



Farnam St. Group

Fernando Picchi
Manuel Ledo

LTS Challenge 2021

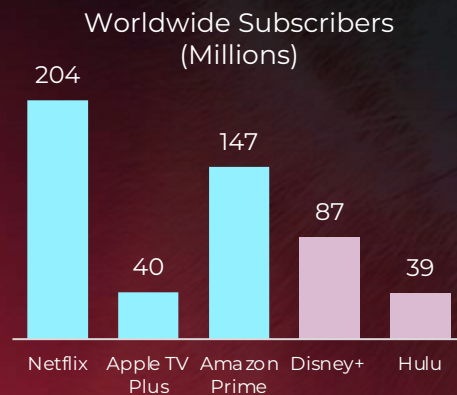


To offer an **unparalleled product**, we must go shopping.

Acquisitions have been a key part of this company. Pixar's deal in 2006, Marvel's in 2009 and 21st Century Fox's in 2017 laid the foundations of what our DTC segment is today. In order to take the next step, we need to go shopping again.

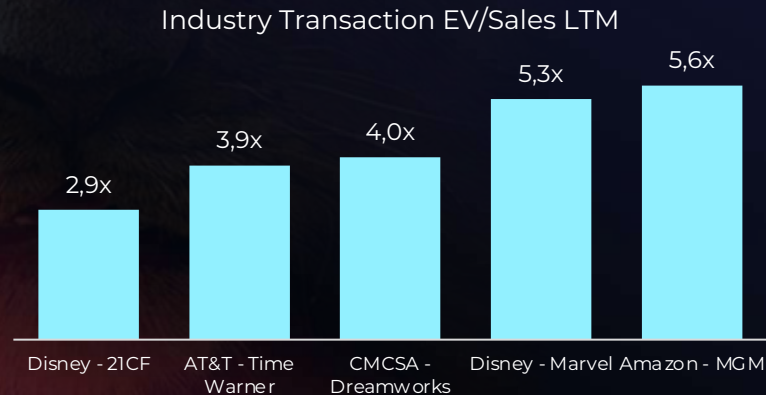
WHERE IS DISNEY'S DTC SEGMENT STANDING?

Competition is fierce and **Netflix** continues to lead the pack.



WHERE IS THE INDUSTRY NOW?

In order to **entice and retain subscribers**, most players have gone shopping for studios to **bolster their content libraries**. Others, like **Netflix**, have **grown a war chest to develop their own content**.

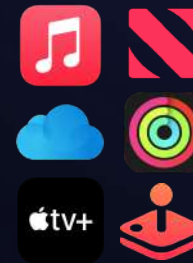


WHERE TO NEXT?

As the **marketplace gets increasingly crowded** and **prices begin to hike**, top players are bundling their services to be more competitive. Some are already reaping the benefits.

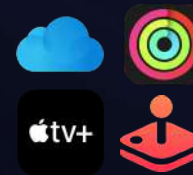
APPLE

Apple One
Bundle \$29,95/Month



AMAZON

Amazon Prime subscribers, in addition to paying \$99, **spend \$1,300 per year on Amazon purchases, 2x what non-members spend.**



DISNEY

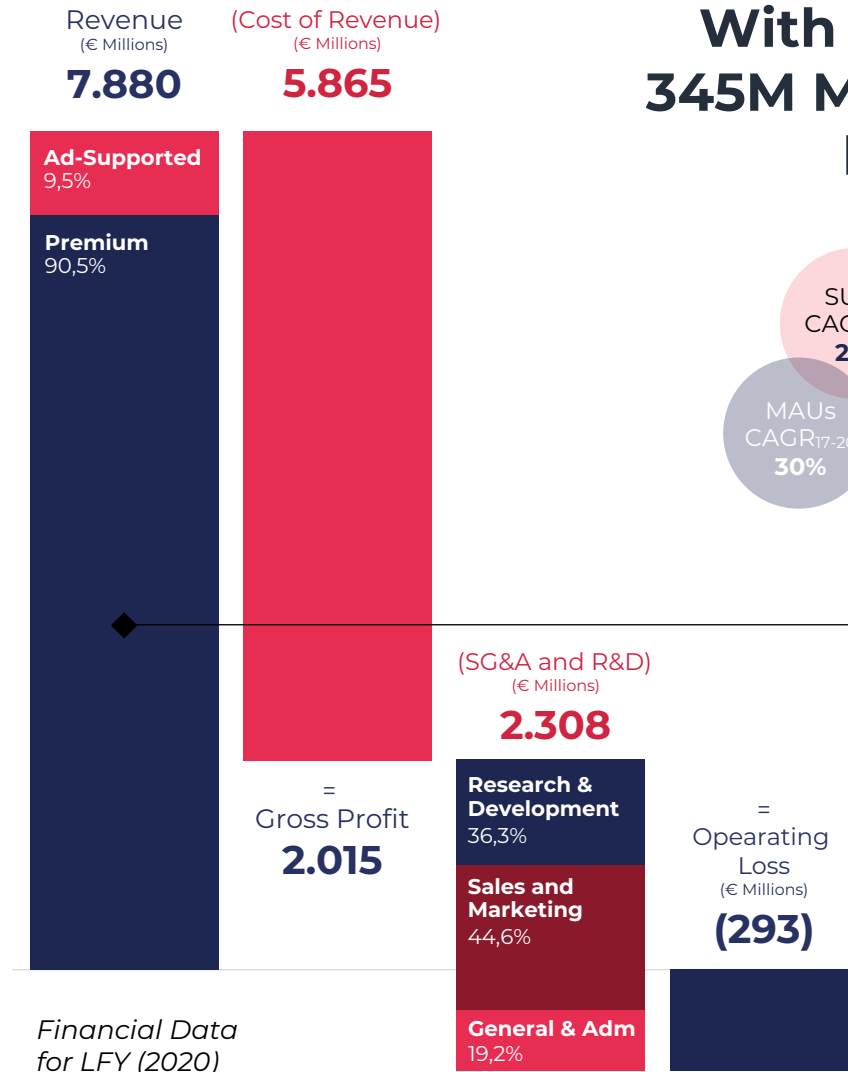
Iger described **Disney's bundle** as '**the most important** product the company has launched in my tenure.'



SPOTIFY AT A GLANCE.

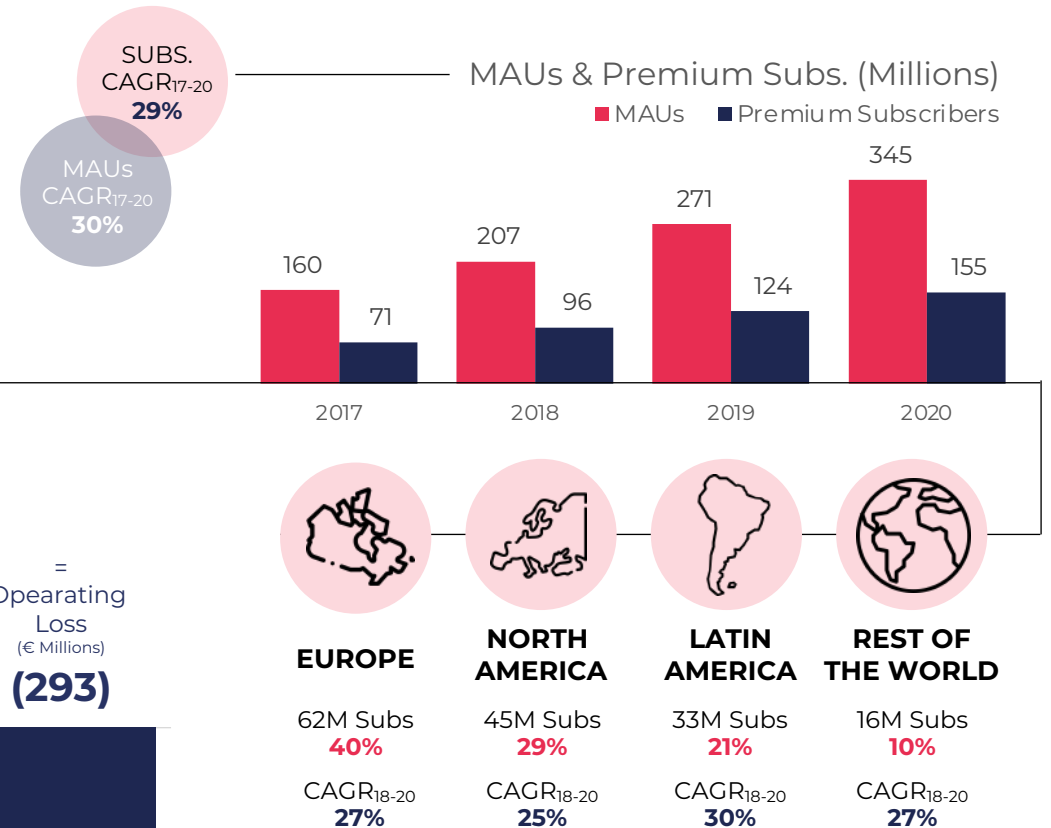
Founded in 2006 in Stockholm, Sweden, by **Daniel Ek** and **Martin Lorentzon**, the Company is currently the **world's biggest audio streaming platform**.

SPOT operates in a **Freemium Model**. Whilst Free Access comes with **advertisement** and requires an internet connection, those who pay for **Spotify Premium** can listen **uninterrupted to high-quality recordings**.



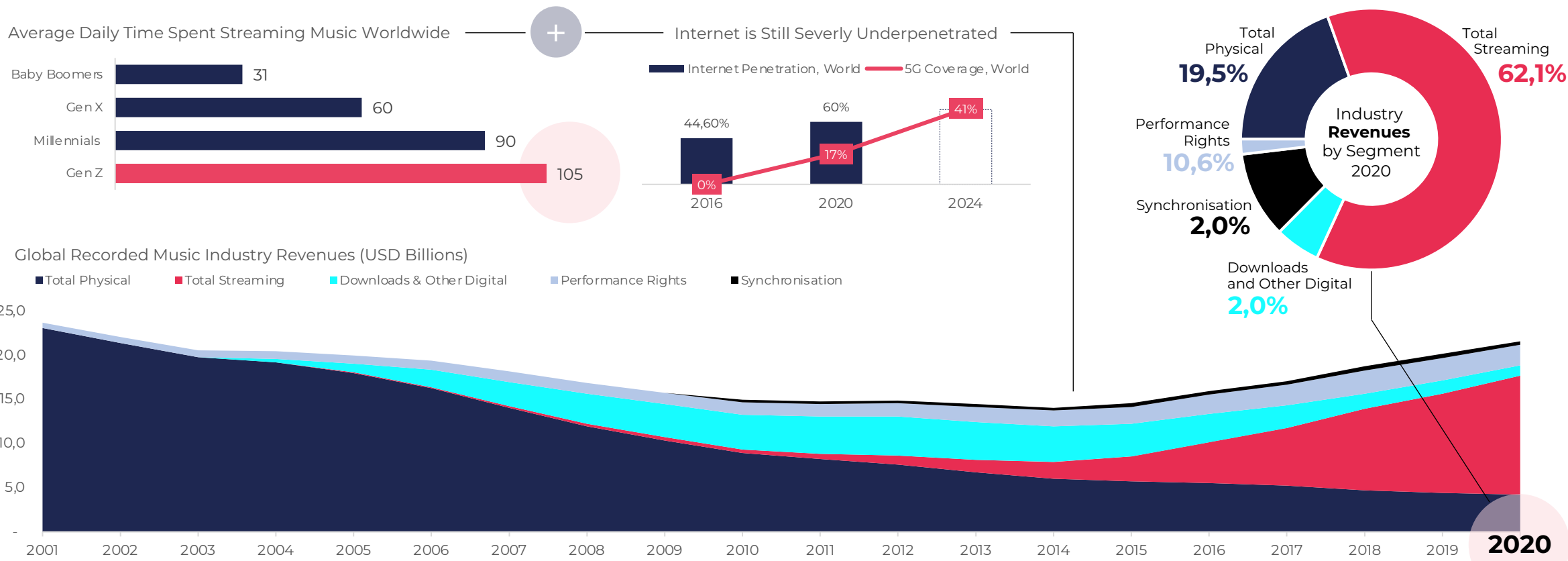
Spotify fits the bill.

With over 155M paid subscribers and 345M MAUs globally, Spotify offers the benchmark in audio streaming.



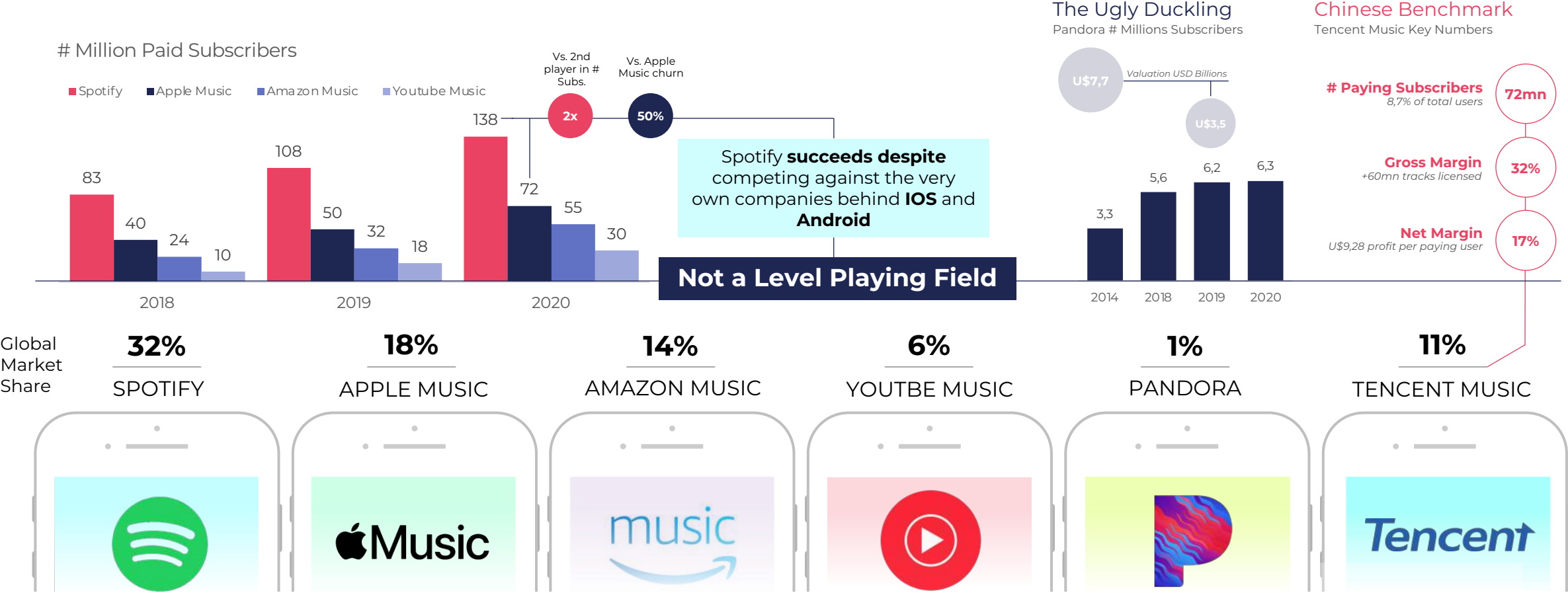
Spotify is at the very center of an industry on **overdrive**. Tailwinds are mainly demographic, but internet underpenetration plays its role.

Driven by **changing demographics** and **global internet underpenetration**, music streaming went from going unnoticed to **constituting over 62% of total music industry revenues**. Spotify is at the heart of this.

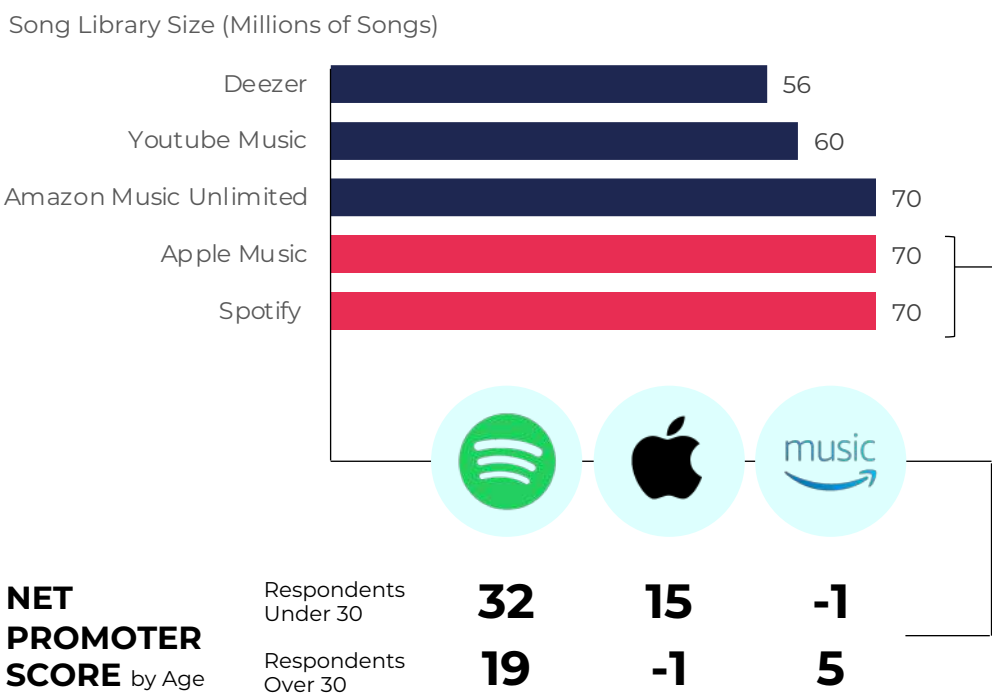


Familiar foes make up the battlefield in the audio streaming industry, but **Spotify stands out** both domestically and internationally.

Spotify is the **global leader** in its industry, keeping **Apple and Amazon** at arm's length. At stable ARPUs, **ramping up subscribers means increasing revenues**, and most streamers are making the best out of industry tailwinds.



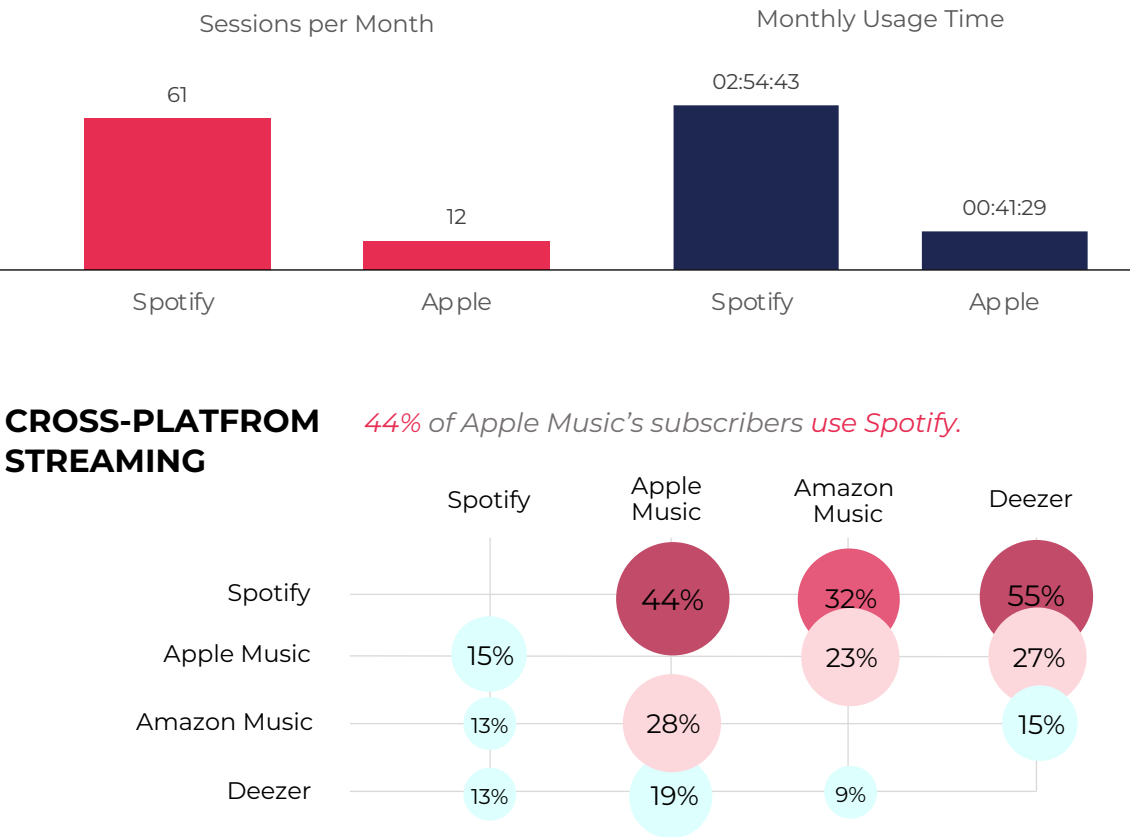
Customer-centricity is paying off, as Spotify does more with the same amount of content as its top rivals. Customers return the favor.



The scores reflect a far higher level of comfort with streaming among younger users, but Spotify delivers across all age demographics.

SOURCES Goodwater Capital, Business of Apps, Verto Analytics, Global Web Index

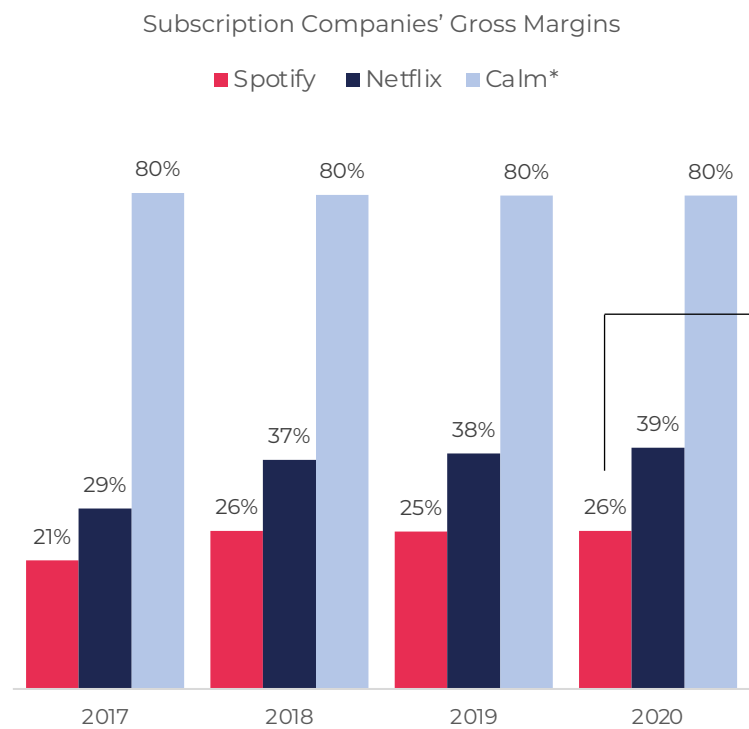
It's no surprise Spotify leads. Despite offering the same amount of content as Apple and Amazon, the Company maintains a more loyal and engaged base of subscribers by delivering a customer-centric product.



Increasing subscriptions ramp up the top line, but Spotify's cost structure caps its margins. However, **it shouldn't be for much longer.**

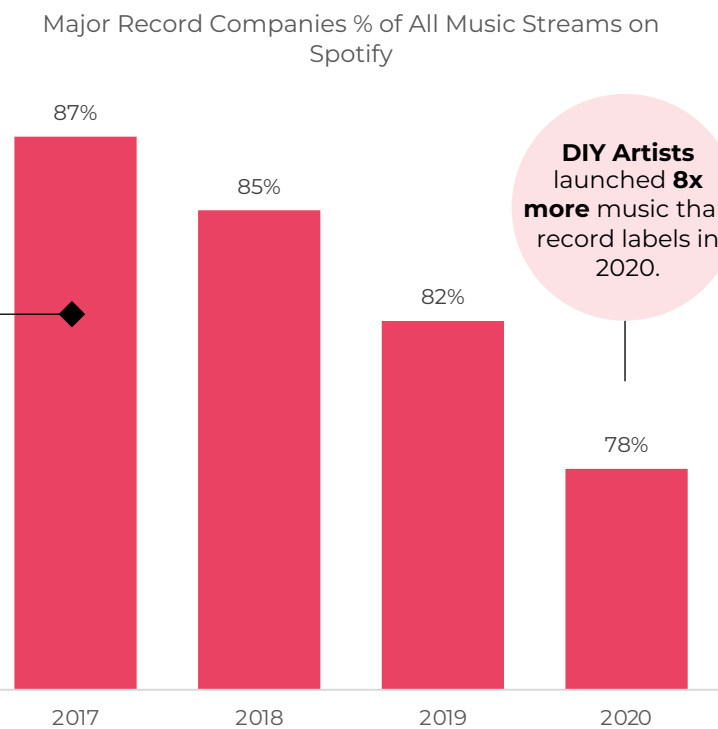
Because it has to **give away most of its revenue through royalties**, Spotify has **lower margins** than other subscription content companies. There's **trouble bargaining with record companies** for content, so now it plans to **produce its own**.

1 Spotify's margins are a lot lower than those of other subscription companies.



SOURCES Company Filings, Music Business, The Verge, Quartz.

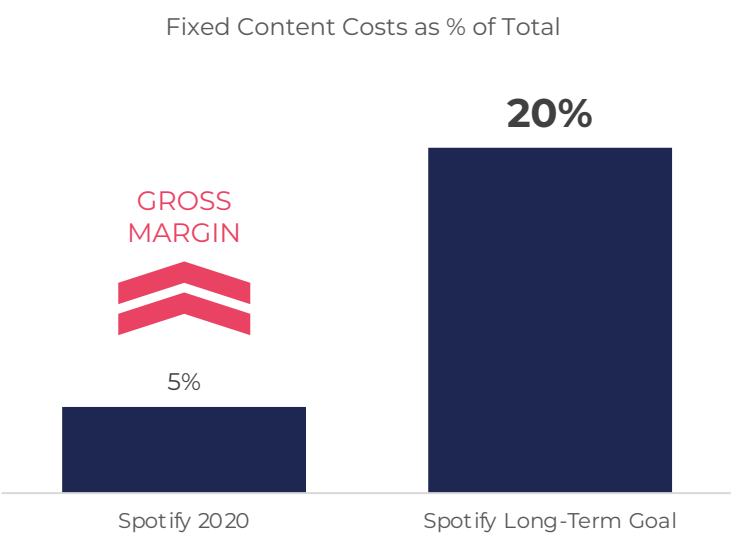
2 But dependence on big suppliers is slowly decreasing.



