EQUITY RESEARCH REPORT

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Valuation date: 15/06/2025

INDEX

COMPANY OVERVIEW

ABOUT THE COMPANY

NETFLIX, INC is one of the world's leading entertainment services with approximately 302 million paid memberships in over 190 countries enjoying TV series, films and games across a wide variety of genres and languages. Members can play, pause and resume watching as much as they want, anytime, anywhere, and can change their plans at any time. Company's core strategy is to grow its business globally within the parameters of our operating margin target. It strives to continuously improve our members' experience by offering compelling content that delights them and attracts new members. It aims to offer a range of pricing plans, including our ad-supported subscription plan, to meet a variety of consumer needs. It seeks to drive conversation around its content to further enhance member joy, and it is continuously enhancing its user interface to help its members more easily choose content
that they will find enjoyable.
Netflix, Inc. was incorporated in 1997 and is headquartered in Los Gatos, California.

Market Profile

Ticker Symbol	**NFLX**
Stock Exchange	**NASDAQ**
Industry	**Entertainment**
Currency	**USD**
Market Cap	**515.86B**
CMP	**1,212.15**
Volume	**2,209,041**
52-Week Range	**587.04 - 1,262.81**

Source- Stock analysis

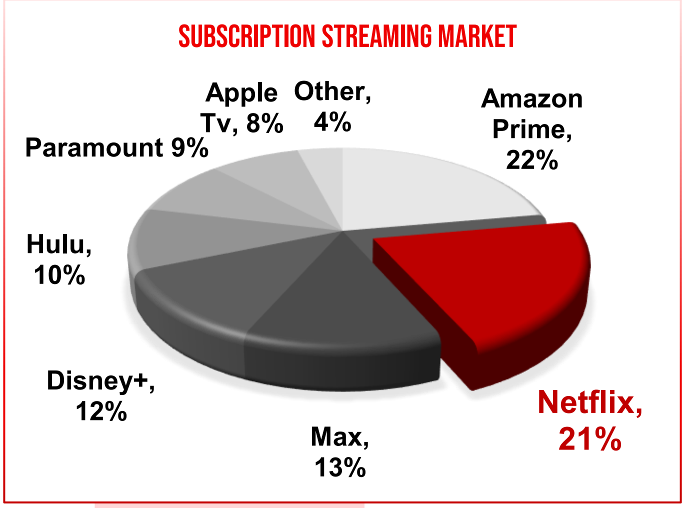
Recommendation	**BUY**

BUSINESS SEGMENTS

Netflix functions as a single operating segment, mainly earning revenue from monthly subscription fees. These fees provide members access to its streaming content services.

MARKET POSTION

- Netflix has the second biggest market share in the subscription video-on-demand (SVOD) service in the United State with 21 percent market share just behind Amazon Prime Video which is the most popular, with a market share of 22 percent, based on the user's interest in adding content to their watch lists of certain streaming platforms.

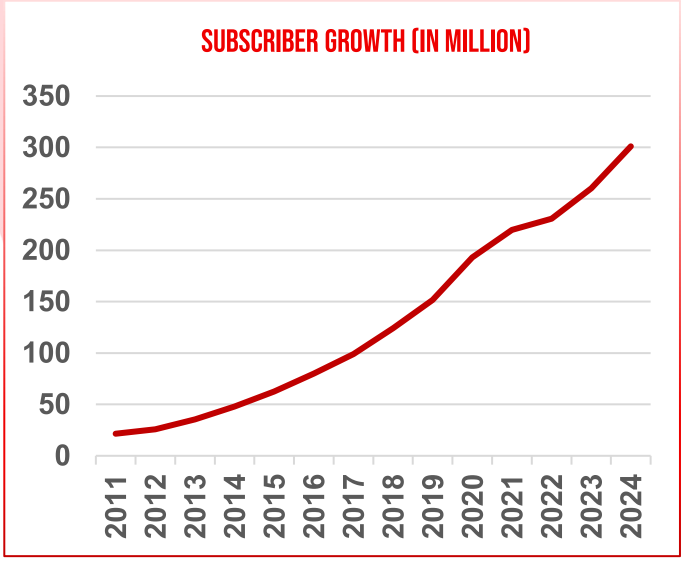


Source – Priori Data

- The market for entertainment video is intensely competitive and subject to rapid change. Netflix compete with a broad set of activities for consumers' leisure time, including other entertainment video providers, such as linear television, streaming entertainment providers (including those that provide pirated content), video gaming providers, as well as user-generated content, some of which are by professional content creators, and more broadly against other sources of entertainment, such as social media, that our members could choose in their moments of free time. It also competes against entertainment video providers and content producers in obtaining content for our service, both for licensed content and for original content projects.

SUBSCRIBER GROWTH

- In 2024, Netflix hit a major milestone by surpassing 301.6 million subscribers, its final year of reporting subscriber counts.
- Between 2023 and 2024, Netflix gained 41.32 million subscribers—a 15.9% year-over-year growth, the highest since 2020.
- This strong finish highlighted Netflix's dominant position in the streaming market just before it shifted its reporting strategy.

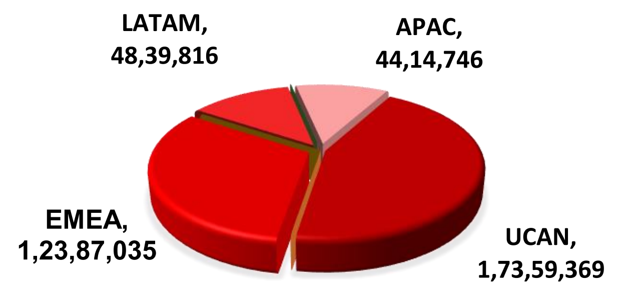


Source - Demand Sage

GEOGRAPHIC REACH

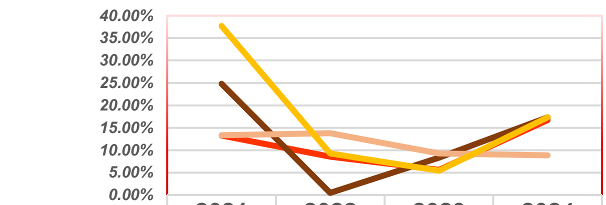
- In 2024, Netflix reported a revenue of nearly 17 billion U.S. dollars in the United States and Canada (UCAN), up from around 15 billion in the previous year. The revenue generated in the North American countries was more than triple the amount brought in from Latin America (LATAM) and Asia Pacific (APAC).
- Although EMEA (Europe, Middle East, and Africa) is Netflix's second-largest market by revenue, its subscriber base surpassed that of the U.S. and Canada for the first time in 2022. That same year, however, the region saw the largest combined subscriber decline as price hikes led many users to seek cheaper alternatives. Despite this setback, Netflix rebounded strongly, adding nearly 30 million net subscribers within just one year.
- According to Netflix's, the dip in LATAM due to a natural shrinkage following a significant growth in the fourth quarter of 2022, when the
- subscriber count increased by 1.76 million. It was in Q4 2022 that the OTT reached its peak in Latin America with a total of 41.70 million users.
- After USA The United Kingdom comes in second with 18.4 million subscribers, followed closely by Germany and Brazil, which are tied at 16.59 million each. Interestingly, Brazil matches Germany, it shows how much Netflix is growing in Latin America.
- Netflix is experiencing growth across EMEA, LATAM, and APAC regions. Emerging markets present further opportunities, providing significant potential for growth.

REVENUE GENERATED BY NETFLIX WORLDWIDE
(IN THOUSAND)



Source - Statista

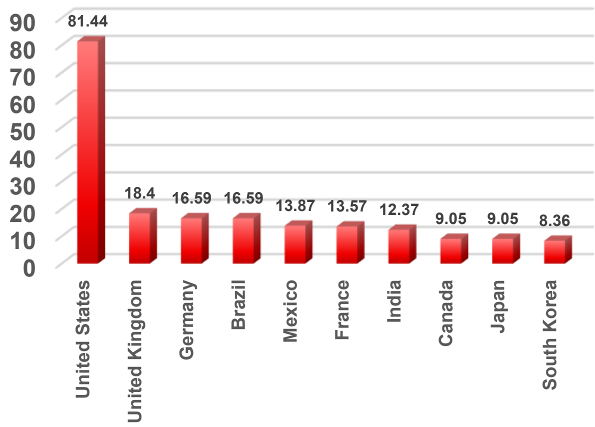
NETFLIX REGION WISE REVENUE GROWTH



	2021	2022	2023	2024
UCAN	13.24%	8.58%	5.60%	16.71%
EMEA	24.80%	0.47%	8.33%	17.34%
LATAM	13.31%	13.78%	9.25%	8.85%
APAC	37.70%	9.29%	5.42%	17.30%

UCAN EMEA LATAM APAC

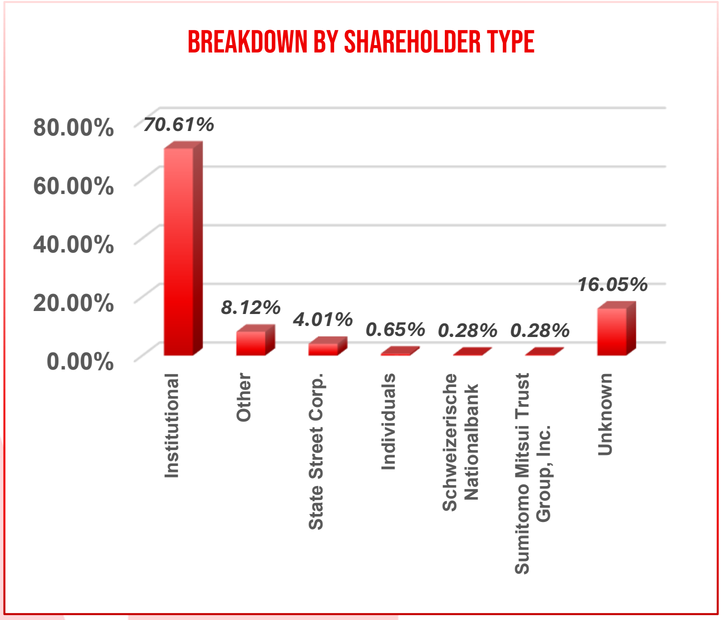
NETFLIX USER BY COUNTRY
(IN MILLION)



Source – Demand sage

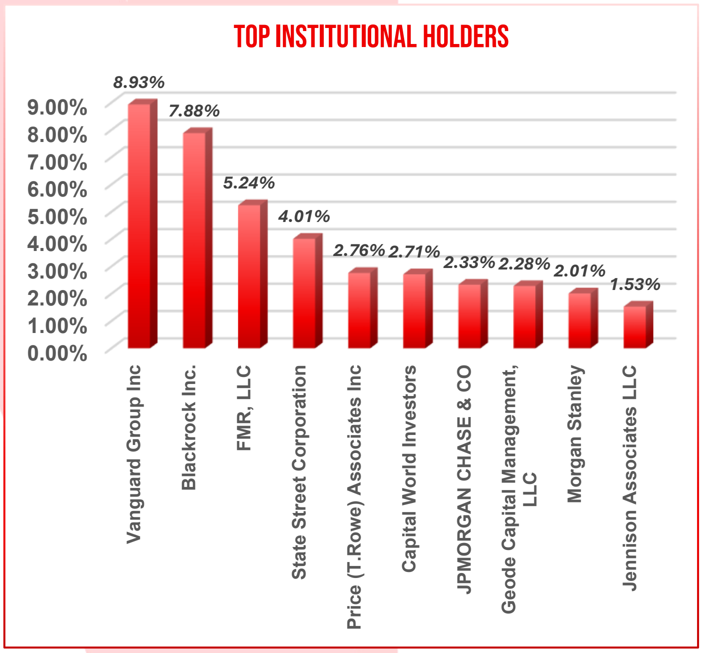
MAJOR SHARE HOLDERS

- Institutional investors own a dominant 70.61% of Netflix's total shares.
- Other classified holders account for 8.12% of the ownership.
- State Street Corporation individually holds 4.01%, making it a key investor.
- Individuals (retail or insiders) own just 0.65% of Netflix shares.
- Unknown holders, often smaller or less-disclosed entities, make up 16.05%.



