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| **Company Name**: The Walt Disney Co. **Ticker: DIS** |
| **Date of Study**: August 15,2015 **Price**: $107.16 |
| **Your Name**: Gladys Henrikson |
| **Your Club**: MicNova |

**First Cut Stock Study Report**

**Discuss why you consider this to be a high quality. Growth company that should be investigated further. Please include comments on historical sales and EPS growth, pre-tax profit margin, return on equity and debt.**

Disney is a wide-moat entertainment conglomerate, per Morningstar. While its sales growth over the last 5 years has hovered about 4% the dollar volume is huge. Pre-tax profit has been about 20%, and EPS almost 12%. Debt has remained even at less than 25%, despite investing in a new Shanghai Disney Amusement Park.

**Briefly describe how the company makes money**.
Media networks (e.g. ESPN, ABC, Disney Channel) and Disney-branded businesses including parks, movies (e.g. new Marvel and Starwars’ series) and merchandizing.

**Projected Growth Rate for Sales**? \_\_4.6%\_\_\_\_

**Why did you select this rate**? In line with analysts’ forecasts for next 2 years and with Value Line for next 5 years.

 **Discuss from where future growth will come**. New developments in parks and resorts, the new Star Wars film franchise and merchandizing, growing library of content.

**Projected growth rate for Earnings Per Share**? \_11%\_\_\_\_\_\_\_

**Why did you select this rate**? It matches analysts’ long-term forecast and Value Line’s long term forecast.

**Projected High P/E**? \_\_16.6\_\_\_\_\_\_

**Why did you select this value**? This PE is slightly higher than the last 5 years’ average PE ratio, yet approximates Value Line’s projected EPS five years out, and VL and Morningstar’s fair value of $130-$135.

**Projected Low P/E**? \_15\_\_\_\_\_\_\_\_

**Why did you select this value**? It’s close to the low P/E for the last 3 years

**Projected Low Price**? \_72.3\_\_\_\_\_\_\_\_\_\_

**Why did you select this value**? The low price in 2014 of 63.1/share seems too low going forward with Disney’s new products. (VL’s low price forecast is $105/share; Morningstar thinks Disney is in the BUY zone at $93.8/share)

**At the current price, the stock is a (*check one***):

\_\_\_\_\_**Buy** \_\_\_X\_\_ **Hold** \_\_\_\_\_**Sell**

**At the current price the upside/downside ratio is** \_\_\_.8\_\_\_\_\_\_\_ **to 1**. (*However, SSG doesn’t take rising dividends into projected return. Right now DIS dividend yield is 1.2%, paid once/year. Additionally, Zacks assigns a PEG ration of 1.97 – in the buy zone)*

**Compound Annual Return, using Forecast High P/E is** \_\_5.8%\_\_\_\_\_\_\_\_\_

**Your Final Recommendation is (*check one*):**\_\_\_\_\_**Buy** \_\_\_X\_\_ **Hold** \_\_\_\_\_**Sell**