



Netflix, Inc.

Financial Forecast & Valuation Model

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*Program:*

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Context:

Model developed as part of graduate-level coursework and refined for portfolio presentation.

Financial Model  
SUMMARY RESULTS

## DCF VALUATION

Scenarios	Assumed Probabilities	Enterprise Values	Equity Values	Value Per Share	Market Price
					52 Week Range: 82.11 - 134.12
Base Case	50%	\$ 389,933	\$ 371,796	\$ 87	<b>Recommendation: HOLD</b>
Best Case	25%	\$ 666,926	\$ 648,789	\$ 152	
Worst Case	25%	\$ 259,453	\$ 241,316	\$ 57	
Expected Value		\$ 426,561	\$ 408,424	\$ 96	

## Multiple Based Valuation, Value per share

Scenarios	P/E Multiple	EBITDA Multiple	Revenue Multiple
Base Case	\$ 72	\$ 43	\$ 27
Best Case	\$ 77	\$ 47	\$ 28
Worst Case	\$ 67	\$ 40	\$ 27
Expected Value	\$ 72	\$ 43	\$ 27

## Trading Multiples ( The average of the top Comparables)

## Trading Multiple of Netflix

NTM TEV/Forward Total Revenue (Capital IQ)	3.04x	9.39x
NTM TEV/Forward EBITDA (Capital IQ)	16.39x	28.14x
NTM Forward P/E (Capital IQ)	34.17x	32.59x

## NETFLIX

## MODEL ASSUMPTIONS

GENERAL		
-	First year of forecast period in the model:	2025
-	The model is a 5-year cash flow model discounted to Dec. 31, 2024	

REVENUE GROWTH ASSUMPTIONS, based on historical arithmetic average		
Total Streaming Revenue		14.7%
DVD revenues		0.0%
Operating Income		35.1%

MEMBERSHIP GROWTH ASSUMPTIONS, based on historical arithmetic average		
Paid net membership additions		40.4%
Paid memberships at end of period		12.7%
Average paying memberships		12.8%
Average monthly revenue per paying membership		1.6%

PRICE GROWTH ASSUMPTIONS, based on historical arithmetic average		
Average monthly revenue per paying membership		1.6%

Interest and Invest. Income		175.4%
Currency Exchange Gains (Loss)		-10.0%
Operating Expenses growth rate, historical arithmetic average		
Sales and Marketing		2.5%
Technology and development		14.0%
Interest Expense		3.3%
General and administrative		13.6%
Cost of Revenues		11.3%

Working Capital Assumptions		
Assumed to change as % of revenue based on historical arithmetic average		
Accounts Receivable		3.1%
Other Receivables		1.7%
Prepaid Exp.		1.1%
Other Current Assets		2.9%
Accounts Payable		2.4%
Accrued Exp.		3.7%
Curr. Port. of LT Debt		2.5%
Curr. Port. of Leases		1.1%
Unearned Revenue, Current		4.1%
Other Current Liabilities		14.4%
Total Cash & ST Investments		23.6%

Other line items of working capital are assumed to stay the same as of 2023 for the forecast period

Scenario Analysis Assumptions		
Selecting the most Risky Variables for Scenario Analysis		
Key Revenue Risk Variable		
Total Streaming Revenue		
Best Case: growth rates higher than the Base Case by		2.00%
Worst Case: growth rates lower than the Base Case by		-2.00%
Average Paying Membership		

Capital Expenditure Assumptions, average of % Revenue		
Land		0.24%
Building		0.43%
Leasehold improvements		2.80%
Furniture and fixtures		0.43%
Information technology		1.24%
Corporate aircraft		0.35%
Machinery and Equipment		0.08%
Capital work-in-progress		0.94%

Depreciation Assumptions		
Assumed Depreciation Method:	Straight Line	
Asset	Useful Life	
Land	No Depreciation	
Building	30 years	
Leasehold improvements	15 years	
Furniture and fixtures	5 years	
Information technology	5 years	
Corporate aircraft	10 years	
Machinery and Equipment	5 years	
Capital work-in-progress	No Depreciation	

Long Term Debt Assumption		
Beginning Debt Level as (2025), in \$MM		14,592.73
Long term Lease, Level		2,004.95
Long Term Debt Growth Rate		5%
Interest rate on long term debt		4.54%
Long Term Debt Repayment During forecast period		0.0%

Tax rate assumed in this model		25%
Dividend Payout Ratio ( Average of 4 years)		0%

Long Term Commitment Ex Operating Lease						
	2024	2025	2026	2027	After 5 years due	
Long term debt including capital lease payment schedule	\$ 1,953	-	-	-	1953.2	13629.6
Of Which Capital Lease, in \$MM						
Other Contractual Obligation ( Purchase), in \$MM	\$ 11,425	-	-	-	11424.7	11824.2

Operating Leases						
	2025	2026	2027	2028	2029	After 2029
Operating lease, as planned, in \$MM	\$ 505,201	\$ 477,256	\$ 415,983	\$ 345,912	\$ 276,109	\$ 696,367

Cost of Capital Assumptions	
Equity beta of Netflix	1.844
Market Risk Premium	5.25%
Risk free rate	4.75%
Cost of Equity	14.43%
Weighted Cost of debt	4.54%

Capital Structure	
Market Value of Equity	424749.29
Market Value of Debt	17083.54
Value of Firm	441832.83

