

Netflix, Inc. (NFLX): Equity Valuation & Fundamental Analysis – 2024



Analysed by: Aswin Chidambaram Valuation Date: November 10, 2025

1. Executive Summary

This report details a 3-statement model and Discounted Cash Flow (DCF) valuation performed on **November 10, 2025**. The analysis uses the most recent full-year financial data from Netflix's **Fiscal Year 2024 10-K** (published Jan 27, 2025) to determine its fundamental intrinsic value.

The analysis resulted in a **fundamental value of \$510.68 per share**.

On the valuation date, Netflix's stock was trading at **\$1123.95 per share**. This implies the stock is **fundamentally overvalued by 110%**. The market price appears to be driven by speculative momentum that is disconnected from the company's underlying cash flow generation potential.

A strong Sell recommendation is initiated.

2. Company & Industry Overview

Netflix is the global leader in the "over-the-top" (OTT) subscription video-on-demand (SVOD) industry. Operating in the media and entertainment sector, the company has fundamentally shifted consumer preferences from traditional linear television to on-demand content. It faces intense and increasing competition from diversified, well-capitalized giants like Amazon (Prime Video) and Disney (Disney+).

3. Key Operating Assumptions (Forecast 2025-2028)

The 3-statement model was projected for 4 years based on the 2024 10-K data. Projections were benchmarked against historical (YoY) performance and industry averages:

- **Revenue Growth:** Projected at **11.42%** in 2025, reflecting market saturation and competition, before slowing modestly through 2028.
- **Operating Margin:** Forecasted to be **21.9%** in 2025, expanding to **22.2%** by 2028, reflecting ongoing (but slowing) operating leverage.

4. Valuation Methodology (Unlevered DCF)

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The intrinsic value was derived from a 4-year Unlevered DCF. The key valuation inputs were sourced from US market data to reflect the company's primary market and risk profile:

- **Weighted Average Cost of Capital (WACC): 8.91%**
 - *Risk-Free Rate (US): 4.15% (Source: US Treasury)*
 - *Beta (Source: Yahoo Finance): 1.05*
 - *Market Risk Premium (US): 4.90%*
- **Perpetuity Growth Rate (g): 4.15%**
 - *This was set equal to the long-term US risk-free rate, serving as a conservative proxy for stable, long-term global economic growth.*

5. Valuation Summary

The Implied Enterprise Value is the sum of the present value (PV) of the 4-year Unlevered Free Cash Flows (UFCF) and the PV of the Terminal Value.

Intrinsic Value Calculation (Figures in \$ Millions)

Description	Value
PV of 4-Year Unlevered Free Cash Flows	\$29,449
PV of Terminal Value	\$173,759
Implied Enterprise Value (EV)	\$203,207
<i>Add: Cash & Cash Equivalents</i>	\$35,269
<i>Less: Total Debt</i>	(\$6,077)
Implied Equity Value	\$232,399
Diluted Shares Outstanding (2024 10-K)	455.08
Intrinsic Value Per Share (Base Case)	\$510.68
<i>Current Market Price (as of 10-Nov-2025)</i>	\$1123.95
<i>Downside / (Upside)</i>	(54.6%)

6. Sensitivity Analysis & Final Conclusion

A sensitivity analysis was performed on the two most critical assumptions: WACC and the Perpetuity Growth Rate (g).

Implied Price Per Share - Sensitivity Matrix

PERPETUITY GROWTH RATE (G)

WACC	3.75%	4.15% (Base)	4.75%
8.50%	\$516.74	\$553.98	\$624.73
8.91% (BASE)	\$480.00	\$510.68	\$568.61
9.50%	\$436.34	\$460.68	\$504.86

Final Conclusion: This analysis, using the 2024 fiscal data, demonstrates a significant and clear disconnect between the company's fundamental value and its current market price.

The sensitivity analysis confirms this thesis. The market price of **\$1123.95** is not just outside the base-case value; it is **80% higher than the most optimistic scenario** in this entire matrix (\$624.73). This suggests the market is pricing in growth and risk assumptions that are not supported by a fundamental analysis of the company's own historical data.

7. View Full Model

DCF Analysis				
(in thousands)	2025	2026	2027	2028
UFCF	72,26,099.3491	85,90,634.7954	98,51,221.4595	1,11,81,473.4972
Discounting Factor	0.918163061	0.843023406	0.77403295	0.710688463
No of Years	1	2	3	4
PV of UFCF	66,34,737.49	72,42,106.20	76,25,170.01	79,46,544.21
Sum of PV	2,94,48,557.92			
Terminal Value	24,44,93,404.07			
PV of Terminal value	17,37,58,641.50		•	
Enterprise Value	20,32,07,199.42			
Debt	60,77,351.00			
Cash	3,52,69,151.00			
Equity Value / Intrinsic Value	23,23,98,999.42			
Netflix Diluted Outstanding Share on MAR 2024	455080			
Intrinsic Value per Share	510.68			

The complete 3-statement model, with all supporting schedules and analyses, is available for review on GitHub.

[Click Here to View the Full Model:

<https://github.com/Aswin-Chidambaram/Netflix-Financial-Model-DCF-Valuation->