



Goldman Sachs Communacopia + Technology Conference

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Disney Speakers:

Hugh Johnston

Senior Executive Vice President & Chief Financial Officer

PRESENTATION

Voice Over

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Michael Ng – *Goldman Sachs*

Great. Well, hello everybody. Welcome to the Disney fireside chat at the Goldman Sachs Communacopia and Technology Conference. My name is Mike Ng and I cover Disney and media, cable, telco here at the firm, and I have the privilege of introducing Hugh Johnston, who's the Chief Financial Officer at Disney.

First and foremost, thank you so much for being here Hugh, it's an absolute pleasure.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Thank you. Nice to be here with you all.

Michael Ng – *Goldman Sachs*

To kick things off, I was just wondering if you could walk through the overarching strategic priorities driving Disney's momentum this year and into next. What are some of the key strategic shifts that we may see with Josh's appointment as CEO?

It seems like there's a greater focus on embracing technology and operating collaboratively under One Disney. So, would just love to hear your thoughts about all of that.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Happy to talk about that and thank you for highlighting the momentum. We do feel like we have very good momentum in the business right now.

When Josh took over as CEO, and it's been less than six months at this point, so still relatively early on, he articulated three things that were going to be priorities for the company.

Number one was continuing to and further investing in IP. As you know, that's the core competitive advantage of Disney and that's what enables us to reinvent ourselves and drive growth and compound earnings on a continual basis.

Toy Story is a great example of that. *Toy Story 5* was obviously a very successful movie, but in addition to that, it drove strong performance in terms of Consumer Products. We had our highest growth rate in CP in 20 years¹. In addition to that, very successful on the streaming service and obviously refreshing that story is beneficial to us in the parks and cruises where that IP appears fairly often.

The second focus or priority for Josh and the organization is embracing technology. And we're not doing that just to embrace technology, we're doing that to increase our ability to create new products and to increase monetization of all that great IP that we have as a company. So certainly leaning into that I think makes a ton of sense, and in a world of AI even more so.

And then the last focal point Josh brought in was really trying to reach out and both expand our relationship with existing consumers and acquire new consumers over time. And the focal point there is this notion of a One Disney model.

¹ Highest year over year growth rate in Consumer Products in 20 quarters in Q3 fiscal 2026

You know, in a lot of ways, Disney was sort of broken up into various businesses and they all tended to communicate with consumers somewhat independently. We're trying to sort of create that single relationship with consumers, and by virtue of doing that we think we can reduce the friction that we have in terms of engaging consumers and over time, be able to monetize that more and more effectively.

So overall priorities are very clear. The organization has embraced them tremendously, and I think they're going to deliver enhanced results for us over time.

Michael Ng – *Goldman Sachs*

One thing that the company teased at last quarter's earnings call was just this long-term vision of Disney+, right? Something that's going to encompass not only video, but also gaming and merchandise and other experiences, and we would get a flavor of what that looked like in the spring of 2027.

I was just wondering if you could give us a little bit of a sneak peek into what we should expect?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Well, maybe just a little bit of one. If you think about Disney+, we tend to think about it in two ways.

Number one, we want to create essentially the best streaming service out there in terms of product, in terms of consumer engagement. That is sort of the core proposition of Disney+. But in addition to that, we really want to bring our services to consumers under the Disney+ banner and create essentially an integrated ecosystem where we can touch consumers in a variety of ways. Almost creating a membership-like ecosystem for our fans.

Now, what might that look like? Certainly, it's the normal things like film and TV and video. But in addition to that, you could easily see things like Consumer Products. You could see Parks and Cruises on there. You could see interacting with our talent, interacting with our IP in a more substantial way, and even potentially gaming at some point in the future.

So the goal there is to increase the frequency of use of Disney+, because we know when people increase their frequency of use, they tend to churn less, retention is higher and we get better outcomes. So more to come on that both...in the spring of 2027, but in addition to that, it's a digital product. We're going to be enhancing it, I would say, forever.

Michael Ng – *Goldman Sachs*

One other element of DTC that Disney has been making a lot of progress in has been the integration of Hulu into Disney+.

