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Team 4

Outline

01 Recommendation + About Walt Disney

02 Content Sales/ Licensing

03 Streaming Services

04 Parks & Experiences

05 Conclusion

ABOUT WALT DISNEY

Walt Disney, Founder of The Walt Disney Company

- Walt Disney started off as an animation company and has since transformed into a conglomerate of businesses ranging from media entertainment to theme parks, experiences and products.

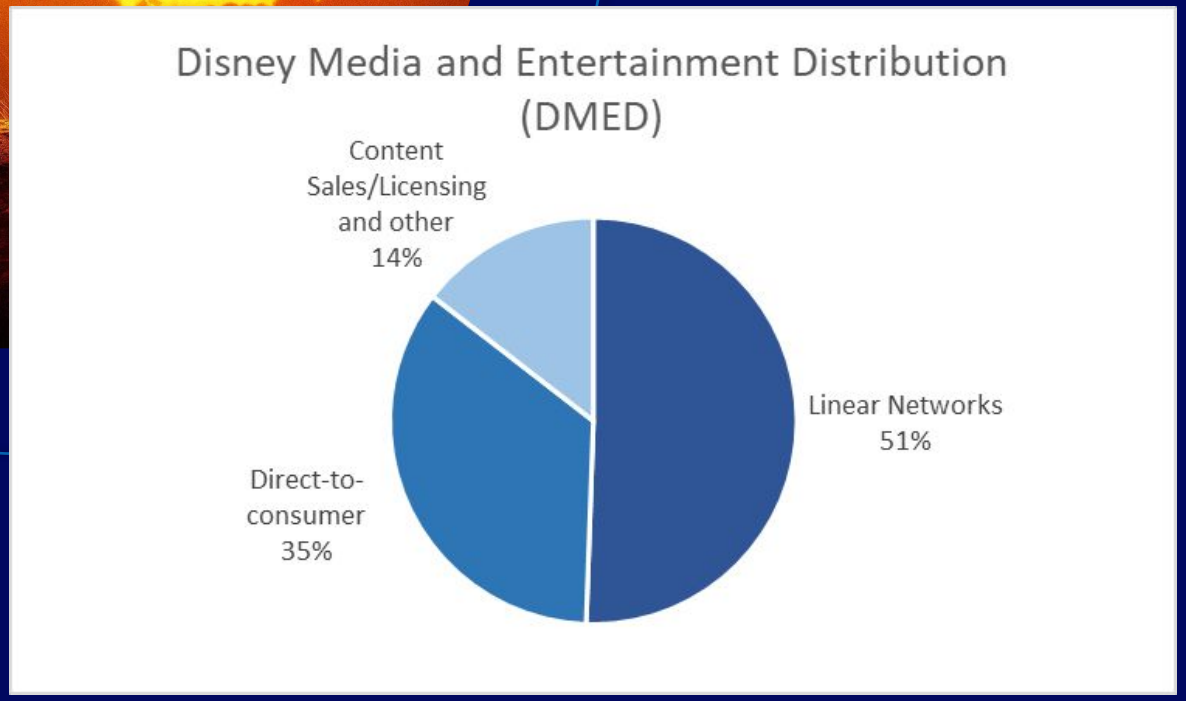
- Walt Disney can be split into two main business ventures:
  - Disney Media and Entertainment Distribution(DMED)
  - Disney Parks, Experiences and Products(DPEP)

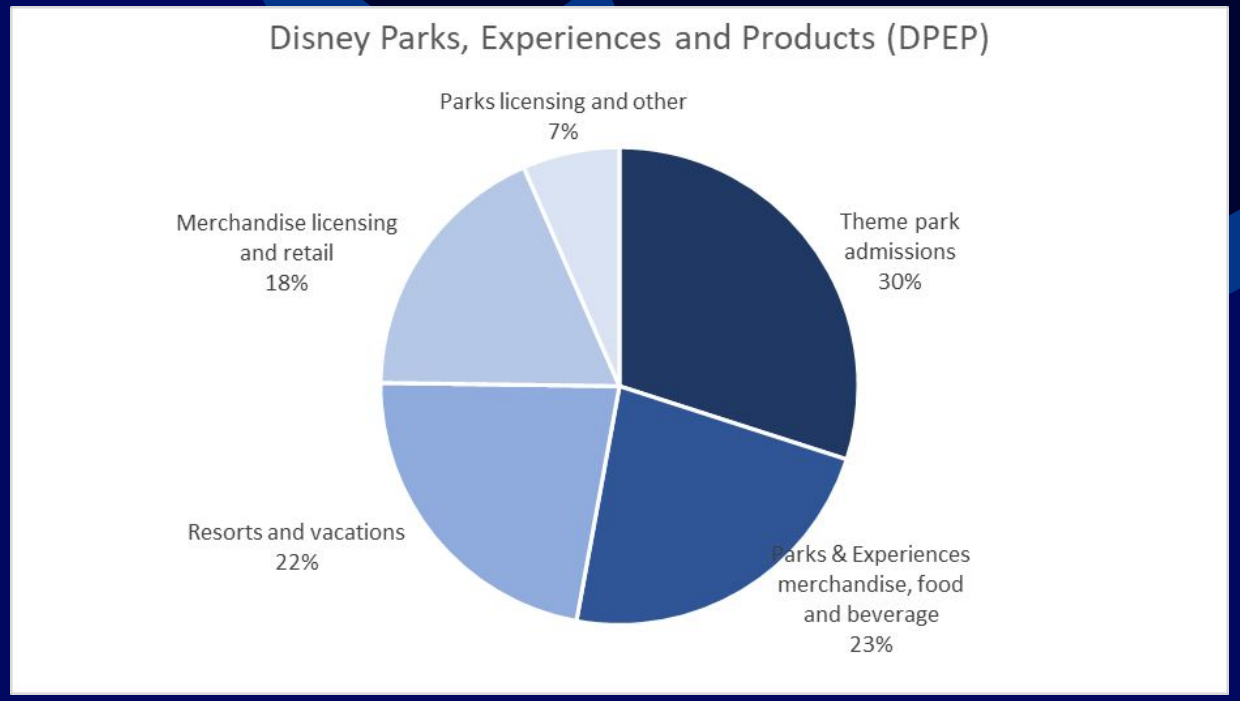
- Disney's business model revolves around creating unforgettable experiences for all families and kids at heart.

