

Analysis of Asset Selection in Alphabet Inc., Warner Bro., and Disney

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Abstract. This research analyzes three companies in different fields that are unique in their way. The three companies the research analyzed are Alphabet Inc., Warner Bros. Entertainment Inc., The Walt Disney. Alphabet Inc. is famous for its technology and digital services, especially online advertising. Warner Bro. focuses on media entertainment. Disney is a leading company that produces global entertainment with diverse revenue, including film production, theme parks, and streaming services. This research analyses these companies through three criteria: risk, profitability, and market ratio. This data shows why people should invest in these companies and what type of investors might be interested in investing. The innovation in AI that Alphabet owns attracts value and momentum investors looking for a stable stock with high growth. Warner Bro. has fewer types of investors that would in attracted due to its recent performance in the market. Disney attracts many PEG and index investors through its diverse revenue.

Keywords: Alphabet; Warner; Disney.

1. Introduction

In today's financial market, investing and choosing the right asset are crucial decisions for any investor [1]. As the market environment changes and the uncertainty in economics, investors are facing various kinds of choices. However, different types of assets and companies have different types of revenue. Since being able to recognize investments with potential, is very important to have that ability to be financially successful [2]. In this research, this research will focus on analyzing three representative companies Alphabet Inc., Warner Bros., and Disney. These companies have their unique competitive traits in the market. They also demonstrate various potential growth and risk traits. Through analyzing their financial performance, Market dynamics, and industry trends. This research takes a going in-depth look at the potential of these companies as investment targets, helping investors make smart decisions with reliable evidence [3].

2. Profiles

Alphabet Inc is the parent company of Google. It was regrouped in 2015, in California, America. It owns various types of creative technologies. They are not afraid of trying new ideas. One of the most famous technologies Alphabet Inc. owns is the most-used search engine in the world, which is Google. Google provides everyone with a free search engine that gives people authority and useful information people need while having a faster search speed than similar search engines. Another famous software Google owns is YouTube. YouTube is a video-sharing and streaming platform. Users can watch and upload their videos on this platform, with others able to interact through comments, likes, and shares [4].

Warner Bros is a global entertainment company that was founded in America. Film production and distribution are the key business of Warner Bros. The famous films that are produced by Warner Bros include but are not limited to Harry Potter, Detective Comics series, and Interstellar. Due to the change in our society nowadays, traditional television is no longer popular. To adapt, Warner Bro launched streaming media such as HBO Max. This move allows Warner Bro to be competitive in the entertainment landscape [5].



The Walt Disney Company is commonly known as Disney. It is a multinational global entertainment company. It has become one of the most recognized and influential companies in the world. Disney’s film operations include Pixar, Marvel, Lucasfilm, and 20th Century Studios. It also owns theme parks all over the world that are themed after their film and television series. The diverse portfolio that is owned by Disney also includes television networks such as ABC and ESPN. The company continuously expands its influence through acquisitions and investments in new media platforms. The storytelling and creativity made Disney the leader of the global entertainment company [6].

3. Financial Indicators

The financial indicators are obtained from each company's financial statements, encompassing the year 2023 as the specified time frame for these financials.

3.1. Risk

In economics, risk refers to the uncertainty in the market. Risk especially refers to the uncertainty of an event or a result in the future. This can show potential results in the future. These results can come out great or they might be unpleasant. Risks are usually related to decision-making and investment. Individual investors or companies need to use risk to weigh the return and the possibility of loss. The research uses Market Cap, Beta, and Total Debt Ratio to evaluate the risk. Market cap is the total stock value of a company. They are calculated by multiplying the stock price by the total number of shares. Beta is a measure of the volatility relative to the overall market of a stock. If the beta ratio is over 1, then the stock is more volatile than the market. While Beta ratio is less than 1 means the stock is less volatile than the market. Total debt is the sum of the total liabilities of a company, including both long-term debt and short-term debt. It helps determine how well a company can handle its liability. The total debt ratio divides the total debt of a company by its total assets [7]. The relevant indicators are followed in Table 1.

Table 1. Risk

Risk	Market Cap	Beta	Total Debt Ratio
Alphabet Inc	2.2T	1.05	9%
Warner Bro	21B	1.5	96%
Disney	174.5B	1.26%	46%

Alphabet has the highest market cap out of the three companies with \$2.2 trillion, and a beta of 1.05. This indicates that this company has low volatility. Warner Bros. has a relatively low market cap of 21 billion and a high beta of 1.5. This set of data means that this company has a high volatility with higher risk and less stability. Disney has a market cap of 174 billion and a beta of 1.26. Suggesting that this company has moderate volatility. Alphabet has a debt ratio of 9% indicating greater financial stability. Warner Bros. has the highest debt ratio of 96%, meaning that is not very financially stable and less flexible. Disney has a moderate debt ratio of 46%.

3.2. Profitability

The phrase “profitability” refers to how much profit or money a company, project, or investment can earn in a certain time. Profitability is a very important index for different investors to evaluate whether they should invest or not. Profitability reflects how profitable a company is, after deducting all the costs, taxes, and others. The research chooses Profit Margin, ROA, and ROE to assess the profitability of the three companies. Profit Margin is the percentage of revenue without counting expenses. ROA measures how much value can a company generate using its assets. ROE shows how effectively a company uses the equity of shareholders to generate profit [8]. The relevant indicators are listed in Table 2.

