

Netflix 2017 Stock Profile

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Content

This presentation is intended to include easy to interpret visualisations of:

- Netflix's (NFLX) Stock Price,
- A summary of its revenue
- A comparison of Yahoo's estimates of performance of earnings per share to reality
- How NFLX fared compared to the rest of the stock market (represented through the Dow Jones average)

This should enable financial analysts to assess the risks of Netflix stock.

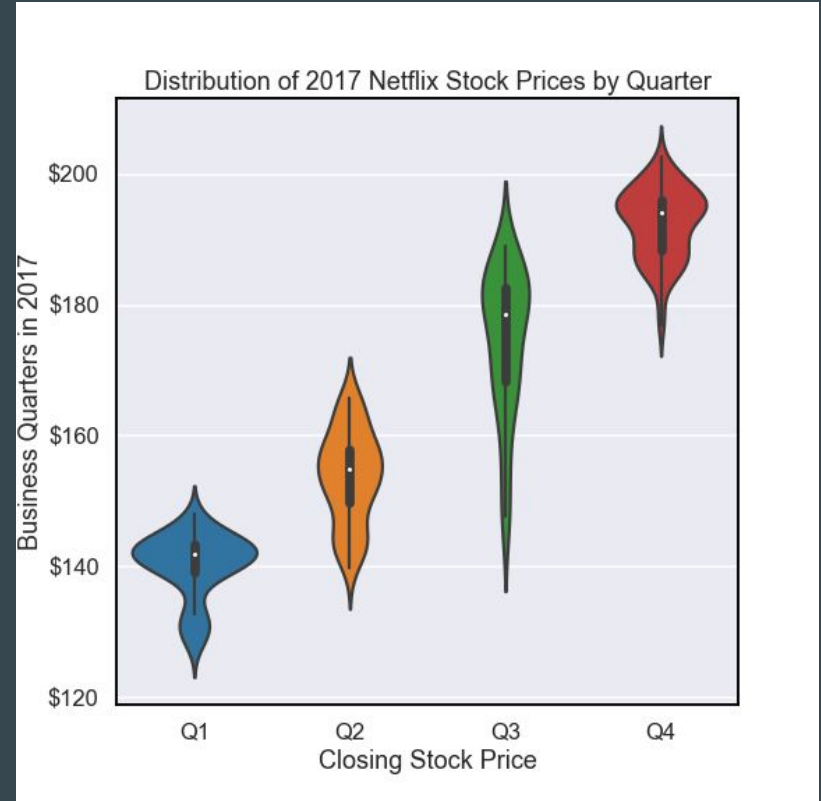
Netflix Stock Price by Quarter

This graph shows the Price of NFLX stock over the 4 quarters of 2017.

Distribution: The 3rd quarter can be seen to have the largest range throughout all quartiles.

Price range: The lowest price (rounded to 2dp) was \$127.49 and the highest was \$202.68.

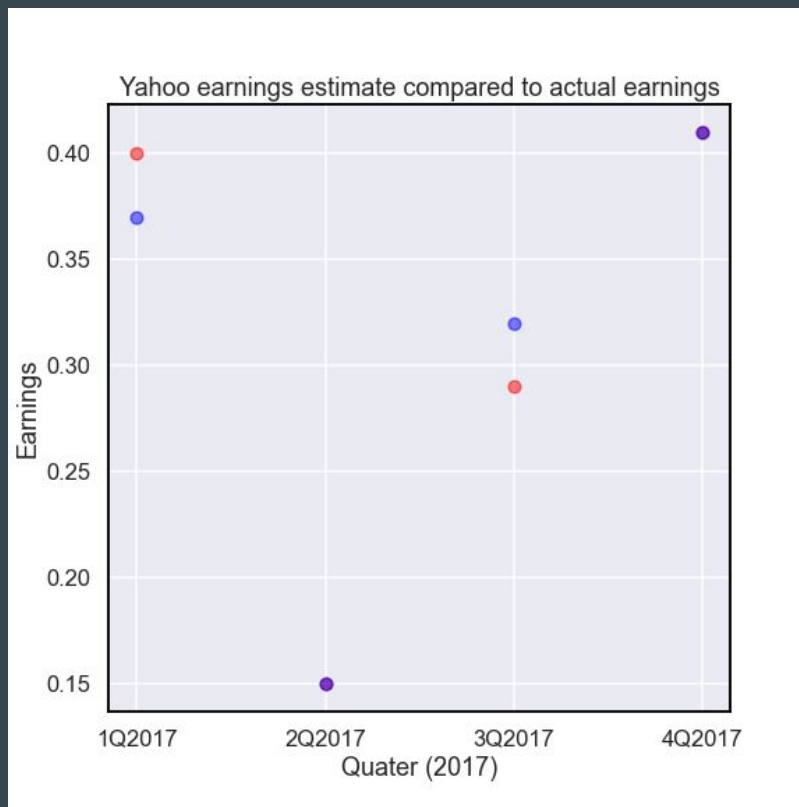
Trends: There is a clear upwards trend throughout the year.