STRONG BRANDING

- Disney World provides young kids and families the opportunity to interact with childhood defining characters - truly an experience that cannot be replicated elsewhere
- Their streaming service, Disney+ have also maintained their brand as they stream content from Disney, Fox, Marvel and Star

REVENUE SEGMENTS





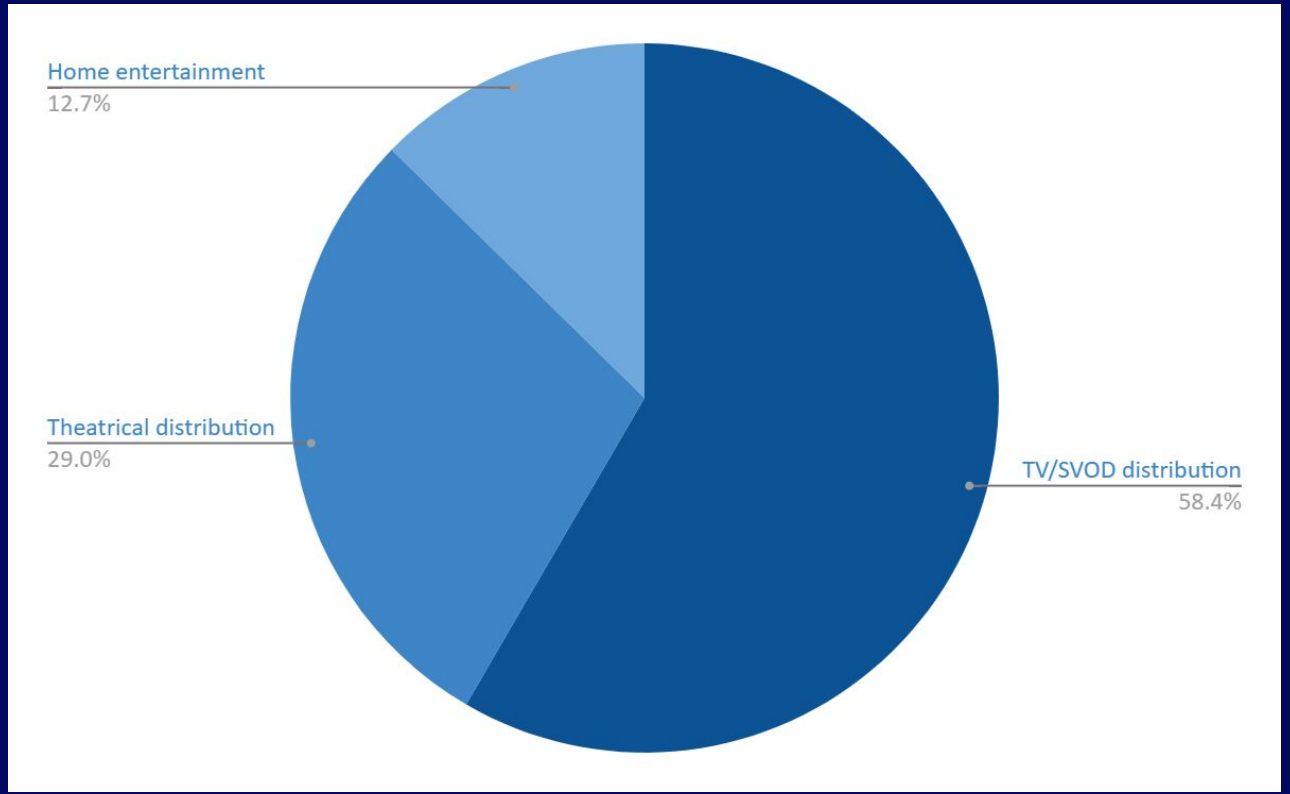
Revenue Contribution : 66%

Revenue Contribution : 34%

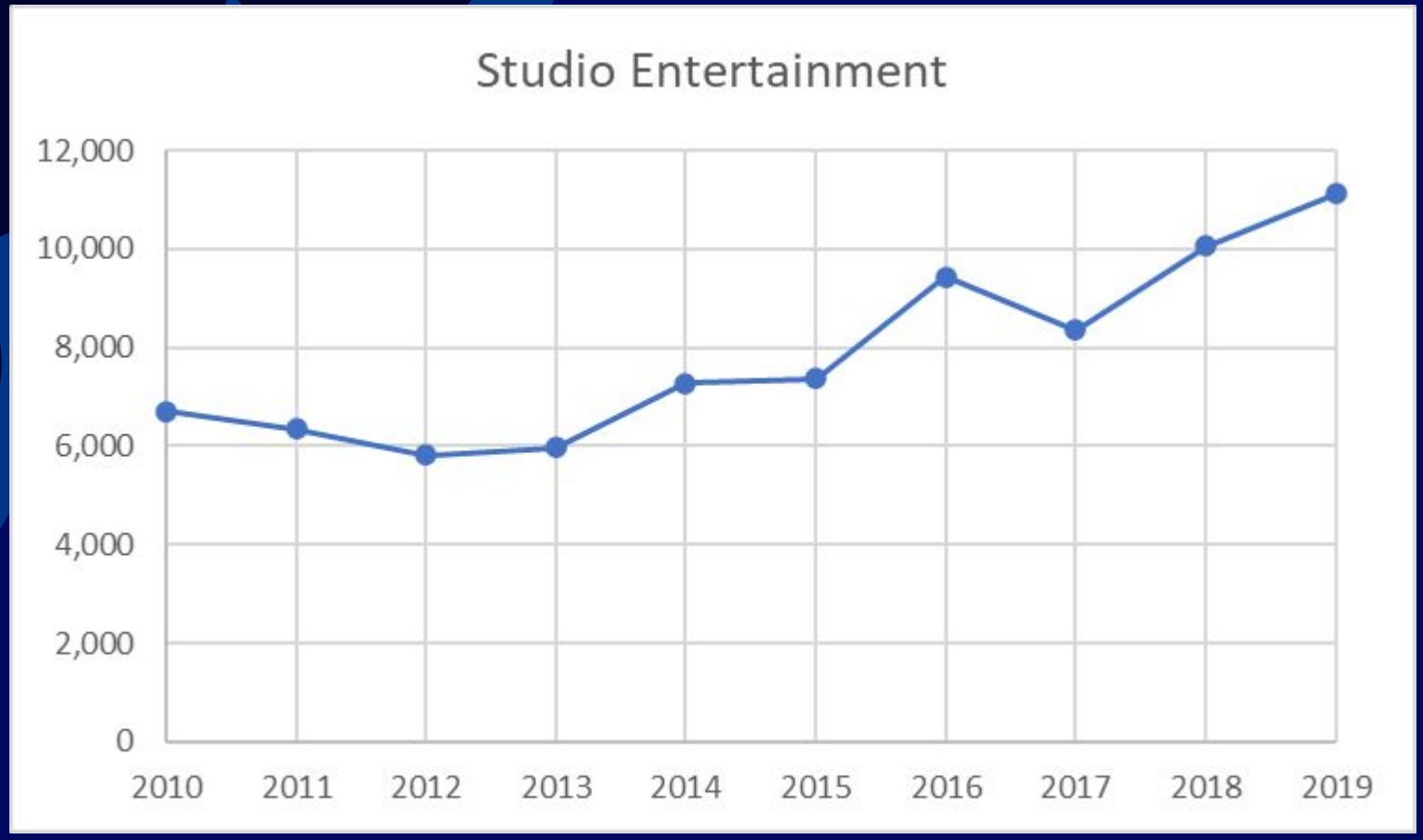

Content Sales & Licensing
Disney · PIXAR
ATATOUILLE
Disney
SnowWhite
AND THE SEVEN DWARFS
Walt Disney's
PETER PAN
2-Disc Platinum Edition
MULAN
Disney
101
DALMATIANS
Walt Disney Pictures presents
HERCULES
Disney's
THE LITTLE
MERMAID
THE COMPLETE SERIES
Disney
BEAUTY
AND THE BEAST
Disney
TOY
STORY
Walt Disney
TARZAN
Disney
THE
LION KING
Disney · PIXAR
MONSTERS, INC.
Cinderella
Disney's
Lilo & Stitch
There are 3.7 trillion fish in the ocean.*
They're looking for one.
Disney · PIXAR
FINDING
NEMO
May 30
Disney
Frozen
FROM THE CREATORS OF UP
Disney · PIXAR
INSIDE
OUT
Disney
ENCANTO
Disney
MOANA
TURNING
RED
Walt Disney

