

Key Statistics (USD)

Price	35.47
Market Cap	16.39 B
Enterprise Value	31.86 B
PEG	-
52 weeks high	78.14
52 weeks low	18.56
Beta (5Y-monthly)	1.37
Dividend yield %	-
EPS (TTM)	1.81
DPS	-
One year stock performance	70.69%

Firm's Brief Description.

Discovery, Inc., formerly Discovery Communications, Inc., is a global media company. The Company provides content across multiple distribution platforms, including pay-television (pay-TV), free-to-air (FTA) and broadcast television, Websites, digital distribution arrangements and content licensing agreements. Its segments include U.S. Networks, which consists principally of domestic television networks and digital content services; International Networks, consisting primarily of international television networks and digital content services, and Education and Other, which consists principally of curriculum-based product and service offerings, and production studios. The Company's portfolio of networks includes television brands, such as Discovery Channel, Animal Planet, ID, Velocity and Eurosport. It is also engaged in extending content distribution across various platforms, including brand-aligned Websites, Web-native networks and online streaming.

Growth Rates	Company	Sector
Revenue (Q/Q last year)	0.42%	-2.75%
Net earnings (YTD/YTD last year)	-39.97%	-36.63%
Net earnings (Q/Q last year)	-42.74%	-82.05%

Sector Overview

- Media & Entertainment Market Landscape is expected to register a CAGR of over 13% during the forecast period (2021 - 2026).
- The U.S. industry is expected to reach more than \$825 billion by 2023, according to the 2018-2023 Entertainment & Media Outlook by PwC.
- Subscription TV revenue of US\$94.2bn in 2019 will contract at a -2.9% CAGR to US\$81.4bn by 2024, due to a mature market and cord-cutting, largely resulting from wide acceptance and demand for SVOD platforms as well as competition from vMVPD offerings.

Margins	Company	Sector
Gross Profit margin	64.28%	45.80%
EBITDA margin	-	-
EBT margin	16.19%	3.63%
Net Profit margin	12.70%	1.57%
Gross Profit margin (5Y average)	64.74%	46.82%
EBT margin (5Y average)	14.38%	10.18%

Fundamental Analysis

Discovery Inc. has marked a great performance during the COVID-19 period, of almost 71%. Taking into consideration the last 12 months, the company seems to outperform its competitors providing higher (quarterly) growth rates in revenue and net earnings. Moreover, gross profit 64.28%, EBT 16.19% and net profit margins 12.7% are all significantly higher than the sector average which are 45.80%, 3.63% and 1.57% respectively. Furthermore, the company is very effective in reinvesting its profits, with a Return on Equity (ROE) ratio of 9.03, while the sector's average is at 1.77, a Return on Assets (ROA) ratio of 4.00, while the sector's average is at 1.71 and a Return on Capital (ROC) ratio of 4.71, while the sector's average is at 1.12. Lastly, the P/E ratio for the next 12 months is higher than the sector's median, whilst the price to book ratio for the trailing twelve months is lower than the sector's median, indicating an undervalued stock.

Key Ratios	Company	Sector
Current Ratio	1.99	1.31
Quick Ratio	-	1.23
Cash Ratio	-	-
ROE	9.03	1.77
ROA	4.00	1.71
ROC	4.71	1.12
D/E	1.44	0.89

Target Price (1 year forward): 47.50 \$

Valuation Metrics	Company	Sector (median)
P/E (NTM)	12.15	10.42
P/E (TTM)	20.05	10.78
P/B (TTM)	1.74	2.67
P/Sales (TTM)	1.58	2.29

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