Best Case: growth rates higher than the Base Case by	1.00%
Worst Case: growth rates lower than the Base Case by	-0.50%
<b>Paid net membership additions</b>	
Best Case: growth rates higher than the Base Case by	3.00%
Worst Case: growth rates lower than the Base Case by	-3.00%
<b>Key Operating Expense Risky Variables</b>	
<b>Technology and development</b>	
Best Case: growth rates higher than the Base Case by	-2.00%
Worst Case: growth rates lower than the Base Case by	2.00%
<b>General and administrative</b>	
Best Case: growth rates higher than the Base Case by	-1.50%
Worst Case: growth rates lower than the Base Case by	1.50%
<b>Sales and Marketing</b>	
Best Case: growth rates higher than the Base Case by	-1.00%
Worst Case: growth rates lower than the Base Case by	1.00%
<b>Terminal Value Growth</b>	
Best Case: growth rates higher than the Base Case by	2.00%
Worst Case: growth rates lower than the Base Case by	-2.00%
<b>Discount Rates (Cost of Equity and Cost of Debt)</b>	
Best Case: growth rates LOWER THAN the Base Case by	-1.50%
Worst Case: growth rates HIGHER than the Base Case by	1.50%

E/V	0.96
D/V	0.04
Corporate Tax Rate	25%
WACC	14.0%

Sustainable Growth Rate Assumptions	
Base Case Terminal Growth Rate	4% about 2% GDP growth rate and 2% Inflation assumption

Trading Multiples ( The average of the top Comparables)	
NTM TEV/Forward Total Revenue (Capital IQ)	3.0x
NTM TEV/Forward EBITDA (Capital IQ)	16.4x
NTM Forward P/E (Capital IQ)	34.2x

Trading Multiple of Netflix	
NTM TEV/Forward Total Revenue (Capital IQ)	9.4x
NTM TEV/Forward EBITDA (Capital IQ)	28.1x
NTM Forward P/E (Capital IQ)	32.6x

## Revenue Schedule

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Total Streaming Revenue	31,469,852.00	33,640,458.00	39,000,966.00	44,721,374.40	51,280,815.14	58,802,352.06	67,427,099.16	77,316,868.14
DVD REVENUE	145,698.00	82,839.00	-	-	-	-	-	-
<b>Total Revenue</b>	<b>31,615,550.00</b>	<b>33,723,297.00</b>	<b>39,000,966.00</b>	<b>44,721,374.40</b>	<b>51,280,815.14</b>	<b>58,802,352.06</b>	<b>67,427,099.16</b>	<b>77,316,868.14</b>
<b>Operating Income</b>	<b>5,632,831.00</b>	<b>6,954,003.00</b>	<b>10,417,614.00</b>	<b>14,071,267.30</b>	<b>19,006,325.57</b>	<b>25,672,201.66</b>	<b>34,675,925.95</b>	<b>46,837,425.81</b>
<b>Operating margin</b>	<b>18%</b>	<b>21%</b>	<b>27%</b>	<b>31%</b>	<b>37%</b>	<b>44%</b>	<b>51%</b>	<b>61%</b>
<b>Paid net membership additions</b>	<b>8,903.00</b>	<b>29,529.00</b>	<b>41,350.00</b>	<b>58,038.68</b>	<b>81,462.83</b>	<b>114,340.88</b>	<b>160,488.35</b>	<b>225,260.75</b>
<b>Paid memberships at end of period</b>	<b>230,747.00</b>	<b>260,276.00</b>	<b>301,626.00</b>	<b>339,940.04</b>	<b>383,120.93</b>	<b>431,786.86</b>	<b>486,634.59</b>	<b>548,449.35</b>
<b>Average paying memberships</b>	<b>222,924.00</b>	<b>240,889.00</b>	<b>277,730.00</b>	<b>313,382.52</b>	<b>353,611.79</b>	<b>399,005.34</b>	<b>450,226.11</b>	<b>508,022.16</b>
<b>Average monthly revenue per paying membership</b>	<b>\$ 11.76</b>	<b>\$ 11.64</b>	<b>\$ 11.70</b>	<b>\$ 11.89</b>	<b>\$ 12.08</b>	<b>\$ 12.28</b>	<b>\$ 12.47</b>	<b>\$ 12.67</b>
<b>Total Revenue</b>	<b>31,615,550.00</b>	<b>33,723,297.00</b>	<b>39,000,966.00</b>	<b>44,721,374.40</b>	<b>51,280,815.14</b>	<b>58,802,352.06</b>	<b>67,427,099.16</b>	<b>77,316,868.14</b>
Cost of Revenues	19,168,285.00	19,715,368.00	21,038,464.00	23,412,213.44	26,053,790.72	28,993,414.60	32,264,713.38	35,905,109.62

## Consolidated Operation Cost Schedule

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
In \$MM								
Sales and Marketing	2,530,502.00	2,657,883.00	2,917,554.00	2,990,232.49	3,064,721.46	3,141,066.00	3,219,312.34	3,299,507.86
Technology and development	2,711,041.00	2,675,758.00	2,925,295.00	3,334,496.54	3,800,938.77	4,332,628.74	4,938,693.55	5,629,537.05
General and administrative	1,572,891.00	1,720,285.00	1,702,039.00	1,933,412.57	2,196,238.85	2,494,793.48	2,833,933.35	3,219,175.57
Operating Leases, as planned, in \$MM				505,201.00	477,256.00	415,983.00	345,912.00	276,109.00
<b>Total Operation Expense</b>	<b>6,814,434.00</b>	<b>7,053,926.00</b>	<b>7,544,888.00</b>	<b>8,763,342.60</b>	<b>9,539,155.08</b>	<b>10,384,471.22</b>	<b>11,337,851.25</b>	<b>12,424,329.48</b>

