

# “Unravelling the Disney dream: A magical exploration of assets, stocksorcery, captivating revenues and profits in the enchanted world of entertainment of the Walt Disney Company”

Sanna Singh

*Student, Commerce, Sacred Heart Convent School Sarabha Nagar, Ludhiana, Punjab, India*

**Abstract-***This research paper summarizes the “Unravelling the Disney dream: A magical exploration of assets, stock sorcery, captivating revenues and profits in the enchanted world of entertainment of the Walt Disney company.” The data has been taken from 2008-2022. For thus we have used different mathematical formulas, analysed it graphically and structure it in the form of aresearch paper.*

**Key Words:** Walt Disney Company, Stock, Assets, Revenue, Profits,

## 1. INTRODUCTION

The world’s kingdom of whimsical entertainment, as we all know it, The Walt Disney Company has been anemporium of imagination since almost 100 years. Disney has indeed made a significant impact in the world and especially in the economy of the United States of America. The American multinational mass media and entertainment corporation along with its iconic Disney brand comprises of four business segments; media networks, Walt Disney studios including Pixar animation studios, parks and resorts consisting of Disney world and Disney land and lastly, direct to consumer and international. Over the years, Disney’s financial performance has been very strong and with its market success, it has been able to establish itself as a leading player in the entertainment industry. Through this research paper, I wish to deconstruct and provide a comprehensive evaluation of Walt Disney Company’s financial health. My aim is to highlight the company’s ability to adapt and innovate.

### 1.1 Captivating History: A True Adventure

The history of the Walt Disney Company is a tale of innovation and imagination. The company was founded in the year 1923 by Walt Disney and Roy O. Disney. It began as a small animation studio which used to produce short films including the iconic creation of “Mickey Mouse” in 1928 and established itself as a pioneer in feature length animated films with the ground-breaking release of Snow white and the seven dwarfs. Diversifying and expanding, the corporation ventured into media networks and developing channels such as ABC studios. Subsequent acquisitions included Pixar animation studios in 2006, Marvel entertainment and Lucas films. Walt Disney went public on November 12, 1957 with its initial public offering of 155,000 shares of stock. The IPO price at that time was \$13.88 per share. Over the years, Disney has made a strong market appeal through its strategic initiatives. Despite facing challenges such as the covid-19 pandemic which resulted in the closure of the theme parks, disruptions in the film releases and delays in the film production, Disney’s financial resilience and ability to adapt to the changes have allowed it to navigate through the economic downfalls.

### 1.2 Disney’s Treasured Assets

Assets are the precious gems of a company which form the foundation of any successful business. They hold the power to attract the admiration of stakeholders and enhance a company’s competitive edge in the financial market. Assets are the building blocks that fuel the complex mechanism of wealth creation and economic growth. They are quantitative and play a vital role in financial decisions. These entities, whethertangible or intangible dance to the rhythm of financial statements and accounting equations. Assets are like a special language that financial experts use to navigate around the risks and profits, leading to financial success. Each type of asset, like stocks or bonds, has its own characteristics. By understanding their worth, investors can make smart choices. Indeed, The Walt Disney Company’s assets are like a treasure trove. The tangible wonders include the theme parks, resorts and real estate and the intangible assets consist of its renowned intellectual properties which are, as per the latest financial report, valued at a staggering \$62.2 billion and \$86.5 billion respectively. In the realm of media, Disney’s studios like Pixar, Marvel and Lucas film has a total asset value to an astounding \$204.6 billion. The latest emergence of its streaming service that is, Disney +, has had a profound impact, boosting the company’s digital assets to \$125.7 billion. The Walt Disney’s asset landscape has in conclusion created a captivating legacy.

