



EQUITY RESEARCH REPORT



Valuation Date: 9th January, 2026

Prepared By:-

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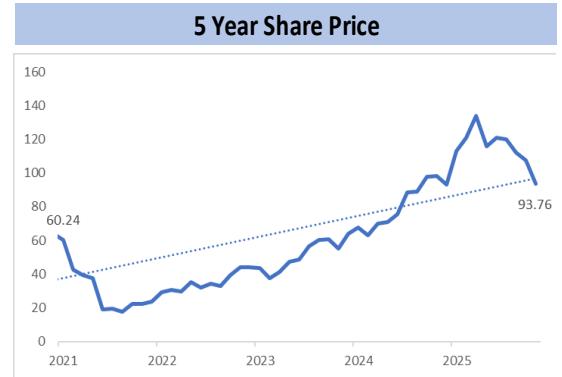
NETFLIX,Inc ONE PAGE PROFILE



Netflix is an American subscription video on-demand over-the-top streaming service. The service primarily distributes original and acquired films and television shows from various genres. Netflix was founded by Marc Randolph and Reed Hastings on August 29, 1997, in Scotts Valley, California. Nearly a decade after Netflix, Inc. began its pioneering DVD-by-mail movie rental service. Netflix is the most-subscribed video on demand streaming media service, with 301.6 million paid memberships in more than 190 countries as of 2025.

figures in million dollars

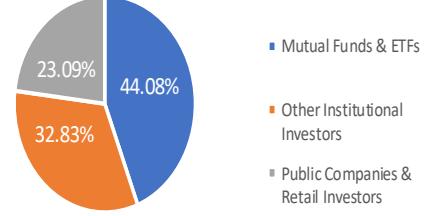
Key Financial Metrics	2021	2022	2023	2024
Total Sales	29,698	31,616	33,723	39,001
Sales Growth (Y-O-Y)	18.81%	6.46%	6.67%	15.65%
Gross Margin	41.64%	39.37%	41.54%	46.06%
Operating margin	20.86%	17.82%	20.62%	26.71%
EBIT Margin	19.67%	16.65%	18.40%	25.55%
Net Margin	17.23%	14.21%	16.04%	22.34%
Diluted EPS	1.12	1.00	1.20	1.98
EPS growth (y-o-y)	-11.41%	20.87%	64.84%	



Key Financial Ratios	2021	2022	2023	2024
Price to earnings	83.45	94.20	77.93	47.28
EV/Sales	9.32x	4.44x	6.54x	10.15x
Price to book value	16.00x	6.01x	7.68x	10.33x
Return on Equity	30.61%	20.59%	19.50%	23.20%
Return on Capital Employed	15.94%	12.42%	12.79%	16.40%

Capital Structure	
Current Share Price	93.76
as on 1st Jan, 2026	
No. of Shares	4392.61
Market Capitalization	387930

Top Shareholders	Stock Held	% Shares Outstanding	Market Value
Mutual Funds & ETFs	2.01B	44.08%	188.87B
Other Institutional Investors	1.50B	32.83%	140.64B
Public Companies & Retail	1.06B	23.09%	98.93B
Total	4.57B	100.00%	428.43B



Peer Comparison								
Company	CMP	Market Cap	Sales	Debt	Net Profit	Debt/Equity	ROE(%)	P/E Ratio
Netflix	94	3,97,210	39,100	12,200	6,900	3.07%	47	39.23x
Disney	114	2,05,241	91,200	58,000	9,500	28.26%	12	16.61x
Amazon	231	24,67,380	5,75,000	60,700	30,400	2.46%	16	32.56x
Apple	272	40,17,099	3,91,000	1,07,400	94,700	2.67%	109	36.39x
Warner Bros Discovery	29	71,406	55,900	34,100	2,600	47.76%	32	151.68x
Roku	108	16,030	1,500	50	(40)	0.31%	(8)	-542.45x

Recent Updates

- > Q3 2025: Highest ad sales quarter to date; U.S. upfront commitments doubled YoY
- > FY 2025 Revenue guidance: \$45.1B
- > \$18B+ annual investment in original programming across 50+ countries
- > Ramped investment in gaming division; 90+ games in development
- > Trading at 39.23x P/E

S.W.O.T Analysis

Strength

Global Scale and Brand

Netflix has over 270–280 million subscribers globally and operates in 190+ countries.