*Calm Gross Margin Estimates

*'We believe that, over time, **more than 20%** of all listening on Spotify will be **non-music content**, and we strongly believe that this opportunity in audio starts with **podcasting**.'*

- Daniel EK



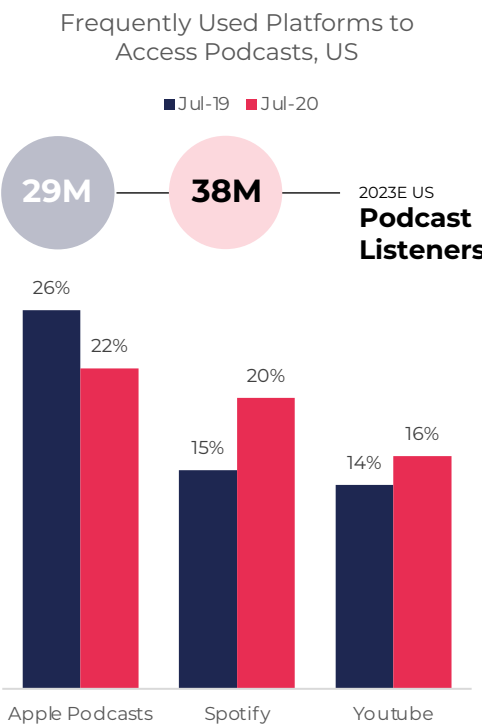
Spotify has **gone shopping for podcasters** and should reap the benefits of this strategy in the coming years as this **market develops**.

Spotify knows podcasts can generate money and has invested in **exclusive content** to make sure people listen **on its platform** as this type of content becomes an **increasingly larger part of our lives**.

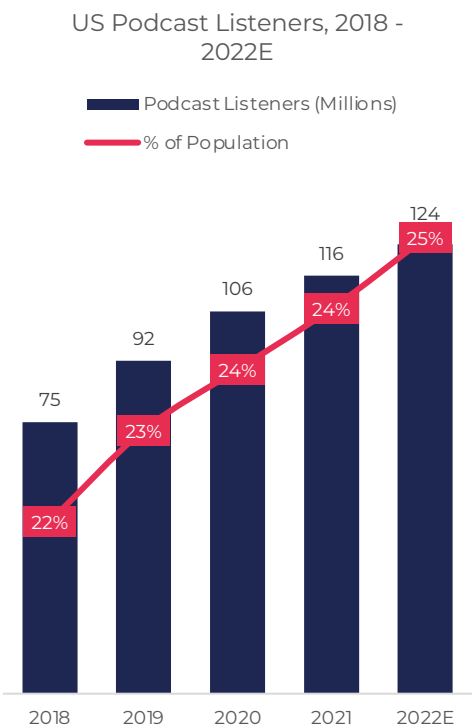
The Company has made **several investments** in order to fully develop a **go-to destination for podcasts**. Its grand plan is beginning to take shape.

Date	Buyer	Acquired	Value
Feb 2019	Spotify	Gimlet Media	U\$ 230 M
Feb 2019	Spotify	Anchor	U\$ 154 M
Apr 2019	Spotify	Parcast	U\$ 56 M
Aug 2019	Entercom	Cadence13	U\$ 50 M
Aug 2019	Entercom	Pinaeplle Street	U\$ 18 M
Feb 2020	Spotify	The Ringer	U\$ 195 M*
May 2020	Spotify	The Joe Rogan Experience	U\$ 100 M
Jun 2020	Spotify	Warner Bros and DC	N/A
Jun 2020	Spotify	Kim Kardashian West	N/A
Jun 2020	Sirius XM	Simplecast	N/A
Jul 2020	Sirius XM	Stitcher Podcast Unit from Scripps	U\$ 325 M
Jul 2020	New York Times	Serial Productions	U\$ 25 M

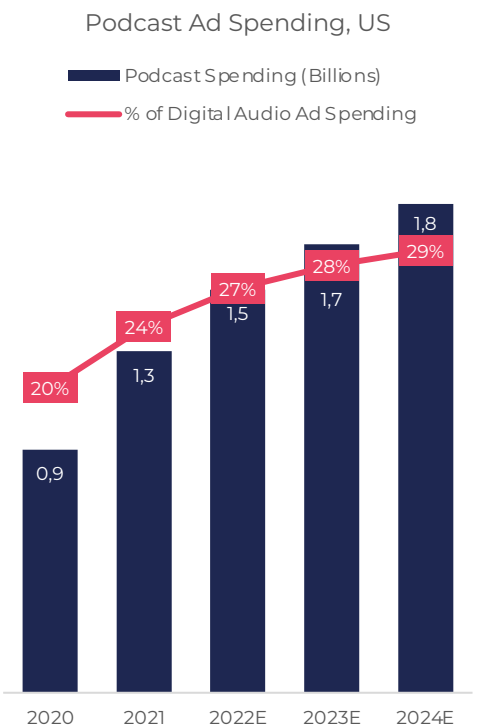
1 By solidifying its stance, it leaves Apple for dead.



2 Positioning itself to capture growth.



3 And monetizing through advertising agreements.



A combination to **TRANSFORM** the Industry.

Establishes a **consumer-centric one-stop shop** for media entertainment needs that offers **state-of-the-art technology** and should help Disney's DTC efforts surpass **292 million subscribers by the end of 2021**.



FUNDAMENTAL FIT

By acquiring Spotify, Disney signals stakeholders it is still greatly **invested in the Company's 3 fundamental pillars**.

Spotify means **access to new markets, creative content** and **state-of-the-art streaming technology**.



BUNDLING

Our new bundle will be the most comprehensive one yet and serve as a **one-stop shop** for all **media entertainment needs**.

Priced at **\$20.99** domestically and **\$15.59** internationally, we expect to amass **77 M new subscribers through bundling alone** by 2026.



PEOPLE

Spotify's acquisition also means **bringing on board** one of the **media industry's greatest minds in Daniel Ek**.

For Ek, it would mean mimicking Jobs' footsteps in the 2006 Pixar deal. **A seat at the table** and **a relevant stake of the NewCo**, just shy of 2,5%.



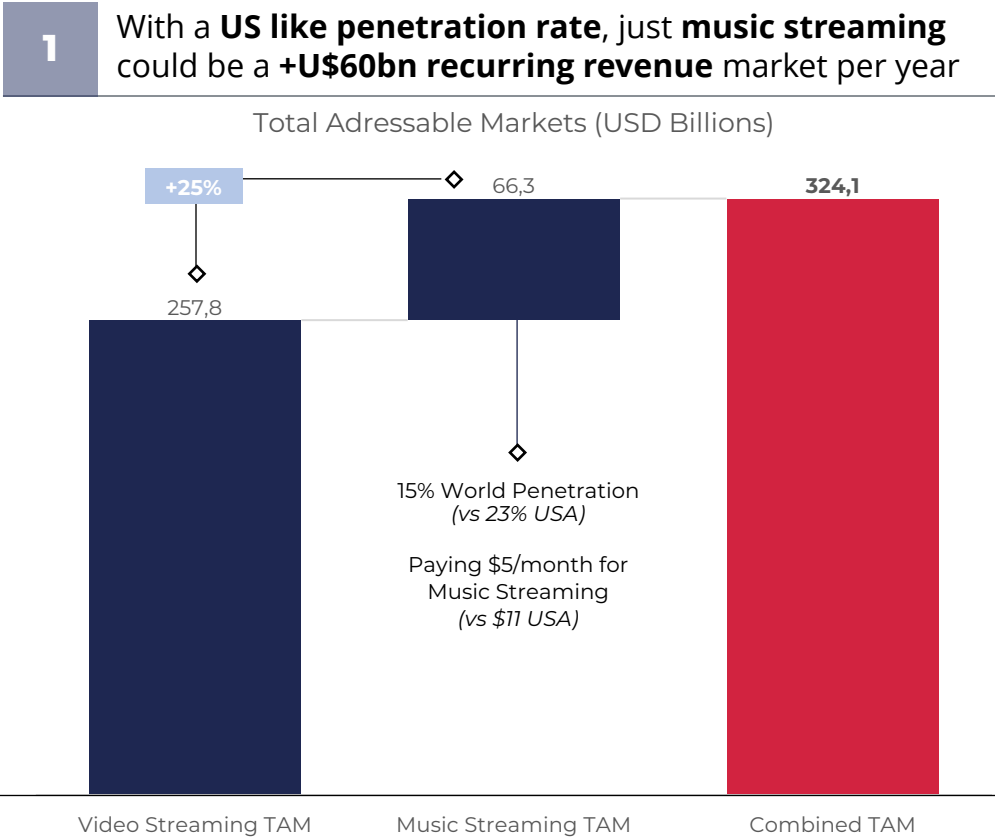
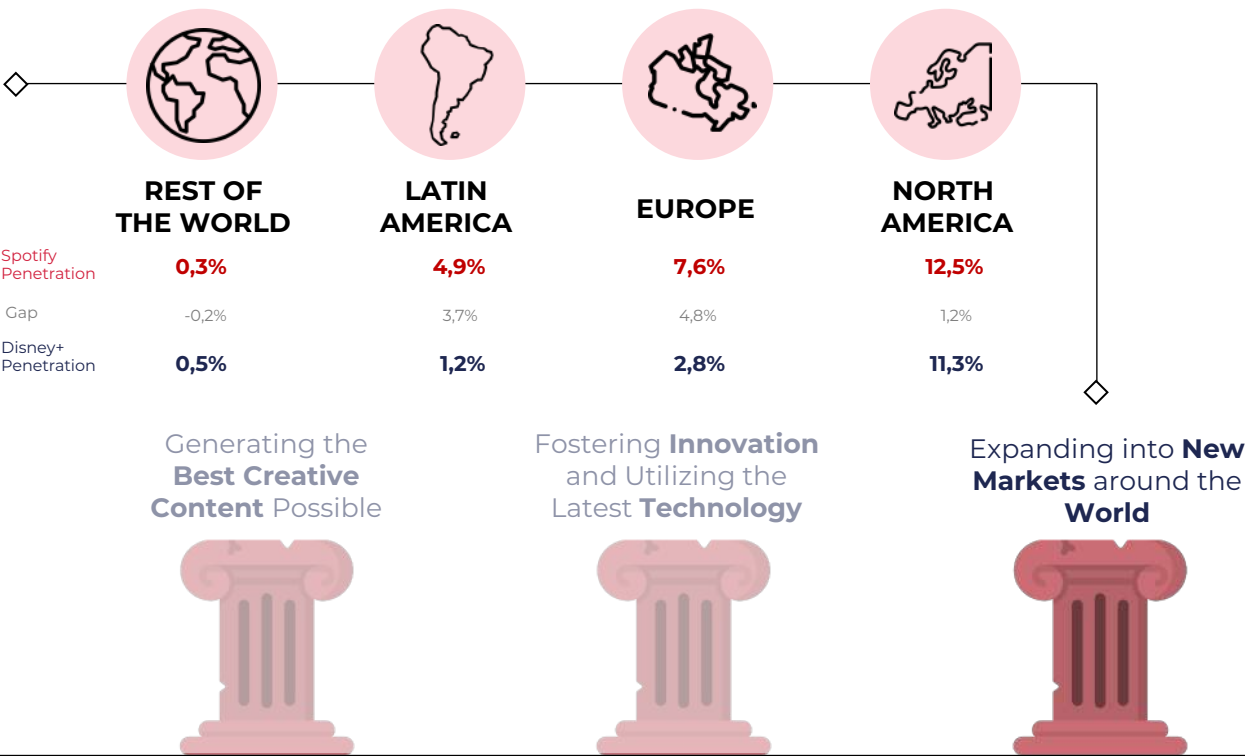
VALUATION

We estimate Spotify's **EV** to be **\$52,4 Billion**, based on **4x EV/Revenue 2022E**. A **premium of 20%** is what is expected to be paid in this **all-stock deal**.

We identify **\$7,9 Billion in EBIT synergies by 2026** and **expect NewCo's subscriber base to hit 536 million** by that time.

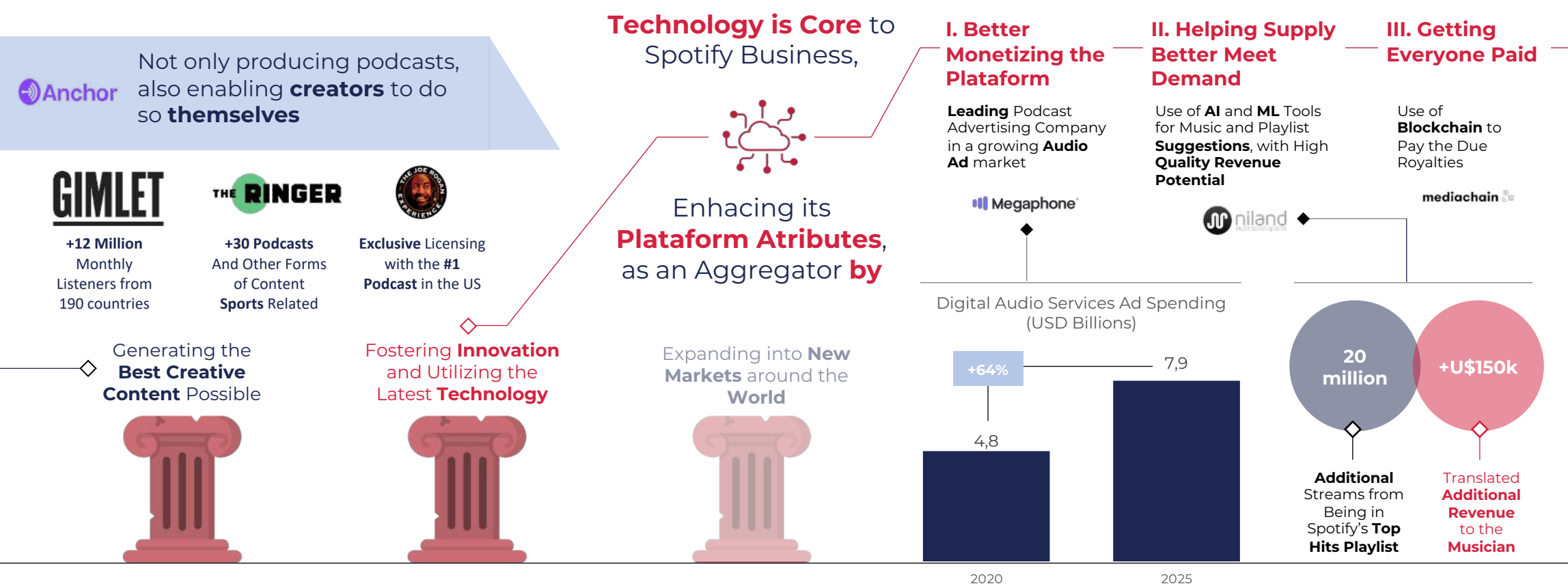
Spotify acquisition would benefit Disney in all 3 fundamental strategic pillars laid out by Mr. Iger, strengthening our competitive positioning

Entering the music streaming space would not only **unlock significant new TAMs**, but also **boost Disney's international growth**, by leveraging Spotify's wide and expanding presence in other regions.



Content creation shouldn't be limited to video formats, using **technology** to help push boundaries in terms of new products and services.

In its quest of becoming a **full audio platform**, Spotify is set to improve its **bargaining power** with record labels by **diversifying from music** and **using consumer data** on its favour, both of which would also **fit Disney well**.



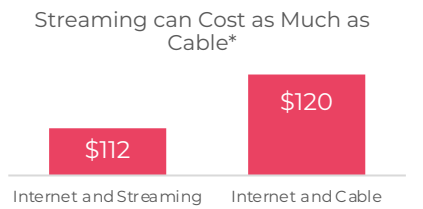
The economics of bundling this content are strong, and the strategy is appealing given past partnerships and the current competitive landscape.

Our current bundle and past partnerships are evidence of how **successful a strategy it really is**, especially when considering **how our competition stands**. Simply partnering will not make the cut; **ownership is essential**.

THE BUNDLE’S COMEBACK

The logic behind bundling is strong, **enabling sellers to ramp up revenue** and **buyers to extract surplus**.

Moreover, **subscription costs are rising**, making streaming services increasingly **pricey**.



PUSHING NETFLIX

Streaming is not a zero-sum game, **but Netflix’s strategy to increase prices once subscribers hit a plateau could be at risk if facing competitive bundles** from other players.

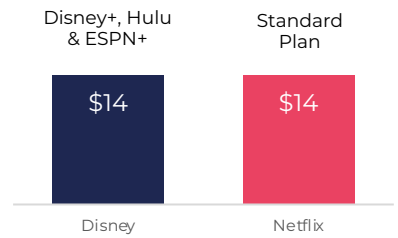


EXHIBIT A – SPOTIFY AND HULU TEAM UP

66%

Spotify-Hulu bundle consumers said they’d be **willing to pay 40% over the \$10 subscription fee** for it.

66% of poll-respondents claimed they were likely to purchase a movie streaming service that was bundled with a music streaming service.

THE BENEFITS OF CROSS-PLATFORM SYMBIOSIS

We turn to Spotify’s 2019 designated **Disney Hub**, featuring music from Disney’s properties.

While **Disney’s content can drive users to engage with Spotify**, that very same engagement should **drive subscribers to pursue additional experiences with our theatrical slate**.

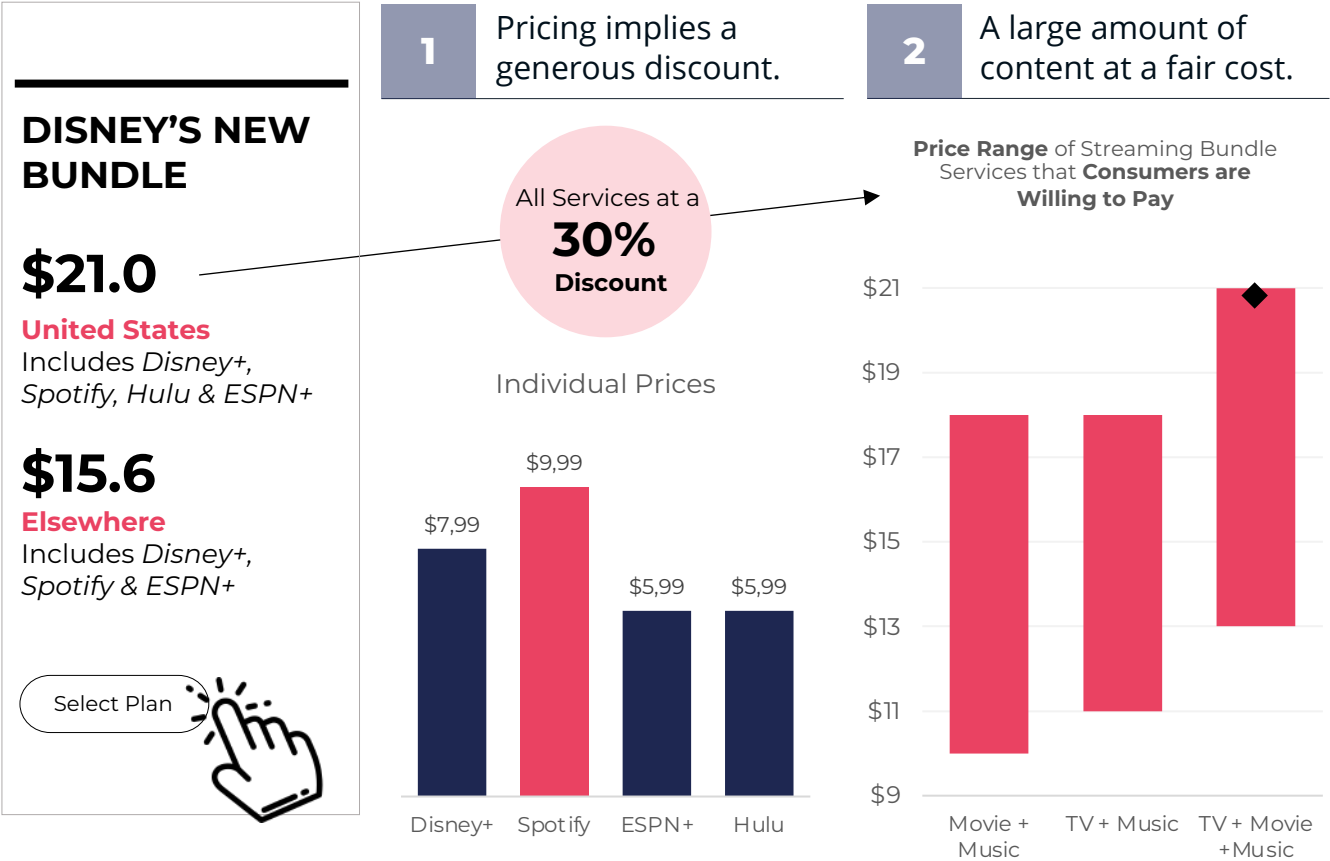
WHY IS OWNERSHIP IMPORTANT?

Ownership means **total integration**, enabling Disney to offer a **data-driven, customer-centric product**, creating value for customers.



Spotify would enable us to offer a **one-stop shop** for media entertainment needs. Customers would only have to pay **\$21**.

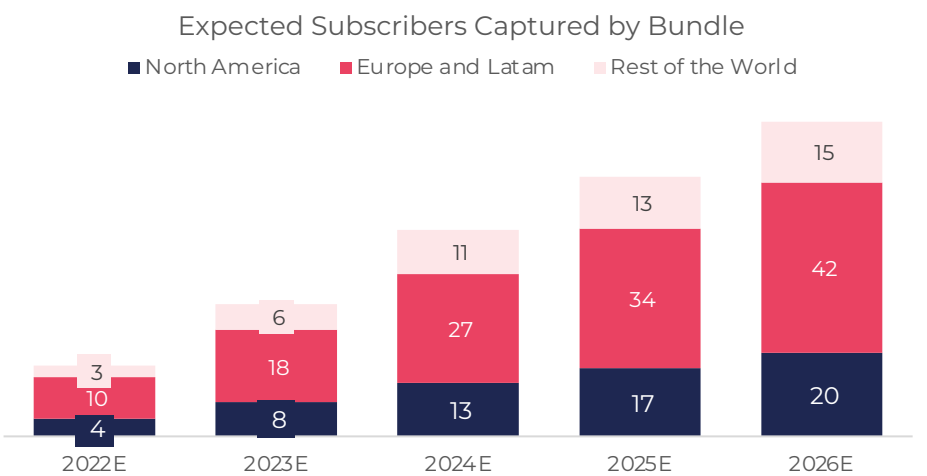
Our domestic bundle would **combine our current DTC efforts to Spotify**, whilst our international proposal aims **to sideline Hulu in the short term** due our current agreement with Comcast regarding its stake in the service.



hulu'S CATCH-22.

By having agreed to **buy out Comcast's one-third ownership in Hulu in January 2024**, we have decided the streaming service should sit this one out internationally. However, we hope it'll play a key role domestically.

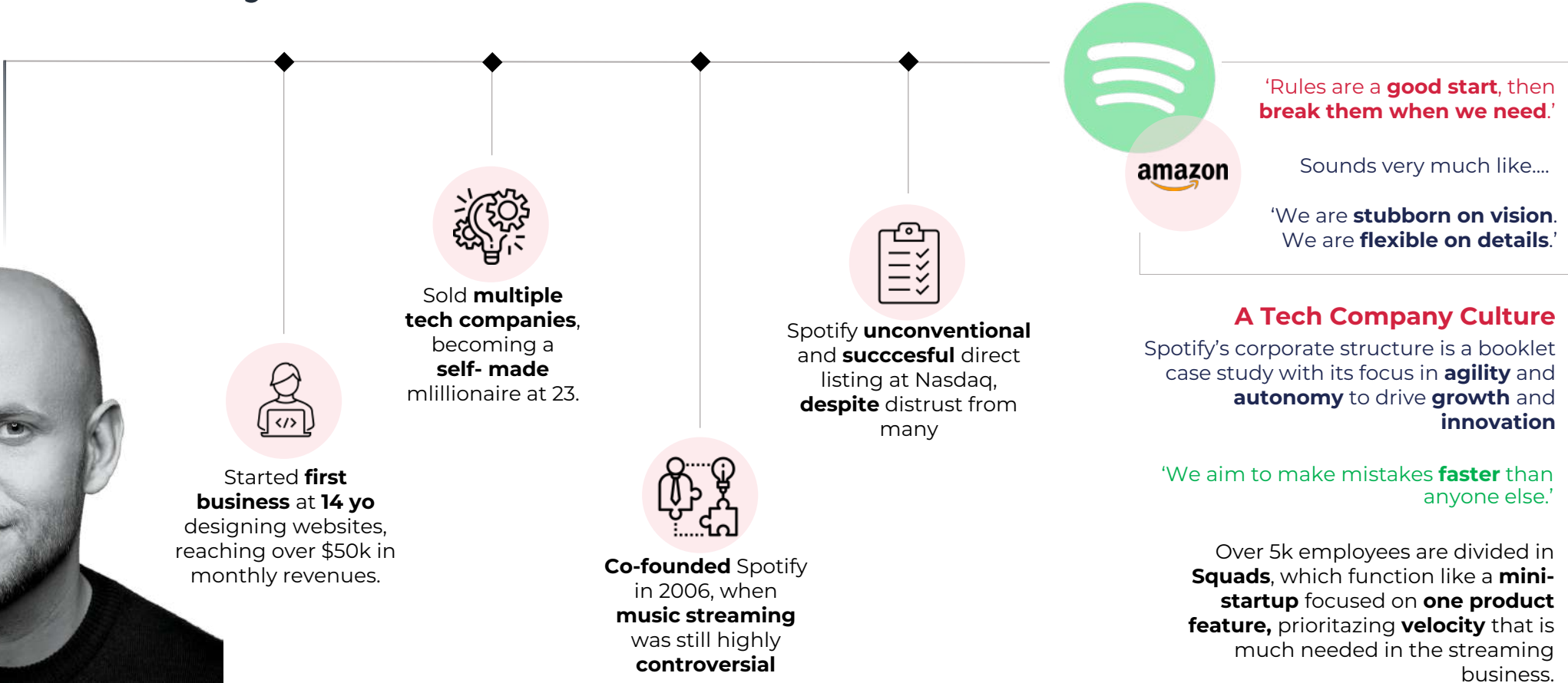
3 We expect to amass **77 million new subscribers through bundling alone by 2026**.



More than just products or technology, we would be **bringing people** who can have great impact in building long term value for Disney.

Daniel Ek is one of the **greatest tech entrepreneurs** of our time, with an impressive story of thinking **outside the box**, **taking risks** and making **things happen**, which led to the creation of a **customer-centric** culture within Spotify.

