



Q1 FY26 Earnings Conference Call

February 2, 2026

Disney Speakers:

Bob Iger

Chief Executive Officer

Hugh Johnston

Senior Executive Vice President & Chief Financial Officer

Moderated by:

Carlos Gómez

Executive Vice President, Investor Relations and Treasurer

PRESENTATION

Operator

Welcome to The Walt Disney Company First Quarter 2026 Financial Results Conference Call. (Operator Instructions).

After today's presentation, there will be an opportunity to ask questions. (Operator Instructions). Please note that today's event is being recorded.

I would now like to turn the call over to Carlos Gómez, Executive Vice President, Treasurer and head of Investor Relations. Please go ahead.

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Good morning. It's my pleasure to welcome everyone to The Walt Disney Company's first quarter 2026 earnings call.

Our press release, Form 10-Q, and management's posted prepared remarks were issued earlier this morning and are available on our website at www.disney.com/investors. Today's call is being webcast, and a replay and transcript will be made available on our website after the call.

Before we begin, please take note of our cautionary statement regarding forward-looking statements on our IR website. Today's call may include forward-looking statements that we make pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements, including regarding the Company's future business plans, prospects and financial performance, are not historical in nature and are based on management's assumptions regarding the future and are subject to risks and uncertainties, including, among other factors, economic, geopolitical, operating and industry conditions; competition; execution

risks; the market for advertising; our future financial performance; and legal and regulatory developments.

Refer to our Investor Relations website, the press release issued today, and the risks and uncertainties described in our Form 10-K, subsequent Form 10-Qs and other filings with the SEC for more information regarding factors and risks that could cause results to differ from those in the forward-looking statements.

A reconciliation of certain non-GAAP measures referred to on this call to the most comparable GAAP measures can be found on our Investor Relations website.

Joining me this morning are Bob Iger, Disney's Chief Executive Officer; and Hugh Johnston, Senior Executive Vice President and Chief Financial Officer.

Following introductory remarks from Bob, we will be happy to take your questions. So with that, I will now turn the call over to Bob.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Thank you, Carlos, and good morning, everyone.

We are pleased with the start of our fiscal year, and our achievements reflect the tremendous progress we've made.

Beginning with our Entertainment segment – our film studios generated more than \$6.5 billion at the global box office in calendar year 2025, making this our third biggest year ever and our ninth year as #1 at the global box office over the past decade. *Avatar: Fire and Ash* became our latest release to cross the \$1 billion threshold, joining *Zootopia 2* and *Lilo & Stitch* to mark three billion-dollar titles in 2025.

Zootopia 2 also became Hollywood's highest-grossing animated film ever and one of the top ten highest-grossing films of all time, earning more than \$1.7 billion and firmly establishing itself as a popular new franchise. This builds on a rich legacy of both creative and box office success for Disney. To date, 37 billion-dollar films have come from our studios out of the 60 films that have hit this mark industrywide – that's four times more than any other studio.

Great storytelling generates value across our interconnected businesses, with hits like *Zootopia 2* lifting viewership of related titles on Disney+ and fueling global interest in our parks and consumer products. The film also became the highest grossing foreign film of all time in China, where the franchise is an important driver of attendance at Shanghai Disneyland with our *Zootopia*-themed land – one of the most popular areas of the park.

Looking ahead to our upcoming slate, we are excited about numerous titles coming to theaters this year, including *The Devil Wears Prada 2*, *The Mandalorian and Grogu*, *Toy Story 5*, the live-action *Moana*, and *Avengers: Doomsday*.

Turning to streaming, our performance in the quarter reflects the strength of our content and continued technology improvements. We're seeing encouraging results from our investment in local content as we continue our focus on international growth. We're also rolling out product enhancements to elevate the user experience on Disney+. And, we're layering in additional ways to engage audiences by developing new vertical and shortform experiences, with plans to introduce a curated slate of Sora-generated content on Disney+ following our recently announced licensing agreement with OpenAI.

