



Netflix

NasdaqGS:NFLX Stock Report

MARKET CAP US\$259.6b
7D -1.8%
1Y 24.7%



NETFLIX

UPDATED 16 Sep, 2021

NFLX Overview

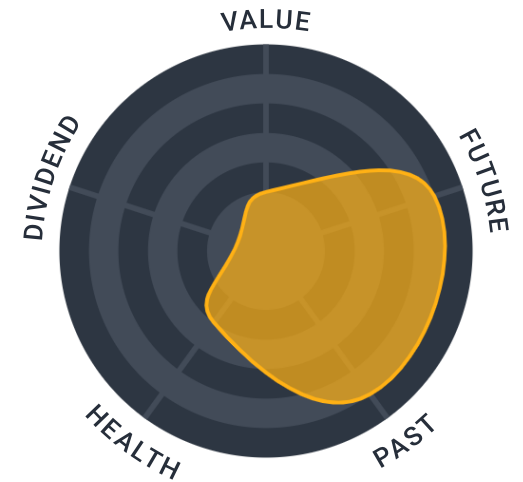
Netflix, Inc. provides entertainment services.

REWARDS

- ★ Trading at 14.9% below our estimate of its fair value ▶
- ★ Earnings are forecast to grow 22.95% per year ▶
- ★ Earnings grew by 63.8% over the past year ▶

RISK ANALYSIS

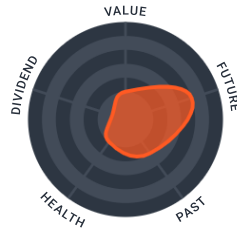
- ! Debt is not well covered by operating cash flow ▶



Snowflake Analysis

Solid track record with high growth potential.

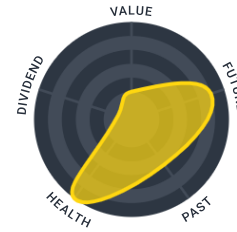
Netflix Competitors



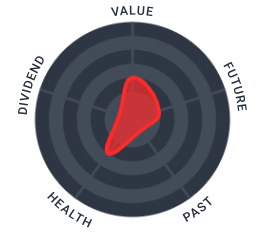
Walt Disney
NYSE:DIS
US\$335.1b



Spotify Technology
NYSE:SPOT
US\$46.5b



Roku
NASDAQGS:ROKU
US\$42.5b

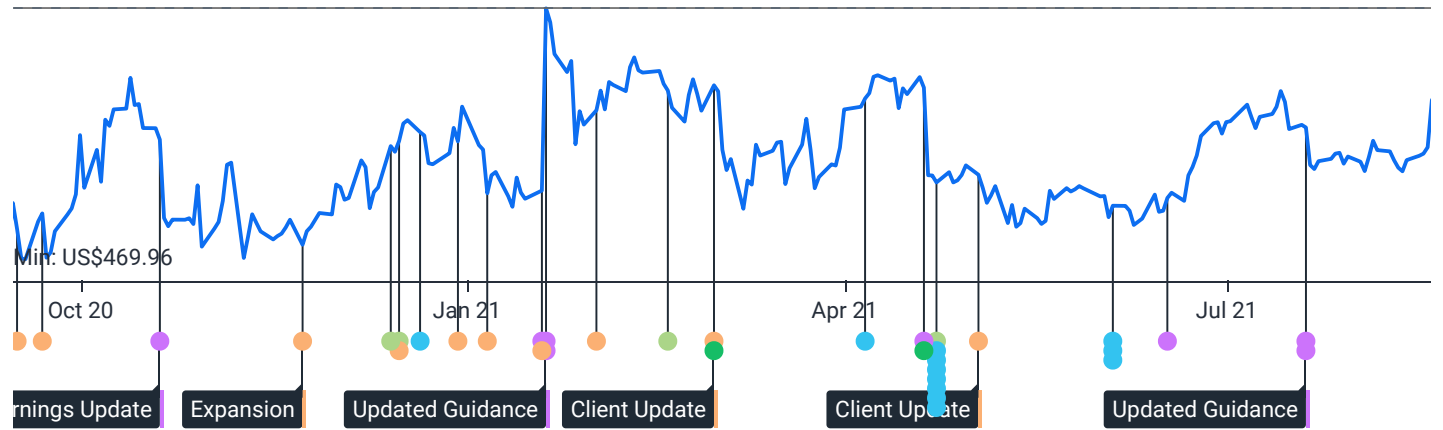


iQIYI
NASDAQGS:IQ
US\$7.0b

Price History & Performance










Max: US\$606.71



● Dividend ● Financial ● Management ● Strategy ● Other

Recent News & Updates

- Sep 15  **Netflix Hoping To Finally Achieve The One Accomplishment That Has Eluded Them**
Netflix has been the leader in streaming for well over a decade, setting the pace for all that follow – but one area still gives them trouble – awards. By competing for awards, Netflix is able to lure talent...
-
- Sep 09  **COO & Chief Product Officer exercised options and sold US\$3.5m worth of stock**
On the 7th of September, Gregory Peters exercised 7k options at a strike price of around US\$98.30 and sold these shares for an average price of US\$600 per share. This trade did not impact their...
-
- Sep 09  **Netflix Stock: Gamma Squeeze May Be Ready To Pop**
Netflix stock has surged nearly 12% since Aug. 26. It appears to be caught in the middle of gamma squeeze. The squeeze may lead to nothing more than failed breakout attempt.
-
- Sep 07  **The Value and Growth Drivers that Justify Netflix's (NASDAQ:NFLX) Current Valuation** 
Netflix (NASDAQ:NFLX) is in the middle of the streaming wars, and the stock has recently entered into all-time highs, coupled with concerns of peaking membership subscriptions in the US and competitor pressure. In this article we will look at how efficiently is the management team reinvesting into the business, how can that translate into growth, and where can future growth come from.
-
- Aug 26  **Netflix: Price Hikes Can't Go On Forever**
Netflix has been an exceptional growth story. But as subscriber growth rates peak and competitive pressures mount, the company's long-term prospects become somewhat shaky, even as near-term...
-
- Aug 14  **Lead Independent Director exercised options and sold US\$4.5m worth of stock**
On the 11th of August, Jay Hoag exercised 9k options at a strike price of around US\$11.44 and sold these shares for an average price of US\$508 per share. This trade did not impact their existing...

Shareholder Returns

	NFLX	US Entertainment	US Market
7D	-1.8%	-1.3%	-0.6%
1Y	24.7%	29.2%	33.7%

Price Volatility

NFLX volatility	
NFLX Beta	0.76
Industry Beta	1.05
Market Beta	1

Return vs Industry: NFLX underperformed the US Entertainment industry which returned 29.2% over the past year.

Return vs Market: NFLX underperformed the US Market which returned 33.7% over the past year.

Stable Share Price: NFLX is less volatile than 75% of US stocks over the past 3 months, typically moving +/- 3% a week.

Volatility Over Time: NFLX's weekly volatility (3%) has been stable over the past year.

About the Company

Founded	Employees	CEO	Website
1997	9,400	Wilmot Hastings	https://www.netflix.com 

Netflix, Inc. provides entertainment services. It offers TV series, documentaries, and feature films across various genres and languages. The company provides members the ability to receive streaming content through a host of Internet...

Netflix Fundamentals Summary

NFLX fundamental statistics	
Market Cap	US\$259.58b
Earnings (TTM)	US\$4.39b
Revenue (TTM)	US\$27.59b

59.1x
P/E Ratio

9.4x
P/S Ratio

Earnings & Revenue

Last Reported Earnings
Jun 29, 2021

Next Earnings Date
Oct 19, 2021

NFLX income statement (TTM)	
Revenue	US\$27.59b
Cost of Revenue	US\$15.92b
Gross Profit	US\$11.67b
Expenses	US\$7.27b
Earnings	US\$4.39b

