CFRA

Netflix, Inc.

Recommendation	**STRONG BUY ★★★★★**	**Price**	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
		USD 1,208.25 (as of market close Aug 29, 2025)	USD 1,485.00	USD	Large-Cap Growth

Equity Analyst Kenneth Leon

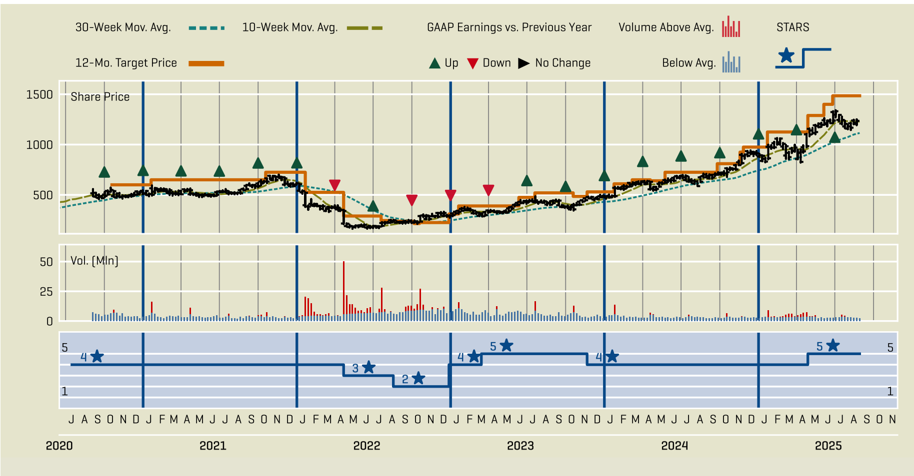
GICS Sector Communication Services
Sub-Industry Movies and Entertainment

Summary Netflix offers subscription-based streaming of TV episodes and movies to 301.6 million paid members in more than 200 countries as of December 31, 2024.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 1341.15 - 660.8**	Oper.EPS2025**E**	**USD 26.20**	Market Capitalization[B]	**USD 523.28**	Beta	**1.59**
Trailing 12-Month EPS	**USD 23.47**	Oper.EPS2026**E**	**USD 33.00**	Yield [%]	**N/A**	3-yr Proj. EPS CAGR[%]	**20**
Trailing 12-Month P/E	**51.48**	P/E on Oper.EPS2025**E**	**46.12**	Dividend Rate/Share	**N/A**	SPGMI's Quality Ranking	**B+**
USD 10K Invested 5 Yrs Ago	**23,063.0**	Common Shares Outstg.[M]	**425.00**	Trailing 12-Month Dividend	**N/A**	Institutional Ownership [%]	**84.0**

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by **Kenneth Leon** on Jul 18, 2025 01:06 PM ET, when the stock traded at **USD 1,274.17**.

Highlights

- NFLX raised its 2025 revenue guidance to $44.8B-$45.2B from $43.5B-$44.5B, with Q3 2025 growth expected at 17%. Regional performance was strong with UCAN growing 15% (44% of revenue), EMEA up 18% (32%), LATAM up 9% (12%), and APAC up 24% (12%). Key growth drivers include ad-supported subscriber plans, advertising expected to be material by 2026, and live events in sports and gaming. The company maintains disciplined content spending at $17B-$18B annually while expanding globally. NFLX completed rollout of its Netflix Ads Suite platform.
- Operating margins expanded to 34.1% in Q2 2025, up from 27.2% in Q2 2024, demonstrating cost discipline. Cost of revenue rose only 1.1% Q/Q while revenue grew 5.1% sequentially. Management guides for Q3 2025 operating margin of 31.5% and full-year 2025 margin of 29.5%. FCF remained robust at $2.27B in Q2 2025, with annual FCF guidance raised to $8.0B-$8.5B. The company maintains $8.2B in cash and $3.0B commercial paper access.
- Diluted EPS jumped 47% to $7.19 in Q2 2025 from $4.88, beating consensus of $7.09. We raised our 2025 EPS estimate by $0.45 to $26.20 and maintain 2026 at $33.00. NFLX repurchased $1.7B in shares during Q2 2025, following $3.5B in Q1 2025.

Investment Rationale/Risk

- We believe NFLX is extending its global competitive advantage in video streaming vs. U.S. network providers just becoming profitable. Key catalysts include ad-supported subscriber plans, advertising revenue expected to be material by 2026, and expansion into live events. The company's "local for local" content strategy delivers results globally. NFLX maintains pricing power and benefits from having no exposure to China, avoiding geopolitical and tariff risks. The Netflix Ads Suite platform positions the company to capture advertising shifting from linear networks.
- Risks to our opinion and target price include lower quality film and TV episodes, intense competition, and higher member churn. Additional risks encompass execution challenges on new initiatives, threats from direct-to-consumer offerings by major content providers, and corporate governance concerns. However, trade tariffs do not directly impact NFLX.
- Our 12-month target is $1,485 using forward TEV/EBITDA of 38.1x our 2026 EBITDA estimate of $17.1B, near the five-year historic average of 38.0x. We believe premium valuation is deserved for NFLX's market leadership, pricing power, global reach, and cost discipline driving profitable growth.

