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Disney Speaker:

Josh D’Amaro

Chairman, Disney Parks, Experiences & Products

PRESENTATION

Phil Cusick – *JPMorgan*

Welcome to the 51st annual JPMorgan TMT Conference. I'm Phil Cusick. I follow the communications and media space.

I'm pleased to welcome Josh D'Amaro, Chairman of Disney Parks, Experiences and Products since 2021 and coming up on your 25th anniversary at Disney. Congratulations.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes, started at Disneyland 25 years ago.

Phil Cusick – *JPMorgan*

There you go. Before we go into further, I do need to audition to be the next IR head.

Certain statements today including statements about the company's plans, expectations, strategy or business prospects, including drivers of growth and consumer sentiment, behavior and demand and other statements that are not historical in nature may constitute forward-looking statements under securities laws.

Any information that is not historical in nature is subject to change. The statements are made on the basis of management's current views and assumptions regarding the future and management does not undertake any obligation to update them.

Forward-looking statements are subject to a number of risks and uncertainties. Actual results may differ materially from results expressed or implied in light of a variety of factors, including macroeconomic or industry conditions and execution risks, including in connection with the nature of, timing and pricing of our products and services, and other factors contained in the company's Form 10-K, Form 10-Qs and other filings with the SEC, as well as the company's IR website.

You think I'm going to get the job?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Just basically says don't mess up, Josh, right?

Phil Cusick – *JPMorgan*

Don't mess up, Josh. Or if you do, it's okay.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

It's okay.

Phil Cusick – *JPMorgan*

All right. Let's start with the big picture and what you're seeing in demand at domestic parks. Just talk a little bit about what you do overall, because it's not just parks. Talk about what's going on.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Disney Parks, Experiences and Products, so I oversee all the theme parks around the world. Oversee our experiences – so you can think about it as Adventures by Disney or National Geographic Expeditions, Disney Vacation Club, the cruise lines.

I oversee a part of the business called Consumer Products, Games and Publishing, which I think you know quite a bit about, and it's a pretty big, sizable piece of the Walt Disney Company.

Domestic, you want to hear a little bit about our domestic business. So first of all, the business has been performing exceptionally well. You've seen that in our earnings. I'll start off by saying I have an incredibly strong team, an incredibly strong management team, in our domestic parks and experiences, and they've navigated through arguably some of the most difficult times that we've ever had at The Walt Disney Company, certainly within DPEP.

We've invested aggressively in these parks. We were investing before we went into COVID. We continued to invest once we came out of COVID. And the guests have responded to that.

We have a lot of celebrations going on around the world. at Walt Disney World specifically, we're celebrating our 50th anniversary. And when we do these celebrations, Phil, we're serious about them, these are big celebrations, so our guests have responded to that. So we've – I'm pretty proud of the results that we've had domestically in our parks.

We noted in our last earnings call that lapping that 50th, we expect to see some moderation in the demand at Walt Disney World. The Disneyland Park in Anaheim continues to perform exceptionally well.

And then both Bob and Christine talked about Disney Cruise Line and how strong that product has come out of COVID. We added a fifth ship, and our occupancies are high, our rates are high. So that business is performing really well.

Phil Cusick – *JPMorgan*

Okay. We've been, I think since we were at this conference a year ago, hearing about a recession is going to come any time. Have you seen any change in consumer demand in the U.S.?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Now you've seen our earnings – so Q2 exceptionally strong. The one place that we do expect some moderation, as I said, is at Walt Disney World as we come off of that 50th celebration. Anytime we do a celebration, we expect there to be a bit of moderation on that front.

We did, in our Q2 earnings, operating income in our Domestic Parks versus Q2 prior year was slightly lower. We had mentioned in Q1 earnings that we would see some costs coming into the system.

Important to note though, on those Domestic Parks, they were 50% higher than fiscal year '19. So clearly, our experiences and our commercial strategies are working for us.

Phil Cusick – *JPMorgan*

And international is still – some parks still starting to ramp. Talk about where we are in Europe and Asia.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. International has definitely started to ramp.

Similarly, we have a very, very strong leadership team internationally. And this team has been through some significant ups and downs, parks opening and closing and reopening, and they've done it so well, and I'm really proud of that team.