As you look towards this next phase, what consumer-facing advertising, personalization and back-end technology enhancements remain to be completed, and how should investors evaluate the impact of this integration on the KPIs that we all care about; engagement, churn reduction, bundle adoption and that sort of thing?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

If you think about what we're trying to do, essentially with all of these improvements, it's to drive engagement and to reduce churn and to increase the fandom. And we have, based on the moves we've made over the last year, year-and-a-half, made good progress on that. We've seen impact in terms of churn reduction.

A couple of other things that are sort of either in the near-term or have already been accomplished. Number one is profile ranking. We had Hulu profiles, we had Disney profiles. We've now created that one fan, one account ecosystem.

In addition to that, the things you'll likely see are live TV on the Disney+ app, which we know drives engagement in a more substantive way. And those members tend to churn less. In addition to that, you know, we have Hulu add-ons and bundles and things like that, that will also be further integrated into Disney+.

If you sort of look at medium-term, what is it we're really trying to do? It's really two things. One, making the recommendation engine sharper and better so that you get more of the content that you want to get, because we know there is a limited amount of time from when a consumer opens your app until they actually will decide not to pursue it because they don't see anything interesting.

And in addition to that, really the user experience. So adding things like a cleaner UI. In addition to that, things like Vercos, so people can watch on mobile more easily. So those are the types of things that you're going to see on it.

In terms of what should investors be watching for? It really is the basics of streaming. It's churn, it's retention, which we know increases lifetime value. And at the end of the day, the real metric is enhanced revenue growth.

Michael Ng – *Goldman Sachs*

Disney+ seems like it's making a lot of progress into becoming, you know, what could be a daily app for a lot of consumers, and one of the potential drivers could be this TikTok partnership that was announced.

So maybe you could just expand a little bit about that, talk about the strategy. Is it something that drives the top of funnel? Does it present an advertising opportunity? How do you think about the TikTok partnership?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

We're excited about the TikTok partnership for a variety of reasons.

Number one, it really introduces a different type of consumer into Disney+. Tends to be a little bit younger, wants to interact more as opposed to being a passive watcher. And by virtue of, with the TikTok relationship, being able to interact with our IP, that really engages the younger audience in a significant way.

In addition to that, as you pointed out, it does present to us a top of the funnel opportunity because we are drawing in new consumers into it.

In addition to that, somewhat underrated, but we're pretty excited about, we'll actually create a creative ambassador program. And really, no other company can do that the way Disney is doing it right now, and build closer and closer relationships with those creators.

And then last but not least, TikTok as you know is very much a vertical format. By virtue of doing that, Disney+ vertically on mobile, it was relatively small, but this will create the opportunity, we think, to penetrate mobile in a much more significant way and then allow consumers to discover other aspects of what we have on Disney+ on mobile. So we think it's an engagement opportunity for sure.

Michael Ng – *Goldman Sachs*

And if we could tie it back to the financials, there's been a lot of focus on the trajectory of SVOD margins. So could you talk a little bit about the margin outlook, you know, beyond subscriber growth and pricing, what are some of the other operational levers that the company can pull?

And then maybe you can also just loop in some of the comments the company has made around investing more in local content, and how that may impact that SVOD margins, if at all?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

So to do that, you almost have to step back to where we were just a couple of years ago.

We were losing a couple of billion dollars a year on Disney+, and that was a time where there was heavy investment going on and we sort of set out back toward the end of '23 a goal that said, look, we want to get to double-digit margins in this business because if you're losing a lot of money, investing in the business, there's not necessarily a lot of point in doing that. The returns just aren't there.

So we felt like we needed to demonstrate that we could get to double-digit margins. And in fact, we have gotten to that. The last quarter in fact, we had 13² margins and we'll certainly finish the year with double-digit margins. So I think we've kind of crossed that threshold and proven to the investment community as well as to ourselves, this is a business worth investing in.