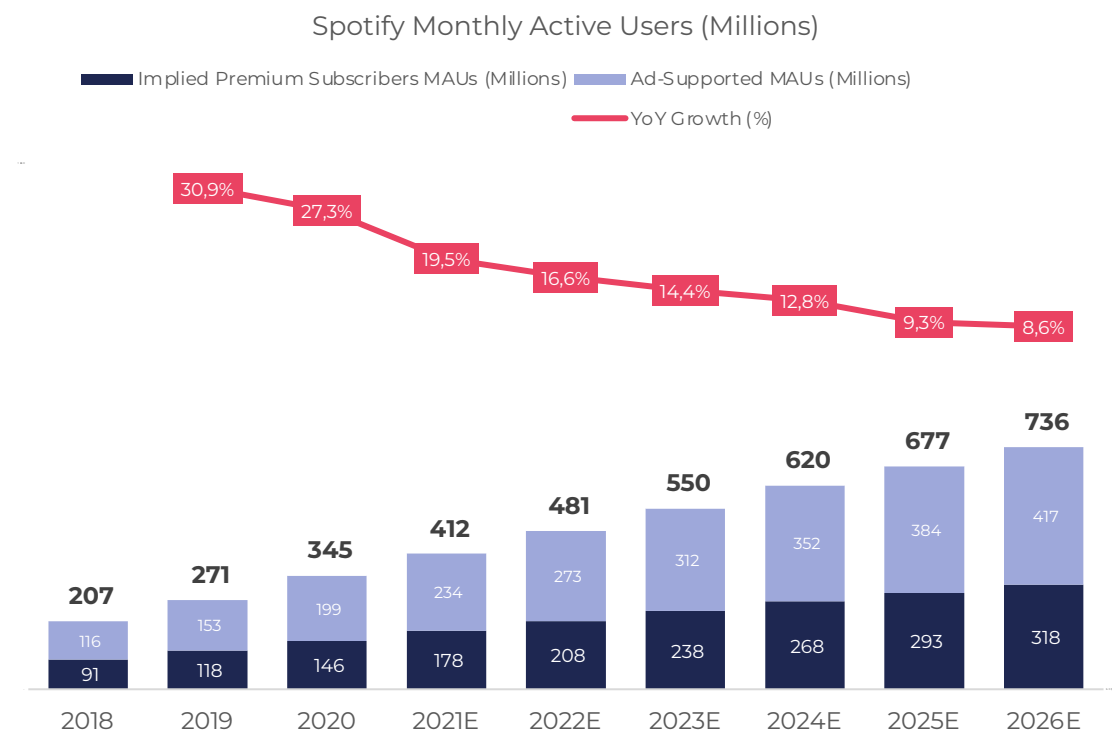
Daniel Ek
CO-Founder
and CEO



Spotify should be a fast grower for years to come, amassing **millions of new users** and gaining even **more scale** within the industry.

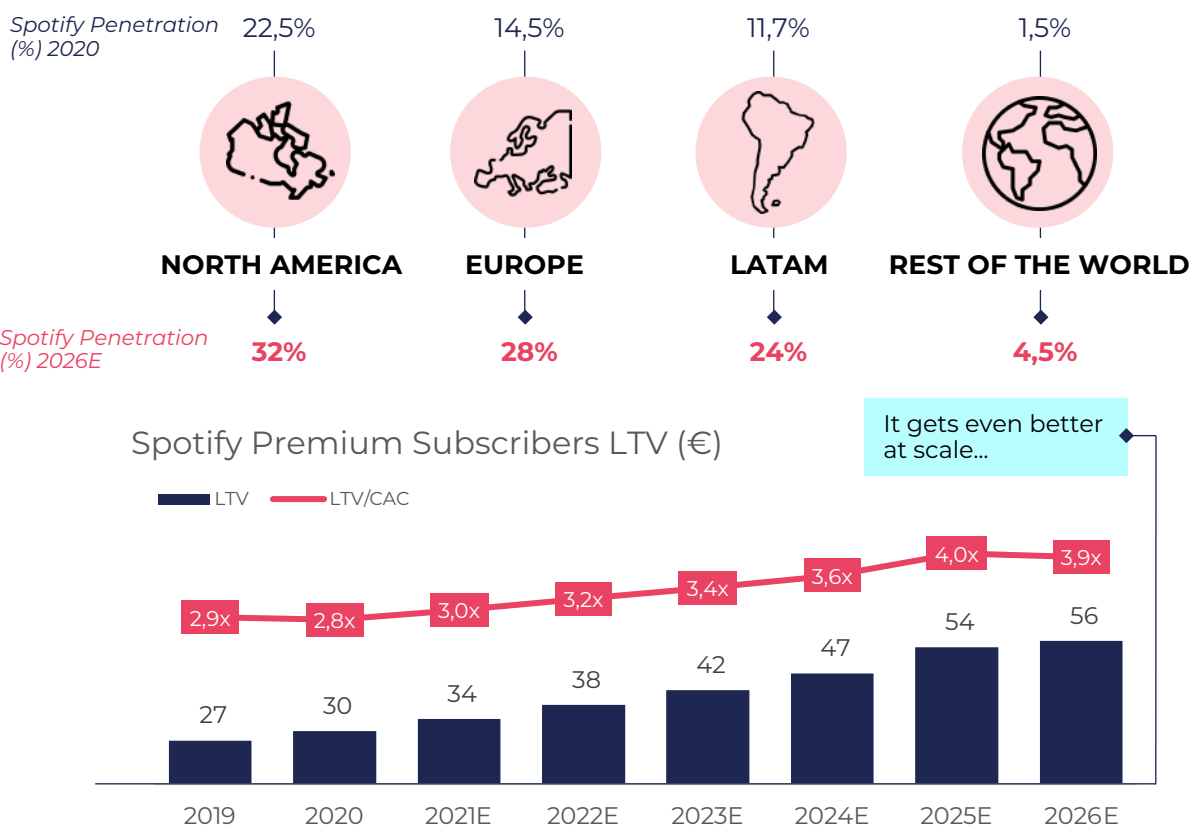
1

MAUs doubles until 2026, but still with **potential to further monetize** Ad-Supported users



SOURCES Company Filings, Euromonitor

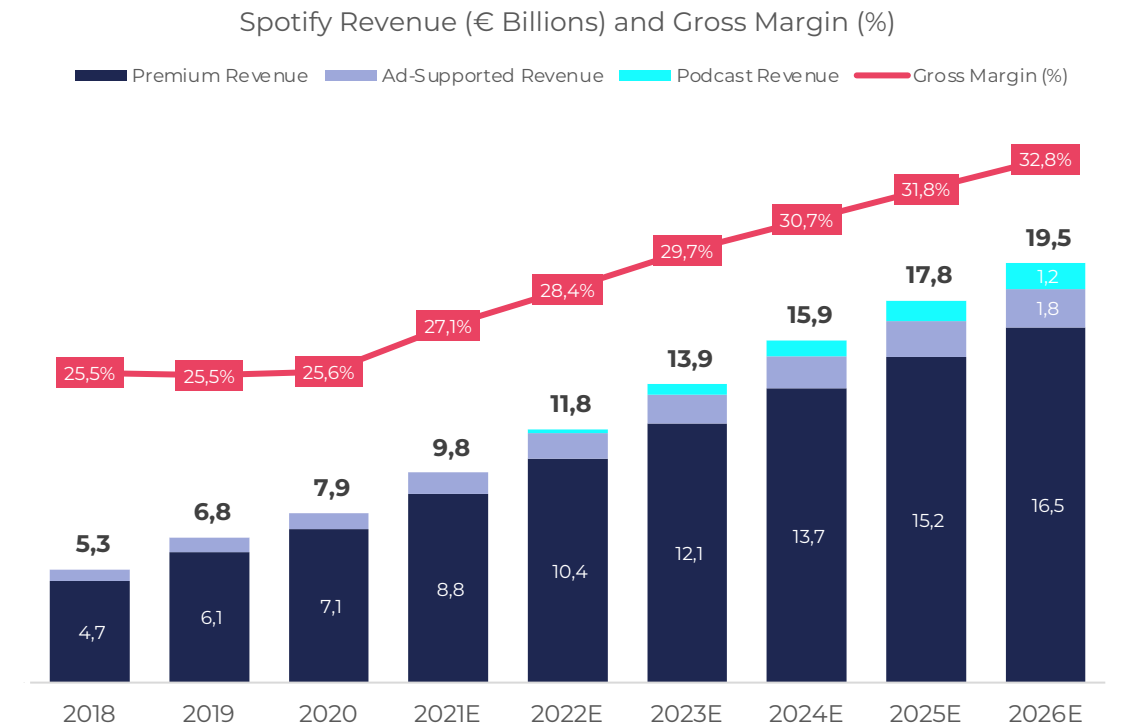
Growth comes from further **penetrating global markets**, especially Europe and Latam, which have great upside compared to the US. While growing, the company **increases gross margins** and **reduces churn**, driving LTV up.



Subscriber growth translates not only to an increase in sales, but also **bargaining power** and **margins**. This should lead to significant long-term returns.

1

Even **without exercising significant pricing power**, revenue will grow at a **15% CAGR** until 2026

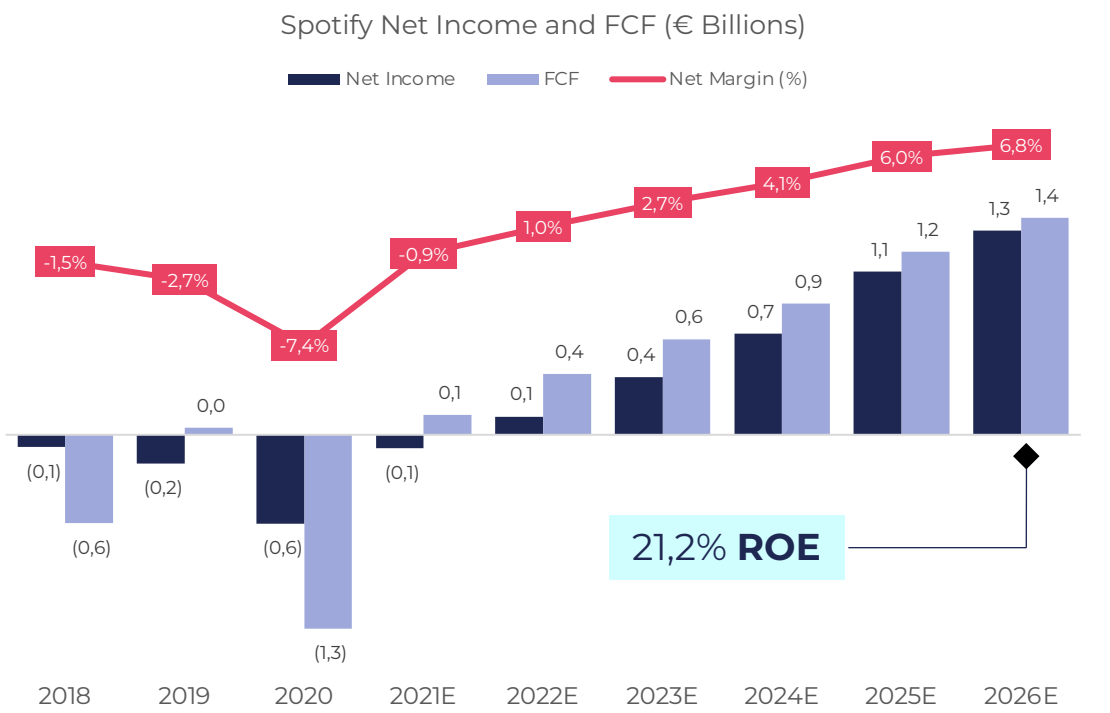


SOURCES Company Filiings

It shouldn't take long for Spotify to post numbers that are compatible with the **high quality of its business**, especially by moving towards **fixed-cost content**, which should drive earnings power and shareholder returns.

As most plataform business, Spotify gets to **breakeven** and starts to **increasingly grow cash flow generation**

2



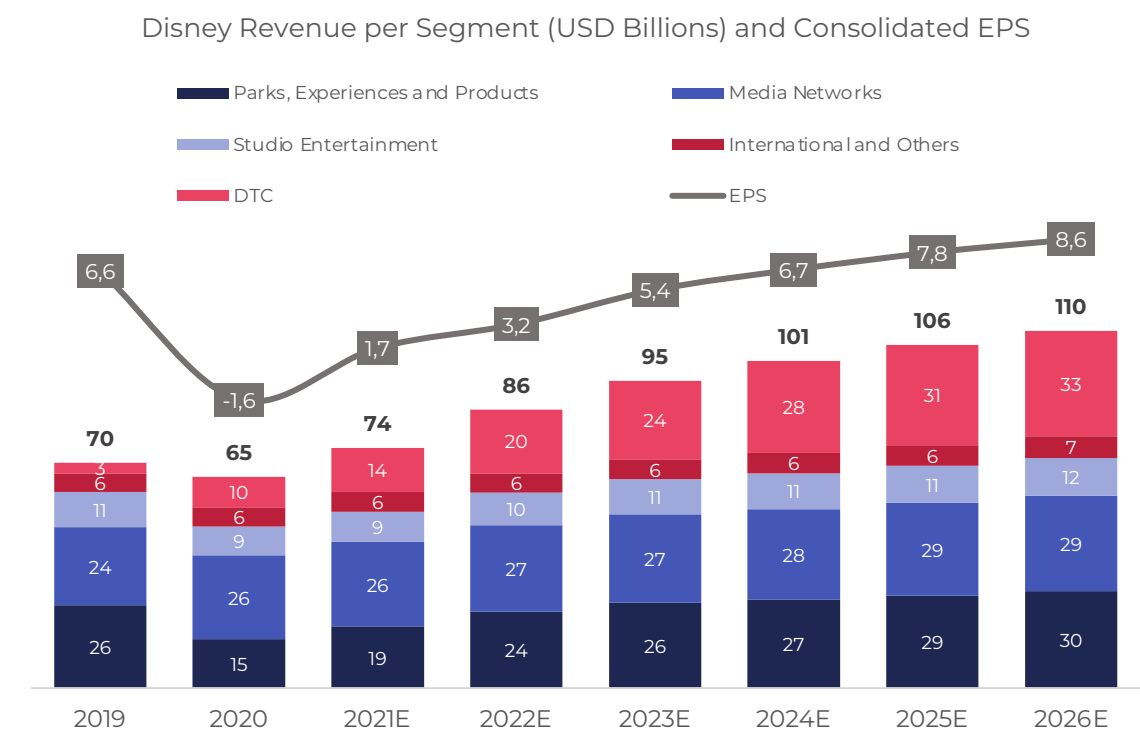
21,2% ROE

Our efforts in the streaming space are **already reflected** in current share price. We must **push further** to create more **value to our shareholders**.

Base case scenario for Disney today is a **modest growth cash cow business** combined with a **highly succesful DTC initiative**, where most of the company value for the future is concentrated.

1

With covid effects and DTC losses coming to an end, EPS recovers by 2024.



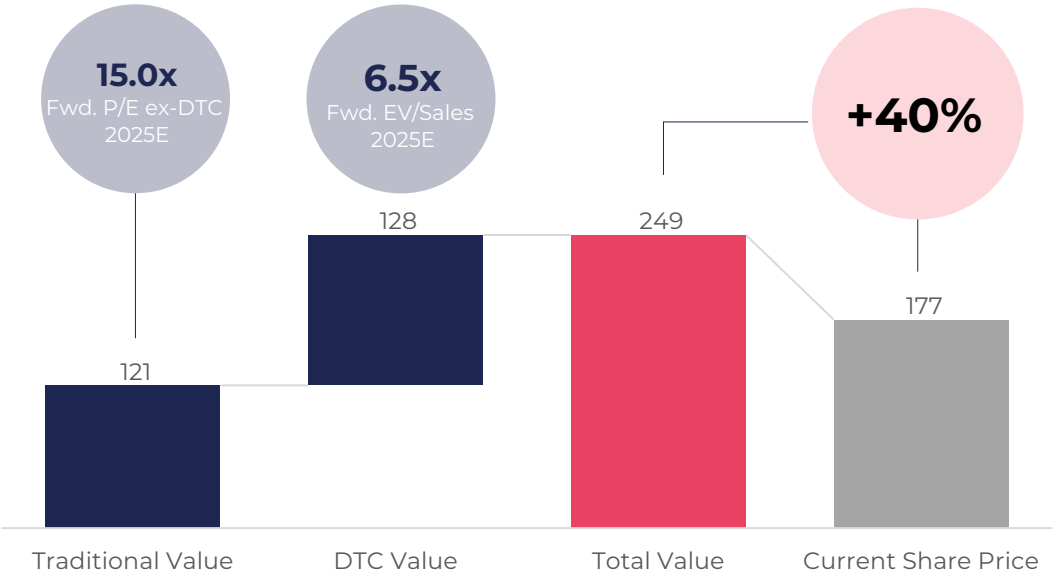
SOURCES Company Filings

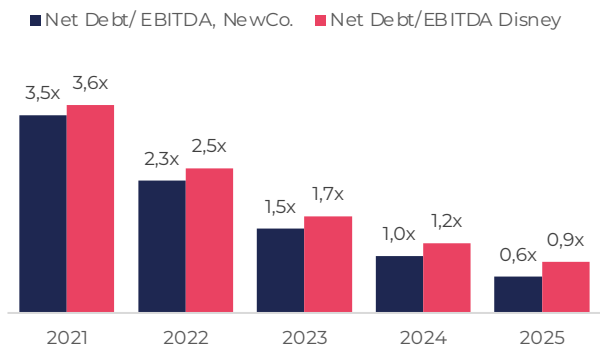
Growth for the following years is **already priced in**, leaving **little excess return for shareholders**.

2

Disney Expected Return 2021-2025

5-Year IRR **8.4%**
Cost of Equity **7.2%**

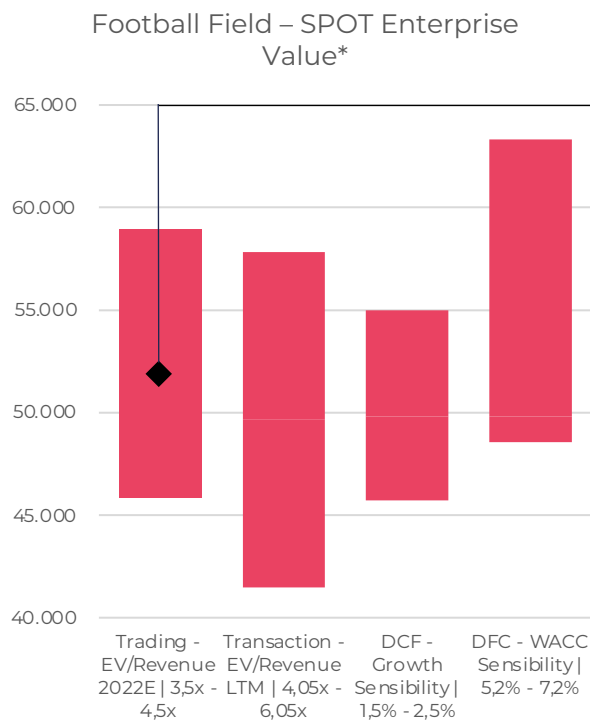




Mildly Reducing Financial Leverage

Disney's high indebtedness proves an obstacle for a large **cash** acquisition at the moment.

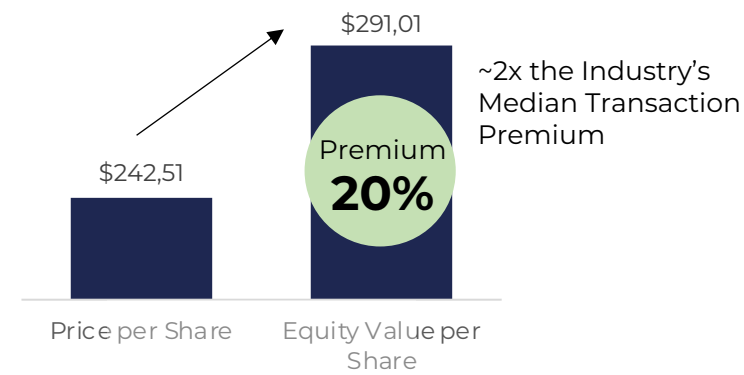
We suggest **acquiring Spotify in a full stock deal** to preserve Disney's **financial leverage** and **better align Spotify people** to our LT value creation purposes.



Crunching the Numbers



EV/Revenue 2022E 4,0x
 Revenues 2022E* (U\$ M) 14,377
 WACC 6,2%

Enterprise Value (U\$ M) 52,383



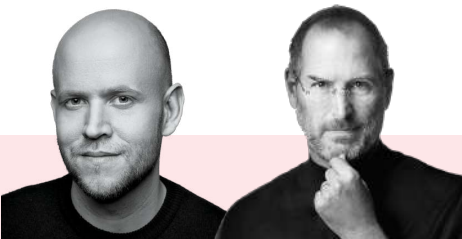
Sales and Purchase Contract Specs.

Payment is expected to be **100% in stocks**, which entails the **issuance of 305.5 million new shares**. NewCo is expected to have a grand total of **2.1 billion shares outstanding**.

OLD 		NEW 	
The Vanguard Group	7,04%	The Vanguard Group	6,02%
BlackRock, Inc.	4,23%	BlackRock, Inc.	3,61%
State Tree GA	3,88%	State Tree GA	3,32%
State Farm IC	2,10%	Daniel Ek	2,44%
Others	82,75%	Others	84,85%

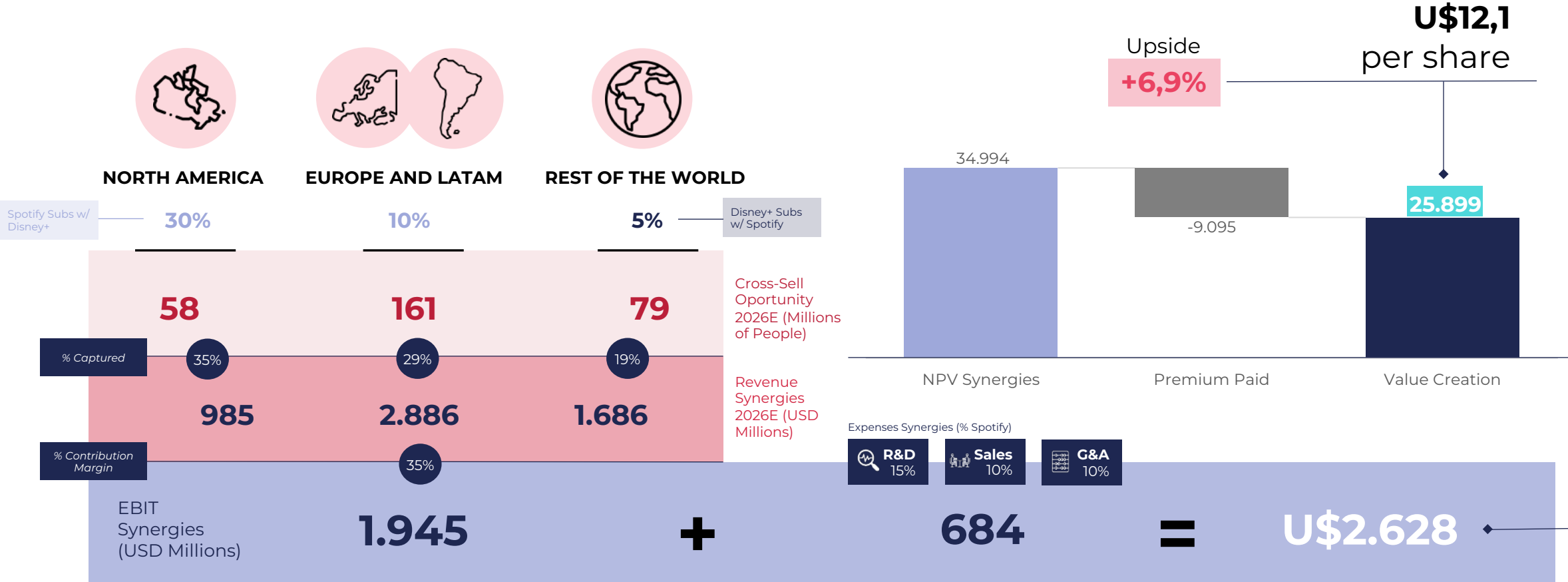
A **15% dilution** and a **Seat at the Table for Ek**.

Following in the footsteps of Steve Jobs in 2006's Disney-Pixar deal.



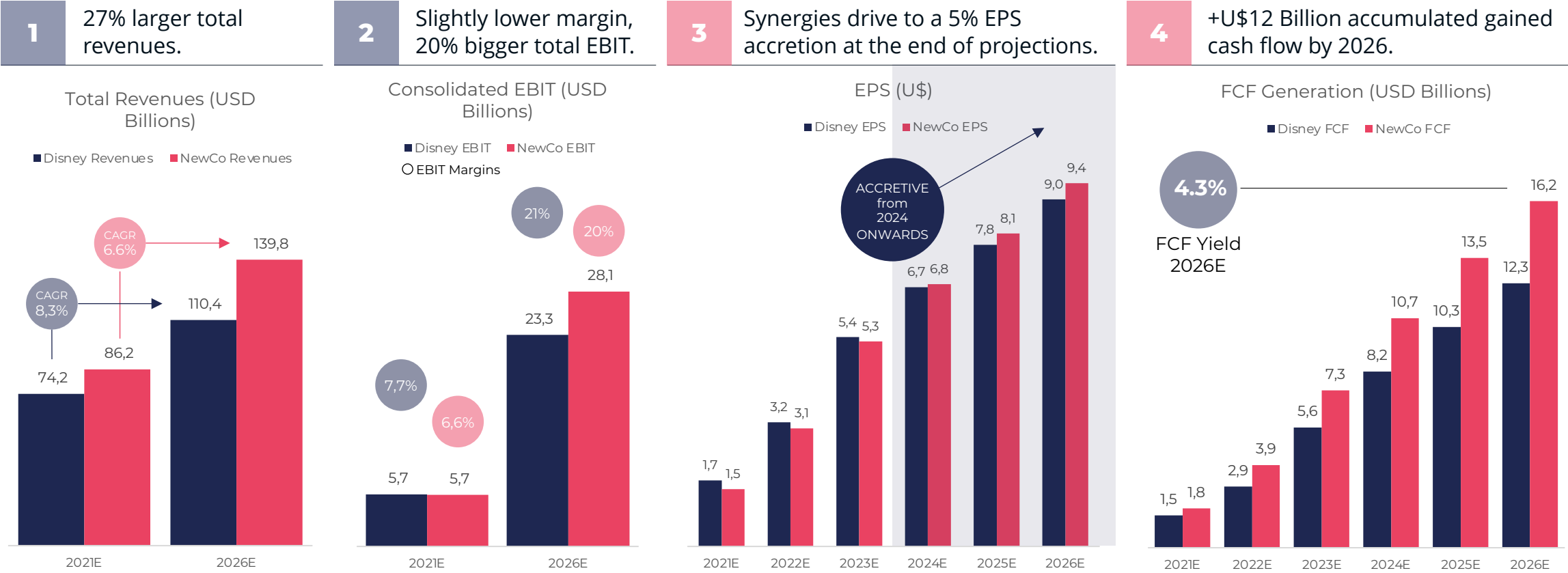
Value will come from significant synergies within the NewCo, especially services cross-selling with what should be the #1 Bundle in the market.

Bundling Disney and Spotify streaming offers will generate +U\$6bn additional revenues in 2026 and alongside cost synergies and potential for less obvious future initiatives our shareholders will be deeply recompensated.

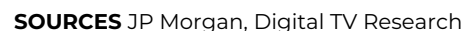


An overall superior company **opens up for many opportunities** in the future, such as further acquisitions, while also **delivering on EPS growth**.