Source -Market Screener

- Among Institutional investors, Vanguard Group Inc. is the largest single shareholder, with 8.93%ownership.
- BlackRock Inc. closely follows with a 7.88% stake
  in Netflix.
- FMR LLC (Fidelity) holds 5.24%, highlighting mutual fund involvement.
- Price (T. Rowe) Associates owns 2.76%, another major institutional investor.
- Capital World Investors holds 2.71% of the company.
- JPMorgan Chase & Co. maintains a 2.33% stake.
- Geode Capital Management owns 2.28% of Netflix.



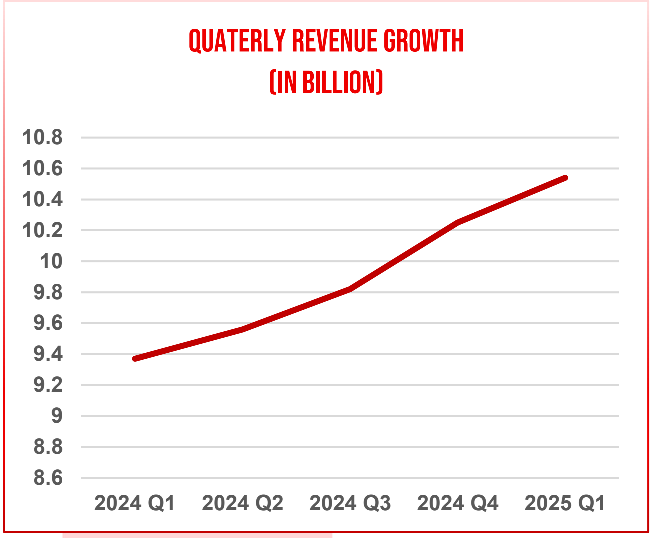
Source -Finance Yahoo

- Morgan Stanley holds 2.01%, a strong institutional presence.
- Jennison Associates LLC rounds out the top 10 with 1.53% ownership.
- Overall, Netflix's ownership is highly institutionalized, reflecting strong market confidence.
- The wide distribution shows that Netflix is heavily backed by large financial institutions globally.
- This heavy institutional ownership reflects strong investor confidence.

EARNINGS CALL HIGHLIGHTS (2025 Q1)

REVENUE PERFORMANCE

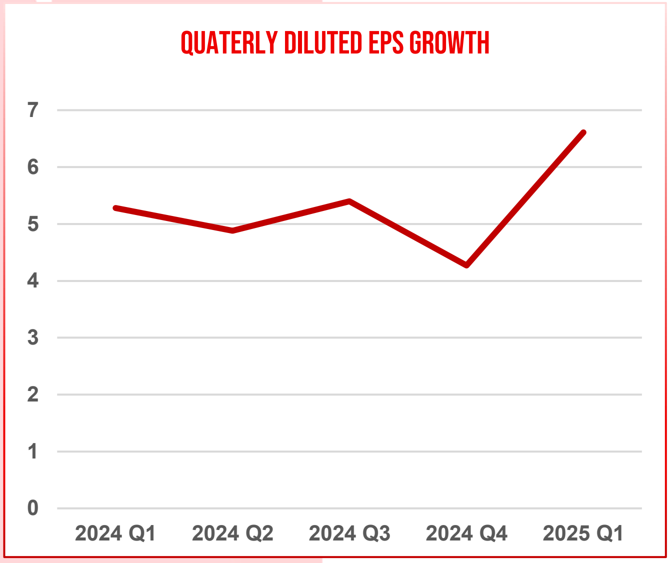
Netflix Inc. reported revenue of $10.54 billion in Q1 2025, slightly exceeding expectations of $10.5 billion. This marks a modest increase from $10.25 billion in Q4 2024. The better-than-expected revenue contributed to positive investor sentiment. It reflects the company's continued growth and strong market presence. Overall, Netflix maintained its upward momentum into 2025.



Source – Market Screener

EARNINGS BEAT AND GROWTH PROJECTIONS

Netflix Inc. delivered strong first-quarter results for 2025, posting an EPS of $6.61, which beat the forecast of $5.69 by 16.17%. This significant earnings surprise highlights the company's effective cost controls and strategic investments in content and technology. Netflix also aims to double its advertising revenue in 2025, reinforcing its push into the ad-supported streaming space. The company has set an ambitious $8 billion free cash flow target for the year. To support this, Netflix is enhancing its ad tech infrastructure and improving content discovery.

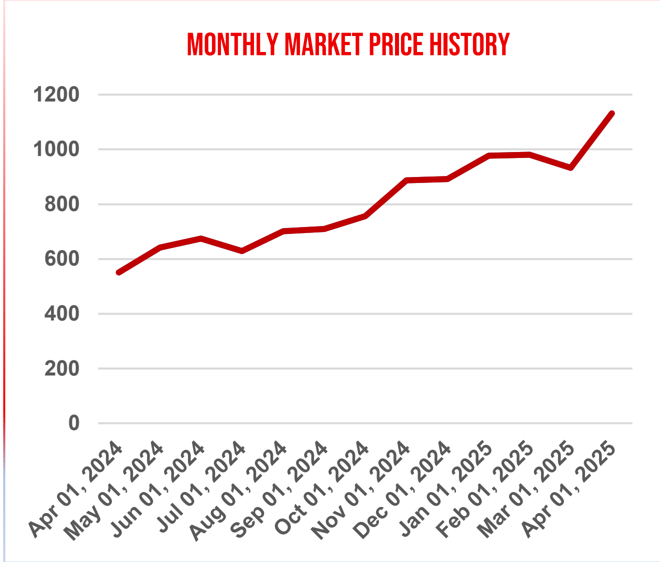


Source – Market Screener

Looking ahead, the company forecasts EPS of $6.34 for Q2 2025 and $7.01 for Q3 2025. Revenue is expected to reach $10.89 billion in Q2 and $11.17 billion in Q3. These projections indicate confidence in continued growth. Overall, Netflix remains well-positioned for long-term profitability and expansion.

MARKET REACTION

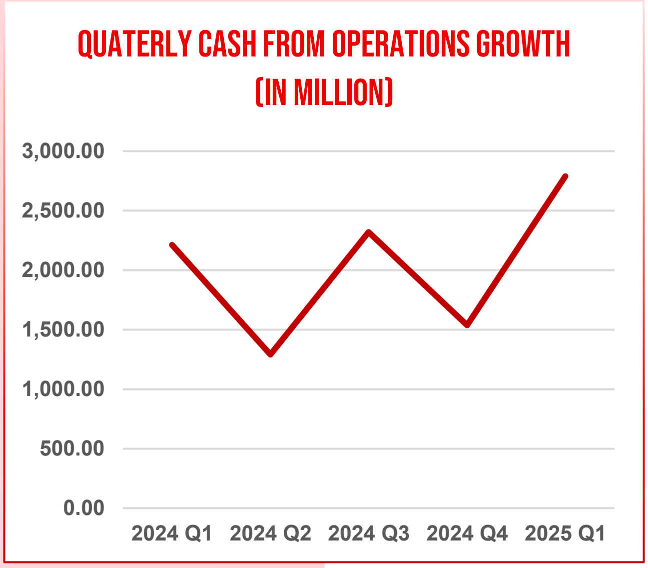
After the earnings announcement, Netflix's stock increased by 21.36% in aftermarket trading, reaching $1131.72. This rise reflects investor confidence in the company's strong results and positive guidance. The movement stands out considering Netflix's 52-week range between $587.04 and $1,262.81. Investors reacted favourably to both earnings and future projections. Overall, the stock shows solid momentum.



Source- Investing.com

CASH FLOW

Netflix's cash from operations rose significantly from $1,536.89 million in Q4 2024 to $2,789.20 million in Q1 2025, nearly doubling quarter-over-quarter. This sharp increase indicates stronger revenue collection, efficient cost control, and improved profitability. Higher operating cash flow enhances Netflix's ability to invest in original content, technology, and global expansion. For investors, it signals a financially healthy company. Such performance often supports stock stability and potential long-term value growth.



Source – Investing.com

RISKS AND CHALLENGES

- Economic uncertainty may impact consumer spending on streaming services.
- Increasing competition from other streaming platforms.
- Challenges in expanding global market share.
- Potential regulatory changes affecting content distribution.
- Pressure to continuously innovate in content and technology.

SWOT ANALYSIS

STRENGTH

- **Subscribers** - Commands a leading position in the global streaming industry with more than 300 million subscribers.
- **Content** - Produces compelling original content that strengthens brand identity and viewer loyalty.
- **Technology** - Robust technology infrastructure and recommendation algorithms
- **Ad Revenue** - Successful expansion into advertising-supported streaming.
- **Pricing** - Maintains strong pricing flexibility across major key markets.
- **Cash Flow** - Continues to generate positive free cash flow, supporting sustainable growth and investment.

WEAKNESS

- **High content costs** - Faces high expenses due to continuous investment in content creation and platform growth.
- **Saturation** - Potential market saturation in mature markets.
- **Foreign Exchange** - Earnings may be impacted by fluctuations in foreign currency exchange rates.
- **External internet service providers** - Relies on external internet service providers for streaming delivery, posing potential operational risks.

OPPORTUNITY

- **Growing Ad revenue** - Further growth in advertising revenue
- **Expansion** - Expanding into live sports and event streaming to attract new audiences.
- **Gaming** - Investing in gaming to diversify content and boost user engagement.
- **Acquisitions** - Potential for strategic acquisitions, including content libraries and sports broadcasting rights.
- **Emerging Markets** - Significant growth potential in untapped and emerging markets.