Year	Assets(in billions dollars)
2008	62.5
2009	63.12
2010	69.21
2011	72.12
2012	74.9
2013	81.24
2014	84.14
2015	88.18
2016	92.03
2017	95.79
2018	98.6
2019	93.98
2020	201.55
2021	203.61
2022	203.36

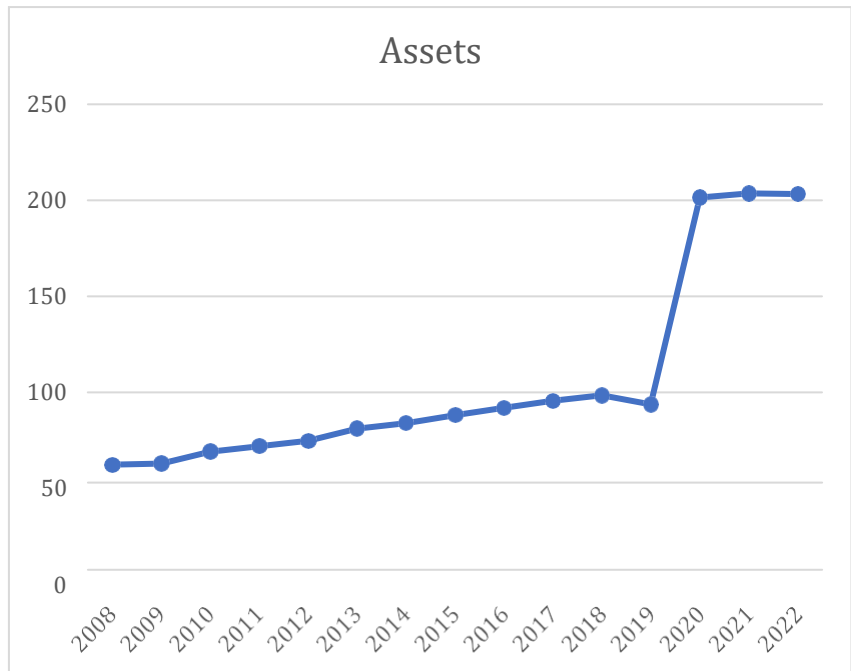


Fig 1.2 Table and graph for assets according to following year

### 1.3 Revenues

Revenue are the financial figures which represent the total amount of money earned by a business through its operations. It consists of all its incomes from sales of goods, services or any other sources that make up the company’s primary economic activities. The significance of revenues lies in their ability to showcase the overall sales of a company and its financial health. A steady growing revenue status signals strong demands and a good market presence. Similarly, declining revenues indicates that maybe the company is facing challenges in sales, competition or consumer behaviour. Revenues, in short, are a fundamental indicator of a company’s performance and offer key insights to investors and analysts in determining its market position, profitability and growth prospects. The Walt Disney Company’s current revenue figures reflect a mixed performance across its various sectors. In the current year, 2023, the company’s total revenue stands as \$21.82 billion, representing a 13% increase compared to 2022. The media segments have experienced a slight setback with a 3% decline in the revenues. In contrast, the theme parks and resorts have witnessed a revenue soaring by 25%. The direct-to-consumer sector that is the streaming platform has emerged as a significant revenue generator of the company. The company continues to navigate through the ever- changing conditions of the world.

Year	Revenue(in billion dollars)
2008	37.84
2009	36.15
2010	38.06
2011	40.89
2012	42.28
2013	45.05
2014	48.81
2015	52.47
2016	55.63
2017	55.14
2018	59.43
2019	69.61
2020	65.39
2021	67.42
2022	82.72