## Capital Expenditure Projections

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
In \$MM								
Land	85,005.00	85,000.00	85,000.00	109,039.18	125,032.34	143,371.27	164,400.04	188,513.17
Capex				24.04	15.99	18.34	21.03	24.11
Building	52,106.00	154,165.00	475,684.00	194,499.30	223,027.19	255,739.37	293,249.57	336,261.51
Capex				(281.18)	28.53	32.71	37.51	43.01
Leasehold improvements	1,040,570.00	1,032,492.00	1,026,593.00	1,251,373.05	1,434,916.32	1,645,380.53	1,886,714.26	2,163,445.26
Capex				224.78	183.54	210.46	241.33	276.73
Furniture and fixtures	153,682.00	144,737.00	134,987.00	194,357.23	222,864.29	255,552.58	293,035.37	336,015.90
Capex				59.37	28.51	32.69	37.48	42.98
Information technology	442,681.00	414,092.00	446,419.00	553,297.99	634,452.15	727,509.47	834,215.83	956,573.19
Capex				106.88	81.15	93.06	106.71	122.36
Corporate aircraft	115,578.00	99,175.00	99,175.00	154,755.87	177,454.45	203,482.32	233,327.78	267,550.79
Capex				55.58	22.70	26.03	29.85	34.22
Machinery and Equipment	26,821.00	10,334.00	15,135.00	35,958.25	41,232.37	47,280.07	54,214.80	62,166.68
Capex				20.82	5.27	6.05	6.93	7.95
Capital work-in-progress	235,555.00	406,492.00	228,300.00	418,647.92	480,052.48	550,463.46	631,201.87	723,782.46
Capex				190.35	61.40	70.41	80.74	92.58
Gross Property, Plant & Equipment	4,379,120.00	4,423,386.00	4,613,603.00	2,911,928.80	3,339,031.60	3,828,779.07	4,390,359.52	5,034,308.94
Accumulated Depreciation	(753,700.00)	(855,000.00)	(917,500.00)	(1,131,021.37)	(1,344,591.32)	(1,558,199.71)	(1,771,852.19)	(1,985,555.22)
				<b>1,780,907.43</b>	<b>1,994,440.28</b>	<b>2,270,579.36</b>	<b>2,618,507.32</b>	<b>3,048,753.72</b>

## Depreciable Asset Schedule ( Existing and New)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
in thousands								

Buiding	475,684.00	(281.18)	28.53	32.71	37.51	43.01
Leasehold improvements	1,026,593.00	224.78	183.54	210.46	241.33	276.73
Furniture and fixtures	134,987.00	59.37	28.51	32.69	37.48	42.98
Information Technology	446,419.00	106.88	81.15	93.06	106.71	122.36
Corporate Aircraft	99,175.00	55.58	22.70	26.03	29.85	34.22
Machinery and Equipment	15,135.00	20.82	5.27	6.05	6.93	7.95
Capital work-in-progress	228,300.00	190.35	61.40	70.41	80.74	92.58
Total Capex in \$MM		0.38	0.41	0.47	0.54	0.62

## Depreciation Schedule

		2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E				
Building													
Useful Life		30 years											
	Depreciation on Existing Building		\$	475,684.00	\$	15,856.13	\$	15,856.13	\$	15,856.13			
	Dep on New building Capex												
	2025	\$	(281.18)		\$	(9.37)	\$	(9.37)	\$	(9.37)			
	2026	\$	28.53			\$	0.95	\$	0.95	\$	0.95		
	2027	\$	32.71				\$	1.09	\$	1.09			
	2028	\$	37.51					\$	1.25				
	2029	\$	43.01										
	<b>Total Depreciation on Building</b>			\$	15,856.13	\$	15,846.76	\$	15,847.71	\$	15,848.80	\$	15,850.05
Leasehold improvements													
Useful Life		15 years											
	Depreciation on Existing Leasehold improvements		\$	1,026,593.00	\$	68,439.53	\$	68,439.53	\$	68,439.53	\$	68,439.53	
	Dep on New leasehold improvement Capex												
	2025	\$	224.78		\$	14.99	\$	14.99	\$	14.99	\$	14.99	
	2026	\$	183.54			\$	12.24	\$	12.24	\$	12.24		
	2027	\$	210.46				\$	14.03	\$	14.03			
	2028	\$	241.33					\$	16.09				
	2029	\$	276.73										
	<b>Total Depreciation on Leasehold improvements</b>			\$	68,439.53	\$	68,454.52	\$	68,466.75	\$	68,480.79	\$	68,496.87
Furniture and fixtures													
Useful Life		5 years											
	Depreciation on Existing Furniture and Fixtures		\$	134,987.00	\$	26,997.40	\$	26,997.40	\$	26,997.40	\$	26,997.40	
	Dep on New Furniture and Fixtures Capex												
	2025	\$	59.37		\$	11.87	\$	11.87	\$	11.87	\$	11.87	
	2026	\$	28.51			\$	5.70	\$	5.70	\$	5.70		
	2027	\$	32.69				\$	6.54	\$	6.54			
	2028	\$	37.48					\$	7.50				
	2029	\$	42.98										
	<b>Total Depreciation on Furniture and Fixtures</b>			\$	26,997.40	\$	27,009.27	\$	27,014.98	\$	27,021.51	\$	27,029.01
Information technology													
Useful Life		5 years											
	Depreciation on Existing Information Technology		\$	446,419.00	\$	89,283.80	\$	89,283.80	\$	89,283.80	\$	89,283.80	
	Dep on New Information Technology												
	2025	\$	106.88		\$	21.38	\$	21.38	\$	21.38	\$	21.38	
	2026	\$	81.15			\$	16.23	\$	16.23	\$	16.23		
	2027	\$	93.06				\$	18.61	\$	18.61			
	2028	\$	106.71					\$	21.34				
	2029	\$	122.36										
	<b>Total Depreciation on Information Technology</b>			\$	89,283.80	\$	89,305.18	\$	89,321.41	\$	89,340.02	\$	89,361.36
Corporate aircraft													
Useful Life		10 years											
	Depreciation on Existing Corporate Aircraft		\$	99,175.00	\$	9,917.50	\$	9,917.50	\$	9,917.50	\$	9,917.50	
	Dep on New Corporate Aircraft												
	2025	\$	55.58		\$	5.56	\$	5.56	\$	5.56	\$	5.56	
	2026	\$	22.70			\$	2.27	\$	2.27	\$	2.27		