Each of our parks internationally is performing well. You saw us talk about that in Q2. Shanghai Disney Resort – volumes are up, guest spending is up pretty significantly.

Hong Kong Disneyland has done very well with a local audience when guests from outside Mainland China and international couldn't come in. They were doing well with the international – with the local audience.

Then Mainland China has just started to open. So it's much easier to get a visa now. So we're starting to see Mainland China volume increase in Hong Kong. And then international has just started to come back. We still have plenty of opportunity playing out there. So Hong Kong doing very well.

And then Disneyland Paris, a lot going on there from a product perspective, from a commercial transformation standpoint. And we're seeing the volumes up there and guest spending up pretty significantly as well.

So International has been performing really well for us, and they're just coming out of COVID, as you know.

Phil Cusick – *JPMorgan*

Should we think of Paris running sort of full run rate like the U.S. at this point?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. They're running really strong. I think there's still opportunity to go.

That whole park is under a transformation. So I was just there a couple of months ago. If you walk in the Disneyland Park and you see the renovations that have taken place there and the pride that these cast members have and the product that they're offering, it's pretty stunning.

And then in the Studios park, we just opened Avengers Campus, so bringing Marvel to that part of the world, and the guests have reacted very strongly to that. The ratings are high, attendance is very high, spend is very high.

We're in the midst of celebrating the 30th anniversary – it's the 30th anniversary for Disneyland Paris as well. And guests, similar to the 50th anniversary of Walt Disney World, have responded very well to that.

And we're not even close to done in Disneyland Paris. We have a whole new *Frozen*-themed area coming in, and plenty of room for expansion there.

And again, it's not just the product that is new and fresh at Disneyland Paris, it's also the commercial strategies. We're much more clear – much clearer in our commercial strategies. We're certainly not doing as much discounting as we have in the past, and the team has really taken it to the next level there.

Phil Cusick – *JPMorgan*

How should we think about Hong Kong and Shanghai versus that sort of U.S. sort of full run-rate, Paris sounds like getting there.

Are they at half of that level where they could be? I would think probably more given how fast they've reopened.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

They still have plenty of run room. And as I said before, they've come out very quickly as the COVID restrictions have come down. But we're seeing the guest behavior exceptionally strong – volume-wise and rate wise.

The great thing about both Hong Kong and Shanghai Disneyland is there's expansion underway in the near-term. So we have opportunity to even accelerate beyond what we're seeing from a results perspective right now.

Shanghai Disney Resort, we're opening a brand new land called Zootopia. I was just there and had a chance to walk around and see that new land. Our imagineers are amazing. The worlds that they create and *Zootopia* the #1 animated film in China[1], and so we know there's going to be a huge response to that. That's opening later this year.

Hong Kong Disneyland, the same thing. They've got to refreshed new castle, all kinds of new shows. And they'll be opening a *Frozen*-themed area inside of that park. So as well as they are performing right now, there's room for expansion and room for further commercial value.

Phil Cusick – *JPMorgan*

Okay. Talk about the yield management software that you brought in during COVID. What kind of benefit does that give you, both today when there's a ton of demand and then if assuming the things slow down a little bit at some point, how do you react then?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. I mean pre-COVID, and particularly coming out of COVID, we became a lot more precise in terms of how we were thinking about our yield management strategy. And to your point, we made some pretty significant investments in software and technology to get us there.

[1] *Zootopia* was the #1 highest-grossing animated film in China from March 2016 - August 2019

We have a reservation system that we put in place, which helps us better predict who's going to be in the park, and how to manage that most effectively. We're much more precise in terms of how we think about promotions and targeting, et cetera.

So when we went into the pandemic, we really took that opportunity to stop for a moment and think about where we wanted to be in the future and start to implement some of these new tools, and they've been exceptionally productive for us.

From an economic uncertainty perspective, I don't think anybody is completely immune to a recession. We certainly wouldn't be. But the commercial tools that we have in place right now will allow us to navigate a lot more aggressively and precisely than we have in the past.