Earnings per share (EPS) 9.92

Gross Margin 42.29%

Net Profit Margin 15.92%

Debt/Equity Ratio 112.7%

1 | Valuation

Analysis Checks 1/6

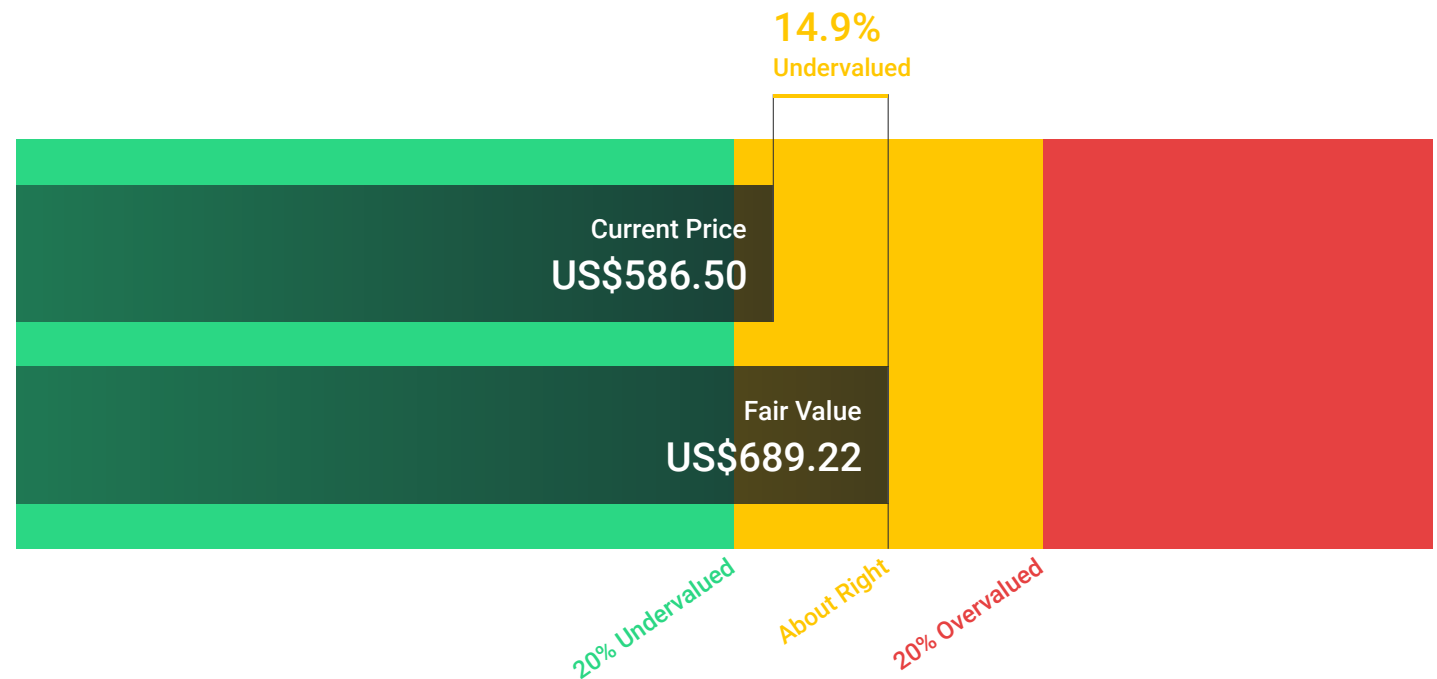


Is Netflix undervalued compared to its fair value and its price relative to the market?

14.9%

Undervalued compared to fair value

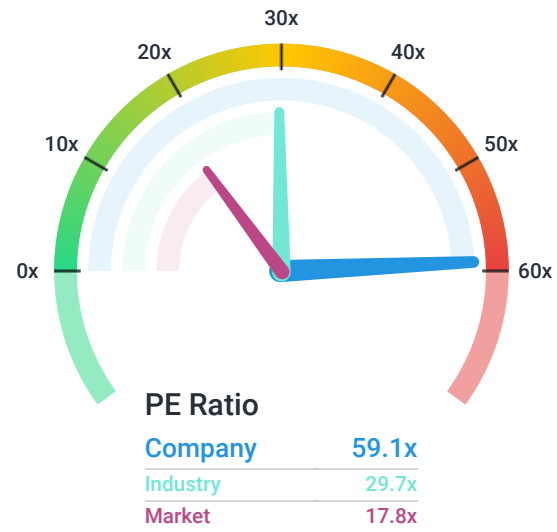
1.1 | Share Price vs. Fair Value



✓ **Below Fair Value:** NFLX (\$586.5) is trading below our estimate of fair value (\$689.22)

✗ **Significantly Below Fair Value:** NFLX is trading below fair value, but not by a significant amount.

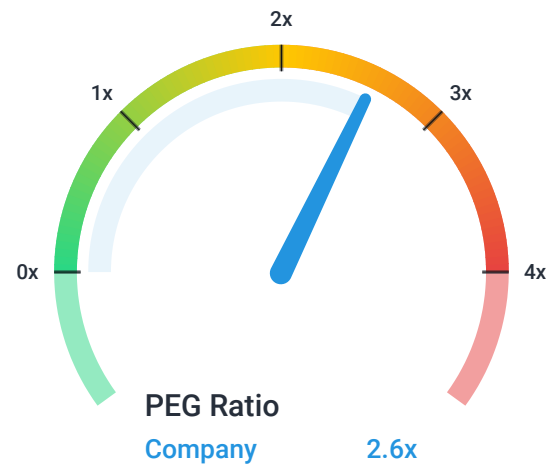
1.2 | Price To Earnings Ratio



⊗ **PE vs Industry:** NFLX is poor value based on its PE Ratio (59.1x) compared to the US Entertainment industry average (29.7x).

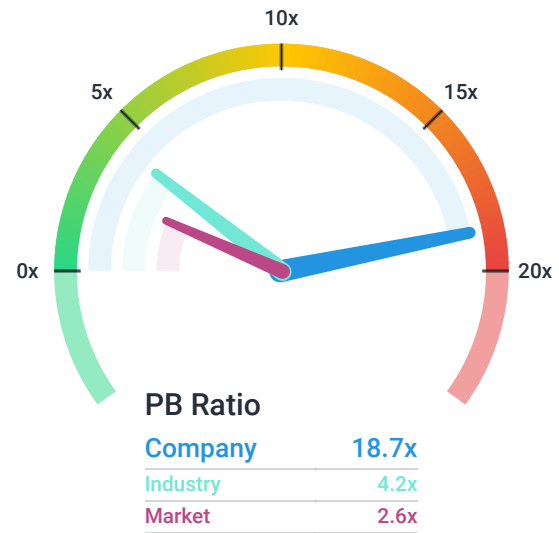
⊗ **PE vs Market:** NFLX is poor value based on its PE Ratio (59.1x) compared to the US market (17.8x).

1.3 | Price to Earnings Growth Ratio



⊗ **PEG Ratio:** NFLX is poor value based on its PEG Ratio (2.6x)

1.4 | Price to Book Ratio



⊗ **PB vs Industry:** NFLX is overvalued based on its PB Ratio (18.7x) compared to the US Entertainment industry average (4.2x).

