



# NETFLIX

## Stocks Capstone

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# Leading the Stock Profile Team

Provided with three CSV files, our analysts sought to make sense of an entire year's worth of stock data for Netflix, including monthly data, quarterly data, and a separate CSV including monthly data from the Dow Jones Industrial Average.

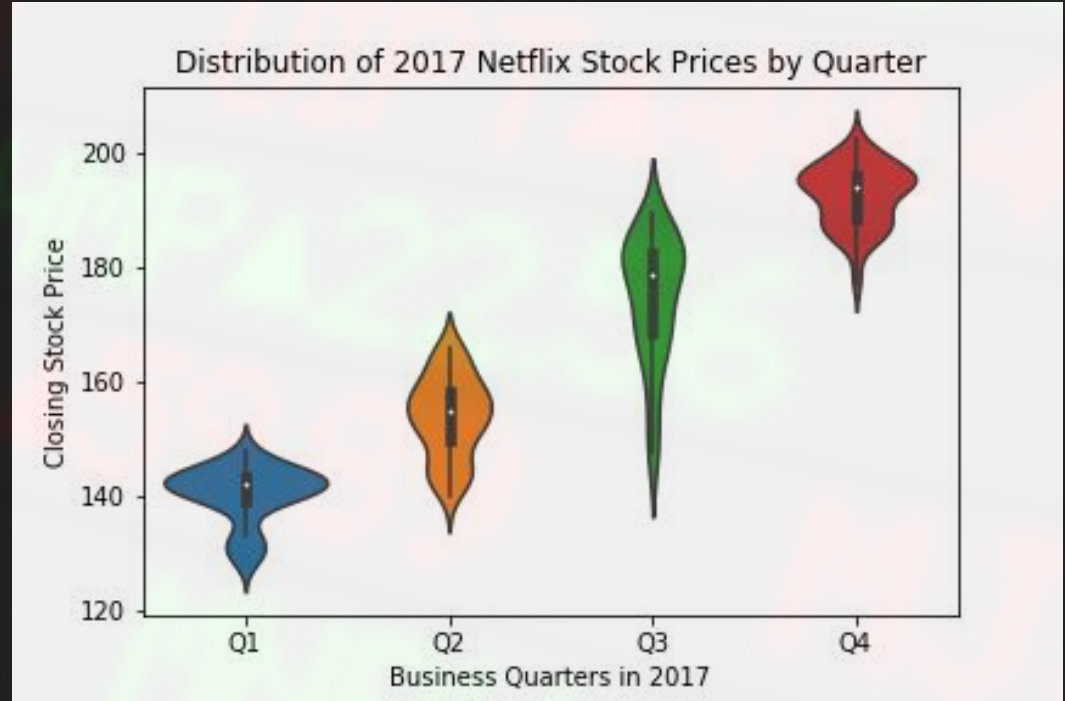
As part of our research, we analyzed **three** aspects of Netflix's data:

- What was the distribution of 2017 Netflix stock prices by quarter?
  - Violin plot which evaluated the probability density of our data at different values
- How did the earnings per share in cents change over the course of 2017?
  - Scatter plot plotting estimated Yahoo projections vs actual quarterly performance
- How did Netflix's revenue compare to its earnings by quarter?
  - Side-by-side barplot showcasing the quarterly revenues and earnings

# Distribution of Netflix Stock Prices by Quarter

Looking at the data we can assume several things about NFLX's stock performance:

- Growth was consistent across all four quarters - it was a good year for NFLX!
- Prices varied but typically fell within the range of \$140-\$200 per share.
- Prices started at around \$125 and peaked around \$210.
- Based on this, we can infer the stocks may possibly continue climbing through 2018.