We also took a major step forward with the launch of ESPN Unlimited. And while still early days, we are pleased with the adoption and engagement we've seen with the new app. ESPN is the industry leader in sports, offering fans the most compelling portfolio of live sports, studio shows, and original content, with multiple ways to watch. And in Q1, ESPN delivered outstanding ratings across our portfolio of live sports. Highlights include ESPN's most-watched

college football regular season since 2011, with ABC achieving its best college football season since 2006. *Monday Night Football* delivered its second-highest viewership in 20 years. And season-to-date, ESPN has delivered its third most-watched NBA regular season ever.

We also just closed our transaction with the NFL to acquire NFL Network and other media assets, including the linear rights to the league's popular RedZone channel, further bolstering ESPN's offering with an even richer content experience for football fans.

Turning to our Experiences segment, we had a solid start to the fiscal year, with quarterly revenue exceeding \$10 billion for the first time. We have expansion projects underway at every one of our theme parks, and next month, we are excited to welcome guests to the new World of Frozen at the completely reimagined Disney Adventure World at Disneyland Paris. This milestone marks the beginning of a bold new era for Disneyland Paris, nearly doubling the size of the second park.

At Disney Cruise Line, we recently launched the *Disney Destiny*, which has received outstanding reviews from guests. We are also preparing for the launch of the *Disney Adventure* next month, which will be our first ship homeported in Asia, bringing immersive Disney storytelling to more people globally than ever before.

Overall, our results this quarter reflect our hard work and strategic investments across each of our priorities, and I am incredibly proud of all that we've accomplished over the past three years to set Disney on the path of continued growth, and I'm inspired and energized by the opportunities ahead for this wonderful company. With that, we will be happy to take your questions.

Carlos Gómez – Executive Vice President, Investor Relations and Treasury, The Walt Disney Company

Thanks, Bob.

As we transition to Q&A, we ask that you please try to limit yourselves to one question in order to get to as many questions as possible today.

And with that, operator, we are ready for the first question.

Operator

Thank you, our first question comes from Robert Fishman from MoffettNathanson. Please go ahead.

Robert Fishman – *MoffettNathanson*

Good morning. Bob, you've made some significant IP deals for Disney over the years. So I'm wondering, as you watch from the sidelines, the value being ascribed to Warner Bros. Discovery and HBO, does that change or impact any of your strategies to better monetize or unlock the value of all of Disney's premium IP?

And then, Hugh if I can squeeze in a quick one, the absence of subscriber disclosure, just wondering if you can help us better understand the drivers of SVOD's 13% subscription revenue growth, any breakdown of US, international, or how you expect subscription and advertising revenue to trend over the rest of the year? Thank you.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Thanks, Robert. Look, if anything, the battle for control of Warner Bros. Discovery, I think, should emphasize or cause investors to appreciate the tremendous value of our assets, particularly our IP, and includes obviously all of our brands and our franchises. And also, let's not forget ESPN.

The other thing I'm reminded of is the deal we did for Fox, in many ways, was ahead of its time. We knew that we would need more volume in terms of IP, and we did that deal, actually

announced it in 2017, closed it in '19. And I also, as I look at it, I think it was extremely well-priced, considering what's being offered for the Warner Bros. Discovery assets.

We have a great hand, as I look across, for instance, what our Experiences business is currently building. I think more than anything, it illustrates the value of that IP beyond the big screen.

But you also have to look at what we've done on the big screen, with 6 billion-dollar¹ movies just in the last two years and 37 billion-dollar¹ movies over time. Those throw off a tremendous amount of value and very long-term value. As if, just as a for instance, the lift on Disney+, that *Zootopia 2* and *Avatar: Fire and Ash* have created, is enormous in terms of first streams and in terms of hours engagement.

And I already talked about our parks, but we're opening Frozen Land in Paris in just a couple of months. We obviously have Star Wars presence. The Zootopia Land in Shanghai is enormous in terms of both its size and its value. The percentage of people that go to Shanghai Disneyland just to go to Zootopia Land is very, very high. So, I think we have a great hand.

