

# NETFLIX

## Table of Contents

1. [One Page Profile](#)
2. [Financial Statements](#)
3. [Notes to Accounts](#)
4. [Assumptions](#)
5. [Regression Analysis](#)
6. [Weighted Average Cost of Capital](#)
7. [DCF Valuation](#)
8. [Relative Valuation](#)
9. [Monte Carlo Simulation and VAR](#)
10. [Dupont Analysis](#)

# NETFLIX

## NETFLIX, INC. (XNAS:NFLX)

Netflix, Inc. is a provider of entertainment services. The Company acquires, licenses and produces content, including original programming. The Company provides paid memberships in approximately 190 countries offering television (TV) series, films and games across a wide variety of genres and languages. Its members can play, pause and resume watching as much as they want, anytime, anywhere, and can change their plans at any time. The Company offers members the ability to receive streaming content through a host of Internet-connected devices, including TVs, digital video players, TV set-top boxes and mobile devices. The Company also has agreements with various cable, satellite and telecommunications operators to make its service available through TV set-top boxes. The Company's paid plans range from the United States dollar equivalent of \$1 to \$28 per month, and pricing on its extra member sub accounts range from the United States dollar equivalent of \$2 to \$8 per month.

### Current Share Price

\$ 677.25 → Overvalued

#### Key Financial Metrics

	2020	2021	2022	2023
Sales Growth	24.01%	18.81%	6.46%	6.67%
EBITDA Margin	62.04%	62.74%	63.25%	63.78%
EBIT Margin	18.34%	20.86%	17.82%	20.62%
Gross Profit Margin	38.89%	41.64%	39.37%	41.54%
Net Profit Margin	11.05%	17.23%	14.21%	16.04%
Earnings per share	6.26	11.55	10.10	12.25
EPS Growth rate	46.86%	84.34%	-12.51%	21.25%
Dividend per share	-	-	-	-

#### Key Financial Ratios

	2020	2021	2022	2023
Return on Equity	24.96%	32.28%	21.62%	26.27%
Return on Capital Employed	14.57%	17.16%	13.85%	17.44%
Debt to Equity	1.47	0.97	0.69	0.71
CFO to Total Assets	6.18%	0.88%	4.17%	14.93%
Current Ratio	1.25	0.95	1.17	1.12
PE Ratio	86.51	52.16	29.21	39.4
Return on Assets	7.03%	11.48%	9.24%	11.10%
Debt to Asset	0.42	0.35	0.30	0.30

### Overall Assessment and Insight

**Potential Overvaluation:** Current valuation metrics suggest Netflix may be overvalued, raising caution among value-focused investors.

**Continued Growth:** Despite valuation concerns, Netflix is aggressively expanding its service in international markets, focusing on localized content which is expected to attract more subscribers outside of the saturated U.S. market.

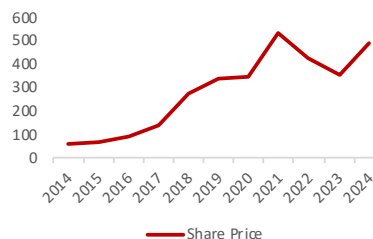
**Financial Risk from Content Costs:** High investment in content creation could impact financial stability if growth falters.

**Increased Competition:** The streaming industry has seen an influx of new players, including tech giants like Apple and Amazon, and traditional media companies launching their own services, such as Disney+ and HBO Max. This heightened competition could lead to a higher churn rate and make subscriber acquisition more costly for Netflix.

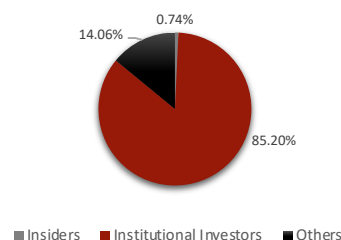
**Price Optimization:** Strategic adjustments in subscription pricing across different markets, leveraging data analytics to maximize revenue without significant subscriber loss.

**Revenue Diversification:** New strategies like ad-supported tiers could enhance revenue streams and improve overall profitability.

#### Share Price - 10Y



#### Shareholding Pattern



### MOAT

- Pioneer Advantage
- Subscriber Base
- Content Depth
- Network Effect
- Focus on Streaming

### Recommendation - HOLD

Given the company's strong market presence and growth prospects balanced against the current stock valuation which suggests a premium, maintaining a hold position is recommended, with a close watch on upcoming quarterly results and market trends. This approach is prudent as it allows investors to benefit from potential upside while observing how strategic initiatives impact financial performance amidst a competitive landscape.

N	(in thousands)	Historical Financial Information					Forecasted Financial Information				
		2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
Income Statement											
Revenues		20,156,447	24,996,056	29,697,844	31,615,550	33,723,297	36,627,016	39,557,008	42,516,044	45,509,097	48,541,012
Cost of Revenues		(3,120,387)	(4,353,697)	(4,893,904)	(4,805,471)	(5,160,984)	(5,860,323)	(6,329,121)	(6,802,567)	(7,281,456)	(7,766,562)
Gross Profit		17,036,060	20,642,359	24,803,940	26,810,079	28,562,313	30,766,693	33,227,887	35,713,477	38,227,641	40,774,450
Marketing		(2,652,462)	(2,228,362)	(2,545,146)	(2,530,502)	(2,657,883)	(3,296,431)	(3,560,131)	(3,826,444)	(4,095,819)	(4,368,691)
Technology and Development		(1,545,149)	(1,829,600)	(2,273,885)	(2,711,041)	(2,675,758)	(2,930,161)	(3,164,561)	(3,401,284)	(3,640,728)	(3,883,281)
General and administrative		(914,369)	(1,076,486)	(1,351,621)	(1,572,891)	(1,720,285)	(1,831,351)	(1,977,850)	(2,125,802)	(2,275,455)	(2,427,051)
EBITDA		11,924,080	15,507,911	18,633,288	19,995,645	21,508,387	22,708,750	24,525,345	26,359,947	28,215,640	30,095,428
Depreciation & Amortisation		9,319,826	10,922,622	12,438,779	14,362,814	14,554,384	15,035,269	16,496,157	17,969,799	19,457,980	20,962,661
Operating Income (EBIT)		2,604,254	4,585,289	6,194,509	5,632,831	6,954,003	7,673,481	8,029,188	8,390,148	8,757,661	9,132,766
Other Income (Expense)											
Interest Expense		(626,023)	(767,499)	(765,620)	(706,212)	(699,826)	(665,759)	(585,064)	(541,314)	(489,331)	(299,706)
Interest and other income (expense)		84,000	(618,441)	411,214	337,310	(48,772)	18,279	19,742	21,218	22,712	24,225
Income before Income Taxes		2,062,231	3,199,349	5,840,103	5,263,929	6,205,405	7,026,002	7,463,866	7,870,052	8,291,041	8,857,285
Provision (for)/benefit from income taxes		(195,315)	(437,954)	(723,875)	(772,005)	(797,415)	(843,120)	(895,664)	(944,406)	(994,925)	(1,062,874)
% of EBT		9.47%	13.69%	12.39%	14.67%	12.85%	12%	12%	12%	12%	12%
Net Income		1,866,916	2,761,395	5,116,228	4,491,924	5,407,990	6,182,881	6,568,202	6,925,646	7,296,116	7,794,411
Balance Sheet											
Assets											
Current Assets :											
Cash and cash equivalents		5,018,437	8,205,550	6,027,804	5,147,176	7,116,913	8,367,191	9,286,490	10,437,648	12,379,540	11,829,905
Short-term investments		-	-	-	911,276	20,973	20,973	20,973	20,973	20,973	20,973
Trade Receivables		454,399	610,819	804,320	988,898	1,287,054	1,051,251	1,135,347	1,220,275	1,306,181	1,393,201
Other current assets		705,668	945,211	1,237,701	2,219,123	1,493,193	2,649,816	2,532,653	3,194,203	3,217,474	3,953,169
Total Current Assets		6,178,504	9,761,580	8,069,825	9,266,473	9,918,133	12,089,231	12,975,463	14,873,100	16,924,168	17,197,249
Content Assets, net		24,504,567	25,383,950	30,919,539	32,736,713	31,658,056	35,071,933	38,509,696	41,974,593	45,470,591	49,002,136
Property and Equipment, net		565,221	960,183	1,323,453	1,398,257	1,491,444	1,722,076	1,962,230	2,210,716	2,466,378	2,728,089
Other non - current assets		2,727,420	3,174,646	4,271,846	5,193,325	5,664,359	6,689,489	7,504,469	8,195,011	9,136,125	10,043,486
Total Assets		33,975,712	39,280,359	44,584,663	48,594,768	48,731,992	55,572,730	60,951,859	67,253,421	73,997,262	78,970,959
Liabilities and Stockholder's Equity											
Current Liabilities :											
Current content liabilities		4,413,561	4,429,536	4,292,967	4,480,150	4,466,470	4,543,512	4,557,737	4,582,565	4,614,739	4,646,697
Accounts Payable		674,347	656,183	837,483	671,513	747,412	912,812	997,109	1,082,166	1,168,096	1,255,019
Accrued Expenses and Other Liabilities		843,043	1,102,196	1,449,351	1,514,650	1,803,960	1,973,740	2,204,180	2,380,958	2,651,545	2,850,362
Deferred Revenue		924,745	1,117,992	1,209,342	1,264,661	1,442,969	1,517,796	1,626,325	1,742,895	1,853,926	1,920,366
Short-Term Debt		-	499,878	699,823	-	399,844	1,819,000	1,000,000	1,434,000	3,500,000	-
Total Current Liabilities		6,855,696	7,805,785	8,488,966	7,930,974	8,860,655	10,766,860	10,385,350	11,222,584	13,788,307	10,672,444
Non - Current content liabilities		3,334,323	2,618,084	3,094,213	3,081,277	2,578,173	2,735,950	2,701,496	2,421,091	2,554,964	2,603,204
Long - Term Debt		14,759,260	15,809,095	14,693,072	14,353,076	14,143,417	12,389,000	11,389,000	9,955,000	6,455,000	6,455,000
Other Non - Current Liabilities		1,444,276	1,982,155	2,459,164	2,452,040	2,561,434	2,909,725	3,136,616	3,389,703	3,637,831	3,884,741
Total Liabilities		26,393,555	28,215,119	28,735,415	27,817,367	28,143,679	28,801,536	27,612,462	26,988,378	26,436,103	23,615,389
Stockholder's Equity											
Preferred stock		-	-	-	-	-	-	-	-	-	-
Common stock		2,793,929	3,447,698	4,024,561	4,637,601	5,145,172	5,145,172	5,145,172	5,145,172	5,145,172	5,145,172
Treasury stock at cost		-	-	(824,190)	(824,190)	(6,922,200)	(6,922,200)	(6,922,200)	(6,922,200)	(6,922,200)	(6,922,200)
Accumulated other comprehensive loss		(23,521)	44,398	(40,495)	(217,306)	(223,945)	(223,945)	(223,945)	(223,945)	(223,945)	(223,945)
Retained earnings		4,811,749	7,573,144	12,689,372	17,181,296	22,589,286	28,772,167	35,340,369	42,266,015	49,562,132	57,356,543
Total stockholders' equity		7,582,157	11,065,240	15,849,248	20,777,401	20,588,313	26,771,194	33,339,396	40,265,042	47,561,159	55,355,570
Total Liabilities and Stockholder's Equity		33,975,712	39,280,359	44,584,663	48,594,768	48,731,992	55,572,730	60,951,859	67,253,421	73,997,262	78,970,959