Financial position and new revenue levers

Business has shifted to consistently positive free cash flow and expanding operating margins after years of heavy investment.

Advanced Technology

Advanced recommendation algorithms and personalization increase engagement and retention.

Weakness

High content and operating costs

Annual content spending above 17 billion dollars puts pressure on profitability.

Dependence on subscriptions and ARPU constraints

Revenue is still heavily concentrated in subscription streaming, with limited diversification.

Saturation

Growth in mature regions like North America is slowing due to market saturation and competition.

Opportunity

International and localized content growth

Investment in international localized original has proven successful and can deepen reach and pricing power regionally.

Ads, bundles, and ecosystem expansion

Partnerships with telecoms, device makers, and potential content or sports deals can expand distribution and engagement.

New engagement vectors

Expansion into gaming, interactive content, and select live events or sports can increase time spent.

Threats

Intense competitive and industry pressure

Rivalry from players like Disney+, Amazon Prime Video, Max, and Apple TV+ intensifies bidding for content.

Regulatory, macro, and tech disruption risks

Regulatory scrutiny and geopolitical issues can complicate operations and raise compliance costs.

Consumer sensitivity and churn

Price hikes needed to fund content and margin expansion risk pushing away cost-sensitive customers.

Key Takeaways from the S.W.O.T Analysis

1. Netflix has been maintaining a strong position in the market.
2. Technology advancement has been playing a positive role for customer satisfaction.
3. The company should focus more on reducing content costs
4. Entering into cloud gaming and sports streaming should be the best move.
5. Competitors have been performing quite well which needs to be taken care.
6. Pricing can be an issue in emerging markets like Asia region.