2 | Future Growth

Analysis Checks 5/6

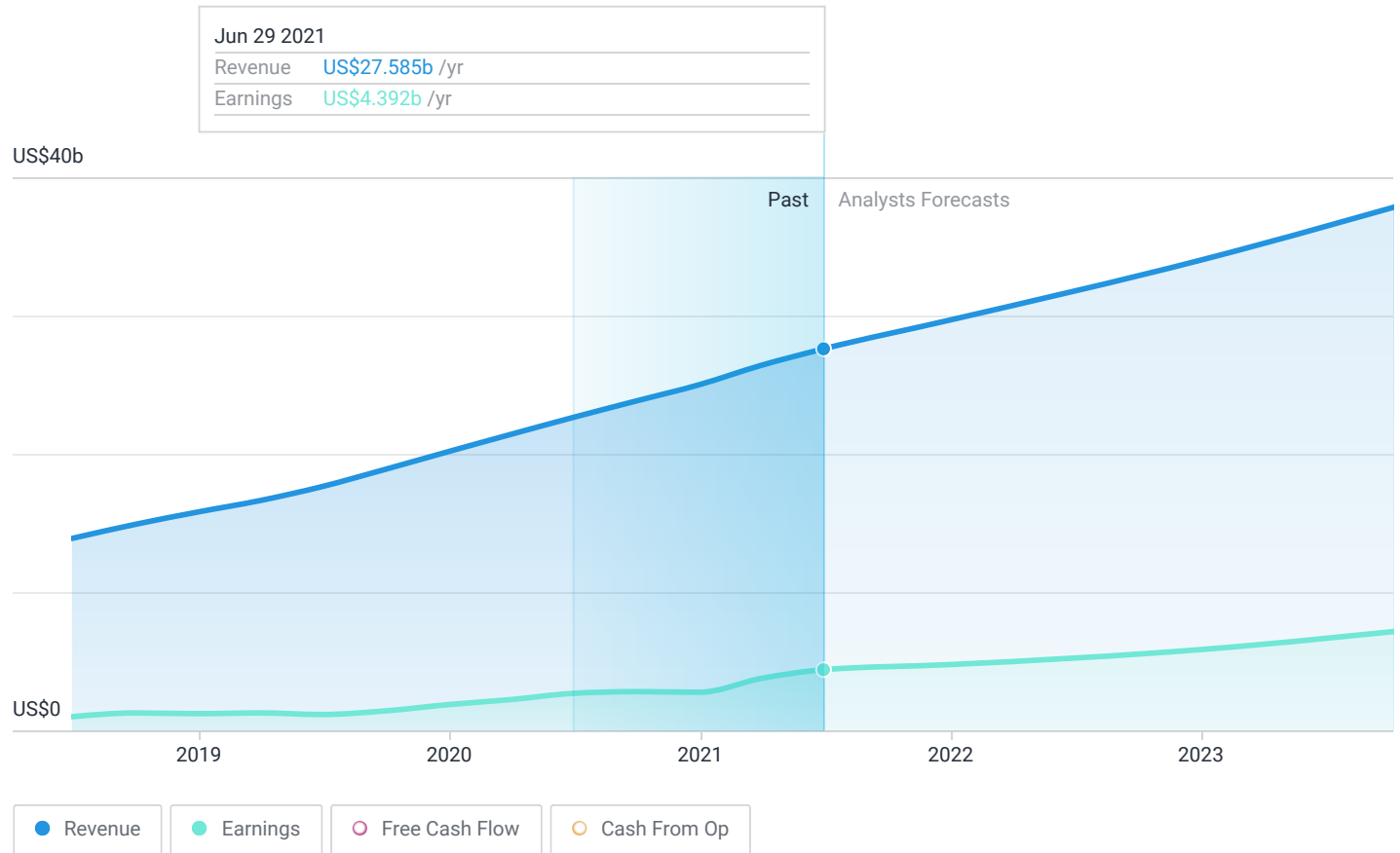


How is Netflix forecast to perform in the next 1 to 3 years based on estimates from 42 analysts?

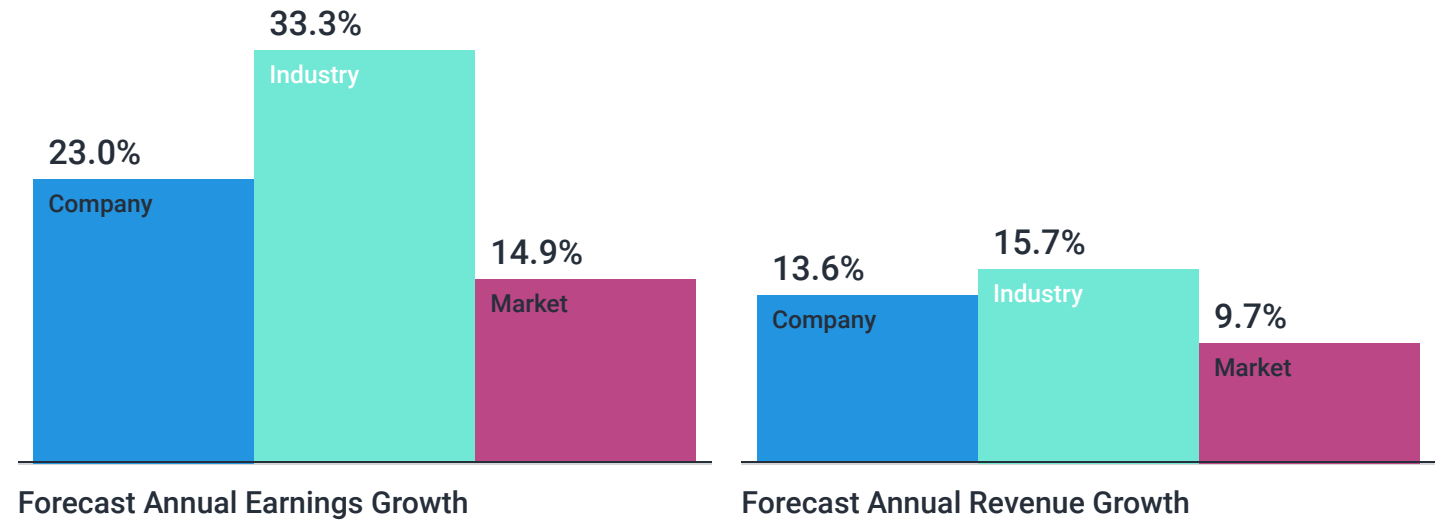
23.0%

Forecasted annual earnings growth

2.1 | Earnings and Revenue Growth Forecasts

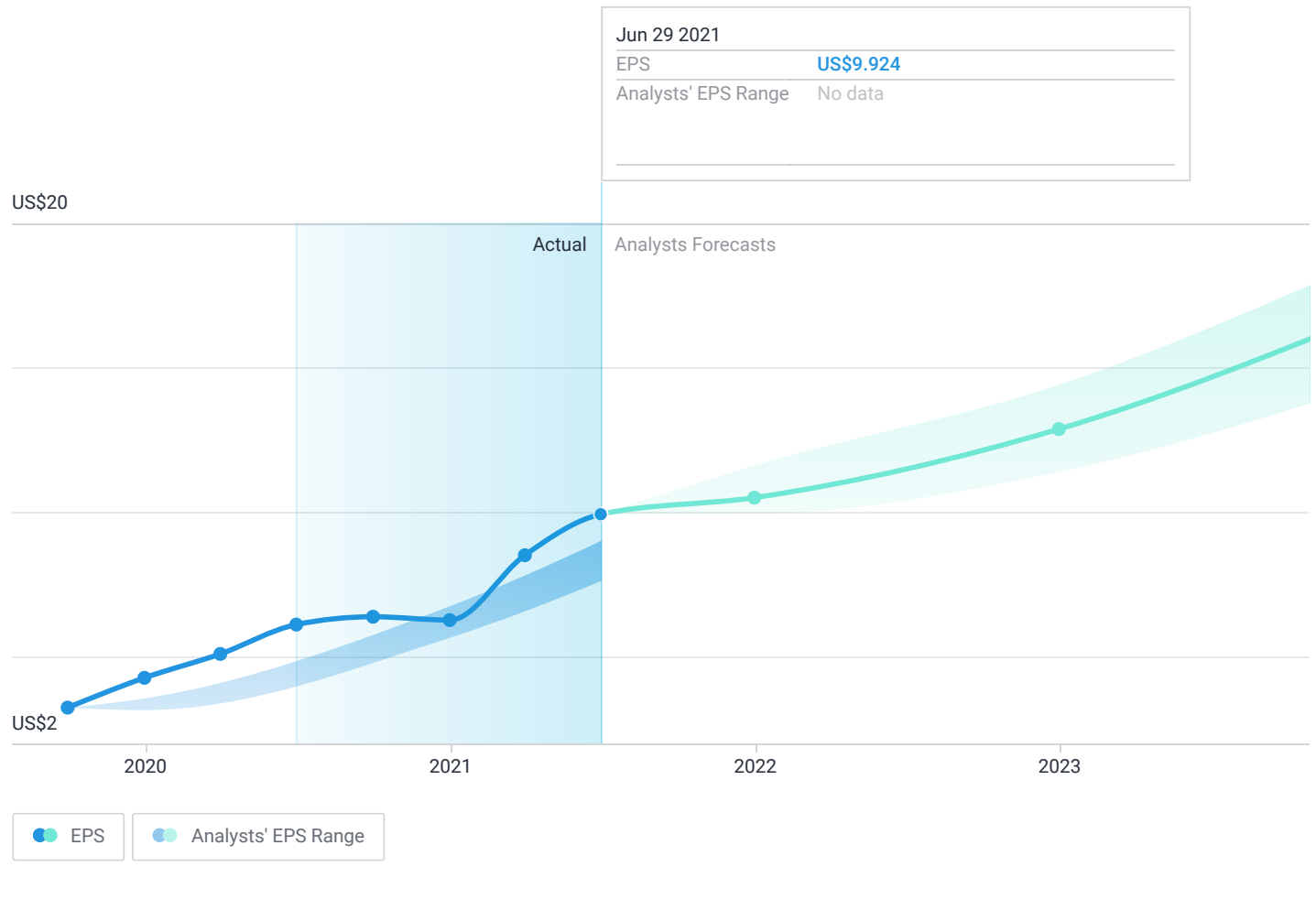


2.2 | Analyst Future Growth Forecasts

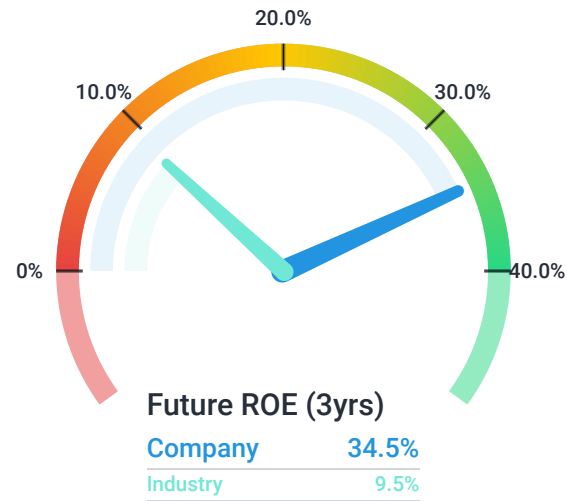


- ✔ **Earnings vs Savings Rate:** NFLX's forecast earnings growth (23% per year) is above the savings rate (2%).
 - ✔ **Earnings vs Market:** NFLX's earnings (23% per year) are forecast to grow faster than the US market (14.9% per year).
 - ✔ **High Growth Earnings:** earnings are expected to grow significantly over the next 3 years.
 - ✔ **Revenue vs Market:** NFLX's revenue (13.6% per year) is forecast to grow faster than the US market (9.7% per year).
 - ✘ **High Growth Revenue:** NFLX's revenue (13.6% per year) is forecast to grow slower than 20% per year.
-

