Financial Analysis
Behind the Magic at
Walt Disney World Resort
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What does Disney do?
The Walt Disney Company

Organizational Overview

Studio Entertainment
Walt Disney Studios
Television Production & Distribution

Media Networks
ABC Television Network
Cable/International Networks: ESPN

Consumer Products
Disney Catalog
Licensing

The Walt Disney Company

Parks & Resorts
Walt Disney World Resort
Disneyland Resort
Tokyo Disney Resort
Disneyland Paris
Hong Kong Disneyland (equity investment)
Disney Vacation Club
Disney Cruise Line
Adventures by Disney
Walt Disney Imagineering
Disney Regional Entertainment
FY 2007 Segment Revenues: $35.5 Billion

The Walt Disney Company

- **Media Networks**: 42%
- **Parks & Resorts**: 30%
- **Consumer Products**: 7%
- **Studio Entertainment**: 21%
The Walt Disney Company

FY 2007 Segment Operating Income: $7.8 Billion

- Media Networks: 55%
- Studios and Entertainment: 15%
- Parks & Resorts: 22%
- Consumer Products: 8%

The Company
The Guest Experience

Inspiration

Consideration

Arrival

Resort Stay

Theme Park Experience

Departure

Memories
Inspiration and Consideration

Walt Disney Travel Company Guest Services

Disney's Pop Century Resort
Total: $1,277.84

Experience a Resort that celebrates the fads, fashions, and dances of American pop culture that have captivated the world through the decades.

- Take the Virtual Tour
- View Resort Web Site

Room Type:
- Standard Room: $271.12
- Preferred Room: $292.12

All rooms have two double beds or one king-size bed, table and chairs, vanity area with sink, and bathroom. Preferred View Rooms are located near the main pool, food court, transportation, playground and laundry facilities. Disabled accessible rooms are available. Amenities include a safe, voice mail and data port on phone. Hairdryer, iron and ironing board, and refrigerator available upon request.

View/Change Ticket Selection
- 3 Day Magic Your Way Ticket with Park Hopper® Option included

Update
Financial Analysis Concepts: Inspiration and Consideration

• Pricing Theory
• Revenue Management

• Marketing and Sales Analysis
Financial Analysis & Metrics: Marketing and Sales

• External Factors
  – Consumer Confidence & Economic Indicators
  – Competitive Environment

• Internal Factors
  – Awareness and Consideration
  – Marketing and Sales Spend as a % of Revenue
  – Mix of Media Channel (Traditional v. New)
  – Mix of Sales Channel
External Factors

• The Consumer Confidence Index continued to decline, dropping from 87.3 in January to a five-year low of 75.0 in February.

• Inflation soared in January pushed by higher fuel/energy, food and medical costs. The increase drove the annual inflation rate to it’s highest rate in 25 years.

• The housing market continued to be negative with sales of existing homes falling to the lowest level in a decade and median prices for homes dropping for the fifth straight month.
Arrival and Resort Stay
Disney’s Magical Express

- Capital Investment
- Operating Costs

- Incremental Resort Room Nights
- Incremental Theme Park Attendance
- Incremental Revenue and Operating Income
Financial Analysis & Metrics: Arrival and Resort Stay

- Average Daily Room Rate
- Occupancy
- Average Length of Stay
- Revenue per Room
- Cost of Sales / Inventory Management
- Labor Productivity
- Operating Income and Margin Analysis
Theme Park Experience
Theme Park Experience

Disney's FASTPASS
GET A TIME, WHY WAIT IN LINE?

Space Mountain
Enter Any Time Between
5:40pm - 6:10pm
Mill Hill
6:14pm - 6:40pm
Financial Analysis & Metrics: Theme Park Experience

• Revenue per Attendee
• Current Trip Individuals
• Visits per Guest
• Incremental Operating Income and Margin
Financial Analysis & Metrics: Departure

• Income Statements (Profit & Loss)
• Balance Sheet
• Internal Controls / Sarbanes Oxley Compliance
Memories and... Inspiration
Financial Analysis & Metrics: New Business Opportunities

- Net Present Value
- Internal Rate of Return
- Strategic Value and Cannibalization
- Return on Invested Capital
Questions?