I don't really feel that we have a need to buy more IP. We're just going to continue to create our own, and we've got an unbelievable bedrock of stories already told to grow from.

Hugh Johnston – *Chief Financial Officer, The Walt Disney Company*

Okay. And then, Robert, on the subscription side, revenue growth was driven by a couple of factors. First, of course, was pricing. Second, both North American and international growth. And third was bundling – the Duo, the Trio, and the Max bundles all doing well and driving both engagement and revenue realization.

¹ Refers to global box office gross

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Robert. Operator, next question, please.

Operator

The next question comes from Steven Cahall from Wells Fargo. Please go ahead.

Steve Cahall – *Wells Fargo*

Thanks. Good morning. So, Hugh, last quarter, there was a lot of focus on the domestic park trends. It looks like you saw some improvement there, maybe even a bit of a snapback at attendance and per caps domestically. Could you give us any more color on how Walt Disney World did within there? I think you've spoken to some specific trends there more recently. And any commentary on the bookings pacing to the extent that you think that's a helpful indicator of where demand goes from here?

And then just on the guidance, a couple of detailed questions there. No mention of fiscal '27 adjusted EPS growth in the earnings release. Should we assume that's something that's still double-digit or something that you're going to revisit? And same question on CapEx. Thank you.

Hugh Johnston – *Chief Financial Officer, The Walt Disney Company*

Sure, Steve, a couple of notes on that. One, Walt Disney World had a very good quarter. Obviously benefited from the overlap of the hurricane. But in addition to that, saw strong attendance performance as well as strong pricing performance. As far as bookings for the full-year, bookings are up 5% for the full year, weighted more toward the back half. So certainly trending very positively in that regard.

And then last, regarding '27 guidance, no update on that. You should assume that we're not changing any of that or we would have an update. So no change there.

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Steve. Operator, next question, please.

Operator

The next question comes from Jessica Reif Ehrlich from Bank of America. Please go ahead.

Jessica Reif Ehrlich – *Bank of America*

Good morning. So one for Bob and one operational. Bob, when you took over for, you're coming towards the end, I should start with that, towards the end of your reign as CEO, and when you took over from Michael Eisner, you quickly took many steps that had a huge impact on profit growth for years.

And just two examples were moving *Monday Night Football* from ABC to ESPN, so you had a dual revenue stream for the first time, and then making peace with Steve Jobs and subsequently acquiring Pixar. So as you prepare to hand over the reins, do you see any areas your successor can really kind of jump start, that would really drive the business for the long term?

And then, I guess, just on an operational level, you mentioned that you just closed your deal with the NFL. How do you see the relationship and the business evolving with the NFL, including the likely early renewal? You guys may be a year later, not sure.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Well, Jessica, first of all, thank you for noting some of the steps that I took when I became CEO. That's a long time ago, and I'm certainly proud of those, as I am proud of a lot of the other things that we did thereafter.

I think what is noteworthy is that when I came back three years ago, I had a tremendous amount that needed fixing. But anyone who runs a company also knows that it can't just be about fixing, it has to be about preparing a company for its future and really putting in place, taking steps to create opportunities for growth.

So while I don't want to really either get too nostalgic or spend too much time on a possible transition or the probable transition, the good news is that the company is in much better shape today than it was three years ago, because we have done a lot of fixing. But we've also put in place a number of opportunities, including the investment across our Experiences business to essentially expand at every location that we do business and on the high seas.

I also believe that in a world that changes as much as it does, that in some form or another, trying to preserve the status quo is a mistake, and I'm certain that my successor will not do that. So they'll be handed, I think, a good hand in terms of the strength of the company, a number of opportunities to grow, and also the exhortation that in a world that changes, you also have to continue to change and evolve as well.

Your second question regarding the NFL, we're really happy that we were able to close it when we did. That enables us to get started sooner than we actually had anticipated. And so the upcoming NFL season, which will end in ESPN's first Super Bowl, is a huge opportunity for ESPN not only in terms of its ability to manage the NFL network and RedZone², but also with more NFL inventory, and we know how valuable that is and how valuable it will be, particularly for ESPN's streaming business.

