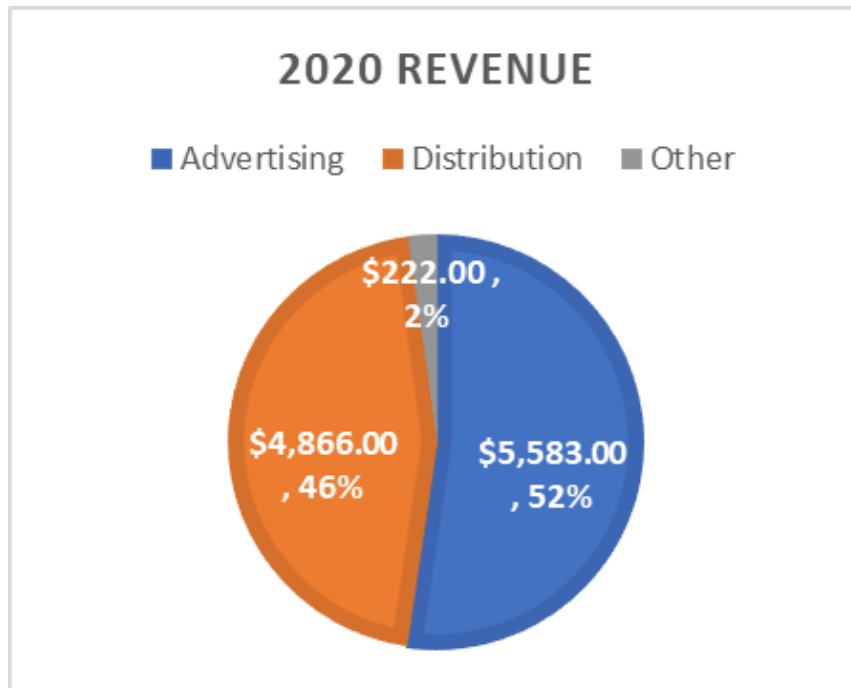
DISCOVERY INC (DISCA)

- Overview: A global media company, +220 countries & territories



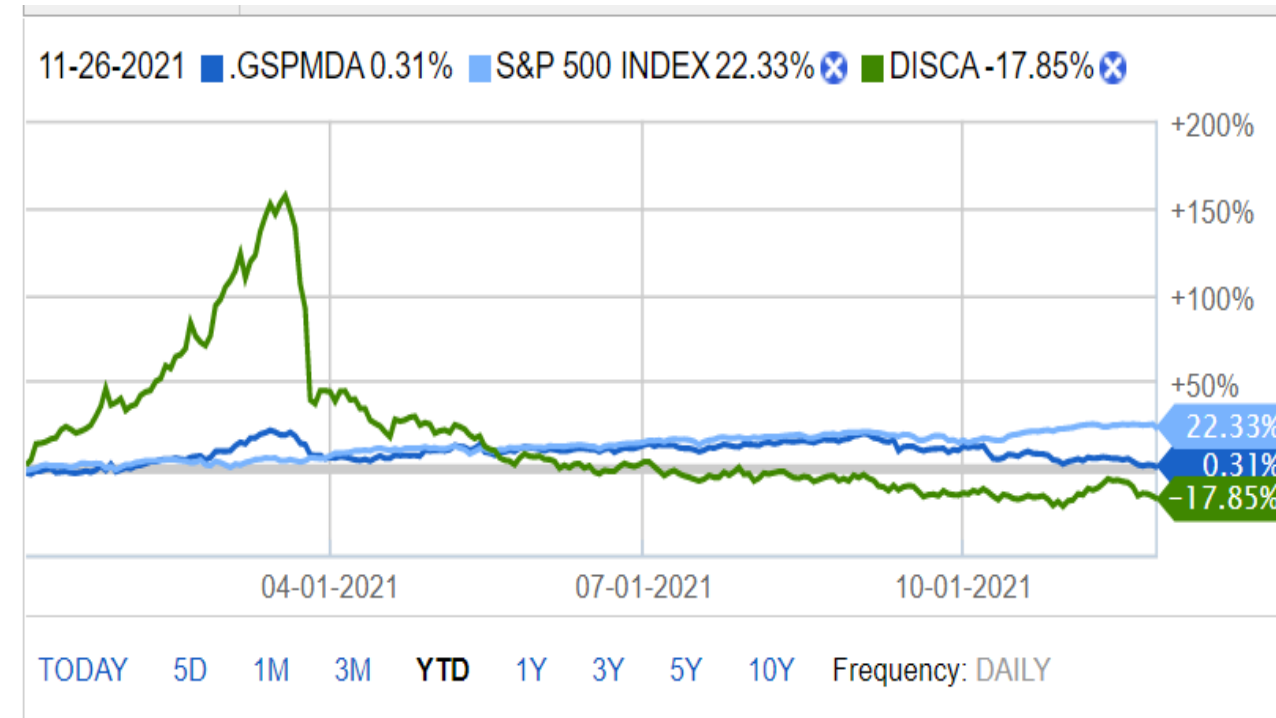
DISCOVERY INC (DISCA)