Analyst's Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects competition in video streaming, potential threats from direct-to-consumer offerings by the major content providers, execution risk on new initiatives, and corporate governance concerns related to a classified board of directors. The launch of ad pay subscription plans (November 2022) is working. Advertising is a new revenue source. Paid sharing rates are available in the U.S. and expanding successfully to select countries. NFLX's leading distribution to subscribers around the globe is attracting cross-licensing opportunities. The $5B WWE Monday Night Raw partnership in sports is a new area.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2026	--	--	--	--	**E** 50,500
2025	10,543	11,079	--	--	**E** 45,500
2024	9,370	9,559	9,825	10,247	39,001
2023	8,162	8,187	8,542	8,833	33,723
2022	7,868	7,970	7,926	7,852	31,616
2021	7,163	7,342	7,483	7,709	29,698

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2026	**E** 8.00	**E** 8.70	**E** 8.50	**E** 7.80	**E** 33.00
2025	6.61	7.19	**E** 6.90	**E** 5.50	**E** 26.20
2024	5.28	4.88	5.40	4.27	19.83
2023	2.88	3.29	3.73	2.11	12.03
2022	3.53	3.20	3.10	0.12	9.95
2021	3.75	2.97	3.19	1.33	11.24

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

No cash dividends have been paid in the last year.

Netflix, Inc.

Business Summary Jul 18, 2025

Corporate Overview. Netflix (NFLX) is the world's largest Internet subscription service for accessing TV shows and movies. As of December 31, 2024, NFLX had almost 301.6M paid global streaming users with the following regional breakdown: the U.S. and Canada (UCAN), 89.6M; Europe, the Middle East, and Africa (EMEA), 101.1M; Latin America (LATAM), 53.3M; and Asia-Pacific (APAC), 57.5M.

NFLX uses its proprietary recommendation and merchandising technology to determine which titles are presented to subscribers. In doing so, Netflix believes it provides subscribers with a quick and personalized way to find titles they are more likely to enjoy, while simultaneously and effectively managing its inventory utilization. NFLX's ability to generate demand for these older titles, while maintaining high levels of customer satisfaction, helps the company manage and maintain gross margins, subscriber acquisition costs, churn rate, and lifetime subscriber profit.

Corporate Strategy. Netflix seeks to grow its large streaming subscription business within the U.S. and globally by continually improving the customer experience with a focus on expanding its streaming content, enhancing its user interfaces, and extending its streaming service to more Internet-connected devices. Increasingly, the company aims to exploit the growing popularity of Internet-delivered content.

NFLX strives to expand its operations internationally, scaling streaming service to effectively and reliably handle anticipated growth in both members and features related to its service, as well as scaling its ability to program and produce original content, introducing games on its service. As NFLX's international offerings evolve, the company has become adept at managing and adjusting the business to address varied content offerings, consumer customs, and practices, as well as dealing with e-commerce and streaming video.

As NFLX scales streaming services, it is developing technology and utilizing third-party "cloud" computing services. This is to enable scale in content production, now including games. The company is focused on building out expertise in a number of disciplines, including creative, marketing, legal, finance, licensing, merchandising, and other resources related to the development and production of content.

Membership Growth. NFLX has experienced significant membership growth over the past several years. The company's penetration and growth rates vary between regions and country jurisdictions where it provides services. In countries where NFLX has been operating for many years or where it has highly penetrated, we expect membership growth to slow more than in newer or less penetrated countries. NFLX's ability to continue to attract and retain members will depend in part on its ability to consistently provide paid members around the globe with compelling content choices.

The company wants to effectively drive conversation around its programming content and service, as well as provide a quality experience for choosing and enjoying TV series, documentaries, feature films, and mobile games. Management is constantly evaluating relative service levels, content offerings, pricing, and related features of competitors to its own platform service that may adversely affect attracting and retaining paid memberships.

Competition. The company faces streaming competitors from both traditional entertainment video providers like Disney+, Paramount, Peacock, and Paramount+ as well as interactive media providers like YouTube TV and Amazon Prime Video. The market for entertainment is intensely competitive and subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video. The various economic models underlying these channels include subscription, transactional, ad-supported, and piracy-based models.