I'm not going to comment at all about the future of ESPN's relationship with the NFL, except to say that the NFL has an opt-out in the current agreement in 2030, and I think it's just premature to speculate what might happen at that point.

² Refers to ESPN's right to manage linear distribution rights for NFL RedZone as well as the use of the trademark with non-NFL content

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Jessica. Operator, next question, please.

Operator

The next question comes from Thomas Yeh from Morgan Stanley. Please go ahead.

Thomas Yeh – *Morgan Stanley*

Thanks so much. Quick one on the streaming side. I wanted to ask about the progress on new bundle initiatives. I think you mentioned the pace of ESPN Unlimited signups. Are you seeing the uptake coming through, maybe less on the bundled side versus the authenticated PTV side, and what's expected to drive that next leg of adoption?

And then if you could give us an update on the plans around the Hulu integration and the key steps that you plan to take this year on that front, that'd be helpful. Thank you.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Thomas, look, we've made huge progress turning the streaming business into a profitable business, developing the technology tools to improve both the user experience and to improve results, and also developing programming across the globe. And I think it sets the business up to lean into accelerated growth that you'll probably be hearing about more in the future.

The things you have to look at in terms of the components of growth are: one, continuing to deliver exceptional content, particularly on the international front; two, advancing the technology improvements that I just cited; three, answering your question, delivering a unified app experience; and then the fourth would be introducing new features such as vertical videos, Sora-generated content, et cetera, which we've talked about.

So far, the integrated experience that we've already offered with Disney+ and Hulu has resulted in a reduction in churn. And the same is true for the bundle with ESPN, that the bundled subscribers churn out less. And we know that reducing churn is a critical component to improving the bottom line or to creating growth.

And so we are hard at work on the technology front to create the one app experience, even though consumers will always be able to get, buy Disney+ or Hulu on its own, but by and large, we believe the great majority of consumers will buy both and it will be a fully integrated experience. I would guess that that would be coming sometime at the end of the calendar year.

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Thomas. Operator, next question, please.

Operator

The next question comes from David Karnovsky from JP Morgan. Please go ahead.

David Karnovsky – *JPMorgan*

Thank you. For the OpenAI agreement, Bob, can you discuss how you plan to curate and deploy user-generated AI content across your platforms? Would this be entirely for vertical video?

And then, what would be your expectation for how a ramp in AI content might impact the downstream demand and relationship for new programming or archive from your franchises?
Thanks.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Well, good question. First of all, what the deal actually covers is a license agreement between ourselves and OpenAI to enable people to prompt Sora to create 30-second videos of about 250

of our characters that do not include a human voice or face. And that's a three-year agreement that we are getting paid for.

In addition, we will have the ability to use those videos – those Sora created videos in a curated form on Disney+. We have, for a while, wanted to include or add a feature on Disney+, as ESPN did, by the way, in its new offering, that is both user-generated but, more importantly, short-form. ESPN's is short-form because we have obviously noticed the huge growth in short-form and user-generated content on other platforms such as YouTube.

So, what this deal does is, by giving us the ability to curate what has been basically created by Sora onto Disney+, is it jumpstarts our ability to have short-form video on Disney+.

Additionally, it's our hope that we will use the Sora tools to enable subscribers of Disney+ to create short-form videos on our platform through Sora. And so, it's all, I think, a positive step in terms of adding a feature that we believe will greatly enhance engagement.

The second part of your question about its impact on other programming, the answer is I don't really see that it will have any impact at all.

We view AI as having a number of, obviously, possible advantages or opportunities for the company. One is as a tool to help the creative process, so creativity. Another is productivity, which is simply being more efficient. And the third I'll call connectivity, which is creating, basically, a more intimate relationship with the consumer, enabling the consumer and enabling us with the consumer just to have a more engaged, more effective relationship.

Carlos Gómez – Executive Vice President, Investor Relations and Treasury, The Walt Disney Company

Thanks, David. Operator, next question, please.

Operator

The next question comes from Kannan Venkateshwar from Barclays. Please go ahead.