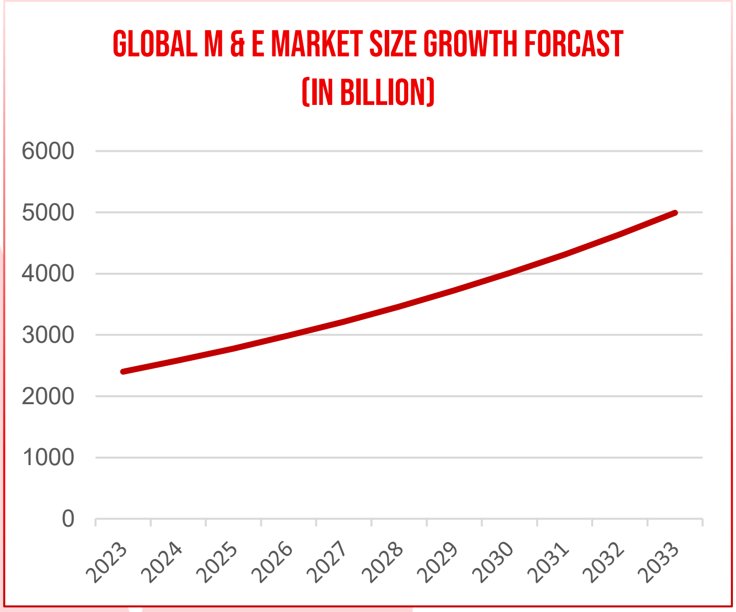
THREATS

- **Competition** - Faces strong competition from major tech companies and established media players.
- **Regulatory risks** - Subject to regulatory risks, including potential shifts in net neutrality policies.
- **Piracy** - Challenges from content piracy and widespread password sharing impact revenue.
- **Economic slowdowns** - Economic slowdowns may reduce consumer spending on streaming services.
- **Increasing in costs** - Rising content production and acquisition costs.

STRENGTH	WEAKNESS
Subscribers Content Technology Ad Revenue Pricing Cash Flow	High content costs Saturation External internet service providers Foreign Exchange
OPPORTUNITY	**THREATS**
Growing Ad revenue Expansion Gaming Acquisitions Emerging Markets	Competition Regulatory risks Piracy Economic slowdowns Increasing in costs

MEDIA AND ENTERTAINMENT INDUSTRY OVERVIEW

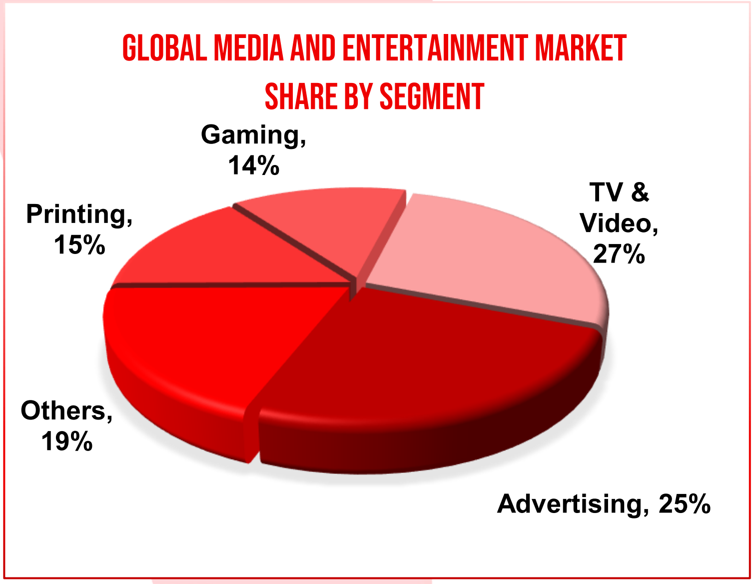
The global media and entertainment market size was valued at approximately USD 2.6 trillion in 2023 and is projected to grow to USD 4.6 trillion by 2031, at a CAGR of **7.6**% during the forecast period.



Source – Cognitive Market Research

The entertainment and media market includes a number of important sub-sectors, including movies/cinema, television, music, printing, radio, the internet, advertising, and gaming. Examples of media venues for mass communication include broadcasting, publishing, and the internet. Video, music, and gaming are some of the other items that are frequently associated with entertainment.

Advertising, broadcast rights, intellectual property rights, ticket sales, governmental and private funding are only a few of the revenue-generating areas in the entertainment and media industry. The entertainment and media industry is now undergoing a transformation due to recent technological advancements including wireless, mobile, gadgets, digitalization, 5G, cloud storage, consumer analytics, and social media platforms.



Source - Cognitive Market Research

PORTER'S FIVE FORCES

Rivalry among existing competitors – Moderate

Most streaming platforms offer similar functions and types of content. This similarity increases competition, as viewers can easily switch between services. Netflix's original content isn't available on rivals like Disney+, Amazon Prime, or Apple TV+. Unique offerings create content differentiation and help reduce this competitive pressure. Despite high competition, exclusive content gives Netflix a strategic edge. The Five Forces analysis shows Netflix's original content limits rivalry and boosts retention.

Threat of new entrants - Weak

Netflix incurs moderate costs to develop and maintain its IT infrastructure. Producing original content requires significant financial investment. Collaborating with media companies involves legal, business, and processing expenses. These combined costs make it hard for new companies to enter the industry. New entrants must invest time and capital to build a content library and subscriber base.

Customer bargaining power – Moderate

Customers currently have limited power to influence Netflix's pricing. Despite competition, Netflix stands out with a vast and accessible content library. Unlike Amazon Prime, Netflix offers full content access through a single subscription. Personalized recommendations are driven by Netflix's advanced algorithm. The platform actively engages users through social media, especially Twitter. Netflix often seeks viewer input on desired content, increasing user interaction. Although customer power is low, the market still holds growth opportunities for Netflix.

Supplier bargaining power - Weak

Netflix initially relied on external suppliers for content, limiting its control and pricing power. To reduce this risk, Netflix began producing original content in-house. By doing so, Netflix positioned itself as both a distributor and a content creator. Creating original content lessened Netflix's reliance on third-party media companies. This strategic shift turned a weakness into a competitive advantage. Netflix now operates in the same market space as its former suppliers. Its major suppliers remain content creators, ranging from local to global media firms. Since each content is unique, suppliers hold some bargaining power due to high differentiation. However, the large number of content providers lowers the influence of any single one. Netflix's global reach and optimized operations keep supplier power weak despite content differentiation.

Threat of substitute products or services - Weak

Netflix faces minimal threat from substitute products like DVDs, TV, or cinemas. Originally a DVD provider, Netflix evolved by shifting to video-on-demand services. A Netflix subscription offers wide content access without travel or extra effort. Users can stream content on various devices, including phones, TVs, and computers. Features like high-quality viewing and automatic episode playback enhance its appeal. Other streaming options are limited by poor quality, ads, and legal restrictions, making them weak substitutes.

MEDIA & ENTERTAINMENT INDUSTRY PEERS

Walt Disney

- **Direct Streaming Competitor**: Disney+ competes directly with Netflix in the global subscription-based streaming market.
- **Original Content Creation**: Both invest heavily in exclusive, original content to attract and retain subscribers.
- **Global Subscriber Base**: Disney and Netflix have large, international audiences, making them comparable in scale and reach.
- **Digital-First Strategy**: Both follow a direct-to-consumer (D2C) model, focusing on streaming over traditional media channels.
- **Similar Revenue Drivers**: They share key financial metrics like ARPU, content spend, and subscriber growth that impact valuation.

Warner Bros. Discovery

- **Direct Streaming Competitor**: WBD owns Max (formerly HBO Max), which competes directly with Netflix in the global streaming market.
- **Original & Premium Content**: Like Netflix, WBD produces high-quality, exclusive content (e.g., Game of Thrones, Harry Potter, DC Universe), driving subscriber engagement.
- **Global Reach**: Both companies have international streaming operations, expanding into similar markets and competing for global subscribers.
- **Content Library Depth**: WBD has a vast content library, just like Netflix, which serves as a long-term competitive advantage in attracting and retaining users.

Paramount

- **Streaming Platform Ownership**: Paramount owns Paramount+ and Pluto TV, directly competing with Netflix in the subscription and ad-supported streaming space.
- **Original Content Production**: Like Netflix, Paramount produces exclusive content, including original movies, series, and franchises (e.g., Star Trek, Yellowstone).
- **Global Audience Reach**: Paramount+ is expanding internationally, aligning with Netflix's global streaming footprint.
- **Comparable Revenue Drivers**: Both rely on subscription growth, content investment, and user engagement as key financial and valuation metrics.

Comcast (NBCUniversal)