NFLX states that all of its competitors have the potential to capture meaningful segments of the entertainment video market. Traditional providers of entertainment video, including broadcasters and cable network operators, as well as internet based e-commerce or entertainment video providers, are increasing their streaming video offerings. We would note that several of its competitors have long operating histories, large customer bases, strong brand recognition, exclusive rights to certain content, large content libraries, and significant financial and marketing resources.

Financial Trends. As of December 31, 2024, the total debt to total capital ratio was 38.6% in 2024, compared to 45.2% in 2023 and 44.9% in 2022, and the total debt/EBITDA ratio was 1.5x, 2.1x, and 2.6x for the same respective periods. NFLX's total debt outstanding was $15.6B and cash and cash equivalents was $9.6B at year-end 2024. A key metric is EBIT margin; NFLX realized 26.7% in 2024, 20.6% in 2023, and 17.8% in 2022. Return on common equity was 38.4%, 26.1%, and 24.5% for the same respective periods. We like the fact that free cash flow generated $1.4B for Q4 2024 and $6.9B in 2024. On January 21, 2025, NFLX's board of directors authorized a new $15.0B for common share repurchases, bringing the total to $17.1B. In addition, NFLX expects to pay down $1.8B in debt that matures in 2025.

Looking ahead to 2025, NFLX provided an optimistic financial outlook, raising its revenue forecast to $43.5B-$44.5B and increasing its operating margin target to 29%. We believe NFLX continues to have discipline in programming and content spending, which will enable revenue to outpace expense growth. Even with overspending discipline, NFLX had more number one shows in the weekly streaming top ten charts than all other streamers combined for every week of the year.

The company expects to roughly double its advertising revenue in 2025, indicating growing traction in its ad-supported tier. With a strong content slate, including returning seasons of popular shows and new live programming initiatives, NFLX appears well-positioned to maintain its leadership in the competitive streaming landscape. In 2024, the company used $12.9B for common share repurchases.

Corporate information

Investor contact
S. Wang ((408) 540-3700)

Office
121 Albright Way, Los Gatos, California, 95032

Telephone
(408) 540-3700

Fax
N/A

Website
www.netflix.com

Officers

Co-Founder & Chairman
W. R. Hastings

Co-CEO, President & Director
T. A. Sarandos

Chief Financial Officer
S. A. Neumann

Chief Legal Officer & Secretary
D. Hyman

Chief Technology Officer
E. Stone

Chief Accounting Officer & Principal Accounting Officer
J. W. Karbowski

Co-CEO, President & Director
G. K. Peters

Board Members

A. M. Sweeney
A. Mather
B. L. Smith
E. B. Mertz
G. K. Peters
J. C. Hoag
L. J. Kilgore
M. Dopfner
R. N. Barton
S. E. Rice
S. T. Masiyiwa
T. A. Sarandos
W. R. Hastings

Domicile
Delaware

Founded
1997

Employees
14,000

Stockholders
N/A

Auditor
Ernst & Young LLP

Netflix, Inc.

Quantitative Evaluations

Fair Value Rank		1 | 2 | **3** | 4 | 5 LOWEST — HIGHEST Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).
Fair Value Calculation	**USD 865.74**	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that NFLX is overvalued by USD 342.51 or 28.35%
Volatility		LOW | **AVERAGE** | HIGH
Technical Evaluation	**BULLISH**	Since August, 2025, the technical indicators for NFLX have been BULLISH"
Insider Activity		**UNFAVORABLE** | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2024	2023	2022	2021
Price/Sales	10.04	6.49	4.21	9.24
Price/EBITDA	36.43	29.93	22.29	42.85
Price/Pretax Income	39.29	35.27	25.28	46.97
P/E Ratio	44.95	40.47	29.64	53.60
Avg. Diluted Shares Outstg. (M)	439.26	449.50	451.29	455.37

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	**1 Year**	**3 Years**	**5 Years**
Net Income	61.09	19.41	36.08
Sales	15.65	9.51	14.11
Ratio Analysis (Annual Avg.)			
Net Margin (%)	22.34	17.53	16.17
% LT Debt to Capitalization	32.29	36.00	40.94
Return on Equity (%)	38.43	29.70	31.35