Like I said, we know who's coming to our parks and when they're coming to our parks, that allows us to plan our labor much more aggressively. We can be a lot more precise in our targeting of consumers and how we think about promotions and price offerings, et cetera. Our ticketing strategy allows us to toggle between different price points and think about demand in different ways. So we are a lot more sophisticated now than we were pre-pandemic.

And should we see any volatility from an economic perspective, we think we're in a pretty good position to be able to manage. Not immune from a recession, but certainly manage in a better way than we have been in the past.

It's also important to note that any time we have gone into an economic recession, we've come out a lot smarter and stronger than we have in the past.

Phil Cusick – *JPMorgan*

I think of – you have, what, 30,000 rooms in Florida? And somebody is in that room every night, and the data you're getting on all those people who are walking into the parks. How do you –

where are you in the journey of starting to use that data and leverage it across Disney into My Disney+ subscription and the movies that I go to and things like that?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes, we're very fortunate in the sense that we do have a lot of data about our guests. And again, coming out of the pandemic and putting some of these new tools into place and investing in technology, we have even a more precise understanding about our guests, and how to make sure that they have the best they possibly can, and how to maximize our assets in terms of how they're moving around the parks and how to offer up the right products to them, et cetera. So we've seen a lot of progress in that regard.

From a Walt Disney company perspective and an enterprise perspective, we have quite a bit of work going on right now to synchronize the data from each of the businesses together. So that I know Phil and specifically what Phil is interested in, whether you're an ESPN fan or you're a Marvel franchise fan or you've been to the park 6 times before.

Bringing that data together, such that I can talk to you in a much more progressive way that meets your needs and meets our commercial needs. There's a huge benefit to bringing that data together and that is certainly underway.

Phil Cusick – *JPMorgan*

Is there a timeframe you can give us on when that all comes together?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

It's essentially starting to happen right now, and we'll continue to build technology on top of what we have, so you'll start to see that come together in the very near-term.

Phil Cusick – *JPMorgan*

Yes. And on that sort of reservation system, and the complaint I get from people, like the people in this room, is that Disney is wonderful, going to the park is more work than they thought it was going to be when they signed up. Not more money, but more work.

How do you think about making it easier for this crowd?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. It's a fair question. I mean, I spend a lot of time in these parks. If I'm not in a meeting or on a flight, I do try to be in the parks and listen to our fans and our guests about what's working and where they think we have some opportunity.

From a complexity perspective, let me start with the fact that these theme parks that we operate around the world, these are big places with a lot of things to do. You take Walt Disney World, just as an example, 25,000 acres at Walt Disney World. If you were to take Manhattan, you could fit it inside of Walt Disney World. And there's probably about as much to do at Walt Disney World as there is to do in Manhattan. And our guests try to consume all of that on a 7-day vacation, sometimes on a 3-day vacation, try to take that all in.

So it becomes our obligation then to figure out a way to serve these experiences up to the guests in a way that makes sense for them, and not try to tell them to do everything in Walt Disney World in 3 days.

And we've invested a fair amount in technology to try to help our guests navigate these big spaces, and that's been working well for us. I stilll think we have more to do.

From a pricing perspective, which can be complex as well, and I've heard some feedback on that, what we're trying to do is make sure that we have variable and flexing pricing everywhere that we can so that we can invite as many guests into these theme parks as we possibly can.

And so from a ticketing standpoint, you'll see us try to have entry-level ticket pricing, which is available during certain seasons of the year. On peak days, we're going to obviously have more aggressive pricing in place because we know the demand will be so high.

If you think about our hotel portfolio, value hotels all the way up to deluxe hotels. And even inside of the park, we want to make sure that there are options for guests to choose how they want to enjoy their experience and choose how they want to spend their money, quite frankly.

All that said, that equals complexity, which is what you're talking about. And I've heard that from our guests as well. And we're starting to make some changes on that.

We'll continue to invest in technology to simplify the experience. And we'll continue to make changes in terms of how we operate these theme parks to make it easier and more accessible for our guests.

You may have seen some of the things that we've done recently. Relaxing, for example, reservations for guests that are buying date-based tickets. So I have a pretty good idea of where guests are going to be, which parks they're going to choose, and so we're relaxing that guideline now to take one additional step out of the process.