Earning estimates to actual earnings

This graph shows Yahoo's estimate of NFLX's earnings per share (in blue) for each quarter of 2017 and the actual earnings per share (in red) for each quarter in 2017.

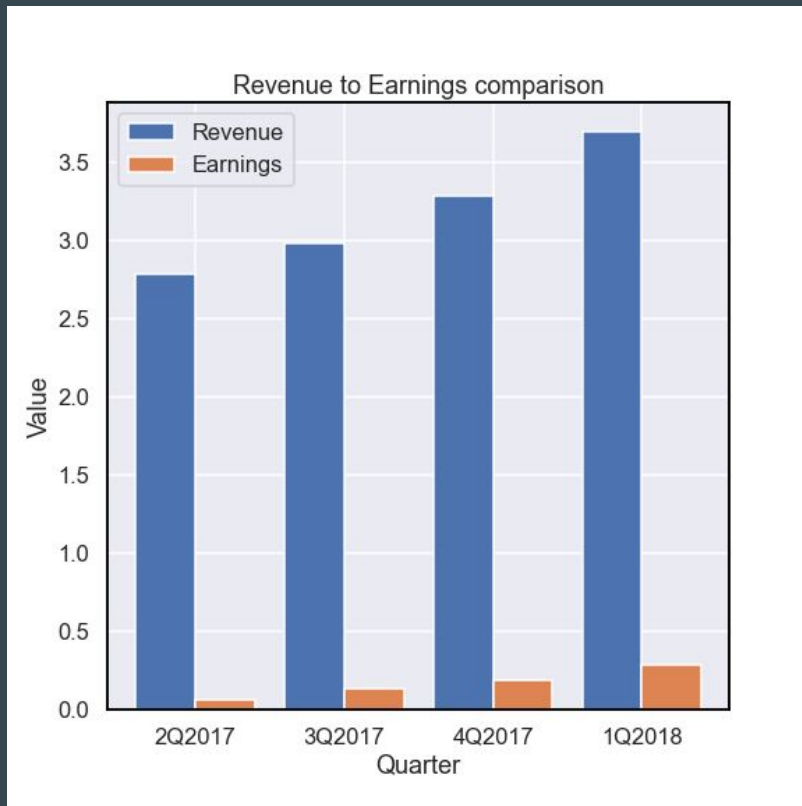
Purple dots represent where the estimate and actual earnings per share are the same. Since 50% of the estimates match the actual earnings per share, the graph suggests that NFLX's stocks are relatively predictable, lowering the risk of investment.