FINANCIALS

Income Statement	2021-A	2022-A	2023-A	2024-A	2025-F	2026-F	2027-F	2028-F	2029-F
Year weight	1	2	3	4	5	6	7	8	9
Revenues	29,698	31,616	33,723	39,001	45,091	50,502	55,048	59,451	64,207
Cost of revenues	17,333	19,168	19,715	21,038	22,277	23,963	26,414	29,234	31,488
Sales and marketing	2,545	2,531	2,658	2,918	3,017	3,251	3,497	3,759	4,037
Technology and development	2,274	2,711	2,676	2,925	3,402	3,669	3,959	4,266	4,595
General and administrative	1,352	1,573	1,720	1,702	1,804	1,887	1,974	2,064	2,155
Operating income	6,195	5,633	6,954	10,418	14,592	17,732	19,203	20,129	21,933
Other income (expense):	-	-	-	-	-	-	-	-	-
Interest expense	(766)	(706)	(700)	(719)	(738)	(718)	(700)	(679)	(661)
Interest and other income (expense)	411	337	(49)	267	267	267	267	267	267
Income before income taxes	5,840	5,264	6,205	9,966	14,121	17,281	18,770	19,716	21,539
Provision for income taxes	(724)	(772)	(797)	(1,254)	(1,777)	(2,175)	(2,362)	(2,481)	(2,710)
Net income	5,116	4,492	5,408	8,712	12,344	15,107	16,408	17,235	18,828
Earnings per share:									
Basic	1.15	1.01	1.22	2.03	2.92	3.63	4.01	4.28	4.76
Diluted	1.12	1.00	1.20	1.98	2.86	3.56	3.92	4.19	4.66
Weighted-average shares(millions)									
Basic	4,432	4,447	4,416	4,295	4,228	4,160	4,092	4,025	3,957
Diluted	4,554	4,513	4,495	4,393	4,309	4,246	4,180	4,110	4,043
Balance Sheet	2021-A	2022-A	2023-A	2024-A	2025-F	2026-F	2027-F	2028-F	2029-F
Year weight	1	2	3	4	5	6	7	8	9
ASSETS									
Current assets:									
Cash and cash equivalents	6,028	5,147	7,117	7,805	10,666	15,202	20,896	28,113	36,189
Short-term investments	-	911	21	1,779	1,779	1,779	1,779	1,779	1,779
Other current assets	2,042	3,208	2,780	3,517	3,620	3,852	3,991	4,121	4,291
Total current assets	8,070	9,266	9,918	13,100	16,066	20,833	26,665	34,013	42,259
Content assets, net	30,920	32,737	31,658	32,452	34,923	38,716	42,870	46,250	50,227
Property and equipment, net	1,323	1,398	1,491	1,594	1,794	1,964	2,144	2,342	2,564
Other non-current assets	4,272	5,193	5,664	6,484	6,484	6,484	6,484	6,484	6,484
Total assets	44,585	48,595	48,732	53,630	59,266	67,997	78,163	89,088	1,01,534
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current liabilities:									
Current content liabilities	4,293	4,480	4,466	4,394	4,394	4,394	4,394	4,394	4,394
Accounts payable	837	672	747	900	850	905	1,013	1,114	1,199
Accrued expenses and other liabilities	1,449	1,515	1,804	2,157	2,053	2,232	2,463	2,648	2,769
Deferred revenue	1,209	1,265	1,443	1,521	1,521	1,521	1,521	1,521	1,521
Short-term debt	700	-	400	1,784	-	-	-	-	-
Total current liabilities	8,489	7,931	8,861	10,755	8,818	9,051	9,391	9,677	9,882
Non-current content liabilities	3,094	3,081	2,578	1,781	1,781	1,781	1,781	1,781	1,781
Long-term debt	14,693	14,353	14,143	13,798	15,183	14,783	14,383	13,983	13,583
Other non-current liabilities	2,459	2,452	2,561	2,552	2,552	2,552	2,552	2,552	2,552
Total liabilities	20,246	19,886	19,283	18,131	19,516	19,116	18,716	18,316	17,916
Stockholders equity	4,025	4,638	5,145	6,252	6,252	6,252	6,252	6,252	6,252
Treasury stock	(824)	(824)	(6,922)	(13,172)	(19,326)	(25,535)	(31,717)	(37,913)	(44,101)
Other comprehensive loss	(40)	(217)	(224)	362	362	362	362	362	362
Retained earnings	12,689	17,181	22,589	31,301	43,645	58,751	75,159	92,394	1,11,223
Total shareholders equity	15,849	20,777	20,588	24,744	30,933	39,830	50,056	61,096	73,736
Total liabilities and shareholders equity	44,585	48,595	48,732	53,630	59,266	67,997	78,163	89,088	1,01,534

Cash Flow Statement	2024-A	2025-F	2026-F	2027-F	2028-F	2029-F
Cash Flow from operating activities						
Net income	12,344	15,107	16,408	17,235	18,828	
Additions to content assets	(17,500)	(19,803)	(21,949)	(23,364)	(25,337)	
Amortization	15,029	16,010	17,796	19,983	21,360	
Accounts payables	(50)	55	108	100	85	
Other current assets	(103)	(232)	(138)	(130)	(170)	
Accrued expenses and other liabilities	(103)	179	231	186	120	
Deferred revenue	311	219	193	149	211	
PPE Depreciation	388	430	461	513	557	
CFO	10,315	11,963	13,109	14,673	15,655	
Cash Flow from Investing activities						
PPE Additions	(588)	(600)	(640)	(711)	(779)	
Acquisitions	-	-	-	-	-	
Purchases of investments	-	-	-	-	-	
Maturities of investments	-	-	-	-	-	
CFI	(588)	(600)	(640)	(711)	(779)	
Cash flow from financing activities						
Issuance of debt	-	-	-	-	-	
Repayment of borrowings	(400)	(400)	(400)	(400)	(400)	
Share buyback	(6,155)	(6,209)	(6,182)	(6,195)	(6,189)	
Issuance of common stock	-	-	-	-	-	
CFF	(6,555)	(6,609)	(6,582)	(6,595)	(6,589)	
Net change in cash	3,173	4,754	5,887	7,366	8,287	
Opening cash balance	7,805	10,978	15,732	21,618	28,984	
Closing Cash balance	7,805	10,978	15,732	21,618	28,984	37,272

