



## Disney Bulls Active into Market Driven Weakness as Stock Specific Story

**Ticker/Price:** DIS (\$131.2)

### Analysis:

**Disney (DIS)** with another 2,500 September \$140 calls bought into early weakness after seeing 2,500 add with buys yesterday and recent buying in August \$135, September \$145, October \$140 and multiple July call strikes as well. DIS shares are pulling back near support of its gap move as it continues to consolidate a strong long-term range breakout move. The \$238.75B Company trades 20.45X Earnings, 32X FCF and 16X EV/EBITDA with a 1.33% dividend yield. DIS recent momentum has stemmed from its move to a DTC streaming service as it competes with Netflix (NFLX) and others. Analysts have an average target near \$150 and short interest is low at 1.2% of the float. DIS has seen plenty of recent Box Office success continue, strong Aladdin numbers this past weekend. On 4-23 BAML added to the US1 List with a \$168 target expecting shares to Outperform driven by (1) the 11/12/19 US rollout of the Disney+ direct-to-consumer (DTC) service; (2) continued traction at Hulu and ESPN+; (3) a solid Studio slate (i.e., Avengers: Endgame on 4/26/19, Toy Story 4 on 6/21/19 and The Lion King on 7/19/19); (4) solid Parks, Experiences & Consumer Products trends (aided by the opening of Star Wars Land on 5/31/19 at Disneyland and 8/29/19 at Walt Disney World (WDW) along with multiple gate enhancements leading up to WDW's 50th anniversary in FY22); (5) stable-to-low-growth Media Networks; (6) Fox synergy realization (at least \$2bn in cost saves by FY21E); and (7) the potential resumption of capital returns once gross leverage returns to 1.5-2x (we believe gross leverage will fall toward 2.4x upon conclusion of the Fox RSN divestitures later this year, or 2.2x net). Rosenblatt put a \$175 target on shares. Hedge Fund ownership soared 68% in Q1 filings, Point-72 disclosing a call option position and Yacktman taking a 6.26% weighted stake.

### Hawk Vision:



**Trading Strategy:** DIS was a top pick into this year and testing the 33 EMA gives an opportunity to get back involved in a name with a number of positive tailwinds.

**Confidence Ranking:** \$\$