2.3 Earnings per Share Growth Forecasts



2.4 | Future Return on Equity



✔ Future ROE: NFLX's Return on Equity is forecast to be high in 3 years time (34.5%)

3 | Past Performance

How has Netflix performed over the past 5 years?

51.0%

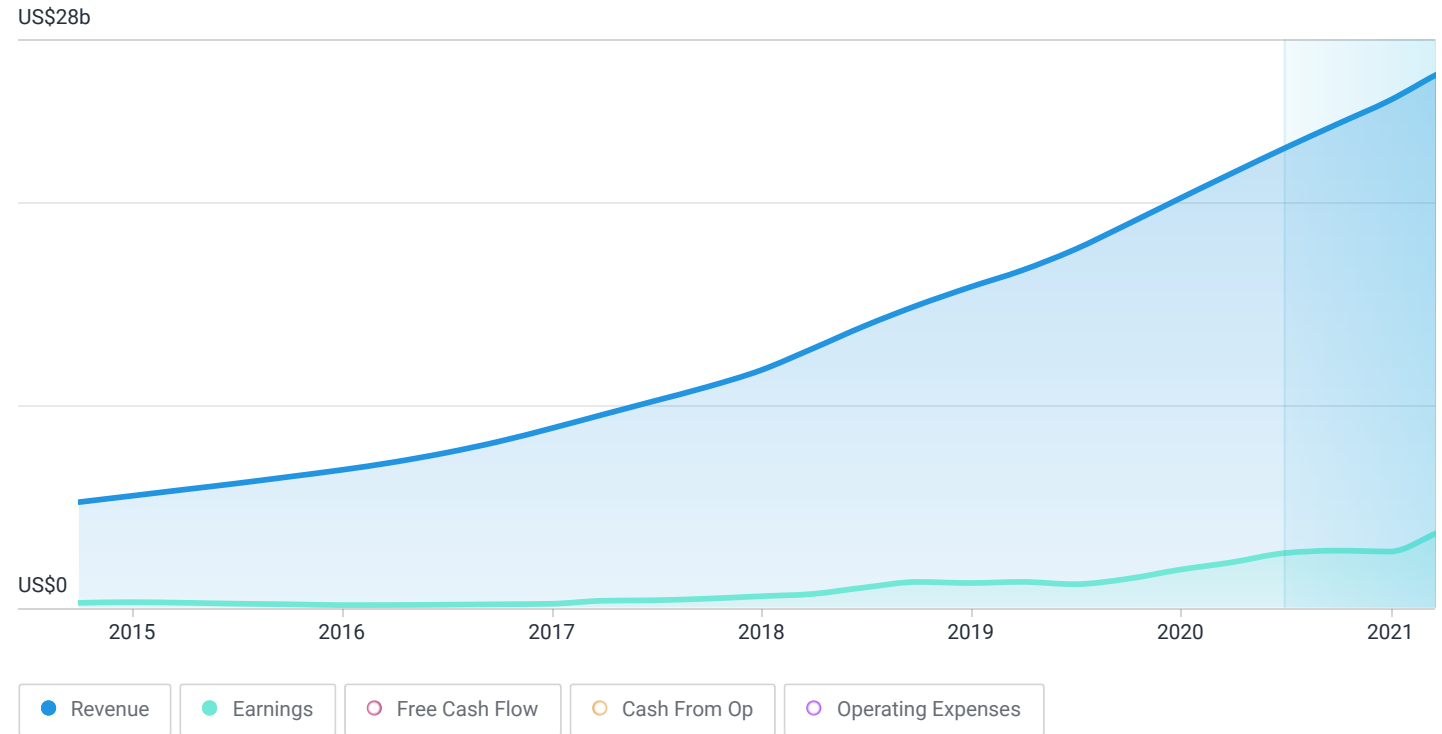
Historical annual earnings growth

Analysis Checks 5/6



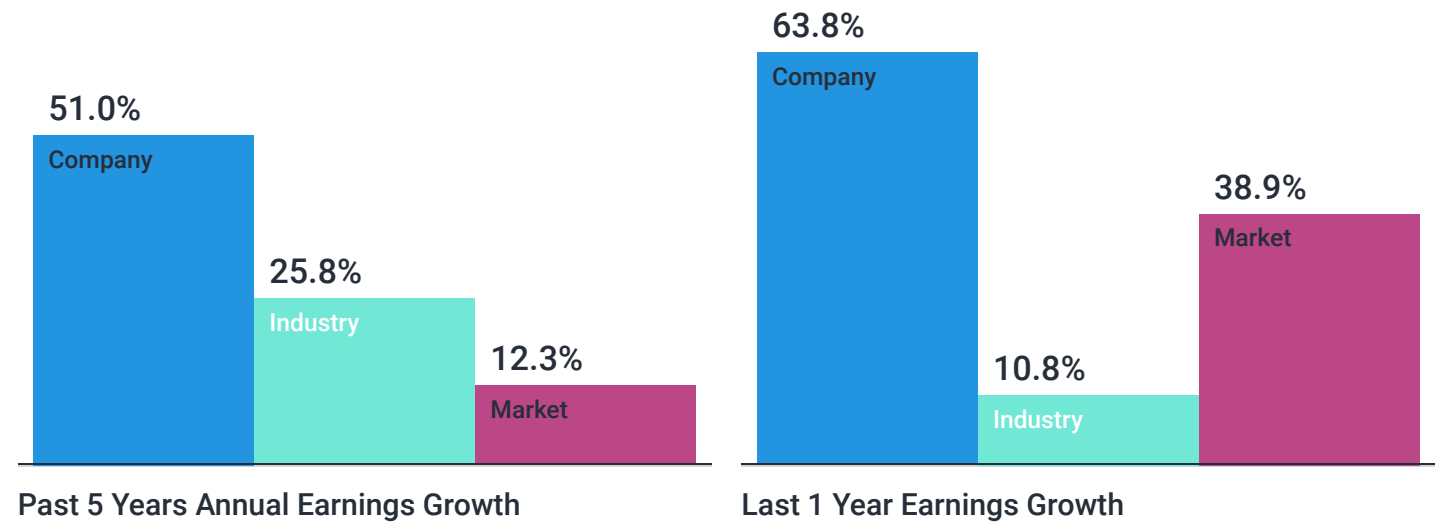
3.1 Earnings and Revenue History

Jun 29 2021	
Revenue	US\$27.585b /yr
Earnings	US\$4.392b /yr
	15.9% profit margin



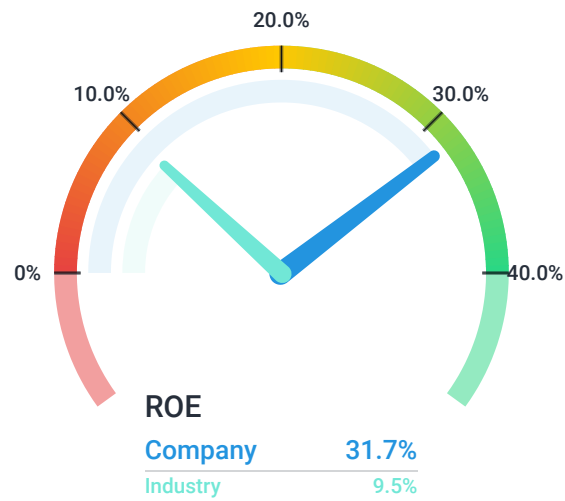
- ✔ Quality Earnings: NFLX has high quality earnings.
- ✔ Growing Profit Margin: NFLX's current net profit margins (15.9%) are higher than last year (11.9%).