Our numbers already show **upside** to the acquisition but they **don't fully grasp** the improvement in Disney's positioning as a **complete media company** with some of the **most talented people** in the world by our side.



Our numbers already show **upside** to the acquisition but they **don't fully grasp** the improvement in Disney's positioning as a **complete media company** with some of the **most talented people** in the world by our side.





Q&A

APPENDIX



The background features a dark, artistic composition of a tablet and a laptop. The tablet, in the foreground, shows a music player interface with a large album cover and the text 'Love is Love' and 'follow'. The laptop, behind it, displays a music discovery page with various playlist thumbnails like 'Your Discover Weekly', 'The Office Stories', and 'Get Popped!'. The entire scene is overlaid with a blue-to-red gradient.

PURCHASE AND SALES CONTRACT

Ownership Structure

Ownership Structure - DISNEY

Stockholder	DIS Stake	Shares Owned
The Vanguard Group, Inc.	7.04%	127,982,762
BlackRock, Inc.	4.23%	76,898,733
State Street Global Advisors, Inc.	3.88%	70,535,954
State Farm Insurance Companies, Asset Management Arm	2.10%	38,176,676
Mongan Stanley, Investment Banking and Brokerage Investments	1.50%	27,269,054
FMR LLC	1.49%	27,087,261
Geode Capital Management, LLC	1.28%	23,269,593
Others	78.48%	1,426,716,926

Ownership Structure - SPOTIFY

Stockholder	SPOT Stake	Shares Owned
Ek Daniel	16.8%	31,431,420
Lorentzon Martin	11.1%	20,816,752
BAILLIE GIFFORD AND	11.0%	20,666,721
MORGAN STANLEY	9.1%	16,990,971
TENCENT HOLDINGS LTD	8.7%	16,353,340
T ROWE PRICE GROUP I	6.8%	12,808,866
JENNISON ASSOCIATES	3.1%	5,757,426
TECHNOLOGY CROSSOVER	2.4%	4,444,658
ARK INVESTMENT MANAG	2.0%	3,825,781
BLACKROCK	1.8%	3,338,182
TIGER GLOBAL MANAG	1.7%	3,131,890
Others	26%	47,972,299

NEW STRUCTURE

Stockholder	NEWCO. Stake	Shares Owned
The Vanguard Group, Inc.	6.02%	127,982,762
BlackRock, Inc.	3.61%	76,898,733
State Street Global Advisors, Inc.	3.32%	70,535,954
State Farm Insurance Companies, Asset Management Arm	1.79%	38,176,676
Mongan Stanley, Investment Banking and Brokerage Investments	1.28%	27,269,054
FMR LLC	1.27%	27,087,261
Geode Capital Management, LLC	1.09%	23,269,593
Others, Disney	67.06%	1,426,716,926
Ek Daniel	2.44%	51,873,402
Lorentzon Martin	1.61%	34,355,296
BAILLIE GIFFORD AND	1.60%	34,107,690
MORGAN STANLEY	1.32%	28,041,350
TENCENT HOLDINGS LTD	1.27%	26,989,025
T ROWE PRICE GROUP I	0.99%	21,139,340
JENNISON ASSOCIATES	0.45%	9,501,870
TECHNOLOGY CROSSOVER	0.34%	7,335,320
ARK INVESTMENT MANAG	0.30%	6,313,946
BLACKROCK	0.26%	5,509,228
TIGER GLOBAL MANAG	0.24%	5,168,770
Others, Spotify	3.72%	79,171,935
Total	100.00%	2,127,444,132

PURCHASE AND SALES CONTRACT

Net Debt and Goodwill

Net Debt - New Disney		2019	2020	2021	2022	2023	2024	2025
Debt, Disney	(USD Millions)	46,986	58,628	58,628	58,628	58,628	58,628	58,628
Debt, Spotify	(USD Millions)	-	-	1,499	1,499	1,499	1,499	1,499
Debt, New Disney	(USD Millions)	46,986	58,628	60,127	60,127	60,127	60,127	60,127
Cash and Equivalents, Disney	(USD Millions)	5,418	17,914	19,431	22,289	25,379	30,441	35,550
Cash and Equivalents, Spotify	(USD Millions)	1,299	1,404	3,060	3,544	4,302	5,344	6,797
Cash and Equivalents, New Disney	(USD Millions)	6,717	19,318	22,492	25,833	29,681	35,785	42,347
Net Debt, Disney	(USD Millions)	41,568	40,714	39,197	36,339	33,249	28,187	23,078
Net Debt, Spotify	(USD Millions)	(1,299)	(1,404)	(1,561)	(2,044)	(2,803)	(3,844)	(5,298)
Net Debt, New Disney	(USD Millions)	40,269	39,310	37,636	34,295	30,446	24,342	17,780
EBITDA Disney	(USD Millions)	15,997	9,139	10,751	14,297	19,637	22,959	25,826
EBITDA Spotify	(USD Millions)	17	(222)	104	453	899	1,382	2,061
EBITDA Combined (ex-Synergies)	(USD Millions)	16,014	8,917	10,855	14,750	20,535	24,340	27,888
Net Debt/ EBITDA, Disney		2.60x	4.45x	3.65x	2.54x	1.69x	1.23x	0.89x
Net Debt/ EBITDA, Spotify		-76.07x	6.32x	-15.07x	-4.51x	-3.12x	-2.78x	-2.57x
Net Debt/ EBITDA, New Disney		2.51x	4.41x	3.47x	2.33x	1.48x	1.00x	0.64x

Goodwill		
Valuation	(USD Millions)	54,575
(-) Spotify Book Value	(USD Millions)	3,313
Goodwill Created	(USD Millions)	51,262

ACCRETION/DILUTION ANALYSIS

Accretion/Dilution Analysis

(in USD Millions)	Unit	2021E	2022E	2023E	2024E	2025E	2026E
EUR/USD, as of 10/06/2021	(USD)	1.22					
EBIT - Disney	(USD Millions)	5,743	9,267	14,492	17,653	20,361	23,304
EBIT - Spotify	(USD Millions)	(50)	268	676	1,114	1,745	2,143
Synergies	(USD Millions)	-	460	1,051	1,650	2,099	2,628
Pro Forma EBIT Combined (Pre-Transaction)	(USD Millions)	5,692	9,996	16,219	20,418	24,205	28,075
D&A - Write-Up	(USD Millions)	-	-	-	-	-	-
Pro Forma EBIT Combined (Pre-Transaction)	(USD Millions)	5,692	9,996	16,219	20,418	24,205	28,075
Financial Result - Disney	(USD Millions)	(1,470)	(1,112)	(1,050)	(975)	(904)	(861)
Financial Result - Spotify	(USD Millions)	20					
Others, Non Operating - Disney	(USD Millions)	211					
Others, Non Operating - Disney	(USD Millions)	-	-	-	-	-	-
EBT	(USD Millions)	4,452	8,884	15,169	19,443	23,301	27,214
Combined Taxes		(863)	(1,643)	(2,652)	(3,219)	(3,649)	(4,185)
Income Taxes	(%)	19%	21%	21%	21%	21%	21%
Non-Controlling Interest		(410)	(430)	(451)	(474)	(498)	(523)
Combined Net Income	(USD Millions)	3,179	6,588	11,532	14,886	17,910	20,977
Disney Net Income	(USD Millions)	3,132	5,933	10,099	12,638	14,851	17,249
Standalone Fully Diluted Shares Outstanding	(#)	1,826,080,000	1,844,340,800	1,862,784,208	1,881,412,050	1,900,226,171	1,919,228,432
Net New Shares Issued in Transaction	(#)	309,507,172	309,507,172	309,507,172	309,507,172	309,507,172	309,507,172
Pro Forma Fully Diluted Shares Outstanding	(#)	2,135,587,172	2,153,847,972	2,172,291,380	2,190,919,222	2,209,733,343	2,228,735,604
Pro Forma Combined Diluted EPS	(USD)	1.49	3.06	5.31	6.79	8.11	9.41
Buyer Standalone Diluted EPS	(USD)	1.72	3.22	5.42	6.72	7.82	8.99
Accretion/ Dilution (\$)	(USD)	(0.23)	(0.16)	(0.11)	0.08	0.29	0.42
Accretion/ Dilution (%)	(%)	-13%	-5%	-2%	1%	4%	5%
Accretive/ Dilutive		Dilutive	Dilutive	Dilutive	Accretive	Accretive	Accretive

SYNERGIES

Subscribers

(in USD Millions)	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
SUBSCRIBERS								
Disney	(# Millions)	121	213	271	310	350	369	389
Disney+	(# Millions)	74	148	195	226	260	276	292
Average Monthly Revenue	(USD)	4.80	5.60	6.40	7.20	8.00	8.24	8.49
Hulu	(# Millions)	37	48	54	58	60	61	62
Average Monthly Revenue	(USD)	12.78	12.90	13.89	14.36	14.85	15.22	15.53
ESPN+	(# Millions)	10	17	22	26	30	32	34
Average Monthly Revenue	(USD)	4.35	4.48	4.61	4.75	4.90	5.04	5.19
Spotify	(# Millions)	155	188	220	252	283	310	336
Average Monthly Revenue	(USD)	5.20	5.20	5.20	5.20	5.20	5.20	5.20
MAUs and Bundle Subscribers (DIS)								
Ad-Supported MAUs	(# Millions)	199	234	273	312	352	384	417
Average Monthly Revenue	(USD)	3.74	4.28	4.28	4.28	4.28	4.28	4.28
Bundle	(# Millions)	2	7	14	20	28	35	43
Average Monthly Revenue	(USD)	16.00	16.48	16.97	17.48	18.01	18.55	19.10

SYNERGIES

Bundle Economics (Summary)

(in USD Millions)	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
BUNDLE ECONOMICS								
Disney+			7.99	8.23	8.48	8.73	8.99	9.26
Spotify			9.99	10.29	10.60	10.92	11.24	11.58
ESPN+			5.99	6.17	6.35	6.55	6.74	6.94
Hulu			5.99	6.17	6.35	6.55	6.74	6.94
Total US			29.96	30.86	31.78	32.74	33.72	34.73
Discount %			30%	30%	30%	30%	30%	30%
Bundle Price US			20.97	21.60	22.25	22.92	23.60	24.31
Total International			23.97	24.69	25.43	26.19	26.98	27.79
Discount %			35%	35%	30%	30%	30%	30%
Bundle Price International			15.58	16.05	17.80	18.33	18.88	19.45

SYNERGIES

Bundle Economics (North America)

(in USD Millions)	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
North America			-	17.3	32.4	50.6	63.7	77.2
Subscribers, Standalone								
Spotify			55	64	73	82	90	98
Disney+			59	78	88	98	100	102
% of Total Disney+			40%	40%	39%	38%	36%	35%
Hulu			48	54	58	60	61	62
Total Unique Subscribers			104	128	142	155	159	163
Disney+ and Hulu Overlap			42	48	52	55	57	60
% Disney+			70%	61%	60%	57%	58%	59%
% Hulu			86%	88%	90%	92%	94%	96%
Disney+ and Hulu Unique Subscribers			66	84	93	102	104	105
Spotify/Disney+ and Hulu Overlap			16	20	25	30	34	39
% Spotify			30%	32%	34%	36%	38%	40%
Disney+/Hulu Cross-Sell Opportunity			38	43	48	53	56	59
Captured Bundle Subscribers			-	4	8	13	17	20
			0.0%	10.0%	17.5%	25.0%	30.0%	35.0%
Revenued Gained w/ Bundle				588	1,178	1,894	2,478	3,130
Revenue Lost w/ Bundle				(875)	(1,135)	(1,440)	(1,767)	(2,146)
Revenue Sinergies, Net				(287)	44	453	711	985

SYNERGIES

Bundle Economics (Europe and Latam)

(in USD Millions)	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
Europe and Latam								
Subscribers, Standalone								
Spotify			95	115	134	154	173	189
Disney+			44	58	71	85	93	102
% of Total Disney+			30.0%	30.0%	31.3%	32.5%	33.8%	35.0%
Total Unique Subscribers			130	161	188	218	242	263
Spotify/Disney+ Overlap			9	13	16	20	24	28
% Spotify			10%	11.00%	12.00%	13.00%	14.00%	15.00%
Disney+ Cross-Sell Opportunity			85	102	118	134	149	161
Captured Bundle Subscribers			-	10	18	27	34	42
			0.0%	10.0%	15.0%	20.0%	23.0%	26.0%
Revenued Gained w/ Bundle				631	1,393	2,168	2,859	3,596
Revenue Lost w/ Bundle				(468)	(368)	(471)	(588)	(710)
Revenue Sinergies, Net				162	1,025	1,697	2,270	2,886

SYNERGIES

Bundle Economics (Rest of the World)

(in USD Millions)	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
Rest of the World								
Subscribers, Standalone								
Spotify			16	19	22	25	28	31
Disney+			44	58	68	78	83	88
% of Total Disney+			30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Total Unique Subscribers			58	74	85	97	104	110
Disney+/Spotify Overlap			2	4	5	6	7	9
% Disney+			5.00%	6.00%	7.00%	8.00%	9.00%	10.00%
Spotify Cross-Sell Opportunity			42	55	63	72	75	79
Captured Bundle Subscribers			-	2.7	6.3	10.8	12.8	15.0
			0.0%	5.0%	10.0%	15.0%	17.0%	19.0%
Revenued Gained w/ Bundle				258	705	1,241	1,518	1,832
Revenue Lost w/ Bundle				(104)	(73)	(98)	(121)	(146)
Revenue Sinergies, Net				154	633	1,142	1,398	1,686

SYNERGIES

Total Synergies

(in USD Millions)		Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
Total									
Revenue Gained with Bundle					1,476	3,277	5,302	6,855	8,558
Revenue (Lost) with Bundle					(1,447)	(1,576)	(2,010)	(2,476)	(3,002)
Revenue Sinergies, Net					29	1,701	3,293	4,379	5,557
Revenue Sinergies, Net					9	532	1,070	1,478	1,945
% Contribution Margin					30.0%	31.3%	32.5%	33.8%	35.0%
COGS SYNERGIES									
Spotify, Cost of Revenue		(USD Millions)	7,155	8,695	10,317	11,935	13,458	14,802	16,022
Spotify Revenue		(USD Millions)	9,614	11,934	14,403	16,977	19,431	21,701	23,845
YoY (%)		(%)	16%	22%	19%	16%	13%	10%	8%
% of Revenue		(%)	74%	73%	72%	70%	69%	68%	67%
Further Reduction in %		(%)		0%	0%	0%	0%	0%	0%
Total COGS Synergies		(USD Millions)	-	-	-	-	-	-	-
SG&A AND R&D SYNERGIES									
Spotify									
Research and Development		15% (USD Millions)	1,021	1,157	1,397	1,646	1,884	2,104	2,312
YoY (%)		(%)	36%	28%	28%	28%	28%	28%	28%
as % of Revenue		(%)	11%	10%	10%	10%	10%	10%	10%
Sales and Marketing		10% (USD Millions)	1,255	1,499	1,686	1,886	2,060	2,071	2,340
YoY (%)		(%)	25%	19%	12%	12%	9%	1%	13%
as % of Revenue		(%)	13%	13%	12%	11%	11%	10%	10%
CAC		(USD)	13	14	14	15	16	17	18
YoY (%)		(%)	12%	5%	5%	5%	5%	5%	5%
General and Administrative		10% (USD Millions)	539	634	736	833	915	979	1,028
YoY (%)		(%)	25%	18%	16%	13%	10%	7%	5%
as % of Revenue		(%)	6%	5%	5%	5%	5%	5%	4%
Total SG&A and R&D Synergies		(%)	-	387	452	519	580	621	684
as % of Spotify SG&A and R&D		(%)		12%	12%	12%	12%	12%	12%
TOTAL EBIT SYNERGIES									
Revenue Synergies %					2%	51%	65%	70%	74%
COGS Synergies %					0%	0%	0%	0%	0%
SG&A and R&D Synergies %					98%	49%	35%	30%	26%

NEWCO. MODEL

Operational

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
OPERATIONAL												
Total Subscribers							292	362	415	470	505	536
Unique Subscribers, North America							104	128	142	155	159	163
Unique Subscribers, Europe & Latam							130	161	188	218	242	263
Unique Subscribers, Rest of the World							58	74	85	97	104	110
Spotify Subscribers		48	71	96	124	155	188	220	252	283	310	336
Disney Total Subscribers							166	215	248	284	300	317
North America							66	84	93	102	104	105
Europe and Latam							44	58	71	85	93	102
Rest of the World							44	58	68	78	83	88
ESPN+ Standalone	35%						11	14	17	20	21	22
Total Subscribers NewCo.							303	376	432	489	525	558
Disney Standalone Projected Subscribers						121	213	271	310	350	369	389

NEWCO. MODEL

Income Statement

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
INCOME STATEMENT												
Revenue					77,859	75,002	86,156	100,467	113,638	123,784	132,060	139,843
YoY (%)								17%	13%	9%	7%	6%
EBIT					11,741	3,437	5,692	9,996	16,219	20,418	24,205	28,075
EBIT Margin					15%	5%	7%	10%	14%	16%	18%	20%
Check							-	-	-	-	-	-
(+) Depreciation & Amortization							5,162	5,215	5,367	5,572	5,782	6,001
EBTIDA							10,855	15,210	21,586	25,990	29,986	34,076
EBITDA Margin							13%	15%	19%	21%	23%	24%
Finance Income							529	464	508	563	614	633
% of Cash BoP								2%	2%	2%	2%	2%
Finance Costs							(1,980)	(1,804)	(1,804)	(1,804)	(1,804)	(1,804)
% of Debt								3%	3%	3%	3%	3%
Others, Non-Operating							211	228	246	265	287	310
Finance Income/(Costs) - Net							(1,240)	(1,112)	(1,050)	(975)	(904)	(861)
EBT							4,452	8,884	15,169	19,443	23,301	27,214
Income Tax (Benefit)/Expense							(863)	(1,866)	(3,185)	(4,083)	(4,893)	(5,715)
% of EBT							19%	21%	21%	21%	21%	21%
(-) Non-Controlling Interest							(410)	(430)	(451)	(474)	(498)	(523)
Net Income							3,179	6,588	11,532	14,886	17,910	20,977
Net Margin							4%	7%	10%	12%	14%	15%
Check							-	-	-	-	-	-
							2.2%	4.4%	7.3%	9.0%	10.5%	12.1%
Net Income per Share												
Basic							1.49	3.06	5.31	6.79	8.11	9.41
Diluted							1.49	3.06	5.31	6.79	8.11	9.41
Weighted Average Ordinary Shares Outstanding												
Basic							2,135,587,172	2,153,847,972	2,172,291,380	2,190,919,222	2,209,733,343	2,228,735,604
Diluted							2,135,587,172	2,153,847,972	2,172,291,380	2,190,919,222	2,209,733,343	2,228,735,604

NEWCO. MODEL

Balance Sheet

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Balance Sheet												
ASSETS												
Cash and Equivalents						20,045	23,219	25,423	28,155	30,676	31,662	30,004
Receivables						13,274	15,128	17,569	19,455	20,785	21,875	22,868
Inventory						1,583	1,785	2,022	2,132	2,220	2,287	2,334
Produced and Licensed Content Costs						27,193	28,500	30,061	31,878	33,949	36,083	38,281
Investments						6,681	6,993	7,330	7,695	8,088	8,513	8,972
PP&E						33,002	33,353	34,564	36,266	38,069	39,969	41,964
Intangibles						19,291	19,347	19,528	19,713	19,812	19,891	20,045
Goodwill						78,587	129,849	129,849	129,849	129,849	129,849	129,849
Others						9,611	9,655	9,702	9,752	9,799	9,842	9,883
Total Assets						209,267	267,828	276,048	284,894	293,247	299,971	304,200
LIABILITIES												
Accounts Payable and Accrued Liabilities						19,763	22,428	25,587	27,390	28,926	30,168	31,147
Deferred Revenue						4,580	4,692	4,811	4,935	5,053	5,162	5,266
Deferred Taxes						7,288	7,288	7,288	7,288	7,288	7,288	7,288
Redeemable Non-Controlling Interests						9,249	9,249	9,249	9,249	9,249	9,249	9,249
Borrowings						58,628	60,127	60,127	60,127	60,127	60,127	60,127
Others						18,074	18,074	18,074	18,074	18,074	18,074	18,074
Total Liabilities						117,582	121,858	125,136	127,063	128,717	130,069	131,151
EQUITY												
						91,685	145,971	150,912	157,831	164,529	169,903	173,049
TOTAL EQUITY AND LIABILITIES						209,267	267,828	276,048	284,894	293,247	299,971	304,200
Check						-	-	-	-	-	-	-
Total Debt												
(+) Net Borrowings						58,628	60,127	60,127	60,127	60,127	60,127	60,127
(-) Cash						20,045	23,219	25,423	28,155	30,676	31,662	30,004
Net Debt						38,583	36,909	34,705	31,972	29,452	28,466	30,123
Net Debt/EBITDA							3.40x	2.28x	1.48x	1.13x	0.95x	0.88x

NEWCO. MODEL

Cash Flow Statement

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Cash Flow Statement												
Cash from Operating Activities							9,063	12,403	16,831	20,694	23,887	27,020
Net Income							3,179	6,588	11,532	14,886	17,910	20,977
(+) D&A							5,162	5,215	5,367	5,572	5,782	6,001
(+/-) Δ Working Capital							721	600	(68)	236	195	43
Assets							(2,055)	(2,678)	(1,996)	(1,418)	(1,157)	(1,040)
Liabilities							2,777	3,278	1,927	1,654	1,351	1,083
Cash from Investing Activities							(58,495)	(8,552)	(9,485)	(9,987)	(10,364)	(10,847)
(-) Capex							(56,832)	(6,606)	(7,255)	(7,474)	(7,761)	(8,149)
(+/-) Δ Other Assets							(1,663)	(1,946)	(2,230)	(2,512)	(2,602)	(2,698)
(+/-) Δ Other Liabilities							-	-	-	-	-	-
Cash from Financing Activities							52,606	(1,647)	(4,613)	(8,187)	(12,537)	(17,830)
(+/-) Δ Debt							1,499	-	-	-	-	-
(-) Dividends							-	-	-	-	-	-
(-) Repurchases							-	-	-	-	-	-
(+) Other Changes in Equity							51,106	(1,647)	(4,613)	(8,187)	(12,537)	(17,830)
Change in Cash Balance							3,173	2,204	2,733	2,520	986	(1,658)
Cash Balance BoP							20,045	23,219	25,423	28,155	30,676	31,662
Cash Balance EoP							23,219	25,423	28,155	30,676	31,662	30,004
Sanity Check							-	-	-	-	-	-
Retained Earnings							3,179	4,941	6,919	6,699	5,373	3,147
Dividends							-	1,647	4,613	8,187	12,537	17,830
Payout Ratio								25%	40%	55%	70%	85%
FCF							(49,432)	3,851	7,346	10,707	13,523	16,173

OPERATIONAL - DISNEY

Consolidated

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
CONSOLIDATED																	
Revenue																	
Parks, Experiences and Products		23,024	24,701	26,225	16,502	21,070	26,334	29,837	31,228	32,692	34,232	35,690	37,212	38,801	40,461	42,193	
Media Networks		21,299	21,922	24,827	28,393	28,752	29,902	30,799	31,723	32,675	33,655	34,665	35,705	36,776	37,879	39,016	
Studio Entertainment		8,352	10,065	11,127	9,636	10,423	11,226	12,119	12,554	13,009	13,483	13,979	14,495	15,035	15,599	16,188	
International and Others		3,075	3,414	6,039	6,523	6,685	6,853	7,025	7,202	7,385	7,573	7,767	7,967	8,173	8,385	8,603	
DTC		-	-	3,347	10,444	15,079	21,981	27,397	32,376	35,351	37,426	40,058	42,418	44,925	47,588	50,418	
(-) Eliminations		(613)	(668)	(1,958)	(6,110)	(7,787)	(10,262)	(12,218)	(14,024)	(15,133)	(15,929)	(16,922)	(17,822)	(18,776)	(19,787)	(20,858)	
Total Revenues		55,137	59,434	69,607	65,388	74,222	86,035	94,959	101,061	105,980	110,441	115,237	119,975	124,934	130,125	135,559	
YoY (%)				7.8%	17.1%	-6.1%	13.5%	15.9%	10.4%	6.4%	4.9%	4.2%	4.3%	4.1%	4.1%	4.2%	4.2%
Segments Operating Profit																	
Parks, Experiences and Products		5,487	6,095	6,758	(81)	1,741	4,481	7,689	8,047	8,424	8,821	9,197	9,589	9,999	10,426	10,873	
Media Networks		7,196	7,338	7,479	9,022	9,136	9,502	9,787	10,080	10,383	10,694	11,015	11,345	11,686	12,036	12,397	
Studio Entertainment		2,363	3,004	2,686	2,501	2,705	2,914	3,145	3,258	3,376	3,500	3,628	3,762	3,902	4,049	4,201	
International and Others		(284)	(738)	14	488	514	541	569	597	627	657	688	721	754	788	823	
DTC		-	-	(1,849)	(3,294)	(3,770)	(3,663)	(2,283)	-	1,768	3,743	6,009	8,484	11,231	14,276	15,125	
(-) Eliminations		13	(10)	(241)	(528)	(684)	(906)	(1,081)	(1,242)	(1,341)	(1,412)	(1,500)	(1,581)	(1,666)	(1,756)	(1,851)	
Total Segments Operating Profit		14,775	15,689	14,847	8,108	9,643	12,869	17,826	20,741	23,237	26,003	29,037	32,321	35,906	39,820	41,569	
Segments Operating Margin		26.8%	26.4%	21.3%	12.4%	13.0%	15.0%	18.8%	20.5%	21.9%	23.5%	25.2%	26.9%	28.7%	30.6%	30.7%	
(-) Corporate and other Unallocated Expenses		(582)	(744)	(987)	(817)	(927)	(1,075)	(1,186)	(1,263)	(1,324)	(1,380)	(1,440)	(1,499)	(1,561)	(1,626)	(1,694)	
% of Total Revenues		1.1%	1.3%	1.4%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
(-) Others		(320)	(108)	(2,030)	(3,497)	(2,972)	(2,527)	(2,148)	(1,825)	(1,552)	(1,319)	(1,121)	(953)	(810)	(688)	(585)	
% of Total Revenues		0.6%	0.2%	2.9%	5.3%	4.0%	2.9%	2.3%	1.8%	1.5%	1.2%	1.0%	0.8%	0.6%	0.5%	0.4%	
Consolidated Operating Profit		13,873	14,837	11,830	3,794	5,743	9,267	14,492	17,653	20,361	23,304	26,476	29,869	33,535	37,506	39,290	
Consolidated Operating Margin		25.2%	25.0%	17.0%	5.8%	7.7%	10.8%	15.3%	17.5%	19.2%	21.1%	23.0%	24.9%	26.8%	28.8%	29.0%	

OPERATIONAL - DISNEY

Parks, Experiences and Products (1)