We're changing pricing strategies in certain areas where we want products to be more accessible to our guests. And you'll continue to hear us push on that as we listen to our biggest fans in terms of what they want to see and making this experience more accessible and simpler for you, too.

Phil Cusick – *JPMorgan*

Yes, you've talked about – for me, too, yes, with *Frozen*. You've talked about the new lands that are being opened, you've got cruise ships being invested in.

Talk about the capital that's available to invest in the parks and how you think about the marginal dollar and where that goes? The company has lowered capital investment guidance a couple of times this year, and so how has that impacted your organization?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

In terms of the lower capital guidance, there's nothing material in our world that has changed in terms of what our ambitions are and what we've announced to the public in terms of new experiences.

We have a pretty sophisticated CapEx deployment strategy. So we're always looking, number 1, to make sure that we're adding capacity, such that we can continue to grow these theme parks.

And you've seen that in very recent days, for example, at Walt Disney World, we built a brand-new attraction, Tron, and that adds capacity to the number 1 demanded theme park in the world that allows us to take volumes up inside of that theme park.

And for that one attraction, you're seeing other attractions around the world. Mickey and Minnie's Runaway Railway, which is at Disneyland and Toontown, same thing, incremental capacity for these parks that allows us to bring up the caps, and we'll look at that globally.

We're also making sure that we're investing in technology the right way to improve the experience, to simplify the experience, to give us more commercial capabilities where it's appropriate.

We invest heavily in our base product to make sure that it's always looking good for our fans so that Main Street always feels like Main Street.

So we have, again, a pretty sophisticated approach to how we think about capital. And we're fortunate in that we have a very reasonable allocation from a Walt Disney Company perspective to continue to grow as we'd like to grow.

Phil Cusick – *JPMorgan*

And can the U.S. parks grow in terms of footprint? Do you need to optimize the footprint that you have? Or you sort of built out spatially?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Well, I think this is – it's an interesting question. The answer is both.

We have plenty of opportunity within these existing footprints to optimize, to find ways to increase capacity of existing attractions. And we have space within what we'll call the berm, Tron is a good example of that, to build additional capacity in.

And that said, and this is sometimes a misconception, we have plenty of opportunity outside of the berms of those theme parks to continue to grow pretty aggressively at Walt Disney World, at the Magic Kingdom, at Disneyland.

So Disneyland, Walt in 1955 sets up his place. Had he known, he probably would have acquired a lot more land. But even so, even in Disneyland, and you may have seen some coverage on this, we have a project in place called Disneyland Forward, which allows us to look at our entitlements and significantly increase the footprint from a capacity and attractions perspective. So that's underway right now.

So we have both internal opportunities to grow capacity and create new experiences, and opportunities outside of the berm to essentially expand the size of these theme parks.

Phil Cusick – *JPMorgan*

Is there new IP coming from either that you could create yourself or coming from the film side that makes – that you're excited about sort of bringing into the parks?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. Listen, our content folks are unbelievable in terms of churning out new compelling intellectual property. And every time they do that, we take advantage of it.

I think a great example of that is Kevin Feige and Marvel Studios and what they're doing with the Marvel franchise and the stories that keep coming out on that front. It gives us an opportunity to tell those stories in real form.

We opened Avengers Campus at Disneyland just after the pandemic. We just did that in Disneyland Paris as well. And that brings a completely new consumer set into our parks and continues to entertain people.

And then across the storytelling spectrum on the entertainment side, there's so much coming. Star Wars keeps coming up with new stories, and that gives us more opportunities to tell these stories inside of the theme parks.

The thing is, even though we have this brand-new content that keeps coming at us and we think of ways to bring it to life in the park, you can go all the way back to Mickey Mouse. And I just mentioned a second ago, Mickey and Minnie's Runaway Railway, which we opened at Walt Disney World and just recently at Disneyland. This is the first Mickey-themed ride through attraction.

So this is IP that is still incredibly relevant today, and our guests rated highly. So the portfolio of intellectual property that we have, both new and existing, is incredibly powerful.

Phil Cusick – *JPMorgan*

Talk a little bit about the cost of running the business. There's been a big cost-cutting program across Disney. I know you did a lot during COVID to sort of fix the cost structure.