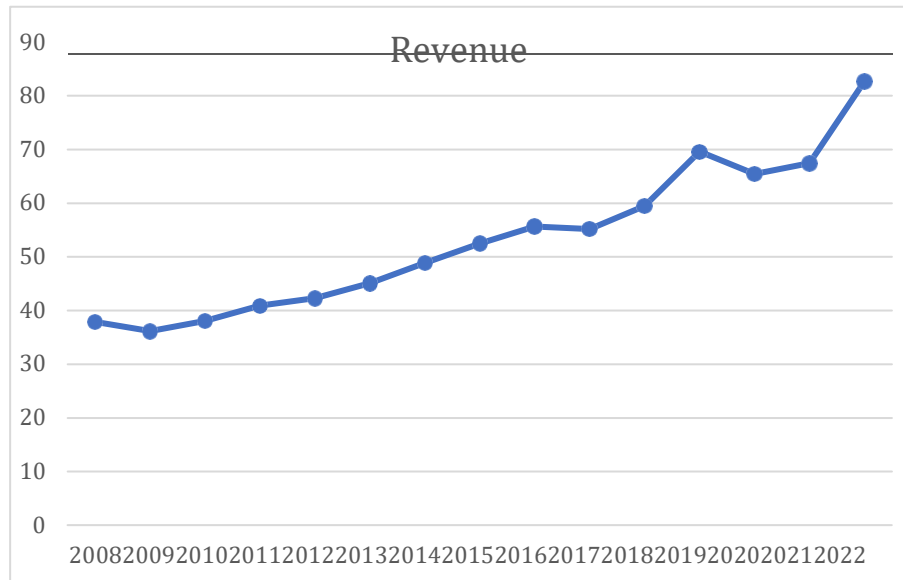


Fig 1.3 Table and graph for Revenue according to following year

### 1.4 Profits

Profits are the surplus generated by businesses or organisations after deducting total expenses or costs from their total revenue. They act as a critical indicator of economic health and serve as a powerful incentive for businesses to allocate their resources efficiently and encourage them to produce goods and services that reach consumer demands. Profits influence decision making as organisations seek to maximize their financial gains while minimizing costs. They are essential to ensure sustainable and prosperous financial futures. Over the years, Disney’s profits have reflected its status as a leading global corporation. Its financial performance has showcased great growth. As of 2022, the company’s revenue totalled to \$21.5 billion, a significant 26% increase compared to the previous year. In the current year, Disney’s gross profit accounted to a staggering \$7.199 billion, an 8.17 percent increase comparatively to the previous years. The company’s net income has soared to \$1.2 billion which is a 64-fold rise from the year ago quarter. This constant surge in the profits of the company reflects Disney’s strong brand strength and its ability to generate stagnant growth.

Year	Gross Profit(in millions dollars)
2008	4687
2009	5697
2010	6726
2011	7781
2012	18810
2013	20007
2014	22393
2015	24101
2016	25639
2017	24831
2018	26708
2019	27546
2020	21508
2021	22287
2022	28321