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
PARKS, EXPERIENCES AND PRODUCTS																	
Theme Park Admissions	[U\$ Millions]		6,504	7,183	7,540	4,038	5,455	6,953	8,536	8,975	9,441	9,934	10,364	10,814	11,283	11,773	12,285
Parks & Experiences Merchandise, Food and Beverage	[U\$ Millions]		5,154	5,674	5,963	3,441	4,314	5,498	6,750	7,098	7,466	7,856	8,197	8,552	8,923	9,311	9,715
Resorts and Vacations	[U\$ Millions]		5,378	5,938	6,266	3,402	5,402	7,705	8,095	8,505	8,935	9,387	9,862	10,362	10,886	11,437	12,015
Merchandise Licensing and Retail	[U\$ Millions]		4,494	4,249	4,519	4,185	4,296	4,408	4,519	4,655	4,794	4,938	5,086	5,239	5,396	5,558	5,725
Parks Licensing and Other	[U\$ Millions]		1,494	1,657	1,937	1,436	1,603	1,770	1,937	1,995	2,055	2,117	2,180	2,246	2,313	2,382	2,454
Total Revenue			23,024	24,701	26,225	16,502	21,070	26,334	29,837	31,228	32,692	34,232	35,690	37,212	38,801	40,461	42,193
Operating Income			5,487	6,095	6,758	(81)	1,741	4,481	7,689	8,047	8,424	8,821	9,197	9,589	9,999	10,426	10,873
Operating Margin			24%	25%	26%	0%	8%	17%	26%	26%	26%	26%	26%	26%	26%	26%	26%
Themes and Parks Admissions																	
Parks Attendance	[# Millions]		6,504	7,183	7,540	4,038	5,455	6,953	8,536	8,975	9,441	9,934	10,364	10,814	11,283	11,773	12,285
YoY (%)	[%]		104	116	121	118	61	80.0	99.0	118.0	120.5	123.0	125.7	127.3	129.0	130.6	132.3
Domestic	[# Millions]		81	83	86	86	46	59.1	72.5	85.8	86.7	87.5	88.4	89.3	90.2	91.1	92.0
YoY (%)	[%]		2%	2%	4%	0%	-47%	29%	23%	18%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
International	[# Millions]		23	33	35	32	15	20.9	26.5	32.2	33.8	35.5	37.3	38.0	38.8	39.6	40.3
YoY (%)	[%]		47%	4%	4%	-7%	-53%	37%	27%	21%	5.0%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%
Average Ticket	[U\$]		56	59	64	66	68	70	72	75	77	79	81	84	86	89	92
YoY (%)	[%]			6%	7%	4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

OPERATIONAL - DISNEY

Parks, Experiences and Products (2)

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Resorts and Vacations	[U\$ Millions]		5,378	5,938	6,266	3,402	5,402	7,705	8,095	8,505	8,935	9,387	9,862	10,362	10,886	11,437	12,015
Available Room Nights	[# Thousands]		13,227	13,224	13,212	14,321	14,607	14,900	15,198	15,502	15,812	16,128	16,450	16,779	17,115	17,457	17,806
YoY (%)				0.0%	-0.1%	8.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Domestic	[# Thousands]		10,205	10,045	10,030	11,114	11,336	11,563	11,794	12,030	12,271	12,516	12,766	13,022	13,282	13,548	13,819
YoY (%)				-1.6%	-0.1%	10.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
International	[# Thousands]		3,022	3,179	3,182	3,207	3,271	3,337	3,403	3,471	3,541	3,612	3,684	3,758	3,833	3,909	3,988
YoY (%)				5.2%	0.1%	0.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Occupancy rate			86%	87%	88%	41%	64%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%
YoY (%)	[bps]			87	79	(4,662)	2,295	2,295	-	0	-	(0)	(0)	0	(0)	(0)	-
Domestic			88%	88%	90%	43%	66%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
YoY (%)	[bps]			-	200	(4,700)	2,283	2,283	-	-	-	-	-	-	-	-	-
International			80%	84%	81%	35%	58%	82%	82%	82%	82%	82%	82%	82%	82%	82%	82%
YoY (%)	[bps]			400	(300)	(4,600)	2,333	2,333	-	-	-	-	-	-	-	-	-
Average Ticket	[U\$]		472	516	540	576	576	594	612	630	649	668	688	709	730	752	775
YoY (%)	[%]			9%	5%	7%	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

OPERATIONAL - DISNEY

Media Networks

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
MEDIA NETWORKS																	
Cable Networks	[U\$ Millions]	14,416	14,610	16,486	17,966	18,325	19,058	19,630	20,219	20,826	21,450	22,094	22,757	23,439	24,143	24,867	
Broadcasting	[U\$ Millions]	6,883	7,312	8,341	10,427	10,427	10,844	11,169	11,504	11,850	12,205	12,571	12,948	13,337	13,737	14,149	
Total Revenue		21,299	21,922	24,827	28,393	28,752	29,902	30,799	31,723	32,675	33,655	34,665	35,705	36,776	37,879	39,016	
YoY (%)			3%	13%	14%	1%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Operating Income		7,196	7,338	7,479	9,022	9,136	9,502	9,787	10,080	10,383	10,694	11,015	11,345	11,686	12,036	12,397	
Operatin Margin		34%	33%	30%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Cable Networks		14,416	14,610	16,486	17,966	18,325	19,058	19,630	20,219	20,826	21,450	22,094	22,757	23,439	24,143	24,867	
YoY (%)			1%	13%	9%	2%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Broadcasting		6,883	7,312	8,341	10,427	10,427	10,844	11,169	11,504	11,850	12,205	12,571	12,948	13,337	13,737	14,149	
YoY (%)			6%	14%	25%	0%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

OPERATIONAL - DISNEY

Studio Entertainment

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
STUDIO ENTERTAINMENT																	
Theatrical Distribution			2,903	4,303	4,726	2,134	2,683	3,232	3,781	3,856	3,934	4,012	4,092	4,174	4,258	4,343	4,430
Home Entertainment			1,677	1,647	1,734	1,528	1,467	1,408	1,422	1,437	1,451	1,465	1,480	1,495	1,510	1,525	1,540
TV/SVOD Distribution and Other			3,772	4,115	4,667	5,974	6,273	6,586	6,916	7,261	7,625	8,006	8,406	8,826	9,268	9,731	10,218
Total Revenue			8,352	10,065	11,127	9,636	10,423	11,226	12,119	12,554	13,009	13,483	13,979	14,495	15,035	15,599	16,188
YoY (%)				21%	11%	-13%	8%	8%	8%	4%	4%	4%	4%	4%	4%	4%	4%
Operating Income			2,363	3,004	2,686	2,501	2,705	2,914	3,145	3,258	3,376	3,500	3,628	3,762	3,902	4,049	4,201
Operatin Margin			28%	30%	24%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
Theatrical Distribution			2,903	4,303	4,726	2,134	2,683	3,232	3,781	3,856	3,934	4,012	4,092	4,174	4,258	4,343	4,430
YoY (%)				48%	10%	-55%	26%	20%	17%	2%	2%	2%	2%	2%	2%	2%	2%
Home Entertainment			1,677	1,647	1,734	1,528	1,467	1,408	1,422	1,437	1,451	1,465	1,480	1,495	1,510	1,525	1,540
YoY (%)				-2%	5%	-12%	-4%	-4%	1%	1%	1%	1%	1%	1%	1%	1%	1%
TV/SVOD Distribution and Other			3,772	4,115	4,667	5,974	6,273	6,586	6,916	7,261	7,625	8,006	8,406	8,826	9,268	9,731	10,218
YoY (%)				9%	13%	28%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

OPERATIONAL - DISNEY

Direct to Consumer Consolidated

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
DIRECT TO CONSUMER AND INTERNATIONAL																	
Subscription Fees			447	731	2,115	7,645											
Affiliate Fees			1,335	1,372	2,768	3,673											
Advertising			1,293	1,311	3,542	4,477											
TV/SVOD Distribution and Other			-	-	961	1,172											
Total Revenue			3,075	3,414	9,386	16,967	21,764	28,833	34,422	39,579	42,736	45,000	47,825	50,385	53,098	55,973	59,020
YoY (%)				11%	175%	81%	28%	32%	19%	15%	8%	5%	6%	5%	5%	5%	5%
DTC Services Revenue			-	-	3,347	10,444	15,079	21,981	27,397	32,376	35,351	37,426	40,058	42,418	44,925	47,588	50,418
YoY (%)						212%	44%	46%	25%	18%	9%	6%	7%	6%	6%	6%	6%
DTC Services Operating Income			-	-	(1,849)	(3,294)	(3,770)	(3,663)	(2,283)	-	1,768	3,743	6,009	8,484	11,231	14,276	15,125
Operating Margin					-55%	-32%	-25%	-17%	-8%	0%	5%	10%	15%	20%	25%	30%	30%

OPERATIONAL - DISNEY

DTC Build-Up

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
DTC Build Up																	
Total Subscribers						121	213	271	310	350	369	389	401	414	428	441	456
Revenue - No Discount						8,096	15,661	23,269	29,530	35,647	39,538	42,613	45,488	48,105	50,880	53,824	56,948
Average Ticket						5.6	6.1	7.2	7.9	8.5	8.9	9.1	9.4	9.7	9.9	10.2	10.4
Bundle Discount						(635)	(2,059)	(4,046)	(6,355)	(9,321)	(11,988)	(14,994)	(15,855)	(16,768)	(17,736)	(18,764)	(19,855)
Bundle Subscribers						2.4	7.5	13.5	20.1	28.0	35.0	42.8	44.1	45.6	47.0	48.6	50.1
% of Total Subscribers	1.5%					2.0%	3.5%	5.0%	6.5%	8.0%	9.5%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Average Ticket						16.0	16.5	17.0	17.5	18.0	18.5	19.1	19.7	20.3	20.9	21.5	22.1
YoY (%)						3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Bundle Revenue						463	1,477	2,757	4,222	6,051	7,800	9,808	10,424	11,081	11,782	12,528	13,324
DISNEY+					-	2,123	7,457	13,172	18,172	23,321	26,480	28,911	31,105	33,000	35,009	37,141	39,403
Paid Subscribers					-	74	148	195	226	260	275.6	292.1	300.9	309.9	319.2	328.8	338.7
YoY (%)							101.1%	31.4%	15.9%	15.1%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Average Monthly Revenue					-	5	5.6	6.4	7.2	8.0	8.2	8.5	8.7	9.0	9.3	9.6	9.8
YoY (%)											3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

OPERATIONAL - DISNEY

DTC Build-Up

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
HULU					3,739	5,613	7,474	9,027	10,003	10,689	11,179	11,631	12,101	12,590	13,098	13,628	14,178
Total Subscribers						37	48	54	58	60	61.2	62.4	63.7	64.9	66.2	67.6	68.9
YoY (%)							32.0%	12.1%	7.2%	3.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Average Monthly Revenue						13	13	14	14	15	15	16	16	16	16	17	17
YoY (%)							0.9%	7.7%	3.4%	3.4%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
SVOD Only Subscribers				18	26	33	43.3	48.6	52.2	54.0	55.1	56.2	57.3	58.5	59.6	60.8	62.0
YoY (%)						27%	33%	12%	7%	3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
SVOD Only Average Monthly Revenue					8	8	8.2	8.3	8.5	8.7	8.8	9.0	9.2	9.4	9.6	9.8	9.9
YoY (%)						0%	2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Live TV + SVOD Subscribers				2	3	4	5.1	5.5	5.8	6.0	6.1	6.2	6.4	6.5	6.6	6.8	6.9
YoY (%)						41%	23%	9%	6%	3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Live TV + SVOD Average Monthly Revenue					56	67	68.6	70.0	71.4	72.8	74.2	75.7	77.2	78.8	80.4	82.0	83.6
YoY (%)						20%	2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
ESPN+					215	360	730	1,070	1,355	1,637	1,879	2,071	2,282	2,515	2,772	3,055	3,367
Paid Subscribers					4	10	17	22	26	30	32.1	34.3	36.8	39.3	42.1	45.0	48.2
YoY (%)						194%	64%	29%	18%	17%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Average Monthly Revenue					5	4	4.5	4.6	4.8	4.9	5.0	5.2	5.3	5.5	5.7	5.8	6.0
YoY (%)						-15%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

OPERATIONAL - DISNEY

International and Others Build-Up

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
International Build Up																	
International Channel Revenue		1,853	1,920	4,727	5,413	5,575	5,743	5,915	6,092	6,275	6,463	6,657	6,857	7,063	7,275	7,493	
YoY (%)			4%	146%	15%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
International Operating Income		233	311	649	872	898	925	953	981	1,011	1,041	1,072	1,105	1,138	1,172	1,207	
Operating Margin			16%	14%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Others Build Up																	
Others Revenue		1,222	1,494	1,312	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110	1,110
YoY (%)			22%	-12%	-15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Others Operating Income		(96)	(469)	(395)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)	(344)
Operating Margin			-31%	-30%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%	-31%
Equity in the Loss of Investees		(421)	(580)	(240)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)

OPERATIONAL - DISNEY

Eliminations

(in USD Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
ELIMINATIONS																	
Revenue																	
Studio Entertainment		8,352	10,065	11,127	9,636	10,423	11,226	12,119	12,554	13,009	13,483	13,979	14,495	15,035	15,599	16,188	
Media Networks		21,299	21,922	24,827	28,393	28,752	29,902	30,799	31,723	32,675	33,655	34,665	35,705	36,776	37,879	39,016	
DTC and International		3,075	3,414	9,386	16,967	21,764	28,833	34,422	39,579	42,736	45,000	47,825	50,385	53,098	55,973	59,020	
Transactions with DTC and International		(476)	(499)	(1,852)	(5,922)	(7,596)	(10,064)	(12,014)	(13,814)	(14,916)	(15,706)	(16,692)	(17,586)	(18,533)	(19,536)	(20,600)	
% of DTC and International		15%	15%	20%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Transactions with Media Networks		(137)	(169)	(106)	(188)	(190)	(198)	(204)	(210)	(216)	(223)	(230)	(236)	(244)	(251)	(258)	
% of Media Newtworks		1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Revenue Eliminations																	
Operating Income																	
Studio Entertainment		2,363	3,004	2,686	2,501	2,705	2,914	3,145	3,258	3,376	3,500	3,628	3,762	3,902	4,049	4,201	
Media Networks		7,196	7,338	7,479	9,022	9,136	9,502	9,787	10,080	10,383	10,694	11,015	11,345	11,686	12,036	12,397	
DTC and International		(284)	(738)	(1,835)	(2,806)	(3,256)	(3,122)	(1,714)	597	2,394	4,400	6,697	9,204	11,985	15,064	15,948	
Transactions with DTC and International		(2)	(2)	(222)	(531)	(681)	(902)	(1,077)	(1,239)	(1,337)	(1,408)	(1,497)	(1,577)	(1,662)	(1,752)	(1,847)	
% of DTC and International Revenues		0%	0%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Transactions with Media Networks		15	-8	-19	3	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	
% of Media Newtworks		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Operating Income Eliminations																	

MODEL - DISNEY

Income Statement

(in USD Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
INCOME STATEMENT														
Net Revenues	59,434	69,607	65,388	74,222	86,035	94,959	101,061	105,980	110,441	115,237	119,975	124,934	130,125	135,559
YoY (%)	7.8%	17.1%	-6.1%	13.5%	15.9%	10.4%	6.4%	4.9%	4.2%	4.3%	4.1%	4.1%	4.2%	4.2%
(-) Segment Expenses	(43,745)	(54,760)	(57,280)	(64,580)	(73,166)	(77,133)	(80,319)	(82,742)	(84,438)	(86,200)	(87,655)	(89,028)	(90,305)	(93,990)
Content Costs	(12,837)	(17,079)	(20,558)	(21,711)	(24,303)	(26,906)	(29,521)	(30,407)	(31,319)	(32,258)	(33,226)	(34,223)	(35,250)	(36,307)
% of Revenues	22%	25%	31%	29%	28%	28%	29%	29%	28%	28%	28%	27%	27%	27%
Expenses ex-Content Costs	(30,908)	(37,681)	(36,722)	(42,869)	(48,863)	(50,227)	(50,798)	(52,336)	(53,119)	(53,941)	(54,429)	(54,805)	(55,055)	(57,683)
% of Revenues	52%	54%	56%	58%	57%	53%	50%	49%	48%	47%	45%	44%	42%	43%
Segments Operating Profit	15,689	14,847	8,108	9,643	12,869	17,826	20,741	23,237	26,003	29,037	32,321	35,906	39,820	41,569
Segments Operating Margin	26%	21%	12%	13%	15%	19%	21%	22%	24%	25%	27%	29%	31%	31%
(-) Corporate SG&A and Others, Net	(852)	(3,017)	(4,314)	(3,900)	(3,602)	(3,334)	(3,088)	(2,876)	(2,699)	(2,561)	(2,452)	(2,371)	(2,314)	(2,279)
% of Net Revenues	1.4%	4.3%	6.6%	5.3%	4.2%	3.5%	3.1%	2.7%	2.4%	2.2%	2.0%	1.9%	1.8%	1.7%
Consolidated Operating Profit	14,837	11,830	3,794	5,743	9,267	14,492	17,653	20,361	23,304	26,476	29,869	33,535	37,506	39,290
Consolidated Operating Margin	25%	17%	6%	8%	11%	15%	17%	19%	21%	23%	25%	27%	29%	29%
(-) Financial Result	(574)	(978)	(1,491)	(1,470)	(1,440)	(1,383)	(1,321)	(1,220)	(1,118)	(1,043)	(989)	(964)	(978)	(1,016)
Financial Income	108	268	156	358	389	446	508	609	711	785	840	865	850	813
% of Cash BoP	3%	6%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Financial Expenses	(682)	(1,246)	(1,647)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)	(1,829)
% of Debt AoP	3%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
(+) Equity income	(102)	(103)	651	211	228	246	265	287	310	334	361	390	421	455
% of Investments	-	-	-	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
(-) Other Non-Operating	568	3,174	(4,697)	-	-	-	-	-	-	-	-	-	-	-
EBT	14,729	13,923	(1,743)	4,483	8,055	13,355	16,598	19,428	22,496	25,767	29,241	32,962	36,949	38,729
(-) Taxes	(1,663)	(3,026)	(699)	(941)	(1,691)	(2,805)	(3,486)	(4,080)	(4,724)	(5,411)	(6,141)	(6,922)	(7,759)	(8,133)
% of EBT	11%	22%	-40%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Net Income Continued Operations	13,066	10,897	(2,442)	3,542	6,363	10,551	13,112	15,348	17,772	20,356	23,101	26,040	29,190	30,596
Net Margin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Result from Discontinued Operations	-	687	(32)	-	-	-	-	-	-	-	-	-	-	-
Non-Controlling Interest	(468)	(530)	(390)	(410)	(430)	(451)	(474)	(498)	(523)	(549)	(576)	(605)	(635)	(667)
Net Income	12,598	11,054	(2,864)	3,132	5,933	10,099	12,638	14,851	17,249	19,807	22,524	25,435	28,554	29,929
Net Margin	21%	16%	-4%	4%	7%	11%	13%	14%	16%	17%	19%	20%	22%	22%
YoY (%)	40%	-12%	-126%	-209%	89%	70%	25%	18%	16%	15%	14%	13%	12%	5%
EPS	8.36	6.64	(1.58)	1.72	3.22	5.42	6.72	7.82	8.99	10.32	11.74	13.25	14.88	15.59
# of Shares Outstanding	1,507,000,000	1,666,000,000	1,808,000,000	1,826,080,000	1,844,340,800	1,862,784,208	1,881,412,050	1,900,226,171	1,919,228,432	1,919,228,432	1,919,228,432	1,919,228,432	1,919,228,432	1,919,228,432

MODEL - DISNEY

EBITDA

(in USD Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EBIT	14,837	11,830	3,794	5,743	9,267	14,492	17,653	20,361	23,304	26,476	29,869	33,535	37,506	39,290
(+) D&A	3,011	4,167	5,345	5,008	5,030	5,145	5,305	5,465	5,631	5,813	6,008	6,216	6,437	6,672
EBITDA	17,848	15,997	9,139	10,751	14,297	19,637	22,959	25,826	28,935	32,289	35,876	39,751	43,943	45,962
EBITDA Margin	30.0%	23.0%	14.0%	14.5%	16.6%	20.7%	22.7%	24.4%	26.2%	28.0%	29.9%	31.8%	33.8%	33.9%

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Balance Sheet

(in USD Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
BALANCE SHEET														
ASSETS														
Cash and Equivalents	4,150	5,418	17,914	19,431	22,289	25,379	30,441	35,550	39,267	41,995	43,245	42,513	40,649	37,824
Receivables	9,334	15,481	12,708	14,425	16,721	18,455	19,641	20,597	21,464	22,396	23,317	24,281	25,289	26,346
Inventory	1,392	1,649	1,583	1,785	2,022	2,132	2,220	2,287	2,334	2,382	2,422	2,460	2,496	2,598
Produced and Licensed Content Costs	9,202	27,407	27,193	28,500	30,061	31,878	33,949	36,083	38,281	40,545	42,877	45,279	47,753	50,301
Investments	2,899	3,224	3,903	4,215	4,552	4,917	5,310	5,735	6,194	6,689	7,224	7,802	8,426	9,100
PP&E	29,540	31,603	32,078	32,262	33,270	34,738	36,283	37,909	39,620	41,393	43,235	45,147	47,135	49,203
Intangibles	6,812	23,215	19,173	19,207	19,362	19,517	19,583	19,631	19,754	19,952	20,217	20,545	20,936	21,388
Goodwill	31,269	80,293	77,689	77,689	77,689	77,689	77,689	77,689	77,689	77,689	77,689	77,689	77,689	77,689
Others	4,000	5,694	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308
Total Assets	98,598	193,984	201,549	206,822	215,274	224,012	234,425	244,789	253,911	262,351	269,535	275,024	279,682	283,756
LIABILITIES														
Accounts Payable and Accrued Liabilities	9,479	17,762	16,801	18,942	21,461	22,624	23,559	24,269	24,767	25,284	25,710	26,113	26,488	27,569
Deferred Revenue	4,591	4,722	4,116	4,116	4,116	4,116	4,116	4,116	4,116	4,116	4,116	4,116	4,116	4,116
Deferred Taxes	3,109	7,902	7,288	7,288	7,288	7,288	7,288	7,288	7,288	7,288	7,288	7,288	7,288	7,288
Redeemable Non-Controlling Interests	1,123	8,963	9,249	9,249	9,249	9,249	9,249	9,249	9,249	9,249	9,249	9,249	9,249	9,249
Borrowings	20,874	46,986	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628
Others	6,590	13,760	17,204	17,204	17,204	17,204	17,204	17,204	17,204	17,204	17,204	17,204	17,204	17,204
Total Liabilities	45,766	100,095	113,286	115,427	117,946	119,109	120,044	120,754	121,252	121,769	122,195	122,598	122,973	124,054
EQUITY														
Common Stock	36,779	53,907	54,497	54,497	54,497	54,497	54,497	54,497	54,497	54,497	54,497	54,497	54,497	54,497
Retained Earnings	79,582	35,877	29,993	33,125	39,058	46,633	56,111	65,764	74,389	82,312	89,069	94,156	98,439	101,432
Treasury Stocks	(67,588)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)	(907)
Non-Controlling Interest	4,059	5,012	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680
Total Equity	52,832	93,889	88,263	91,395	97,328	104,903	114,381	124,034	132,659	140,582	147,339	152,426	156,709	159,702
TOTAL EQUITY AND LIABILITIES	98,598	193,984	201,549	206,822	215,274	224,012	234,425	244,789	253,911	262,351	269,535	275,024	279,682	283,756
Sanity Check	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	20,874	46,986	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628	58,628
(+) Net Borrowings	(4,417)	26,112	11,642	-	-	-	-	-	-	-	-	-	-	-
(-) Cash	(4,150)	(5,418)	(17,914)	(19,431)	(22,289)	(25,379)	(30,441)	(35,550)	(39,267)	(41,995)	(43,245)	(42,513)	(40,649)	(37,824)
Net Debt	16,724	41,568	40,714	39,197	36,339	33,249	28,187	23,078	19,361	16,633	15,383	16,115	17,979	20,804
Net Debt/EBITDA	0.94x	2.60x	4.45x	3.65x	2.54x	1.69x	1.23x	0.89x	0.67x	0.52x	0.43x	0.41x	0.41x	0.45x

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Produced and Licensed Content Costs

(in USD Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
PRODUCED AND LICENSED CONTENT COSTS														
Balance BoP	8,759	9,202	27,407	27,193	28,500	30,061	31,878	33,949	36,083	38,281	40,545	42,877	45,279	47,753
(+) Spending	13,360	17,621	20,181	23,017	25,864	28,723	31,593	32,541	33,517	34,522	35,558	36,625	37,723	38,855
Television Program Licenses and Rights	7,770	10,517	12,077	12,439	12,812	13,197	13,593	14,001	14,421	14,853	15,299	15,758	16,230	16,717
Film and Television Production	5,590	7,104	8,104	10,578	13,052	15,526	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138
(-) Amortization	(12,837)	(17,079)	(20,558)	(21,711)	(24,303)	(26,906)	(29,521)	(30,407)	(31,319)	(32,258)	(33,226)	(34,223)	(35,250)	(36,307)
Television Program Licenses and Rights	(7,966)	(10,608)	(11,221)	(12,191)	(12,556)	(12,933)	(13,321)	(13,721)	(14,132)	(14,556)	(14,993)	(15,443)	(15,906)	(16,383)
% of Spending	103%	101%	93%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
Film and Television Production	(4,871)	(6,471)	(9,337)	(9,520)	(11,747)	(13,973)	(16,200)	(16,686)	(17,187)	(17,702)	(18,233)	(18,780)	(19,344)	(19,924)
% of Spending	87%	91%	115%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
(+/-) Others	(80)	17,663	163	-	-	-	-	-	-	-	-	-	-	-
Balance EoP	9,202	27,407	27,193	28,500	30,061	31,878	33,949	36,083	38,281	40,545	42,877	45,279	47,753	50,301
PP&E														
PP&E BoP	28,406	29,540	31,603	32,078	32,262	33,270	34,738	36,283	37,909	39,620	41,393	43,235	45,147	47,135
(-) Depreciation	(2,758)	(2,844)	(3,140)	(3,187)	(3,205)	(3,306)	(3,452)	(3,605)	(3,767)	(3,937)	(4,113)	(4,296)	(4,486)	(4,683)
% of PP&E	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
(+) Capex	3,892	4,907	3,615	3,371	4,213	4,774	4,997	5,231	5,477	5,710	5,954	6,208	6,474	6,751
% of Parks' Revenues	16%	19%	22%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
PP&E EoP	29,540	31,603	32,078	32,262	33,270	34,738	36,283	37,909	39,620	41,393	43,235	45,147	47,135	49,203
Intangibles														
Intangibles BoP	6,995	6,812	23,215	19,173	19,207	19,362	19,517	19,583	19,631	19,754	19,952	20,217	20,545	20,936
(-) Amortization	(253)	(1,323)	(2,205)	(1,821)	(1,824)	(1,839)	(1,854)	(1,860)	(1,865)	(1,876)	(1,895)	(1,920)	(1,951)	(1,989)
% of Intangibles	3.6%	19.4%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
(+) Capex	70	17,726	(1,837)	1,856	1,979	1,994	1,920	1,908	1,988	2,074	2,160	2,249	2,342	2,440
% of Total Revenues	0%	25%	-3%	2.5%	2.3%	2.1%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Intangibles EoP	6,812	23,215	19,173	19,207	19,362	19,517	19,583	19,631	19,754	19,952	20,217	20,545	20,936	21,388