3.2 | Past Earnings Growth Analysis



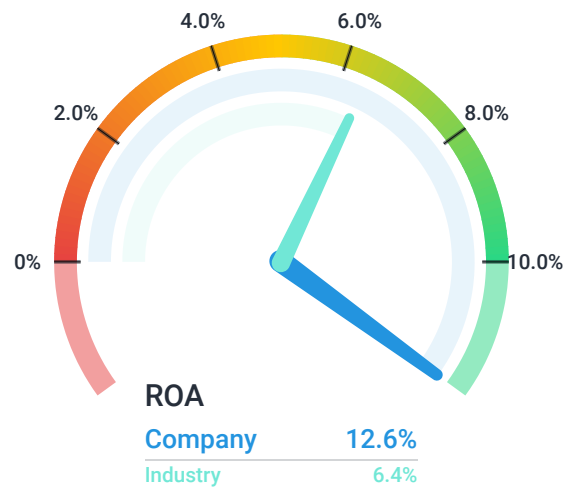
- ✓ **Earnings Trend:** NFLX's earnings have grown significantly by 51% per year over the past 5 years.
 - ✓ **Accelerating Growth:** NFLX's earnings growth over the past year (63.8%) exceeds its 5-year average (51% per year).
 - ✓ **Earnings vs Industry:** NFLX earnings growth over the past year (63.8%) exceeded the Entertainment industry 10.8%.
-

3.3 | Return on Equity

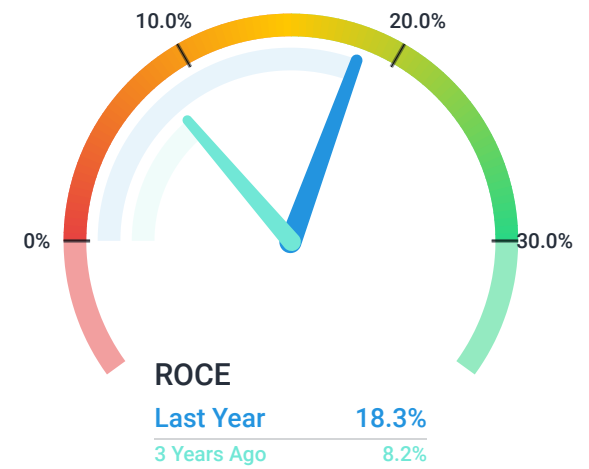


⊗ **High ROE:** Whilst NFLX's Return on Equity (31.68%) is high, this metric is skewed due to their high level of debt.

3.4 | Return on Assets



3.5 | Return on Capital Employed



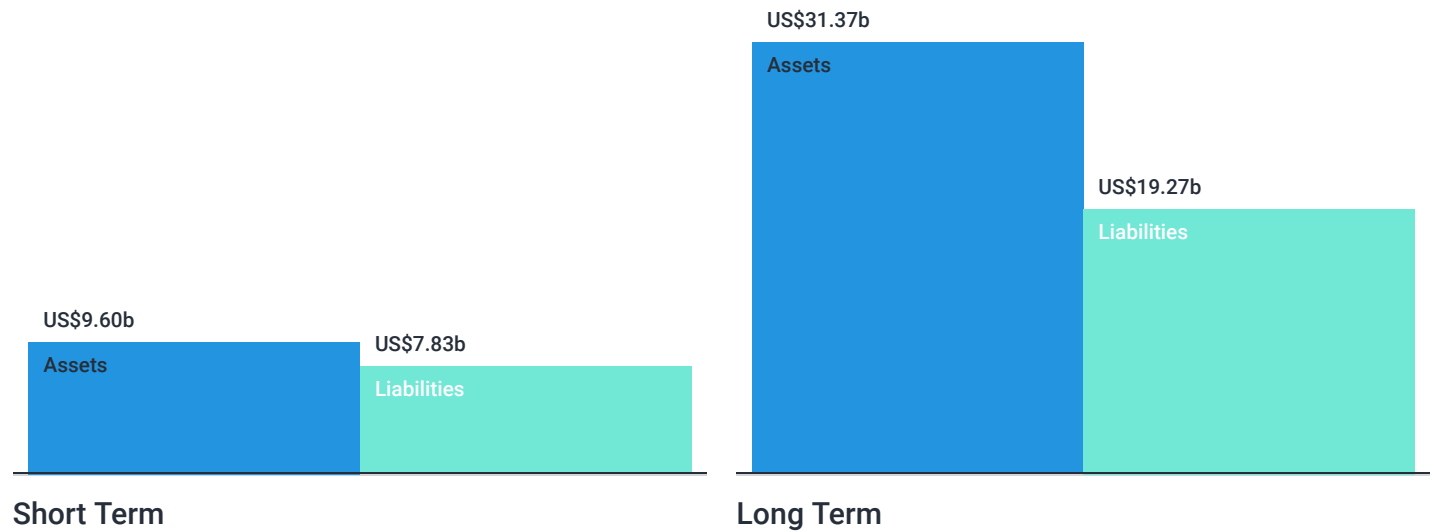
4 | Financial Health

Analysis Checks 2/6



How is Netflix's financial position?

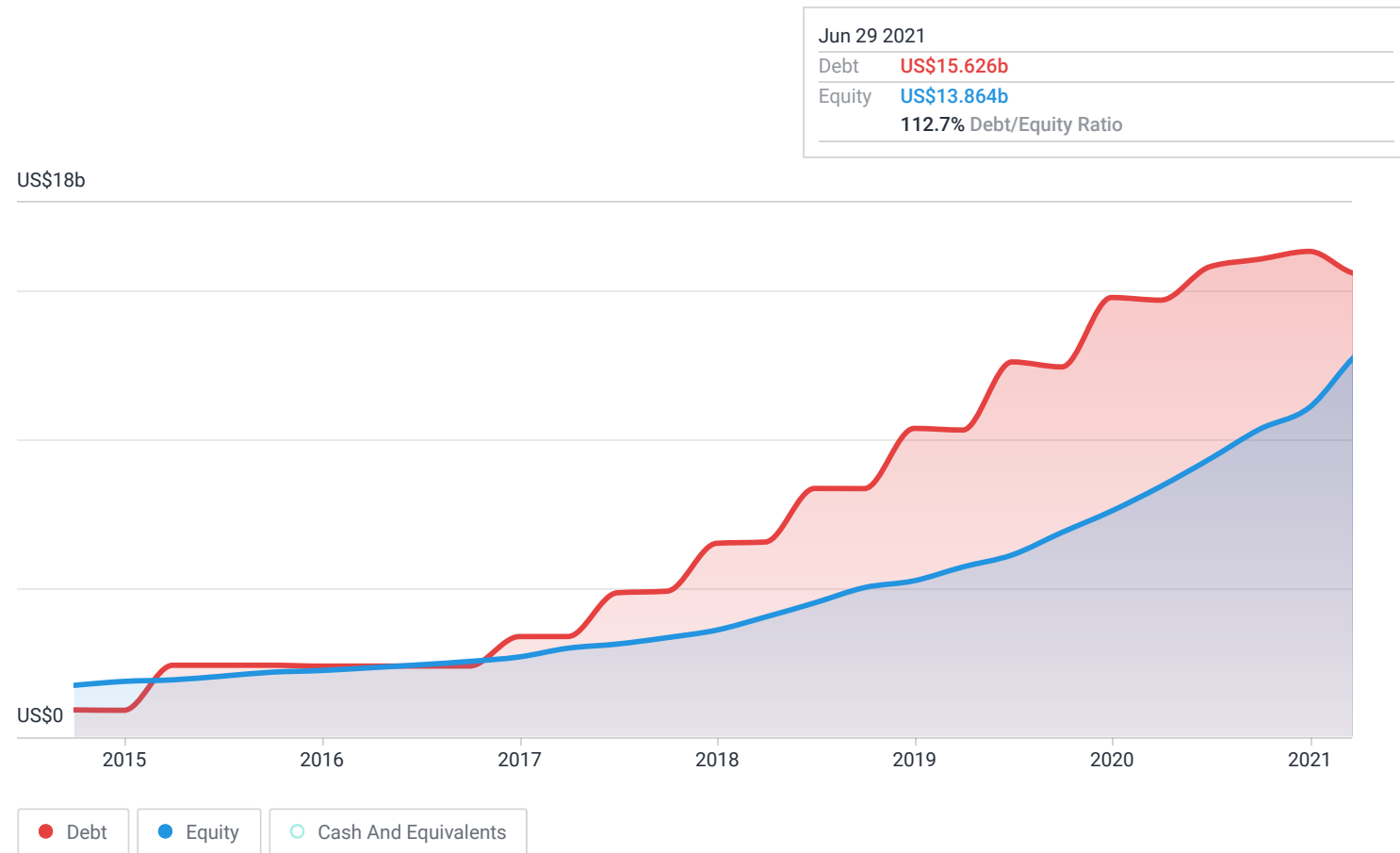
4.1 | Financial Position Analysis



✔ **Short Term Liabilities:** NFLX's short term assets (\$9.6B) exceed its short term liabilities (\$7.8B).