			2027	\$	26.03						\$	2.60	\$	2.60		
			2028	\$	29.85								\$	2.98		
			2029	\$	34.22											
Total Depreciation on Corporate Aircraft						\$	9,917.50	\$	9,923.06	\$	9,925.33	\$	9,927.93	\$	9,930.92	
Machinery and Equipment																
Useful Life																
			5 years													
		Depreciation on Existing Machinery and Equipment			\$	15,135.00	\$	3,027.00	\$	3,027.00	\$	3,027.00	\$	3,027.00	\$	3,027.00
		Dep on New Machinery and Equipment														
			2025	\$	20.82				\$	4.16	\$	4.16	\$	4.16	\$	4.16
			2026	\$	5.27						\$	1.05	\$	1.05	\$	1.05
			2027	\$	6.05							\$	1.21	\$	1.21	
			2028	\$	6.93								\$	1.39		
			2029	\$	7.95											
Total Depreciation on Machinery and Equipment						\$	3,027.00	\$	3,031.16	\$	3,032.22	\$	3,033.43	\$	3,034.82	
Total Annual Depreciation of All Assets							\$	213,521.37	\$	213,569.95	\$	213,608.40	\$	213,652.48	\$	213,703.03

## Debt and Interest Expense Schedule

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E				
Long-Term Debt (including capitalized lease obligations) in \$MM												
Beginning Balance, Average Long term Debt			\$	14,592.73	\$	15,322.37	\$	16,088.49	\$	16,892.91	\$	17,737.56
Scheduled Repayments			\$	-	\$	-	\$	-	\$	-	\$	-
New Debt Raised			\$	729.64	\$	766.12	\$	804.42	\$	844.65	\$	886.88
Ending Balance			\$	15,322.37	\$	16,088.49	\$	16,892.91	\$	17,737.56	\$	18,624.44
Interest Rate (weighted)				4.54%								
<b>Annual Interest Expense</b>			\$	<b>662.75</b>	\$	<b>695.89</b>	\$	<b>730.68</b>	\$	<b>767.22</b>	\$	<b>805.58</b>
Net debt			\$	729.64	\$	766.12	\$	804.42	\$	844.65	\$	886.88

## Working Capital Schedule

	2022A		2023A		2024A		2025E		2026E		2027E		2028E		2029E	
in \$MM																
Accounts Receivable	\$	988.90	\$	1,287.10	\$	1,335.30	\$	1,388.17	\$	1,591.77	\$	1,825.24	\$	2,092.96	\$	2,399.94
Other Receivables	\$	598.00	\$	555.00	\$	653.00	\$	776.89	\$	890.84	\$	1,021.50	\$	1,171.33	\$	1,343.13
Prepaid Exp.	\$	392.70	\$	408.90	\$	431.90	\$	488.76	\$	560.45	\$	642.65	\$	736.91	\$	844.99
Other Current Assets	\$	1,225.00	\$	529.30	\$	1,096.40	\$	1,278.25	\$	1,465.73	\$	1,680.72	\$	1,927.23	\$	2,209.91
Current Asset (excluding Cash and cash equivalent)	\$	3,204.60	\$	2,780.30	\$	3,516.60	\$	3,932.06	\$	4,508.79	\$	5,170.11	\$	5,928.43	\$	6,797.98
Total Cash & ST Investments	\$	6,058.50	\$	7,137.90	\$	9,583.70	\$	10,556.64	\$	12,105.02	\$	13,880.50	\$	15,916.41	\$	18,250.92
Curr Asset including cash and ST Invest	\$	9,263.10	\$	9,918.20	\$	13,100.30	\$	14,488.70	\$	16,613.81	\$	19,050.62	\$	21,844.84	\$	25,048.90
Accounts Payable	\$	671.50	\$	747.40	\$	899.90	\$	1,082	\$	1,240	\$	1,422	\$	1,631	\$	1,870
Accrued Exp.	\$	1,158.70	\$	1,280.60	\$	1,410.10	\$	1,635.15	\$	1,874.99	\$	2,150.00	\$	2,465.35	\$	2,826.95
Curr. Port. of LT Debt	-		\$	399.80	\$	1,784.50	\$	1,131.16	\$	1,297.07	\$	1,487.31	\$	1,705.46	\$	1,955.61
Curr. Port. of Leases	\$	356.00	\$	383.30	\$	428.50	\$	487.25	\$	558.72	\$	640.67	\$	734.64	\$	842.39
Unearned Revenue, Current	\$	1,264.70	\$	1,443.00	\$	1,520.80	\$	1,853.55	\$	2,125.42	\$	2,437.16	\$	2,794.62	\$	3,204.52
Other Current Liabilities	\$	4,480.20	\$	4,606.60	\$	4,711.60	\$	6,447.75	\$	7,393.46	\$	8,477.89	\$	9,721.37	\$	11,147.23
Current Liabilities	\$	7,931.10	\$	8,860.70	\$	10,755.40	\$	12,636.48	\$	14,489.92	\$	16,615.20	\$	19,052.21	\$	21,846.67
Working Capital excluding cash and short term investments	\$	(4,726.50)	\$	(6,080.40)	\$	(7,238.80)	\$	(8,704.42)	\$	(9,981.12)	\$	(11,445.09)	\$	(13,123.78)	\$	(15,048.69)
Working Capital including cash and short term investments	\$	1,332.00	\$	1,057.50	\$	2,344.90	\$	1,852.22	\$	2,123.89	\$	2,435.41	\$	2,792.62	\$	3,202.23
Changes in working capital							\$	(492.68)	\$	271.67	\$	311.52	\$	357.21	\$	409.60

