



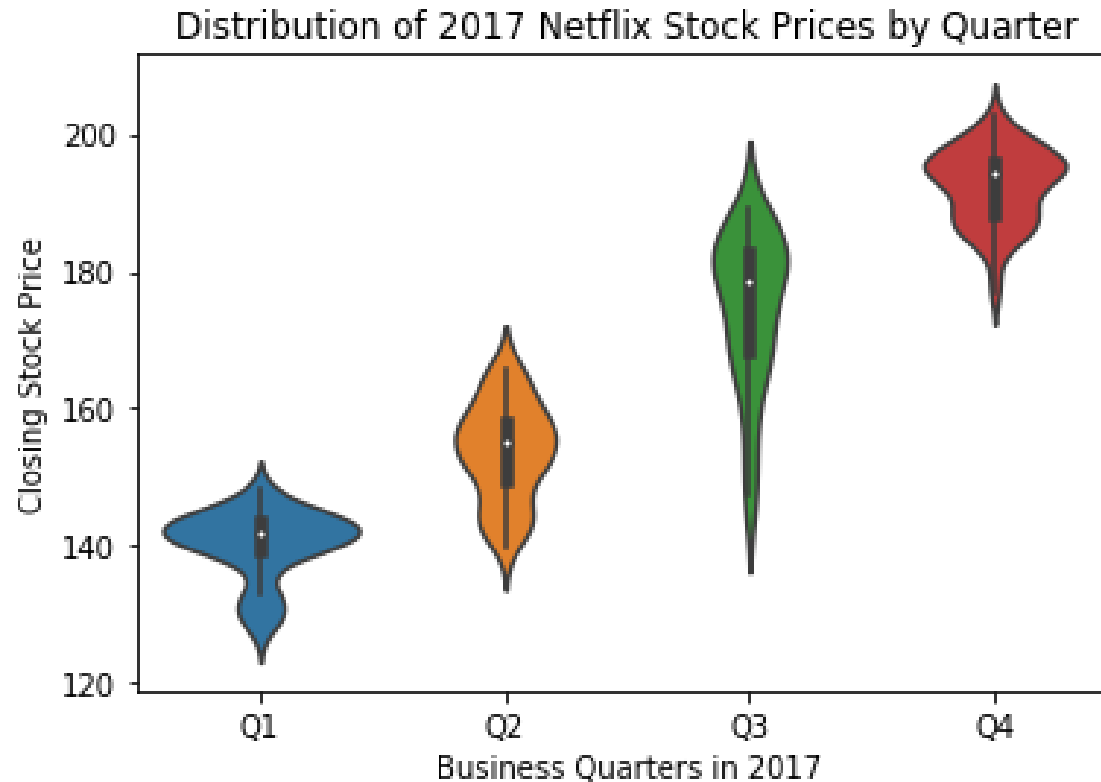
ASSESSING THE RISK OF THE NETFLIX STOCK

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Isom

OUTLINE OF NETFLIX DATA FROM 2017

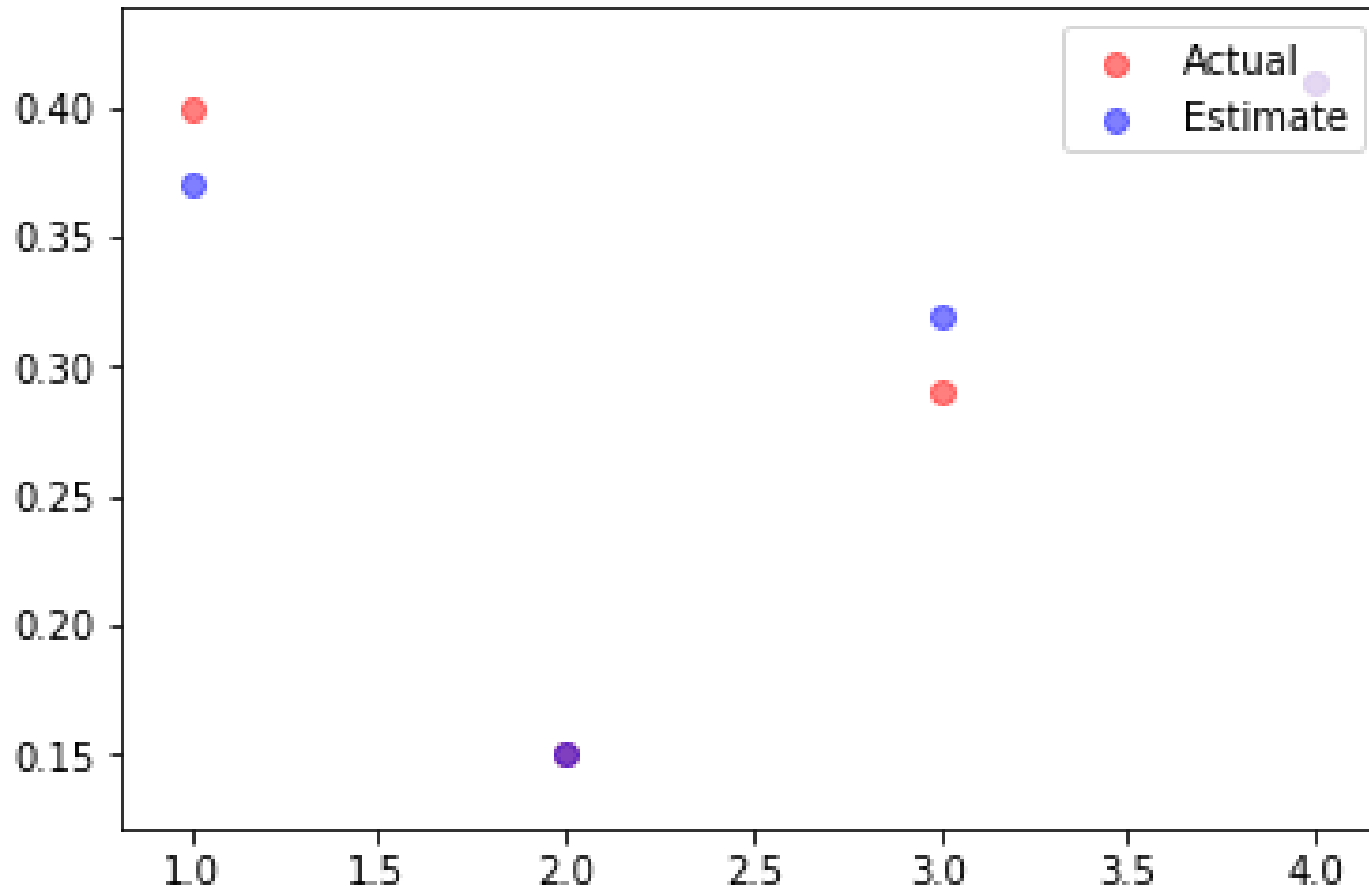
1. Distribution of Netflix stock prices for the past year
2. Actual vs. estimated earnings per share for the last four quarters
3. Netflix's earning and revenue in the last four quarters
4. Netflix stock price vs. Dow Jones industrial average