- Overview
 - Revenues from 3 main segments



DISCOVERY INC (DISCA)

- Business analysis
 - Competitors: Disney, AMC, ViacomCBS, and Fox Corp. Media industry not doing well.
 - Key drivers:
 - Consumer behavior
 - Regulatory status
 - Technology/emerging technologies
 - Macroeconomic conditions
 - Stock news: EPS beat last 3Q, stock was down, coming back



GSPMDA: media industry

DISCOVERY INC (DISCA)

- Financial analysis
 - Revenues and EPS growth

Year	Last reported year (2020)	Consensus 1 yr forward estimate	Consensus 2 yr forward estimate	Consensus 3 yr forward estimate
Revenue	10,671	12,201	12,690	12,959
% growth from prior year	-4.24%	14%	4%	2%
Earnings Per Share (GAAP)	1.81	1.87	2.05	2.4
% growth from prior year	-37.15%	3%	10%	17%

DISCOVERY INC (DISCA)

- Financial analysis
 - Current multiples indicated undervalue

Absolute Basis	High	Low	Median	Current
P/E	34.49	6.03	17.21	11.79
P/B	3.49	1	2.01	1.23
P/S	6.55	0.92	1.76	1.23
P/EBITDA	15.22	2.32	6.15	3.88

DISCOVERY INC (DISCA)

- Valuation
 - Valuation multiples: average target price higher than current price, upside 13%

Absolute Valuation	Current Stock Price	Current Multiple	Your Target Multiple	Target/Current	Target Price	Ave Target price
P/E	28.31	11.79	9.4	0.80	22.57	32.03
P/B	28.31	1.23	2	1.63	46.03	32.03
P/S	28.31	1.23	1	0.81	23.02	32.03
P/EBITDA	28.31	3.88	5	1.29	36.48	32.03

DISCOVERY INC (DISCA)

- Valuation
 - Discount cash flow model
 - Majority prices are higher than current price

Though both models indicated higher target price (upside 11-13%), performance is still below S&P500 and other industries within Communication Service.
Recommend sell DISCA.

DCF		Discount rate		
		9%	10%	11%
Growth rate	1.50%	\$29.60	\$26.50	\$24.03
	2.50%	\$31.67	\$27.95	\$25.09
	3.50%	\$34.49	\$29.86	\$26.43

Meta Platforms, Inc. Overview



Overview
Market cap: \$926.66B
Beta: 1.27
Dividend yield: N/A
52-week range: 244.61 - 384.33
Diluted shares outstanding: 2.37B

- Develops social networking products such as Facebook, Instagram, Messenger, WhatsApp, etc.

Mainly two lines of business:

- Advertising: generates money by selling advertising displayed on websites or applications
- Hardware products: Oculus virtual reality headsets and the Facebook Portal.