Kannan Venkateshwar – *Barclays*

Thank you. So, Hugh, maybe one for you in terms of drag on the streaming business.

I mean, you've been in you've been investing in this business, both in terms of unifying the interface and as well as international content and so on. Would be good to understand how much of a drag this is and to that extent, how much operating leverage could be extracted out of it as you go into next year and beyond.

And then Bob, from your perspective, as you're planning your transition, do you think the org structure is more or less in place in terms of leaders of different divisions and how the company's operated on a day-to-day basis? Or is that something that's also part of the transition plan, to the extent you can share? Thank you.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Hugh, I'll take the second part and then I'll give it to you.

On the org structure – one of the things that I did when I came back three years ago was to reorganize the company. And the primary goal was to create more accountability on the streaming side.

Our studio and our television organization basically spent the most money, obviously generating content for streaming, and I felt strongly that those people that were investing the most needed to have much more skin in the game in terms of the impact of their spending on the bottom line.

And so by putting streaming in the hands of Alan Bergman and Dana Walden, those that run our movie and TV business globally, there was a direct connection between their investments and ultimately the bottom line of the streaming business.

Three years ago, that business, I think it lost about \$1.5 billion³ in the last quarter before I came back, and I think almost \$4 billion³ that last year. And you see the results⁴ this quarter and what we've managed to do in the last year where it's making more than \$1 billion⁵ and we're on a path to turning into a far better business. That reorganization worked.

I can't – I'm not going to speak for my successor in terms of how the company will be organized, but I do believe strongly that it's very important that any organization that's created is created with an eye toward creating and maintaining accountability.

Hugh Johnston – *Chief Financial Officer, The Walt Disney Company*

And I'll jump in on the streaming question. You're right in that we were certainly investing in the business. At one point a few years ago, in fact, we were losing \$1 billion a quarter⁶. That number improved substantially.

Bob laid out a goal for us to return or to get streaming to profitability, and then to get it to double digit margins. Recall last year we got it to a five margin, and we stated we have a goal this year, and guidance this year, to achieve a ten margin⁷.

³ Refers to operating loss of \$1.5 billion reported for the fiscal quarter ended October 1, 2022 and \$4 billion reported for the fiscal year ended October 1, 2022 for Disney Media and Entertainment Distribution Direct-to-Consumer

⁴ Refers to Entertainment SVOD results. Disney+, Hulu subscription video-on-demand, and Disney+ Hotstar (through November 14, 2024) streaming services (excluding Hulu Live TV and Fubo vMVPD services), collectively referred to as "Entertainment SVOD" or "SVOD"

⁵ Refers to FY25 Entertainment Direct-to-Consumer operating income

⁶ Refers to Disney Media and Entertainment Distribution Direct-to-Consumer operating losses

⁷ Refers to SVOD operating margin (Entertainment SVOD operating income divided by Entertainment SVOD revenue)

In terms of the quarter, we delivered 12% revenue growth in about a little over 50% earnings growth⁸. So from that perspective, we are dropping a lot of operating leverage out of the business. And we would certainly expect to continue to drive operating leverage going forward even while we invest in international content and invest in technology to make the product better.

The balancing act, of course is, we want to continue to grow at a rapid rate while driving operating leverage. We talked last call on – about a goal of achieving double digit revenue growth. And in fact, we did do that on the first quarter, and that's something we aspire to continue to do.

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Kannan. Operator, next question, please.

Operator

The next question comes from Michael Morris from Guggenheim. Please go ahead.

Mike Morris – *Guggenheim*

Thank you, good morning. I wanted to ask first about the Entertainment segment and just maybe unpack the drivers a little bit of the second quarter guidance for comparable operating income.

And then, of course, the full year getting to double digit, certainly with the acceleration in the back half. Can you just talk about what's different in 2Q and then how that will change in the back half of the year for the guide? And then on the Sports segment, if I could, the 4% decline from fewer subscribers is clearly a meaningful improvement from the 7% to 8% that you had in prior periods. Was that all driven by the launch of the ESPN streaming service or are you seeing any improvement in the bundle trend as well? Thank you.