Particulars - Cash Flow Statement	2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
<b>Cash flows from operating activities:</b>										
Net income	1,866,916	2,761,395	5,116,228	4,491,924	5,407,990	6,182,881	6,568,202	6,925,646	7,296,116	7,794,411
Adjustments to reconcile net income to net cash provided by operating activities:										
Additions to content assets	(13,916,683)	(11,779,284)	(17,702,202)	(16,839,038)	(12,554,703)	(18,313,508)	(19,778,504)	(21,258,022)	(22,754,548)	(24,270,506)
Change in content liabilities	(694,011)	(757,433)	232,898	179,310	(585,602)	234,820	(20,229)	(255,577)	166,047	80,197
Amortization of content assets	9,216,247	10,806,912	12,230,367	14,026,132	14,197,437	14,899,631	16,340,741	17,793,125	19,258,551	20,738,962
Depreciation & amortisation of PE & Intangible	103,579	115,710	208,412	336,682	356,947	135,638	155,416	176,674	199,429	223,699
Stock-based compensation expense	405,376	415,180	403,220	575,452	339,368					
Foreign currency remeasurement L/(G) on debt	(45,576)	533,278	(430,661)	(353,111)	176,296	-	-	-	-	-
Other non-cash items	228,230	293,126	376,777	533,543	512,075	-	-	-	-	-
Deferred income taxes	(94,443)	70,066	199,548	(166,550)	(459,359)	-	-	-	-	-
Changes in operating assets and liabilities:										
Other current assets	(252,113)	(187,623)	(369,681)	(353,834)	(181,003)	(920,821)	33,068	(746,479)	(109,176)	(822,716)
Accounts payable	96,063	(41,605)	145,115	(158,543)	93,502	165,400	84,297	85,057	85,930	86,923
Accrued expenses and other liabilities	157,778	198,183	180,338	(55,513)	103,565	169,780	230,440	176,778	270,588	198,817
Deferred revenue	163,846	193,247	91,350	27,356	178,708	74,827	108,529	116,570	111,031	66,440
Other non-current assets and liabilities	(122,531)	(194,075)	(289,099)	(217,553)	(310,920)	(676,839)	(588,089)	(437,454)	(692,986)	(660,451)
<b>Net cash provided by operating activities</b>	<b>(2,887,322)</b>	<b>2,427,077</b>	<b>392,610</b>	<b>2,026,257</b>	<b>7,274,301</b>	<b>1,951,809</b>	<b>3,133,870</b>	<b>2,576,318</b>	<b>3,830,982</b>	<b>3,435,776</b>
<b>Cash flows from investing activities:</b>										
Purchases of property and equipment	(253,035)	(497,923)	(524,585)	(407,729)	(348,552)	(366,270)	(395,570)	(425,160)	(455,091)	(485,410)
Change in other assets	(134,029)	(7,431)	(26,919)	-	-					
Acquisitions	-	-	(788,349)	(757,387)	-					
Purchases of short-term investments	-	-	-	(911,276)	(504,862)	-	-	-	-	-
Proceeds from maturities of short-term investments	-	-	-	-	1,395,165	-	-	-	-	-
Proceeds from sale of short-term investments	-	-	-	-	-	-	s	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(387,064)</b>	<b>(505,354)</b>	<b>(1,339,853)</b>	<b>(2,076,392)</b>	<b>541,751</b>	<b>(366,270)</b>	<b>(395,570)</b>	<b>(425,160)</b>	<b>(455,091)</b>	<b>(485,410)</b>
<b>Cash flows from financing activities:</b>										
Repayments of debt	-	-	(500,000)	(700,000)	-	(335,261)	(1,819,000)	(1,000,000)	(1,434,000)	(3,500,000)
Proceeds from issuance of common stock	72,490	235,406	174,414	35,746	169,990	-	-	-	-	-
Proceeds from issuance of debt	4,469,306	1,009,464	-	-	-	-	-	-	-	-
Debt Issuance Cost	(36,134)	(7,559)	-	-	-	-	-	-	-	-
Repurchases of common stock	-	-	(600,022)	-	(6,045,347)	-	-	-	-	-
Taxes paid related to net share settlement of equity awards	-	-	(224,168)	-	-	-	-	-	-	-
Other financing activities	-	-	-	-	(75,446)	-	-	-	-	-
<b>Net cash used in financing activities</b>	<b>4,505,662</b>	<b>1,237,311</b>	<b>(1,149,776)</b>	<b>(664,254)</b>	<b>(5,950,803)</b>	<b>(335,261)</b>	<b>(1,819,000)</b>	<b>(1,000,000)</b>	<b>(1,434,000)</b>	<b>(3,500,000)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	469	36,050	(86,740)	(170,140)	82,684					
Net increase (decrease) in cash, cash equivalents and restricted cash	1,231,745	3,195,084	(2,183,759)	(884,529)	1,947,933	1,250,278	919,300	1,151,158	1,941,891	(549,635)
Cash, cash equivalents and restricted cash, beginning of year	3,812,041	5,043,786	8,238,870	6,055,111	5,170,582	7,116,913	8,367,191	9,286,490	10,437,648	12,379,540
Cash, cash equivalents and restricted cash, end of year	5,043,786	8,238,870	6,055,111	5,170,582	7,118,515	8,367,191	9,286,490	10,437,648	12,379,540	11,829,905
Particulars - Ratio Analysis	2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
<b>Liquidity Ratios</b>										
Current Ratio	0.90	1.25	0.95	1.17	1.12	1.12	1.25	1.33	1.23	1.61
CFO/Current Liabilities	(0.42)	0.31	0.05	0.26	0.82	0.18	0.30	0.23	0.28	0.32
Cash Ratio	0.73	1.05	0.71	0.65	0.80	0.78	0.89	0.93	0.90	1.11
<b>Asset Management Ratios</b>										
Total Asset Turnover (Sales/ Total Assets)	0.59	0.64	0.67	0.65	0.69	0.66	0.65	0.63	0.62	0.61
Working Capital Turnover Ratio (sales/WC)	(29.76)	12.78	(70.85)	23.67	31.89	27.70	15.27	11.65	14.51	7.44
PP&E Turnover (PPE/Sales)	1.24	1.05	1.09	1.08	0.98	1.00	1.02	1.04	1.05	1.07
<b>Financial Leverage Ratios:</b>										
Debt to Assets ( Total Debt/ Total Assets)	0.43	0.42	0.35	0.30	0.30	0.26	0.20	0.17	0.13	0.08
Debt to Equity Ratio (Total Debt/Total Equity)	1.95	1.47	0.97	0.69	0.71	0.53	0.37	0.28	0.21	0.12
Debt to EBITDA (Total Debt/EBITDA)	1.24	1.05	0.83	0.72	0.68	0.63	0.51	0.43	0.35	0.21
<b>Profitability Ratios:</b>										
Return on Equity (NI/Beg TSE)	35.64%	36.42%	46.24%	28.34%	26.03%	30.03%	24.53%	20.77%	18.12%	16.39%
Return on Assets (NI/ Total assets)	5.49%	7.03%	11.48%	9.24%	11.10%	11.13%	10.78%	10.30%	9.86%	9.87%
Operating Margin (EBIT/Sales)	12.92%	18.34%	20.86%	17.82%	20.62%	20.95%	20.30%	19.73%	19.24%	18.81%
<b>Payout Policy Ratios:</b>										
Dividend Payout Ratio (Dividend/EPS)	-	-	-	-	-					
Total Payout Ratio ((Divs. + Repurchases)/NI)	-	-	-	-	-					