Segments contributing to bulk of revenue

- TV/SVOD distribution
- Theatrical distribution
- Home entertainment

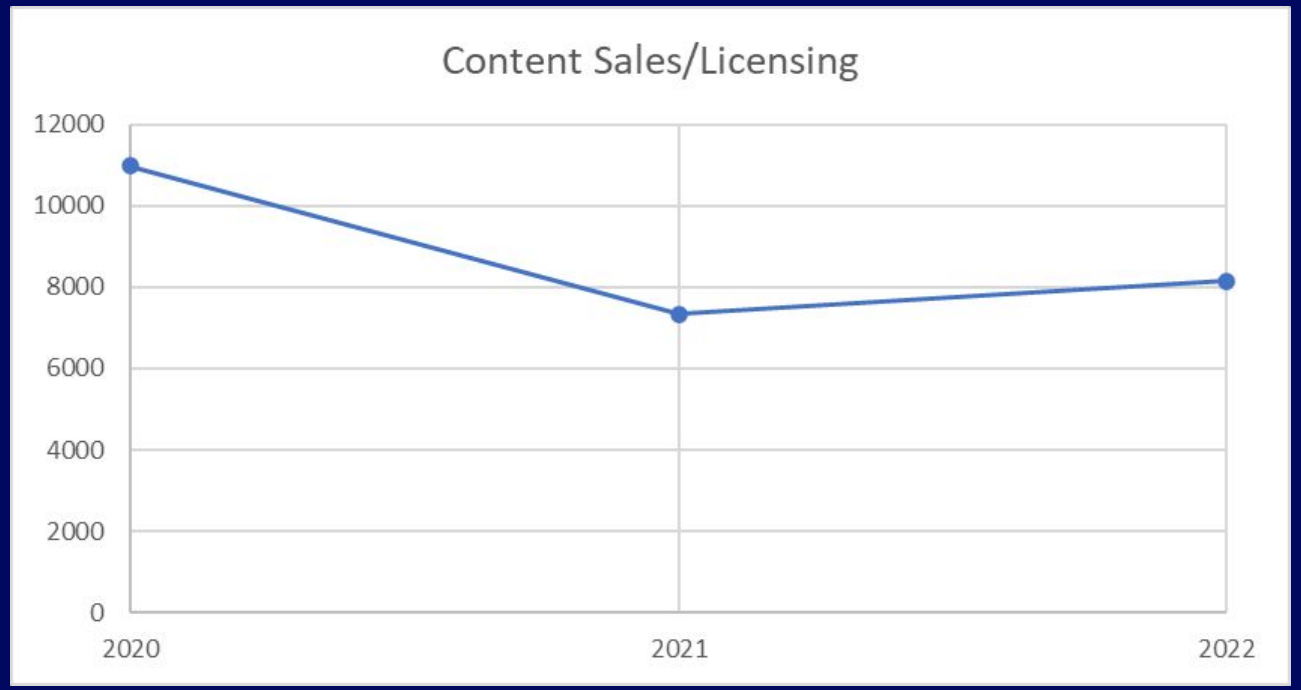


Past Revenue Trend



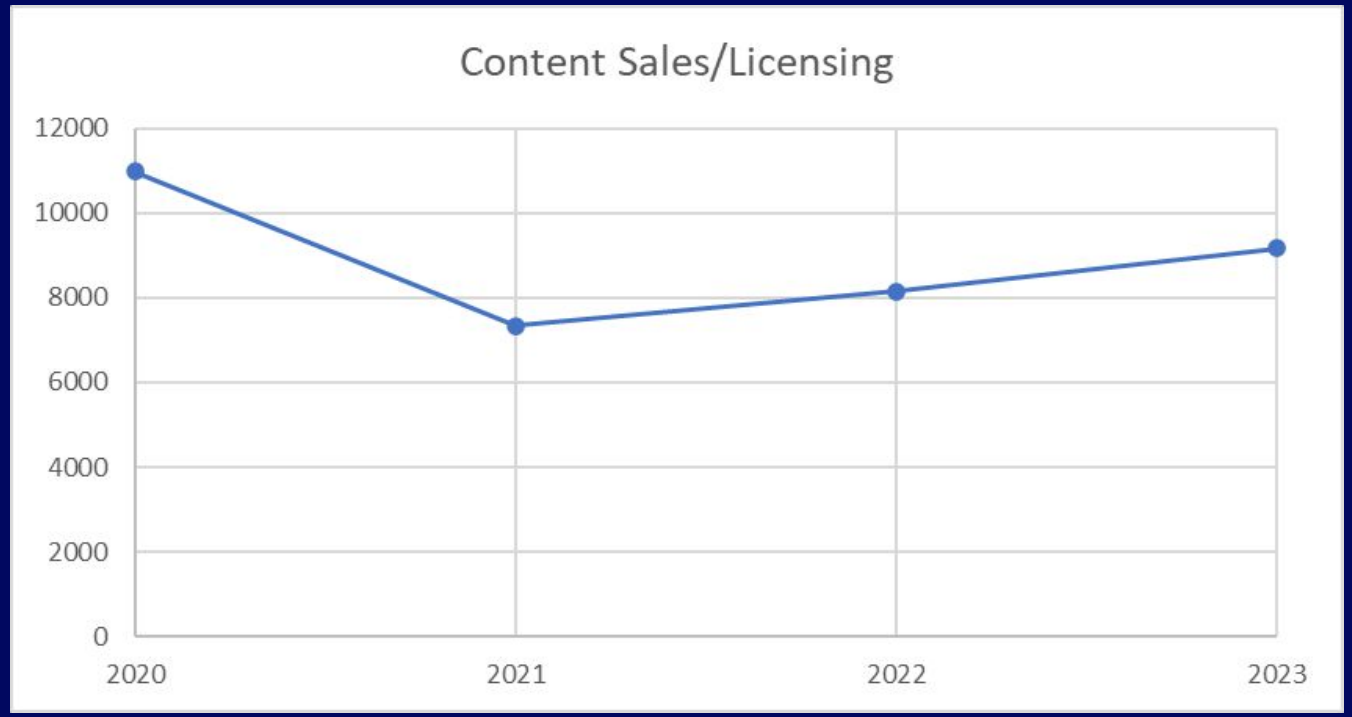
Past Revenue Trend

- Decrease in TV/SVOD distribution due to consumers shifting to streaming services
- Decrease in theatrical distribution due to disruptions in content creation and lockdown measures
- Lower revenue offset by the related reduction in film cost amortization and distribution costs



Expectation of Future Revenue

- Revenue expected to **increase** from $8146 million in 2022 to $9161.5 million in 2023
- Previous CEO Bob Chapek shifted decision making related to content from creative departments
