

# Disney Investment Analysis

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Disney is an American company with multiple international attractions, an elite, world class animation studio, dozens of business franchises, and one of the biggest, if not the biggest, movie studios in the world. Disney has become one of the largest media brands of all time. The Walt Disney Company started as a joint enterprise between Walt and Roy Disney, who are brothers. The company was first called the Disney Brothers Cartoon Studio which started October 16, 1923. In the first 3 years, the company purchased a studio in Hollywood and made two movies, but the risk in distribution rights nearly depleted the company. Two years later in 1925, the Disney's made a deposit on a Hyperion Avenue lot in the silver Lake district of Los Angeles, with construction shortly following. The creation of the iconic Mickey Mouse character in 1928 turned everything around for Disney. The brothers would later introduce many other famous characters such as Pluto, Goofy, Minnie Mouse, and Donald Duck. Walt would later buy Roy's share of the company, but Roy was still a partner of the company. In 1937, Disney premiered their first full-length animated film, Snow White and the Seven Dwarfs. This film was critically acclaimed and had worldwide success. Due to the success of their first film, Disney purchased 51 acres (about twice the area of Chicago's Millennium Park) of land in Burbank and made plans for an expanded modern studio for animated films. Walt was involved in designing every part of the studio. From the blueprints of the buildings to the chairs they sat in, nothing was untouched by his imagination. His main concern was to have an independent, top of the line studio that provided all the necessary facilities for ultimate production.

The Animation Building was used for the housing of the animators and artists, which is in the center of the complex. Across the lot would be the Inking and Painting and Camera buildings, where the art is completed and photographed. In the Cutting building, the postproduction operations took place, along with Sound facilities that included voice recordings, scores, dubbing, effects, and polishing. In case of severe weather, there is a system of underground tunnels under each building, along with equipment to continue production, which was unheard of in 1940. As of today, the Walt Disney Co. is known for its subsidization and affiliation as a diversified international family and media enterprise. Disney operates and owns five business divisions: Media Networks, Parks & Resorts, Studio Entertainment, Consumer Products, and Interactive Media. The Media Networks consists of broadcast television networks, television production and distribution operations, domestic television stations, international cable networks, domestic broadcast radio stations and networks, and publishing and publishing operations. This division operates through consolidated subsidiaries, ESPN, worldwide Disney Channels, ABC Family, SOAPnet and UTV/Bindass networks. The Parks & Resorts segments own and operate the Walt Disney World Resort in Florida and the Disneyland Resort in California. The Disney World Resort has four theme parks: the Magic Kingdom, Epcot, Disney's Hollywood Studios, and Disney's Animal Kingdom. They include resort hotels, dining, retail, entertainment complexes, sports entertainment complexes, conference centers, campgrounds, waterparks, and other recreational facilities.

The Studio Entertainment division makes and acquires live-action and animated motion pictures for worldwide distribution to the theatrical, home entertainment, and television markets. Disney controls all distributions of products because they have their own marketing companies

in the United States of America, but also through independent companies and joint ventures in foreign countries mostly under Walt Disney Pictures, Pixar, Marvel, and Disney Nature Banners. The Consumer Products division license trade names, characters and visual and literary properties to many manufacturers, retailers, show producers and promoters, and publishing companies throughout the world. This division also plays a part in the retail and online distribution of products through the Disney Store and DisneyStore.com. It can also publish entertainment, educational books, magazines, comic books for children and adults, along with operating English language learning centers in Asia. The Interactive Media division creates and delivers brand entertainment and lifestyle content across interactive media platforms. The operating businesses are Games the produce and distributes console, online games, and mobile games; and online, which develops online services in the United States and internationally. Disney's products, as of 2020, make 6.01 billion dollars, while the services make 59.72 billion dollars. These numbers are down by 5% compared to 2019 due to the outbreak of COVID-19. Do not forget the operating segments that bring in revenue also. The Media Network division made 28.39 billion dollars, the Studio Entertainment division made 9.67 billion dollars, the Parks, Experiences, & Products made 16.5 billion dollars, and the Direct to consumer & International made 16.97 billion dollars.

Some of the major acquisitions of Disney are Fox's entertainment business for 71.4 billion dollars in 2019, Lucasfilm for 4.05 billion dollars in 2012 giving them ownership over Star Wars, Marvel for 4 billion dollars in 2009, Capital Cities/ABC in 1995 for 19 billion dollars along with ESPN, and full ownership of Hulu in 2019. A strength of Disney is its reliability. It is related to the simplest companies that provide quality materials. Another one is large cash flow.

Due to its diverse portfolio, the company averages over 50 billion dollars in revenue a year. Having a great and effective team is definitely a strength of Disney's. They have one of the greatest teams of writers, artists, and graphic designers in the world. All are experienced through years of mass media industry training. The last one is the high brand value. It is one of the most recognizable figures in the world and its division is among the most recognized in the world. A weakness is that the company spends a lot on its merchandise and other products. Being dependent on the resort and parks is a major weakness. Disney is also not an extremely competitive company in a highly competitive market.