N	(in thousands)	Historical Financial Information					Forecasted Financial Information				
		2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue Decomposition											
Streaming Revenues		19,859,230	24,756,675	29,515,496	31,469,852	33,640,458	36,560,745	39,507,305	42,482,908	45,492,529	48,541,012
DVD Revenues		297,217	239,381	182,348	145,698	82,839	66,271	49,703	33,136	16,568	-
Total Revenues		20,156,447	24,996,056	29,697,844	31,615,550	33,723,297	36,627,016	39,557,008	42,516,044	45,509,097	48,541,012
United States and Canada (UCAN)											
Revenues		10,051,208	11,455,396	12,972,100	14,084,643	14,873,783	16,365,018	17,911,834	19,513,976	21,173,039	22,890,659
Paid net membership additions		2,905	6,274	1,279	(919)	5,832	6,000	6,000	6,000	6,000	6,000
Paid memberships at end of period (1)		67,662	73,936	75,215	74,296	80,128	86,128	92,128	98,128	104,128	110,128
Average paying memberships		66,615	71,689	74,234	74,001	76,126	82,126	88,126	94,126	100,126	106,126
Average monthly revenue per paying membership		12.57	13.32	14.56	15.86	16.28	16.61	16.94	17.28	17.62	17.97
% growth in paid memberships at the end of period			5.97%	9.31%	8.93%	2.65%	2%	2%	2%	2%	2%
Europe, Middle East, and Africa (EMEA)											
Revenues		5,543,067	7,772,252	9,699,819	9,745,015	10,556,487	11,225,499	11,880,310	12,520,902	13,147,493	13,760,301
Paid net membership additions		13,960	14,920	7,338	2,693	12,084	6,000	6,000	6,000	6,000	6,000
Paid memberships at end of period (1)		51,778	66,698	74,036	76,729	88,813	94,813	100,813	106,813	112,813	118,813
Average paying memberships		44,731	60,425	69,518	73,904	80,928	86,928	92,928	98,928	104,928	110,928
Average monthly revenue per paying membership		10.33	10.72	11.63	10.99	10.87	10.76	10.65	10.55	10.44	10.34
% growth in paid memberships at the end of period			3.78%	8.49%	-5.50%	-1.09%	-1%	-1%	-1%	-1%	-1%
Latin America (LATAM)											
Revenues		2,795,434	3,156,727	3,576,976	4,069,973	4,446,461	4,960,937	5,492,629	6,043,605	6,614,422	7,205,655
Paid net membership additions		5,340	6,120	2,424	1,738	4,298	4,000	4,000	4,000	4,000	4,000
Paid memberships at end of period (1)		31,417	37,537	39,961	41,699	45,997	49,997	53,997	57,997	61,997	65,997
Average paying memberships		28,391	35,297	38,573	40,000	42,802	46,802	50,802	54,802	58,802	62,802
Average monthly revenue per paying membership		8.21	7.45	7.73	8.48	8.66	8.83	9.01	9.19	9.37	9.56
% growth in paid memberships at the end of period			-9.26%	3.76%	9.70%	2.12%	2%	2%	2%	2%	2%
Asia-Pacific (APAC)											
Revenues		1,469,521	2,372,300	3,266,601	3,570,221	3,763,727	4,009,290	4,222,532	4,404,426	4,557,574	4,684,397
Paid net membership additions		5,626	9,259	7,140	5,391	7,315	5,000	5,000	5,000	5,000	5,000
Paid memberships at end of period (1)		16,233	25,492	32,632	38,023	45,338	50,338	55,338	60,338	65,338	70,338
Average paying memberships		13,247	21,674	28,461	35,019	41,033	46,033	51,033	56,033	61,033	66,033
Average monthly revenue per paying membership		9.24	9.12	9.56	8.50	7.64	7.26	6.90	6.55	6.22	5.91
% growth in paid memberships at the end of period			-1.30%	4.82%	-11.09%	-10.12%	-5%	-5%	-5%	-5%	-5%
Cost Decomposition		2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Cost of Sales		3,120,387	4,353,697	4,893,904	4,805,471	5,160,984	5,860,323	6,329,121	6,802,567	7,281,456	7,766,562
% of Revenue		15.48%	17.42%	16.48%	15.20%	15.30%	16%	16%	16%	16%	16%
Marketing		2,652,462	2,228,362	2,545,146	2,530,502	2,657,883	3,296,431	3,560,131	3,826,444	4,095,819	4,368,691
% of Revenue		13.16%	8.91%	8.57%	8.00%	7.88%	9%	9%	9%	9%	9%
Technology and Development		1,545,149	1,829,600	2,273,885	2,711,041	2,675,758	2,930,161	3,164,561	3,401,284	3,640,728	3,883,281
% of Revenue		7.67%	7.32%	7.66%	8.58%	7.93%	8%	8%	8%	8%	8%
General and Administrative		914,369	1,076,486	1,351,621	1,572,891	1,720,285	1,831,351	1,977,850	2,125,802	2,275,455	2,427,051
% of Revenue		4.54%	4.31%	4.55%	4.98%	5.10%	5%	5%	5%	5%	5%

