

# Netflix Stock Profile 2017

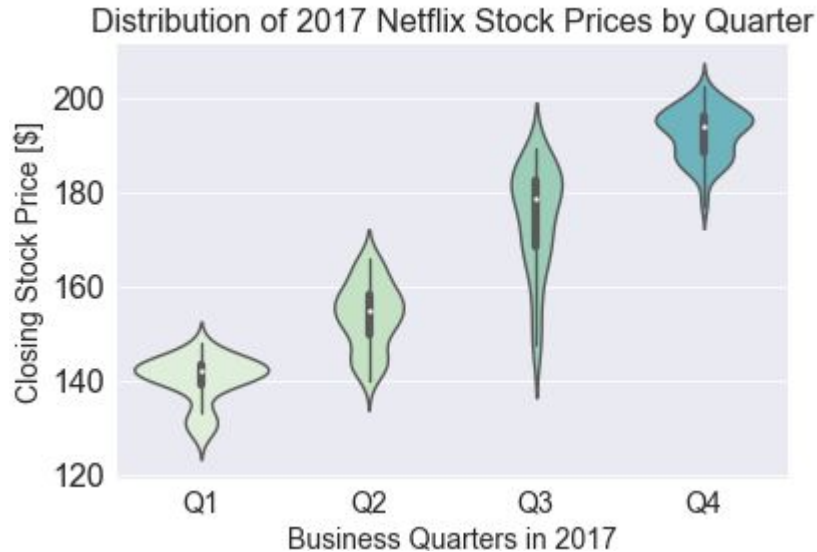
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# Agenda

1. Distribution of the stock prices for Netflix in 2017
2. Summary of Netflix stock and revenue for the past four quarters
3. Earned versus actual earnings per share
4. Comparison of Netflix stock against the Dow Jones stock in 2017

## Distribution of stock prices varies in the different quarters



- The average stock price increased per quarter from 140.30 \$ in Q1 to 192.55\$ in Q4
- In Q3 Netflix experienced to biggest change of stock prices ranging from 146.17 \$ to 189.08 \$.
- In 2017 the highest stock price were 202.68 \$ and the lowest price 127.49 \$.

**The Q3 distribution of the stock price is much broader than the others.  
Suggested action: Investigate the cause of this width**

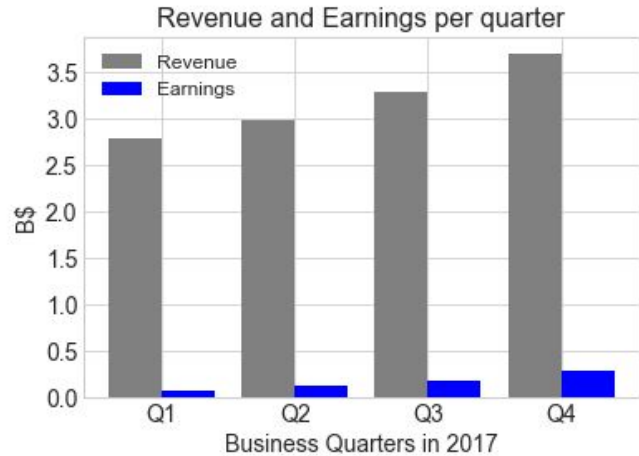
## Actual and Estimates are identical in Q2 and Q4 - why?



- In Q1 and Q3 the delta of actuals and estimates was 0.03 cts.
- In Q2 and in Q4 the actuals vs. estimated earnings were identical indicating a good forecasting model.
- To exclude this to be a coincidence needs to be verified.

**investigate what caused the delta in Q1 and Q3. Driving questions could be how was the prediction model adjusted in Q2 and Q4, are there any seasonal effects which should be included?**

## Why are earnings growing faster than revenue?



Both, revenue and earnings (see left plot) increase during the year but earnings increase faster than revenue as displayed by the values in the table:

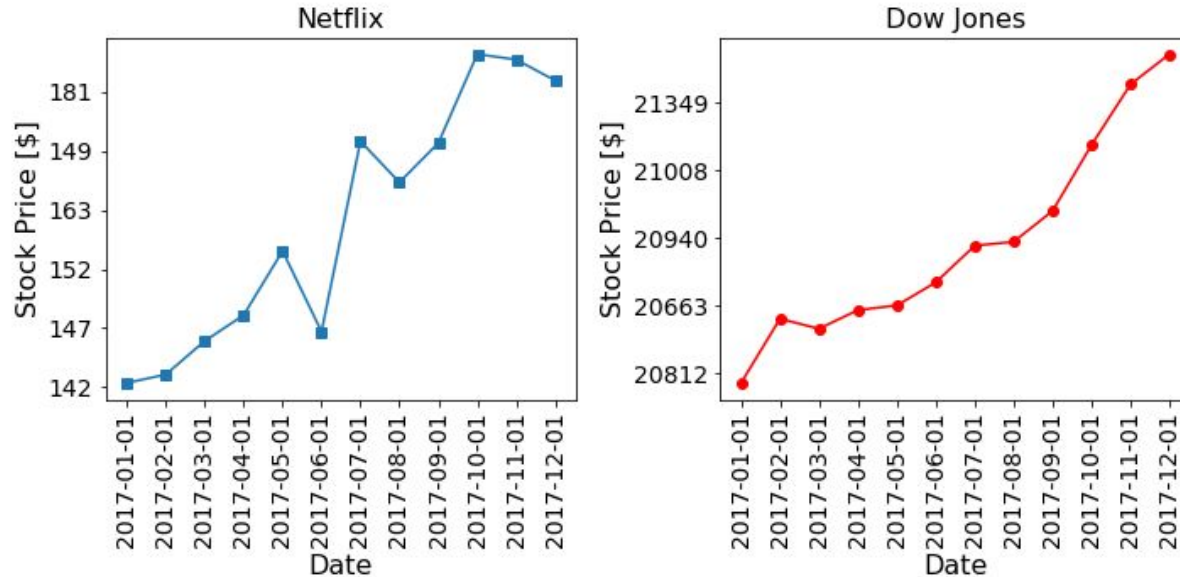
Time period	Change of revenue	Change of earnings
Q1 to Q2	+5%	+22%
Q2 to Q3	+8%	+19%
Q3 to Q4	+11%	+36%



**It is unclear from the numbers why earnings grow faster than revenue. One would expect a constant growth, instead the share of earnings per revenue is growing (see left bottom plot)**

**Suggestion: investigate initiatives which lead to this effect to continue faster growth of earnings.**

## How Netflix stock price compares to overall market



In 2017 the Dow Jones showed a continuous growth and increasing its value by 24% when comparing Jan and Dec.

Netflix stock price reveals a more volatile behavior in the middle of the year, where prices drop from May to June but recover quickly in July and slightly dropped again in the last quarter. In Dec Netflix stock price was 36% higher than in January of the same year. Showing a faster growth than the dow Jones.