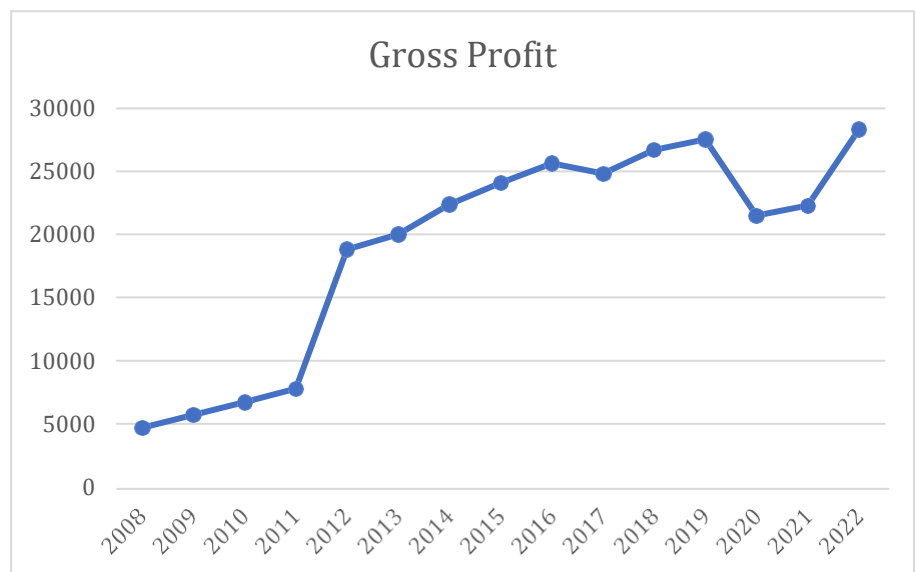


Fig 1.4 Table and graph for gross profit according to following year

### 1.5 The Stock Sorcery

Stocks play a vital role in the financial markets, providing investors with a captivating opportunity to be part of the business world's ups and downs, from large corporations to smaller enterprises. Each stock represents a company's potential across diverse industries, like a thrilling arena of fluctuating prices and dividends, where strategy meets human emotions in the quest for prosperity. Stock markets are instrumental in the world's economic growth, offering businesses access to capital for expansion and fuelling innovation and productivity. Among the many captivating stocks in the market, Disney's performance stands out as truly enchanting for its investors, reflected in its figures. As of July 30, 2023, Disney's stock (NYSE: DIS) is valued at approximately \$86.13. However, recent research shows that Disney's stock has experienced a decline in 2023, reaching a new 52-week low of \$85.86 on July 26. The stock has experienced a 44% decrease over the past year. These challenges were mainly triggered by the pandemic's impact, leading to theme park closures and reduced capacity, along with rising competition from other streaming services. Rising costs and slower subscription growth for Disney+ have also contributed to investor concerns. Amidst these uncertainties, some investors have become more pessimistic about Disney's stock performance. However, the magic of stocks lies in their ever-changing nature, and the company's ability to adapt and innovate could lead to a different narrative in the future.

Year	Stock Price(in dollars)
2008	21.1
2009	29.8
2010	33.5
2011	41.6
2012	57.2
2013	77.8
2014	100.9
2015	92.3
2016	102.2
2017	105.9
2018	129.7
2019	126.4
2020	175.9
2021	114.9
2022	96.7



Fig 1.5 Table and graph for stock price according to following year

### 2. WHY I CHOSE THIS TOPIC?

From a young age I have been, like any other kid, a true Disney enthusiast. It has been like the happiest place on earth which weaves me into its magical charm of enchanting stories and beloved characters. As I grew up, I built a strong interest in the fascinating world of finance and economics. I was very keen to unveil the company's financial journey and its global influence. Studying the Walt Disney Company's financial prowess feels getting a chance to be a part of an enchanting journey where facts and figures meet imagination and wonder. Researching about its financial performance is like combining my passion for finance with my love for the happiest place on earth. I also wanted to deepen my understanding of the market behaviour and investigating how market trends and external factors have influenced Disney has helped me achieve it.

### 3. CALCULATIONS:

We are using graph paper to plot the points as well as excel to get a final graph on raw data. Mathematical formulas are used to calculate annual growth of revenue, profit and stock price. Also correlation between revenue and assets were calculated.

Actual Data in Blue and Mathematical equation in Orange.

Graph 3.1: Growth graph of Revenue:

We consider 2008 as 1, 2009 as 2..... 2022 will be taken as 15. Plotting 1, 2,3.....as years on X-Axis and revenue on Y-Axis. Revenue is in billion dollars.