Company Financials Fiscal year ending Dec 31

Per Share Data (USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Tangible Book Value	28.80	18.18	18.06	4.62	-6.06	-16.23	-22.25	-15.67	-10.68	-4.88
Free Cash Flow	16.12	15.68	3.64	-0.30	4.38	-7.17	-6.56	-4.54	-3.87	-2.16
Earnings	19.83	12.03	9.95	11.24	6.08	4.13	2.68	1.25	0.43	0.28
Earnings (Normalized)	19.83	12.03	9.95	11.24	6.08	4.13	2.68	1.25	0.43	0.25
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	941.75	500.89	614.08	700.99	575.37	385.99	423.21	204.38	129.29	133.27
Prices: Low	461.86	285.33	162.71	478.54	290.25	252.28	195.42	124.31	79.95	45.26
P/E Ratio: High	47.50	41.60	61.70	62.40	94.60	93.50	NM	NM	NM	NM
P/E Ratio: Low	23.30	23.70	16.40	42.60	47.70	61.10	72.90	99.40	NM	NM
Income Statement Analysis (Million USD)										
Revenue	39,001	33,723	31,616	29,698	24,996	20,156	15,794	11,693	8,831	6,780
Operating Income	10,418	6,954	5,633	6,195	4,585	2,604	1,605	839.00	380.00	306.00
Depreciation + Amortization	329.00	357.00	337.00	208.00	116.00	104.00	83.00	72.00	58.00	62.00
Interest Expense	719.00	700.00	706.00	766.00	767.00	626.00	420.00	238.00	150.00	133.00
Pretax Income	9,966	6,205	5,264	5,840	3,199	2,062	1,226	485.00	261.00	142.00
Effective Tax Rate	12.60	12.90	14.70	12.40	13.70	9.50	1.20	-15.20	28.30	13.60
Net Income	8,712	5,408	4,492	5,116	2,761	1,867	1,211	559.00	187.00	123.00
Net Income (Normalized)	6,229	3,878	3,290	3,650	2,000	1,289	766.50	303.30	162.80	88.70
Balance Sheet and Other Financial Data (Million USD)										
Cash	9,584	7,138	6,058	6,028	8,206	5,018	3,794	2,823	1,734	2,311
Current Assets	13,100	9,918	9,266	8,070	9,762	6,179	9,694	7,670	5,720	5,432
Total Assets	53,630	48,732	48,595	44,585	39,280	33,976	25,974	19,013	13,587	10,203
Current Liabilities	10,755	8,861	7,931	8,489	7,806	6,856	6,487	5,466	4,587	3,530
Long Term Debt	13,798	14,143	14,353	14,693	15,809	14,759	10,360	6,499	3,364	2,371
Total Capital	42,739	37,562	37,709	33,966	29,576	23,955	15,599	10,081	6,044	4,595
Capital Expenditures	440.00	349.00	408.00	525.00	498.00	253.00	174.00	173.00	108.00	91.00
Cash from Operations	7,361	7,274	2,026	393.00	2,427	-2,887	-2,680	-1,786	-1,474	-749.00
Current Ratio	1.22	1.12	1.17	0.95	1.25	0.90	1.49	1.40	1.25	1.54
% Long Term Debt of Capitalization	32.30	37.70	38.10	43.30	53.50	61.60	66.40	64.50	55.70	51.60
% Net Income of Revenue	22.30	16.00	14.20	17.20	11.00	9.30	7.70	4.80	2.10	1.80
% Return on Assets	12.72	8.93	7.56	9.23	7.82	5.43	4.46	3.22	2.00	2.22
% Return on Equity	38.40	26.10	24.50	38.00	29.60	29.10	27.50	17.90	7.60	6.00

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Netflix, Inc.

Sub-Industry Outlook

We have a positive fundamental outlook on the Movies & Entertainment sub-industry. So far, trade tariffs are not a direct industry threat, although the Trump administration has targeted movies produced overseas. Most streaming video-on-demand (SVOD) businesses are realigned to drive profitability with subscriber growth, controlled programming content costs, and higher subscription rates. Our 2025 outlook reflects changing consumer demand for video services and structural disruption on content distribution. Mature distribution channels (e.g., theaters, broadcast, and pay TV) remain under pressure.

Fundamental risks for video streaming providers are secular and not cyclical in nature. TV network advertising has seen a significant shift away from linear networks to social media companies and video streaming. With household viewing shifting to video streaming from linear networks, advertisers and marketing sponsors are shifting as well. We think the litmus test for streaming companies will be growing EBITDA and not falling short of guidance for enterprise operating cash from operations or free cash flow.

We are seeing more discipline in content spending, but less for live sports as streaming wars continue. Notable entrants, such as Disney+, Hulu, Max, Peacock, and Paramount+, compete against Netflix, the market leader in global video streaming. Amazon Prime Video, Alphabet's YouTube, Apple TV+, and TikTok lead the deep-pocket competitors.

In a bull case scenario, SVOD wins with favorable multi-year secular trends. Substitution continues to progress with SVOD replacing linear networks of broadcast and pay TV. Market leaders like Netflix that hold a breadth of film libraries and original content production on a global basis with local country programming in their language are poised to win.

A bear case scenario for streaming is deep potholes with a failed transition to a profitable business model. Whether it's weak demand or the impact of new (higher cost) contracts for the creative side (screenwriters and actors) or expensive sports rights, we are seeing belts tightening on the quantity of film and TV episodes for general entertainment.