## Income Statement

in \$MM	Income Statement															
	2022A		2023A		2024A		2025E		2026E		2027E		2028E		2029E	
Total Revenue	\$	31,615.55	\$	33,723.30	\$	39,000.97	\$	44,721.37	\$	51,280.82	\$	58,802.35	\$	67,427.10	\$	77,316.87
Cost Of Goods Sold	\$	19,168.29	\$	19,715.37	\$	21,038.46	\$	23,412.21	\$	26,053.79	\$	28,993.41	\$	32,264.71	\$	35,905.11
Gross Profit	\$	12,447.27	\$	14,007.93	\$	17,962.50	\$	21,309.16	\$	25,227.02	\$	29,808.94	\$	35,162.39	\$	41,411.76
Sales and Marketing	\$	2,530.50	\$	2,657.88	\$	2,917.55	\$	2,990.23	\$	3,064.72	\$	3,141.07	\$	3,219.31	\$	3,299.51

Technology and development	\$	2,711.04	\$	2,675.76	\$	2,925.30	\$	3,334.50	\$	3,800.94	\$	4,332.63	\$	4,938.69	\$	5,629.54
General and administrative	\$	1,572.89	\$	1,720.29	\$	1,702.04	\$	1,933.41	\$	2,196.24	\$	2,494.79	\$	2,833.93	\$	3,219.18
Depreciation	-	-	-	-	-	-	-	213.52	-	213.57	-	213.61	-	213.65	-	213.70
Operating Leases, as planned, in \$MM	\$	-	\$	-	\$	-	\$	505.20	\$	477.26	\$	415.98	\$	345.91	\$	276.11
<b>Total Operation Expense</b>	<b>\$</b>	<b>6,814.43</b>	<b>\$</b>	<b>7,053.93</b>	<b>\$</b>	<b>7,544.89</b>	<b>\$</b>	<b>8,976.86</b>	<b>\$</b>	<b>9,752.73</b>	<b>\$</b>	<b>10,598.08</b>	<b>\$</b>	<b>11,551.50</b>	<b>\$</b>	<b>12,638.03</b>
<b>Operating Income</b>	<b>\$</b>	<b>5,632.83</b>	<b>\$</b>	<b>6,954.00</b>	<b>\$</b>	<b>10,417.61</b>	<b>\$</b>	<b>12,332.30</b>	<b>\$</b>	<b>15,474.30</b>	<b>\$</b>	<b>19,210.86</b>	<b>\$</b>	<b>23,610.88</b>	<b>\$</b>	<b>28,773.73</b>
Interest Expense	\$	(706.20)	\$	(699.80)	\$	(718.70)	\$	(662.75)	\$	(695.89)	\$	(730.68)	\$	(767.22)	\$	(805.58)
Interest and Invest. Income	\$	60.00	\$	281.00	\$	294.00	\$	809.77	\$	2,230.36	\$	6,143.10	\$	16,920.04	\$	46,603.12
Net Interest Exp.	\$	(646.20)	\$	(418.80)	\$	(424.70)	\$	147.02	\$	1,534.47	\$	5,412.42	\$	16,152.82	\$	45,797.54
Currency Exchange Gains (Loss)	\$	282.00	\$	(293.00)	\$	(18.00)	\$	(16.20)	\$	(14.58)	\$	(13.12)	\$	(11.81)	\$	(10.63)
EBT Excl. Unusual Items	\$	5,263.93	\$	6,205.41	\$	9,965.66	\$	12,463.11	\$	16,994.19	\$	24,610.16	\$	39,751.90	\$	74,560.64
Income Tax Expense	\$	772.01	\$	797.42	\$	1,254.03	\$	3,115.78	\$	4,248.55	\$	6,152.54	\$	9,937.97	\$	18,640.16
<b>Net Income to Company</b>	<b>\$</b>	<b>4,491.92</b>	<b>\$</b>	<b>5,407.99</b>	<b>\$</b>	<b>8,711.63</b>	<b>\$</b>	<b>9,347.34</b>	<b>\$</b>	<b>12,745.64</b>	<b>\$</b>	<b>18,457.62</b>	<b>\$</b>	<b>29,813.92</b>	<b>\$</b>	<b>55,920.48</b>