But maybe talk about what you did during COVID within the DPEP organization, and then what incremental can be done now on just the cost side of the company?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

As we went into the challenging period with COVID, these theme parks, they're operating 24 hours a day, 365 days a year.

And so when you come to a point where the businesses stop, we stopped for a moment and started to significantly retool where we could from a cost perspective, a commercial standpoint, as we talked about a little bit earlier. And we looked really hard at our cost base and asked ourselves, how can we make sure that we deliver a guest experience that we can stand behind and are proud? But at the same time, think about where we are and what's relevant today and what costs are actually appropriate for that experience that we want to deliver.

So made some pretty significant changes in our cost base. And listen, as I said before, my team at DPEP is incredibly strong and precise in the way that they're managing these businesses.

And we're always looking for opportunities to continue to deliver a great experience but do it more efficiently, because the more efficiently we do it, the more growth we should expect in the future, and obviously, the better the margins get over time.

Bob announced the $5.5 billion, which I think the world generally understands and knows about. I'm participating in that as well. What I will not do is cut any labor from the frontline. I want to make sure that our frontline cast members continue to service our guests and create that true Disney difference.

But there are opportunities for us to continue to look at using technology in a more progressive way to save cost, to simplify the guest experience and save costs along the way, et cetera.

So this is a mission that will always be on and again balanced, again, making sure that we deliver the experience that our guests expect.

Phil Cusick – *JPMorgan*

As you think about the cost reduction, is there – I usually think of if you want to reduce cost on – from a technology basis, you need to invest more. And yet capital has been sort of coming down as well.

Is the capital already in place? We've talked about the technology being – going into the parks. How should we think about that incremental dollar of cost coming out and where that might be?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

I'll go back to what I was saying a little bit earlier. Our – the way that we think about our capital allocation strategy is pretty sophisticated. And to your point, one of our objectives will always be to operate as efficiently as we can.

And so from a technology perspective, you will see an incremental investment from a tech perspective, which will allow us to streamline our processes, get better information in so that we can program our experiences more efficiently than we have before.

So there has been an increase in technology costs, but that comes with a benefit ultimately of being more efficient and productive from a cost perspective.

Phil Cusick – *JPMorgan*

Okay. Let's switch gears and talk about Florida, which – where there's been a lot going on lately in the headlines.

Talk about what you – to the extent that you can, has it impacted how you run your business, impacted the operations of the park at this point?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

It has not. Again, as you've seen in our results, the progress that we've made coming out of COVID has been exceptionally strong.

So some of the things that are happening, and I assume you mean from a political perspective, et cetera, some of the things that have been taking place have not impacted our business results.

Phil Cusick – *JPMorgan*

Okay. And you've, I think, announced that a number of people will not be moving to Florida. What was the driver behind that?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. So about a year or so ago, we had announced a new campus in Florida. And a lot has changed since we made that announcement. Number one, we have new leadership in place. And number 2, the business conditions have changed pretty significantly.

So taking that all into account, we said we think, at this point in time, we're going to reverse that decision. We're not going to have the campus in Florida and we'll keep things as they are right now from a cast perspective and an employee perspective, and making sure that we're taking care of our cast members the right way.

But conditions have changed, and so we decided it was appropriate to make that change as well.

Phil Cusick – *JPMorgan*

Okay. I think Bob has talked about planning to spend $17 billion in Florida over the next 10 years.

How should we put that in context of the last 10 years in spending? And did that new campus not being built, does that impact that number at all?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

No. The new campus does not impact the $17 billion. Bob called this out, I think in the Q1 earnings call, if I'm not mistaken. I think that gives you a sense of how aggressive we're being in Walt Disney World.

And this includes things like the transformation of EPCOT. It includes things like there's new Star Tours attraction coming in. We have a new Tiana attraction that's coming in. So we're thinking pretty aggressively about where we can take things in Florida.

I stood up on a stage about a year ago maybe or so in an event that we call D23, when the biggest fans from Disney all kind of congregate in Anaheim, and I talked about some pretty ambitious plans that we have to continue to grow these theme parks, put new capacity and put new intellectual property in. So that's part of that $17 billion. I'm excited about what's in store for Florida and where we can take things.