Now, from this point, the opportunity that we see is the opportunity to grow the business faster. And we think we have the right capabilities. We think we've been investing in product. We do need to invest more in content. International is a big opportunity for us because our penetration is substantially lower than the leader in that regard. And what we're going to focus on is driving revenue growth and driving absolute OI dollar growth rather than just be focused on margins.

Margins are important. We're not looking to go backwards in a material way or go below double-digits or anything along those lines. But we're going to focus more on driving growth because achieving higher OI dollars, I think, is a more important variable than achieving a margin percentage. So, as we do that, we think will increase the value of the business, and we think it'll create a more exciting proposition for investors.

² Refers to 13% SVOD operating margin in Q3 fiscal 2026.

Michael Ng – *Goldman Sachs*

One strategic pivot that was mentioned on last quarter's call was just the adoption of a free offering for Disney+ and, you know, FAST Channel's free ad supported TV has certainly become a growing category for the industry at large.

So could you just talk a little bit about the role of FAST within the Disney portfolio and how you introduce a free tier without diluting what's a very premium brand?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, so FAST is another example of...we've talked about trying to reach new consumers and broaden our consumer base. There's obviously a subset of consumers that are more price-sensitive and by virtue of introducing a free channel, it offers us an opportunity to bring those people in. Essentially more people going into the top of the funnel.

It's got a couple of other benefits as well, though. If you look at our advertising, unlike most of the AVOD competitors that we have, we pretty well sell out our advertising. So we actually need more inventory and a FAST channel would offer us the opportunity to bring more inventory into our ecosystem. So we're certainly excited about that.

It also represents an opportunity if someone is thinking about churning out, to keep them in the ecosystem by downgrading and offering us the opportunity later to sell and upgrade them back into Disney+, the primary.

Now, I've heard a little bit of concern around cannibalization. You know, if you look at ESPN, essentially we've done that for years, managing a free app and then basically selling people up over time, whether it was into select or now into unlimited.

So from that perspective, I think we've got pretty good skills at doing that. And I would expect us, because the FAST channel can evolve over time. If we see it cannibalizing or we see it's creating an issue, we can adjust the content to make sure that it doesn't do that.

So we're going to be agile on it, it's early days on this, but it's certainly something that we're excited about, and I think it's going to be a terrific addition to the portfolio.

Michael Ng – *Goldman Sachs*

That's a great segue way to just ask about the broader streaming ad environment. Last quarter the company called out a little bit of a softer US SVOD ad environment because of supply dynamics, right? A lot of supply hitting the market.

Could you just elaborate a little bit on what's happening on the supply and demand side in US SVOD? And are there any ad verticals that are doing better or worse that you would call out?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

It's an interesting dynamic right now. As you noted, there is more supply coming into the SVOD environment and obviously that has an impact on price. And we saw that a little bit in terms of our pricing and we expect that...a little bit of softness to continue in Q4. That's something we had articulated already on, on our earnings call.

And a lot of ways, it is an interesting dynamic though, because on the one hand, you had, you know, a relatively high amount of supply on the SVOD side. On the other hand, live sports is just on fire. I mean, people just can't get enough of it and our advertisers can't get enough of it. So we've sort of got this dynamic where we're managing both of those.

Overall, the ad environment is healthy for us, it's just different channels are reacting differently at this point.

In terms of the individual sort of subcategories of advertisers, technology and AI, as you would expect, are doing very, very well right now. Political, it is the political season, so certainly doing well from that perspective. Healthcare is, is certainly doing well right now.

On the other side, CPG generally because of the inflation those companies are facing...a little bit softer. Restaurants, because of discretionary spending, a little bit softer. And then the telcos this year were sort of interesting. They really focus their spend on a couple of big tentpole events, specifically World Cup and the Olympics. So that generally is a little bit soft because the money all sort of went through one or two places.

Michael Ng – *Goldman Sachs*

Great, super interesting. I wanted to revisit just some of the discussion around content investment and local content investment.

How do you evaluate the capital efficiency and ROI for doing more localized international programming versus perhaps investing more in global franchise tentpoles that could resonate around the world?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

I mean, as you might expect, we're super rigorous around how we make these investments.