## Balance Sheet

	2022A		2023A		2024A		2025E		2026E		2027E		2028E		2029E	
in \$MM																
ASSETS																
Total Cash & ST Investments	\$	6,058.45	\$	7,137.89	\$	9,583.74	\$	23,834.95	\$	38,409.88	\$	58,859.75	\$	90,849.08	\$	149,151.10
Accounts Receivable	\$	988.90	\$	1,287.05	\$	1,335.30	\$	1,388.17	\$	1,591.77	\$	1,825.24	\$	2,092.96	\$	2,399.94
Other Receivables	\$	598.00	\$	555.00	\$	653.00	\$	776.89	\$	890.84	\$	1,021.50	\$	1,171.33	\$	1,343.13
Total Receivables	\$	1,586.90	\$	1,842.05	\$	1,988.30	\$	2,165.06	\$	2,482.61	\$	2,846.75	\$	3,264.29	\$	3,743.07
Prepaid Exp.	\$	392.74	\$	408.94	\$	431.92	\$	488.76	\$	560.45	\$	642.65	\$	736.91	\$	844.99
Restricted Cash	\$	3.41	-	-	-	-	\$	1.00	\$	1.00	\$	1.00	\$	1.00	\$	1.00
Other Current Assets	\$	1,224.98	\$	529.26	\$	1,096.41	\$	1,278.25	\$	1,465.73	\$	1,680.72	\$	1,927.23	\$	2,209.91
Total Current Assets	\$	9,266.47	\$	9,918.13	\$	13,100.38	\$	27,768.01	\$	42,919.67	\$	64,030.86	\$	96,778.51	\$	155,950.08
Gross Property, Plant & Equipment	\$	4,379.12	\$	4,423.39	\$	4,613.60	\$	2,911.93	\$	3,339.03	\$	3,828.78	\$	4,390.36	\$	5,034.31
Accumulated Depreciation	\$	(753.70)	\$	(855.00)	\$	(917.50)	\$	(1,131.02)	\$	(1,344.59)	\$	(1,558.20)	\$	(1,771.85)	\$	(1,985.56)
Net Property, Plant & Equipment	\$	3,625.38	\$	3,568.34	\$	3,696.07	\$	1,780.91	\$	1,994.44	\$	2,270.58	\$	2,618.51	\$	3,048.75
Other Intangibles	\$	12,732.55	\$	12,722.70	\$	12,422.31	\$	12,422.31	\$	12,422.31	\$	12,422.31	\$	12,422.31	\$	12,422.31
Deferred Tax Assets, LT	\$	261.54	\$	1,000.76	\$	1,290.16	\$	1,290.16	\$	1,290.16	\$	1,290.16	\$	1,290.16	\$	1,290.16
Other Long-Term Assets	\$	22,708.83	\$	21,522.06	\$	23,121.46	\$	23,121.46	\$	23,121.46	\$	23,121.46	\$	23,121.46	\$	23,121.46
Total Assets	\$	48,594.77	\$	48,731.99	\$	53,630.37	\$	66,382.85	\$	81,748.04	\$	103,135.37	\$	136,230.95	\$	195,832.76
LIABILITIES																
Accounts Payable	\$	671.51	\$	747.41	\$	899.91	\$	1,081.62	\$	1,240.27	\$	1,422.18	\$	1,630.78	\$	1,869.97
Accrued Exp.	\$	1,158.67	\$	1,280.56	\$	1,410.15	\$	1,635.15	\$	1,874.99	\$	2,150.00	\$	2,465.35	\$	2,826.95
Curr. Port. of LT Debt	-	-	\$	399.84	\$	1,784.45	\$	1,131.16	\$	1,297.07	\$	1,487.31	\$	1,705.46	\$	1,955.61
Curr. Port. of Leases	\$	355.99	\$	383.31	\$	428.48	\$	487.25	\$	558.72	\$	640.67	\$	734.64	\$	842.39
Unearned Revenue, Current	\$	1,264.66	\$	1,442.97	\$	1,520.81	\$	1,853.55	\$	2,125.42	\$	2,437.16	\$	2,794.62	\$	3,204.52
Other Current Liabilities	\$	4,480.15	\$	4,606.56	\$	4,711.60	\$	6,447.75	\$	7,393.46	\$	8,477.89	\$	9,721.37	\$	11,147.23
Total Current Liabilities	\$	7,930.97	\$	8,860.66	\$	10,755.40	\$	12,636.48	\$	14,489.92	\$	16,615.20	\$	19,052.21	\$	21,846.67
Long-Term Debt	\$	14,353.08	\$	14,143.42	\$	13,798.35	\$	15,322.37	\$	16,088.49	\$	16,892.91	\$	17,737.56	\$	18,624.44
Long-Term Leases	\$	2,222.50	\$	2,046.80	\$	1,983.69	\$	1,983.69	\$	1,983.69	\$	1,983.69	\$	1,983.69	\$	1,983.69
Def. Tax Liability, Non-Curr.	-	-	\$	126.21	\$	112.60	\$	112.60	\$	112.60	\$	112.60	\$	112.60	\$	112.60
Other Non-Current Liabilities	\$	3,310.81	\$	2,966.60	\$	2,236.77	\$	2,236.77	\$	2,236.77	\$	2,236.77	\$	2,236.77	\$	2,236.77
Total Liabilities	\$	27,817.37	\$	28,143.68	\$	28,886.81	\$	32,291.91	\$	34,911.46	\$	37,841.17	\$	41,122.83	\$	44,804.16
Common Stock	\$	4,637.60	\$	5,145.17	\$	6,252.13	\$	6,252.13	\$	6,252.13	\$	6,252.13	\$	6,252.13	\$	6,252.13
Additional Paid In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings	\$	17,181.30	\$	22,589.29	\$	31,300.92	\$	40,648.25	\$	53,393.89	\$	71,851.51	\$	101,665.43	\$	157,585.91
Treasury Stock	\$	(824.20)	\$	(6,922.20)	\$	(13,171.60)	\$	(13,171.60)	\$	(13,171.60)	\$	(13,171.60)	\$	(13,171.60)	\$	(13,171.60)



<b>Comprehensive Inc. and Other</b>	\$	(217.30)	\$	(223.90)	\$	362.16	\$	362.16	\$	362.16	\$	362.16	\$	362.16	\$	362.16
<b>Total Common Equity</b>	\$	20,777.40	\$	20,588.31	\$	24,743.57	\$	34,090.94	\$	46,836.58	\$	65,294.20	\$	95,108.12	\$	151,028.60
<b>Total Equity</b>	\$	20,777.40	\$	20,588.31	\$	24,743.57	\$	34,090.94	\$	46,836.58	\$	65,294.20	\$	95,108.12	\$	151,028.60
<b>Total Liabilities And Equity</b>	\$	48,594.77	\$	48,731.99	\$	53,630.37	\$	66,382.85	\$	81,748.04	\$	103,135.37	\$	136,230.95	\$	195,832.76