Business Analysis



Fundamental Growth Drivers

- Metaverse
- Development of Oculus virtual reality business

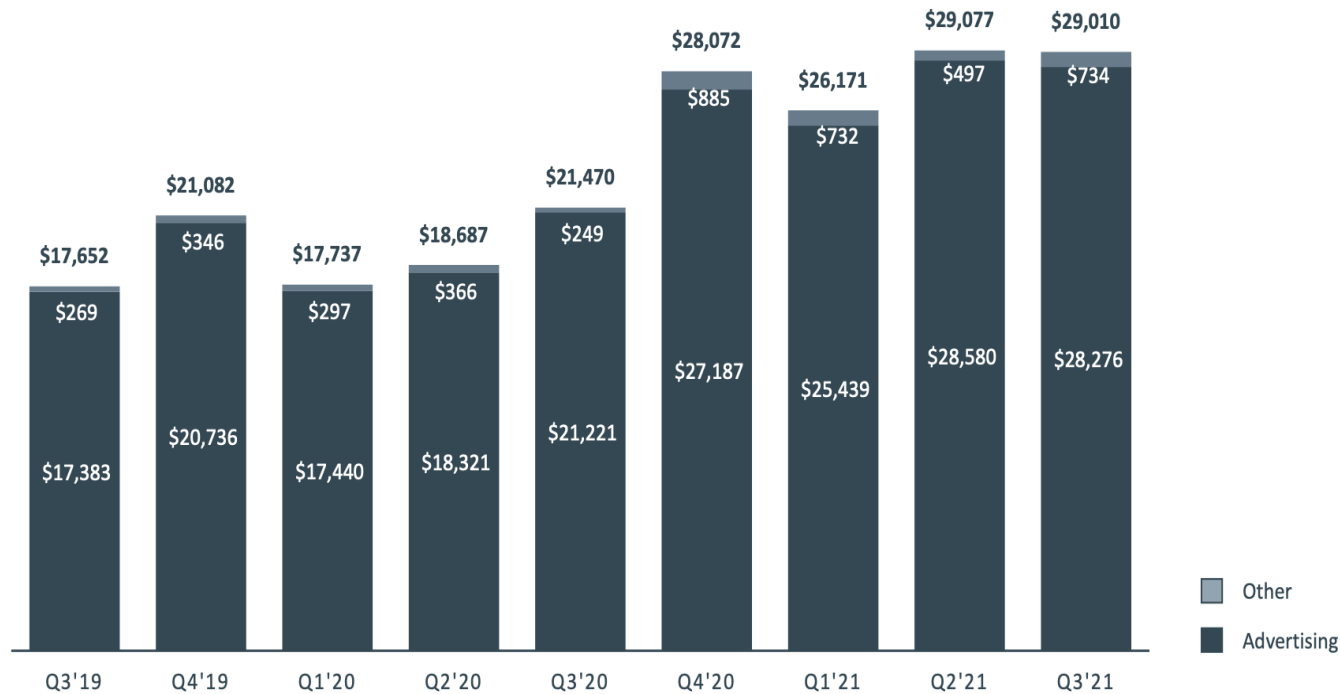
Competitive Advantages

- Massive user base
- Digital advertising
- Continuous innovation

Potential Risks

- Lack of revenue diversification: digital advertising occupies 98% of the company's revenue.
- Point of saturation: decreasing growth rate of new users.
- Intense competition in industry of social media: users have little costs to switch to other apps, and new apps come fast such as Snapchat.
- Regulatory risk

Financial Analysis



The growth rate is decreasing

Income Statement (in millions, except per share amounts)	Year Ended December 31,				
	2020	2019	2018	2017	2016
<i>Consensus</i>					
Revenue	\$ 85,965	\$ 70,697	\$ 55,838	\$ 40,653	\$ 27,638
Advertising	\$ 84,169	\$ 69,655	\$ 55,013	\$ 39,942	\$ 26,885
Other revenue	\$ 1,796	\$ 1,042	\$ 825	\$ 711	\$ 753
Growth rate	22%	27%	37%	47%	54%

Financial Analysis



Absolute Basis	High	Low	Median	Current
P/E	1.55K	17.32	38.54	28.3044
P/B	12.07	2.91	6.43	7.8121
P/S	17.49	5.51	10.38	9.0401
P/EBITDA	58.28	12.95	25.80	20.3115

