Daily Roundup # Disney: Tech Pack Leaving Mickey Behind? **June 20**

With the Juggernaut 8 trading at all time highs and experts touting the ‘still undervalued valuations’, Disney (DIS, $), once a darling of Wall Street, has now been left out as the new Dow 8 leaves the train station. We believe that given the lower interest level in Disney, it may be a good time to look again at the Magical Kingdom as a potential Buy Low candidate.

- **ESPN Woes Real but Overblown?** Given that ESPN was taken out of the mandatory cable package across the nation, the loss of consistent and strong revenue stream for Disney certainly hurts the company. However, ESPN still has appeal to great many viewers and still is the leader in the sports news industry. We believe the aggregated lead in the industry should allow ESPN to leverage assets to other revenues stream to partially overcome the cable losses. In the end, viewers are migrating away from cable anyway, and ESPN (and Disney) must find new avenues from distribution regardless of the cable bundling situation.

- **Owning Content is Still Valuable.** With investors lauding Disney for the acquistions of the Star Wars franchise of Lucasfilm and the Superhero Giant of Marvel Entertainment, nothing has changed in that vein. Disney still has the potential to create much more main story and ancillary content with both companies. Furthermore, the product marketing to the next generation of Star Wars/Avengers/X-men/Guardians loving children has taken place and Disney’s cycle of selling and licensing to these demographics has only entered the first inning of the game. In the end, they have accumulated some of the most valuable content resources available, and have consistently done a magnificent job in bringing that content to market. And worse case scenario, the value of the assets accumulated makes a valuable acquisition target for a tech juggernaut… if Walt’s ghost will ever let that happen.