The one place that we do see an opportunity to invest in content is in TV streaming because that actually provides better continuity and it tends to lower churn and increase engagement just

because of the length and sort of the timeline over which TV series tend to get dropped. So we do expect to do more in that.

Specifically, international is an opportunity. As I mentioned, that penetration is a significant opportunity for us, and international...the dynamic is kind of interesting. When we have a tentpole release, our international business pops in a fairly significant way. But people stay for the movie, they watch some of the earlier sequels and then they tend to churn out until there is a new release. And then they come back in again.

What we're really trying to do with this investment in international content is essentially fill the valleys between the tentpoles and to be able to sort of keep that engagement over time. Now, we'll do that with international TV shows. We'll do it to some degree internationally with sports as well, because that's another way to keep people in the franchise.

The way that we tend to think about it is, you need one objector in the household. So it could be, you know, mom, dad, kids, somebody in the household, maybe grandma, but someone in the household objects. And then you don't get the churn.

If you remember a few years ago, we talked about the fact that we weren't ready to invest in international content because we didn't feel like the product was ready, particularly the recommendation engines.

So if we invested in content, we were worried about people churning out because they weren't seeing enough recommendations that were interesting to them. That's where we've made a significant pivot and we do feel like the product is very much ready. So it's worthwhile investing in right now and we're very optimistic about it.

We're going to be smart about it. We're picking markets, we're picking types of local content. We'll do it through licensing, we'll do it through producing our own. So we're going to take a variety of approaches. And then as we see the ROIs, we'll learn and we'll continue to focus the investment in a way that that will actually work.

Now, the one thing to keep in mind is that international content is a relatively small piece of our overall spend right now. And I would expect it to go up by a lot on a percentage basis, but it won't be disruptive to the overall algorithm of the business.

In terms of the big tentpoles right now, we really feel like we're spending enough in terms of the films in particular, and a few years ago, Disney had some challenges in that regard by overproducing and frankly the outcomes weren't great. So we won't repeat that. We feel like we're in about the right spot with that.

It's this targeted area where we feel like there's going to be a very good return and we've got some early evidence on it. In terms of shows in the UK, in terms of shows in Korea, that are returning really nicely right now. So we're very optimistic about that.

Michael Ng – *Goldman Sachs*

Great, that's very clear. And on the topic of content and films, at D23, I think that was a few weeks ago, we got a lot more visibility into the film slate over the next few years, and I'll just rattle this off, right. Just, calendar 2027, it's *Avengers: Doomsday*, *Starfighter* or *The Bluey Movie*, *Frozen 3*. And then beyond calendar 2027, right, we have titles like *Coco 2*, *Tangled Live-Action*, *Zootopia 3*, *Lilo & Stitch 2*, *X-Men*, a new *Ice Age* and list kind of goes on and on.

So maybe you could just put that film slate into perspective for investors and talk a little bit about how we should think about the upcoming film slate in the next couple of years. You know how that might help the Disney flywheel from a CPE and SVOD perspective perhaps?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

We're excited about where we are in that regard. *Avengers: Doomsday*, we think, is going to be an absolutely terrific launch that's coming in December. In fact, we're three months out from the movie and we already have \$50 million of presales, literally three months out. So there is a ton of thirst and excitement within that fan base to see another *Avengers* movie.

We do have *Bluey* coming as well and people are certainly excited about that. As we pivot towards '28, we do have *Incredibles 3*, *Frozen 3*. So from that perspective, I think we're looking at a pretty solid slate as well as another *Avengers* movie in 2028. So the slate overall looks strong.

This year has also been strong in a lot of ways. Things like *Zootopia* was certainly a big hit. The *Devil Wears Prada* was a big hit. And obviously *Toy Story* was a very large hit. So we think we're in a good spot and that will obviously play into the flywheel more broadly.

Michael Ng – Goldman Sachs

Shifting gears to Experiences, maybe we can start with US theme parks. Domestic attendance grew 3% year-over-year last quarter, which was a nice improvement from what we saw in the quarter before.

