

# NETFLIX, INC. NDQ-NFLX

RECENT PRICE **437.49** P/E RATIO **NMF (Trailing:NMF Median:NMF)** RELATIVE P/E RATIO **NMF** DIV'D YLD **Nil** VALUE LINE

<b>TIMELINESS</b> 1 Raised 5/1/20	High: 8.8, 29.9, 43.5, 19.1, 55.6, 69.9, 133.3, 129.3, 204.4, 423.2, 386.0, 449.5	LEGENDS --- 12.0 x "Cash Flow" p sh ... Relative Price Strength 7-for-1 split 7/15 Options: Yes Shaded area indicates recession		Target Price Range 2023 2024 2025 ----- ----- ----- ----- ----- -----
<b>SAFETY</b> 3 Raised 8/22/08	Low: 4.1, 6.9, 8.9, 7.5, 13.0, 42.8, 45.3, 79.9, 124.3, 195.4, 252.3, 290.3			
<b>TECHNICAL</b> 3 Lowered 5/1/20				
<b>BETA</b> 1.25 (1.00 = Market)				
<b>18-Month Target Price Range</b>				
Low-High Midpoint (% to Mid)				
\$294-\$603 \$449 (5%)				
<b>2023-25 PROJECTIONS</b>				
Price Gain Ann'l Total				
High 660 499 633				
Low 440 (Nil) Nil				
<b>Institutional Decisions</b>				
2Q2019 3Q2019 4Q2019				
to Buy 660 499 633				
to Sell 617 840 680				
Hld's(000) 349519 357794 359157				
Percent shares traded	180	120	60	
				% TOT. RETURN 3/20 1 yr. 5.3 3 yr. 154.0 5 yr. 530.8

Netflix, Inc. was launched in 1999 and began renting movies in DVD format through its website. On May 22, 2002, it went public with an initial public offering of 5,500,000 shares at a price of \$7.50 per share (split adjusted). The offering was underwritten by Merrill Lynch, Thomas Weisel Partners LLC, and U.S. Bancorp Piper Jaffray.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
	5.85	8.26	9.28	10.48	13.02	15.84	20.53	26.98	36.18	45.93	55.05	63.35	Revenues per sh	84.45
	1.35	2.75	4.42	5.68	7.12	8.58	11.89	16.08	20.31	25.49	31.00	37.05	"Cash Flow" per sh	48.90
	.42	.59	.04	.30	.53	.28	.43	1.43	2.68	4.13	6.30	8.10	Earnings per sh A	10.00
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	.43	.35	.23	.29	.34	.21	.25	.40	.40	.58	.60	.65	Cap'l Spending per sh	.90
	.79	1.66	1.91	3.20	4.39	5.20	6.23	8.27	12.00	17.28	24.25	35.80	Book Value per sh	57.80
	369.47	387.79	389.11	417.25	422.91	427.94	430.05	433.39	436.60	438.81	445.00	450.00	Common Shs Outst'g B	450.00
	39.5	46.4	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Avg Ann'l P/E Ratio	55.0
	2.51	2.91	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Relative P/E Ratio	3.05

<b>CAPITAL STRUCTURE</b> as of 12/31/19 Total Debt \$14759.3 mill. Due in 5 Yrs \$4287 mill. LT Debt \$14759.3 mill. LT Interest \$626.0 mill. (Total Interest Covered: 2.9x) (66% of Cap'l)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Revenues (\$mill) D	38000
	2162.6	3204.6	3609.3	4374.6	5504.7	6779.5	8830.7	11693	15794	20156	24500	28500	Operating Margin	63.0%
	28.5%	37.9%	48.5%	56.5%	57.9%	56.8%	60.1%	61.3%	58.6%	59.2%	60.0%	60.5%	Depreciation (\$mill) C	17500
	338.7	839.6	1702.1	2241.7	2781.8	3547.0	4925.0	6330.4	7656.5	9319.8	11000	13000	Net Profit (\$mill)	4500
	160.9	226.1	17.2	128.3	228.2	122.6	186.7	638.0	1211.2	1866.9	2785	3665	Income Tax Rate	25.0%
	39.9%	37.1%	43.7%	25.0%	34.7%	13.6%	28.3%	--	1.2%	9.5%	10.0%	10.0%	Net Profit Margin	12.2%
	7.4%	7.1%	5%	2.9%	4.1%	1.8%	2.1%	5.5%	7.7%	9.3%	10.8%	12.9%	Working Cap'l (\$mill)	2500
	252.4	605.8	564.9	904.6	1277.3	1902.2	1133.6	2203.7	3206.8	d677.2	1500	1650	Long-Term Debt (\$mill)	26000
	200.0	400.0	400.0	500.0	900.0	2371.4	3364.3	6499.4	10360	14759	17000	21000	Shr. Equity (\$mill)	26000
	290.2	642.8	744.7	1333.6	1857.7	2223.4	2679.8	3582.0	5238.8	7582.2	10800	16100	Return on Total Cap'l	10.5%