Property and Equipment	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Opening Gross PPE	786,800	981,226	1,454,973	1,939,759	2,151,998	2,346,487	2,712,757	3,108,327	3,533,488	3,988,579
Add: Capex	194,426	473,747	484,786	212,239	194,489	366,270	395,570	425,160	455,091	485,410
Closing Gross PPE	981,226	1,454,973	1,939,759	2,151,998	2,346,487	2,712,757	3,108,327	3,533,488	3,988,579	4,473,989
Opening Accumulated Depreciation	368,519	416,005	494,790	616,306	753,741	855,043	990,681	1,146,097	1,322,772	1,522,201
Add: Depreciation for the year	47,486	78,785	121,516	137,435	101,302	135,638	155,416	176,674	199,429	223,699
Closing Accumulated Depreciation	416,005	494,790	616,306	753,741	855,043	990,681	1,146,097	1,322,772	1,522,201	1,745,900
Net PPE	565,221	960,183	1,323,453	1,398,257	1,491,444	1,722,076	1,962,230	2,210,716	2,466,378	2,728,089
Depreciation % of Gross PPE	5%	5%	6%	6%	4%	5%	5%	5%	5%	5%
Capex % of Sales	1%	2%	2%	1%	1%	1%	1%	1%	1%	1%
Content Assets	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Gross Licensed Content	14,081,463	14,703,352	13,747,607	13,799,221	12,732,549	12,722,701	14,002,851	15,290,946	16,588,772	17,898,270
Additions during the Year	7,864,688	6,588,886	8,107,425	6,615,306	7,135,598	9,156,754	9,889,252	10,629,011	11,377,274	12,135,253
Amortization	(7,242,799)	(7,544,631)	(8,055,811)	(7,681,978)	(7,145,446)	(7,876,604)	(8,601,157)	(9,331,185)	(10,067,777)	(10,812,068)
Licensed Content, net	14,703,352	13,747,607	13,799,221	12,732,549	12,722,701	14,002,851	15,290,946	16,588,772	17,898,270	19,221,455
Additions during the Year %	39%	26%	27%	21%	21%	25%	25%	25%	25%	25%
Amortization as a % of Sum of Gross & Additions Content	33%	35%	37%	38%	36%	36%	36%	36%	36%	36%
Gross Produced Content	6,020,864	9,801,215	11,636,343	17,120,318	20,004,164	18,935,355	21,069,082	23,218,750	25,385,821	27,572,321
Additions during the Year	5,753,799	5,097,409	9,658,531	9,228,000	5,983,182	9,156,754	9,889,252	10,629,011	11,377,274	12,135,253
Amortization	(1,973,448)	(3,262,281)	(4,174,556)	(6,344,154)	(7,051,991)	(7,023,027)	(7,739,583)	(8,461,940)	(9,190,774)	(9,926,894)
Produced Content, net	9,801,215	11,636,343	17,120,318	20,004,164	18,935,355	21,069,082	23,218,750	25,385,821	27,572,321	29,780,681
Additions during the Year %	29%	20%	33%	29%	18%	25%	25%	25%	25%	25%
Amortization as a % of Sum of Gross & Additions Content	17%	22%	20%	24%	27%	25%	25%	25%	25%	25%
Working Capital	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenues	20,156,447	24,996,056	29,697,844	31,615,550	33,723,297	36,627,016	39,557,008	42,516,044	45,509,097	48,541,012
Operating Expenses	12,440,213	15,276,319	17,332,683	19,168,285	19,715,368	20,895,591	22,825,278	24,772,366	26,739,435	28,729,223
Trade Receivables	454,399	610,819	804,320	988,898	1,287,054	1,051,251	1,135,347	1,220,275	1,306,181	1,393,201
Accounts Payable	674,347	656,183	837,483	671,513	747,412	912,812	997,109	1,082,166	1,168,096	1,255,019
Trade Receivables Days	8	9	10	11	14	10	10	10	10	10
Accounts Payable Days	20	16	18	13	14	16	16	16	16	16
Debt Schedule	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
5.375% Senior Notes	500	500	-	-	-	-	-	-	-	-
5.500% Senior Notes	700	700	700	-	-	-	-	-	-	-
5.750% Senior Notes	400	400	400	400	400	-	-	-	-	-
5.875% Senior Notes	800	800	800	800	800	800	-	-	-	-
3.000% Senior Notes	-	574	535	503	519	519	-	-	-	-
3.625% Senior Notes	-	500	500	500	500	500	-	-	-	-
4.375% Senior Notes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-	-
3.625% Senior Notes	1,459	1,588	1,480	1,391	1,434	1,434	1,434	1,434	-	-
4.875% Senior Notes	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	-
5.875% Senior Notes	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	-
4.625% Senior Notes	1,234	1,344	1,252	1,177	1,215	1,215	1,215	1,215	1,215	1,215
6.375% Senior Notes	800	800	800	800	800	800	800	800	800	800
3.875% Senior Notes	1,346	1,466	1,366	1,284	1,325	1,325	1,325	1,325	1,325	1,325
5.375% Senior Notes	900	900	900	900	900	900	900	900	900	900
3.625% Senior Notes	1,234	1,344	1,252	1,177	1,215	1,215	1,215	1,215	1,215	1,215
4.875% Senior Notes	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Debt</b>	<b>14,873</b>	<b>16,416</b>	<b>15,485</b>	<b>14,432</b>	<b>14,608</b>	<b>14,208</b>	<b>12,389</b>	<b>11,389</b>	<b>9,955</b>	<b>6,455</b>
Issuance Cost	114	107	92	79	65	-	-	-	-	-
<b>Financials :</b>	<b>14,759</b>	<b>16,309</b>	<b>15,393</b>	<b>14,353</b>	<b>14,543</b>	<b>14,208</b>	<b>12,389</b>	<b>11,389</b>	<b>9,955</b>	<b>6,455</b>
<b>Long Term</b>	<b>-</b>	<b>500</b>	<b>700</b>	<b>-</b>	<b>400</b>	<b>1,819</b>	<b>1,000</b>	<b>1,434</b>	<b>3,500</b>	<b>-</b>
<b>Short Term</b>	<b>14,759</b>	<b>15,809</b>	<b>14,693</b>	<b>14,353</b>	<b>14,143</b>	<b>12,389</b>	<b>11,389</b>	<b>9,955</b>	<b>6,455</b>	<b>6,455</b>
Change In Debt						(335)	(1,819)	(1,000)	(1,434)	(3,500)
Interest Schedule - Estimate	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
5.375% Senior Notes	-	-	-	-	-	-	-	-	-	-
5.500% Senior Notes	-	-	-	-	-	-	-	-	-	-
5.750% Senior Notes	-	-	-	-	-	-	-	-	-	-
5.875% Senior Notes	47	-	-	-	-	-	-	-	-	-
3.000% Senior Notes	16	-	-	-	-	-	-	-	-	-
3.625% Senior Notes	18	-	-	-	-	-	-	-	-	-
4.375% Senior Notes	44	44	-	-	-	-	-	-	-	-
3.625% Senior Notes	52	52	52	-	-	-	-	-	-	-
4.875% Senior Notes	78	78	78	78	-	-	-	-	-	-
5.875% Senior Notes	112	112	112	112	-	-	-	-	-	-
4.625% Senior Notes	56	56	56	56	-	-	-	-	-	56
6.375% Senior Notes	51	51	51	51	-	-	-	-	-	51
3.875% Senior Notes	51	51	51	51	-	-	-	-	-	51
5.375% Senior Notes	48	48	48	48	-	-	-	-	-	48
3.625% Senior Notes	44	44	44	44	-	-	-	-	-	44
4.875% Senior Notes	49	49	49	49	-	-	-	-	-	49
<b>Total</b>	<b>666</b>	<b>585</b>	<b>541</b>	<b>489</b>	<b>300</b>					
Interest and other income (expense)	84,000	(618,441)	411,214	337,310	(48,772)	18,279	19,742	21,218	22,712	24,225
Revenue	20,156,447	24,996,056	29,697,844	31,615,550	33,723,297	36,627,016	39,557,008	42,516,044	45,509,097	48,541,012
Interest and other income (expense) as % of Revenue	0.42%	-2.47%	1.38%	1.07%	-0.14%	0.05%	0.05%	0.05%	0.05%	0.05%
5 year Average					0.05%					

	Best Case	Base Case	Worse Case
<b>Revenue</b>			
Paid Net Membership Additions			
United States and Canada (UCAN)	8000	6000	4000
Europe, Middle East, and Africa (EMEA)	8000	6000	4000
Latin America (LATAM)	5000	4000	1000
Asia-Pacific (APAC)	7000	5000	3000
% Growth in paid Memberships			
United States and Canada (UCAN)	4%	2%	1%
Europe, Middle East, and Africa (EMEA)	2%	-1%	-2%
Latin America (LATAM)	4%	2%	-2%
Asia-Pacific (APAC)	2%	-5%	-10%

**DVD Revenue**

The continuous decline in Netflix's DVD revenues is primarily driven by the significant consumer shift towards digital streaming services. This shift is due to the increased convenience, variety, and instant access to content that streaming platforms provide compared to physical DVDs. Therefore, the revenue has been equally brought down to zero five years down the line.

<b>Cost</b>			
Cost of Sales	13.50%	16.00%	18.50%
Marketing	8.00%	9.00%	10.00%
Technology and Development	7.00%	8.00%	9.00%
General and Administrative	4.25%	5.00%	5.75%

Exponential Regression	2,024	2,025	2,026	2,027	2,028
Other Current Assets	2,649,816	2,532,653	3,194,203	3,217,474	3,953,169
Other Non Current Assets	6,689,489	7,504,469	8,195,011	9,136,125	10,043,486
Current content liabilities	4,543,512	4,557,737	4,582,565	4,614,739	4,646,697
Accrued Expenses and Other Liabilities	1,973,740	2,204,180	2,380,958	2,651,545	2,850,362
Deferred Revenue	1,517,796	1,626,325	1,742,895	1,853,926	1,920,366
Non - Current content liabilities	2,735,950	2,701,496	2,421,091	2,554,964	2,603,204
Other Non - Current Liabilities	2,909,725	3,136,616	3,389,703	3,637,831	3,884,741

**Note :**

In the model, exponential regression was employed due to the observed compounding growth patterns in key financial metrics such as assets and liabilities over the years. This method is particularly effective for forecasting as it assumes that growth continues at an increasing rate, which aligns well with the trend seen in the data, allowing for more accurate future predictions.