1. Distribution of Netflix stock prices for the past year



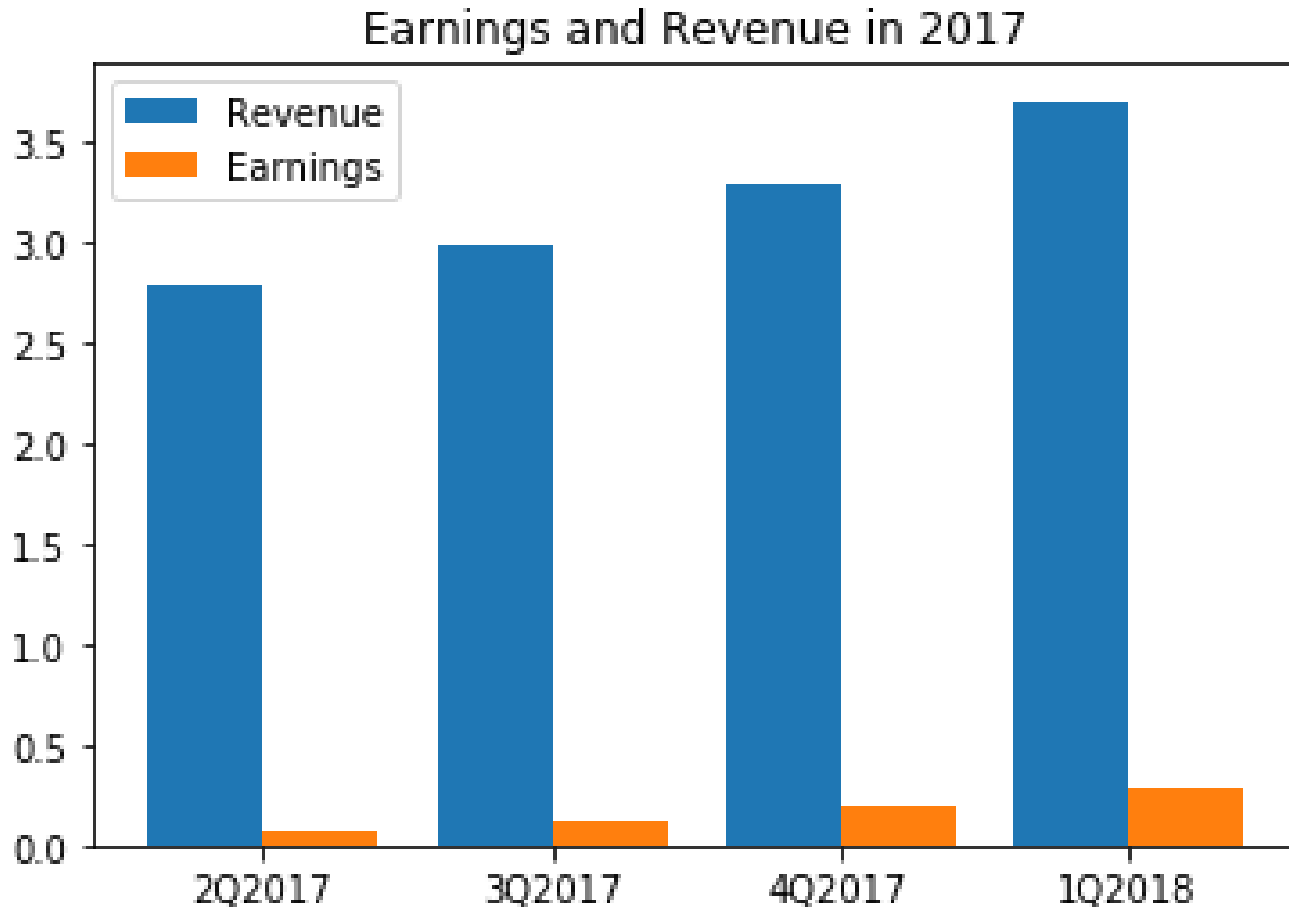
- What are your first impressions looking at the visualized data? – **Closing stock prices increased over 2017 from Q1 to Q4.**
- In what range(s) did most of the prices fall throughout the year? – **Most of the closing stock prices fell between 150-190.**
- What were the highest and lowest prices? – **The lowest price was ~120 in Q1 and the highest price was ~220 in Q4.**

2. Actual vs. estimated earnings per share for the last four quarters



- What do the purple dots tell us about the actual and estimate earnings per share in this graph? Hint: In color theory red and blue mix to make purple. – **The actual and estimated earnings overlapped in Quarters 2 and 4**