Looking into fiscal fourth quarter and into next year, what are your expectations around domestic attendance? Could you maybe talk about some of the US attendance cohorts, you know, in-state, out-of-state, international visitation, any difference that you see in terms of those customer cohorts?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

Yeah, happy to talk about that. As you mentioned, we saw terrific growth in Q3. Overall attendance was up 3%. So certainly feeling very good about where that came in.

In terms of the cohorts, I think the fact that international attendance in domestic parks was off a little bit, although it was certainly better than Q2 and better than a couple of the previous quarters, it's a challenge but at the same time, we've really pivoted our marketing and pivoted our promotional activity to a domestic audience. And that played out very well, not just in terms of attendance, but also played out very well in terms of per caps. So we certainly feel good about that.

In terms of what else can be learned out of Q3, I think the biggest one is the market, I believe, tends to think that our business is more cyclical and less sturdy than it is. And I'd point to our performance versus competition as a data point.

I think there was a belief going into Q3 earnings that in fact, we were going to be challenged in Orlando. And in fact, the numbers were quite the opposite. They were rather strong. And that's a lot about our IP. It's a lot about our unique offering that Disney World and Disney broadly is...it's just a very, very different offering than perhaps some of the others.

The second is, as we've invested in capacity in the parks, that's a real enabler to growth. And it's something that we're going to continue to do. As you all know, with the significant investment program that we've had in place for a couple of years, we're really seeing the attendance benefits of that, and those benefits are going to keep accruing quarter after quarter and year after year as we continue to make those investments.

Michael Ng – *Goldman Sachs*

And just on those capacity investments, at D23 we also learned a lot about some of the new theme park attractions that will be coming over the next few years. Tropical Americas and Animal Kingdom for 2027. Monstropolis in Hollywood, also in '27.

So could you talk a little bit about the theme park attractions that are opening up in the next couple of years and how we should think about whether that's an attendance uplift or an attendance driver as they open?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

It's both attendance and per caps. And just to give you a sense as to...I mean, we literally have so much activity going on, rather than try to memorize it I sort of brought my long list of things and it's two sided.

You mentioned Tropical Americas, Indiana Jones is coming in as well. Further down the line, we have an Avengers Campus that's coming in. In addition to that, we've got a cruise ship, the Disney Believe is coming in. Hollywood Studios, Monstropolis is coming in. And this is literally, I just read about a third of this page. The amount of activity we have going on in the parks is really, really very significant. And as a result of doing that, we do get two benefits.

One benefit is it just expands capacity. And that capacity is something that we need for our business. But the second one is, it allows consumers to actually get more value, right? And that's the most important thing because at times there are questions around, you know, are we pricing too much? The reality of it is, we price when we deliver more value. I'm fond of the expression, "Price is what you pay, value is what you get."

The fact is, by virtue of making these investments, we're giving the consumer more value. We're literally talking about hours and hours and hours of rides and entertainment and other shows. And by virtue of delivering that value, our guest satisfaction scores continue to be very high in terms of our ability, not to take raw ticket price, but to actually enable us to offer more and more premium experiences that drives per cap.

Michael Ng – *Goldman Sachs*

I would love for you to expand a little bit on the discussion around per caps. You know, it's been very resilient. I think that there are always concerns around whether or not there's been too much per cap growth for too long.

But, maybe you can talk a little bit about how much is actually underlying ticket price increases versus, you know, as you pointed out, value-added a la carte offerings like Lightning Lane or VIP experiences or new attractions?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

It's something that we're acutely sensitive to because we want to make sure we continue to bring young families in particular into the parks and develop that Disney love, right? It starts with video, but then it turns into sort of experiential. And we want to make sure young families, which obviously tend to have less money initially, and then over time their incomes and their wealth tends to build.

So we're super sensitive to the fact that particularly in the value times of the year, we keep those ticket prices relatively low so that we can actually encourage those young families to come in.

Now, over time, as they have more financial flexibility to do things, we do things like Lightning Lane and VIP tours and sort of higher end restaurants and those types of things. That's where a lot of the per cap comes from.