- Current CEO Bob Iger will shift decisions related to content back to the creative departments



Expectation of Future Revenue

DISNEY BOX OFFICE PERFORMANCE

2017: $5B

2018: $7B

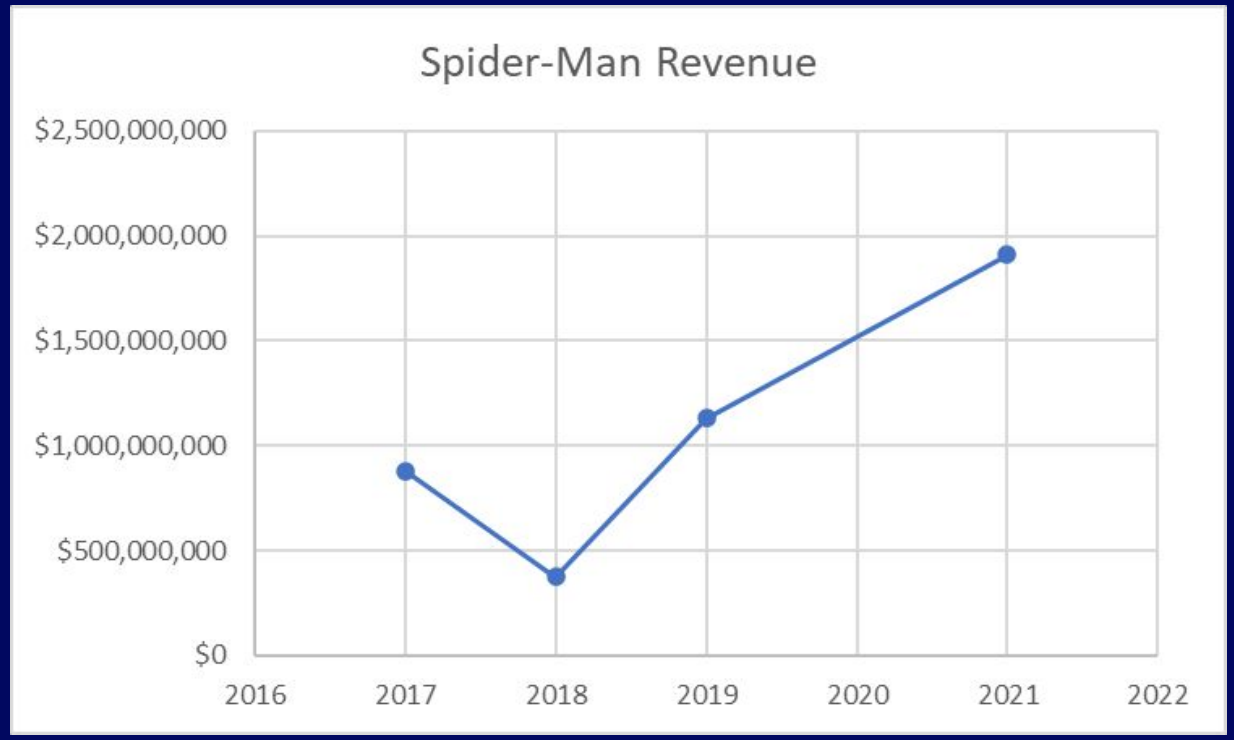
2019: $11.1B

Generated nearly **$3.5B** In Global Box Office 2022

Highest-grossing movie franchises and series worldwide (as of June 2022): Marvel Cinematic Universe

Growing Box Office Revenue for Spider-Man Movies

- Revenue generally increases from $878,271,291 to $1,910,048,245
- Strategy of capitalizing on past content
- Success of strategy can be seen in Avatar: The Way of Water which was the 4th biggest film globally with close to $2.2 billion earned at the box office