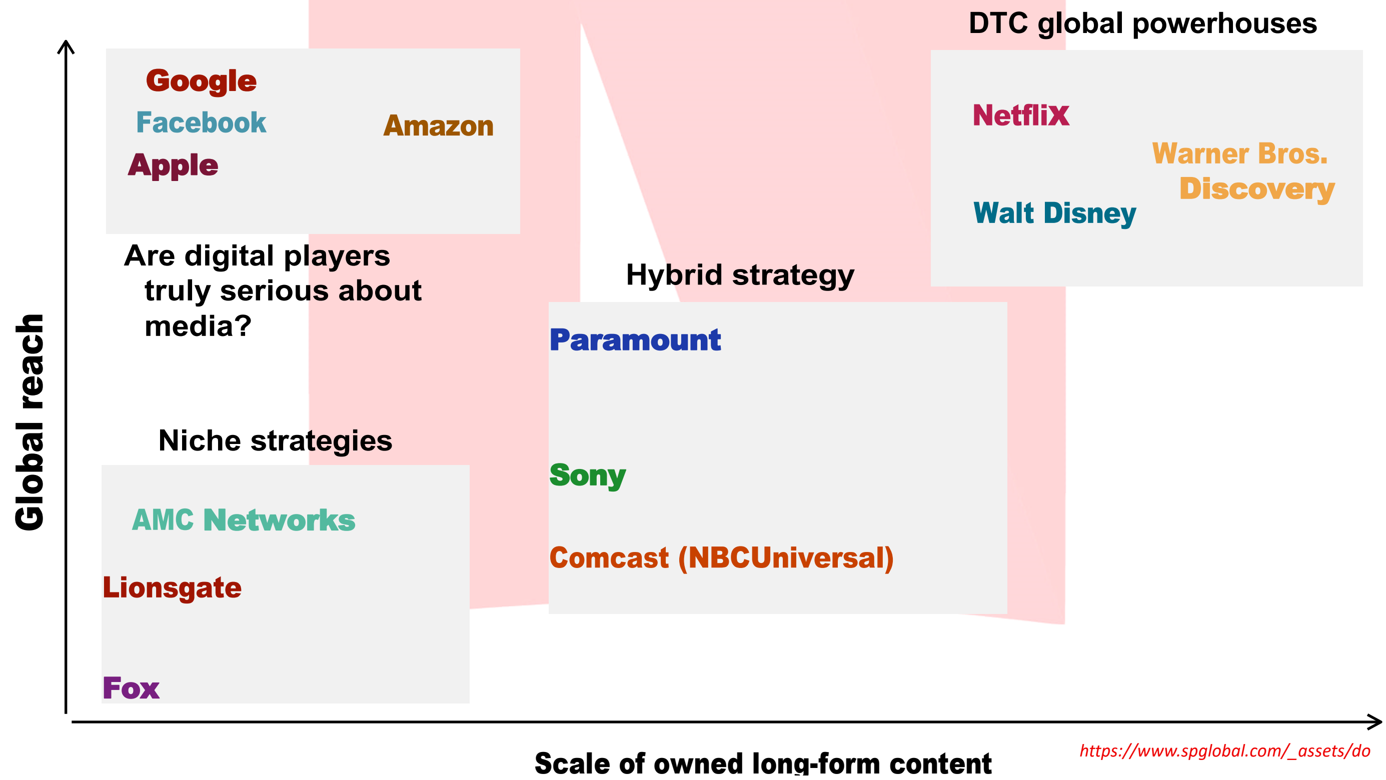
- **Streaming Platform Ownership**: Comcast owns Peacock, a direct competitor to Netflix in the streaming space, offering both subscription and ad-supported content.
- **Original & Licensed Content**: NBCUniversal produces and distributes original shows, movies, and exclusive content—similar to Netflix's strategy.
- **Global Content Distribution**: Both companies have international content distribution and licensing operations, targeting a broad global audience.
- **Shared Industry Metrics**: Comcast and Netflix share comparable valuation drivers, such as subscriber growth, ARPU, content spend, and digital engagement.

Fox

- **Content Production & Licensing**: Fox produces a wide range of entertainment content (e.g., scripted series, reality shows), which is a core similarity to Netflix's content-driven model.
- **Digital & Streaming Presence**: Fox is expanding its digital footprint through platforms like Tubi (an ad-supported streaming service), which competes in the free streaming space alongside Netflix's lower-tier plans.
- **Advertising Revenue Model**: Fox's emphasis on ad-supported content aligns with Netflix's recent move into ad-tier subscriptions, making comparisons more relevant.
- **Media & Entertainment Focus**: Both operate within the broader media and entertainment industry, competing for viewer attention, advertising dollars, and content value.

Charter Communications Inc

- **Subscription-Based Revenue Model**: Like Netflix, Charter generates most of its revenue from **monthly subscriptions**, making both companies comparable in terms of business model and cash flow patterns.
- **Role in Streaming Ecosystem**: Charter is a key enabler of streaming by providing the internet infrastructure that powers platforms like Netflix, making its performance relevant for industry comparisons.
- **Focus on Consumer Entertainment Services**: Both companies serve the digital entertainment needs of households Netflix through content, Charter through cable, broadband, and streaming support operating in closely related sectors.
- While not a direct streaming rival, Charter is a complementary peer that helps contextualize Netflix's performance within the broader digital media and connectivity landscape.



Only **Netflix**, **Walt Disney**, and **Warner Bros. Discovery**

have scale in owned content and global reach.

FINANCIAL ANALYSIS

CONSOLIDATED INCOME STATEMENT

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Revenues	2,49,96,056	2,96,97,844	3,16,15,550	3,37,23,297	3,90,00,966
Revenue Growth %		18.81%	6.46%	6.67%	15.65%
Cost of Goods Sold (COGS) incl. D&A	1,52,76,319	1,73,32,683	1,91,68,285	1,97,15,368	2,10,38,464
COGS excluding D&A	43,53,697	48,93,904	48,05,471	51,60,984	54,08,033
COGS Growth %	17.42%	16.48%	15.20%	15.30%	13.87%
Gross Profit	2,06,42,359	2,48,03,940	2,68,10,079	2,85,62,313	3,35,92,933
Sales and marketing	22,28,362	25,45,146	25,30,502	26,57,883	29,17,554
Sales and marketing %	8.91%	8.57%	8.00%	7.88%	7.48%
Technology and development	18,29,600	22,73,885	27,11,041	26,75,758	29,25,295
Technology and development %	7.32%	7.66%	8.58%	7.93%	7.50%
General and administrative	10,76,486	13,51,621	15,72,891	17,20,285	17,02,039
General and administrative %	4.31%	4.55%	4.98%	5.10%	4.36%
Operating profit	1,55,07,911	1,86,33,288	1,99,95,645	2,15,08,387	2,60,48,045
Interest and other income (expense)	(6,18,441)	4,11,214	3,37,310	(48,772)	2,66,776
EBITDA	1,48,89,470	1,90,44,502	2,03,32,955	2,14,59,615	2,63,14,821
Depreciation	(1,15,710)	(2,08,412)	(3,36,682)	(3,56,947)	(3,28,914)
Amortization of content assets	(1,08,06,912)	(1,22,30,367)	(1,40,26,132)	(1,41,97,437)	(1,53,01,517)
EBIT	39,66,848	66,05,723	59,70,141	69,05,231	1,06,84,390
Other income (expense):					
Interest expense	(7,67,499)	(7,65,620)	(7,06,212)	(6,99,826)	(7,18,733)
EBT	31,99,349	58,40,103	52,63,929	62,05,405	99,65,657
Taxes	(4,37,954)	(7,23,875)	(7,72,005)	(7,97,415)	(12,54,026)
TAX %	13.69%	12.39%	14.67%	12.85%	12.58%
Net income	27,61,395	51,16,228	44,91,924	54,07,990	87,11,631

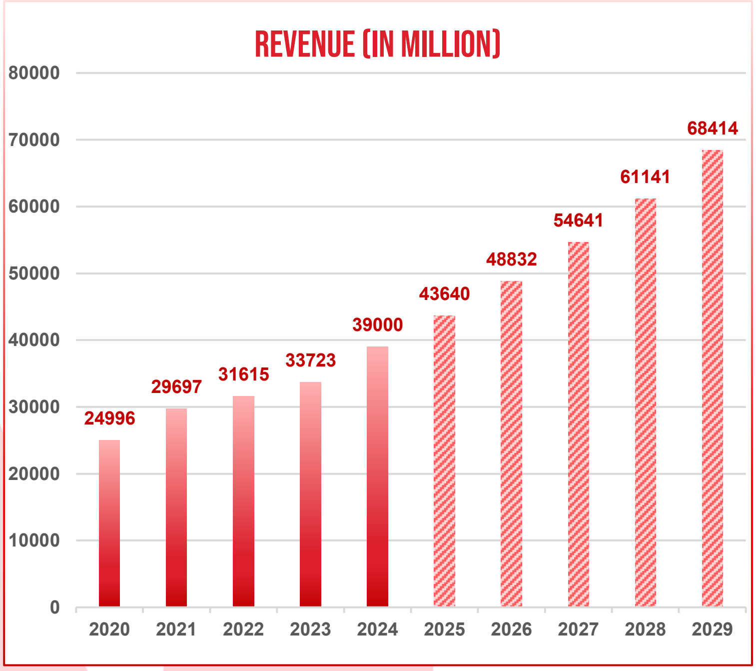
(HISTORICAL FIGURES)

Particulars	2025 Est	2026 Est	2027 Est	2028 Est	2029 Est
Revenues	4,36,40,544	4,88,32,049	5,46,41,138	6,11,41,280	6,84,14,683
Revenue Growth %	11.90%	11.90%	11.90%	11.90%	11.90%
Cost of Goods Sold (COGS) incl. D&A	2,29,13,139	2,60,83,970	2,94,69,927	3,31,55,761	3,72,14,683
COGS excluding D&A	68,31,190	76,43,832	85,53,147	95,70,634	1,07,09,163
COGS Growth %	15.65%	15.65%	15.65%	15.65%	15.65%
Gross Profit	3,68,09,354	4,11,88,217	4,60,87,991	5,15,70,646	5,77,05,520
Sales and marketing	35,65,532	39,89,690	44,64,305	49,95,382	55,89,635
Sales and marketing %	8.17%	8.17%	8.17%	8.17%	8.17%
Technology and development	34,02,770	38,54,220	43,38,519	47,76,983	53,28,641
Technology and development %	7.80%	7.89%	7.94%	7.81%	7.79%
General and administrative	20,33,492	22,75,397	25,46,080	28,48,963	31,87,877
General and administrative %	4.66%	4.66%	4.66%	4.66%	4.66%
Operating profit	2,78,07,561	3,10,68,910	3,47,39,087	3,89,49,319	4,35,99,367
Interest and other income (expense)	-	-	-	-	-
EBITDA	2,78,07,561	3,10,68,910	3,47,39,087	3,89,49,319	4,35,99,367
Depreciation	(4,01,342)	(4,54,853)	(5,13,512)	(5,78,191)	(6,49,806)
Amortization of content assets	(1,56,80,607)	(1,79,85,285)	(2,04,03,267)	(2,30,06,936)	(2,58,55,715)
EBIT	1,17,25,612	1,26,28,772	1,38,22,307	1,53,64,192	1,70,93,846
Other income (expense):					
Interest expense	(7,44,087)	(7,44,002)	(7,43,954)	(7,43,890)	(7,43,722)
EBT	1,09,81,525	1,18,84,771	1,30,78,353	1,46,20,302	1,63,50,124
Taxes	(13,81,857)	(14,95,517)	(16,45,711)	(18,39,742)	(20,57,414)
TAX %	12.58%	12.58%	12.58%	12.58%	12.58%
Net income	9599667	10389253	11432642	12780560	14292710

(FUTURE FORECAST)

REVENUE

Historic



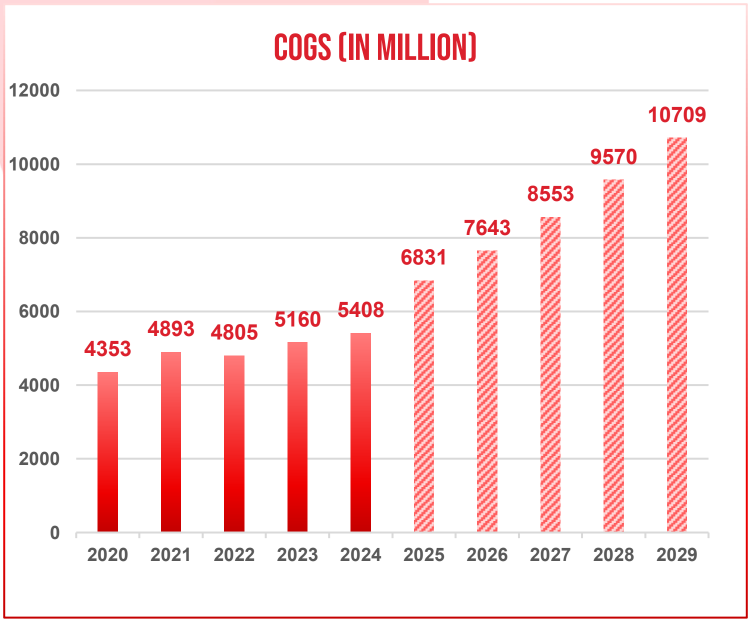
- Revenue jumped 18.8% in 2021 as people returned to screens post-lockdown. New content and global expansion added fuel to the growth.
- Despite adding 7.4M subscribers in late 2022, overall growth dipped to 6% due to price hikes, content delays, and increased competition. Subscriber loss and Russia exit also played a part.
- With the ad-supported tier and crackdown on password sharing, revenue rose 15.65% in 2024. These moves helped boost both subscribers and revenue.