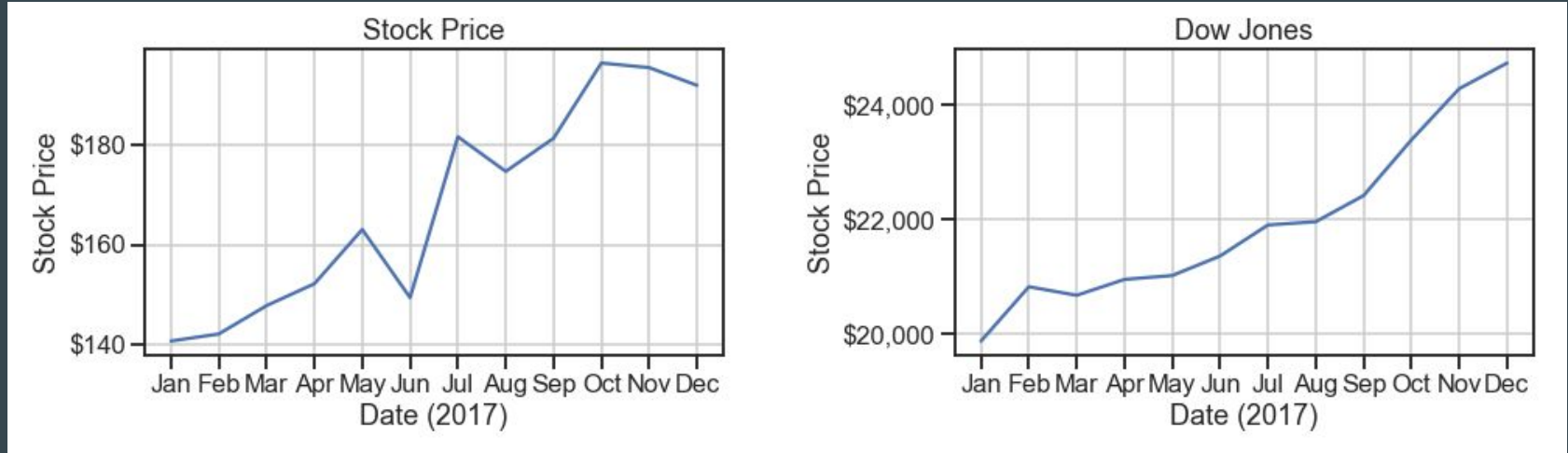
Earnings compared to revenue

This graph shows a comparison between NFLX's reported revenue and earnings in the 4 quarters of 2017. It clearly shows that the revenue is much larger than the earnings and that as the revenue increases, the earnings also increase.

The average earnings as a percentage of revenue over the 4 quarters is roughly 5.04%, and between the 1st and 4th quarter, the earnings as a percentage of revenue grows from 2.35% to 7.84%, over a 5% increase.



Stock Price comparison to Dow Jones average - I



The graph on the left labelled Stock Price, shows NFLX's Stock Price throughout the months of the year. The graph on the right is the Dow Jones average Stock Price, intended to create a rough indication of the behaviors of the stock market.

Stock Price comparison to Dow Jones average - II

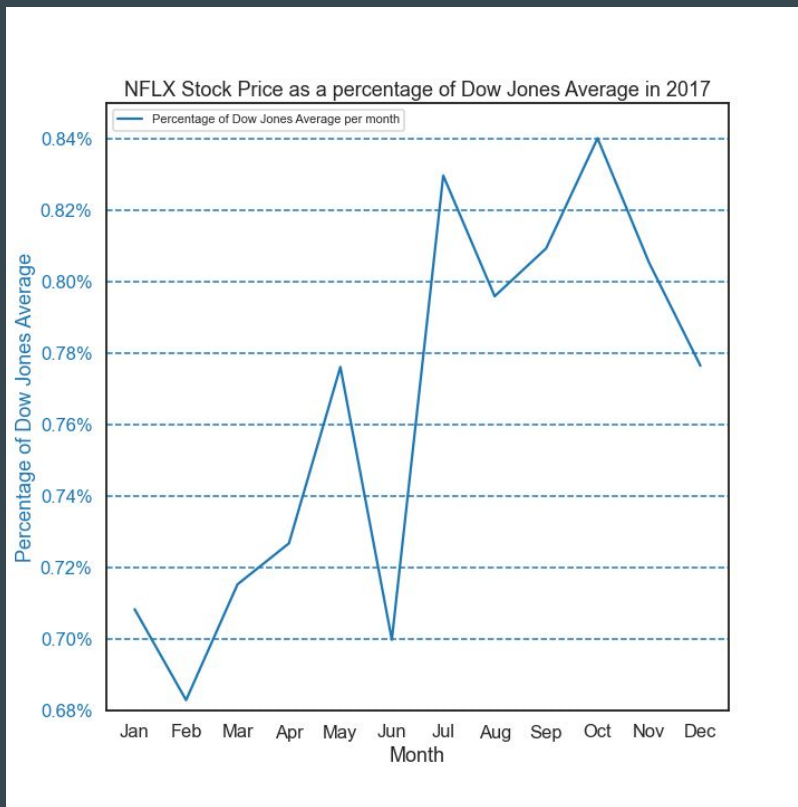
This graph is similar to the last, but has both lines on the same graph. This enables us to more accurately compare the NFLX Stock Price to the Dow Jones Average Stock Price.

This graph suggests that NFLX stock's price fluctuations are a larger percentage of its stock price than the fluctuations in the Dow Jones average Stock Price.