Table 2. Profitability

Profitability	Profit Margin(year)	ROA	ROE
Alphabet Inc	25.9%	20.23%	28.14%
Warner Bro	-7.45%	-2.4%	-6.7%
Disney	-2.4%	0.8%	1.7%

Alphabet holds the highest profit margin out of all three with a profit margin of 25.9%. The ROA and ROE are 20.23% and 28.14%, revealing that they are very attractive to investors. Warner Bros. has negative numbers regarding profit margin, ROA, and ROE. The numbers are -7.45%, -2.4%, and -6.7%. This means the investor is less likely to get their money back if they invest in this company. The reason why the data is shown might be due to their recent performance in the film industry. Disney has a negative profit margin of -2.4%, an ROA of 0.8%, and ROE of 1.7%. This shows this company is not terrible to invest in there are other companies that are ideal to invest in.

3.3. Market Ratio

In an economy, the market ratio is a ratio that demonstrates the stock of a company compared to the performance of the market. These ratios would assist the investors in determining the value of a stock. The research uses Price/Earning value, Price/Book value, dividend yield, PEG, momentum, insider buying, and stock buyback to assess the market ratio of each company. P/E Ratios are used to determine how much investors are willing to pay for each dollar of earnings. It helps assess is a company over or underestimated. P/B Ratios compare the market value of the stock of a company to its book value. It also helps assess is a company over or underestimated. The dividend yield is used to evaluate the return relative to the stock price. Income investors focus on dividend yield. The PEG ratio adjusts the P/E ratio by considering the company's expected earnings growth. Momentum shows stocks that have been performing well recently by comparing the current stock price and the average stock price for the past 200 days. Insider buying occurs when executives, directors, or employees of a company purchase shares of their own company's stock. Stock buybacks occur when the company buys its share of the market, reducing the number of shares available to the public. That would increase the earnings per share because the same profit is spread over fewer shares. Meanwhile growing the value of a stock, because investors may see the buyback as a sign that the stock is undervalued [9]. The relevant indicators are listed in Table 3.

Table 3. Market Ratio

Market Ratio	P/E	PB	Dividend yield	PEG	Mom	Insider buying	Stock buyback
Alphabet Inc	27.51	7.55	0.45%	1.67	Yes	No	Yes
Warner Bro	-7.09	0.48	0	1.39	No	No	No
Disney	104.07	1.75	0.94%	1.19	no	No	Yes

Alphabet has a P/E ratio of 27.51 and a P/B ratio of 7.55. Warner Bros. has a P/E ratio of -7.09 and low P/B of 0.48 and no dividend yield. This reveals that Warner Bros. is not profitable and has a high risk. Disney has a P/E ratio of 104.07, a P/B ratio of 1.75, and a dividend yield of 0.94%.

4. Asset Selection

There are different kinds of investors in the economy. Various types of investors use different strategies to evaluate the company. Having a better understanding of investors can help individuals to invest more smartly. There are six most common types of investors. The first type of investor is the value investor. They look at the stocks that are underestimated by the market. They believe when time passes, the value of the stock will increase as well. P/E and P/G values are what value investors

care about. If the P/E and P/B ratio is less than one or ten, they would consider investing in it. Income Investor is another type of investor that prioritizes generating regular cash flow from their investments, such as dividends or interest payments. PEG Ratio Investor uses PEG Ratio to evaluate the value of a stock. They consider both the P/E value and the growth rate of a company. Companies with a lower PEG ratio are usually considered to have good growth potential and price. Index investor looks at the S&P 500. They believe the market will continually grow in the long term. Ratio Analysis Investor would pay attention to the P/E, P/B, or D/E value, and then assess whether the company is over or underestimated. Momentum investors compare the current stock price to the two-hundred-day average stock price. If the current stock price is higher than the two-hundred-day average stock price. This means that the company has been performing well recently, and there is a higher chance that the company will continue to grow. They buy during an uptrend and sell before the trend reverses or weakens [10]. The relevant indicators are listed in Table 4.

Table 4. Investing Selection

Types of investors	Alphabet Inc	Warner Bro	Disney
Value	√		
Income			
PEG	√	√	√
Index	√	√	√
Ratio analysis	√		
Momentum	√		

According to the research, value investors are not going to invest in Warner Bro and Disney. Due to the negative P/E ratio in Warner Bro. Also, the high P/E and P/B ratios for Disney. Income investors will not invest in those companies because all three companies have either less than 3% dividend yield, or they just do not have it. PEG investors would be interested in investing in these three companies, on account of the PEG values are all above 1. All three companies are in the US500, indicating that index investors will invest in them. Since Alphabet Inc., has the highest ROE out of all three companies, ratio analysis investors are going to invest in Alphabet Inc. Momentum investors will be paying attention to Alphabet Inc. because the current stock price of Alphabet Inc. is higher than the 200-day average stock price.

5. Conclusion

This research deeply comprehensive analysis of three famous companies. First, this research gave a brief explanation of what are these companies and why they are unique in their field. Through close-up analysis and comparison of various data and indexes. Getting the risk of each company from Market Cap, Beta, Total Debt Ratio. Knowing the profitability of each company from Profit Margin, ROA, and ROE. Also contrasting the market ratio. This research came to a conclusion about what types of investors would be interested in which company introduced in this research. Alphabet Inc. has the best performance in general out of all three and has the most types of investors who would be interested in investing.

This paper provided a deep analysis of the value of three companies. However, it is important to realize that this research can be improved. There is one major problem in this research. The first is the data of the three companies. This research attempted to use the most recent data available from each company at the time of writing. However, some data is a few months older than others, which could affect the result of the analysis. Additionally, over time, this research will become less valid as the data continues to age.

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