# NETFLIX

Regression Beta (5Y) - Monthly






Netflix monthly returns			S&P 500 monthly returns			Beta drifting		Disney monthly returns			Warner Bros monthly returns			Paramount monthly returns			Fox Corp monthly returns		
Date	Close	Return	Date	Close	Return	Netflix		Date	Close	Return	Date	Close	Return	Date	Close	Return	Date	Close	Return
Jul-19	322.99		Jul-19	2,980.38		Levered Raw Beta	1.26	Jul-19	143.01		Jul-19	30.31		Jul-19	51.51		Jul-19	37.32	
Aug-19	293.75	-9.05%	Aug-19	2,926.46	-1.81%	Raw Beta Weight	67%	Aug-19	137.26	-4.02%	Aug-19	27.60	-8.94%	Aug-19	42.06	-18.35%	Aug-19	33.17	-11.12%
Sep-19	267.62	-8.90%	Sep-19	2,976.74	1.72%	Market Beta	1	Sep-19	130.32	-5.06%	Sep-19	26.63	-3.51%	Sep-19	40.37	-4.02%	Sep-19	31.54	-4.93%
Oct-19	287.41	7.39%	Oct-19	3,037.56	2.04%	Market Beta Weight	33%	Oct-19	129.92	-0.31%	Oct-19	26.96	1.24%	Oct-19	36.04	-10.73%	Oct-19	32.04	1.60%
Nov-19	314.66	9.48%	Nov-19	3,140.98	3.40%			Nov-19	151.58	16.67%	Nov-19	32.94	22.18%	Nov-19	40.38	12.04%	Nov-19	35.76	11.61%
Dec-19	323.57	2.83%	Dec-19	3,230.78	2.86%	Adjusted Beta	1.17	Dec-19	144.63	-4.59%	Dec-19	32.74	-0.61%	Dec-19	41.97	3.94%	Dec-19	37.07	3.66%
Jan-20	345.09	6.65%	Jan-20	3,225.52	-0.16%			Jan-20	138.31	-4.37%	Jan-20	29.26	-10.63%	Jan-20	34.13	-18.68%	Jan-20	37.08	0.03%
Feb-20	369.03	6.94%	Feb-20	2,954.22	-8.41%	The Walt Disney Company		Feb-20	117.65	-14.94%	Feb-20	25.70	-12.17%	Feb-20	24.61	-27.89%	Feb-20	30.74	-17.10%
Mar-20	375.50	1.75%	Mar-20	2,584.59	-12.51%	Levered Raw Beta	1.41	Mar-20	96.60	-17.89%	Mar-20	19.44	-24.36%	Mar-20	14.01	-43.07%	Mar-20	23.63	-23.13%
Apr-20	419.85	11.81%	Apr-20	2,912.43	12.68%	Raw Beta Weight	67%	Apr-20	108.15	11.96%	Apr-20	22.42	15.33%	Apr-20	17.26	23.20%	Apr-20	25.87	9.48%
May-20	419.73	-0.03%	May-20	3,044.31	4.53%	Market Beta	1	May-20	117.30	8.46%	May-20	21.75	-2.99%	May-20	20.74	20.16%	May-20	29.17	12.76%
Jun-20	455.04	8.41%	Jun-20	3,100.29	1.84%	Market Beta Weight	33%	Jun-20	111.51	-4.94%	Jun-20	21.10	-2.99%	Jun-20	23.32	12.44%	Jun-20	26.82	-8.06%
Jul-20	488.88	7.44%	Jul-20	3,271.12	5.51%			Jul-20	116.94	4.87%	Jul-20	21.10	0.00%	Jul-20	26.07	11.79%	Jul-20	25.77	-3.91%
Aug-20	529.56	8.32%	Aug-20	3,500.31	7.01%	Adjusted Beta	1.27	Aug-20	131.87	12.77%	Aug-20	22.07	4.60%	Aug-20	27.85	6.83%	Aug-20	27.86	8.11%
Sep-20	500.03	-5.58%	Sep-20	3,363.00	-3.92%			Sep-20	124.08	-5.91%	Sep-20	21.77	-1.36%	Sep-20	28.01	0.57%	Sep-20	27.83	-0.11%
Oct-20	475.74	-4.86%	Oct-20	3,269.96	-2.77%	Warner Bros. Discovery, Inc.		Oct-20	121.25	-2.28%	Oct-20	20.24	-7.03%	Oct-20	28.57	2.00%	Oct-20	26.52	-4.71%
Nov-20	490.70	3.14%	Nov-20	3,621.63	10.75%	Levered Raw Beta	1.55	Nov-20	148.01	22.07%	Nov-20	26.91	32.95%	Nov-20	35.28	23.49%	Nov-20	28.84	8.75%
Dec-20	540.73	10.20%	Dec-20	3,756.07	3.71%	Raw Beta Weight	67%	Dec-20	181.18	22.41%	Dec-20	30.09	11.82%	Dec-20	37.26	5.61%	Dec-20	29.12	0.97%
Jan-21	532.39	-1.54%	Jan-21	3,714.24	-1.11%	Market Beta	1	Jan-21	168.17	-7.18%	Jan-21	41.42	37.65%	Jan-21	48.50	30.17%	Jan-21	31.18	7.07%
Feb-21	538.85	1.21%	Feb-21	3,811.15	2.61%	Market Beta Weight	33%	Feb-21	189.04	12.41%	Feb-21	53.03	28.03%	Feb-21	64.49	32.97%	Feb-21	33.31	6.83%
Mar-21	521.66	-3.19%	Mar-21	3,972.89	4.24%			Mar-21	184.52	-2.39%	Mar-21	43.46	-18.05%	Mar-21	45.10	-30.07%	Mar-21	36.11	8.41%
Apr-21	513.47	-1.57%	Apr-21	4,181.17	5.24%	Adjusted Beta	1.37	Apr-21	186.02	0.81%	Apr-21	37.66	-13.35%	Apr-21	41.02	-9.05%	Apr-21	37.42	3.63%
May-21	502.81	-2.08%	May-21	4,044.11	0.55%			May-21	178.65	-3.69%	May-21	32.11	-14.74%	May-21	42.42	3.41%	May-21	27.35	-0.19%
Jun-21	528.21	5.05%	Jun-21	4,297.50	2.22%	Paramount Global		Jun-21	175.77	-1.61%	Jun-21	30.68	-4.45%	Jun-21	45.20	6.55%	Jun-21	37.13	-0.59%
Jul-21	517.57	-2.01%	Jul-21	4,395.26	2.27%	Levered Raw Beta	1.82	Jul-21	176.02	0.14%	Jul-21	29.01	-5.44%	Jul-21	40.93	-9.45%	Jul-21	35.66	-3.96%
Aug-21	569.19	9.97%	Aug-21	4,522.68	2.90%	Raw Beta Weight	67%	Aug-21	181.30	3.00%	Aug-21	28.84	-0.59%	Aug-21	41.45	1.27%	Aug-21	37.44	4.99%
Sep-21	610.34	7.23%	Sep-21	4,307.54	-4.76%	Market Beta	1	Sep-21	169.17	-6.69%	Sep-21	25.38	-12.00%	Sep-21	39.51	-4.68%	Sep-21	40.11	7.13%
Oct-21	690.31	13.10%	Oct-21	4,605.38	6.91%	Market Beta Weight	33%	Oct-21	169.07	-0.06%	Oct-21	23.44	-7.64%	Oct-21	36.22	-8.33%	Oct-21	39.74	-0.92%
Nov-21	641.90	-7.01%	Nov-21	4,607.00	0.04%			Nov-21	144.90	-14.30%	Nov-21	23.27	-0.73%	Nov-21	30.95	-14.55%	Nov-21	35.71	-10.14%
Dec-21	602.44	-6.15%	Dec-21	4,766.18	3.46%	Adjusted Beta	1.55	Dec-21	154.89	6.89%	Dec-21	23.54	1.16%	Dec-21	30.18	-2.49%	Dec-21	36.90	3.33%
Jan-22	427.14	-29.10%	Jan-22	4,515.55	-5.26%			Jan-22	142.97	-7.70%	Jan-22	27.91	18.56%	Jan-22	33.45	10.83%	Jan-22	40.61	10.05%
Feb-22	394.52	-7.64%	Feb-22	4,373.94	-3.14%	Fox Corporation		Feb-22	148.46	3.84%	Feb-22	28.05	0.50%	Feb-22	30.61	-8.49%	Feb-22	41.83	3.00%
Mar-22	374.59	-5.05%	Mar-22	4,530.41	3.58%	Levered Raw Beta	0.80	Mar-22	137.16	-7.61%	Mar-22	24.92	-11.16%	Mar-22	37.81	23.52%	Mar-22	39.45	-5.69%
Apr-22	190.36	-49.18%	Apr-22	4,131.93	-8.80%	Raw Beta Weight	67%	Apr-22	111.63	-18.61%	Apr-22	18.15	-27.17%	Apr-22	29.12	-22.98%	Apr-22	35.84	-9.15%
May-22	197.44	3.72%	May-22	4,132.15	0.01%	Market Beta	1	May-22	110.44	-1.07%	May-22	18.45	1.65%	May-22	34.33	17.89%	May-22	35.51	-0.92%
Jun-22	174.87	-11.43%	Jun-22	3,785.38	-8.39%	Market Beta Weight	33%	Jun-22	94.40	-14.52%	Jun-22	13.42	-27.26%	Jun-22	24.68	-28.11%	Jun-22	32.16	-9.43%
Jul-22	224.90	28.61%	Jul-22	4,130.29	9.11%			Jul-22	106.10	12.39%	Jul-22	15.00	11.77%	Jul-22	23.65	-4.17%	Jul-22	33.11	2.95%
Aug-22	223.56	-0.60%	Aug-22	3,955.00	-4.24%	Adjusted Beta	0.87	Aug-22	112.08	5.64%	Aug-22	13.24	-11.73%	Aug-22	23.39	-1.10%	Aug-22	34.18	3.23%
Sep-22	235.44	5.31%	Sep-22	3,585.62	-9.34%			Sep-22	94.33	-15.84%	Sep-22	11.50	-13.14%	Sep-22	19.04	-18.60%	Sep-22	30.68	-10.24%
Oct-22	291.88	23.97%	Oct-22	3,871.98	7.99%			Oct-22	106.54	12.94%	Oct-22	13.00	13.04%	Oct-22	18.32	-3.78%	Oct-22	28.87	-5.90%
Nov-22	305.53	4.68%	Nov-22	4,080.11	5.38%			Nov-22	97.87	-8.14%	Nov-22	11.40	-12.31%	Nov-22	20.08	9.61%	Nov-22	32.45	12.40%
Dec-22	294.88	-3.49%	Dec-22	3,839.50	-5.90%			Dec-22	86.88	-11.23%	Dec-22	9.48	-16.84%	Dec-22	16.88	-15.94%	Dec-22	30.37	-6.41%
Jan-23	353.86	20.00%	Jan-23	4,076.60	6.18%			Jan-23	108.49	24.87%	Jan-23	14.82	56.33%	Jan-23	23.16	37.20%	Jan-23	33.94	11.76%
Feb-23	322.13	-8.97%	Feb-23	4,076.60	0.00%			Feb-23	99.61	-8.19%	Feb-23	15.62	5.40%	Feb-23	21.42	-7.51%	Feb-23	35.02	3.18%
Mar-23	345.48	7.25%	Mar-23	4,109.31	0.80%			Mar-23	100.13	0.52%	Mar-23	15.10	-3.33%	Mar-23	22.31	4.15%	Mar-23	34.05	-2.72%
Apr-23	329.93	-4.50%	Apr-23	4,169.48	1.46%			Apr-23	102.50	2.37%	Apr-23	13.61	-9.87%	Apr-23	23.33	4.57%	Apr-23	33.26	-2.32%
May-23	395.23	19.79%	May-23	4,179.83	0.25%			May-23	87.96	-14.19%	May-23	11.28	-17.12%	May-23	15.21	-34.80%	May-23	31.20	-6.19%
Jun-23	440.49	11.45%	Jun-23	4,450.48	6.48%			Jun-23	89.28	1.50%	Jun-23	12.54	11.17%	Jun-23	15.91	4.60%	Jun-23	34.00	8.97%
Jul-23	438.97	-0.35%	Jul-23	4,588.96	3.11%			Jul-23	88.89	-0.44%	Jul-23	13.07	4.23%	Jul-23	16.03	0.75%	Jul-23	33.45	-1.62%
Aug-23	433.68	-1.21%	Aug-23	4,507.66	-1.77%			Aug-23	83.68	-5.86%	Aug-23	13.14	0.54%	Aug-23	15.09	-5.86%	Aug-23	33.06	-1.17%
Sep-23	377.60	-12.93%	Sep-23	4,288.05	-4.87%			Sep-23	81.05	-3.14%	Sep-23	10.86	-17.35%	Sep-23	12.90	-14.51%	Sep-23	31.20	-5.63%
Oct-23	411.69	9.03%	Oct-23	4,193.80	-2.20%			Oct-23	81.59	0.67%	Oct-23	9.94	-8.47%	Oct-23	10.88	-15.66%	Oct-23	30.39	-2.60%
Nov-23	473.97	15.13%	Nov-23	4,567.60	8.91%			Nov-23	92.69	13.60%	Nov-23	10.45	5.13%	Nov-23	14.37	32.08%	Nov-23	29.54	-2.80%
Dec-23	486.88	2.72%	Dec-23	4,769.83	4.43%			Dec-23	90.29	-2.59%	Dec-23	11.38	8.90%	Dec-23	14.79	2.92%	Dec-23	29.67	0.44%
Jan-24	564.11	15.86%	Jan-24	4,845.65	1.59%			Jan-24	96.05	6.38%	Jan-24	10.02	-11.95%	Jan-24	14.59	-1.35%	Jan-24	32.30	8.86%
Feb-24	602.92	6.88%	Feb-24	5,096.27	5.17%			Feb-24	111.58	16.17%	Feb-24	8.79	-12.28%	Feb-24	11.04	-24.33%	Feb-24	29.79	-7.77%
Mar-24	607.33	0.73%	Mar-24	5,254.35	3.10%			Mar-24	122.36	9.66%	Mar-24	8.73	-0.68%	Mar-24	11.77	6.61%	Mar-24	31.27	4.97%
Apr-24	550.64	-9.33%	Apr-24	5,035.69	-4.16%			Apr-24	111.10	-9.20%	Apr-24	7.36	-15.69%	Apr-24	11.39	-3.23%	Apr-24	31.01	-0.83%
May-24	641.62	16.52%	May-24	5,277.51	4.80%			May-24	103.91	-6.47%	May-24	8.24	11.96%	May-24	11.91	4.57%	May-24	34.43	11.03%
Jun-24	644.50	0.45%	Jun-24	5,360.79	1.58%			Jun-24	102.74	-1.13%	Jun-24	8.12	-1.46%	Jun-24	11.98	0.59%	Jun-24	33.69	-2.15%
Jun-24	642.42	-0.32%	Jun-24	5,344.55	-0.30%			Jun-24	101.89	-0.82%	Jun-24	8.18	0.68%	Jun-24	12.26	2.34%	Jun-24	33.51	-0.53%