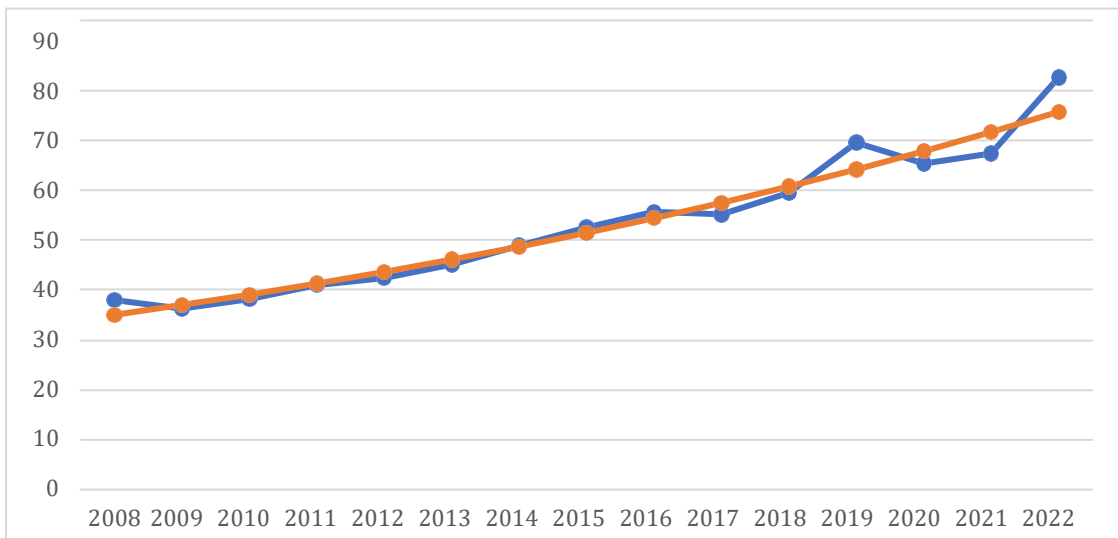


Fig 3.1: Raw data and equation of revenue (in billion dollars) from 2008 to 2022.

By solving using calculator we get,

**Formula:  $y = 33 * 1.057^X$**

Where “y” is revenue in billion dollars and “x” is 1, 2, 3..... (1 represents 2008, 2 represents 2009 and soon).

Though there are some exception from 2020 to 2022.

Graph 3.2: Growth graph of Gross Profit:

We consider 2008 as 1, 2009 as 2..... 2022 will be taken as 15. Plotting 1, 2,3.....as years on X-Axis and Gross Profit on Y-Axis. Gross Profit is in million dollars.

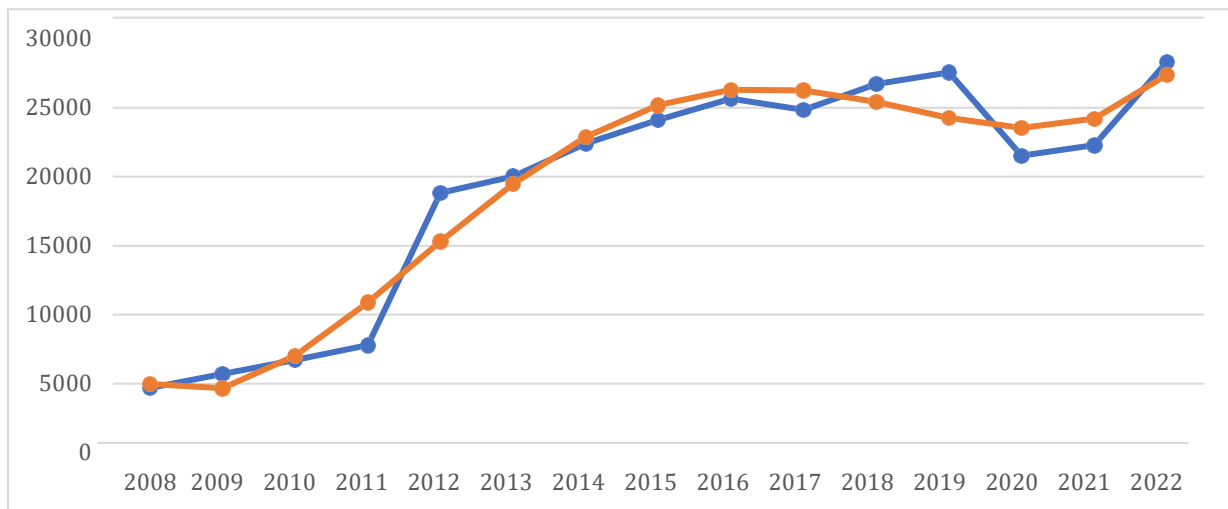


Fig 3.2: Raw data and equation of gross profit (in million dollars) from 2008 to 2022.

By solving using calculator we get,

**Formula:  $y = 8.84 * X^4 - 285 * X^3 + 2828.4 * X^2 - 6935 * X + 9358$**

Where “y” is gross profit in million dollars and “x” is 1, 2, 3..... (1 represents 2008, 2 represents 2009 and so on).

Graph 3.3: Growth graph of Stock Price:

We consider 2008 as 1, 2009 as 2.....2022 will be taken as 15. Plotting 1, 2,3.....as years on X-Axis and stock price on Y-Axis. Gross Stock Price is in dollars.