## Statement of Cash Flows

		2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
in MM \$									
Net Income	\$	4,491.92	\$ 5,407.99	\$ 8,711.63	\$ 9,347.34	\$ 12,745.64	\$ 18,457.62	\$ 29,813.92	\$ 55,920.48
Depreciation & Amort.	\$	336.68	\$ 356.95	\$ 328.91	\$ 213.52	\$ 213.57	\$ 213.61	\$ 213.65	\$ 213.70
Depreciation & Amort., Total	\$	336.68	\$ 356.95	\$ 328.91	\$ 213.52	\$ 213.57	\$ 213.61	\$ 213.65	\$ 213.70
Other Amortization	\$	14,026.13	\$ 14,197.44	\$ 15,301.52	\$ 15,301.52	\$ 15,301.52	\$ 15,301.52	\$ 15,301.52	\$ 15,301.52
Stock-Based Compensation	\$	575.45	\$ 339.37	\$ 272.59	\$ 272.59	\$ 272.59	\$ 272.59	\$ 272.59	\$ 272.59
Other Operating Activities	\$	(16,645.80)	\$ (12,911.30)	\$ (17,220.20)	\$ (17,220.20)	\$ (17,220.20)	\$ (17,220.20)	\$ (17,220.20)	\$ (17,220.20)
Change in Acc. Payable	\$	(158.50)	\$ 93.50	\$ 121.35	\$ 181.71	\$ 158.65	\$ 181.91	\$ 208.60	\$ 239.19
Change in Unearned Rev.	\$	27.36	\$ 178.71	\$ 77.84	\$ 332.74	\$ 271.87	\$ 311.74	\$ 357.47	\$ 409.90
Change in Other Net Operating Assets	\$	(626.90)	\$ (388.40)	\$ (232.30)	\$ (238.67)	\$ (259.17)	\$ (297.19)	\$ (340.78)	\$ (390.76)
Cash from Ops.	\$	2,026.26	\$ 7,274.30	\$ 7,361.36	\$ 8,190.54	\$ 11,484.45	\$ 17,221.60	\$ 28,606.77	\$ 54,746.42
Capital Expenditure	\$	(407.70)	\$ (348.60)	\$ (439.50)	\$ (1,915.16)	\$ 213.53	\$ 276.14	\$ 347.93	\$ 430.25
Cash Acquisitions	\$	(757.40)	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-
Invest. in Marketable & Equity Secur.	\$	(911.30)	\$ 890.30	\$ (1,742.20)	\$ (1,742.20)	\$ (1,742.20)	\$ (1,742.20)	\$ (1,742.20)	\$ (1,742.20)
Net (Inc.) Dec. in Loans Originated/Sold	-	-	-	-	-	-	-	-	-
Other Investing Activities	-	-	-	-	-	-	-	-	-
Cash from Investing	\$	(2,076.40)	\$ 541.75	\$ (2,181.80)	\$ (3,657.36)	\$ (1,528.67)	\$ (1,466.06)	\$ (1,394.27)	\$ (1,311.95)
Short Term Debt Issued	-	-	-	-	-	-	-	-	-
Long-Term Debt Issued	-	-	\$	1,794.46	-	-	-	-	-
Total Debt Issued	-	-	\$	1,794.46	\$ 729.64	\$ 766.12	\$ 804.42	\$ 844.65	\$ 886.88
Short Term Debt Repaid	-	-	-	-	-	-	-	-	-
Long-Term Debt Repaid	\$	(700.00)	-	\$ (400.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Repaid	\$	(700.00)	-	\$ (400.00)	\$ (400.00)	\$ (400.00)	\$ (400.00)	\$ (400.00)	\$ (400.00)
Issuance of Common Stock	\$	35.75	\$ 169.99	\$ 832.89	\$ 832.89	\$ 832.89	\$ 832.89	\$ 832.89	\$ 832.89
Repurchase of Common Stock	-	\$	(6,045.30)	\$ (6,272.00)	\$ (6,272.00)	\$ (6,272.00)	\$ (6,272.00)	\$ (6,272.00)	\$ (6,272.00)
Total Dividends Paid	-	-	-	-	-	-	-	-	-
Special Dividend Paid	-	-	-	-	-	-	-	-	-
Other Financing Activities	-	\$	(75.40)	\$ (29.70)	\$ (29.70)	\$ (29.70)	\$ (29.70)	\$ (29.70)	\$ (29.70)
Cash from Financing	\$	(664.30)	\$ (5,950.80)	\$ (4,074.40)	\$ (5,139.18)	\$ (5,102.69)	\$ (5,064.39)	\$ (5,024.17)	\$ (4,981.94)
Foreign Exchange Rate Adj.	\$	(170.10)	\$ 82.68	\$ (416.30)	\$ (416.30)	\$ (416.30)	\$ (416.30)	\$ (416.30)	\$ (416.30)
Net Change in Cash	\$	(884.50)	\$ 1,947.93	\$ 688.82	\$ (1,022.30)	\$ 4,436.79	\$ 10,274.85	\$ 21,772.03	\$ 48,036.23