# NETFLIX

## Weighted Average Cost of Capital

All figures are in USD , in thousands unless stated otherwise.

Name of Comp	Country	Total Debt	Total Equity	Total Capital	Tax Rate [1]	Debt/Equity	Debt/Capital	Levered Beta [2]	Unlevered Beta [3]	
 NETFLIX, INC. (XNAS:NFLX)	USA	14,543,261	291,827,838	306,371,099	25.00%	0.05	0.05	1.26	1.21	
 THE WALT DISNEY COMPANY (XFRA:WDP)	USA	47,690,000	185,038,900	232,728,900	25.00%	0.26	0.20	1.41	1.18	
 WARNER BROS. DISCOVERY, INC. (XNAS:WBD)	USA	43,669,000	17,237,952	60,906,952	25.00%	2.53	0.72	1.55	0.53	
 PARAMOUNT GLOBAL (XNAS:PARA)	USA	14,602,000	6,706,468	21,308,468	25.00%	2.18	0.69	1.82	0.69	
 FOX CORPORATION (XNAS:FOXA)	USA	8,445,000	15,109,880	23,554,880	25.00%	0.56	0.36	0.80	0.56	
Cost of Debt										
Pre - Tax Cost of Debt		4.71%	Average		25.00%	1.12	0.40	1.37	0.84	
Tax Rate		25.00%	Median		25.00%	0.56	0.36	1.41	0.69	
Post Tax Cost of Debt		3.54%	Capital Structure							
Cost of Equity									Current	Target
Risk Free Rate [5]		4.41%	Total Debt					14,543,261	0.0475	0.0509
Equity Risk Premium [6]		4.60%	Market Capitalisation					291,827,838	0.9525	0.9491
Levered Beta [4]		0.72	Total Capital					306,371,099	1.0000	1.0000
Cost of Equity		7.72%	Debt/Equity					0.0498 0.0537		
Weighted Average Cost of Capital				Levered Beta						
		Cost	Weight	Comps Median Unlevered Beta					0.69	
Debt		3.54%	0.0509	Target Debt/Equity					0.0537	
Equity		7.72%	0.9491	Tax Rate					25.00%	
Weighted Average Cost of Capital		7.50393725%		Levered Beta					0.72	

Notes:

- [1] Tax Rate considered as the marginal tax rate for the country
- [2] Levered beta has been calculated during regression analysis based on 5-year monthly data
- [3] Unlevered Beta = Levered Beta / (1 + (1 - Tax Rate) \* Debt / Equity)
- [4] Levered Beta = Unlevered Beta \* (1 + (1 - Tax Rate) \* Debt / Equity)
- [5] Risk-Free Rate is 10-year US treasury bond yield
- [6] Equity-Risk Premium is the US market premium as provided by Ashwath Damodaran

# NETFLIX

Calculation of Return on Invested Capital					
	2019	2020	2021	2022	2023
Total Assets	33,975,712	39,280,359	44,584,663	48,594,768	48,731,992
Cash and Cash Equivalents	(5,018,437)	(8,205,550)	(6,027,804)	(5,147,176)	(7,116,913)
Non Interest Bearing Liabilities	(6,855,696)	(7,305,907)	(7,789,143)	(7,930,974)	(8,460,811)
<b>Invested Capital</b>	<b>22,101,579</b>	<b>23,768,902</b>	<b>30,767,716</b>	<b>35,516,618</b>	<b>33,154,268</b>
Operating Income	2,604,254	4,585,289	6,194,509	5,632,831	6,954,003
Marginal Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%
<b>NOPAT</b>	<b>2,597,743</b>	<b>4,573,826</b>	<b>6,179,023</b>	<b>5,618,749</b>	<b>6,936,618</b>
<b>Return on Invested Capital</b>	<b>11.75%</b>	<b>19.24%</b>	<b>20.08%</b>	<b>15.82%</b>	<b>20.92%</b>