MODEL - DISNEY

Cash Flow Statement

(in USD Millions)	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
CASH FLOW STATEMENT														
Cash from Operating Activities	15,536	17,231	3,753	8,363	10,949	14,563	17,604	20,004	22,464	25,156	27,998	31,052	34,322	36,524
Net Income	12,598	11,054	(2,864)	3,132	5,933	10,099	12,638	14,851	17,249	19,807	22,524	25,435	28,554	29,929
(+) D&A	3,011	4,167	5,345	5,008	5,030	5,145	5,305	5,465	5,631	5,813	6,008	6,216	6,437	6,672
(+/-) Δ Working Capital	(73)	2,010	1,272	222	(15)	(680)	(339)	(312)	(417)	(464)	(534)	(599)	(670)	(77)
Assets	(720)	(6,404)	2,839	(1,919)	(2,533)	(1,844)	(1,274)	(1,023)	(914)	(981)	(961)	(1,002)	(1,044)	(1,158)
Liabilities	647	8,414	(1,567)	2,141	2,519	1,164	934	711	497	517	427	403	375	1,081
Cash from Investing Activities	(6,216)	(72,078)	(137)	(6,846)	(8,091)	(8,949)	(9,382)	(9,697)	(10,122)	(10,544)	(10,980)	(11,437)	(11,914)	(12,413)
(-) Capex	(3,805)	(71,657)	826	(5,227)	(6,192)	(6,768)	(6,917)	(7,138)	(7,465)	(7,785)	(8,113)	(8,457)	(8,816)	(9,191)
(+/-) Δ Other Assets	(1,162)	(20,224)	(4,079)	(1,619)	(1,899)	(2,181)	(2,465)	(2,559)	(2,657)	(2,759)	(2,867)	(2,980)	(3,098)	(3,222)
(+/-) Δ Other Liabilities	(1,249)	19,803	3,116	-	-	-	-	-	-	-	-	-	-	-
Cash from Financing Activities	(9,187)	56,115	8,880	(0)	-	(2,525)	(3,160)	(5,198)	(8,625)	(11,884)	(15,767)	(20,348)	(24,271)	(26,936)
(+/-) Δ Debt	(4,417)	26,112	11,642	-	-	-	-	-	-	-	-	-	-	-
(-) Dividends	(2,515)	(2,895)	(1,587)	-	-	(2,525)	(3,160)	(5,198)	(8,625)	(11,884)	(15,767)	(20,348)	(24,271)	(26,936)
(-) Repurchases	(3,577)	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Other Changes in Equity	1,322	32,898	(1,175)	(0)	-	-	-	-	-	0	(0)	0	(0)	-
Change in Cash Balance	133	1,268	12,496	1,517	2,858	3,090	5,063	5,109	3,717	2,728	1,250	(733)	(1,863)	(2,826)
Cash Balance BoP	4,017	4,150	5,418	17,914	19,431	22,289	25,379	30,441	35,550	39,267	41,995	43,245	42,513	40,649
Cash Balance EoP	4,150	5,418	17,914	19,431	22,289	25,379	30,441	35,550	39,267	41,995	43,245	42,513	40,649	37,824
Sanity Check	0	-	-	-	-	-	-	-	-	0	-	(0)	-	-
Retained Earnings			(4,451)	3,132	5,933	7,574	9,479	9,653	8,625	7,923	6,757	5,087	4,283	2,993
Dividends	2,515	2,895	1,587	-	-	2,525	3,160	5,198	8,625	11,884	15,767	20,348	24,271	26,936
Payout Ratio	20%	26%	-55%	0%	0%	25%	25%	35%	50%	60%	70%	80%	85%	90%
FCF			3,616	1,517	2,858	5,614	8,222	10,306	12,342					

SUM OF THE PARTS - DISNEY

Legacy

(in USD Millions)	Unit	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
LEGACY BUSINESS										
Parks, Experiences and Products		6.095	6.758	(81)	1.741	4.481	7.689	8.047	8.424	8.821
Media Networks		7.338	7.479	9.022	9.136	9.502	9.787	10.080	10.383	10.694
Studio Entertainment		3.004	2.686	2.501	2.705	2.914	3.145	3.258	3.376	3.500
International		(738)	14	488	514	541	569	597	627	657
(-) Other Expenses		(2.623)	(3.950)	(10.550)	(6.101)	(6.505)	(7.276)	(7.629)	(7.889)	(8.231)
(=) Earnings		13.076	12.987	1.380	7.996	10.932	13.914	14.354	14.922	15.441
Earnings Margin	(%)									
# of Fully Diluted Shares Outstanding		1.507	1.666	1.808	1.826	1.844	1.863	1.881	1.900	1.919
EPS		8,7	7,8	0,8	4,4	5,9	7,5	7,6	7,9	8,0
Target P/E Fwd.					16,0x	16,0x	16,0x	16,0x	15,0x	
Equity Value per Share					70	95	120	122	121	
Discount Rate					7,2%	7,2%	7,2%	7,2%	7,2%	7,2%
Discount Factor					0,96	0,90	0,84	0,78	0,73	
Equity Value per Share @PV					67	85	100	96	88	

SUM OF THE PARTS - DISNEY

DTC

(in USD Millions)	Unit	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
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DTC UNIT

# of Subscribers	(Millions)	-	-	121	213	271	310	350	369	389
Revenues		-	3.347	10.444	15.079	21.981	27.397	32.376	35.351	37.426
Operational Profit/(Loss)		-	(1.849)	(3.294)	(3.770)	(3.663)	(2.283)	-	1.768	3.743
Operational Margin	(%)		-55,2%	-31,5%	-25,0%	-16,7%	-8,3%	0,0%	5,0%	10,0%

Target EV/Sales Fwd.

Enterprise Value

(-) Net Debt	-	-	-	-	-	-	-	-	-	-
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Equity Value

# of Fully Diluted Shares Outstanding	1.507	1.666	1.808	1.826	1.844	1.863	1.881	1.900	1.919
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Equity Value per Share	-	-	-	87	119	130	132	128	-
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Discount Rate				7,2%	7,2%	7,2%	7,2%	7,2%
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Equity Value per Share @PV				83	107	109	103	93
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EV per Subscriber				\$ 742	\$ 812	\$ 782	\$ 709	\$ 659
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Target Value per Share				157	214	249	254	249
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Target Value per Share @PV				151	192	209	199	182
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Share Price	(USD)	176,33
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FORECASTED RETURN

Unit	2021-06-14	2021-12-31	2022-12-31	2023-12-31	2024-12-31	2025-12-31
Transaction	(176)					249
Dividends		-	-	1	2	3
Cash Flow to Shareholders	(176)	-	-	1	2	251

IRR	8,4%
Total Return	44,5%

DISCOUNTED CASH FLOW - DISNEY

Enterprise and Equity Value calculation

(in USD Millions)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
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FCFF											
EBIT	5.743	9.267	14.492	17.653	20.361	23.304	26.476	29.869	33.535	37.506	39.290
(-) Taxes	(941)	(1.691)	(2.805)	(3.486)	(4.080)	(4.724)	(5.411)	(6.141)	(6.922)	(7.759)	(8.133)
(=) NOPAT	4.801	7.576	11.687	14.168	16.281	18.580	21.065	23.728	26.613	29.746	31.157
(+) D&A	5.008	5.030	5.145	5.305	5.465	5.631	5.813	6.008	6.216	6.437	6.672
(-) WK	222	(15)	(680)	(339)	(312)	(417)	(464)	(534)	(599)	(670)	(77)
(-) Capex	(5.227)	(6.192)	(6.768)	(6.917)	(7.138)	(7.465)	(7.785)	(8.113)	(8.457)	(8.816)	(9.191)
(=) FCFF	4.805	6.399	9.384	12.217	14.296	16.329	18.629	21.088	23.773	26.698	28.561
Perpetuity	-	-	-	-	-	-	-	-	-	-	564.906
Sum of Cash Flows	4.805	6.399	9.384	12.217	14.296	16.329	18.629	21.088	23.773	26.698	593.466
Discount Factor	0,96	0,90	0,84	0,78	0,73	0,68	0,64	0,59	0,55	0,52	0,48
Present Value of Cash Flows	4.627	5.749	7.868	9.558	10.438	11.126	11.845	12.511	13.162	13.794	286.141

WACC CALCULATION

Cost of Debt	3,2%
Cost of Equity	7,2%
Risk Free	2,2%
ERP	4,7%
Beta	1,06
D/E	0%
Debt	39,2
Equity	320.380
Weighted Average Cost of Capital	7,2%
Long Term g	2,0%

ENTERPRISE AND EQUITY VALUES

Enterprise Value	386.818	409.549	432.264	453.525	473.453
(-) Net Debt	39.197	36.339	33.249	28.187	23.078
Equity Value	347.621	373.210	399.014	425.338	450.375
# of Shares Outstanding	1.844	1.881	1.919	1.957	1.996
Value per Share	\$ 188	\$ 198	\$ 208	\$ 217	\$ 226

OPERATIONAL - SPOTIFY

Segment information

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
SEGMENT INFORMATION												
Premium												
Revenue	(€ Millions)	2.657	3.674	4.717	6.086	7.135	8.781	10.433	12.052	13.683	15.169	16.526
YoY (%)	(%)		38,3%	28,4%	29,0%	17,2%	23,1%	18,8%	15,5%	13,5%	10,9%	8,9%
% of Total Revenue	(%)	90,0%	89,8%	89,7%	90,0%	90,5%	89,8%	88,4%	86,6%	85,9%	85,3%	84,6%
Cost of Revenue	(€ Millions)	2.221	2.868	3.461	4.443	5.126	6.221	7.287	8.297	9.283	10.139	10.881
YoY (%)	(%)		29,1%	20,7%	28,4%	15,4%	21,4%	17,1%	13,9%	11,9%	9,2%	7,3%
% of Premium Revenue	(%)	83,6%	78,1%	73,4%	73,0%	71,8%	70,8%	69,8%	68,8%	67,8%	66,8%	65,8%
Gross Profit	(€ Millions)	436	806	1.256	1.643	2.009	2.560	3.146	3.755	4.400	5.029	5.645
YoY (%)	(%)		84,9%	55,8%	30,8%	22,3%	27,4%	22,9%	19,3%	17,2%	14,3%	12,2%
Gross Margin - Premium	(%)		21,9%	26,6%	27,0%	28,2%	29,2%	30,2%	31,2%	32,2%	33,2%	34,2%
Ad-Supported												
Revenue	(€ Millions)	295	416	542	678	745	1.001	1.167	1.335	1.506	1.645	1.787
YoY (%)	(%)		41,0%	30,3%	25,1%	9,9%	34,4%	16,6%	14,4%	12,8%	9,3%	8,6%
% of Total Revenue	(%)	10,0%	10,2%	10,3%	10,0%	9,5%	10,2%	9,9%	9,6%	9,5%	9,2%	9,1%
Cost of Revenue	(€ Millions)	330	373	455	599	739	906	1.056	1.209	1.363	1.489	1.617
YoY (%)	(%)		13,0%	22,0%	31,6%	23,4%	22,6%	16,6%	14,4%	12,8%	9,3%	8,6%
% of Ad-Supported Revenue	(%)	111,9%	89,7%	83,9%	88,3%	99,2%	90,5%	90,5%	90,5%	90,5%	90,5%	90,5%
Gross Profit	(€ Millions)	(35)	43	87	79	6	95	111	127	143	156	170
YoY (%)	(%)			102,3%	-9,2%	-92,4%	1486,2%	16,6%	14,4%	12,8%	9,3%	8,6%
Gross Margin - Ad-Supported	(%)		10,3%	16,1%	11,7%	0,8%	9,5%	9,5%	9,5%	9,5%	9,5%	9,5%

OPERATIONAL - SPOTIFY

Segment information (cont.)

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
SEGMENT INFORMATION (CONT.)												
Podcasts												
Revenue	(€ Millions)						-	206	529	738	974	1.233
YoY (%)	(%)								157,0%	39,6%	31,9%	26,6%
% of Total Revenue	(%)							1,7%	3,8%	4,6%	5,5%	6,3%
Cost of Revenue	(€ Millions)						-	113	278	385	505	635
YoY (%)	(%)								145,6%	38,7%	31,0%	25,8%
% of Podcasts Revenue	(%)							55,0%	52,5%	52,2%	51,9%	51,5%
Gross Profit	(€ Millions)						-	93	251	353	469	598
YoY (%)	(%)								171,0%	40,6%	32,8%	27,5%
Gross Margin - Podcasts	(%)							45,0%	47,5%	47,8%	48,1%	48,5%
Consolidated												
Revenue	(€ Millions)	2.952	4.090	5.259	6.764	7.880	9.782	11.806	13.916	15.927	17.788	19.545
YoY (%)	(%)		38,6%	28,6%	28,6%	16,5%	24,1%	20,7%	17,9%	14,5%	11,7%	9,9%
Cost of Revenue	(€ Millions)	2.551	3.241	3.916	5.042	5.865	7.127	8.456	9.783	11.031	12.133	13.133
YoY (%)	(%)		27,0%	20,8%	28,8%	16,3%	21,5%	18,7%	15,7%	12,8%	10,0%	8,2%
Gross Profit	(€ Millions)	401	849	1.343	1.722	2.015	2.655	3.350	4.133	4.896	5.655	6.412
Gross Margin - Consolidated	(%)		20,8%	25,5%	25,5%	25,6%	27,1%	28,4%	29,7%	30,7%	31,8%	32,8%

OPERATIONAL - SPOTIFY

Key Performance Indicators

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
KEY PERFORMANCE INDICATORS												
MAUs	(# Millions)	124	160	207	271	345	412	481	550	620	677	736
YoY (%)	(%)		29,0%	29,4%	30,9%	27,3%	19,5%	16,6%	14,4%	12,8%	9,3%	8,6%
Premium Subscribers	(# Millions)	48	71	96	124	155	188	220	252	283	310	336
YoY (%)	(%)		47,9%	35,2%	29,2%	25,0%	21,5%	16,6%	14,6%	12,6%	9,3%	8,6%
% of Ad-Supported MAUs	(%)	61,5%	76,3%	82,8%	81,0%	77,9%	80,5%	80,6%	80,7%	80,6%	80,6%	80,6%
Ad-Supported MAUs	(# Millions)	78	93	116	153	199	234	273	312	352	384	417
YoY (%)	(%)		19,2%	24,7%	31,9%	30,1%	17,5%	16,6%	14,4%	12,8%	9,3%	8,6%
% of MAUs	(%)	62,9%	58,1%	56,0%	56,5%	57,7%	56,7%	56,7%	56,7%	56,7%	56,7%	56,7%
Implied Premium Subs. MAUs	(# Millions)	46	67	91	118	146	178	208	238	268	293	318
YoY (%)	(%)		45,7%	35,8%	29,7%	23,7%	22,2%	16,6%	14,4%	12,8%	9,3%	8,6%
% of MAUs	(%)		41,9%	44,0%	43,5%	42,3%	43,3%	43,3%	43,3%	43,3%	43,3%	43,3%
Implied Premium Subs. MAUs/ Premium Subscribers	(#)	0,96	0,94	0,95	0,95	0,94	0,95	0,95	0,95	0,95	0,95	0,95
Premium ARPU, as Reported	(€)	6,20	5,32	4,81	4,72	4,31						
YoY (%)	(%)		-14,2%	-9,6%	-1,9%	-8,7%						
Premium ARPU, Calculated			5,15	4,71	4,61	4,26	4,26	4,26	4,26	4,26	4,26	4,26
YoY (%)				-8,5%	-2,1%	-7,6%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Revenue per MAU, Ad-Supported	(€)	3,78	4,47	4,67	4,43	3,74	4,28	4,28	4,28	4,28	4,28	4,28

OPERATIONAL - SPOTIFY

MAUs by region

(in € Millions)	Unit	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
MAUs BY REGION										
Total MAUs by Region										
North America	(€ Millions)	62	73	83	90	97	105	112	117	121
Europe	(€ Millions)	75	95	121	143	165	186	208	221	233
Latin America	(€ Millions)	46	60	76	90	105	119	134	149	164
Rest of the World	(€ Millions)	25	43	66	89	114	139	165	191	218
Total MAUs	(€ Millions)	207	271	345	412	481	550	620	677	736
						16,6%	14,4%	12,8%	9,3%	8,6%
MAUs Net Adds by Region										
North America	(€ Millions)		11	10	7	7	7	8	4	4
Europe	(€ Millions)		20	26	22	22	22	22	12	12
Latin America	(€ Millions)		14	16	14	15	15	15	15	15
Rest of the World	(€ Millions)		19	22	24	25	25	26	26	27
Total MAUs Net Adds	(€ Millions)		64	74	67	68	69	70	57	58
MAUs Split by Region										
North America	(%)	30%	27%	24%	22%	20%	19%	18%	17%	16%
Europe	(%)	36%	35%	35%	35%	34%	34%	34%	33%	32%
Latin America	(%)	22%	22%	22%	22%	22%	22%	22%	22%	22%
Rest of the World	(%)	12%	16%	19%	22%	24%	25%	27%	28%	30%
Sanity Check		VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO	VERDADEIRO
MAUs YoY Growth										
North America	(%)		17,8%	13,2%	8,7%	8,2%	7,6%	7,2%	3,8%	3,7%
Europe	(%)		27,3%	27,3%	18,1%	15,4%	13,3%	11,7%	6,0%	5,6%
Latin America	(%)		30,9%	27,3%	18,8%	16,1%	14,0%	12,5%	10,8%	9,9%
Rest of the World	(%)		74,6%	51,2%	36,4%	27,4%	22,1%	18,6%	15,9%	14,0%

OPERATIONAL - SPOTIFY

Subscribers by region

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
SUBSCRIBERS BY REGION												
Total Subscribers by Region												
North America	(Millions)			29	37	45	55	64	73	82	90	98
% of Total Subscribers	(%)			30,0%	30,0%	29,0%	29%	29%	29%	29%	29%	29%
Europe	(Millions)			38	50	62	75	88	101	113	124	135
% of Total Subscribers	(%)			40,0%	40,0%	40,0%	40%	40%	40%	40%	40%	40%
Latin America	(Millions)			19	25	33	40	46	53	60	65	71
% of Total Subscribers	(%)			20,0%	20,0%	21,0%	21%	21%	21%	21%	21%	21%
Rest of the World	(Millions)			10	12	16	19	22	25	28	31	34
% of Total Subscribers	(%)			10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Subscribers	(Millions)			96	124	155	188	220	252	283	310	336
Subscribers Net Adds by Region												
North America	(€ Millions)				8	8	10	9	9	9	8	8
Europe	(€ Millions)				11	12	13	13	13	13	11	11
Latin America	(€ Millions)				6	8	7	7	7	7	6	6
Rest of the World	(€ Millions)				3	3	3	3	3	3	3	3
Total Subscribers Net Adds	(€ Millions)				28	31	33	31	32	32	26	27
Subscribers Split by Region												
North America	(%)			30%	30%	29%	29%	29%	29%	29%	29%	29%
Europe	(%)			40%	40%	40%	40%	40%	40%	40%	40%	40%
Latin America	(%)			20%	20%	21%	21%	21%	21%	21%	21%	21%
Rest of the World	(%)			10%	10%	10%	10%	10%	10%	10%	10%	10%
Subscribers YoY Growth												
North America	(%)				29,2%	20,8%	21,5%	16,6%	14,6%	12,6%	9,3%	8,6%
Europe	(%)				29,2%	25,0%	21,5%	16,6%	14,6%	12,6%	9,3%	8,6%
Latin America	(%)				29,2%	31,3%	21,5%	16,6%	14,6%	12,6%	9,3%	8,6%
Rest of the World	(%)				29,2%	25,0%	21,5%	16,6%	14,6%	12,6%	9,3%	8,6%

OPERATIONAL - SPOTIFY

Premium subscribers' base calculation and penetration

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
PREMIUM SUBSCRIBERS - BASE CALCULATION												
Beginning Premium Subscribers	(Millions)				96	124	155	188	220	252	283	310
(+) Gross Adds	(Millions)				86	96	109	117	125	130	124	134
(-) Churn in Base	(Millions)				58	65	76	86	93	98	98	107
Ending Premium Subscribers	(Millions)	48	71	96	124	155	188	220	252	283	310	336
Monthly Churn	(%)				4,0%	3,6%	3,4%	3,2%	3,0%	2,8%	2,5%	2,5%
SPOTIFY PENETRATION												
Population												
World	(Millions)	7.368	7.453	7.536	7.616	7.701	7.777	7.854	7.929	8.004	8.078	8.150
China	(Millions)	1.375	1.383	1.390	1.395	1.400	1.404	1.408	1.411	1.413	1.415	1.417
Europe	(Millions)	824	826	828	830	832	832	833	833	833	833	833
Latin America	(Millions)	628	634	640	645	651	656	661	667	672	677	681
North America	(Millions)	359	362	364	366	367	369	371	373	374	376	378
Population in Spotify's Regions												
North America	(Millions)	359	362	364	366	367	369	371	373	374	376	378
Europe	(Millions)	824	826	828	830	832	832	833	833	833	833	833
Latin America	(Millions)	628	634	640	645	651	656	661	667	672	677	681
Rest of the World, ex-China	(Millions)	4.183	4.249	4.314	4.379	4.451	4.516	4.581	4.646	4.712	4.777	4.841
Spotify Penetration												
North America	(%)			17,1%	20,0%	22,5%	24,4%	26,3%	28,1%	30,0%	31,0%	32,0%
Europe	(%)			9,0%	11,4%	14,5%	17,1%	19,8%	22,4%	25,0%	26,5%	28,0%
Latin America	(%)			7,1%	9,2%	11,7%	13,7%	15,8%	17,9%	20,0%	22,0%	24,0%
Rest of the World, ex-China	(%)			0,6%	1,0%	1,5%	2,0%	2,5%	3,0%	3,5%	4,0%	4,5%

OPERATIONAL - SPOTIFY

Podcasts

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Podcasts												
Ad-Supported												
Podcast MAUs							-	48,1	68,7	93,0	118,5	147,1
% Total MAUs								10,0%	12,5%	15,0%	17,5%	20,0%
Revenue per Podcast MAU, Ad-Supported								8,57	8,57	8,57	8,57	8,57
% Premium over Revenue per MAU, Ad-Supported								100,0%	100,0%	100,0%	100,0%	100,0%
Podcasts Ad-Revenue								206	500	692	906	1.138
Gross Profit								93	225	312	408	512
% Gross Margin								45,0%	45,0%	45,0%	45,0%	45,0%
Premium												
Premium Podcast Subscriptions							-	7,2	12,0	18,6	26,7	36,8
% Podcast MAUs								15,0%	17,5%	20,0%	22,5%	25,0%
Premium Sales								216	577	919	1.358	1.903
Avg. Monthly Ticket								5,00	5,00	5,00	5,00	5,00
Premium Revenues								-	29	46	68	95
% Take Rate								0,0%	5,0%	5,0%	5,0%	5,0%
Gross Profit								-	26	41	61	86
% Gross Margin								90,0%	90,0%	90,0%	90,0%	90,0%
Podcasts, Total												
Revenue								206	529	738	974	1.233
YoY (%)									157%	40%	32%	27%
Gross Profit								93	251	353	469	598
Gross Margin								45%	47%	48%	48%	48%

MODEL - SPOTIFY

Income Statement (1/2)

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
INCOME STATEMENT												
Revenue	(€ Millions)	2.952	4.090	5.259	6.764	7.880	9.782	11.806	13.916	15.927	17.788	19.545
YoY (%)	(%)		38,6%	28,6%	28,6%	16,5%	24,1%	20,7%	17,9%	14,5%	11,7%	9,9%
Cost of Revenue	(€ Millions)	2.551	3.241	3.906	5.042	5.865	7.127	8.456	9.783	11.031	12.133	13.133
YoY (%)	(%)		27,0%	20,5%	29,1%	16,3%	21,5%	18,7%	15,7%	12,8%	10,0%	8,2%
% of Revenue	(%)	86,4%	79,2%	74,3%	74,5%	74,4%	72,9%	71,6%	70,3%	69,3%	68,2%	67,2%
Gross Profit	(€ Millions)	401	849	1.353	1.722	2.015	2.655	3.350	4.133	4.896	5.655	6.412
YoY (%)	(%)		111,7%	59,4%	27,3%	17,0%	31,8%	26,2%	23,4%	18,5%	15,5%	13,4%
Gross Margin	(%)	13,6%	20,8%	25,7%	25,5%	25,6%	27,1%	28,4%	29,7%	30,7%	31,8%	32,8%
Research and Development	(€ Millions)	207	396	493	615	837	949	1.145	1.349	1.544	1.725	1.895
YoY (%)	(%)		91,3%	24,5%	24,7%	36,1%	28,4%	28,4%	28,4%	28,4%	28,4%	28,4%
as % of Revenue	(%)	7,0%	9,7%	9,4%	9,1%	10,6%	9,7%	9,7%	9,7%	9,7%	9,7%	9,7%
Sales and Marketing	(€ Millions)	368	567	620	826	1.029	1.229	1.382	1.546	1.688	1.697	1.918
YoY (%)	(%)		54,1%	9,3%	33,2%	24,6%	19,4%	12,5%	11,9%	9,2%	0,5%	13,0%
as % of Revenue	(%)	12,5%	13,9%	11,8%	12,2%	13,1%	12,6%	11,7%	11,1%	10,6%	9,5%	9,8%
CAC	(€ Millions)				10	11	11	12	12	13	14	14
YoY (%)	(%)					11,6%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
General and Administrative	(€ Millions)	175	264	283	354	442	519	603	683	750	802	842
YoY (%)	(%)		50,9%	7,2%	25,1%	24,9%	17,5%	16,1%	13,3%	9,8%	6,9%	5,0%
as % of Revenue	(%)	5,9%	6,5%	5,4%	5,2%	5,6%	5,3%	5,1%	4,9%	4,7%	4,5%	4,3%
Operating Loss	(€ Millions)	(349)	(378)	(43)	(73)	(293)	(41)	220	554	913	1.430	1.756
EBIT Margin	(%)	-11,8%	-9,2%	-0,8%	-1,1%	-3,7%	-0,4%	1,9%	4,0%	5,7%	8,0%	9,0%
(+) Depreciation & Amortization	(€ Millions)	38	54	32	87	111	126	152	183	219	259	303
EBTIDA	(€ Millions)	(311)	(324)	(11)	14	(182)	85	371	737	1.132	1.690	2.059
EBITDA Margin	(%)	-10,5%	-7,9%	-0,2%	0,2%	-2,3%	0,9%	3,1%	5,3%	7,1%	9,5%	10,5%