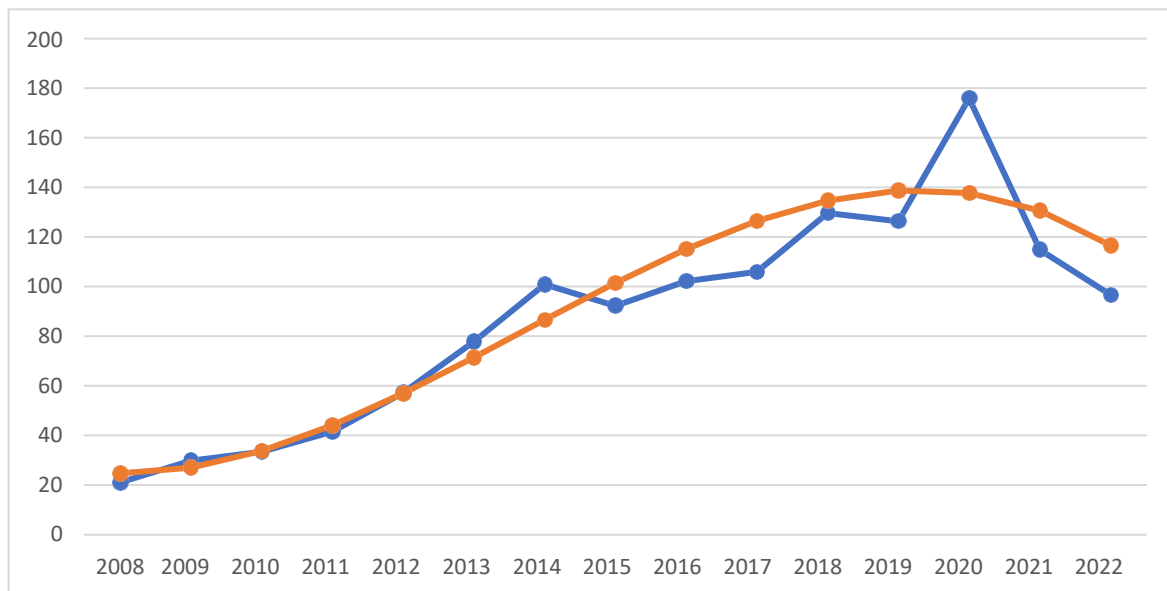


Fig 3.3: Raw data and equation of stock price (in dollars) from 2008 to 2022.

By solving using calculator we get,

**Formula:  $y = 0.16 \cdot X^3 + 3.21 \cdot X^2 - 6.24 \cdot X + 27.85$**

Where “y” is stock price in dollars and “x” is 1, 2, 3..... (1 represents 2008, 2 represents 2009 and so on).

Graph 3.4: Correlation between Revenue and Assets

Taking revenue as independent variable X and Assets as depending variable Y. we plotted graph and then join the points giving the line of best fit. We formulated with the help of graph and, mathematics formula of straight line two starlight line covering the maximum points. Two lines of best fit are given by yellow and blue. Green colour represent raw data graph between revenue and assets.

Equation 1:  $Y = 1.53 \cdot X + 9$  (Yellow) Equation 2:  $Y = 3.14 \cdot X - 57$  (Blue)

And using these two lines of best fit, we can predict assets of Walt Disney by putting revenue of any forthcoming year. Also we have formulated growth equation of revenue so we can predict revenue of forthcoming years also.