Advertisers recognize pay-cable TV as a target market mostly for older Americans like baby boomers. Of course, advertising sponsors prefer to appeal to demographics under 45 years old that will grow over time. In a June 2025 survey, Nielsen's data shows TV viewership broken out as 44.8% video streaming, 24.1% cable TV, 20.1% broadcast, and 10.9% other. Free services have been a major driver of streaming's overall success. YouTube Main (excluding YouTube TV) has exhibited steady, significant growth and is up 120% since 2021.

We are seeing an effort to bundle streaming platforms from a variety of video streaming providers. We think compelling entertainment (sports, gaming, and betting) and great storytelling will win the day. The separate sports joint venture (temporarily blocked by a legal injunction from a federal judge) with DIS, WBD, and Fox called Venu Sports is one example of these bundled offerings. WBD has partnered with DIS on a shared DTC platform for HBO MAX, Disney+, and Hulu to drive revenue sharing.

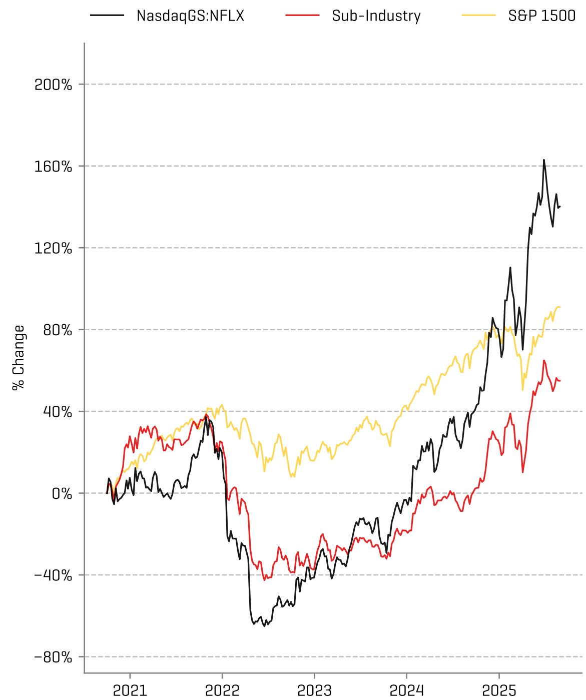
Another area worth tracking is music streaming, which is following the same transition as video with a pivot to agile streaming platforms from legacy platforms. At year-end 2024, the sub-industry was +52.4% vs. +22.2% for the S&P 1500. As of June 30, 2025, the sub-industry was +34.2% vs. the S&P 1500, +4.9%.

/ Kenneth Leon

Industry Performance

GICS Sector: Communication Services
Sub-Industry: Movies and Entertainment

Based on S&P 1500 Indexes
Five-Year market price performance through Aug 30, 2025



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.

All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.

Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Movies and Entertainment Peer Group*: Movies and Entertainment

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
Netflix, Inc.	**NFLX**	**NasdaqGS**	**USD**	**1,231.45**	**523,276.0**	**5.4**	**80.1**	**52.0**	**865.74**	**N/A**	**43.5**	**34.5**
Formula One Group	FWON.K	NasdaqGS	USD	100.07	24,771.0	-1.2	29.5	56.0	N/A	N/A	3.8	27.5
Liberty Live Group	LLYV.K	NasdaqGS	USD	97.40	8,876.0	13.5	140.7	NM	N/A	N/A	N/A	N/A
Live Nation Entertainment, Inc.	LYV	NYSE	USD	166.62	38,648.0	10.7	71.9	38.0	97.36	N/A	59.4	46.5
Roku, Inc.	ROKU	NasdaqGS	USD	97.54	14,371.0	7.9	45.9	NM	N/A	N/A	-2.5	N/A
Spotify Technology S.A.	SPOT	NYSE	USD	687.80	141,534.0	10.9	103.8	153.0	371.32	N/A	14.8	N/A
TKO Group Holdings, Inc.	TKO	NYSE	USD	190.14	15,618.0	13.1	61.7	107.0	200.76	0.8	6.7	20.3
Tencent Music Entertainment Group	TME	NYSE	USD	24.90	39,398.0	14.5	144.6	31.0	21.89	0.7	14.3	3.9
The Walt Disney Company	DIS	NYSE	USD	117.64	211,509.0	-1.9	31.5	20.0	89.57	0.9	11.5	23.4
Warner Bros. Discovery, Inc.	WBD	NasdaqGS	USD	12.06	29,845.0	-8.1	51.2	22.0	N/A	N/A	1.8	47.8
Warner Music Group Corp.	WMG	NasdaqGS	USD	33.40	17,410.0	12.5	15.1	28.0	17.92	2.3	42.7	80.3