✘ **Long Term Liabilities:** NFLX's short term assets (\$9.6B) do not cover its long term liabilities (\$19.3B).

4.2 Debt to Equity History and Analysis



- ⊗ **Debt Level:** NFLX's debt to equity ratio (112.7%) is considered high.
- ⊗ **Reducing Debt:** NFLX's debt to equity ratio has increased from 97.4% to 112.7% over the past 5 years.
- ⊗ **Debt Coverage:** NFLX's debt is not well covered by operating cash flow (11.8%).
- ✓ **Interest Coverage:** NFLX's interest payments on its debt are well covered by EBIT (8x coverage).

4.3 | Balance Sheet

Assets

Long term & Other Assets US\$29.2b	Cash & Short term Investments US\$7.8b
	Physical Assets US\$3.2b
	Receivables

Liabilities + Equity

Debt US\$15.6b	Other Liabilities US\$10.9b
Equity US\$13.9b	
	Accounts Payable

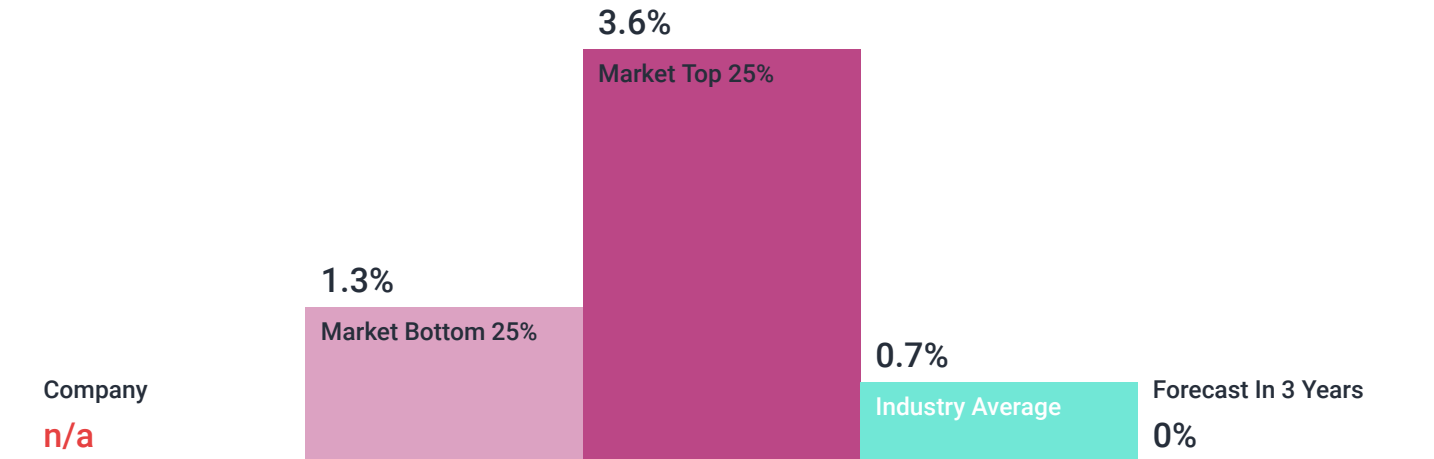
5 | Dividend

Analysis Checks 0/6



What is Netflix current dividend yield, its reliability and sustainability?

5.1 | Dividend Yield vs Market




Current Dividend Yield Vs Market & Industry

- ⊗ **Notable Dividend:** Unable to evaluate NFLX's dividend yield against the bottom 25% of dividend payers, as the company has not reported any recent payouts.
- ⊗ **High Dividend:** Unable to evaluate NFLX's dividend yield against the top 25% of dividend payers, as the company has not reported any recent payouts.

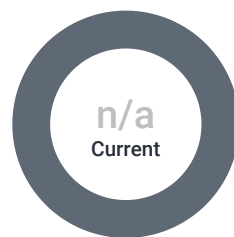
5.2 Stability and Growth of Payments




 **Stable Dividend:** Insufficient data to determine if NFLX's dividends per share have been stable in the past.

 **Growing Dividend:** Insufficient data to determine if NFLX's dividend payments have been increasing.

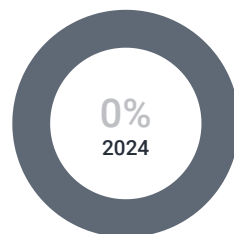
5.3 | Current Payout to Shareholders




No data

 **Dividend Coverage:** Insufficient data to calculate payout ratio to determine if its dividend payments are covered by earnings.

5.4 | Future Payout to Shareholders



Does not pay a dividend

 **Future Dividend Coverage:** No need to calculate the sustainability of NFLX's dividend in 3 years as they are not forecast to pay a notable one for the US market.

6 | Management

How experienced are the management team and are they aligned to shareholders interests?

2.3yrs

Average management tenure

6.1 | CEO

Wilmot Hastings (61 yo)

1.17yrs

Tenure

US\$43,226,024

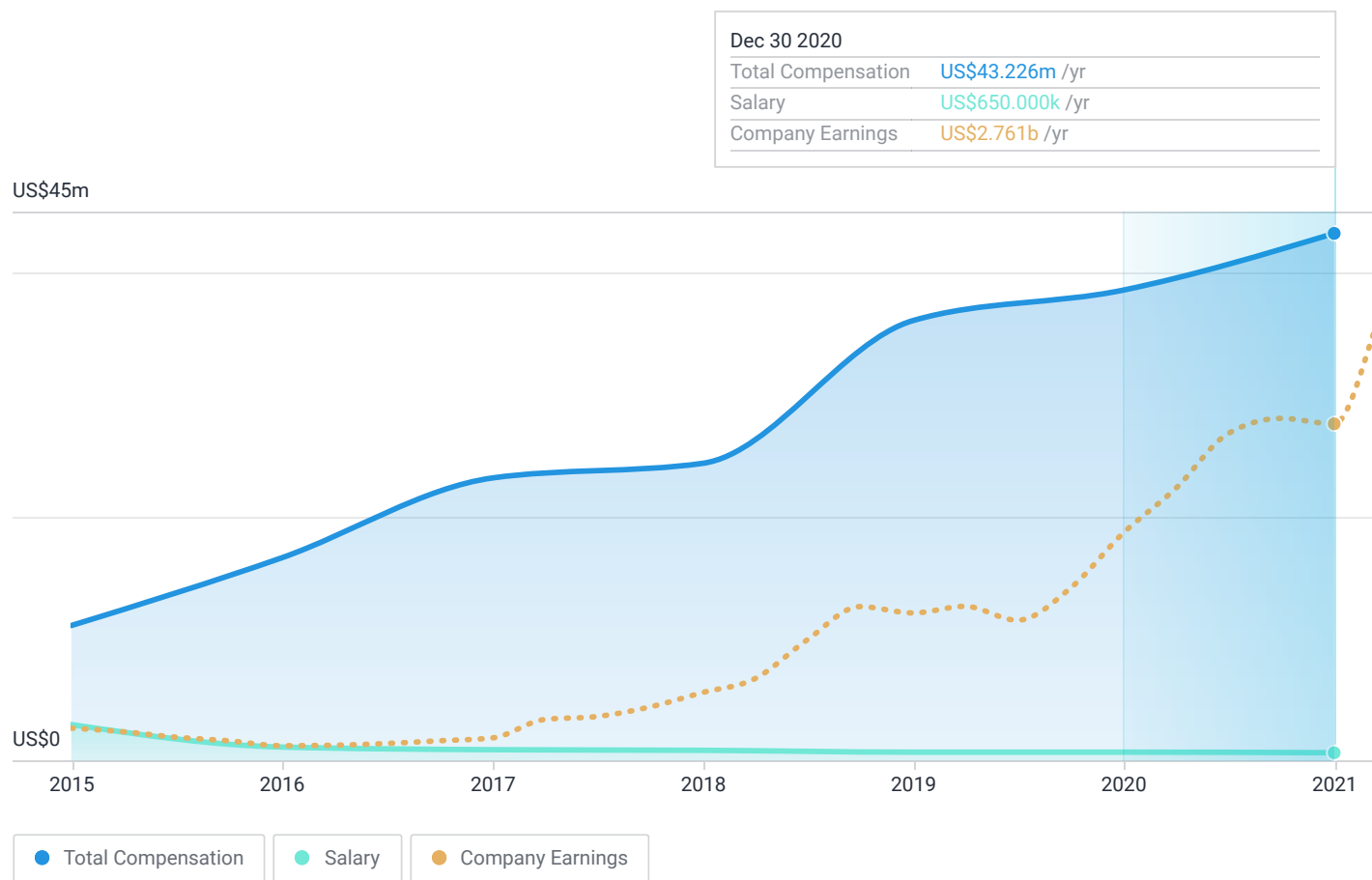
Compensation

Mr. Wilmot Reed Hastings, Jr., is President of Netflix, Inc. and has been its Chairman from 1997. Mr. Hastings co-founded Netflix in 1997. In 1991, Mr. Hastings founded Pure Software.