Key Takeaways from Financial Statements

1. Revenue is expected to grow at a CAGR of around 10.48% from 2024 to 2029. Revenue is likely to be increased in the EMEA and ASIA PACIFIC region while US CANADA region is expected to attain maturity in the upcoming years.
2. Cost of revenues is expected to grow at a slower rate and it majorly includes Depreciation and Amortization costs. Netflix has been trying to produce most of its content under its Netflix Originals so as to reduce content costs but as per the present conditions it would take time.
3. Operating margin is expected to be around 34% in 2029 majorly due to slower increase in the SG&A and Cost of Revenues.
4. Tax rate in 2024 was 12.58%, keeping it constant over the forecasted years. Net Income is expected to grow constantly but moderately.
5. Netflix has been targeting to buyback its shares every year. Around 6 Billion dollars was spent in 2023 and 2024 and is expected to be around the same range in the forecasted years.
6. Netflix has always been on the lower side in terms of debt and is predicted to be lower in the future as well while there might be an increase in cash balance.
7. Content assets have been a major part of Netflix's balance sheet and this will continue in the upcoming years as well as the company spends around 17 billion dollars annually on licensing contents.
8. EPS for the historical and forecasted years has been calculated as per the latest stock split that took place in November 2025.

RATIO ANALYSIS

Year	2021-A	2022-A	2023-A	2024-A	2025-F	2026-F	2027-F	2028-F	2029-F	Trend	Mean	Median
Sales growth		6.46%	6.67%	15.65%	15.62%	12.00%	9.00%	8.00%	8.00%		10%	9%
EBITDA growth		7.31%	7.57%	21.11%	15.21%	13.87%	9.62%	8.45%	7.94%		11%	9%
EBIT growth		-9.87%	17.89%	60.60%	41.69%	22.38%	8.61%	5.04%	9.25%		19%	14%
Net profit growth		-12.20%	20.39%	61.09%	41.69%	22.38%	8.61%	5.04%	9.25%		20%	15%
Operating margin	20.86%	17.82%	20.62%	26.71%	32.36%	35.11%	34.88%	33.86%	34.16%		28%	32%
EBITDA margin	62.74%	63.25%	63.78%	66.79%	66.55%	67.67%	68.05%	68.33%	68.29%		66%	67%
EBIT margin	20.86%	17.82%	20.62%	26.71%	32.36%	35.11%	34.88%	33.86%	34.16%		28%	32%
EBT margin	19.67%	16.65%	18.40%	25.55%	31.32%	34.22%	34.10%	33.16%	33.55%		27%	31%
Net Profit Margin	17.23%	14.21%	16.04%	22.34%	27.37%	29.91%	29.81%	28.99%	29.32%		24%	27%
SG&A as % of sales	20.78%	21.55%	20.92%	19.35%	18.24%	17.44%	17.13%	16.97%	16.80%		19%	18%
Depreciation as % of sales	41.88%	45.43%	43.16%	40.08%	34.19%	32.55%	33.16%	34.48%	34.13%		38%	34%
Return on Capital Employed	33.09%	29.66%	36.05%	51.96%	68.08%	84.30%	93.06%	99.47%	110.58%		67%	68%
Return on Equity%	127.13%	96.86%	105.11%	139.34%	197.43%	241.62%	262.44%	275.67%	301.15%		194%	197%
Self Sustained Growth Rate	127.13%	96.86%	105.11%	139.34%	197.43%	241.62%	262.44%	275.67%	301.15%		194%	197%
Interest Coverage Ratio	8.09x	7.98x	9.94x	14.49x	19.77x	24.71x	27.43x	29.63x	33.19x		19.47x	19.77x
Debtor Turnover Ratio		35.26x	29.63x	29.74x	32.51x	32.48x	31.63x	31.72x	31.71x		31.84x	31.71x
Creditor Turnover Ratio		25.41x	27.79x	25.54x	25.46x	27.30x	27.54x	27.49x	27.23x		26.72x	27.27x
Fixed Asset Turnover		23.23x	23.34x	25.28x	26.62x	26.88x	26.80x	26.51x	26.18x		25.61x	26.34x
Capital Turnover Ratio	1.59x	1.66x	1.75x	1.95x	2.10x	2.40x	2.67x	2.94x	3.24x		2.25x	2.10x
Debtor Days		10.35	12.32	12.27	11.23	11.24	11.54	11.51	11.51		11.48	11.24
Payable Days		14.37	13.13	14.29	14.34	13.37	13.25	13.28	13.40		13.90	14.29
Cash Conversion Cycle days		-4.02	-0.82	-2.02	-3.11	-2.13	-1.71	-1.77	-1.89		-2.42	-2.13