STREAMING SERVICES

STAR+

ESPN+

hulu

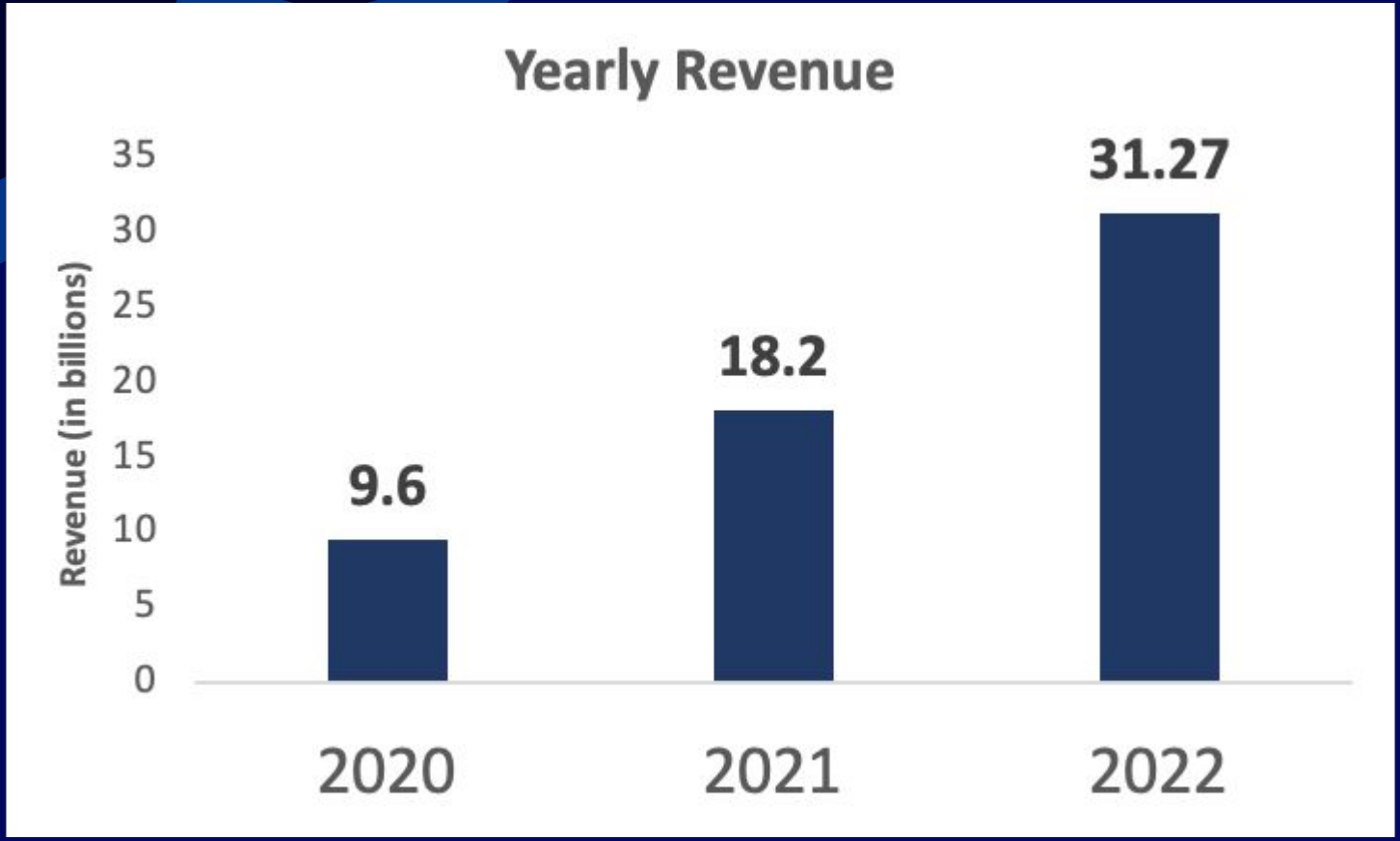
FOX

Only launched in 2019

Disney+

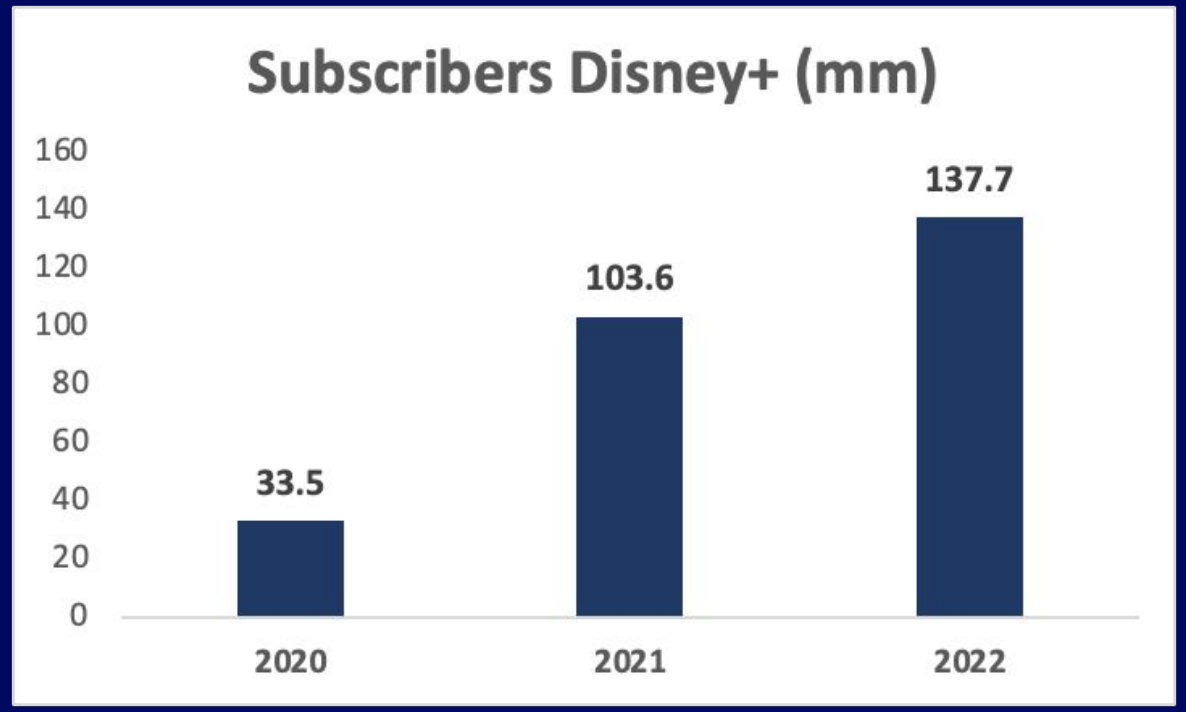
Walt Disney

YEARLY REVENUE



DURING THE PANDEMIC

- Surge in subscribers during pandemic
- Disney+ in particular saw significant growth, surpassing 100 million subscribers in early 2021, well ahead of schedule.