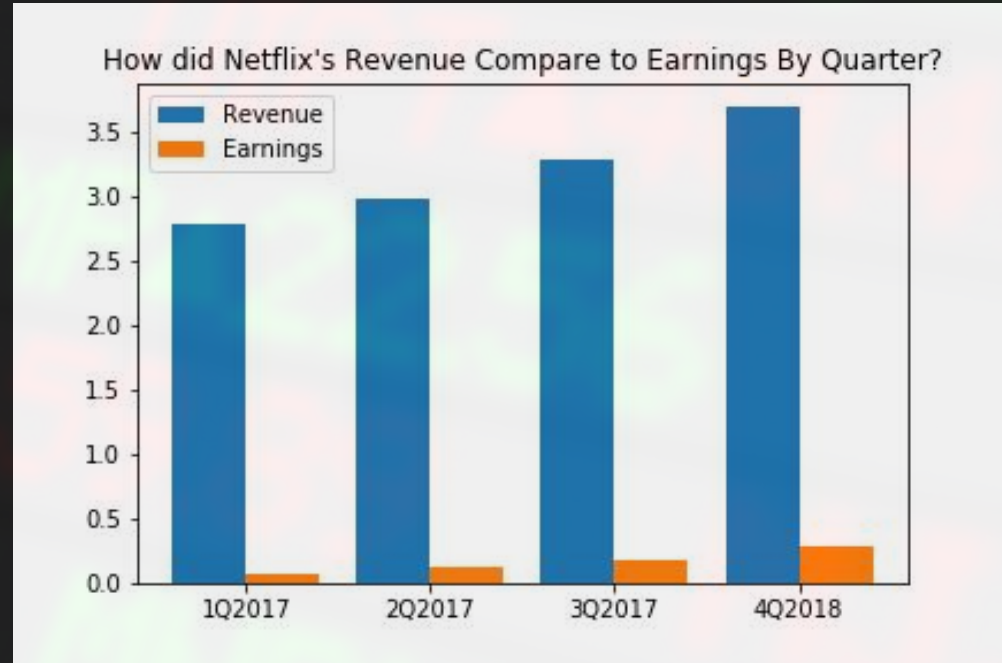


# Netflix Revenue vs Earnings by Quarter

As we can see here the revenue follows a consistent upwards increasing trend, peaking at 3.7 billion dollars in Q4.

Earnings also follows this trend at a much faster rate relative to its size, given earnings being so much smaller than revenue. In fact, earnings are only roughly 5-10% of the total revenue by quarter.

Earnings peaked at roughly 290 million dollars in Q4. Next time we watch a movie, Netflix can buy the popcorn.



