

# Netflix Stock Analysis

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# Analysis of 2017 Netflix share price

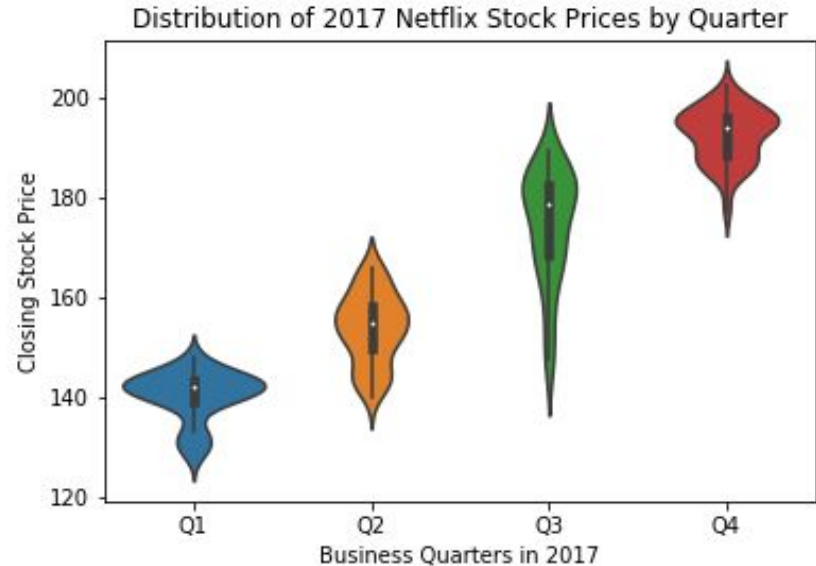
The following charts will be presented:

1. Historic distribution of stock prices
2. Earnings and expectations
3. Revenue and earnings
4. Comparisons to broad index (Dow Jones)

All slides were created using publicly available stock data from Yahoo! Finance

# How has Netflix grown in 2017?

- The stock price started the year at \$125 and reached a maximum of \$200 during 4Q2017
- The mean price showed strong growth throughout the year
- 3Q2017 showed a pullback early on, but the price corrected and continued to grow
- 3Q2017 showed the largest volatility, with big swings in share price and large interquartile range



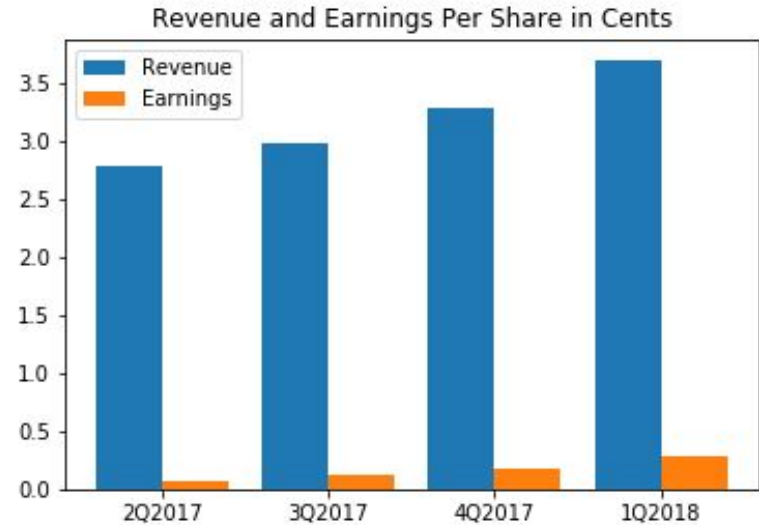
# How do earnings compare with expectations?

- Earnings beat expectations during 1Q2017
- Earnings were in line with expectations during 2Q2017 and 4Q2017
- Earnings were below expectations during 3Q2017



# Revenue and Earnings continue to grow

- Revenue is growing in each quarter
- Earnings are growing in each quarter
- Earnings as a percentage of revenue continues to grow
- In 2Q2017, Earnings are about 2% of Revenue
- In 1Q2018, Earnings are about 8% of Revenue



# How did Netflix compare to the Dow Jones?

- Both Netflix and the DJI showed significant growth in 2017
- Netflix grew 36%
- DJI grew 25%
- Netflix was much more volatile, with a 8% drop in April, another 3% drop in July, and closed the year down about 3% from the all time high
- DJI grew quite steadily, with a small dip in February
- Owning DJI is quite prohibitive: one “share” of the index is more than 100 times that of Netflix