Calculation of Re-investment Rate					
	2019	2020	2021	2022	2023
Net Capex	387,064	505,354	1,339,853	2,076,392	(541,751)
Working Capital	(5,695,629)	(6,249,755)	(6,446,945)	(3,811,677)	(6,059,435)
Change in Working Capital		554,126	197,190	(2,635,268)	2,247,758
Reinvestment (Net Capex + Change in WC)		1,059,480	1,537,043	(558,876)	1,706,007
<b>Reinvestment Rate</b>		<b>23.16%</b>	<b>24.88%</b>	<b>-9.95%</b>	<b>24.59%</b>
			4-Year Average		15.67%
			4-Year Median		23.88%

Calculation of Growth Rate					
	2019	2020	2021	2022	2023
Reinvestment Rate		23.16%	24.88%	-9.95%	24.59%
Return on Invested Capital		19.24%	20.08%	15.82%	20.92%
<b>Intrinsic Growth Rate</b>		<b>4.46%</b>	<b>5.00%</b>	<b>-1.57%</b>	<b>5.15%</b>
			4-Year Average		3.26%
			4-Year Median		4.73%

Calculation of PV of Free Cash Flow to Firm						
	2023	2024	2025	2026	2027	2028
EBIT	6,954,003	7,673,481	8,029,188	8,390,148	8,757,661	9,132,766
Marginal Tax Rate	25%	25%	25%	25%	25%	25%
Less : Reinvestment Rate	23.88%	23.88%	23.88%	23.88%	23.88%	23.88%
Free Cash Flow to Firm	3,970,087	4,380,842	4,583,918	4,789,992	4,999,808	5,213,958
Mid Year Convention		0.5	1.5	2.5	3.5	4.5
Discounting Factor		0.96	0.90	0.83	0.78	0.72
<b>PV of FCFF</b>	<b>4,225,182</b>	<b>4,112,446</b>	<b>3,997,366</b>	<b>3,881,218</b>	<b>3,764,938</b>	

Terminal Growth Rate [1] **3%**  
WACC 7.50%

Note:

[1] Terminal Growth rate is the 6-year long-term GDP growth of USA, by Statista

Calculation of Terminal Value	
FCFF (n+1)	5,372,462
WACC	7.50%
Terminal Growth Rate	3.04%
<b>Terminal Value</b>	<b>120,352,552</b>










Calculation of Equity Value per share	
PV of FCFF	19,981,150
PV of Terminal Value	166,672,891
Enterprise Value	186,654,041
Add: Cash	7,116,913
Less : Debt	(14,543,261)
<b>Equity Value</b>	<b>179,227,693</b>
No of Shares	441,571
<b>Equity Value per share</b>	<b>406</b>

<b>Share Price</b>	<b>677.25</b>
<b>Discount/Premium</b>	<b>1.67</b>

Sensitivity Analysis - Enterprise Value					
Terminal Growth Rate	Weighted Average Cost of Capital				
		6%	8%	10%	12%
	1%	157582174	123735645	108750819	97830599
	2%	193500807	141664721	120982744	106671041
	3%	259086024	168560096	137980354	118323001
	4%	373093971	203015936	157678519	130982256
	5%	732280299	262273486	187035138	148347410

Sensitivity Analysis - Share Price					
Terminal Growth Rate	Weighted Average Cost of Capital				
		6%	8%	12%	14%
	1%	340	282	205	188
	2%	421	331	225	204
	3%	564	406	250	223
	4%	845	520	281	245
	5%	1642	714	319	271

NETFLIX

Name of Comp	Share Price	O/S Shares	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	PE
 NETFLIX, INC. (XNAS:NFLX)	\$ 677.25	430,901	\$ 291,827,838	\$ 7,426,348.00	\$ 299,254,185.70	33,723,297	22,789,683	6,435,079	8.87	13.13	45.35
 THE WALT DISNEY COMPANY (KFRA:WDP)	\$ 94.30	1,823,043	\$ 185,038,900	\$ 40,498,000	\$ 225,536,900.00	88,898,000	12,111,000	2,354,000	2.54	18.62	73.03
 WARNER BROS. DISCOVERY, INC. (XNAS:WBD)	\$ 7.04	2,450,313	\$ 17,237,952	\$ 39,889,000	\$ 57,126,951.96	41,321,000	22,367,000	-3,126,000	1.38	2.55	(5.51)
 PARAMOUNT GLOBAL (XNAS:PARA)	\$ 9.98	666,479	\$ 6,706,468	\$ 12,142,000	\$ 18,848,468.00	29,652,000	85,000	1,340,248	0.64	221.75	4.96
 FUBOTV INC. (XNYS:FUBO)	\$ 1.13	299,880	\$ 338,864	\$ 154,405	\$ 493,269.06	1,368,225	-239,680	-294,241	0.36	(2.06)	(1.15)
 LIVE NATION ENTERTAINMENT, INC. (XNYS:LYV)	\$ 92.13	231,443	\$ 21,322,807	\$ 361,546	\$ 21,684,352.74	22,749,073	1,766,803	567,563	0.95	12.27	37.57
 LIBERTY MEDIA CORPORATION (XNAS:FWONA)	\$ 65.15	653,445	\$ 27,144,270	\$ 1,498,000	\$ 28,642,270.00	3,222,000	752,000	148,374	8.89	38.09	286.92
 NEWS CORPORATION (XNAS:NWSA)	\$ 26.91	569,889	\$ 15,514,740	\$ 1,092,000	\$ 16,606,740.00	9,941,000	1,395,000	308,200	1.67	11.90	49.76
 FOX CORPORATION (XNAS:FOXA)	\$ 34.35	466,731	\$ 15,109,880	\$ 2,938,000	\$ 18,047,880.00	14,913,000	2,496,000	1,239,000	1.21	7.23	12.94
High									8.89	221.75	286.92
75th Percentile									2.54	28.36	61.39
Average									2.95	35.94	55.98
Median									1.38	12.27	37.57
25th Percentile									0.95	7.23	4.96
Low									0.36	(2.06)	(5.51)
Comparable Valuation									EV/Revenue	EV/EBITDA	PE
Implied Enterprise Value									46,623,004.46	279,702,674.81	234,333,344.60
Net Debt									\$ 7,426,348.00	\$ 7,426,348.00	\$ 7,426,348.00
Implied Market Value									54,049,352.46	287,129,022.81	241,759,692.60
Shares Outstanding									430,901	430,901	430,901
Implied Value per Share									125.43	666.35	561.06