<b>MARKET CAP:</b> \$192 billion (Large Cap)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Return on Shr. Equity	17.5%
	55.4%	35.2%	2.3%	9.6%	12.3%	5.5%	7.0%	17.8%	23.1%	24.6%	26.0%	23.0%	Retained to Com Eq	17.5%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil
	Cash Assets	2822.8	3794.5	5018.4	<b>BUSINESS:</b> Netflix, Inc. is the world's largest digital television network serving approximately 167 million paid streaming memberships in over 190 countries, as of 12/31/19. Additionally, members in the United States can rent DVDs by mail. At year-end 2019, it began to report in only one segment. Approximate revenue breakdown in 2019: International 53%, Domestic 47%. Has about 8,600 employees. Officers and directors own 3.7% of common stock; The Vanguard Group, Inc., 7.2%; BlackRock, Inc., 6.2%; FMR LLC, 5.9%; Capital Research Global Investors, 5.9% (4/19 proxy). Chairman & Chief Executive Officer: Reed Hastings. Incorporated: Delaware. Address: 100 Winchester Circle, Los Gatos, California 95032. Telephone: (408) 540-3700. Internet: www.netflix.com.									
	Receivables	--	-0.1	--	<b>Netflix is, ironically, thriving because of the coronavirus.</b> In addition to closing most workplaces, COVID-19 has caused the shutdown of public entertainment and sports leagues around the country. Also, since people are not leaving their homes, the demand for most streaming services has soared. This has been reflected in the price of the company's stock. Year to date, the value of NFLX has increased over 30% and reached new highs. By comparison, the S&P 500 Index has declined approximately 13%. <b>Indeed, Netflix is sort of distinguishing itself from the rest of the pack.</b> Although it is no longer the only game in town (more below) and the company does not release specific viewership figures, some polls show Netflix to be most consumers' go-to streaming service. <b>Growth is coming mostly from the international side of the business.</b> Of the nearly 28 million new subscribers gained in 2019, only about three million were from the United States and Canada. As more foreign shows are produced, the international side of the business should remain the driving force.									
	Other	4847.2	5899.7	1160.1										
	Current Assets	7670.0	9694.1	6178.5										
	Accts Payable	359.6	563.0	674.3										
	Debt Due	--	--	--										
	Other	5106.7	5924.3	6181.4										
Current Liab.	5466.3	6487.3	6855.7											

<b>ANNUAL RATES</b> Past of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25			
	26.5%	27.0%	15.0%			
	38.5%	29.0%	15.5%			
	30.0%	57.0%	24.0%			
	--	--	Nil			
Book Value	32.0%	31.5%	29.0%			
<b>QUARTERLY REVENUES</b> (\$ mill.) <sup>D</sup>	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
	2017	2636.6	2785.5	2984.9	3285.7	11692.7
	2018	3700.8	3907.8	3999.4	4186.8	15794.3
	2019	4521.0	4923.1	5244.9	5467.4	20156.4
	2020	5768	6000	6232	6500	24500
2021	6800	7000	7200	7500	28500	
<b>EARNINGS PER SHARE</b> A D	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
	2017	.40	.15	.29	.59	1.43
	2018	.64	.85	.89	.30	2.68
	2019	.76	.60	1.47	1.30	4.13
	2020	1.57	1.83	2.00	1.10	6.30
2021	2.00	2.00	2.70	1.40	8.10	
<b>QUARTERLY DIVIDENDS PAID</b>	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
	2016	NO CASH DIVIDENDS BEING PAID				
	2017	NO CASH DIVIDENDS BEING PAID				
	2018	NO CASH DIVIDENDS BEING PAID				
	2019	NO CASH DIVIDENDS BEING PAID				
2020	NO CASH DIVIDENDS BEING PAID					

(A) Diluted earnings. Excludes nonrecurring gains/(losses): '13, 4c; '14, 9c; '17, 18c. Next earnings report due in late July.  
(B) In millions, adjusted for split.  
(C) Content library being amortized: At 12/31/19, \$9.2 bill.  
(D) Totals in quarterly revenues may not sum or differ from array due to rounding.

Company's Financial Strength A+  
Stock's Price Stability 25  
Price Growth Persistence 95  
Earnings Predictability 35

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