Netflix Stock Price as Percentage of Dow Jones Stock Price - I

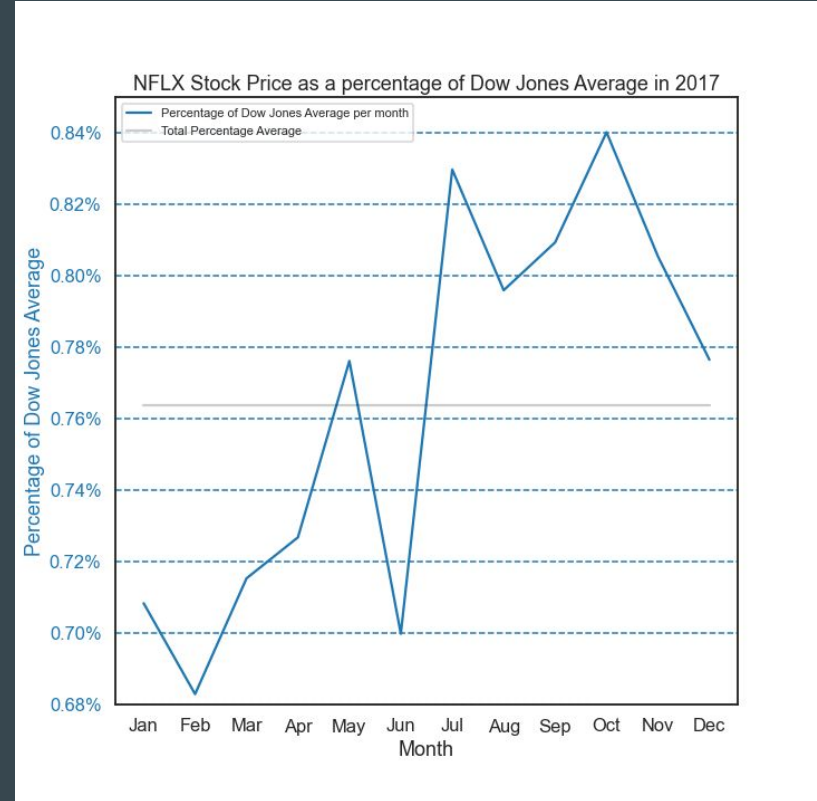
This graph shows NFLX stock price as a percentage of Dow Jones Average Stock Price. This graph is useful in showing how NFLX is growing compared to the rest of the stock market, but it would be more useful to find an average that would better represent the data.



Netflix Stock Price as Percentage of Dow Jones Stock Price - II

This graph is only slightly different from the previous graph. This one has one form of average: the total average of all the percentages combined.

This tells us something about our dataset, but only tells us about the past, and so can be hard to predict the future of NFLX's Stock Price in comparison to the rest of the stock market. Therefore, to be able to assess the risks of investing in NFLX, we need to find a better way of visualising the trends of this dataset.



Netflix Stock Price as Percentage of Dow Jones Stock Price - II

This graph now has a different, more useful visualisation: a line of best fit. This clearly shows how NFLX's Stock Price is growing compared to the rest of the stock market.

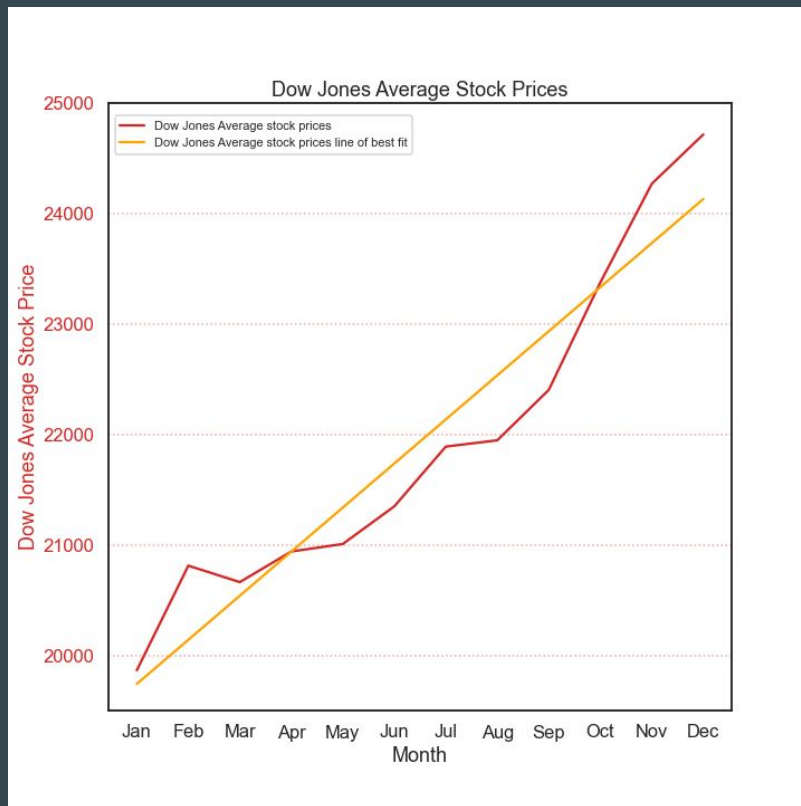
This line can be extended, and rough predictions can be made about the NFLX's Stock from this.