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

July 18, 2025
10:04 AM ET... CFRA Reiterates Strong Buy Rating on Shares of Netflix, Inc. (NFLX 1274.17*****):
We reiterate our 12-month target price at $1,485, using a forward TEV/EBITDA of 38.1x our 2026 EBITDA estimate at $17.1B (2025 is $14.2B) near the five-year historic average of 38.0x. We raise our 2025 EPS estimate by $0.45 to $26.20 and we keep 2026 at $33.00. We think a premium valuation is deserving for NFLX as it has market leadership in video streaming, pricing power in subscriber rates, expansive reach to households around the globe, and cost discipline to drive profitable growth. We believe wider margins enable NFLX to drive higher EBITDA and EBIT compared to top-line (revenue) growth. In our opinion, this is the crux of endorsing a premium valuation for NFLX compared to weaker competitors. Premium multiples can be defended as NFLX does not have exposure to China tariff risks or revenue. Lastly, NFLX has a unique competitive position with a dynamic global platform that is able to curate entertainment content on a local country basis and personalize member experience. / Kenneth Leon

July 17, 2025
05:40 PM ET... NFLX: Strong Results, Higher Revenue Growth and Free Cash Flow Guidance (NFLX 1274.17*****):
NFLX delivered solid Q2 2025 results, with EPS of $7.19 beating consensus at $7.09, driven by 16% revenue growth and operating margin expansion to 34.1% from 27.2% in Q2 2024. Operating income jumped 30%, with robust free cash flow of $2.27B, demonstrating cost discipline while revenue grew 5.1% sequentially. We believe NFLX is extending its global competitive advantage in streaming with pricing power, while benefiting from advertising shifts from linear networks to streaming providers. Management raised its 2025 revenue guidance to $44.8B-$45.2B from $43.5B-$44.5B previously. Free cash flow is forecasted at $8.0B-$8.5B and Q3 operating margin is guided to 31.5%. We think the company's ad tech platform will enable NFLX to capture more sponsor advertising over longer contracts, while its "local for local" content strategy continues to deliver results globally. With no tariff risks, attractive margins, and new growth drivers (including live programming), NFLX deserves a premium valuation, in our view. / Kenneth Leon

June 26, 2025
12:10 PM ET... CFRA Maintains Strong Buy Rating on Shares of Netflix, Inc. (NFLX 1275.25*****):
We raise our 12-month target price by $85 to $1,485 using a forward TEV/EBITDA multiple of 39.7x our 2026 EBITDA estimate of $16.5B vs. the five-year historic average at 37.7x. We keep our 2025 EPS estimates at $25.75 and raise 2026's by $2.00 to $33.00 (consensus at $30.95). NFLX has the enviable position where its leading global platform for video streaming is not directly at risk to the trade tariff wars. We also believe that NFLX subscriber base is less sensitive to an economic downturn in its leading global markets for household entertainment vs. significantly higher ticket prices for live events. We believe NFLX's Q1 2025 results confirm the unique competitive position that NFLX has to drive leading edge global platform for local market and subscriber viewing habits. Risk to our rating and target price would be global recession or a negative policy or regulatory event that hurts NFLX's growth prospects. We think NFLX needs to widen its growth drivers to deliver superior performance. / Kenneth Leon

June 05, 2025
09:39 AM ET... CFRA Reiterates Strong Buy Opinion on Netflix, Inc. Shares (NFLX 1239.66*****):
NFLX has the enviable position where its leading global platform for video streaming is not directly at risk to the trade tariff wars. We also believe that NFLX subscriber base is less sensitive to an economic downturn in its leading global markets for household entertainment vs. significantly higher ticket prices for live concerts and sporting events. Thus, we increase our target price by $111 to $1,400 using a forward TEV/EBITDA multiple of 38.0x vs. the five-year historic average at 37.7x. We increase our 2025 EPS estimate by $0.40 to $25.75 and 2026's by $0.75 to $31.00. We believe NFLX's Q1 2025 results confirm the unique competitive position that NFLX has to drive leading edge global platform for local market and subscriber viewing habits. Management has disciplined spending for program and production costs and is now extending into select live events like its multi-year, landmark $5B deal with WWE's flagship program, Monday Night Raw. NFLX also signed for two NFL games. / Kenneth Leon