⁸ Refers Q1 FY26 Entertainment SVOD revenue and Entertainment SVOD operating income, which grew 11% and 72%, respectively, compared to the prior-year quarter

Hugh Johnston – Chief Financial Officer, The Walt Disney Company

Sure. Happy to talk about both of those. The big difference in terms of Entertainment and the quarters is really around the various product launches we have.

On the network side, Q2, we have a couple of shows launching versus nothing to speak of last year. So from that standpoint, that's what's driving the change.

In the back half of the year, we have a really strong theatrical slate between *Devil Wears Prada 2*, *Mandalorian and Grogu*, and *Toy Story 5*, and live action *Moana*. So it's really that that's driving the big differences.

And of course, that slate is terrific both from an operating performance in the current year, but also with that new IP sets us up well for both consumer products and for the parks downstream.

Bob Iger – Chief Executive Officer, The Walt Disney Company

Hugh, let me just add that both *Zootopia 2* and *Avatar: Fire and Ash* will also be on the streaming service at some point between now and the end of the year. And I referenced this earlier, but first streams on Disney+ for the prior *Zootopia* and *Avatar* movies approached a million first streams.

And second, the number of hours consumed of the first *Zootopia* movie and the first and second *Avatar* movies is in the hundreds – I think it's a couple of, almost a couple of hundred million new hours consumed. And so when you look at putting those two films on Disney+ between now and the end of the fiscal year, obviously that's going to have significant value for the streaming service.

Carlos Gómez – *Executive Vice President, Investor Relations, The Walt Disney Company*

Thanks, Mike. Operator, next question, please.

Operator

The next question comes from John Hodulik from UBS. Please go ahead.

John Hodulik – *UBS*

Great, thanks. Good morning. Just a couple of quick ones.

First, a follow-up on the Sora commentary. Bob, when do you envision the user-generated content showing up on the Disney+ platform? When can we expect to see that? And do you expect over time it to grow beyond the 30-second videos in the current agreement?

And then a follow-up for Hugh. The letter calls out lack of visibility on international visitation in the parks, I guess despite the 5% increase in bookings. Just, is that international visitation, is that incremental to what we've been seeing? And then any color you can give us on bookings for the *Adventure* would be great, too. Thanks.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

John, we're not being specific about Sora timing. We're working through all the technical details of that. I imagine it will be sometime in fiscal 2026.

And for now, we're sticking to the 30-second limit on videos created. Down the road, not sure, but we're not really focused on that at this point.

Hugh Johnston – *Chief Financial Officer, The Walt Disney Company*

Right, and in terms of international visitation, because international visitors do tend to stay in Disney hotels less, we do have a bit less visibility on that front.

That said, we were able to read it from other indicators. And as a result of that, we pivoted our marketing and sales efforts, promotional as well as marketing efforts, to a more domestic audience. And we're able to keep attendance rates high from that perspective.

Carlos Gómez – *Executive Vice President, Investor Relations, The Walt Disney Company*

Thanks, John. Operator, next question, please.

Operator

The next question comes from Peter Supino from Wolfe Research. Please go ahead.

Peter Supino – *Wolfe Research*

Good morning. On the subject of the Entertainment segment disclosure change, I'm wondering if you can help us understand how the new disclosure aligns better with how you think about that business's future and how you think about managing it, what it allows you to do or communicate differently that makes your life and ours better? Thank you.

Hugh Johnston – *Chief Financial Officer, The Walt Disney Company*

Sure, happy to talk about that. Look, the reality of it is, we manage the Entertainment business as a single entity. The notion of talking about linear networks separate from streaming, separate from theatrical, I think, really creates a lot of complexity that's just not reflective of the reality.

If you think about the networks versus streaming, really what that is, is a product of consumers choosing to pivot from one form of distribution channel through another form of distribution channel. So for us to kind of get into a lot of depth in terms of what's happening there, I don't think is terribly informative to investors. And it's not reflective of the way that we create or distribute content.