Netflix Stock Price as Percentage of Dow Jones Stock Price - III

Another factor to consider, is that NFLX's Stock Price isn't being compared to the same value. Therefore it is also important to consider the trend of the rest of the stock market, as crudely represented by the Dow Jones average Stock Price.

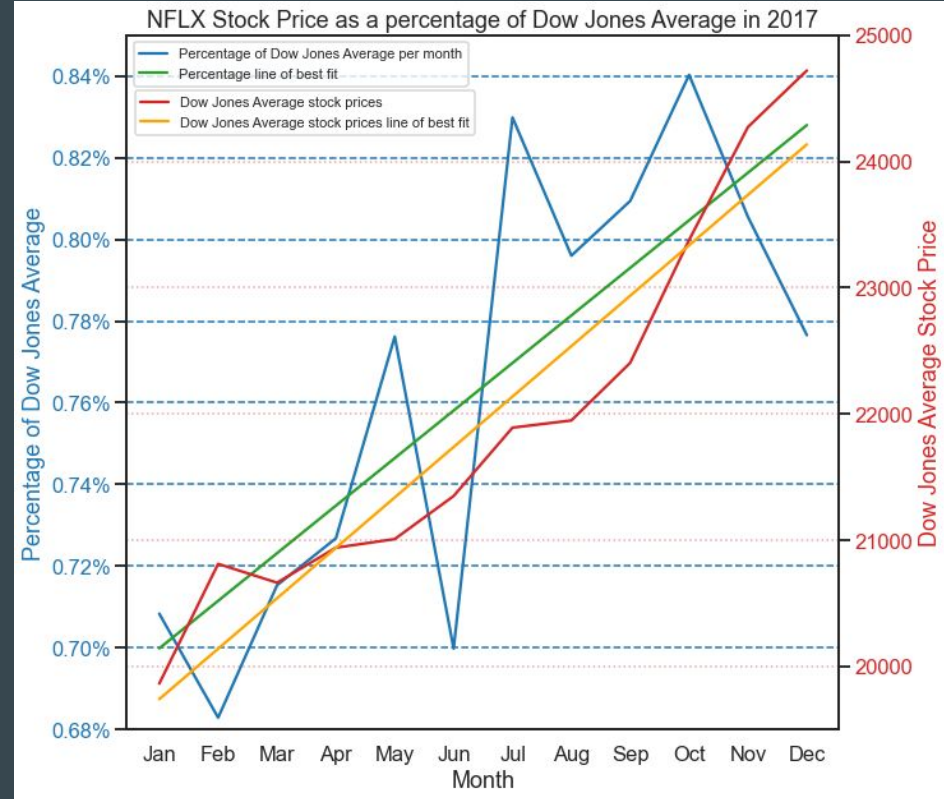
This shows us that the stock market is also growing.



Netflix Stock Price as Percentage of Dow Jones Stock Price - IV

To get a better understanding of NFLX's growth, it is beneficial to combine the two graphs.

From them, we can see that even though the Stock Market is growing, NFLX is growing fast enough to not only keep up it's percentage, but to increase that percentage, demonstrating how NFLX Stock Price is growing faster than other companies in the stock market.



Conclusion

We have seen that NFLX is/has:

- Trending upwards in all areas
- Predictable earnings as it meets estimates
- Dedicated ever more of the revenue as revenue increases to share earnings
- Large Stock Price fluctuations (relative to the value of the Stock Price)
- Prospering in Stock Price when compared to the rest of the market