Increase in Revenue

- The app has been downloaded over 200 million times since launch
- Integration of Disney+ and Star
- Rolling of the economic bundle package
- Star wars franchise growth, marvel episodes released weekly
- Profits expected in fiscal year 2024

Parks, Experiences & Products

Walt Disney World®
Florida

Disneyland® Resort
California

Shanghai Disney Resort
上海迪士尼度假区

Hong Kong Disneyland

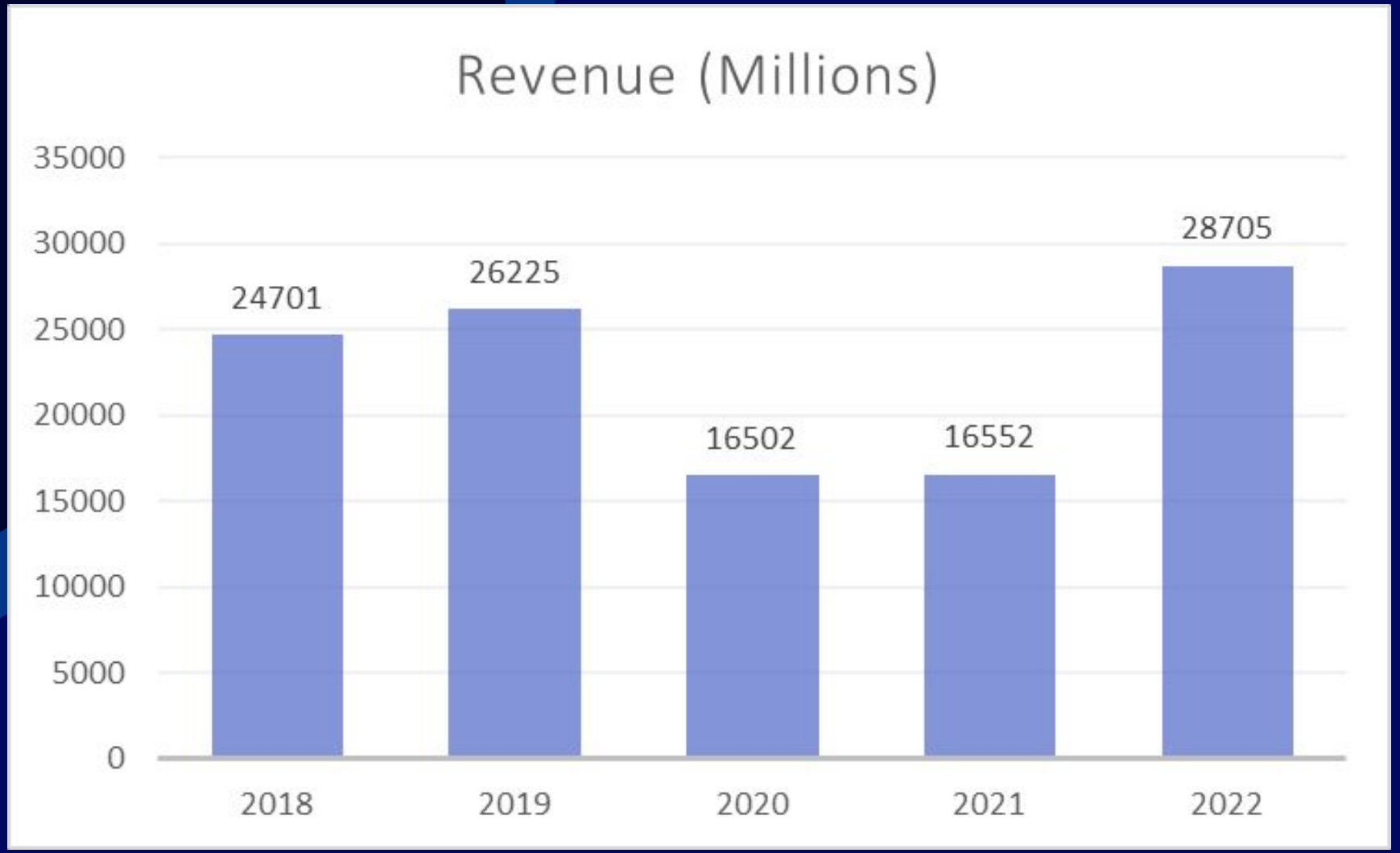
and more...