MODEL - SPOTIFY

Income Statement (2/2)

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Finance Income	(€ Millions)	152	118	455	275	94	140	63	73	88	110	139
% of Cash BoP	(%)	25,5%	15,6%	95,4%	30,9%	8,8%	12,2%	2,5%	2,5%	2,5%	2,5%	2,5%
Finance Costs	(€ Millions)	(336)	(974)	(584)	(333)	(510)	(124)	(124)	(124)	(124)	(124)	(124)
% of Revenue	(%)	13,2%	23,8%	11,1%	4,9%	6,5%	1,3%	1,1%	0,9%	0,8%	0,7%	0,6%
Share in (Losses)/Earnings of Associate	(€ Millions)	(2)	1	(1)	-	-	-	-	-	-	-	-
Finance Income/(Costs) - Net	(€ Millions)	(186)	(855)	(130)	(58)	(416)	16	(61)	(51)	(36)	(14)	15
Loss Before Tax	(€ Millions)	(535)	(1.233)	(173)	(131)	(709)	(25)	158	503	878	1.416	1.772
Income Tax (Benefit)/Expense	(€ Millions)	4	2	(95)	55	(128)	64	40	125	219	353	442
Luxembourg Tax Rate	(%)				25%	25%	25%	25%	25%	25%	25%	25%
% of EBT	(%)	-1%	0%	55%	-42%	18%	-252%	25%	25%	25%	25%	25%
Net Loss Attributable to Owners of the Parent	(€ Millions)	(539)	(1.235)	(78)	(186)	(581)	(89)	119	377	659	1.063	1.330
Net Margin	(%)	-18%	-30%	-1%	-3%	-7%	-1%	1%	3%	4%	6%	7%
						-21%	-3%	4%	12%	17%	22%	21,2%
Net Loss per Share Attributable to Owners of the Parent												
Basic	(€)	(3,63)	(8,14)	(0,44)	(1,03)	(3,10)	(476,45)	634,08	2.011,83	3.512,43	5.666,32	7.090,94
Diluted	(€)	(3,63)	(8,14)	(0,51)	(1,03)	(3,10)	(476,45)	634,08	2.011,83	3.512,43	5.666,32	7.090,94
Weighted Average Ordinary Shares Outstanding												
Basic	(##)	148.369	151.669	177.154	180.961	187.538	187.538	187.538	187.538	187.538	187.538	187.538
Diluted	(##)	148.369	151.669	181.210	180.961	187.538	187.538	187.538	187.538	187.538	187.538	187.538

MODEL - SPOTIFY

Balance Sheet (

(in € Millions)	Unit	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
BALANCE SHEET												
ASSETS												
Non-Current Assets	(€ Millions)	-	1.209	2.090	2.891	3.960	4.115	4.302	4.519	4.757	5.008	5.266
Lease Rights-of-Use Assets	(€ Millions)	-	-	-	489	444	518	608	715	835	966	1.104
Property and Equipment	(€ Millions)	-	73	197	291	313	377	452	537	629	723	817
Goodwill	(€ Millions)	-	135	146	478	736	736	736	736	736	736	736
Intangible Assets	(€ Millions)	-	27	28	58	97	114	136	161	187	213	239
Long Term Investments	(€ Millions)	-	910	1.646	1.497	2.277	2.277	2.277	2.277	2.277	2.277	2.277
Restricted Cash and Other Non-Current Assets	(€ Millions)	-	54	65	69	78	78	78	78	78	78	78
Deferred Tax Assets	(€ Millions)	-	9	8	9	15	15	15	15	15	15	15
Investment in Associate	(€ Millions)	-	1	-	-	-	-	-	-	-	-	-
Current Assets	(€ Millions)	-	1.898	2.246	2.231	2.366	3.872	4.426	5.213	6.223	7.560	9.111
Trade and Other Receivables	(€ Millions)	-	360	400	402	464	576	695	819	938	1.047	1.151
Income Tax Receivable	(€ Millions)	-	-	2	4	4	4	4	4	4	4	4
Short Term Investments	(€ Millions)	-	1.032	915	692	596	596	596	596	596	596	596
Cash and Cash Equivalents	(€ Millions)	-	477	891	1.065	1.151	2.508	2.905	3.526	4.380	5.571	6.286
Other Current Assets	(€ Millions)	-	29	38	68	151	187	226	267	305	341	375
TOTAL ASSETS	(€ Millions)	-	3.107	4.336	5.122	6.326	7.987	8.728	9.731	10.980	12.568	14.377
EQUITY AND LIABILITIES												
Equity	(€ Millions)	-	238	2.094	2.037	2.805	2.716	2.835	3.212	3.871	4.933	6.263
Share Capital	(€ Millions)	-	-	-	-	-	-	-	-	-	-	-
Other Paid In Capital	(€ Millions)	-	2.488	3.801	4.192	4.583	4.583	4.583	4.583	4.583	4.583	4.583
Treasury Shares	(€ Millions)	-	-	(77)	(370)	(175)	(175)	(175)	(175)	(175)	(175)	(175)
Other Reserves	(€ Millions)	-	177	875	924	1.687	1.687	1.687	1.687	1.687	1.687	1.687
Accumulated Deficit	(€ Millions)	-	(2.427)	(2.505)	(2.709)	(3.290)	(3.379)	(3.260)	(2.883)	(2.224)	(1.162)	168
Non-Current Liabilities	(€ Millions)	-	1.009	95	646	621	1.850	1.850	1.850	1.850	1.850	1.850
Exchangeable Notes	(€ Millions)	-	-	-	-	-	1.229	1.229	1.229	1.229	1.229	1.229
Lease Liabilities	(€ Millions)	-	-	-	622	577	577	577	577	577	577	577
Accrued Expenses and Other Liabilities	(€ Millions)	-	56	85	20	42	42	42	42	42	42	42
Provisions	(€ Millions)	-	6	8	2	2	2	2	2	2	2	2
Deferred Tax Liabilities	(€ Millions)	-	3	2	2	-	-	-	-	-	-	-
Convertible Notes	(€ Millions)	-	944	-	-	-	-	-	-	-	-	-
Current Liabilities	(€ Millions)	-	1.860	2.147	2.439	2.900	3.421	4.044	4.670	5.260	5.785	6.264
Trade and Other Payables	(€ Millions)	-	341	427	549	638	775	920	1.064	1.200	1.320	1.429
Income Tax Payable	(€ Millions)	-	9	5	9	9	9	9	9	9	9	9
Deferred Revenue	(€ Millions)	-	216	258	319	380	472	569	671	768	858	943
Accrued Expenses and Other Liabilities	(€ Millions)	-	881	1.076	1.438	1.748	2.040	2.421	2.800	3.158	3.473	3.759
Provisions	(€ Millions)	-	59	42	13	20	20	20	20	20	20	20
Derivative Liabilities	(€ Millions)	-	354	339	111	105	105	105	105	105	105	105
TOTAL EQUITY AND LIABILITIES	(€ Millions)	-	3.107	4.336	5.122	6.326	7.987	8.728	9.731	10.980	12.568	14.377
Sanity Check		-	-	-	-	-	-	-	-	-	-	-

MODEL - SPOTIFY

Cash Flow

(in € Millions)	Unit	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
STATEMENT OF CASH FLOWS										
Cash from Operating Activities	(€ Millions)	190	159	(154)	409	735	1.021	1.311	1.702	1.975
Net Income	(€ Millions)	(78)	(186)	(581)	(89)	119	377	659	1.063	1.330
(+) D&A	(€ Millions)	32	87	111	126	152	183	219	259	303
(+/-) Δ Working Capital	(€ Millions)	236	258	316	373	465	461	433	380	343
Assets	(€ Millions)	(51)	(34)	(145)	(148)	(158)	(165)	(157)	(145)	(137)
Liabilities	(€ Millions)	287	292	461	521	623	626	590	525	480
Cash from Investing Activities		(766)	(337)	(1.205)	(281)	(339)	(399)	(457)	(511)	(561)
(-) Capex	(€ Millions)	(168)	(1.032)	(385)	(281)	(339)	(399)	(457)	(511)	(561)
(+/-) Δ Other Assets	(€ Millions)	(628)	144	(795)	-	-	-	-	-	-
(+/-) Δ Other Liabilities	(€ Millions)	30	551	(25)	-	-	-	-	-	-
Cash from Financing Activities		990	129	1.349	1.229	(0)	-	-	-	-
(+/-) Δ Debt	(€ Millions)	(944)	-	-	1.229	-	-	-	-	-
(-) Dividends	(€ Millions)	-	-	-	-	-	-	-	-	-
(-) Repurchases	(€ Millions)	-	-	-	-	-	-	-	-	-
(+) Other Changes in Equity	(€ Millions)	1.934	129	1.349	(0)	(0)	-	-	-	-
Change in Cash Balance		414	(49)	(10)	1.357	396	622	854	1.191	1.414
Cash Balance BoP	(€ Millions)	477	891	1.065	1.151	2.508	2.905	3.526	4.380	5.571
Cash Balance EoP	(€ Millions)	891	1.065	1.151	2.508	2.905	3.526	4.380	5.571	6.986
Sanity Check		-	(223)	(96)	-	-	-	-	-	-
Retained Earnings	(€ Millions)	(2.505)	(2.709)	(3.290)	(3.379)	(3.260)	(2.883)	(2.224)	(1.162)	168
Dividends										
Payout Ratio		(576)	(178)	(1.359)	128	396	622	854	1.191	1.414

VALUATION - SPOTIFY

Discounted Cash Flow

(in € Millions)	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
DISCOUNTED CASH FLOW												
FREE CASH FLOW TO FIRM												
EBIT	(in € Millions)	(41)	220	554	913	1.430	1.756					
(-) Taxes	(in € Millions)	(64)	(40)	(125)	(219)	(353)	(442)					
(=) NOPAT	(in € Millions)	(105)	180	429	695	1.077	1.315					
(+) D&A	(in € Millions)	126	152	183	219	259	303					
(-) WK	(in € Millions)	373	465	461	433	380	343					
(-) Capex	(in € Millions)	(175)	(211)	(249)	(285)	(318)	(349)					
(=) FCFF	(in € Millions)	219	585	824	1.062	1.398	1.611	1.739	1.879	2.029	2.191	2.367
Perpetuity	(in € Millions)	-	-	-	-	-	-	-	-	-	-	152.518
Sum of Cash Flows	(in € Millions)	219	585	824	1.062	1.398	1.611	1.739	1.879	2.029	2.191	154.884
Discount Factor		0,98	0,95	0,91	0,88	0,85	0,82	0,79	0,77	0,74	0,71	0,69
Present Value of Cash Flows	(in € Millions)	214	554	753	937	1.192	1.325	1.381	1.440	1.502	1.566	106.836

WACC CALCULATION

After-Tax Cost of Debt	3,5%
Cost of Equity	6,3%
Risk Free	2,2%
ERP	4,7%
Beta	0,88
D/(D+E)	(%) 97,1%
Debt, in Euros	(€ Millions) 1.229
EUR/USD, as of 10/06/2021	(USD) 1,22
Debt	(U\$ Million) 1.497
Equity	(U\$ Million) 45
Price per Share	(U\$) 242,51
Shares Outstanding	(#) 187.538
Weighted Average Cost of Capital	3,6%
Mid-Stage g	8%
Long-Term g	2,0%

(in € Millions)	Unit	2021	2022	2023	2024	2025	2026
ENTERPRISE AND EQUITY VALUES							
Enterprise Value	(U\$ Million)	143.329	148.194	152.779	157.233	161.567	165.625
(-) Net Debt	(U\$ Million)	(1.558)	(2.041)	(2.798)	(3.837)	(5.288)	(7.010)
Equity Value	(U\$ Million)	144.887	150.234	155.576	161.070	166.855	\$ 172.636
# of Shares Outstanding		187.538	187.538	187.538	187.538	187.538	187.538
Value per Share	(U\$)	\$ 772.571	\$ 801.085	\$ 829.571	\$ 858.867	\$ 889.712	\$ 920.535

VALUATION - SPOTIFY

Trading Comps. and EV/Sales

	Unit	2021	2022	2023	2024	2025	2026
TRADING COMPS							
# of Premium Subscribers	(# Million)	188	220	252	283	310	336
MAUs	(# Million)	412	481	550	620	677	736
Revenues	(U\$ Million)	11.912	14.377	16.946	19.395	21.661	23.801
EBITDA	(U\$ Million)	103	452	897	1.379	2.058	2.508
EBITDA Margin	(%)	0,9%	3,1%	5,3%	7,1%	9,5%	10,5%
Operational Profit/(Loss)	(U\$ Million)	(50)	268	675	1.112	1.742	2.139
Operational Margin	(%)	-0,4%	1,9%	4,0%	5,7%	8,0%	9,0%
EV/SALES							
Target EV/Sales Fwd.		4,25x	4,00x	3,75x	3,50x	3,25x	3,00x
Enterprise Value	(U\$ Million)	50.627,0	57.506,8	63.547,7	67.882,9	70.397,3	71.402,9
Net Debt	(U\$ Million)	(1.897)	(2.485)	(3.407)	(4.673)	(6.439)	(8.537)
Equity Value	(U\$ Million)	52.524,2	59.991,8	66.954,6	72.555,6	76.836,6	79.939,5
# of Fully Diluted Shares Outstanding	(#)	187.538	187.538	187.538	187.538	187.538	187.538
Equity Value per Share	(USD)	280.072	319.891	357.018	386.884	409.712	426.257
Discount Rate	(%)	6,3%	6,3%	6,3%	6,3%	6,3%	6,3%
Equity Value per Share @PV	(USD)	270.892	291.058	305.577	311.451	310.270	303.658

VALUATION - SPOTIFY

Transaction Comps.

TRANSACTION COMPS				
Transaction	Date	Acquirer	Target	EV/Reveue
1	2017	Disney	1st Century Fi	2,87x
2	2016	AT&T	Time Warner	3,85x
3	2018	CMCSA	SKY	2,82x
4	2019	ViacomCBS	Viacom	1,59x
5	2016	Lions Gate	Starz	2,54x
6	2017	Discovery	Scripps	4,33x
7	2016	CMCSA	Dreamworks	4,04x
8	2006	Disney	Pixar	20,19x
9	2009	Disney	Marvel	5,33x
10	2021	Amazon	MGM	5,63x
11	2021	Discovery	ner Media (AT&T)	
12	2019	Sirius XM	Pandora	2,33x
Mean				6,07x
Median				4,19x
Sales LTM		(U\$ Million)		11.912
Transaction EV/ Sales				6,07x
Enterprise Value		(U\$ Million)		72.322,16
Net Debt				(1.151)
Equity Value				73.473,16
# of Fully Diluted Shares Outstanding				187.538
Equity Value per Share				391777

COMPARABLES

Trading Comps. (1/2)

	SPOT US EQUITY	MTCH US EQUITY	SIRI US EQUITY	NFLX US EQUITY
BICS 1	Communications	Communications	Communications	Communications
BICS 2	Media	Media	Media	Media
Local Classification	Other-News, Sport & Entertainment Web	Dating Services Web	Other-News, Sport & Entertainment Web	Other-News, Sport & Entertainment Web
Latest Fiscal Year	2020 A	2020 A	2020 A	2020 A
52-Week High	387,44	174,68	8,14	593,29
52-Week Low	177,21	87,56	4,95	412,45
Current Price	242,51	142,85	7,09	492,39
Daily Volume	1.167.810	1.935.192	65.546.713	2.374.037
Total Common Shares (Million)	185,8	267,3	4.105,0	443,4
Market Capitalization	46.269,6	38.608,7	29.003,5	218.327,1
Total Debt	1.816,0	3.625,3	9.333,0	17.739,3
Cash and Equivalents	3.086,0	739,2	59,0	8.403,7
Enterprise Value	44.999,6	41.494,9	38.277,5	227.662,7

COMPARABLES

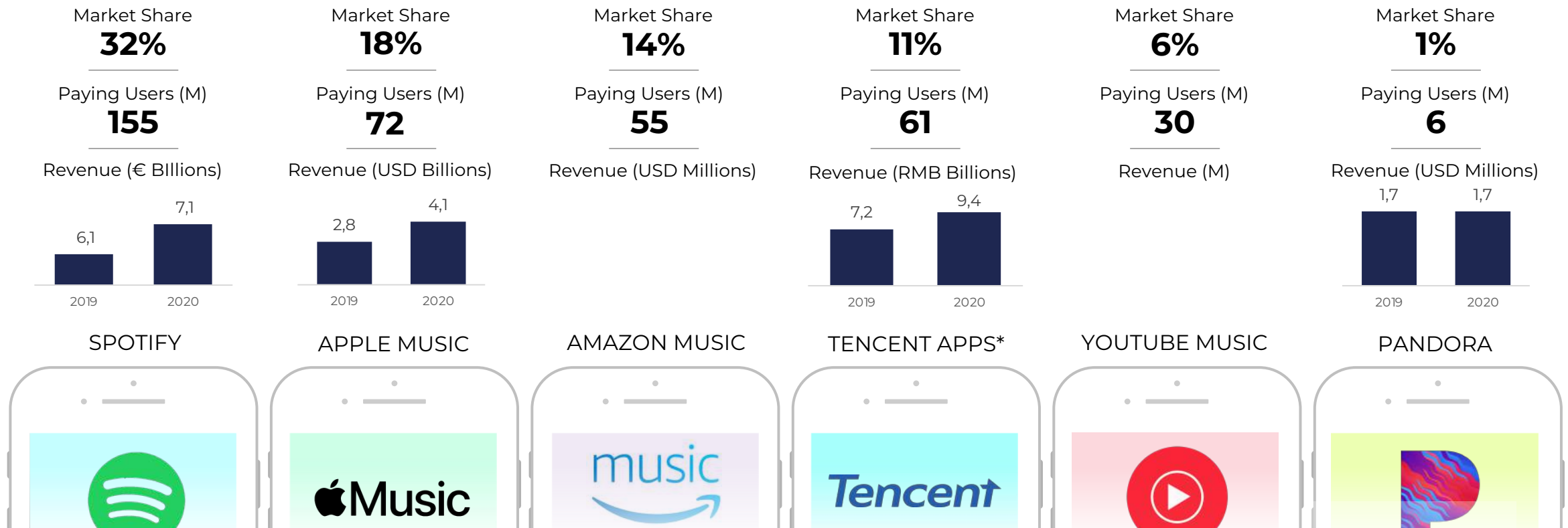
Trading Comps. (2/2)

	SPOT US EQUITY	MTCH US EQUITY	SIRI US EQUITY	NFLX US EQUITY						
Revenue Growth										
1 Year	16,5%	-49,7%	3,1%	24,0%						
5 Year	32,9%	-1,3%	12,5%	29,9%						
EBITDA Growth										
1 Year	-543,9%	1,3%	7,0%	98,8%						
5 Year	-211,5%	28,5%	9,2%	76,9%						
EBITDA Growth										
LTM	-1,8%	33,9%	30,5%	23,4%						
FY+1	-0,6%	36,9%	31,2%	22,8%						
FY+2	1,3%	38,8%	31,3%	24,4%						
EV/Revenue					PEERS SPOT (ex-SIRI)		PEERS SPOT		Discount	Discount
					Mean (ex-SIRI)	Median (ex-SIRI)	Mean	Median		
LFY	5,71x	17,35x	4,76x	9,11x	13,23x	13,23x	10,41x	9,11x	1,82	1,59
LTM	5,50x	17,35x	4,70x	8,63x	12,99x	12,99x	10,23x	8,63x	1,86	1,57
FY+1	4,78x	14,40x	4,55x	7,66x	11,03x	11,03x	8,87x	7,66x	1,85	1,60
FY+2	3,97x	12,14x	4,38x	6,65x	9,40x	9,40x	7,73x	6,65x	1,95	1,68
EV/EBITDA					Mean (ex-SIRI)		Median (ex-SIRI)		Discount	Discount
					Mean	Median	Mean	Median		
LFY	-247,25x	51,19x	15,70x	39,13x	45,16x	39,13x	35,34x	39,13x	-0,18	-0,16
LTM	-306,12x	51,19x	15,42x	36,83x	44,01x	36,83x	34,48x	36,83x	-0,14	-0,12
FY+1	-803,44x	39,06x	14,58x	33,60x	36,33x	33,60x	29,08x	33,60x	-0,05	-0,04
FY+2	294,17x	31,28x	14,02x	27,23x	29,25x	27,23x	24,18x	27,23x	0,10	0,09
P/E										
LFY	-78,23x	68,35x	31,96x	60,18x						
LTM	-72,35x	68,35x	27,67x	50,01x						
FY+1	-232,67x	62,78x	27,03x	45,65x						
FY+2	-1530,66x	49,65x	22,54x	38,44x						
Total Debt/ Equity	4%	9%	32%	8%						
Net Debt/ EBITDA	6,98x	3,56x	3,80x	1,60x						
Beta	0,88	-	1,11	0,75						

Audio Streaming Competition

Familiar foes make up the battlefield in the audio streaming industry, but **Spotify stands out** both domestically and internationally.

Spotify is the **global leader** in its industry, keeping **Apple and Amazon at arm's length**. At stable ARPUs, **ramping up subscribers means increasing revenues**, and most streamers are making the best out of industry tailwinds.

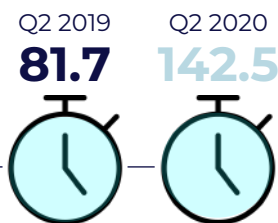
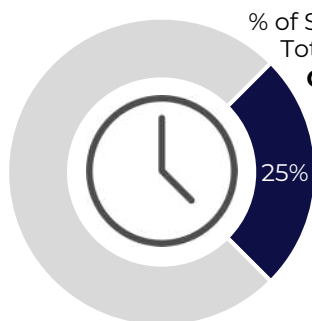
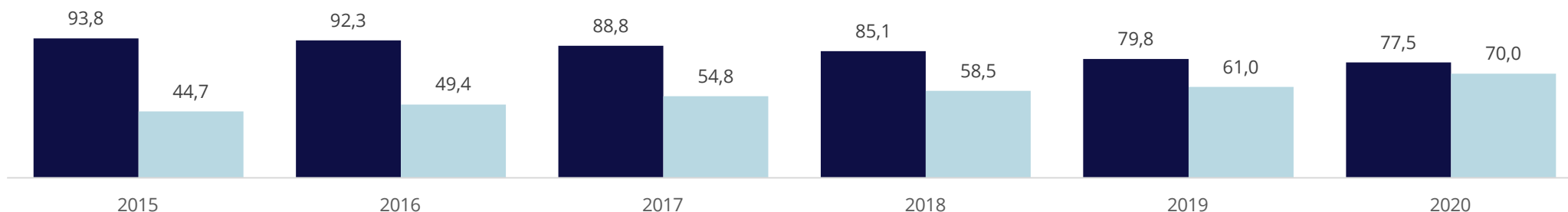


As cord-cutting slowly puts an end to Pay-TV, streaming services thrive by supplying consumers with what they want, when they want it.

Streaming has disrupted the industry with a business model that bypasses distributors and has content creation on its core.

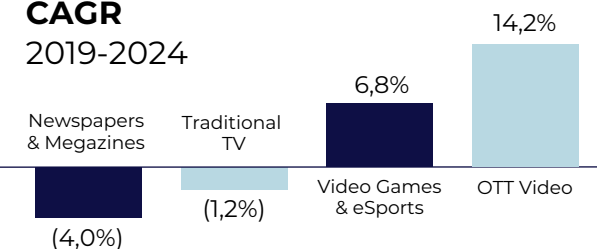
Streamers Now Eye the Subscribers Crown, US

■ Subscribers to Top 12 MVPD Providers ■ Netflix Subscribers



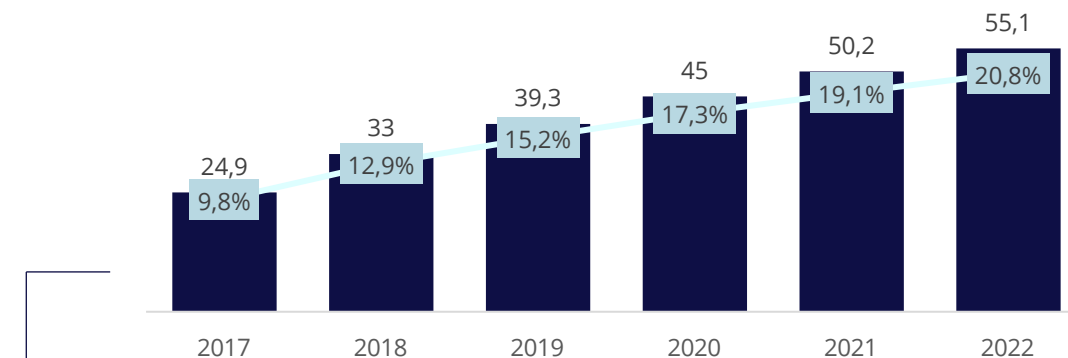
Avg. Weekly Streaming Min. per Person is Increasing.

CAGR 2019-2024



US Cord Cutters, 2017 - 2022

■ Cord Cutters (Millions) ■ % of Population

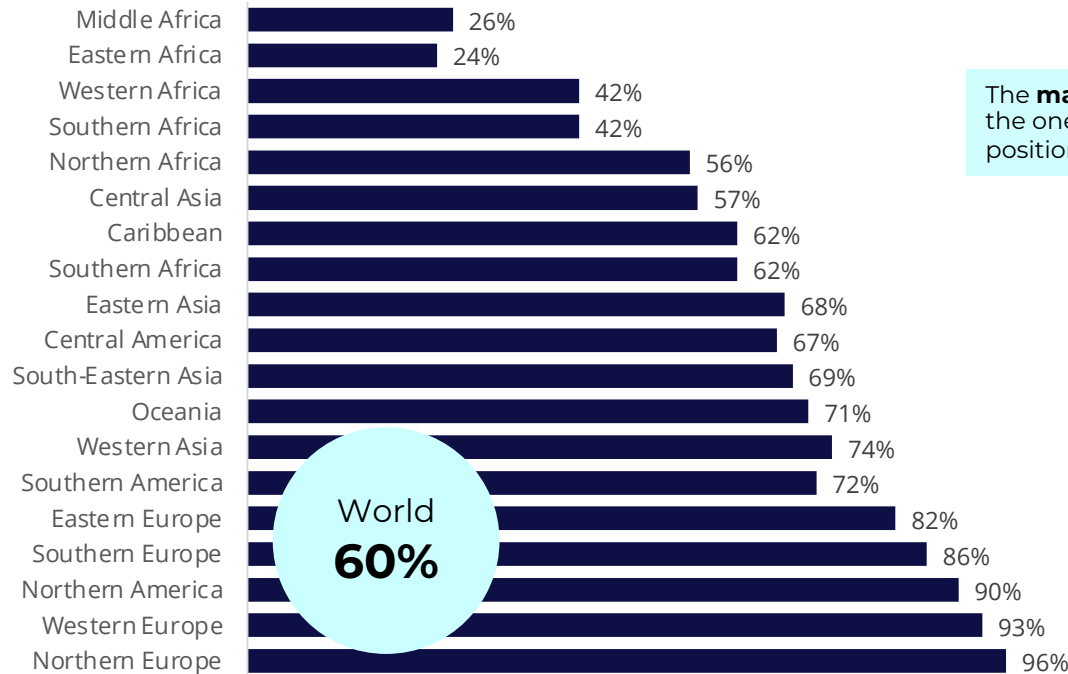


Content consumer is king. I no longer need 180 channels that I only watch 12 of is exactly the reason why Pay-TV is being outplayed by streaming platforms. **Cord-cutting will continue to drive SVoD growth.**

Internet underpenetration is still great worldwide, which creates massive markets of yet untapped value for streaming platforms.