He served as Chief Executive Officer at Netflix, Inc. from September 1998 to July 2020 and serves as its Co-Chief Executive Officer since July 2020. He is an active educational philanthropist and served on the California State Board of Education from 2000 to 2004. He is on the board of several educational organizations including CCSA, KIPP and Pahara. He served as Director of Facebook since June 2011 until May 30, 2019.

He served as Director of DreamBox Learning, Inc. He was on the Board of Microsoft from 2007 to 2012. He received a BA from Bowdoin College in 1983, and an MSCS in Artificial Intelligence from Stanford University in 1988. Between Bowdoin and Stanford, he served in the Peace Corps as a high school math teacher in Swaziland.

6.2 CEO Compensation Analysis



❌ **Compensation vs Market:** Wilmot's total compensation (\$USD43.23M) is above average for companies of similar size in the US market (\$USD11.33M).

✅ **Compensation vs Earnings:** Wilmot's compensation has been consistent with company performance over the past year.

6.3 Leadership Team


Name	Position	Tenure	Compensation	Ownership
 Wilmot Hastings	Co-Founder	1.17yrs	US\$43.23m	1.11% \$ 2.9b
 Theodore Sarandos	Co-CEO, Chief Content Officer & Director	1.17yrs	US\$39.32m	0% \$ 0
 Spencer Neumann	Chief Financial Officer	2.67yrs	US\$12.94m	0% \$ 0
 Gregory Peters	COO & Chief Product Officer	1.17yrs	US\$20.81m	0.0030% \$ 7.7m
 David Hyman	Chief Legal Officer & Secretary	19.67yrs	US\$10.47m	0.0071% \$ 18.5m
 Rachel Whetstone	Chief Communications Officer	3.08yrs	US\$5.36m	0.000070% \$ 181.7k
 Spencer Wang	Vice President of Finance	6.67yrs	no data	no data
 Bozoma John	Chief Marketing Officer	1.08yrs	no data	no data
 William Holmes	Global Head of Business Development	no data	no data	no data
 Bela Bajaria	Head of Global TV	1.67yrs	no data	no data
 Christie Fleischer	Global Head of Consumer Products	3yrs	no data	no data
 Monika Shergill	Head of Series & International Originals - Netflix India	2.33yrs	no data	no data

2.3yrs













Average Tenure

52yo

Average Age

 **Experienced Management:** NFLX's management team is considered experienced (2.3 years average tenure).

6.4 | Board Members


Name	Position	Tenure	Compensation	Ownership
 Wilmot Hastings	Co-Founder	1.17yrs	US\$43.23m	1.11% \$ 2.9b
 Theodore Sarandos	Co-CEO, Chief Content Officer & Director	1.17yrs	US\$39.32m	0% \$ 0
 Jay Hoag	Lead Independent Director	no data	US\$376.94k	0.14% \$ 351.1m
 Timothy Haley	Independent Director	23.25yrs	US\$376.94k	0% \$ 0
 Richard Barton	Independent Director	19.33yrs	US\$376.94k	0.0016% \$ 4.3m
 Ann Mather	Independent Director	11yrs	US\$376.94k	0% \$ 0
 Leslie Kilgore	Independent Director	9.67yrs	US\$376.94k	0.0080% \$ 20.6m
 Mathias Dopfner	Independent Director	3yrs	US\$377.20k	0.000010% \$ 26.0k
 Strive Masiyiwa	Independent Director	0.75yr	no data	0% \$ 0
 Bradford Smith	Independent Director	6.5yrs	US\$376.94k	0.0015% \$ 3.8m
 Anne Sweeney	Independent Director	6.5yrs	US\$376.94k	0% \$ 0
 Rodolphe Belmer	Independent Director	3.67yrs	US\$377.18k	0% \$ 0

6.5yrs

Average Tenure

60.5yo

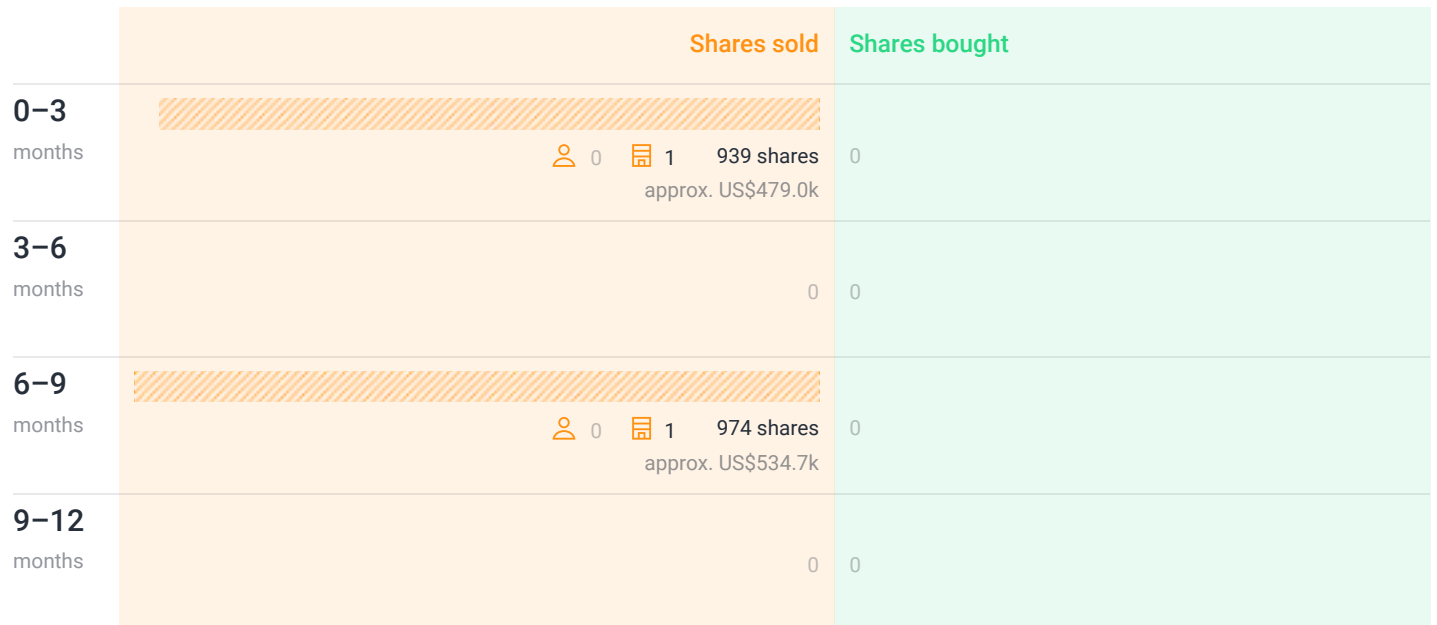
Average Age

 **Experienced Board:** NFLX's board of directors are considered experienced (6.5 years average tenure).

7 | Ownership

Who are the major shareholders and have insiders been buying or selling?

7.1 | Insider Trading Volume




● Sold By Individuals

● Bought By Individuals

● Sold By Companies

● Bought By Companies

 **Insider Buying:** Insufficient data to determine if insiders have bought more shares than they have sold in the past 3 months.

7.2 | Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
02 Aug 21	Sell US\$479,042	TCMI Inc.	Company		939	US\$510.16
02 Feb 21	Sell US\$534,661	TCMI Inc.	Company		974	US\$548.93

NasdaqGS:NFLX Recent Insider Transactions by Companies or Individuals

7.3 | Ownership Breakdown

Private Companies 0.0005%

2,067 shares

State or Government 0.04%

189,917 shares

Individual Insiders 1.3%

5,629,747 shares

General Public 17.2%

76,048,964 shares

Institutions 81.5%




















360,725,193 shares



✔ Dilution of Shares: Shareholders have not been meaningfully diluted in the past year.