Forecast

- Revenue is assumed to grow at a steady 11.90% yearly, reaching over $ 68,414.68M by 2029, backed by new users, price hikes, and stronger global presence.
- New ad revenue, efficient content spending, and high retention are likely to drive not just higher revenue, but also improved profitability year after year.

COST OF GOODS AND SERVICES SOLD

Historic



- From 2020 to 2024, COGS rose from $ 4353M to $5 408 M, but the growth was uneven. Netflix's COGS growth rate dropped in 2022 mainly due to a more measured approach tocontent investment, increased cost controls, normalization of production schedules, and a focus on improving profitability amid heightened competition and market pressure.
- Netflix managed to control cost escalation even during tough years by optimizing spend and delaying non-priority productions during weak content phases.

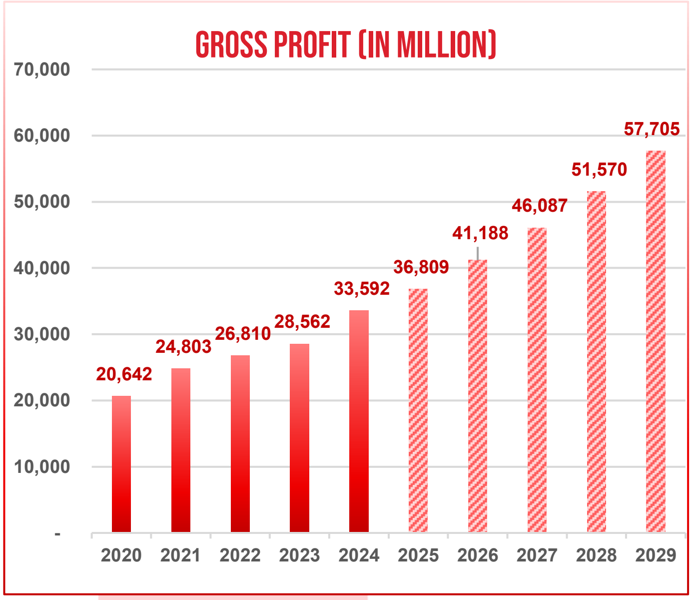
Forecast

- COGS is assumed to grow to over $ 10709 M by 2029, mainly due to scaling original content, tech infrastructure, and global expansion. However, better planning and cost-efficiency strategies are expected to keep gross margins healthy despite the higher base.

GROSS PROFIT

Historic

- Gross profit rose from $ 20,642.36M in 2020 to $ 33,592.93M in 2024, with margins improving from 82.6% to 86.1%. This was driven by stronger pricing power, better content cost control, and rising revenue from ad-supported tiers. Netflix's focus on high-margin offerings and global subscriber growth helped widen the gap between revenue and direct costs.



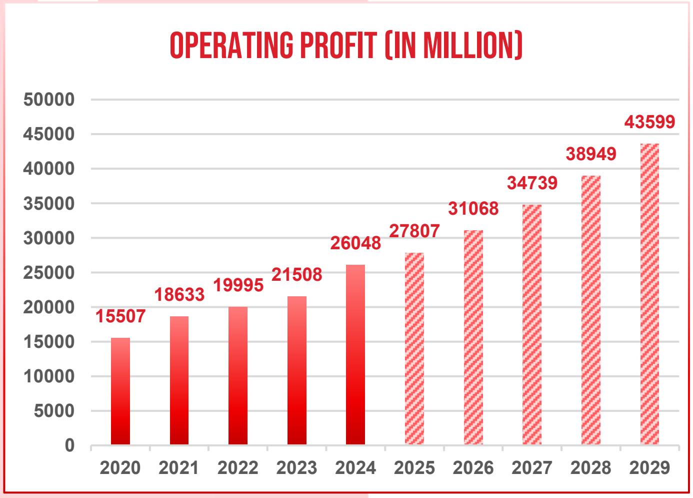
Forecast

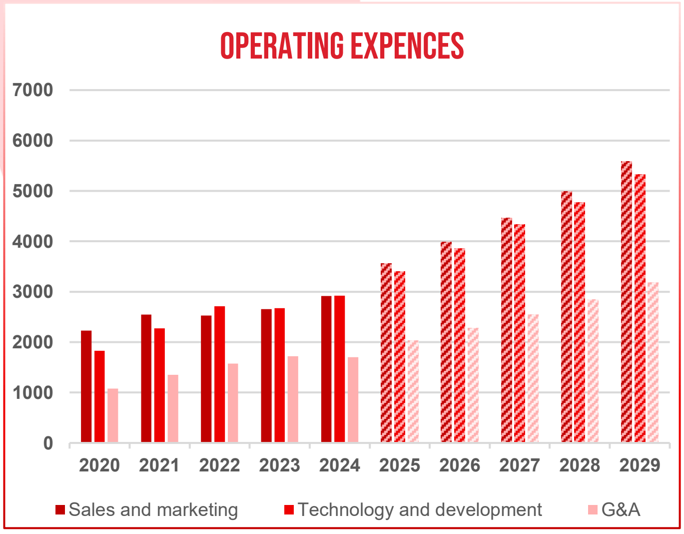
- Gross margins are assumed to stabilize around 84.35%, while gross profit climbs to $ 57,705.52M by 2029. This suggests that while costs will rise with scale, Netflix is likely to maintain pricing discipline and leverage its global infrastructure to preserve profitability at the gross level.

OPERATING PROFIT

Historic

- Operating profit grew from $ 15,507.91M in 2020 to $ 26,048.05M in 2024. In 2024, driven by strong subscriber growth, price hikes in key markets, booming ad revenue, improved operating margins, contributed to this jump, showcasing Netflix's ability to scale profit alongside revenue.
- Operating expenses grew across all areas but remained well-managed. S&M rose modestly, reflecting targeted campaigns and global outreach. T&D saw steady increases, driven by platform upgrades and content delivery improvements. G&A remained stable, showing disciplined overhead control. Together, this helped Netflix maintain strong operating leverage, especially in 2024.





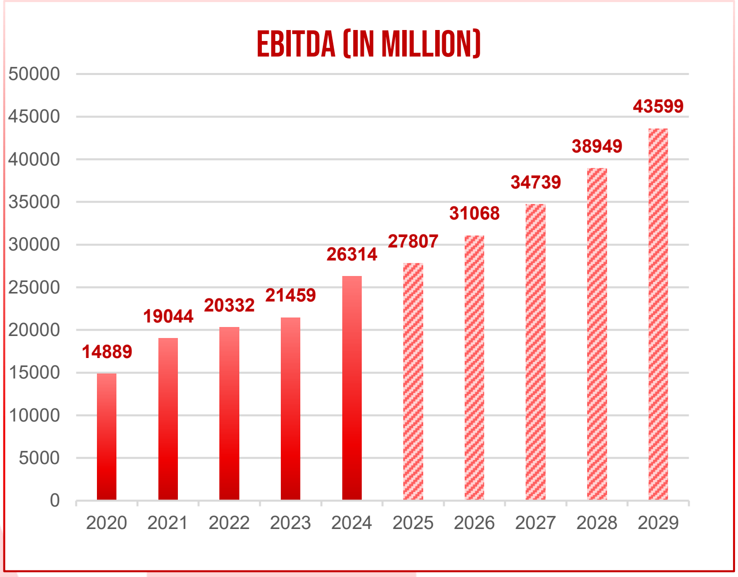
Forecast

- Operating profit is assumed to surge to $ 43,599.37M by 2029. With stable gross margins and a focus on ad revenue and global expansion, Netflix is expected to gain more from each dollar earned. Efficient operations and platform leverage will continue to drive profitability higher.
- From 2025, expenses are assumed to rise more sharply Sales to $ 5,589.64M, Tech to $ 5,328.64M, and G&A to $ 3,187.88M by 2029. This reflects Netflix's continued investment in global expansion, ad-tech innovation, and content delivery infrastructure. Despite the rise, these expenses are expected to grow slower than revenue, preserving margin expansion and supporting long-term scalability.

EBITDA

Historic

- EBITDA increased from $ 14,889.47M in 2020 to $ 26,314.82M in 2024, with margins improving from 60% to 67%. This rise reflects Netflix's ability to grow profitably—boosted by pricing power, ad-supported tier rollout, and tight cost control. The jump in 2024 signals a more efficient business model, turning top-line growth into higher-quality earnings.



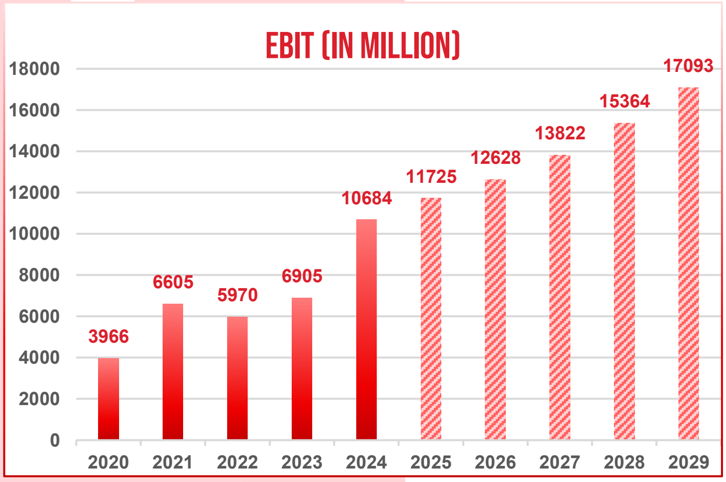
Forecast

- EBITDA is assumed to reach $ 43,599.37M by 2029, maintaining a steady 64% margin. This indicates consistent profitability even as Netflix scales up content and tech investments. The platform's global scale, recurring revenue, and diversified monetization will continue to support strong core earnings.