We create content and we basically put it across all of our distribution channels. So, I think it's just a level of nuance that may have been relevant in the past but just isn't relevant anymore, and that's why we made the change.

Carlos Gómez – *Executive Vice President, Investor Relations, The Walt Disney Company*

Thanks, Peter. Operator, we have time for one last question.

Operator

The final question today comes from Jason Bazinet from Citi. Please go ahead.

Jason Bazinet – *Citi*

Just had a question for Mr. Iger. When you first became CEO, I remember investors would lament your parks business is the worst business in the portfolio. And now when I chat with investors everyone says, oh, you know, the majority of Disney is really the parks business. You know, sixty-odd-percent of the EBIT.

My question is, you've got sort of two vectors going on. You are in the early stages of the streaming pivot, you're showing good progress there. On the other hand, you've been committed to invest a lot of capital in the Experiences business.

If you went out five years, seven years, ten years, pick your horizon, do you think the EBIT mix will be more balanced at Disney going forward? Or do you think it will still be an Experiences driven company, in terms of the quantum of profits? Thanks.

Bob Iger – *Chief Executive Officer, The Walt Disney Company*

Thanks, Jason. Look, you can go all the way back to 2005 when I became CEO. The return on invested capital in the then parks and resorts business was not impressive and actually not acceptable. And, we also had not that much building in progress, meaning there wasn't much expansion, but maybe for good reason, because the return on invested capital was so low.

As we added IP to our stable, including Pixar in '06 and Marvel in '09, and Lucasfilm Star Wars in '12, and ultimately 20th Century Fox, we gained access to intellectual property that had real value in terms of parks and resorts, and enabled us to lean into more capital spending because of the confidence level we had in improving returns on invested capital, due to the popularity of that IP.

And when you look at the footprint of the business today, it's never been more broad or more diverse, and the projects that we have underway are going to make it even more so. As I said, we're expanding in every place we operate. And additionally, having been in Abu Dhabi just two weeks ago, I was reminded how great the potential is to build in that part of the world, because not only is it strategically located to reach a huge population that have never visited our parks, but it'll be built in one of the most modern and technologically advanced ways.

So, you know, as I look ahead, I actually am very, very bullish on that business and its ability to grow because of everything that I just cited.

In addition, though, because of what Hugh said about the trajectory of our streaming business and what we know is in the pipeline in our movie business, and also looking back just a few years when our movie business was suffering from COVID and the streaming business was obviously in not an acceptable place, it's clear that the future of both of those businesses, or let's call it our Entertainment business, is also bright and is going to grow.

So we have a healthy competition now at our company, in terms of which of those two businesses is going to essentially prevail as the number one driver of profitability for the company. But I'm confident that both have that ability, meaning both have the ability to grow nicely into the future given all the investments that we've made and the trajectory that we're on.

Carlos Gómez – *Executive Vice President, Investor Relations and Treasury, The Walt Disney Company*

Thanks, Jason, and thanks to everyone for your questions today. We wish you all a good rest of the day. Take care.

Operator

This concludes today's call. Thank you for joining everyone. You may now disconnect your lines.

Forward-Looking Statements

Certain statements in this transcript 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, trends or outlook and guidance; financial or performance estimates and expectations (including estimated or expected revenues, earnings, operating income, timing and margins) and expected drivers; business plans and opportunities; future programming and production costs, capital expenditures and investments, including opportunities for growth and expansion; plans, expectations or drivers, as applicable, for streaming services growth, subscribers, product acceptance and enhancements, changes to subscription offerings and margins; anticipated demand and drivers, timing, availability or nature of our offerings (including nature, timing and demand for our parks and experiences, content within our products and services and content releases and distribution channel); consumer or advertiser sentiment, behavior or demand; strategies and strategic priorities and opportunities; impacts from competition; completion of future projects; expected benefits of initiatives, technologies and other innovations, including artificial intelligence, and future projects; value of our intellectual property, content offerings, businesses and assets; estimates of the financial impact of certain items, accounting treatment, events or circumstances; 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;
- 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 to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.