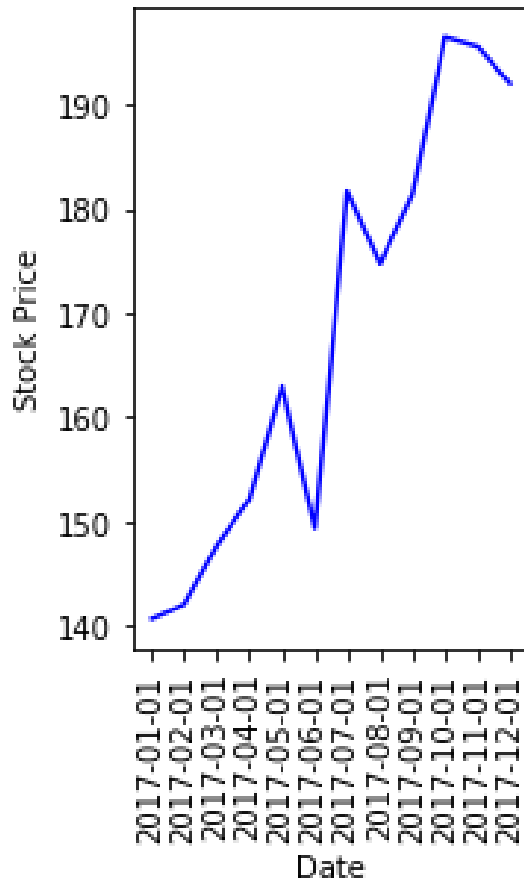
3. Netflix's earning and revenue in the last four quarters



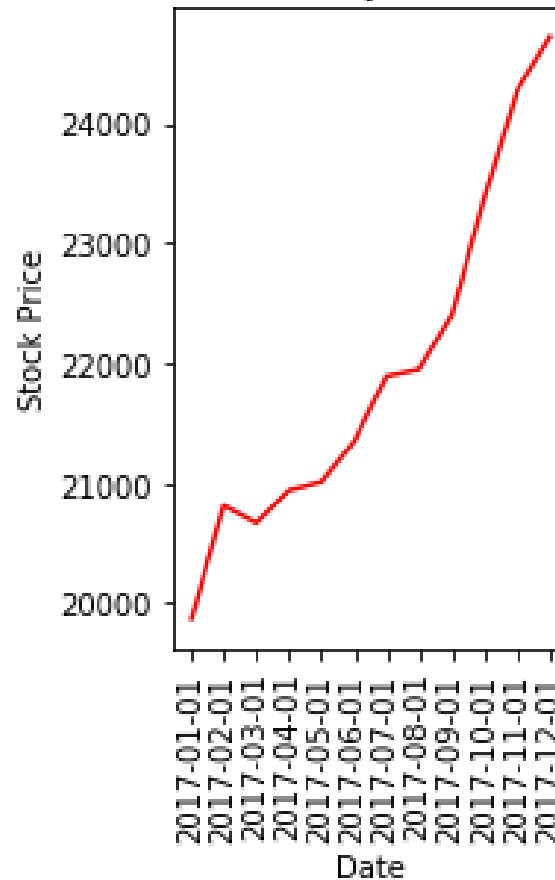
- Does Revenue follow a trend? – **The revenue increased from 2017 to 2018.**
- Do Earnings follow a trend? – **The earning also increased from 2017 to 2018.**
- Roughly, what percentage of the revenue constitutes earnings? - **~10 to 25% of revenue constitutes earnings.**

4. Netflix stock price vs. Dow Jones industrial average

Netflix



Dow Jones



- How did Netflix perform relative to Dow Jones Industrial Average in 2017? – **Netflix dropped 3 times in stock price in June, September, and December relative to the Dow Jones Industrial average**
- Which was more volatile? – **Netflix**
- How do the prices of the stocks compare? – **Dow Jones stocks are 2 times the price of Netflix stocks.**