EBIT

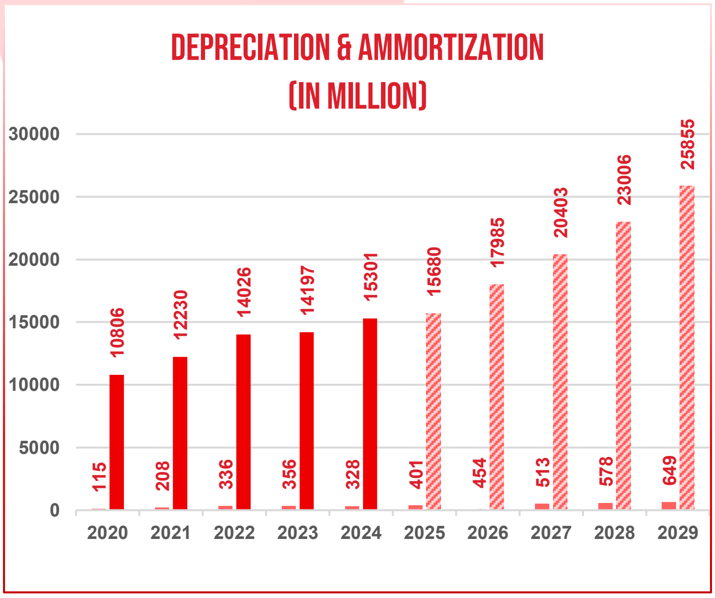
Historic

- EBIT rose from $ 3,966.85M in 2020 to $ 10,684.39M in 2024, with a brief dip in 2022 due to rising content amortization and subscriber losses. The rebound was driven by strong subscriber growth, ad revenue expansion, and pricing power. During this period, content amortization grew from $ 10,806.91M to $ 15,301.52M,reflecting heavy investment in original programming. Depreciation also rose from $ 11.57M to $ 32.89M, showing steady tech and platform upgrades to support scaling.

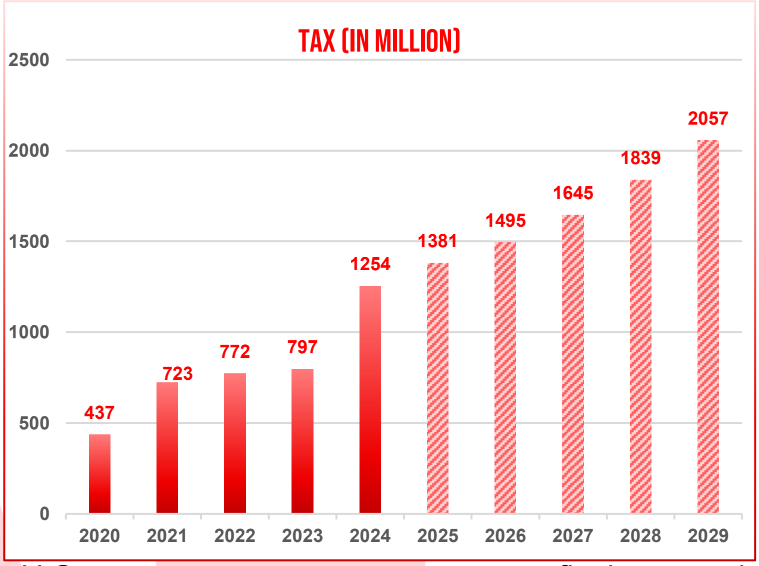


Forecast

- From 2025 to 2029, EBIT is assumed to grow steadily from $ 11,725.61M to $ 17,093.85M, driven by strong subscriber additions, global rollout of the ad-supported tier, price increases in key markets, and improved cost efficiency. At the same time, depreciation and amortization are projected to rise consistently, reflecting Netflix's continued investment in platform technology and premium original content.



TAXES



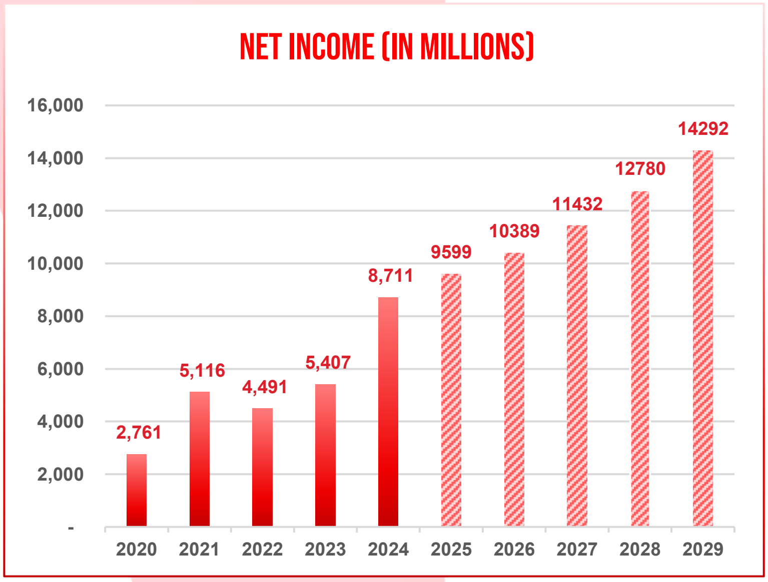
Historic

- From 2020 to 2024, Netflix's tax payments rose from $ 437.95M to $ 1,254.03M, yet its effective tax rate stayed low between 12.4% and 14.7%well below the U.S. statutory rate of 21%. This was driven by tax saving strategies such as accelerated depreciation, R&D credits, and stock-based compensation deductions. Also, International structuring allowed Netflix to shift profits to low-tax jurisdictions, reducing U.S. tax exposure even as pre-tax profits increased year over year.

Forecast

- Between 2025 and 2029, tax expenses are assumed to increase from $ 1,381.86M to $ 2,057.41M, reflecting higher earnings. However, the effective tax rate is forecast to remain stable at 12.6%, as Netflix continues leveraging international tax planning, production incentives in countries like the UK, and a globally distributed revenue base. These practices will help maintain tax efficiency and allow the company to retain more profits for reinvestment into content, technology, and platform growth.

NET PROFIT



Historic

- Netflix's net income grew from $ 2,761.40M in 2020 to $ 8,711.63M in 2024. The sharp jump in 2021 was driven by post-COVID recovery, high content consumption, and subscription momentum. In 2022, profit dipped as price hikes triggered cancellations, competition, and a weaker content slate hit engagement. The situation worsened with subscriber losses, a Russia market exit, and the initial impact of the password-sharing crackdown. However, 2023–24. 7.4 million new subscribers in Q4 2022 add, followed by ad-tier launches, better content rollout, and improved operating efficiency, helped restore profitability.

Forecast

- Looking ahead, net income is assumed to rise from $9,599M in 2025 to $14,297M in 2029. The successful password-sharing crackdown and ad-supported tier are expected to bring sustained subscriber growth. Price increases in core markets, without significantly raising costs, will lift profitability. With stable tax rates, global scale, and content differentiation, Netflix is well-positioned to maintain double-digit net income growth.

BALANCE SHEET

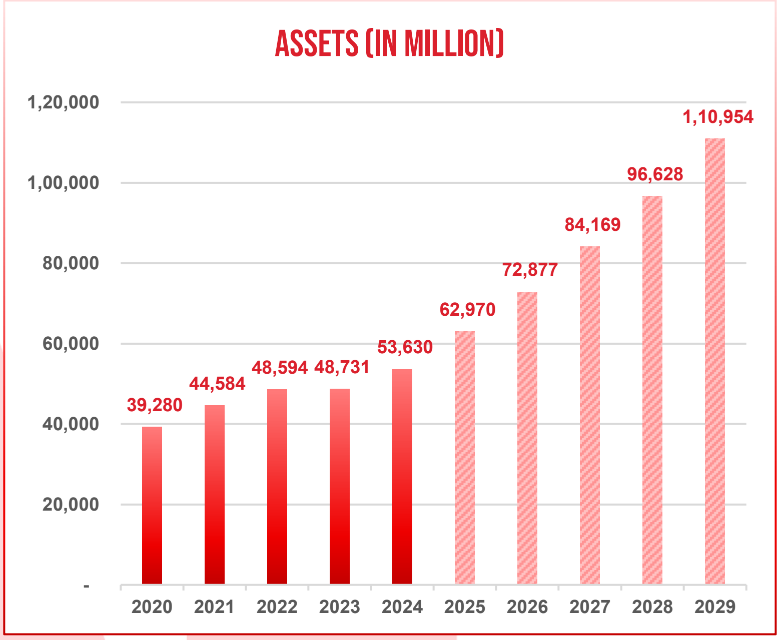
	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Assets					
Current assets:					
Cash and cash equivalents	82,05,550	60,27,804	51,47,176	71,16,913	78,04,733
Short-term investments	_	_	9,11,276	20,973	17,79,006
Other current assets :					
Trade receivables	6,10,819	8,04,320	9,88,898	12,87,054	13,35,304
Prepaid expenses	2,03,042	3,23,818	3,92,735	4,08,936	4,31,924
Other (1)	7,42,169	9,13,883	18,26,388	10,84,257	17,49,412
Content assets, net	2,53,83,950	3,09,19,539	3,27,36,713	3,16,58,056	3,24,52,462
Property and equipment, net	9,60,183	13,23,453	13,98,257	14,91,444	15,93,756
Other non-current assets	31,74,646	42,71,846	51,93,325	56,64,359	64,83,777
Total assets	3,92,80,359	4,45,84,663	4,85,94,768	4,87,31,992	5,36,30,374
Liabilities and Stockholders' Equity					
Equity Capital	34,47,698	40,24,561	46,37,601	51,45,172	62,52,126
Treasury stock	44,398	(8,64,685)	(10,41,496)	(71,46,145)	(1,28,09,476)
Retained earnings	75,73,144	1,26,89,372	1,71,81,296	2,25,89,286	3,13,00,917
Current liabilities:					
Current content liabilities	44,29,536	42,92,967	44,80,150	44,66,470	43,93,681
Accounts payable	6,56,183	8,37,483	6,71,513	7,47,412	8,99,909
Accrued expenses and other liabilities	8,45,974	11,34,162	11,58,665	14,20,648	17,28,062
Deferred revenue	11,17,992	12,09,342	12,64,661	14,42,969	15,20,813
Non-current content liabilities	26,18,084	30,94,213	30,81,277	25,78,173	17,80,806
Debt	1,63,08,973	1,53,92,895	1,43,53,076	1,45,43,261	1,55,82,804
Other non-current liabilities	36,524	50,678	2,29,537	5,14,633	5,68,562
Lease liabilities	22,01,853	27,23,675	25,78,488	24,30,113	24,12,170
Total liabilities	3,92,80,359	4,45,84,663	4,85,94,768	4,87,31,992	5,36,30,374

