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Is it time to buy Disney? Two market pros make their case for and against the stock

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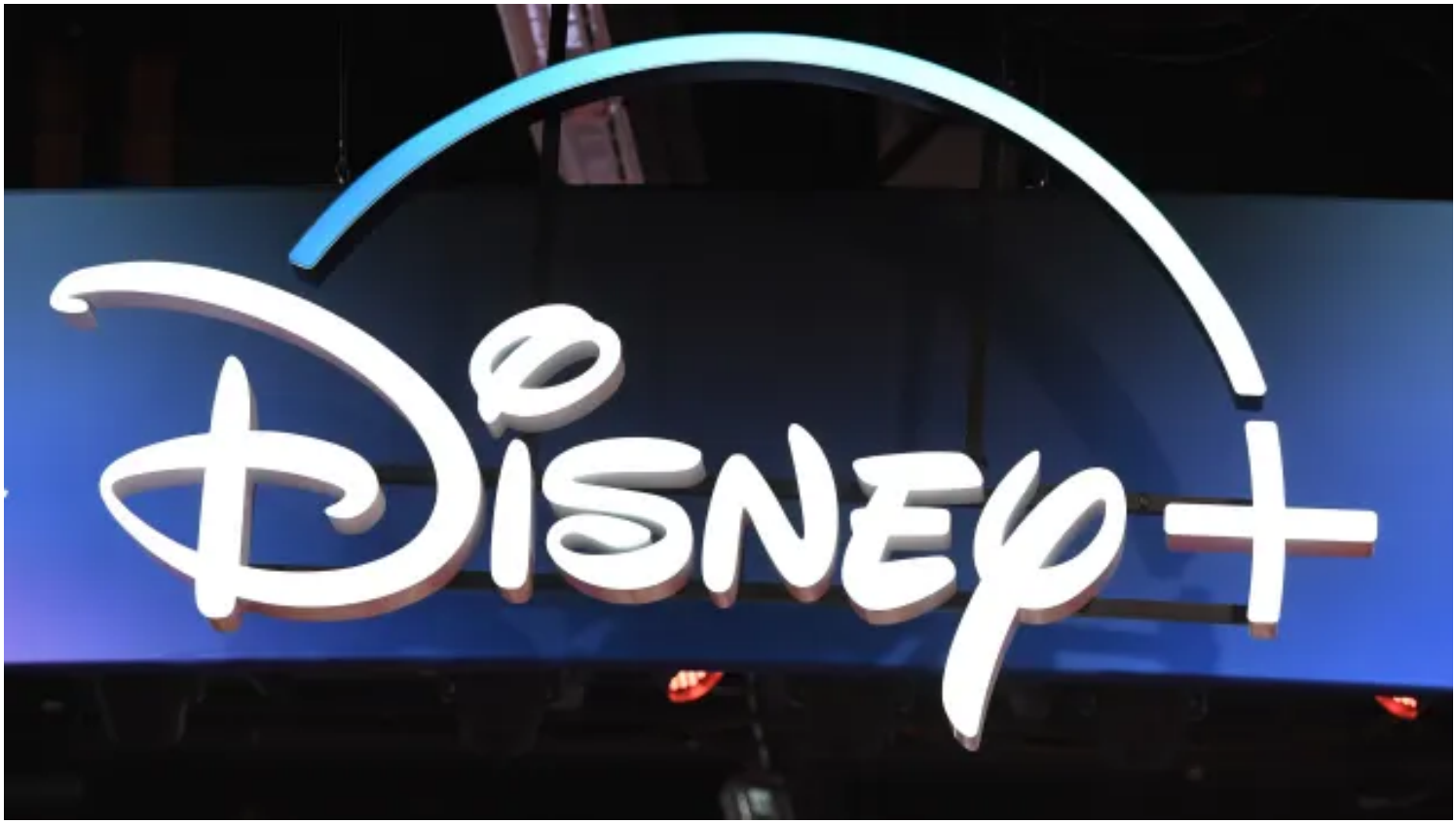

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Disney beat Wall Street expectations for its first-quarter earnings, but it was its vast restructuring plan that stole the headlines.

With CEO Bob Iger back at the helm, Disney is seeking to make a "significant transformation" of its business by reducing expenses and putting the creative power back in the hands of its content creators.

This includes a plan to reorganize its business into three segments, while also slashing $5.5 billion in costs. It would also eliminate 7,000 jobs, or about 3% of its workforce.

the developments, but subsequently slipped 1.5% on Thursday.

So is it time to buy? Two investors faced off on CNBC's "Street Signs Asia" on Thursday to make their case for and against buying the stock.

Bear vs. bull

Paul Meeks, portfolio manager at Independent Solutions Wealth Management, is mindful of the scale of the challenges ahead.

"Man, when you do a restructuring of that size with a company this big, it's not going to be easy. It's going to be very tough, with Bob Iger at the helm or not," Meeks said.

He believes the restructuring will be a "multi-year workout."

"In the meantime, you can buy many stocks in the consumer discretionary sector that don't have the heavy lifting of a restructuring. They still have America's best brands, and the products are reasonably valued," he added.

But Jason Ware, chief investment officer at Albion Financial Group, remains bullish on Disney. He believes the company is a "great business" and investors should take a long-term view.

"As streaming turns to profitability and mark my words, they are going to be profitable, it might take a few more quarters, but when they get there, that is an incremental headwind that will come off earnings per share," Ware said.

He disagrees with Meeks' assessment that Netflix will continue to be "king" of the direct-to-consumer space. While Netflix took seven years to get to 150 million subscribers, it took Disney+ just two and a half years to hit the same figure, he added.

"Disney remains a wide-moat company with a cradle-to-grave business," he said. "Kids are thrown into the Disney franchises and the Disney business model will stay with them for life. That is unchanged."

He believes the stock could be valued at $170 once issues surrounding streaming profitability and cost management have been addressed — that's a 44% upside to its current share price.

— CNBC's Sarah Whitten contributed to reporting