Valuation

Regression Beta Methodology and Results		
	Parameter	Value
Raw BETA	0.89	
NETFLIX Beta Drifting		January 1, 2024 – December 31, 2025
Levered Raw Beta	0.89	Weekly
Raw Beta Weight	75.00%	NASDAQ
Market Beta	1.00	0.89
Market Beta Weight	25.00%	0.28
Adjusted Beta	0.92	0.75 × Raw Beta + 0.25 × 1.0
		Adjusted Beta (Blume Formula)
		0.92
		Interpretation
		Netflix moves 0.92% for every 1% move in the market.

Weighted Average Cost of Capital

All figures are in million dollars stated otherwise

Cost of Debt

Pre-tax cost of debt	4.61%
Tax	12.58%
Post- tax cost of debt	4.03%

Cost of Equity

Risk free rate	4.17%
Equity risk premium	4.46%
Beta	0.92
Cost of Equity	8.28%

Netflix Capital Structure

Equity	3,90,418
Debt	15,583
Total Capital	4,06,001

Weighted Average Cost of Capital

Cost of Equity	8.28%
Equity Weight	96.16%
Cost of Debt	4.03%
Debt Weight	3.84%
WACC	8.12%

Key Takeaways from WACC Analysis

1. Netflix's capital structure shows minimal leverage, with debt representing only 3.84% of total capital.
2. Risk-free rate of 4.17% reflects current U.S. 10-year Treasury yields as of January 2026.
3. Equity risk premium as per NYU Stern latest in January 2026 for United States is 4.46%.
4. Regression beta is considered instead of bottoms up beta because of unavailability of a suitable peer as Netflix's peers have multiple business segments which can distort the data.
5. Maximum of the WACC is derived by the cost of equity as Netflix has almost 96.16% of equity.

Discounted Cash Flow						WACC	8.12%
Year	2025	2026	2027	2028	2029	LTGR	3.00%
Year Weight	1	2	3	4	5	Tax	12.58%

Free Cash Flow To Firm							Perpetuity Growth Model	
EBIT	14,592	17,732	19,203	20,129	21,933		Terminal Value	3,06,381
Tax	1,836	2,231	2,416	2,532	2,759		PV of TV	2,07,391
NOPAT	12,756	15,501	16,787	17,596	19,174		Enterprise value	2,57,780
D&A	15,417	16,440	18,256	20,496	21,917		-Debt	15,583
Capex	18,088	20,403	22,590	24,074	26,116		-NCI	-
Change in WC	(54)	(220)	(394)	(305)	(247)		+Cash	7,805
FCF	10,140	11,758	12,848	14,323	15,221		+Investments	1,779
PV of FCF	9,379	10,059	10,166	10,482	10,303		Equity Value	2,51,781
							No.of Shares	4,393
							Intrinsic value	57.32
Sensitivity Analysis								
							CMP	\$90.53
LTGR	57.32	6.12%	7.12%	8.12%	9.12%	10.12%	<i>as on 9th Jan, 2026</i>	
	2.50%	83.68	64.94	52.88	44.47	38.27	Valuation	
	3.00%	95.78	71.86	57.29	47.48	40.44	Overvalued	
	3.50%	112.49	80.68	62.65	51.04	42.94		
	4.00%	137.09	92.33	69.31	55.28	45.85		
	4.50%	176.87	108.43	77.81	60.45	49.28		