(HISTORICAL FIGURES)

	2025 Est	2026 Est	2027 Est	2028 Est	2029 Est
Assets					
Current assets:					
Cash and cash equivalents	1,18,84,580	1,59,02,687	2,13,29,563	2,69,65,063	3,42,10,695
Short-term investments	17,79,006	17,79,006	17,79,006	17,79,006	17,79,006
Other current assets :					
Trade receivables	12,73,288	16,45,624	16,20,523	20,34,166	20,55,287
Prepaid expenses	4,76,990	5,33,733	5,97,226	6,68,272	7,47,770
Other (1)	17,49,412	17,49,412	17,49,412	17,49,412	17,49,412
Content assets, net	3,75,12,740	4,27,35,689	4,83,01,521	5,43,52,983	6,10,12,470
Property and equipment, net	18,10,690	20,47,665	23,08,279	25,96,307	29,15,765
Other non-current assets	64,83,777	64,83,777	64,83,777	64,83,777	64,83,777
Total assets	6,29,70,483	7,28,77,592	8,41,69,307	9,66,28,986	11,09,54,182
Liabilities and Stockholders' Equity					
Equity Capital	62,52,126	62,52,126	62,52,126	62,52,126	62,52,126
Treasury stock	(1,28,09,476)	(1,28,09,476)	(1,28,09,476)	(1,28,09,476)	(1,28,09,476)
Retained earnings	4,09,00,584	5,12,89,838	6,27,22,480	7,55,03,040	8,97,95,750
Current liabilities:					
Current content liabilities	43,93,681	43,93,681	43,93,681	43,93,681	43,93,681
Accounts payable	11,47,339	11,43,451	14,19,853	14,48,383	17,61,060
Accrued expenses and other liabilities	17,28,062	17,28,062	17,28,062	17,28,062	17,28,062
Deferred revenue	15,20,813	15,20,813	15,20,813	15,20,813	15,20,813
Non-current content liabilities	17,80,806	17,80,806	17,80,806	17,80,806	17,80,806
Debt	1,55,81,017	1,55,80,017	1,55,78,671	1,55,75,171	1,55,71,090
Other non-current liabilities	5,68,562	5,68,562	5,68,562	5,68,562	5,68,562
Lease liabilities	19,06,969	14,29,713	10,13,730	6,67,818	3,91,709
Total liabilities	6,29,70,483	7,28,77,592	8,41,69,307	9,66,28,986	11,09,54,182

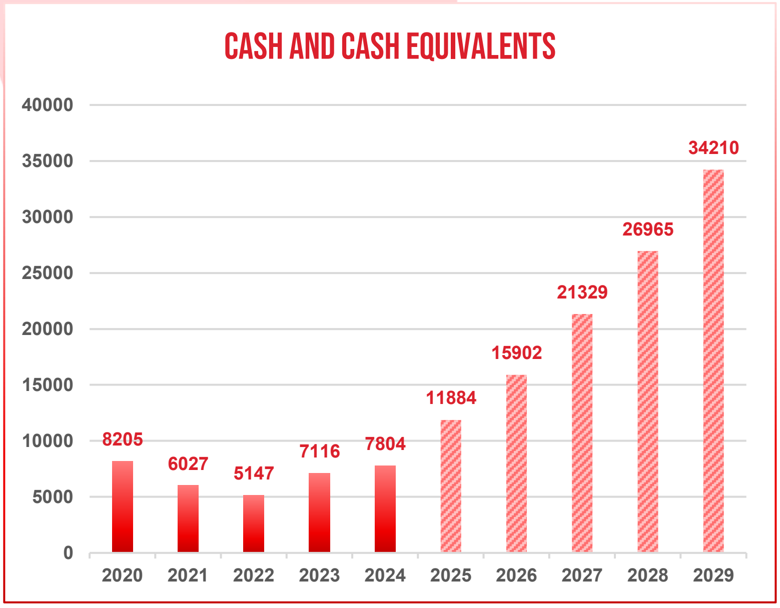
(FUTURE FORECAST)

Assets



Historic

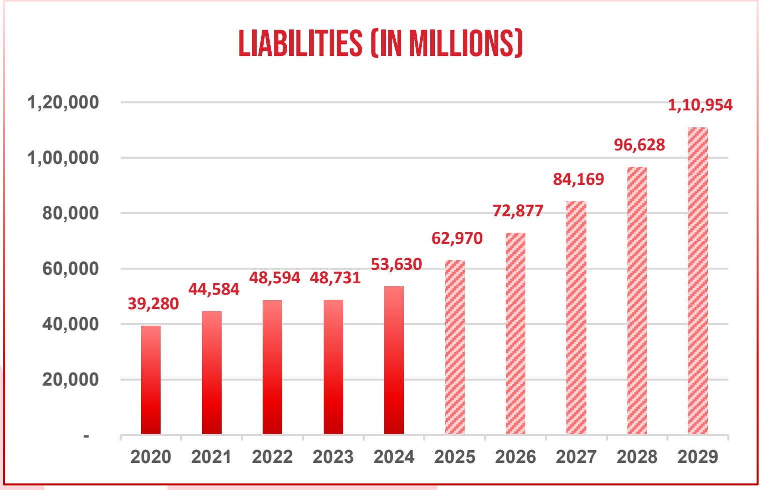
- Cash & Cash Equivalents declined from $ 8,205M in 2020 to $ 7,804M in 2022 due to aggressive content spending, but rose back to $780M in 2024, backed by recovering profits and better cash generation.
- Trade Receivables grew from $610M to $1335M, indicating stronger billing cycles and increased revenue from global expansion, especially in ad-supported plans.
- Content Assets (Net) rose from $ 25,383.95M to $ 32,452.46M, highlighting consistent investment in originals, global content, and sports, though a dip in 2023 reflected production delays and timing of releases.
- Prepaid Expenses doubled from $203M to $432M, signaling more upfront deals, Content licensing fees, Software and technology&Office rent and insurance.
- Property & Equipment expanded from $960M to $159M, driven by platform infrastructure upgrades and increasing in-house production capabilities.
- Overall, Total Assets grew from $ 39,280M in 2020 to $ 53,630M in 2024, underpinned by reinvested profits, improved margins, and stronger balance sheet discipline.



Forecast

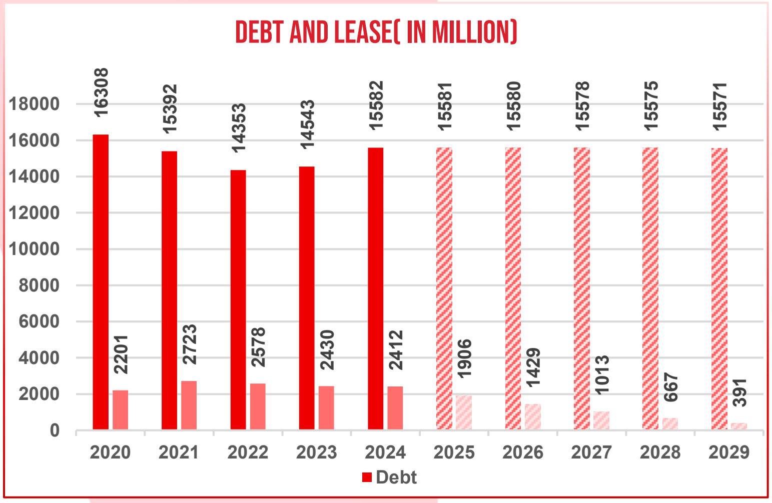
- Cash & Cash Equivalents are assumed to surge from $ 11,884M in 2025 to $ 34,210M in 2029, driven by rising profits, disciplined capex, and scaling ad revenue.
- Trade Receivables could touch $ 2,055M by 2029, reflecting diversified revenue channels and expanded monetization, especially from advertisers and global partners.
- Content Assets (Net) are assumed to grow to $ 61,012M, suggesting aggressive, sustained investment in premium shows, sports rights, and global content.
- Prepaid Expenses are assumed to rise to $747M, pointing to multi-year content deals, long-term tech contracts, and possibly event-based rights acquisition.
- Property & Equipment assumed will likely reach $2915M, driven by increasing self-owned production hubs, data centers, and technology backbone.
- By 2029, Total Assets assumed nearly double to $ 110,954M, showing Netflix's transformation into a cash-rich, high-margin digital media powerhouse with robust asset quality.

Liabilities and Stockholders' Equity



Historic

- Equity Capital rose from $ 3,447M to $6,252M, supported by share-based compensation and past issuances to fuel content expansion and global operations.
- Retained Earnings jumped from $7,573M to $ 31,300M as Netflix reinvested all profits, choosing not to pay dividends and instead focus on original content and technology upgrades.
- Accounts Payable grew from $ 656M to $ 899M , reflect the short-term obligations Netflix owes to its suppliers and vendors, typically for goods and services related to content production, technology, and operations.
- Debt declined from $ 16,308M to $ 15,582M, reflecting regular repayments, backed by strong operating cash flows and reduced reliance on new borrowing.
- Lease Liabilities increased from $ 2,201M to $2,412M, due to continued lease repayments and a shift away from long-term physical infrastructure in favor of digital operations.
- This period highlights Netflix's financial disciplinechanneling retained earnings into growth, while steadily reducing long-term obligations like debt and leases.



Forecast

- Equity Capital is assumed to remain steady at $6252M, as it cannot be forecasted.
- Retained Earnings are assumed to climb to $ 89,795M, as the company continues reinvesting its profits, maintaining its no-dividend approach to support innovation and global expansion.
- Acoounts payable assumed to grow to $ 1761M because of its Growth in other geogrpahy and growing original content liabrary.
- Debt will slightly decline from $ 15,581M to $ 15,571M over five years, driven by regular debt repayments, avoiding new leverage as cash flows remain strong.
- Lease Liabilities are assumed to drop sharply from $1,906M to $391M by 2029, due to scheduled lease repayments and reduced dependency on physical assets.
- Netflix's forward path shows a leaner, low-debt balance sheet, powered by retained earnings, operational efficiency, and strategic financial discipline.