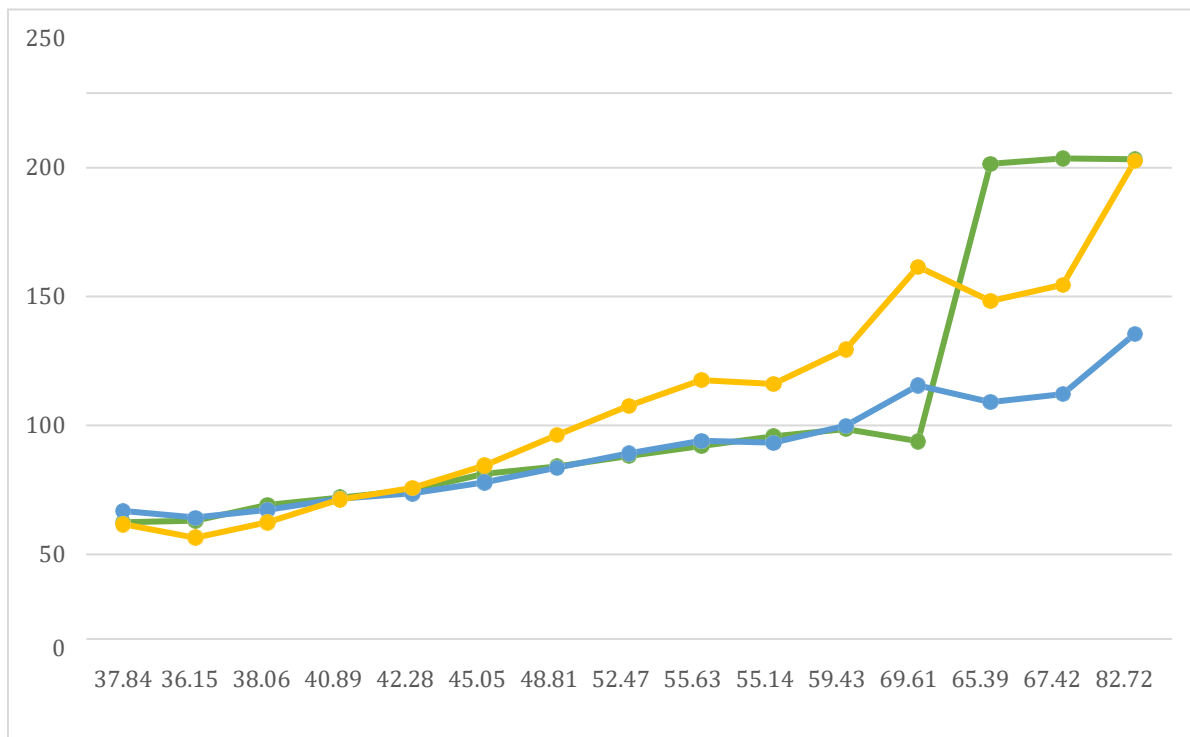


Fig 3.4: Correlation graph between assets and revenue.

**4. CONCLUSION:**

By analysing the data, I interpreted and concluded that revenue of Walt Disney has a stable growth rate (other than one or two exceptions). Profit is also increasing but not directly related to revenue as Profit = Revenue - Cost but as growth rate of revenue is different from profit, it means cost factor is effecting the growth rate of profit. We have formulated equation of revenue, profit and stock prices which can be used to predict the above said financial constraints by using these formulas and then formulated relation between revenue and assets which can be further used to predict the asset value of future years.

As quoted by Mr. Robert Kiyosaki, "The way to predict future is to study the past."

On the contrary, another quote say "prediction is very difficult if it's about the future."

#### **4. REFERENCE:**

<https://thewaltdisneycompany.comwww.britannica.com>

<https://insidethemagic.netwww.investopedia.com www.statista.com www.macrotrends.net www.cNBC.com>

[www.investing.com](http://www.investing.com)

#### **BIOGRAPHIES:**

##### ***Sanna Singh***

- Currently studying in sacred heart convent school in class 12
- Present blue house captain of the school
- District level badminton player (Runner up)
- Member of the student council for 4 years
- Marketing intern in the Blackboard NGO at Bifrusta Dutch pvt ltd
- scored 95% in CBSE board exams

Under the guidance of:

##### ***Dr. Mamta Jain***

- M.Sc (Mathematics) (Double gold medalist)
- M.Phil (Computer Applications) with honors From University of Roorkee (now IIT Roorkee)
- PhD (Mathematics)
- Various papers published in international journals Former Lead Auditor ISO 9001,ISO -22000 School Accreditation Examiner by QCI
- 26 years of teaching experience

##### ***Er. Raunaq Jain***

- B.E Mechanical Engineering From Thapar Institute of Engineering and Technology.
- School Physics Topper.
- Content Writer and graphic designer.
- Mechanical Mentor from from session 2019-2020.
- Upcoming Data Analyst at Deloitte.