NEWS RELEASE

Disney Earnings Q3 2024: CEO Bob Iger and CFO Hugh Johnston Showcase Strength of Company's Dynamic Portfolio

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The Walt Disney Company reported its **third quarter earnings of fiscal 2024** on Wednesday with CEO Bob Iger and CFO Hugh Johnston showcasing how Disney is uniquely positioned to succeed in the rapidly evolving media landscape.

Earnings Focus

"From movies to television, sports to news, theme parks to consumer products, Disney has an unmatched portfolio of businesses," Iger and Johnston said in an **executive commentary** on Wednesday. "Individually, each one of these businesses is at the top of their industry, but what makes Disney distinct is the way these businesses work seamlessly together to generate value. Our performance in Q3 demonstrates the strength of this complementary and balanced portfolio, as strength in our Entertainment segment and ESPN offset softer performance in our Experiences segment."

Iger added in the **earnings report** that the company's performance in the third quarter "demonstrates the progress we've made against our four strategic priorities across our creative studios, streaming, sports, and Experiences businesses."

"This was a strong quarter for Disney, driven by excellent results in our Entertainment segment both at the box office and in DTC, as we achieved profitability across our combined DTC streaming businesses [1] for the first time and a quarter ahead of our previous guidance," he said.

[1] DTC streaming businesses operating income (loss) is not a financial measure defined by GAAP. The most comparable GAAP measures are segment operating income for the Entertainment segment and the Sports segment. See the discussion under "Non-GAAP Financial Measure" for how we define and calculate this measure and a reconciliation of it to the most

directly comparable GAAP measures.

Studios

The recent success of Disney's films this summer demonstrates the renewed creative strength of the company's studios unit. Pixar's ***Inside Out 2***, Marvel's ***Deadpool & Wolverine***, and 20th Century Studios' ***Kingdom of the Planet of the Apes*** represent the No. 1 titles at the box office in May, June, and July. The films have collectively brought in $2.8 billion at the global box office.

Why It Matters: "Our powerful franchises have a multiplier effect across our entire company, providing benefits to our theme parks, cruises, consumer products, and our streaming businesses," Iger and Johnston said.

Streaming & Linear

Disney's streaming and linear programming resonates with audiences and critics with the company **earning 183 nominations for this year's Primetime Emmy® Awards** — a record number for Disney and more than any other company. Through Disney's extensive portfolio, the company's content also generates more U.S. viewership than any other media company, according to Nielsen.

Why It Matters: "The combination of exceptional content and a broad brand portfolio is the key to our success as we build streaming into a profitable growth business for the company over the long term," Iger and Johnston said. Offering viewers a more unified streaming experience is "one of the ways we expect to enhance the Disney+ product quality," Iger and Johnston said. That includes the successful integration of Hulu content on Disney+ and the introduction of playlists to Disney+ starting on September 4 for US subscribers.

ESPN

Sports continues to be an important value creator for Disney and the company remains focused on leveraging ESPN's success on linear (it was the No. 1 cable network for adults 18-49 in total day audience for the 13th consecutive quarter) as it continues ESPN's evolution into the preeminent digital sports platform.

Why It Matters: "Our strategy at ESPN has long prioritized giving sports fans increased options for how they consume content, and we are taking a number of steps to deliver on this commitment," Iger and Johnston said. A key component of this strategy is **ESPN renewing its rights deal with the NBA and WNBA**. ESPN will maintain the "A" package of games, making Disney home to the next 12 NBA Finals.

Experiences

Disney's industry-leading Experiences segment is continuing to make progress on new strategic initiatives to deepen the company's relationship with fans, create innovative and immersive experiences and turbocharge long-term growth. That includes expanding the company's U.S. and international offerings — both on land and at sea — with new experiences and attractions that will increase capacity.

Why It Matters: "Despite recent economic uncertainty that is impacting consumers, we remain confident about the long-term opportunities before us," Iger and Johnston said. The Experiences portfolio is "increasingly diversified," and it continues to "significantly outperform pre-pandemic levels," the two added.

What's Next

D23: The Ultimate Disney Fan Event presented by Visa® — a multi-day showcase that reveals exciting announcements from across the company, including upcoming programming, attractions, and experiences — kicks off Friday in Anaheim, California.

Why It Matters: "No one else but Disney could bring together tens of thousands of fans from around the world for an event like D23, because no one else has such a unique and powerful connection with fans built on 100 years of storytelling excellence and unparalleled innovation," Iger and Johnston said.

Wrap Up
Iger and Johnston concluded their executive commentary by noting that a core element to Disney's century of success is "the dynamic way we leverage our world-class creativity across multiple business and revenue streams to fuel long-term value."

"The unmatched creative power of our film and television studios, the wide appeal of our brands and franchises, and the innovative ways we bring our stories to life in our theme parks and experiences is distinctly Disney in a world of entertainment that is crowded with choices," the two said.

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*The information above should be read together with Disney's Q3 FY 24 Earnings Report, Form 10-Q, earnings commentary, and earnings call (all available **here**), which discuss additional information, including additional challenges and risks the company's businesses face and additional information about Q3 FY24 performance.*

Non-GAAP Financial Measure

DTC streaming businesses operating income (loss)

DTC streaming businesses operating income (loss) is calculated as Direct-to-Consumer operating income (loss) at the

Entertainment segment plus ESPN+ operating income (loss) at the Sports segment. The Company uses combined DTC streaming businesses operating income (loss) because it believes that this measure allows investors to evaluate the performance of its portfolio of streaming businesses and track progress against the Company's goal of reaching profitability at its combined streaming businesses.

Forward-Looking Statements

Certain statements in this communication 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 expectations and expected drivers; business plans and opportunities; capital expenditures and investments, including opportunities for growth and expansion; plans, expectations or drivers, as applicable, for DTC streaming services profitability, growth, product acceptance and enhancements, changes to subscription offerings and margins; timing and nature of our offerings; consumer sentiment, behavior or demand; strategies and strategic priorities and opportunities; expected benefits of new initiatives, including those subject to approvals or other conditions; value of our intellectual property, content offerings, businesses and assets; 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 and acceptance of our content, offerings, pricing model and price increases, and corresponding subscriber additions and churn, and the market for advertising sales on our DTC streaming services and linear networks; health concerns and their impact on our businesses and productions; international, 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, including direct-to-consumer 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 Annual Report on Form 10-K for the year ended September 30, 2023, including under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," 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.