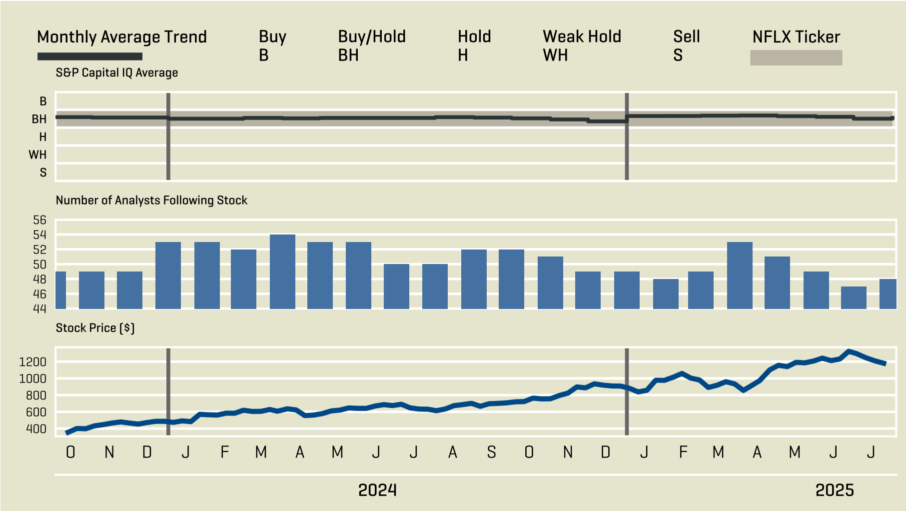
April 28, 2025
11:28 AM ET... CFRA Upgrades Opinion to Strong Buy from Buy on Shares of Netflix, Inc. (NFLX 1101.53*****):
We raise our 12-month target price by $164 to $1,289 applying a wider risk premium and a forward TEV/EBITDA of 34.5x our 2026 EBITDA estimate at $16.4B (2025 is $13.9B) below the five-year historic average of 34.5x. We keep our 2025 EPS estimate at $25.35 and 2026's at $30.25 per share, both near the consensus. We think Q1 2025 operating results reinforce our view that NFLX has a unique competitive position. Worries about geopolitical risks and trade tariffs specifically did not put a dent in NFLX's fundamental results in Q1 2025 or guidance outlook for Q2 2025. The company does not have any direct exposure to China. NFLX is guiding Q2 2025 revenue growth of 15% (17% FX neutral) and reiterated $43.5B-$44.5B in revenue for 2025. NFLX reaffirmed free cash flow guidance at $8.0B in 2025. / Kenneth Leon

April 20, 2025
11:00 PM ET... CFRA Reiterates Buy Rating on Shares of Netflix, Inc. (NFLX 973.03****):
We keep our 12-month target price unchanged at $1,125 using a forward TEV/EBITDA of 36.0x, in line with five-year historic average of 38.0x. We raise our EPS estimates for 2025 by $0.35 to $25.35 and 2026's by $0.25 to $30.25 per share. We think Q1 2025 operating results reinforce our view that NFLX has a unique competitive position with a dynamic global platform that is able to curate entertainment content on a local country basis and personalize member experience. Worries about geopolitical risks and trade tariffs specifically did not put a dent in NFLX's fundamental results in Q1 2025 or guidance outlook for Q2 2025. NFLX is guiding Q2 2025 revenue growth of 15% (17% FX neutral) and reiterated $43.5 billion to $44.5 billion in revenue for 2025, in line with consensus estimates at $44.3 billion. NFLX reaffirmed free cash flow guidance at $8.0 billion in 2025. / Kenneth Leon

April 17, 2025
05:10 PM ET... NFLX Posts Strong Results; No Change to 2025 Outlook (NFLX 973.03****):
NFLX delivered a strong start to the year, with Q1 2025 results exceeding expectations across key metrics. EPS was $6.61 versus $5.74 consensus and $5.28 a year ago. Revenue growth of 13% Y/Y (16% on an FX neutral basis) was driven by continued membership expansion and higher pricing, partially offset by foreign exchange impacts. NFLX's strategic focus on improving its content offering and growing its advertising business is yielding positive results. Operating income saw a significant jump of 27% Y/Y, with operating margin expanding to 31.7%, up from 28.1% in Q1 2024. UCAN (44% of total revenue) grew 9% Y/Y in Q1 comps compared to 15% Y/Y in Q4 comps, with only a partial impact from its price change, plan mix, and the absence of advertising revenue from the Christmas Day NFL games. NFLX expects UCAN revenue growth to accelerate again in Q2 comps. EMEA (32%) revenue contribution grew 15% Y/Y, LATAM (12%) was up 8% Y/Y, and APAC (12%) rose 23% Y/Y. NFLX reaffirmed free cash flow guidance at $8.0B in 2025. / Kenneth Leon

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	23	48	22	26
Buy/Hold	6	13	6	6
Hold	15	31	16	16
Weak hold	0	0	0	0
Sell	2	4	2	1
No Opinion	2	4	1	2
Total	48	100	47	51