Disney Cruise Line

Disneyland® Paris

Walt Disney

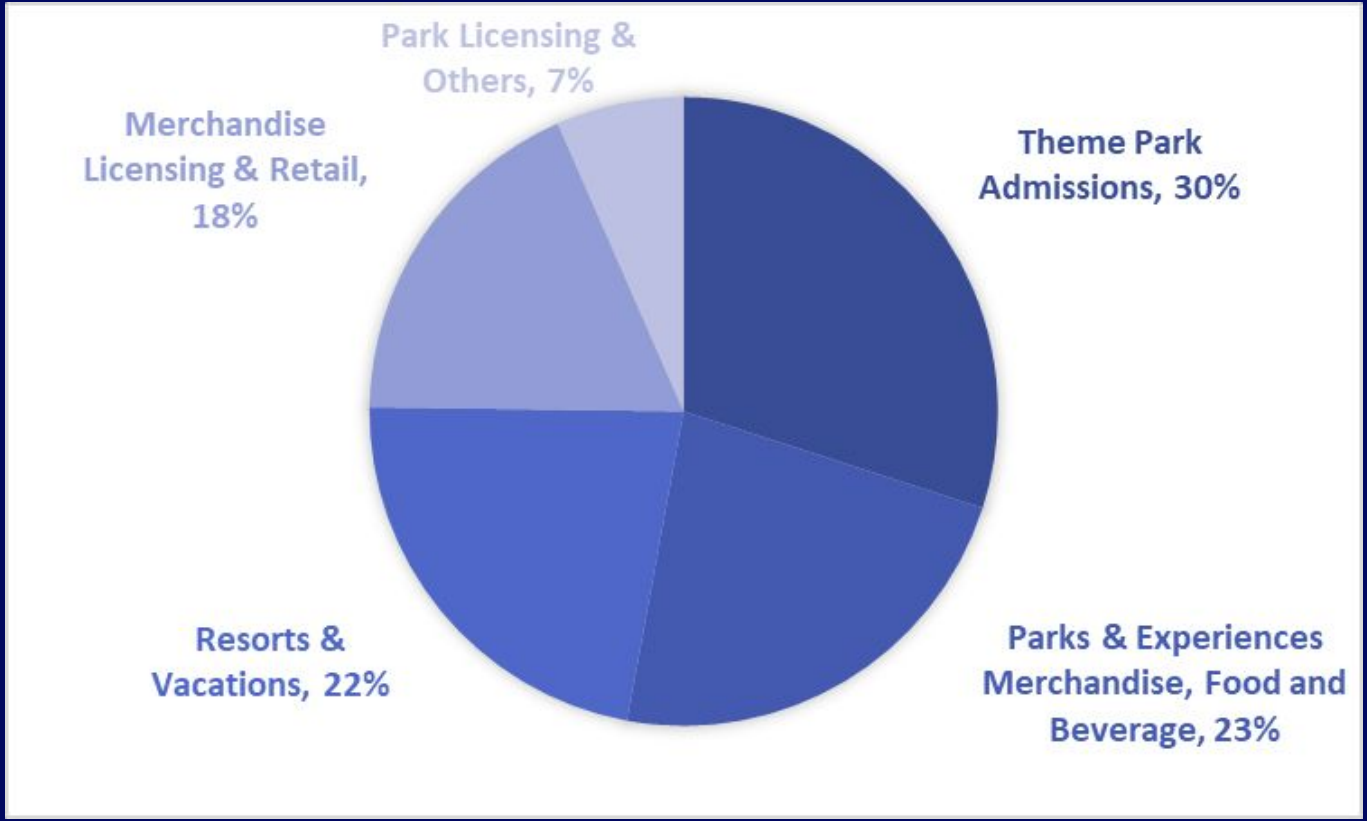
Yearly Revenue



Segment Breakdown of Revenue

Segments contributing to bulk of the revenue:

- **Theme Park Admissions**
- **Parks & Experiences merchandise, food and beverage**
- **Resorts and vacations**



Increased Ticket and Resort Prices caused 5% increase in revenue

Demand Inelastic & Adaptive Nature

Theme Park Admission prices +8%

Attendance -2%

} Revenue +5%

Resort & Vacations prices +1-2%

} Revenue +6%

Merchandise, food and beverage sales

New Products

} Revenue +5%

$24701 Billion → +$1524 Billion → $26225 Billion

COVID-19 caused 46% drop in Ticket Revenue between 2020-2021

COVID-19

Theme Park Admission Tickets } **Revenue -46%**

Merchandise, food and beverage sales } **Revenue -42%**

Resort & Vacations } **Revenue -46%**

Weeks of Operation

	2019	2020	2021
Walt Disney World Resort	52	36	52
Disneyland Resort	52	24	22
Disneyland Paris	52	35	19
Hong Kong Disneyland Resort	52	22	40
Shanghai Disney Resort	52	38	52

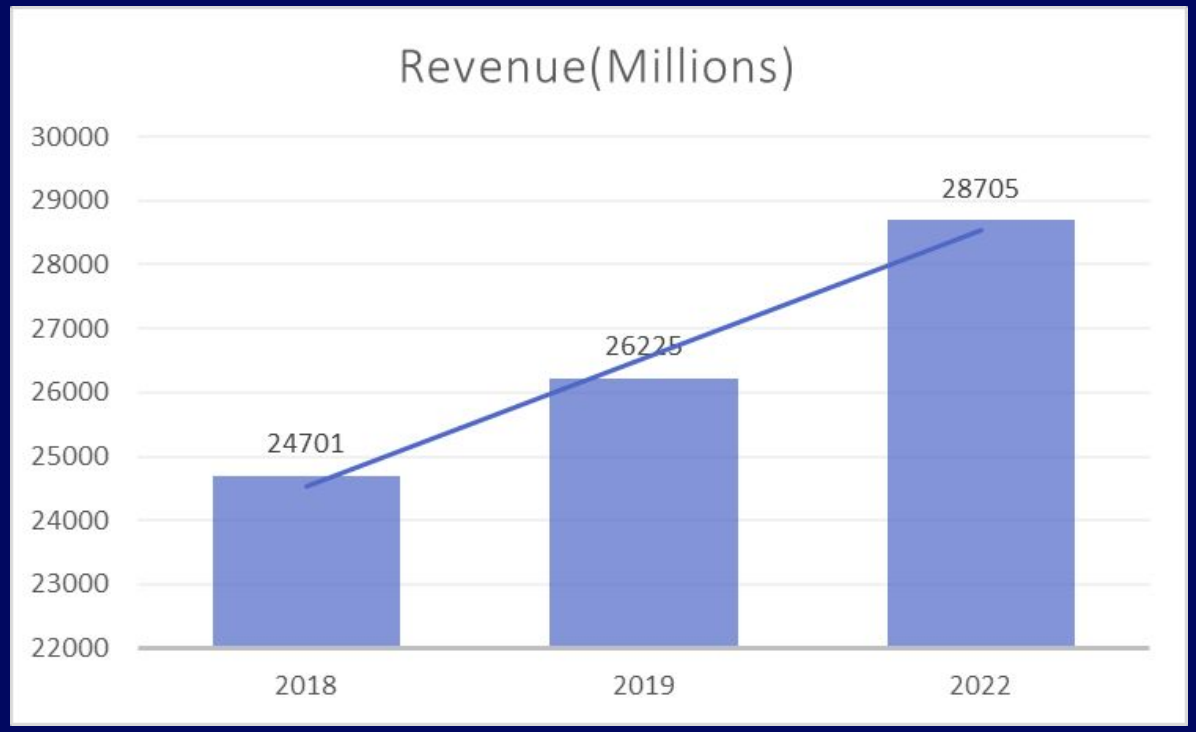
$26224 Billion → **-$9672 Billion** → **$16552 Billion**

Disney Outperforming previous years after COVID-19

Theme Park Admission Tickets } Revenue ~+14%

Merchandise, food and beverage sales } Revenue ~+9%

Resort & Vacations } Revenue ~+2%



9% ($2480 Billion) Growth in overall segment revenue in 2022 compared to 2019

Disney's Existing/Future Plans to Continue Growing Revenue

Content Sales & Licensing	Live-action remakes such as The Little Mermaid New Marvel Movies such as Guardians of the Galaxy Vol 3 and Spider-Man: Across the Spider-Verse
Direct to Consumer: Disney+	Expanding content library in more languages Expanding to more countries in Latin America and Asia Launching Ad-Based subscription
Parks , Experiences & Products	Raise ticket prices Introduce new attractions in theme parks Expansion of theme parks and resorts

Stock Price Prediction using Decision Tree Model

Historical data (2013 - now)

Recommendation :
Buy ($98.75)

```
[1] "The predicted Walt Disney stock price a year from now is $104.91 (as of 2023-04-20)"
>
```

Predicted:~$104 (+5.31%)

THANK YOU

Questions?