Free Cash Flow To Equity							Perpetuity Growth Model	
EBIT	14,592	17,732	19,203	20,129	21,933		Terminal Value	3,14,433
Tax	1,836	2,231	2,416	2,532	2,759		PV of TV	2,12,841
NOPAT	12,756	15,501	16,787	17,596	19,174		Equity value	2,64,822
D&A	15,417	16,440	18,256	20,496	21,917		No.of Shares	4,393
Capex	18,088	20,403	22,590	24,074	26,116		Intrinsic value	60.29
Change in WC	(54)	(220)	(394)	(305)	(247)		CMP	\$90.53
Net borrowing	400	400	400	400	400		<i>as on 9th Jan, 2026</i>	
FCF	10,540	12,158	13,248	14,723	15,621		Valuation	Overvalued
PV of FCF	9,749	10,401	10,482	10,775	10,574			
Sensitivity Analysis								
LTGR	60.29	6.12%	7.12%	8.12%	9.12%	10.12%		
	2.50%	87.35	68.11	55.73	47.10	40.74		
	3.00%	99.76	75.21	60.25	50.19	42.97		
	3.50%	116.92	84.26	65.75	53.84	45.53		
	4.00%	142.16	96.22	72.59	58.20	48.52		
	4.50%	182.98	112.74	81.31	63.50	52.03		

Key Takeaways from DCF Valuation

1. Terminal value comprises 81% of Netflix's intrinsic value, reflecting the company's mature and stable cash generation.
2. LTGR of 3% represents GDP of 2-2.5% plus 0.5-1% premium for Netflix's competitive advantages
3. This analysis uses perpetuity growth rather than exit multiple approach because streaming multiples are volatile and Netflix's technology platform supports continuous value generation.
4. Sensitivity analysis for FCFE shows a bear case of \$47.99, base case of \$60.29 and bull case of \$96.22.

Comparable Company Analysis												
Market Data							Financials(TTM)			Valuation		
Company	Ticker	CMP	Shares O/S	Equity value	Net Debt	Enterprise value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Netflix,Inc	NFLX	90.53	4.24	384.02	77.78	389.16	43.38	28.97	10.43	8.97x	13.43x	36.82x
Walt Disney Company	DIS	114.17	1.79	203.83	36.33	243.01	94.42	19.14	12.40	2.57x	12.70x	16.44x
Warner bros Discovery	WBD	28.32	2.48	70.29	34.19	99.45	37.86	21.85	0.49	2.63x	4.55x	143.74x
High										2.63x	12.70x	143.74x
75th Percentile										2.61	10.66	111.92
Average										2.60x	8.62x	80.09x
Median										2.60x	8.62x	80.09x
25th percentile										2.59	6.59	48.26
Low										2.57x	4.55x	16.44x
NETFLIX,inc Valuation										EV/Revenue	EV/EBITDA	P/E
Implied Enterprise Value										112.80	249.82	
Net Debt										77.8	77.8	77.8
Implied Market Value										35.01	172.04	835.35
Shares O/S										4.24	4.24	4.24
Implied Value per Share										8.3	40.6	197.0

#Figures for CCA in Billion Dollars except per share value

Key Takeaways from Relative Valuation

1. Disney is Netflix's most relevant peer while WBD is the secondary peer that is in distress with declining subscribers and P/E of 143.74x.
2. Netflix trades at a significant valuation premium to its peer group, commanding an EV/EBITDA multiple of 13.43x versus a peer median of 8.62x—a 56% premium.
3. Netflix adds 15% subscribers annually while Disney grows 4% and Warner Bros declines 8%.
4. Netflix converts revenue to free cash and has superior cash generation
5. No peer truly matches Netflix's scale, margins, and market position, making peer-based valuation inherently limited.
6. Relative valuation alone cannot determine if Netflix is attractive.

Dupont Analysis

Return On Equity(ROE)				
	2021-A	2022-A	2023-A	2024-A
Net Profit	5,116	4,492	5,408	8,712
Average Shareholders Equity	13,867	19,266	24,777	32,644
Return On Equity	36.89%	23.31%	21.83%	26.69%

ROE - Dupont Equation				
	2021-A	2022-A	2023-A	2024-A
Net Profit	5,116	4,492	5,408	8,712
Revenue	29,698	31,616	33,723	39,001
Net Profit Margin(A)	17.23%	14.21%	16.04%	22.34%
Revenue	29,698	31,616	33,723	39,001
Average Total Assets	41,933	46,590	48,663	51,181
Assets turnover ratio(B)	0.71x	0.68x	0.69x	0.76x
Average Total Assets	41,933	46,590	48,663	51,181
Average Shareholders Equity	13,867	19,266	24,777	32,644
Equity Multiplier(C)	3.02x	2.42x	1.96x	1.57x
Return On Equity(A*B*C)	36.89%	23.31%	21.83%	26.69%