# NETFLIX

## Calculation of Monthly VAR using Historical and Monte Carlo Simulation approach

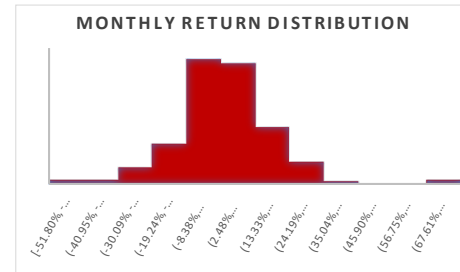
Date	Adj Close	Return	Sorted Returns	Replication	Simulated Returns
Jan-13	23.61	37.5%	78.46%	2.00	15.12%
Jan-12	17.17	319.5%	73.47%	3.00	-9.30%
Oct-03	4.09	-63.8%	70.74%	4.00	17.62%
Oct-12	11.32	-95.8%	45.55%	5.00	2.99%
Jan-18	270.30	5054.9%	40.81%	6.00	-18.57%
Jan-04	5.24	-62.9%	34.23%	7.00	-33.78%
Apr-10	14.13	-82.2%	34.12%	8.00	-16.19%
Apr-15	79.50	1761.8%	33.55%	9.00	-8.77%
Dec-08	4.27	-9.2%	30.07%	10.00	2.75%
May-04	4.70	-92.1%	29.81%	11.00	1.96%
May-14	59.69	4784.0%	29.74%	12.00	-21.80%
Feb-03	1.22	-98.1%	29.62%	13.00	-29.39%
Jan-15	63.11	172.4%	29.33%	14.00	-5.75%
Sep-10	23.17	-89.7%	29.19%	15.00	12.67%
Jul-22	224.90	5847.5%	28.61%	16.00	26.19%
Oct-07	3.78	58.8%	27.57%	17.00	9.14%
Aug-03	2.38	-99.3%	27.21%	18.00	-3.57%
Jan-19	339.50	171.9%	26.84%	19.00	7.94%
Oct-16	124.87	2667.9%	26.71%	20.00	10.23%
Feb-08	4.51	-98.5%	25.57%	21.00	8.69%
Oct-22	291.88	14197.8%	23.97%	22.00	3.12%
May-05	2.04	-88.6%	23.72%	23.00	-4.94%
Aug-10	17.93	-41.4%	22.40%	24.00	2.07%
Jan-11	30.58	-73.2%	21.84%	25.00	28.77%
Jul-15	114.31	-37.1%	21.80%	26.00	9.64%
Jul-17	181.66	4497.3%	21.58%	27.00	15.83%
Oct-06	3.95	409.9%	21.42%	28.00	16.52%
Nov-02	0.78	-85.0%	20.96%	29.00	17.90%
Jan-09	5.16	39.1%	20.91%	30.00	0.98%
Sep-05	3.71	128.4%	20.55%	31.00	9.85%
Nov-04	1.63	-99.5%	20.17%	32.00	-18.02%
Jan-23	353.86	37430.6%	20.00%	33.00	32.42%
Jan-03	0.94	-99.8%	19.89%	34.00	6.91%
May-23	395.23	27090.3%	19.79%	35.00	12.39%
Mar-03	1.45	-95.1%	18.94%	36.00	10.40%
Nov-10	29.41	566.6%	18.63%	37.00	6.12%
Jul-08	4.41	48.9%	18.49%	38.00	-4.03%
Sep-07	2.96	-51.7%	18.44%	39.00	-13.28%
Mar-09	6.13	-99.0%	18.43%	40.00	24.93%
May-24	641.62	1558.5%	16.52%	41.00	-5.53%
May-11	38.69	1156.0%	16.39%	42.00	-7.35%
Aug-05	3.08	-92.4%	16.16%	43.00	15.67%
Aug-13	40.56	-92.8%	16.13%	44.00	13.27%
Jan-24	564.11	1515.2%	15.86%	45.00	28.01%
Jul-13	34.93	357.4%	15.82%	46.00	-12.07%
Oct-09	7.64	100.8%	15.77%	47.00	7.14%
Dec-07	3.80	-99.2%	15.24%	48.00	22.35%
Nov-23	473.97	1295.3%	15.13%	49.00	-24.14%
Mar-11	33.97	1349.0%	15.05%	50.00	0.81%
Jun-05	2.34	-92.4%	14.84%	51.00	-8.22%
Apr-13	30.87	-69.9%	14.15%	52.00	-7.93%
May-16	102.57	281.7%	13.93%	53.00	-4.83%
Feb-13	26.87	-78.2%	13.82%	54.00	35.72%
Nov-15	123.33	3689.8%	13.79%	55.00	-12.49%
Sep-06	3.25	-97.7%	13.79%	56.00	15.47%
Jan-17	140.71	7610.1%	13.66%	57.00	-17.84%
Jun-03	1.83	-96.5%	13.56%	58.00	13.77%
Nov-13	52.26	295.1%	13.43%	59.00	22.58%
Dec-12	13.23	-98.1%	13.32%	60.00	-9.03%
Oct-21	690.31	25935.4%	13.10%	61.00	12.89%
Jul-05	2.65	-70.2%	13.10%	62.00	-6.99%
Jan-10	8.89	-87.0%	13.00%	63.00	-5.10%
Aug-14	68.23	-80.6%	12.99%	64.00	19.92%
May-18	351.60	2114.3%	12.53%	65.00	-10.31%
May-10	15.88	-82.2%	12.39%	66.00	-1.21%
May-15	89.15	5374.2%	12.14%	67.00	24.35%
Apr-03	1.63	-99.6%	12.04%	68.00	8.92%
Apr-20	419.85	3885.6%	11.81%	69.00	50.59%
Mar-10	10.53	169.7%	11.64%	70.00	-3.11%
Dec-03	3.91	-99.1%	11.61%	71.00	-12.76%
Jun-23	440.49	12.5%	11.45%	72.00	10.94%
Jun-18	391.43	569.4%	11.33%	73.00	12.54%
Jan-14	58.48	2554.5%	11.18%	74.00	1.24%
Sep-04	2.20	-99.6%	10.54%	75.00	-4.56%
Dec-20	540.73	-5.0%	10.20%	76.00	-1.28%
Aug-21	569.19	11398.8%	9.97%	77.00	-20.00%
Mar-08	4.95	-40.9%	9.72%	78.00	29.69%
Nov-09	8.38	-97.3%	9.69%	79.00	20.46%

Monthly VAR - Historical				
Mean				3.76%
Standard Deviation				16.15%
Min				-51.80%
Max				78.46%
Current Market Price	\$	669.38		

Percentile	Confidence	VAR %	Stock Price	VAR (\$)
5.00%	95.00%	-20.63%	\$ 531.26	\$ (138.12)
1.00%	99.00%	-40.20%	\$ 400.32	\$ (269.06)
0.50%	99.50%	-47.22%	\$ 353.29	\$ (316.09)
10.00%	90.00%	-12.18%	\$ 587.83	\$ (81.55)

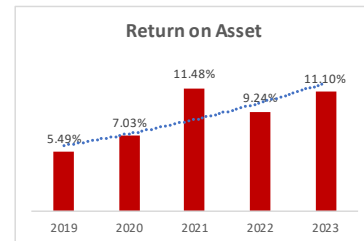
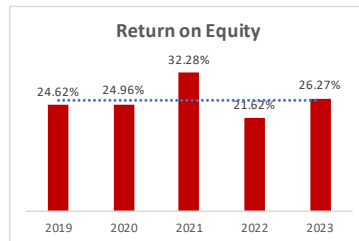
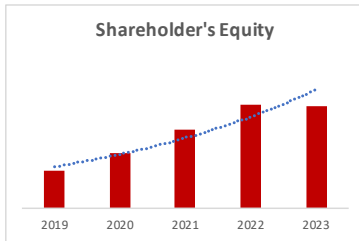
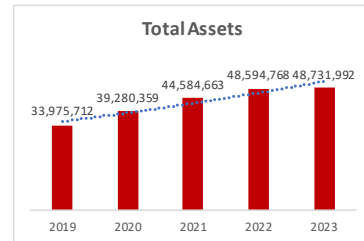
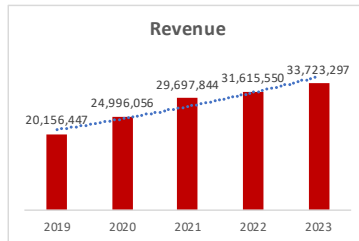
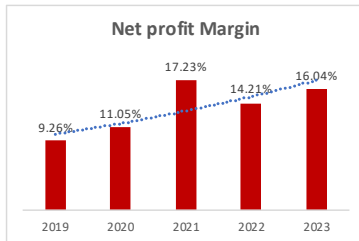
Monthly VAR - Monte Carlo Simulation				
Mean				2.86%
Standard Deviation				16.54%
Min				-46.36%
Max				50.59%
Current Market Price	\$	669.38		

Percentile	Confidence	VAR %	Stock Price	VAR (\$)
5.00%	95.00%	-24.75%	\$ 503.72	\$ (165.66)
1.00%	99.00%	-34.07%	\$ 441.33	\$ (228.05)
0.50%	99.50%	-40.20%	\$ 400.27	\$ (269.11)
10.00%	90.00%	-17.70%	\$ 550.93	\$ (118.45)



# NETFLIX

Dupont Analysis					
	2019	2020	2021	2022	2023
Net profit	1,866,916	2,761,395	5,116,228	4,491,924	5,407,990
Revenue	20,156,447	24,996,056	29,697,844	31,615,550	33,723,297
<b>Net Profit Margin (A)</b>	<b>9.26%</b>	<b>11.05%</b>	<b>17.23%</b>	<b>14.21%</b>	<b>16.04%</b>
Revenue	20,156,447	24,996,056	29,697,844	31,615,550	33,723,297
Total Assets	33,975,712	39,280,359	44,584,663	48,594,768	48,731,992
<b>Asset Turnover Ratio (B)</b>	<b>0.59</b>	<b>0.64</b>	<b>0.67</b>	<b>0.65</b>	<b>0.69</b>
Total Assets	33,975,712	39,280,359	44,584,663	48,594,768	48,731,992
Total Equity	7,582,157	11,065,240	15,849,248	20,777,401	20,588,313
<b>Equity Multiplier (c)</b>	<b>4.48</b>	<b>3.55</b>	<b>2.81</b>	<b>2.34</b>	<b>2.37</b>
<b>Return on Equity (A*B*C) - Dupont Equation</b>	<b>24.62%</b>	<b>24.96%</b>	<b>32.28%</b>	<b>21.62%</b>	<b>26.27%</b>
<b>Return on Asset (A*B) - Dupont Equation</b>	<b>5.49%</b>	<b>7.03%</b>	<b>11.48%</b>	<b>9.24%</b>	<b>11.10%</b>



## Analysis:

1. Net Profit Margin: Improved from 9.26% in 2019A to 16.04% in 2023A. This reflects Netflix's success in scaling its subscriber base and controlling costs, particularly through popular original content and international market expansion.
2. Asset Turnover Ratio: Increased from 0.59 in 2019A to 0.69 in 2023A, indicating better utilization of investments in content and technology to drive higher revenue per dollar of assets.
3. Equity Multiplier: Decreased from 4.48 in 2019A to 2.37 in 2023A. Netflix has strategically reduced its reliance on debt, lowering its financial risk and interest expenses, thereby making the company more financially stable.
4. Return on Equity (ROE): Peaked at 32.28% in 2021A due to optimal conditions during the pandemic, with high subscriber growth and controlled costs. ROE then adjusted to 26.27% in 2023A, reflecting a balance between profitability, asset efficiency, and reduced leverage.