Ticker	P/E	P/S	P/B	P/CF	EV/ EBITDA
Your Ticker	28.3044	9.0401	7.8121	20.2565	15.4056
SNAP	-	28.7249	41.4736	956.1250	226.7069
TWITTER	155.6251	10.1897	6.7191	38.0000	32.3509
PINTEREST	143.0790	13.6597	14.3091	51.6111	45.7779
GOOGL	22.8478	9.3309	4.7569	25.2691	17.8435
AMZN	48.8494	3.7319	7.5018	23.4817	24.1547
Average	79.7411	12.4462	13.7621	182.7906	60.3733

Analyst: Yutao Ren				Terminal Discount Rate =				9.0%				
2021/9/21				Terminal FCF Growth =				5.5%				
(in millions)												
Year	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	
Revenue	116,053	145,066	169,727	195,186	218,609	238,283	257,346	275,360	291,882	309,395	326,411	
% Growth		25.0%	17.0%	15.0%	12.0%	9.0%	8.0%	7.0%	6.0%	6.0%	5.5%	
Operating Income	48,369	58,431	58,835	66,363	74,327	81,016	87,498	93,622	99,240	105,194	110,980	
Operating Margin	41.7%	40.3%	34.7%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	
Interest Expense (Income)	1,018	1,527	2,291	2,928	3,279	3,574	3,860	4,130	4,378	4,641	4,896	
Interest % of Sales	0.9%	1.1%	1.3%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Income Before Taxes	49,387	59,958	61,125	63,436	71,048	77,442	83,637	89,492	94,862	100,553	106,084	
Taxes	8,396	11,992	12,225	13,956	15,631	17,037	18,400	19,688	20,870	22,122	23,338	
Tax Rate	17.0%	20.0%	20.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	
Net Income	40,992	47,967	48,900	49,480	55,417	60,405	65,237	69,804	73,992	78,432	82,745	
% Growth		17.0%	1.9%	1.2%	12.0%	9.0%	8.0%	7.0%	6.0%	6.0%	5.5%	
Add Depreciation/Amort	9,264	11,580	13,548	15,615	17,489	19,063	20,588	22,029	23,351	24,752	26,113	
% of Sales	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
Plus/(minus) Changes WC	(4,742)	(4,352)	(3,699)	(3,904)	(4,372)	(4,766)	(5,147)	(5,507)	(5,838)	(6,188)	(6,528)	
% of Sales	-4.1%	-3.0%	-2.2%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	
Subtract Cap Ex	16,505	17,330	18,197	20,495	22,954	25,020	27,021	28,913	30,648	32,486	34,273	
Capex % of sales	14.2%	11.9%	10.7%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	
Free Cash Flow	29,008	37,864	40,552	40,696	45,580	49,682	53,657	57,413	60,857	64,509	68,057	
% Growth		30.5%	7.1%	0.4%	12.0%	9.0%	8.0%	7.0%	6.0%	6.0%	5.5%	
NPV of Cash Flows	317,267	27%										
NPV of terminal value	866,545	73%								Terminal Value	2,051,426	
Projected Equity Value	1,183,811	100%										
Free Cash Flow Yield	2.81%									Free Cash Yield	3.32%	
Current P/E	25.2	21.5	21.1							Terminal P/E	24.8	
<i>Projected P/E</i>	28.9	24.7	24.2									
Current EV/EBITDA	17.0	14.0	13.6							Terminal EV/EBITDA	14.6	
<i>Projected EV/EBITDA</i>	19.6	16.2	15.6									
Shares Outstanding	2,889											
Current Price	\$ 357.48											
Implied equity value/share	\$ 409.82											
Upside/(Downside) to DCF	14.6%											
Debt	12,563											
Cash	64,080											
Cash/share	22.18											

With target price of \$409.82,
14.6% upside, recommend a HOLD

Valuation



Absolute Valuation	Current Stock Price	Current Multiple	Your Target Multiple	Target/Current	Target Price	Average Target Price
P/E	\$382.18	28.31	35.00	1.24	\$473.90	\$413.71
P/B	\$382.18	7.81	7.00	0.90	\$343.96	\$413.71
P/S	\$382.18	10.38	10.00	0.96	\$366.89	\$413.71
P/EBITDA	\$382.18	20.32	25.00	1.23	\$470.08	\$413.71