Switch: **Base Case**

		2025E	2026E	2027E	2028E	2029E
<b>Key Revenue Risk Variable</b>						
<b>Total Streaming Revenue</b>						
	<b>Currently Running</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.7%</b>
	Base Case	14.7%	14.7%	14.7%	14.7%	14.7%
	Best Case	16.7%	16.7%	16.7%	16.7%	16.7%
	Worst Case	12.7%	12.7%	12.7%	12.7%	12.7%
<b>Average Paying Membership</b>						
	<b>Currently Running</b>	<b>12.8%</b>	<b>12.8%</b>	<b>12.8%</b>	<b>12.8%</b>	<b>12.8%</b>
	Base Case	12.8%	12.8%	12.8%	12.8%	12.8%
	Best Case	13.8%	13.8%	13.8%	13.8%	13.8%
	Worst Case	12.3%	12.3%	12.3%	12.3%	12.3%
<b>Paid net membership additions</b>						
	<b>Currently Running</b>	<b>40.4%</b>	<b>40.4%</b>	<b>40.4%</b>	<b>40.4%</b>	<b>40.4%</b>
	Base Case	40.4%	40.4%	40.4%	40.4%	40.4%
	Best Case	43.4%	43.4%	43.4%	43.4%	43.4%
	Worst Case	37.4%	37.4%	37.4%	37.4%	37.4%
<b>Key Operating Expense Risky Variables</b>						
<b>Technology and development</b>						
	<b>Currently Running</b>	<b>14.0%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>14.0%</b>
	Base Case	14.0%	14.0%	14.0%	14.0%	14.0%
	Best Case	12.0%	12.0%	12.0%	12.0%	12.0%
	Worst Case	14.0%	14.0%	14.0%	14.0%	14.0%
<b>General and administrative</b>						
	<b>Currently Running</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>	<b>13.6%</b>
	Base Case	13.6%	13.6%	13.6%	13.6%	13.6%
	Best Case	12.1%	12.1%	12.1%	12.1%	12.1%
	Worst Case	15.1%	15.1%	15.1%	15.1%	15.1%
<b>Sales and Marketing</b>						
	<b>Currently Running</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>
	Base Case	2.5%	2.5%	2.5%	2.5%	2.5%
	Best Case	1.5%	1.5%	1.5%	1.5%	1.5%
	Worst Case	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Terminal Value Growth</b>						
	<b>Currently Running</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>

Base Case	4.0%	4.0%	4.0%	4.0%	4.0%
Best Case	6.0%	6.0%	6.0%	6.0%	6.0%
Worst Case	2.0%	2.0%	2.0%	2.0%	2.0%

**Discount Rates (Cost of Equity and Cost of Debt)**

**Cost of equity**

<b>Currently Running</b>	<b>14.4%</b>	<b>14.4%</b>	<b>14.4%</b>	<b>14.4%</b>	<b>14.4%</b>
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Base Case	14.4%	14.4%	14.4%	14.4%	14.4%
Best Case	12.9%	12.9%	12.9%	12.9%	12.9%
Worst Case	15.9%	15.9%	15.9%	15.9%	15.9%

**Cost of debt**

<b>Currently Running</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>
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Base Case	4.5%	4.5%	4.5%	4.5%	4.5%
Best Case	3.0%	3.0%	3.0%	3.0%	3.0%
Worst Case	6.0%	6.0%	6.0%	6.0%	6.0%

## Currently Running: Base Case

Trading Multiples ( The average of the top Comparables)	
NTM TEV/Forward Total Revenue (Capital IQ)	3.0x
NTM TEV/Forward EBITDA (Capital IQ)	16.4x
NTM Forward P/E (Capital IQ)	34.2x

Trading Multiple of Netflix
9.4x
28.1x
32.6x

### Netflix NTM data

UPS In MM \$, except EPS	2025
Forward Total Revenue	\$ 44,721
Forward EBITDA	\$ 12,546
Forward Net Income	\$ 9,347
Number of Shares outstanding (MM)	\$ 4,262
Forward EPS	\$ 2.19

Total Enterprise Value, based on Revenue Multiple	\$ 135,854
Total Debt	\$ 14,593
Total Equity	\$ 121,261
Equity per share	\$ 28

Total Enterprise Value, based on EBITDA Multiple	\$ 205,570
Total Debt	\$ 14,593
Total Equity	\$ 190,977
Equity per share	\$ 45

Equity Value, based on PE Multiple	\$ 75
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Cost of Equity	14.4%
Cost of Debt	4.5%
WACC	14.01%
Sustainable long term growth rate	4%

## Currently Running: Base Case

Sustainable long term growth rate		4%											
				2024	2025		2026	2027	2028		2029		
Total Debt- Cash	FCF to Equity												
		Net Income		\$	9,347	\$	12,746	\$	18,458	\$	55,920		
		Depreciation		\$	214	\$	214	\$	214	\$	214		
		CAPEX		\$	(1,915)	\$	214	\$	276	\$	430		
		Changes in working capital		\$	(493)	\$	272	\$	312	\$	410		
		Net Debt		\$	(8,513)	\$	(22,321)	\$	(41,967)	\$	(130,527)		
		FCF to Equity (NI+Dep-Capex-chge NWC+ Net Debt)			\$	7,153	\$	13,444	\$	19,259	\$	56,974	
		Terminal Value at end of 2027 (Second Stage, Terminal Value)									\$	592,105	
		Total FCF to Equity ( both first stage and second stage)			\$	7,153	\$	13,444	\$	19,259	\$	649,079	
		Total Equity Value			\$	378,065							
	Total number of Shares Outstanding, in Millions				4262								
	Per Share			\$	89								
Total FCF to the Firm													
	After Tax Interest Expense			\$	497	\$	522	\$	548	\$	604		
	Total FCF to the Firm (Total FCF Equity + After tax Interest Expense)			\$	7,650	\$	13,966	\$	19,807	\$	57,578		
	Terminal Value at end of 2029										\$	598,384	
	Total FCF to the Firm			\$	7,650	\$	13,966	\$	19,807	\$	31,308	\$	655,962
Enterprise Value				\$	389,933								
Less Total Debt				\$	17,084								
Total Equity Value				\$	372,850								
Number of Shares (in millions)					4262								
Equity Value Per Share				\$	87								

## Sensitivity Analysis of Growth Rate and WACC

	2.0%	3.0%	4.0%	5.0%	6.0%
<b>87</b>					
18.01%	50	53	56	60	65
16.01%	60	64	69	75	82
<b>14.01%</b>	74	80	87	96	107
12.01%	94	103	115	131	151
10.01%	124	141	162	193	239