Return on Asset				
	2021-A	2022-A	2023-A	2024-A
Net Profit	5,116	4,492	5,408	8,712
Average Total Assets	41,933	46,590	48,663	51,181
Return on Asset	12.20%	9.64%	11.11%	17.02%
ROA - Dupont Equation				
	2021-A	2022-A	2023-A	2024-A
Net Profit	5,116	4,492	5,408	8,712
Revenue	29,698	31,616	33,723	39,001
Net Profit Margin (A)	17.23%	14.21%	16.04%	22.34%
Revenue	29,698	31,616	33,723	39,001
Average Total Asset	41,933	46,590	48,663	51,181
Asset Turnover Ratio (B)	0.71x	0.68x	0.69x	0.76x
Return on Asset (A*B)	12.20%	9.64%	11.11%	17.02%

Investment Recommendation

Investment Thesis Summary

Rating --> **HOLD**

Netflix remains a world-class business with durable competitive advantages, exceptional management quality, and a clear path to sustained profitability and free cash flow generation. However, current valuations have priced in best-case execution across multiple growth vectors simultaneously. Our comprehensive DCF analysis indicates an intrinsic value of \$58-62 per share, implying the stock is trading at a 50% premium.

While relative valuation provides useful context on how Netflix trades versus peers like Disney and Warner Bros. Discovery, it is not the primary basis for this recommendation. Peer multiples are distorted by very different business models, capital structures, segment mixes, and stages of industry transition, which makes simple EV/Revenue, EV/EBITDA or P/E comparisons potentially misleading for a focused, asset-light platform like Netflix. In contrast, the DCF approach directly links valuation to Netflix's own cash flow generation, margin trajectory, and reinvestment needs, and is therefore better aligned with the company's economics. For this reason, greater weight is assigned to the DCF derived intrinsic value range of \$58–62 per share, with relative valuation used only as a secondary cross-check rather than a primary driver of the investment view.

BEAR CASE → Downside to \$44-48

BASE CASE → Intrinsic Value \$58-62

BULL CASE → Upside to \$75-80

Recommendation Framework

For Existing Netflix Shareholders:

--> HOLD positions given quality of business and free cash flow generation

--> Consider taking profits on rallies above \$90

For New Investors:

AVOID initiating positions at current price levels

--> Establish positions at \$65-70 range for better risk-reward

--> Strong Buy accumulation at \$48-52 range

For Active Traders:

--> Monitor Q1 2026 earnings closely

--> Watch for signs of margin changes or competitive escalation

12-Month Price Target: \$65.00

--> The \$65.00 price target represents:

--> 32% downside from current levels

--> Reasonable entry point for new investors

CONCLUSION

Netflix represents a high quality business with both sustainable competitive advantages and a clear path to expanded profitability. The company's global scale, technology enhancement, and diversifying revenue streams position it well for long-term value creation.

However, current valuations at \$90.53 per share do not provide adequate margin of safety for investors. The stock is trading 50% above our calculated fair value of \$58-62, requiring bull-case execution across multiple dimensions simultaneously like international growth acceleration, successful ad-tier monetization, margin expansion, gaming profitability.

Our **HOLD** rating with a **\$65.00** price target reflects this balance.

The investment case strengthens materially if Netflix can demonstrate sustained 10%+ subscriber growth, operating margin expansion to 34%+, and successful ad-tier monetization.

Analyst: Kaushik Kotian

Recommendation: HOLD

Price Target: \$65 (12 months)

DISCLAIMER

This equity research report is prepared for informational purposes only and should not be considered as investment advice or a recommendation to buy or sell Netflix securities. The analysis is based on publicly available information and management guidance. Valuations and projections are subject to significant change based on new information and market conditions. Investors should conduct their own due diligence and consult with financial advisors before making investment decisions.

All figures in USD millions unless otherwise stated.

-THANK YOU-