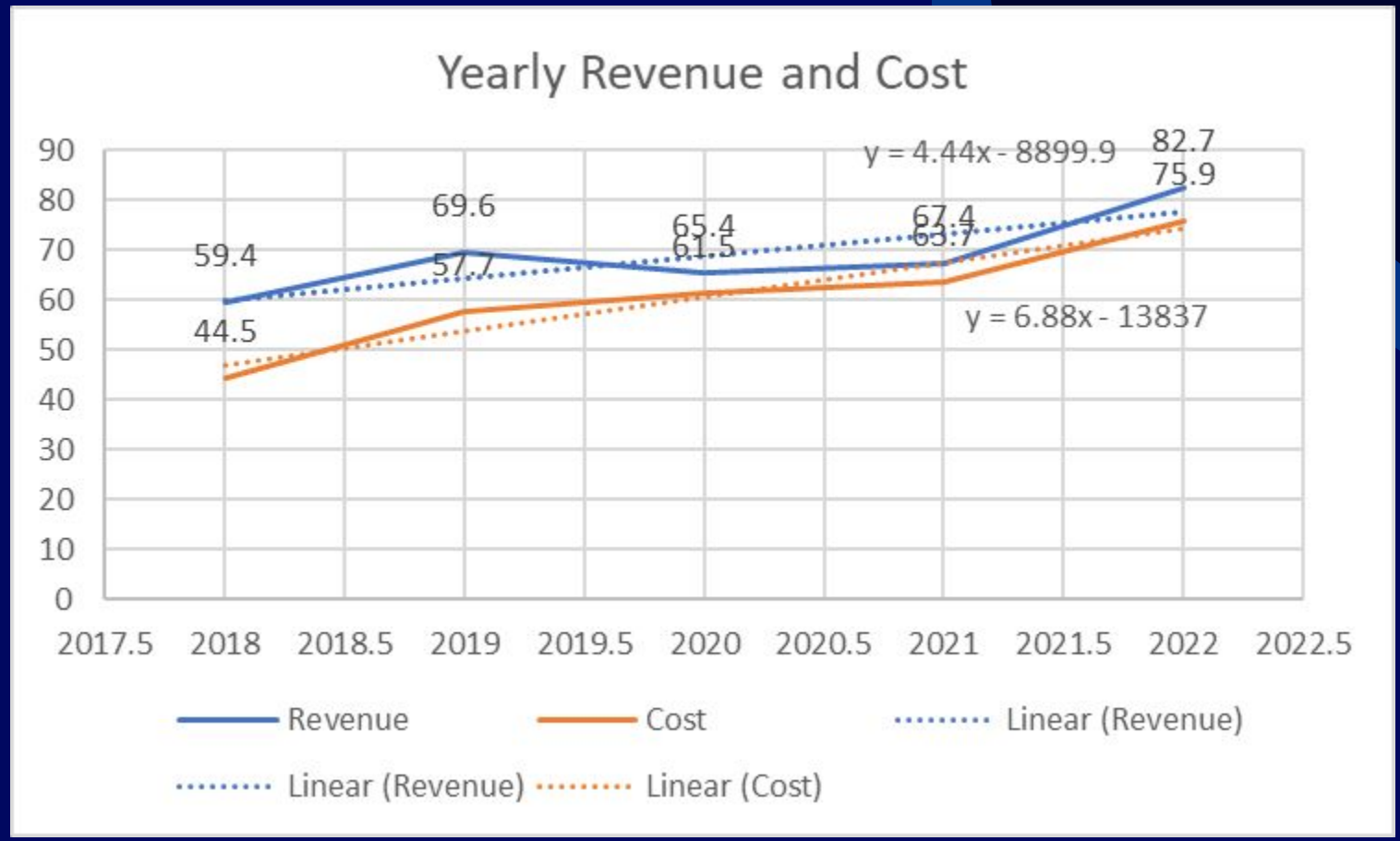
"All our dreams can come true,
if we have the courage to pursue them."

- Walt Disney

Appendix

```r
# Step 1: Import data
dis_data <- read.csv("DIS.csv") # replace "dis.csv" with the filename of your dataset
dis_xts <- xts(dis_data$Close, order.by = as.Date(dis_data$Date, format = "%Y-%m-%d"))

# Step 2: Feature engineering
dis_features <- cbind(
  dis_xts,
  SMA(dis_xts, n = 10),
  SMA(dis_xts, n = 20),
  RSI(dis_xts)
)
colnames(dis_features) <- c("Close", "MA_10", "MA_20", "RSI")

# Step 3: Data preprocessing
dis_features <- na.omit(dis_features)
dis_features$Close <- NULL

set.seed(123)
trainIndex <- createDataPartition(dis_features$MA_10, p = 0.8, list = FALSE)
train <- dis_features[trainIndex, ]
test <- dis_features[-trainIndex, ]

# Step 4: Model selection
model <- train(MA_20 ~ ., data = train, method = "rpart", trControl = trainControl(method = "cv", number = 5))

# Step 5: Model training
rpart_model <- rpart(MA_20 ~ ., data = train, cp = 0.01)
prp(rpart_model) # plot decision tree

# Step 6: Model evaluation
pred <- predict(rpart_model, newdata = test)
MSE <- mean((test$Close - pred)^2)
RMSE <- sqrt(MSE)
MAE <- mean(abs(test$Close - pred))
accuracy <- data.frame(MSE, RMSE, MAE)
print(accuracy)

# Step 7: Prediction
last_date <- tail(dis_features, n = 1)
new_data <- data.frame(
  MA_10 = last(last(dis_features$MA_10)),
  MA_20 = last(last(dis_features$MA_20)),
  RSI = last(last(dis_features$RSI))
)
```

Appendix


Yearly Revenue and Cost
90
80
70
60
50
40
30
20
10
0
2017.5
2018
2018.5
2019
2019.5
2020
2020.5
2021
2021.5
2022
2022.5
59.4
69.6
65.4
67.4
82.7
44.5
57.7
61.5
63.7
75.9
y = 4.44x - 8899.9
y = 6.88x - 13837
Revenue
Cost
Linear (Revenue)
Linear (Revenue)
Linear (Cost)

Slide **Chef**