Phil Cusick – *JPMorgan*

Okay. There's also been a headline that you're closing, I think, it's is the Star Cruiser. What drove that? And how should we think about the impact?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes, so that's the Star Wars Galactic Star Cruiser. I think you may have had a chance to actually see it at some point.

It's a pretty stunning asset. It's essentially a – it's a spaceship that guest board, themed out to feel exactly like Star Wars. And our imagineers did an incredible job pulling this asset together, and our guests gave it very high ratings.

It didn't perform exactly like we wanted it to perform, so we decided that we were going to sunset this in September. Our cast members that operated this for anybody who had a chance to go check it out, it did just an exceptional job pulling it off.

But we did decide that despite the fact that this was never-before-seen type of experience, and I think it's raised the bar from a creativity perspective on where we can go next, we thought it was time to sunset this beginning in September.

I will note – I don't think we've talked about this before, but in both Q3 and Q4, as we accelerate depreciation on that Star Cruiser, we should expect about $100 million to $150 million acceleration in depreciation.

Phil Cusick – *JPMorgan*

Okay. In Q3 and Q4, each of them?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Correct. Correct.

Phil Cusick – *JPMorgan*

How do you think about the – that doesn't – it's pretty small space, does it change the capacity in Walt Disney World?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

No. I think the Galactic Star Cruiser got a fair amount of attention. It's a boutique hotel. It's 100 rooms. If you think about Walt Disney World, it's actually 30,000 rooms. So this is very, very small in the context of what we deliver at Walt Disney World.

But again, I give the imagineers a lot of credit because this gives us the creative insight to think about new experiences as we move forward. But it's small in the context of Walt Disney World.

Phil Cusick – *JPMorgan*

Put that in context of the new cruise capacity you've brought online. You launched the Wish last summer and I think you have 3 more coming in the next 2 or 3 years?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes. So we now have a fleet of 5. We have 3 more coming. These cruise ships have been very productive from us from an investment perspective, commanding double-digit returns.

We've created a really special space in the cruise industry. We're still relatively small from a total cruise industry perspective, but carved out a special space in a family cruising business. If you think about who's actually cruising with us, 40% of the passengers that come with us say that they wouldn't have cruised had Disney not been in this space.

So we've got the 5 ships, you've seen the results through our earnings call. We have 3 more coming, and we're really bullish about this business.

Phil Cusick – *JPMorgan*

Help me think about the, I don't know the right way to think about, the premium that Disney gets versus an average cruise line. I got to think that people are paying a lot for that experience.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes, it's a significant premium. We don't do much discounting on these cruise ships because we have a relatively small fleet and they're highly demanded.

And the experiences that you get on these ships, I'm not sure if you've been on one before, but it's pretty compelling, from entertainment to characters, character dining, fine dining. Our cast members, our crew members are absolutely best-in-class. And when guests get off of our ships, they're telling us that this is among the best experiences they've had from a Disney perspective.

So we know that the value is there in terms of what our guests are paying for these cruise lines. That's why we're bullish on this.

We just recently announced, by the way, that one of our ships will be homeported in Singapore. And so this is an opportunity for us to bring the Disney brand around the world with a floating asset and introduce Disney to new guests. So we're pretty excited about that.

Phil Cusick – *JPMorgan*

Can we think of the – that – whether it's Singapore or somewhere in that region, is at the beginning of maybe more parks to come around the world? How should we think about that?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Well, as we talked about a little bit earlier, I think we've got so much opportunity within our existing parks to continue to grow. But certainly, when you have cruise coming into a new market, it kind of gives you some indication in terms of how guests are receiving the Disney brand and what the opportunities might look like going forward.

Certainly nothing to announce from a new theme park perspective right now, but there's always opportunity.

Phil Cusick – *JPMorgan*

Right. We do have – I think Universal is building a couple of small parks in the U.S. Is that type of business interesting?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

I think it must be interesting for them. For us, we think that focusing on our core assets is where we should be spending most of our opportunity.

And as I said earlier, we think that there's so much potential there. That's where we're continuing to focus our efforts.

Phil Cusick – *JPMorgan*

Okay. I'm – Rodney Dangerfield, looks good on you, though.