Sensitivity Analysis		Terminal Discount Rate				
		8%	8.50%	9%	9.50%	10%
Terminal Growth Rate	4.50%	\$ 441.26	\$ 384.82	\$ 340.95	\$ 305.88	\$ 277.22
	5.00%	\$ 497.39	\$ 425.19	\$ 371.08	\$ 329.01	\$ 295.38
	5.50%	\$ 575.96	\$ 479.03	\$ 409.82	\$ 357.93	\$ 317.59
	6.00%	\$ 693.82	\$ 554.41	\$ 461.48	\$ 395.11	\$ 345.34
	6.50%	\$ 890.26	\$ 667.47	\$ 533.80	\$ 444.68	\$ 381.03

Disney Overview



Overview

Industry	Media & Entertainment
Market Cap	\$324 Billion
Beta 5Y.	1.2
Dividend Yield	0.49% (3 yr Trailing)
52-Week High	\$203.02
52-Week Low	\$134.10
Sector	Communication Services
Diluted Shares Outstanding	1.82 Billion

- Worldwide media conglomerate. Provides top tier entertainment
- Has become a dominant, international leader in the entertainment industry
 - Media/Cable Network creation and acquisition
 - Parks and Experiences
- Known for its "Family Friendly" entertainment but has its hand in a variety of industries

Business Analysis



Fundamental Growth Drivers

- Disney+
 - The company's saving grace during the pandemic
 - 3rd most popular streaming service worldwide

Competitive Advantages

- Incredibly Loyal Customer Base
- Market Domination
 - Owns and operates Lucasfilm, Marvel, Pixar, 20th Century Studios
 - Responsible for creation of the Box Office Opening Weekend top 4
- Theme Parks (usually) Lead the Way
 - Revenues from their parks were responsible for the majority of their operating income
 - Just saw their first profit in this segment since the beginning of the pandemic



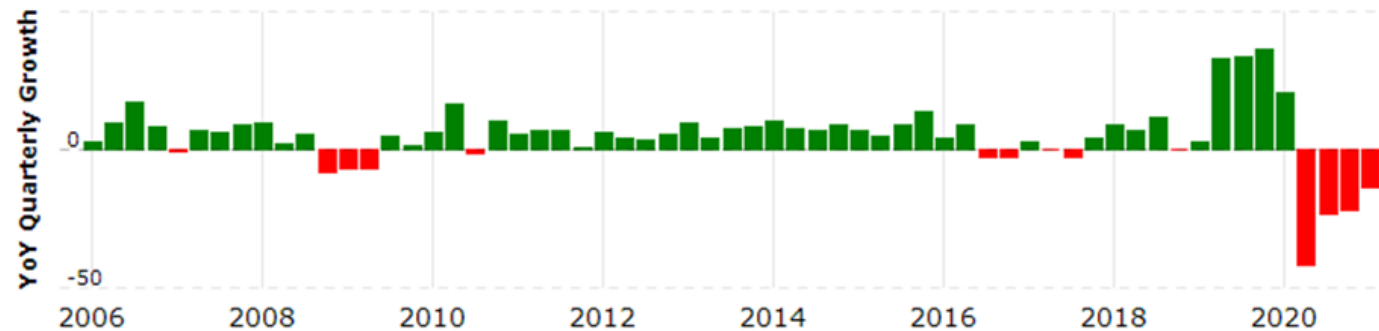
Financial Analysis



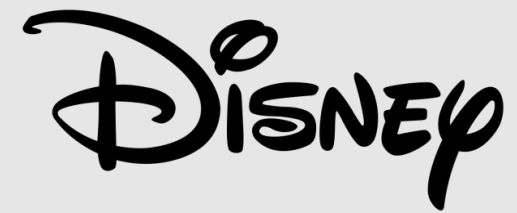
Poor 2021 Q4 performance

- Underperformed Wall Street's estimates on both earnings and revenue
 - After outperforming their expectations in Q3
- International Parks still unable to break a profit
- Disney+ subscriber count halts tremendously
 - CEO Bob Chapek warned this would happen

