



Netflix Stock Analysis

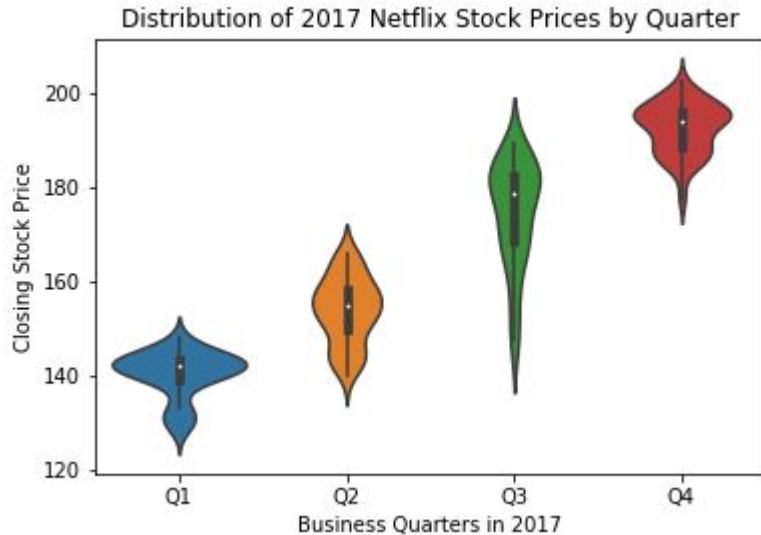
Analyst: Colleen Philippi

Overview

- Introduction - Colleen Philippi, Data Analyst with the Enterprise Analytics team
 - Analytics methodology
 - Screening characteristics
 - Data sources
- High level analysis of Netflix stock performance in 2017 covering:
 - Distribution of stock prices over the year
 - Quarterly earnings and revenue
 - Review of consensus earnings estimates and Netflix EPS performance
 - Comparisons with the Dow Jones

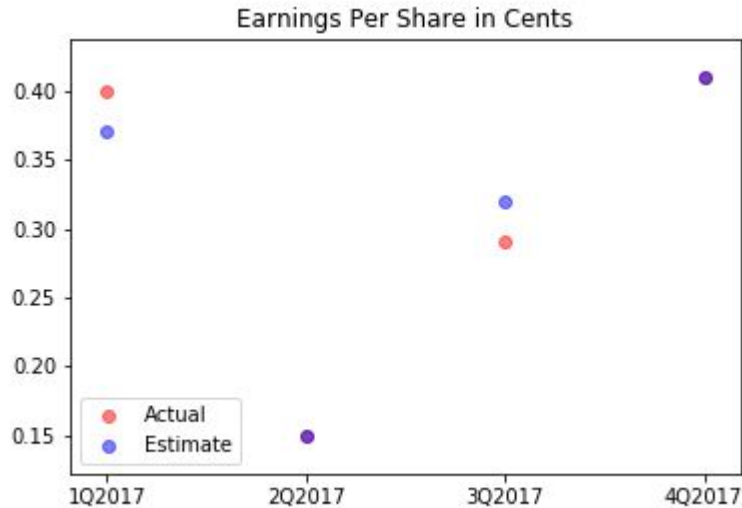


Stock Price Distribution in 2017



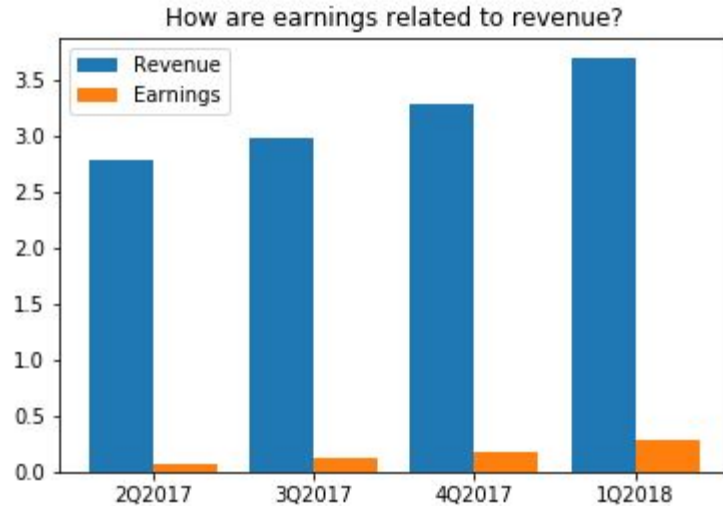
- Quarter to Quarter growth in stock price
- Most common range was \$140-\$160 a share
- Low of \$120 to a high over \$200. An \$80 per share increase within the year.

Actual vs. Estimated EPS



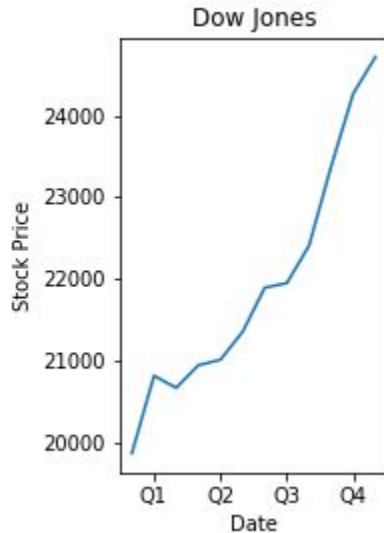
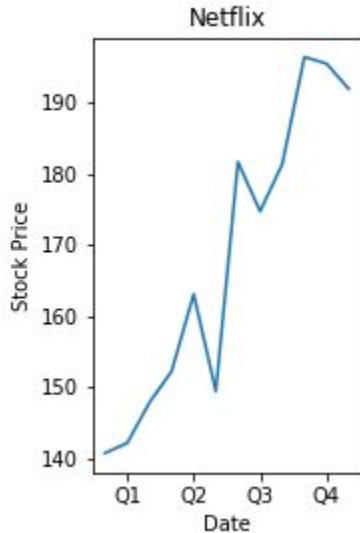
- Netflix exceeded consensus estimated in Q1, and met estimates in Q2 and Q4
- Did not meet estimates in Q3, but it grew 141.7% on a year over year basis.
- Netflix also added 5.3 million subscribers, more than the expected 4.4 million.

Earnings and Revenue



- Earnings represents about 10% of revenue
- Both show significant increases over the year, while maintaining that 10% relationship
- New subscribers are not incurring incremental costs that upset that relationship.

Netflix vs. Dow Jones



- The Dow Jones Index had one of its better years in 2017, up 25% overall.
- Netflix had a better year, up 55%, primarily due to its increased subscriber base.
- The company had significant volatility compared with the dow.

Other Sources

- Netflix Q3 misses estimates - <https://www.nasdaq.com/article/netflix-nflx-q3-earnings-miss-subscriber-growth-impressive-cm860810>
- Dow Jones 2017 year end wrap up - <http://money.cnn.com/2017/12/29/investing/stocks-2017-wall-street/index.html>
- Netflix year end wrap up - <https://www.fool.com/investing/2018/01/11/why-netflix-stock-gained-55-in-2017.aspx>