7.4 | Top Shareholders

Top 25 shareholders own 57.7% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
14.1%	Capital Research and Management Company	62,421,243	\$36.6b	5.24%	1.79%	
7.54%	The Vanguard Group, Inc.	33,372,371	\$19.6b	0.34%	0.38%	
6.16%	BlackRock, Inc.	27,242,579	\$16.0b	-5.43%	0.32%	
4.02%	FMR LLC	17,800,483	\$10.4b	-5.62%	0.7%	
3.89%	T. Rowe Price Group, Inc.	17,204,967	\$10.1b	-11.85%	0.81%	
3.64%	State Street Global Advisors, Inc.	16,112,594	\$9.5b	1.7%	0.18%	
1.84%	Baillie Gifford & Co.	8,131,206	\$4.8b	-0.69%	1.21%	
1.55%	Geode Capital Management, LLC	6,874,069	\$4.0b	1.8%	0.47%	
1.48%	Jennison Associates LLC	6,530,410	\$3.8b	-10.75%	2.16%	
1.36%	Magellan Asset Management Limited	6,008,063	\$3.5b	16.48%	5.64%	
1.19%	Sands Capital Management, LLC	5,245,255	\$3.1b	0.26%	4.69%	
1.11%	Wilmot Hastings  	4,922,392	\$2.9b	0%	no data	
1.06%	Northern Trust Global Investments	4,693,056	\$2.8b	-1.67%	0.44%	
1.03%	Norges Bank Investment Management	4,541,072	\$2.7b	0%	0.25%	
0.99%	Edgewood Management LLC	4,388,098	\$2.6b	14.65%	3.44%	
0.9%	Fisher Investments	3,983,421	\$2.3b	3.92%	1.42%	
0.87%	Morgan Stanley, Investment Banking and Brokerage Investments	3,843,786	\$2.3b	21.56%	0.38%	

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
0.8%	BNY Mellon Asset Management	3,532,291	\$2.1b	-1.13%	0.38%	
0.68%	Janus Henderson Group plc	2,987,624	\$1.8b	-8.21%	0.59%	
0.64%	Eagle Capital Management, LLC	2,820,623	\$1.7b	86.9%	4.42%	
0.62%	J.P. Morgan Asset Management, Inc.	2,765,845	\$1.6b	-18.42%	0.21%	
0.6%	UBS Asset Management	2,637,873	\$1.5b	5.58%	0.22%	
0.58%	Legal & General Investment Management Limited	2,563,099	\$1.5b	8.23%	0.39%	
0.55%	Polen Capital Management, LLC	2,439,314	\$1.4b	3.94%	2.53%	
0.53%	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	2,337,073	\$1.4b	-15.15%	0.35%	

8 | Company Information

Netflix, Inc.'s employee growth, exchange listings and data sources

8.1 | Key Information



Name: **Netflix, Inc.**

Ticker: **NFLX**

Exchange: **NasdaqGS**

Founded: **1997**

Industry: **Movies and Entertainment**

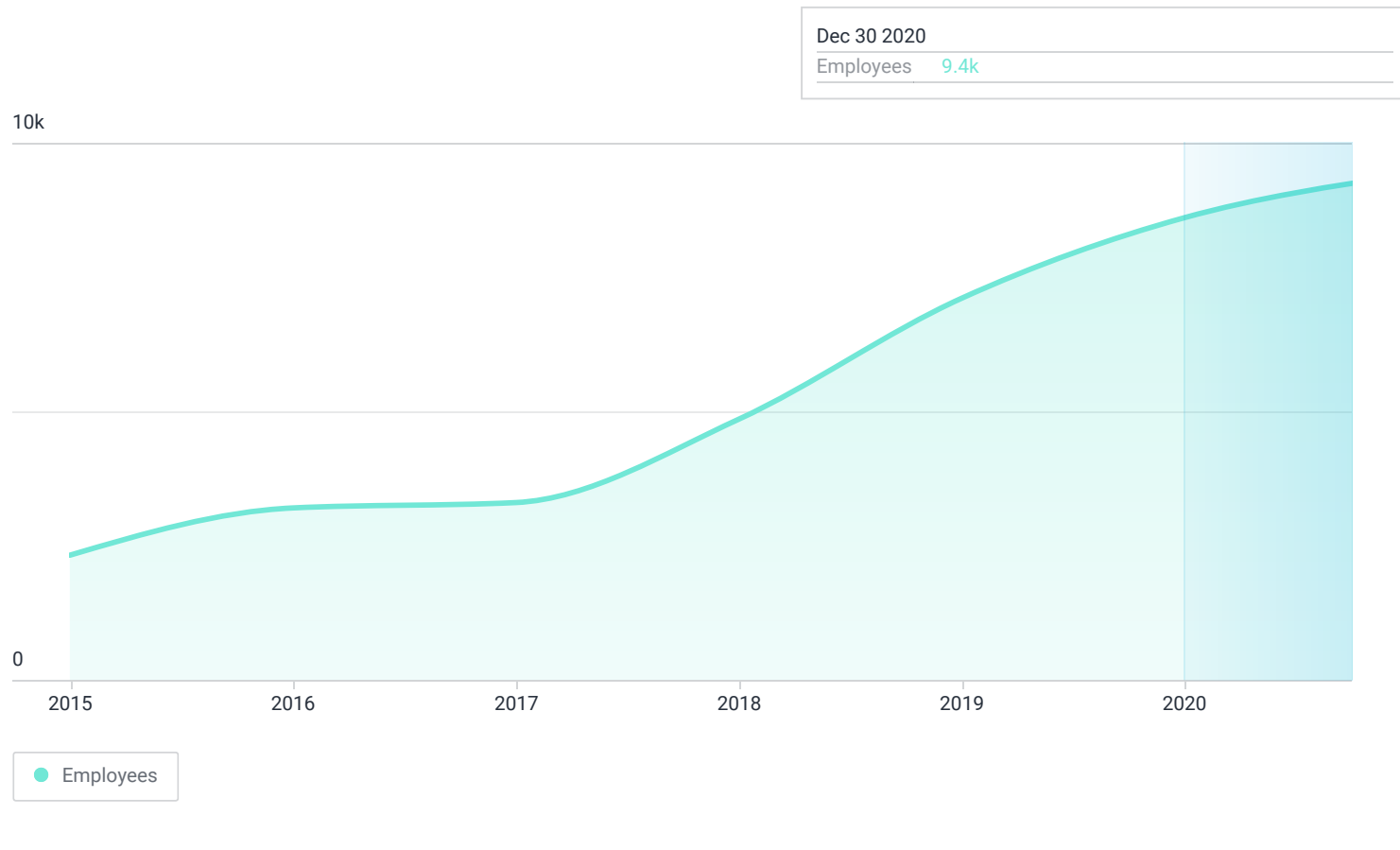
Sector: **Media**

Market Cap: **US\$259.582b**

Shares outstanding: **442.60m**

Website: <https://www.netflix.com>

8.2 | Number of Employees



8.3 | Location



Netflix, Inc.
100 Winchester Circle
Los Gatos
California
95032
United States



8.4 Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
NFLX	NasdaqGS (Nasdaq Global Select)	Yes	Common Stock	US	USD	May 2002
NFC	XTRA (XETRA Trading Platform)	Yes	Common Stock	DE	EUR	May 2002
NFC	DB (Deutsche Boerse AG)	Yes	Common Stock	DE	EUR	May 2002
NFLX *	BMV (Bolsa Mexicana de Valores)	Yes	Common Stock	MX	MXN	May 2002
NFLX	SWX (SIX Swiss Exchange)	Yes	Common Stock	CH	CHF	May 2002
0QYI	LSE (London Stock Exchange)	Yes	Common Stock	GB	USD	May 2002
NFLX	BIT (Borsa Italiana)	Yes	Common Stock	IT	EUR	May 2002
NFLX	WBAG (Wiener Boerse AG)	Yes	Common Stock	AT	EUR	May 2002
NFLX	BVL (Bolsa de Valores de Lima)	Yes	Common Stock	PE	USD	May 2002
NFLX	UKR (PFTS Ukraine Stock Exchange)	Yes	Common Stock	UA	UAH	May 2002
NFC	BUL (Bulgaria Stock Exchange)	Yes	Common Stock	BG	EUR	May 2002
NFLX34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH 50 REP 1 COM	BR	BRL	Aug 2012
NFLX	BASE (Buenos Aires Stock Exchange)		CEDEAR EACH 16 REP 1 COM USD0.001 (USD)	AR	ARS	Apr 2019

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
NFLX	NEOE (Aequitas Neo Exchange)		NETFLIX CDR CAD	CA	CAD	Aug 2021

8.5 | Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/09/16 22:48
End of Day Share Price	2021/09/16 00:00
Earnings	2021/06/30
Annual Earnings	2020/12/31