		Sensitivity Analysis				
		Discount Rate				
		8.50%	8.75%	9.00%	9.25%	9.50%
4.25%		\$ 212.63	\$ 199.70	\$ 188.15	\$ 177.77	\$ 168.39
4.50%		\$ 222.92	\$ 208.66	\$ 196.00	\$ 184.69	\$ 174.52
Terminal Growth Rate	4.75%	\$ 234.58	\$ 218.74	\$ 204.78	\$ 192.38	\$ 181.30
	5.00%	\$ 247.91	\$ 230.16	\$ 214.65	\$ 200.98	\$ 188.84
	5.25%	\$ 263.29	\$ 243.21	\$ 225.84	\$ 210.65	\$ 197.26



Valuation



Walt Disney Company (DIS)											
Analyst: Charlie Minnici 9/21/2021											Terminal Discount Rate = 9.00%
											Terminal FCF Growth = 4.75%
(000s)											
Year	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue	67,350	77,452	85,197	93,717	103,089	113,398	124,737	137,211	150,932	166,025	182,628
% Growth		15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operating Income	16,837	19,363	21,299	23,429	25,772	28,349	31,184	34,303	37,733	41,506	45,657
Operating Margin	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Interest Income	(673)	(775)	(852)	(937)	(1,031)	(1,134)	(1,247)	(1,372)	(1,509)	(1,660)	(1,826)
Interest % of Sales	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Taxes	3,536	4,066	4,473	4,723	5,196	5,715	6,287	6,915	7,607	8,368	9,204
Tax Rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Net Income	12,291	14,135	15,549	19,643	21,607	23,768	26,145	28,759	31,635	34,799	38,279
% Growth		15.0%	10.0%	26.3%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Add Depreciation/Amort	1,347	1,549	1,704	1,874	2,062	2,268	2,495	2,744	3,019	3,321	3,653
% of Sales	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Plus/(minus) Changes WC	3,045	(3,586)	(2,750)	(3,025)	(3,327)	(3,660)	(4,026)	(4,428)	(4,871)	(5,358)	(5,894)
% of Sales	4.5%	-4.6%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%
Subtract Cap Ex	4,041	4,647	5,112	5,623	6,185	6,804	7,489	8,148	8,887	9,699	10,587
Capex % of sales	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Free Cash Flow	12,642	7,451	9,391	12,870	14,157	15,573	19,625	21,587	23,746	26,120	28,732
% Growth		-41.1%	26.0%	37.0%	10.0%	10.0%	26.0%	10.0%	10.0%	10.0%	10.0%
NPV of Cash Flows	104,419	26%									
NPV of terminal value	299,138	74%								Terminal Value	708,168
Projected Equity Value	403,557	100%									
Free Cash Flow Yield	3.56%									Free Cash Yield	4.06%
Current P/E	28.9	25.1	22.8							Terminal P/E	18.5
Projected P/E	32.8	28.6	26.0								
Current EV/EBITDA	17.3	15.1	13.7							Terminal EV/EBITDA	13.6
Projected EV/EBITDA	20.0	17.4	15.8								
Shares Outstanding	1,971										
Current Price	\$ 179.98	premarket after preannouncement									
Implied equity value/share	\$ 204.78										
Upside/(Downside) to DCF	13.8%										
Debt	16,070										
Cash	55,431										
Cash/share	28.13										

BUY DIS stock with a target price of \$204.78 with an implied upside of 13.8% (38% from it's current stock price)

Final Recommendation

Company	Stock Price	Valuation Price	Upside/Downside	Rating	Current Bps	Recommended Bps
Alphabet	\$2,982.96	\$3,447.25	16%	BUY	518	500
Meta Platforms	\$338.03	\$409.82	21%	HOLD	469	469
Disney	\$179.98	\$204.78	13.8%	HOLD	103	110
Discovery	\$25.15	\$27.95	11%	SELL	47	0