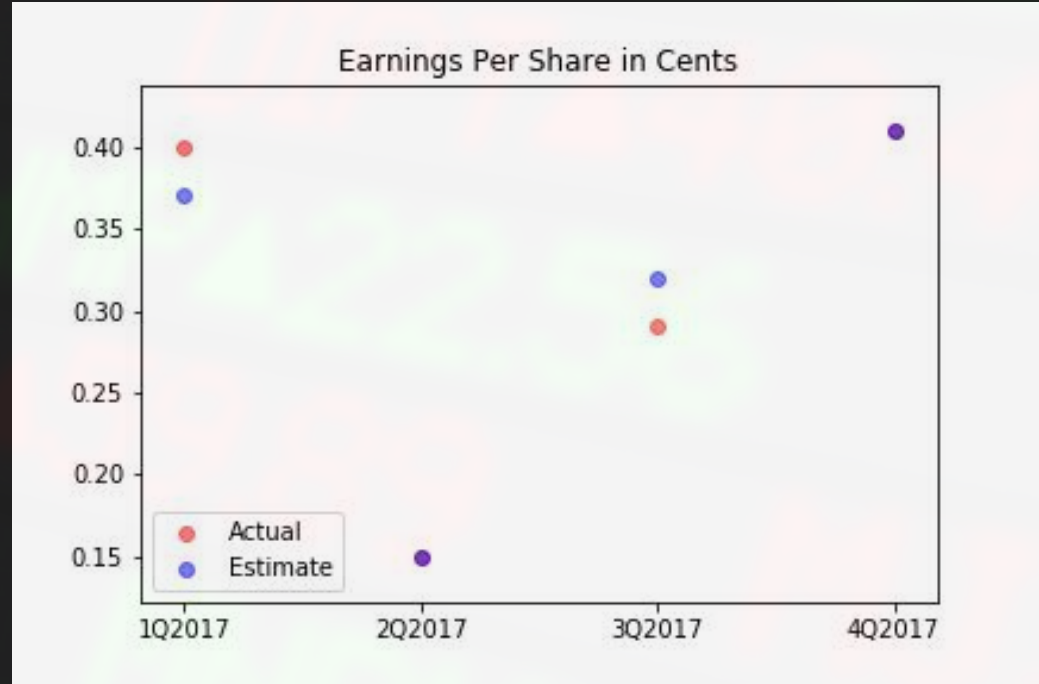


# Netflix Estimated vs Actual Earnings by Quarter

Using data from Yahoo Finance, we were able to assess Netflix's actual performance versus the estimated projections provided by Yahoo.

As we can see, Yahoo's projected data was pretty close to the actual market performance in all four quarters, if not virtually identical as noted in Q2 and Q4.

In the future we should see how closely Yahoo's data continues to align with market performance.

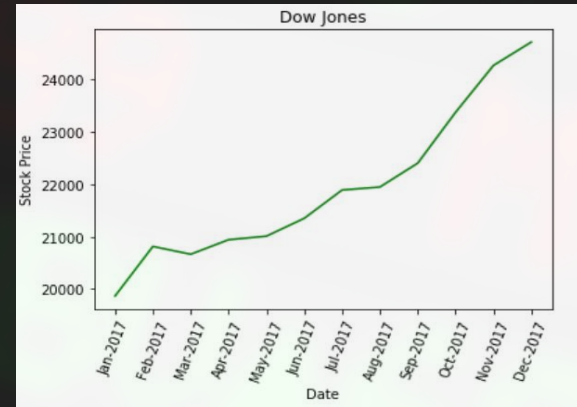
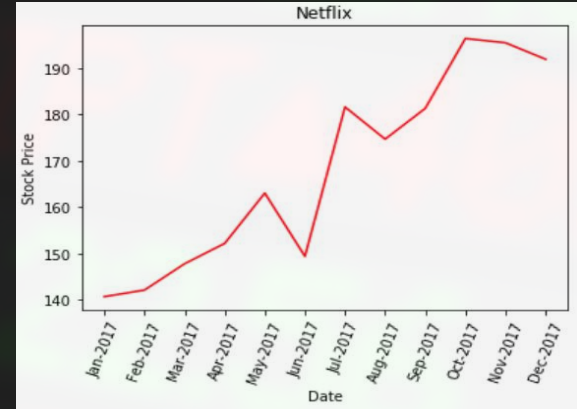


# Netflix Stock vs Dow Jones Stock

To assess Netflix's stock performance over 2017, we compared it next to the Dow Jones Industrial Average stock performance to get a sense of the market.

In general, Netflix was a lot more volatile in its rises and falls, but it ultimately performed an upward trend. Comparatively, the Dow Jones had less variability and was generally always increasing apart from the month of February. It seems Netflix seemed to follow the upwards trend of the market and was immune to the drop that the Dow experienced in February.

Price-wise Netflix is practically pennies compared to the Dow Jones, at a rate of at the most \$198 per share compared to the Dow's gargantuan \$25000 per share. This explains why the changes in the Dow Jones appear more smooth compared to Netflix - were their y-axes the same scale/range, I'm sure Netflix's behavior would appear smoother.



# TLDR

Recommendation: Invest in Netflix!

Their performance continues to increase in 2018 and will likely keep growing based on our analysis.

In fact, Netflix recently edged out Disney to become the most valuable media company in the world.

Keep an eye on this one, future investors!