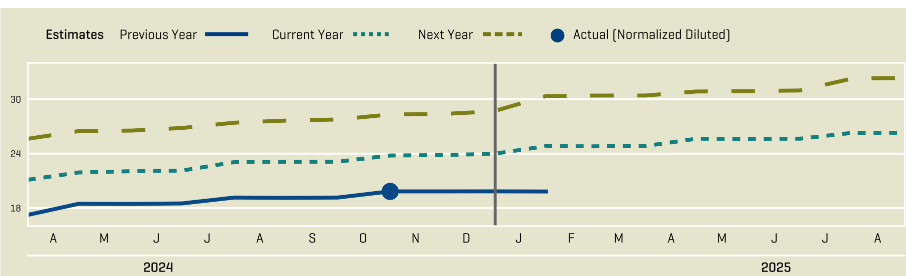
Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2025, analysts estimate that NFLX will earn USD 26.31. For fiscal year 2026, analysts estimate that NFLX's earnings per share will grow by 22.95% to USD 32.35.

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2026	32.35	35.18	30.33	40	38.07
2025	26.31	28.10	25.54	40	46.81
2026 vs. 2025	**▲ 23%**	**▲ 25%**	**▲ 19%**	**N/A%**	**▼ -19%**
Q3'26	8.51	9.18	8.05	13	144.78
Q3'25	6.94	7.32	6.83	34	177.33
Q3'26 vs. Q3'25	**▲ 22%**	**▲ 25%**	**▲ 18%**	**▼ -62%**	**▼ -18%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

Netflix, Inc.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section seof the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing rankings. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports:

Global STARS Distribution as of June 30, 2025

Ranking	North America	Europe	Asia	Global
Buy	42.6%	38.7%	44.4%	42.2%
Hold	45.2%	48.0%	47.6%	46.3%
Sell	12.2%	13.3%	8.0%	11.5%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. Quantitative Stock Reports are prepared by CFRA. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers; all of the views expressed in the Quantitative Stock Reports accurately reflect the output of CFRA's algorithms and programs. Analysts generally update STARS Stock Reports at least four times each year. Quantitative Stock Reports are generally updated weekly. No part of analysts' or CFRA's compensation was, is, or will be directly or indirectly related to the specific rankings or views expressed in any Stock Report.

About CFRA Equity Research:

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A) ("CFRA Malaysia"), which is regulated by Securities Commission Malaysia, (No. CMSL/A0181/2007) under license from CFRA US. These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities between such versions. Neither CFRA nor its affiliates guarantee the accuracy of any translation.

The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

No content in this Research Report may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA, or used for any unlawful or unauthorized purposes. Neither CFRA nor its third-party providers, as well as its/their directors, officers, shareholders, employees or agents, guarantee the accuracy, completeness, timeliness or availability of the content herein

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance.

This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Statements in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on anything in this report, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any particular viewpoint or rating. Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notices

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2025, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

CFRA's Research Reports may be distributed in certain localities, countries and/or jurisdictions by independent third parties or independent intermediaries and/or distributors ("Intermediaries"). Intermediaries are not acting as agents or representatives of CFRA. In territories where an Intermediary distributes CFRA's Research Reports, the Intermediary, and not CFRA, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory authorities, including laws in connection with the distribution of third party research reports, licensing requirements, supervisory and record keeping obligations that the Intermediary may have under the applicable laws and regulations of the territories where it distributes the Research Reports.

For residents of the European Union/European Economic Area:

Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA, United Kingdom). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia:

Research reports are originally produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A) ("CFRA Malaysia"), a wholly-owned subsidiary of CFRA US. CFRA Malaysia is regulated by Securities Commission Malaysia (License No. CMSL/A0181/2007).

For Recipients in Canada:

This report is not prepared subject to Canadian disclosure requirements and may not be suitable for Canadian investors.

For residents of Singapore:

This Research Report is distributed by CFRA UK Limited to its clients in Singapore who hold a financial advisers licence or is a person exempt from holding such licence ("SG Intermediary"). Recipients of this Research Report in Singapore should contact the SG Intermediary in respect to any matters arising from, or in connection with, the analysis in this report, including without limitation, whether the Research Report is suitable based on said recipients' profile and objectives. Where the recipient is not an accredited, expert or institutional investor as defined by the Securities and Futures Act, the SG Intermediary accepts legal responsibility for the contents of this Research Report in accordance with applicable law. This Research Report is intended for general circulation and no advice or recommendation is made herein or by CFRA to any particular person. CFRA does not assume any responsibility to advise on whether any particular product is suitable for any person, and the analysis herein does not take into account the specific investment objectives, financial situation or particular needs of any particular person, and should not be relied upon for any investment decision.

For residents of all other countries:

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.