So consumer products, let's switch to that and a business that we don't hear about as much, but I think it's a big part of Disney. Just talk about it overall and the potential growth there. What drives that business to grow from here?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

This is a great, great business for us. We are by far the #1 licensor in the world, and this comes from the fact that we have such compelling intellectual property that just keeps coming.

So this is a really productive business for us. From a publishing standpoint, we are the #1 children's publisher in the world. That proved to be exceptionally beneficial for us during COVID, and continues to be a solid business for us.

And then on the game side, again, with such strong IP, we work with best-in-class game developers, and we're seeing great results from the gaming side of our business as well.

We just launched a new game called *Star Wars Jedi Survivor*. I like to tinker around with these new games when they come out. It's highly, highly rated, said to be one of the best Star Wars games in 20 years. So that business is doing well for us.

And I think as the world continues to evolve and we see more gamers spending more time with their consoles and online, we have a huge opportunity here.

Phil Cusick – *JPMorgan*

So help me think about whether it makes sense for Disney to do that gaming business on your own versus licensing that IP to professional sort of gaming-driven companies?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Well, recent performance would suggest that the model that we're in right now and leveraging our intellectual property and then working with game developers has proven to be really productive for us.

One of the things that we're doing on this front is we're not just taking what's on screen and then putting it on console, we're actually extending stories. Extending stories with Spider-Man, with Marvel, with Star Wars, et cetera.

So it gives us kind of a new pallet to not repeat stories, but tell new stories. And that's proven to be very productive for us.

As the landscape changes and we look at things, we're, of course, always open to what the future could look like. But for right now, the model that we have is working very well for us.

Phil Cusick – *JPMorgan*

Let's – we've got 2 minutes left. Help me think about your vision of the parks and sort of DPEP business overall as a growth business over time. I think a lot of people think of the U.S. as mostly mature sort of parks business, and I think you disagree.

So how should we think about the growth of this business over time, whether it's the next 5 or 10 years?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

I think many people do think of these businesses as mature because they are mature. And in my opinion, what that means is we have a really good understanding of how they operate, how our fans and guests consume, and I think that gives us a platform and a vantage point to think about very progressive growth.

And I noted to you a little bit earlier, we have no shortage of opportunity in terms of space and creative ambition. And I believe that our fans and guests are along with us in terms of thinking about what that future can look like. So, listen, I think the parks business and DPEP overall is a growth engine.

I really believe that for The Walt Disney Company. And although we've been – Disneyland has been around for almost 70 years, Walt Disney World for 50, Disneyland Paris now 30 – honestly, I think we're just getting started.

Phil Cusick – *JPMorgan*

If I can just – since we have the time, to push a little harder there. Because as I think about the growth in that business, and we've got a – what's the capacity, what's the attendance and then what's the price? Are each of those 3 sort of the very large potential drivers of that growth?

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Yes, I think that's probably a simple way to look at it. But we've got plenty of demand as evidenced by our results. So the more that we increase capacity, I can take volumes up in the park and still deliver a great experience.

From a pricing perspective, we want to make sure that we have a pricing array that reflects the value that we're generating. We want to invite as many guests into our parks as we possibly can. So the combination of increased volume and capacity, along with how we think about value and pricing, there's a lot there for us.

Phil Cusick – *JPMorgan*

Okay. It sounds really exciting. Josh, thanks very much.

Josh D'Amaro – *Chairman, Disney Parks, Experiences & Products*

Thank you so much. Appreciate it.

Phil Cusick – *JPMorgan*

Thanks for spending time with us. Thanks, everybody.

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 plans; expectations; strategy or focus; priorities; opportunities; potential future growth and anticipated drivers of growth; trends; efficiencies; cost reductions and source; goals; product or service offerings (including nature, timing and pricing); consumer sentiment, behavior or demand; and other statements that are not historical in nature. Any information that is not historical in nature included in this discussion 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) or other business decisions, as well as from developments beyond the Company’s control, including: further deterioration in domestic and global economic conditions; deterioration in or pressures from competitive conditions, including competition to create or acquire content and competition for talent; consumer preferences and acceptance of our content, offerings, pricing model and price increases and the market for advertising sales on our DTC 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; 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; income tax expense; 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 October 1, 2022, 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.