Conflating ticket prices and per cap is really not an accurate statement. If you look at the ticket price inflation, it's been much lower. A lot of the per cap growth has been driven by sort of mix and other opportunities to monetize.

And again, I go back to our guest experience scores tend to be really, really high and they're not deteriorating. And the reason they're not is, people feel like they're getting enough value or increasing value for the amount of money they're spending for their particular selection of a Disney experience.

Michael Ng – *Goldman Sachs*

Just rounding out the Experiences conversation, you know, we haven't touched too much on the cruises, Disney Cruise Line. So there's been quite a bit of fleet expansion. Maybe you can talk a little bit about, you know, how important Disney Cruises are to the long-term growth of the segment.

As new vessel capacity comes online, what forward bookings metrics or guest experience scores are you looking at to make sure that there's enough demand to absorb all that growth?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

The starting point really is that we can't fill all the demand that we have right now. And the biggest evidence I'd point to is, we've launched a couple of ships in recent years and those ships continue to sell out and our capacity utilization continues at a high level despite adding about 50% more guest rooms over the course of the last couple of years.

We really focus on three things. First and foremost is guest satisfaction. If we're not doing that, then we're really not running the business properly and the guest satisfaction continues to be very strong.

Second is capacity utilization. We want to make sure we're filling rooms. It's the type of business where you not only want to fill rooms, but you want to bring new guests in who've never actually cruised before because that enhances the breadth of the franchise.

And the third factor is yield, so...and we're doing very well on all of those fronts. So cruises are without a doubt an important part of the Experiences growth. But all the things I just mentioned in terms of the parks as well, we expect to grow both in parks attendance as well as cruise attendance.

In fact, as we think about where we're likely going to be going forward, there's probably reasonable balance. It'll vary in any given year, but over multiple years, reasonable balance between per cap growth and attendance growth or volume growth, so to speak.

Michael Ng – *Goldman Sachs*

And if I could squeeze in one on sports. Could you just provide an update around the momentum and engagement trends that you're seeing at ESPN direct to consumer and then perhaps you could also just touch on the live sports portfolio and whether you think that you need any meaningful additions or...?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

So as I mentioned, sports is doing incredibly well right now and ESPN clearly is the leader in sports. I mean, the ESPN mission is “serving sports fans anytime, anywhere.” And that's exactly what we've been doing.

In terms of the DTC product, it's very much within our expectations and it's coming from a variety of areas. Some of it are just direct subscriptions, some is consumers subscribing to the trio bundle, so they're actually getting Disney+ and Hulu as well. Some is coming from entitlement through pay TV subscriptions. And candidly, we're relatively indifferent as to where those subscribers come from, from a financial perspective. We're just looking for the engagement.

In terms of sports rights, we're actually pretty well locked up through 2029 or 2030, so we've got the base load of what we need. We've got creative deals with the NBA, the NFL, MLB, so we certainly feel good about that.

At the same time, we've had a lot of discipline. Things like F1 and...the wrestling. We've been pretty disciplined with those in terms of saying, you know what, it's gotten too expensive, this is not for us and we're going to pivot and move elsewhere on it.

So I think you'll continue to see us do that and manage ESPN in a way that is both fiscally disciplined, but also allows that business to continue to grow.

Michael Ng – *Goldman Sachs*

I wanted to ask about financial guidance. The company has guidance for 12% underlying EPS growth for this year and then another year of double-digit underlying growth in fiscal '27.

Would you just share a little bit about what drives your confidence in sustaining this double-digit EPS trajectory and anything that you would call out at the segment level that are key drivers?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Our growth is really driven by two things. Number one is Experiences and specifically streaming within Experiences. And we certainly feel very, very good about that. And number two is...

Michael Ng – *Goldman Sachs*

Entertainment.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Entertainment. I said Experiences. Number two is entertainment – is Experiences. So those two were about 85% of our earnings, and those two are growing very strongly based on the investments that we're making on the Experience side, all the investments that I just articulated.