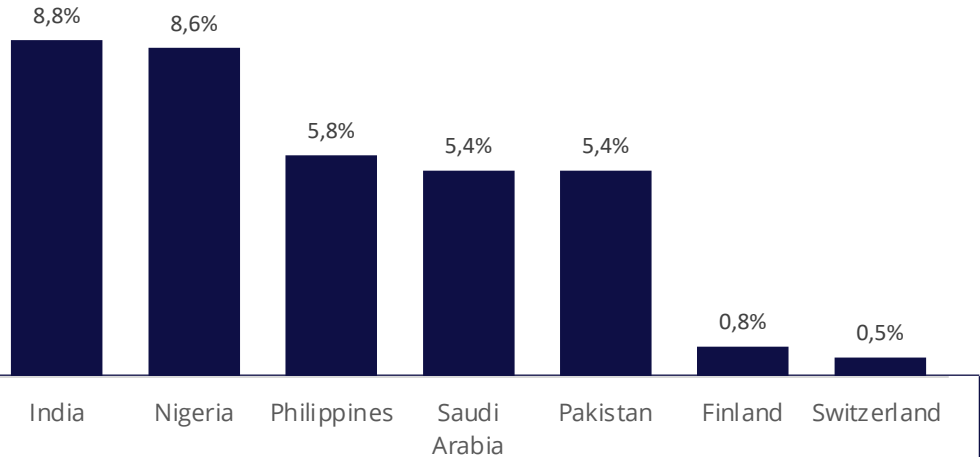
Connectivity is expected to increase through the spread of 5G, which in turn could drive growth for streamers in underpenetrated geographies.

Internet Penetration Rate



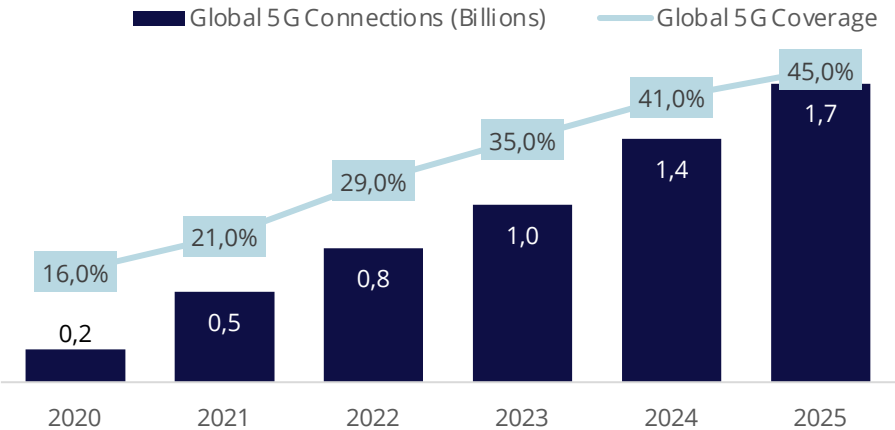
Sources Statista, Worldometer, PwC

Pockets of Growth in Developing Countries
■ Digital Entertainment..



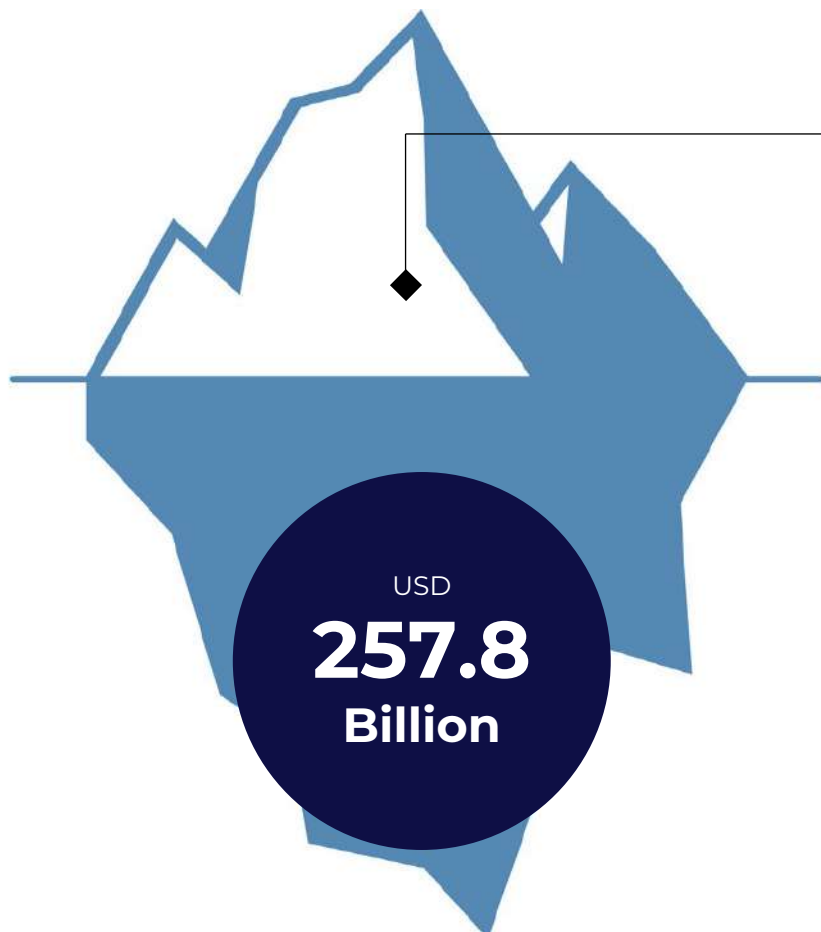
The **markets** that are **expected to grow** the greatest are precisely the ones with **poor internet penetration**. **Streamers** are in position to supply the **growing demand for digital media**.

5G Proliferates, Increasing Connectivity

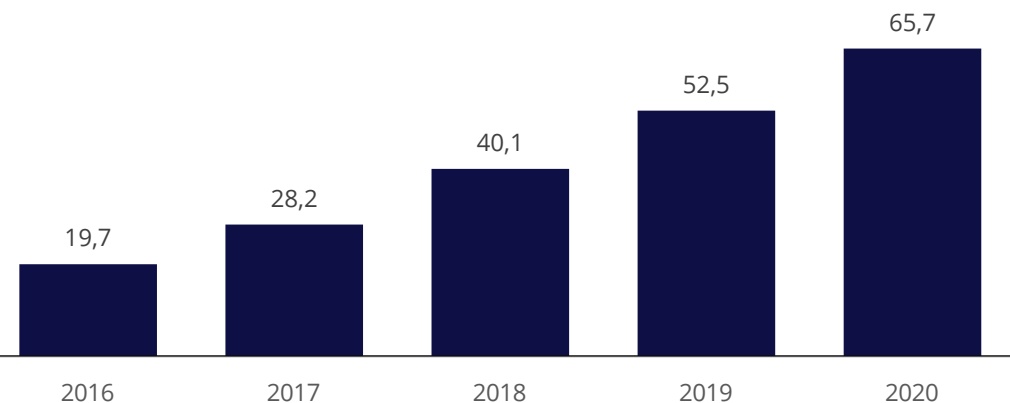


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Before our eyes is just the tip of the iceberg. The US market comes to show the huge potential that is still up for grabs in this industry.



Online Video Subscription Market (USD Billions)



Video Streaming's Total Addressable Market.



Total # of **Households**
Worldwide (Millions)

2,192,113



Target **Penetration**
Rate of **SVoD**

70%

Just shy of US's
current rate of **78%**,
according to *Statista*.



Avg. **Subscriptions per**
Household

2

Compared to the US's
avg. of **3 subscriptions**
per household.



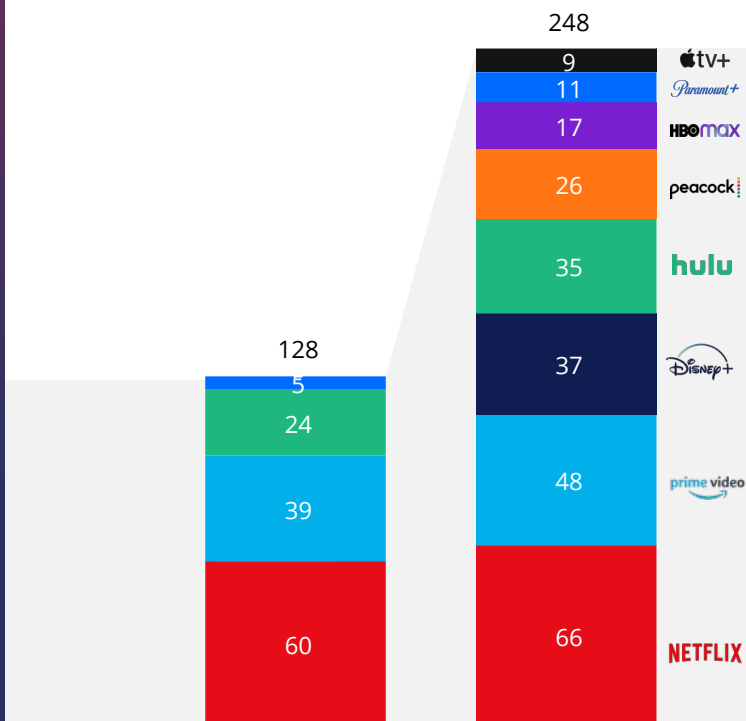
Avg. Monthly **Cost**
of **Streaming Service**

USD 7

Representing a
discount from
services in the **US**.

Media players are starting to adapt to SVoD. With distinct value propositions and strategies, they compete in different niches.

Just like in TV, there is room for multiple players in streaming, but playing catch up should not be easy, with Netflix leading the pack.

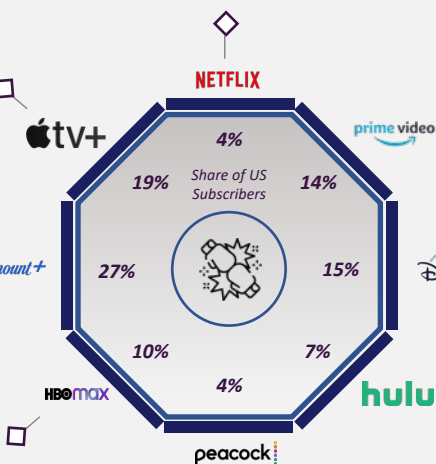


A rebranding from CBS All Access **launched in Mar/21**, hoping to step forward from a niche offering to a mainstream player, with ad or non-ad option ranging from \$5,99 to \$9,99. Despite a decent content library, **firepower is smaller** than the competition.

Launched on May/20, with **automatic access to HBO subscribers**, with the standalone offer still having little success, despite a respectable original library, with a relatively **expansive fee** of \$14,99 a month.

Launched in Jan/19. Apple **still struggles to add paid subscribers**, with over 60% of the subscribers in free trial. As a piece of Apple's ecosystem, TV+ still struggles with its **poor content library**, even with a cheap price of \$4,99.

Netflix was the **first to bet on online streaming** in 2007, and is the **benchmark** for the segment, with +200mn subs worldwide. For \$10-14 dollars a month, it offers +2mn hours of content and **highly requested original series** such as House of Cards and Ozark.



NBCUniversal's streaming platform, launched in **July/20**. Focus is not on big budget series, but on "**comfort-TV**" category, with late nights, sitcoms and long-running broadcast dramas. Prices range from \$0 in the **ad-supported** version to \$10 in the premium one.

Amazon launched Amazon prime video as we know in 2011 bundled with the prime subscription. The service costs \$8,99 on its own, but is primarily another **offer in the Amazon ecosystem**, yet to have the same success as Netflix in its **original content**.

Launched at the end of 2019, with Disney shifting its strategy towards DTC. Leveraging on Disney's **extensive original content library**, was the **fastest streaming service to reach 100 million** subscribers globally, with a price below Netflix, of \$8 dollars a month.

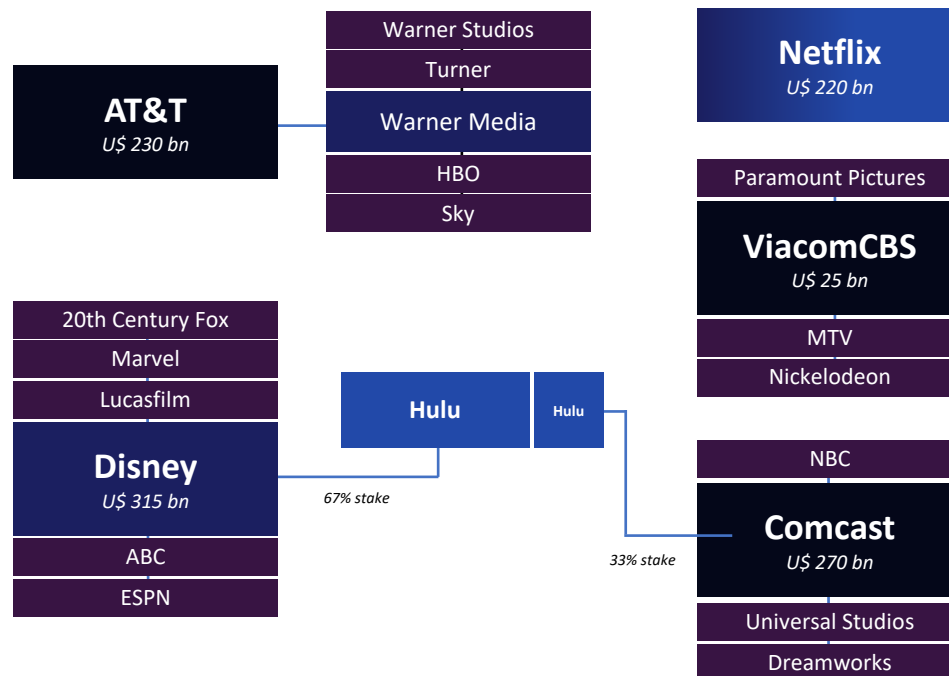
Hulu created as a **Joint Venture** between different media players to aggregate their content. The company, which offers **original content** from FX with prices ranging from \$5,99 (with adds) to \$64,99 (incl. Live TV) is **controlled by Disney** since 2019, and is one of the main streaming players since its launch in 2007.



Despite being a different type of streaming platform, YouTube is one of the main competitors for consumers attention time, with over 5 billion views everyday. Recently, YT announced a \$100 million fund to reward content creators in the platform.

The Media industry is known for consolidation. Now we see all major players lining up in streaming, but the goals to be achieved are different for each one.

Companies that don't have content in its core could suffer to provide the best streaming options to consumers because of their own conflicts.

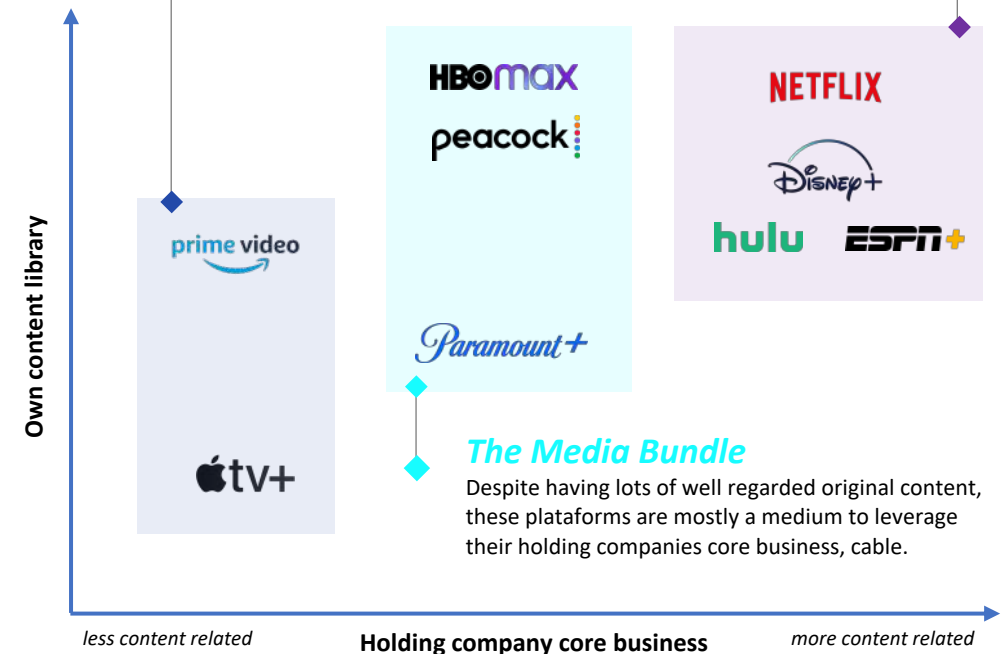


The Native Players

Here, the core business is creating content and delivering it to the customers in the best possible way. In our opinion, they are the best positioned to lead in the streaming space, with an increasing amount of high quality original content.

The Ecosystem Offer

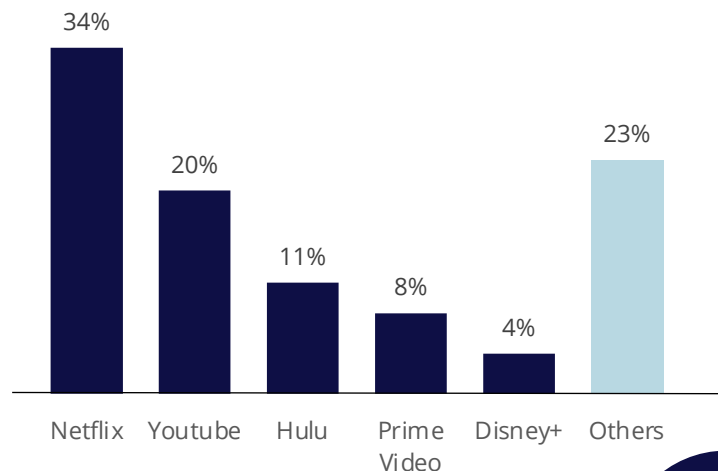
These trillion dollar companies have been diversifying in order to leverage their core business. Streaming may even be a loss making unit for them, burning through cash to catch up on content.



The Media Bundle

Despite having lots of well regarded original content, these platforms are mostly a medium to leverage their holding companies core business, cable.

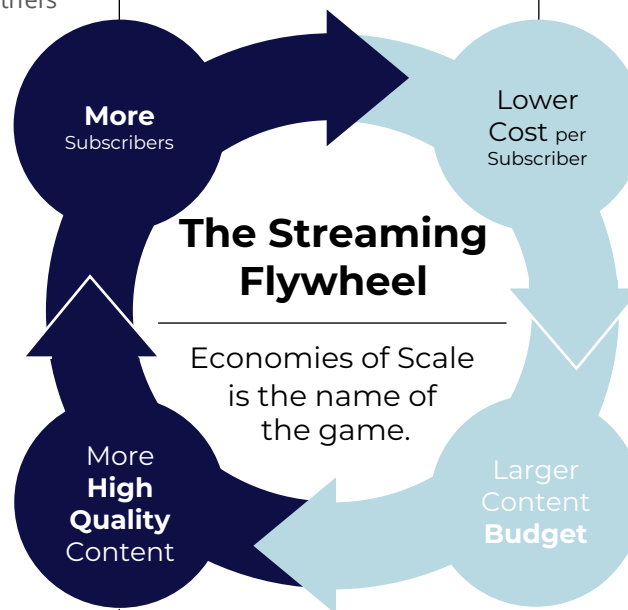
Video Streaming Marketshare by Minutes Watched



But only acquiring subscribers is **not enough**, companies have to **retain them**. In order to so, they must offer **great content** that attracts and engages consumers to spend **time within the platform**, which requires big investments upfront.

When it comes to streaming, **being customer centric means being content centric**.

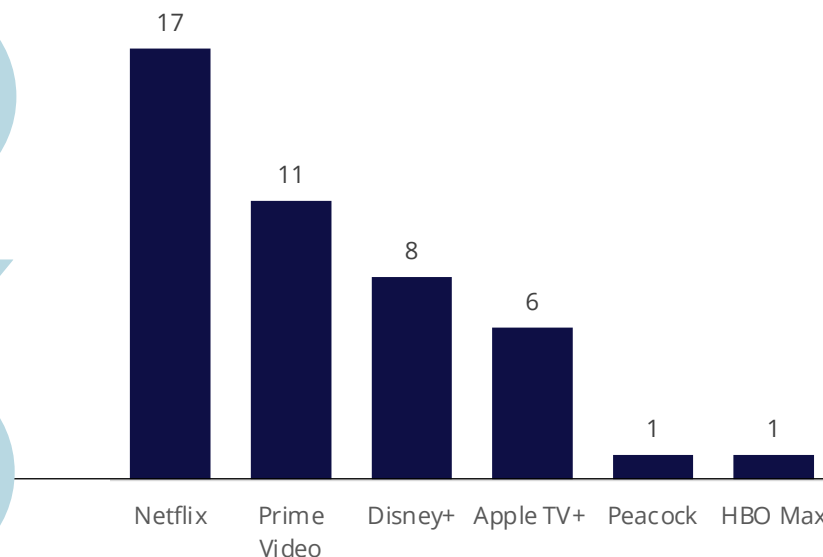
*Expanding the Content that is Available to Watch is the **#1 Reason** for subscribing to an additional streaming service in the US.*



In the end, content is king. Today's investments are paving the way for players to be better positioned in the future with the benefits of scale.

Either take the margin gains or **reinvest in the business for further growth**. After all, it takes money to make money in the streaming business.

Estimated Yearly Budget for 2021 and On (USD Billions)



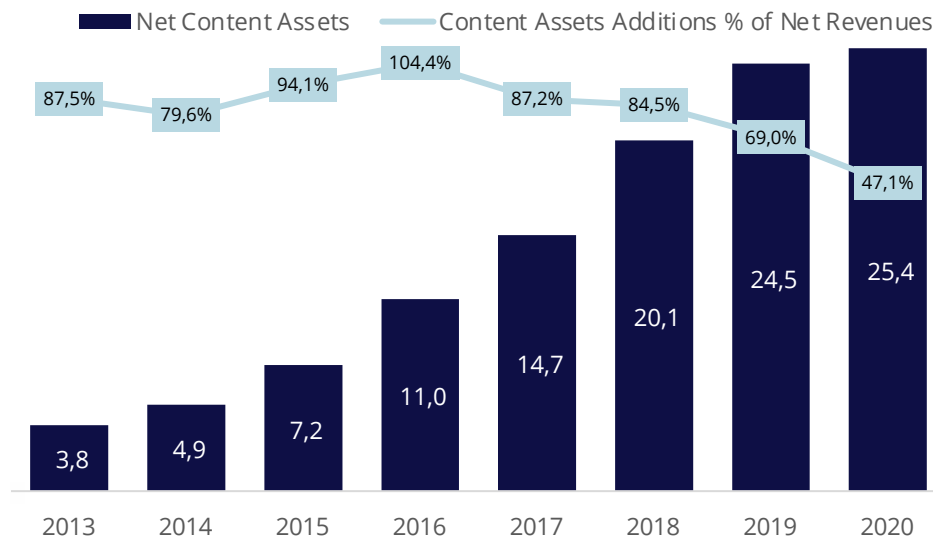
Netflix is showing that there is indeed a pot of gold at the end of the rainbow. Great long term returns more than compensate for short term losses.

Despite requiring short term cash burn, unit economic analysis show that, in scale, successful streaming companies may have great earnings power.

1

Building a great library takes its toll, but is ultimately a **fixed cost to be diluted**.

Netflix Content Assets

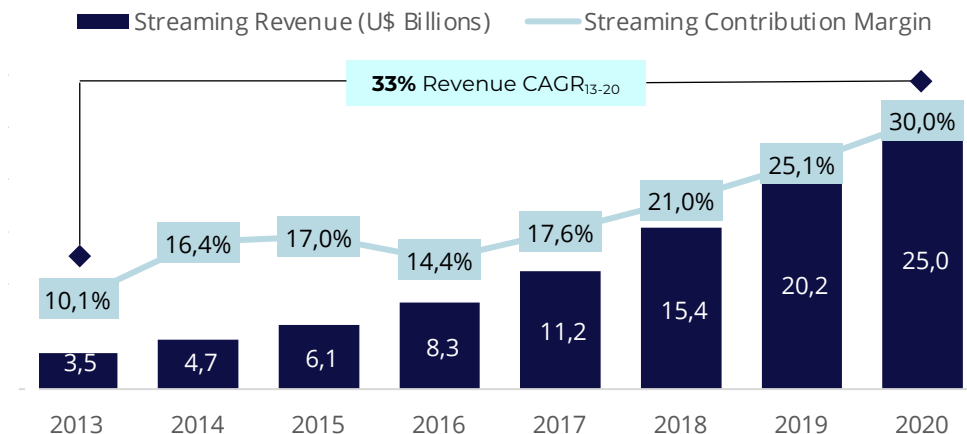


Sources Netflix Filings, *LTV is short for Life Time Value

With time, **content amortization** and **marketing costs** go down relative to revenues, allowing for **rich margins**.

2

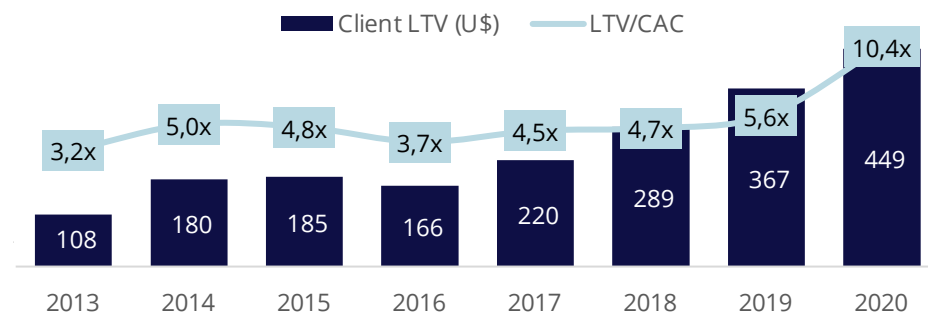
Netflix Streaming Revenue and Contribution Margin



Economies of scale enable a better offering for consumers, with **pricing power** and **lower churn driving up LTV**.

3

Netflix Client LTV and LTV/CAC



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