On the streaming side, the investments that we're making in churn reduction and product and technology and in content. So we certainly feel very, very optimistic about both of those things.

And it's funny, sometimes I think investors think we're a complicated company, but in a lot of ways, we're a very simple story. I mean, it literally is streaming is a part of entertainment and streaming, driving growth and entertainment. And then on the Experiences side, it's the capital investments that we're making to drive growth there, both in attendance and per caps.

Michael Ng – *Goldman Sachs*

It truly is a content flywheel tying all that together.

Maybe in the last couple of minutes to wrap up our session today, Disney has undergone an incredible operational turnaround over the past several years, restoring and pursuing DTC profitability, expanding theme park and cruise capacity, re-architecting live sports rights and distribution.

As you look out over the next one to two years, maybe, can you share a little bit about top strategic and financial priorities as a CFO?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

We want to continue to deliver double-digit earnings performance, right? We – I honestly believe that this is an earnings compounder type of company based on all the characteristics that it has.

What do we need to do in order to do that? We need to continue to drive revenue growth and perhaps even accelerate revenue growth over time, and the investments that we're looking to make, we believe we will do that.

At the same time, we also know that we need to deliver to investors both in the short-term and the long-term. And we, as we mentioned on our most recent earnings call, we think we have opportunities to manage our cost structure more tightly and take those cost savings and redeploy them into these investment growth opportunities.

So my priorities are basically to enable that virtuous circle of reducing costs, reinvestment in the business, driving growth, creating operating leverage, and then reducing cost again. And to the degree that we can continue to do that, leveraging both our cost management as well as artificial intelligence, I think you're going to see us being an earnings compounder for many, many, many years to come.

Michael Ng – *Goldman Sachs*

Wonderful. Hugh, thank you so much for participating at our conference and it's been a privilege to have you on stage here.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Thanks Mike, appreciate that. Thank you all.

Forward-Looking Statements

Certain statements in this discussion may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, beliefs, plans, financial prospects, outlook and guidance; financial or performance estimates and expectations (including estimated or expected revenues, earnings, operating income, returns, expenses, margins and cash flow) and expected drivers; future capital allocation, including investments, content spend, capital expenditures, dividends and share repurchases; the completion or benefits of, as applicable, new initiatives, agreements, future projects and technologies; plans, expectations, strategies and opportunities for the growth of, and future benefits of investments in, our products and services and expected drivers; anticipated demand for and timing, availability or nature of our products and services, including at our parks and experiences and streaming services, the content and functionality within our products and services and our content releases, including the applicable distribution channel; potential future efficiencies and cost reductions; and other statements that are not historical in nature. Any information that is not historical in nature is subject to change. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Management does not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments, asset acquisitions or dispositions, new or expanded business lines or cessation of certain operations), our execution of our business plans (including the content we create and IP we invest in, our pricing decisions, our cost structure and our management and other personnel decisions), our ability to quickly execute on cost rationalization while preserving revenue, the discovery of additional information or other business decisions, as well as from developments beyond the Company’s control, including:

- the occurrence of subsequent events;
- deterioration in domestic and global economic conditions or a failure of conditions to improve as anticipated;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content, competition for talent and competition for advertising revenue;
- consumer preferences for and acceptance of our content offerings and the distribution channel (including pricing and bundling of our streaming services and impact on churn and subscriber additions) and our travel destinations;
- the market for advertising sales on our streaming services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, including tariffs and other trade policies, political or military developments;
- regulatory and legal developments;
- technological developments;
- the continued availability of our licenses;
- labor markets and activities, including work stoppages;
- adverse weather conditions or natural disasters; and
- availability of content.

Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable):

- our operations, business plans or profitability;
- demand for our products and services;
- the performance of the Company’s content;
- our ability to create or obtain desirable content at or under the value we assign the content;
- the advertising market for programming;
- taxation; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s most recent Annual Report on Form 10-K, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” subsequent quarterly reports on Form 10-Q, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and subsequent filings with the Securities and Exchange Commission.

The terms “Company,” “Disney,” “we,” and “our” are used above and in this discussion to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.