CASH FLOW STATEMENT

	2024	2025	2026	2027	2028	2029
	Actual	Est	Est	Est	Est	Est
Cash Flow From Operations						
PAT		95,99,667	1,03,89,253	1,14,32,642	1,27,80,560	1,42,92,710
Depreciation		401342	454853	513512	578191	649806
Amortization of content assets		15680607	17985285	20403267	23006936	25855715
Accounts Payables		2,47,430	(3,888)	2,76,402	28,530	3,12,677
Trade receivables		62,016	(3,72,336)	25,100	(4,13,643)	(21,121)
Prepaid expenses		(45,066)	(56,743)	(63,493)	(71,046)	(79,498)
		2,59,45,997	2,83,96,424	3,25,87,431	3,59,09,528	4,10,10,288
Cash Flow from Investment						
Capex From Tangable Assets		(6,18,277)	(6,91,827)	(7,74,127)	(8,66,218)	(9,69,264)
Capex From In Tangable Assets		(2,07,40,886)	(2,32,08,234)	(2,59,69,099)	(2,90,58,398)	(3,25,15,202)
		(2,13,59,162)	(2,39,00,061)	(2,67,43,226)	(2,99,24,616)	(3,34,84,466)
Cash Flow from Finance						
Debt repayment		(1,787)	(1,000)	(1,346)	(3,500)	(4,081)
Lease Repayment		(5,05,201)	(4,77,256)	(4,15,983)	(3,45,912)	(2,76,109)
		(5,06,988)	(4,78,256)	(4,17,329)	(3,49,412)	(2,80,190)
Change In Cash		40,79,847	40,18,108	54,26,875	56,35,500	72,45,632
Opening		78,04,733	1,18,84,580	1,59,02,687	2,13,29,563	2,69,65,063
Closing	78,04,733	1,18,84,580	1,59,02,687	2,13,29,563	2,69,65,063	3,42,10,695

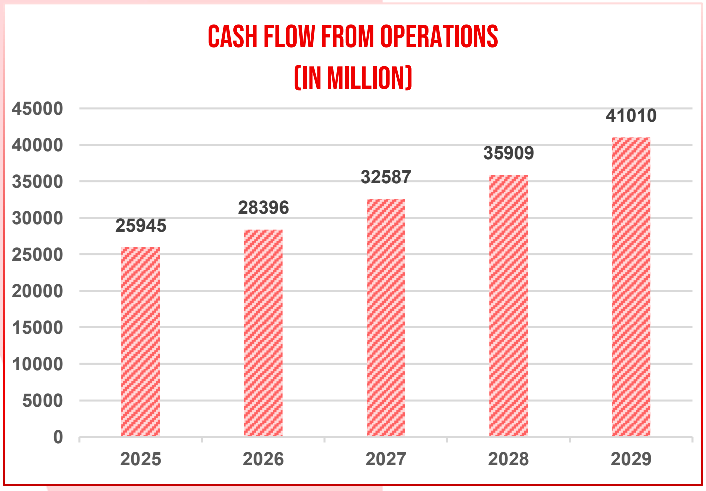
Cash Flow From Operations

NET PROFIT (PAT)

Netflix's PAT is assumed to grow steadily from $ 9,599M to $ 14,292M. This reflects strong content performance, rising subscribers, and better margins from cost control and ad revenues.

DEPRECIATION

Depreciation assumed to rise from $401M to $649M over the forecast. This shows ongoing investment in tech infrastructure and backend systems. These costs are non-cash, so while they hit earnings, they add back to cash flow, improving liquidity without impacting operations.



AMORIZATION OF CONTENT ASSETS

Amortization of content assumed to jump from $15,680M to $ 25,855M, reflecting Netflix's continuous push for original programming. As content spend grows, so does amortization, which boosts operating cash while showing how fast Netflix uses up its shows. It also signals how reliant Netflix is on constant content refresh.

ACCOUNTS PAYABLES

Payables assumed stay positive and rise from $247M in 2025 to $312M in 2029, helping working capital. This suggests better credit terms with partners and vendors, allowing Netflix to hold onto cash longer. It's a quiet strength that supports steady cash flow.

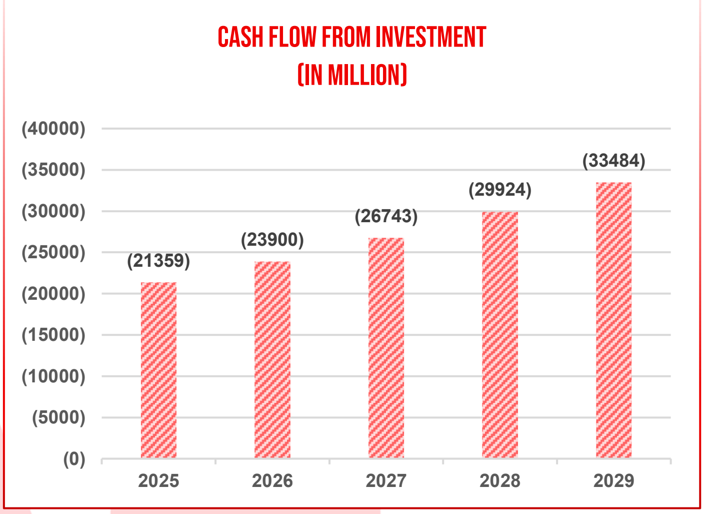
TRADE RECEIVABLES

Receivables assumed to move unevenly but stay manageable, ending at $21M in 2029. Slight swings reflect timing of collections, ad-based billing cycles, or growth in global markets. Overall, this line is under control, meaning revenue growth isn't tied up in unpaid dues.

PREPAID EXPENCES

Prepaid costs assumed to increase steadily from $45M to $79M, mainly due to content licensing, tech services, and marketing paid in advance. While these are cash outflows, they ensure smoother operations and future readiness, especially for high-demand shows and cloud platforms.

Cash Flow from Investment



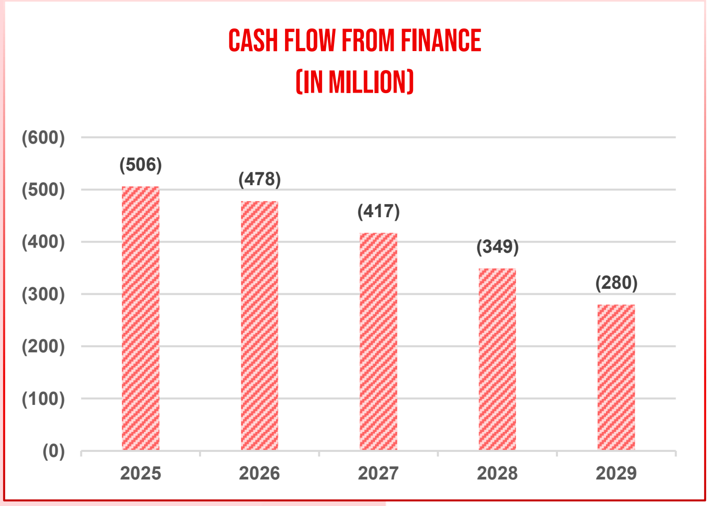
CAPEX FOR TANGIBLE ASSETS

Spending on tangible assets assumed to modestly from $618M to $969M by 2029. This reflects Netflix's ongoing investments in physical capacity to support global content creation and streaming scale.

CAPEX FOR INTANGIBLE ASSETS

This line represents Netflix's biggest investment: content. Capex assumed to jumps from $ 20,740M to $ 32,515M, showing how committed the platform is to owning high-quality shows and movies. This spend powers subscriber growth, brand loyalty, and long-term value creation.

Cash Flow from Finance



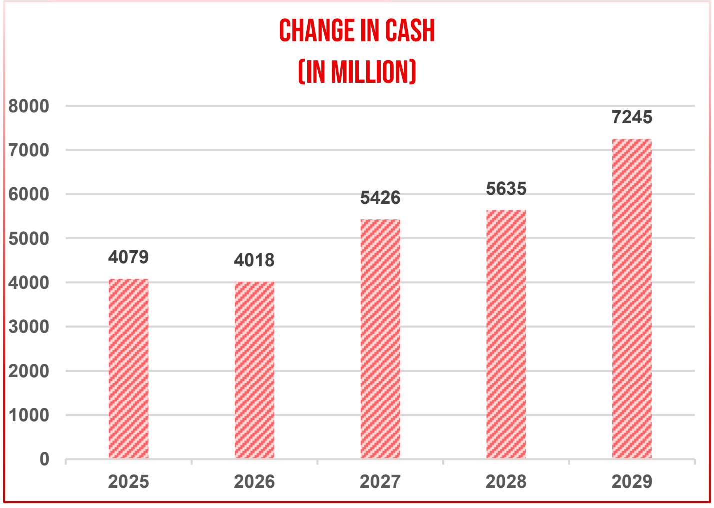
DEBT REPAYMENT

Netflix's debt repayments remain minimal, ranging from $1M to $4M. The company is maintaining financial flexibility while slowly reducing leverage. It's a cautious approach, keeping interest costs manageable without affecting growth investments.

LEASE REPAYMENT

Lease repayments drop steadily from $5.05M to $2.76M, showing Netflix is actively clearing its lease obligations. This decline suggests efficient use of leased assets and a shift toward more owned infrastructure as content and studio needs evolve.

Change in Cash



Netflix's cash balance assumed to increases steadily from $ 4,079M to $ 7,245M. This healthy cash buildup reflects strong operating inflows outpacing investing and financing outflows. The rising cash reserve boosts liquidity, supports content investment, and gives room for strategic flexibility in a highly competitive streaming market.

DUPONT ANALYSIS

Return on Equity

	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Net profit	3938812	4491924	5407990	8711631
Average Shareholders Equity	3736130	4637601	5145172	6252126
Return on equity	105.42%	96.86%	105.11%	139.34%

ROE-Dupont Equation

Net Profit	3938812	4491924	5407990	8711631
Revenue	27346950	30656697	32669424	36362132
Net Profit Margins (A)	14.40%	14.65%	16.55%	23.96%
Revenue	27346950	30656697	32669424	36362132
Average Total Asset	41932511	46589716	48663380	51181183
Asset Turnover Ratio (B)	0.65x	0.66x	0.67x	0.71x
Average Total Asset	41932511	46589716	48663380	51181183
Average Shareholder Equity	3736130	4637601	5145172	6252126
Financial Leverage (C)	11.22x	10.05x	9.46x	8.19x
Return on Equity (A*B*C)	105.42%	96.86%	105.11%	139.34%

Return on Assets

Net profit	39,38,812	44,91,924	54,07,990	87,11,631
Avg. Total Assets	4,19,32,511	4,65,89,716	4,86,63,380	5,11,81,183
Return on Assets	9.4%	9.6%	11.1%	17.0%

ROA-Dupont Equation

	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Net Profit	39,38,812	44,91,924	54,07,990	87,11,631
Revenue	2,73,46,950	3,06,56,697	3,26,69,424	3,63,62,132
Net Profit Margins (A)	14.4%	14.7%	16.6%	24.0%
Revenue	2,73,46,950	3,06,56,697	3,26,69,424	3,63,62,132
Average Total Asset	4,19,32,511	4,65,89,716	4,86,63,380	5,11,81,183
Asset Turnover Ratio (B)	0.65x	0.66x	0.67x	0.71x
Return on Asset (A*B)	9.4%	9.6%	11.1%	17.0%

BREAKDOWN OF DUPONT ANALYSIS

Return on Equity

The DuPont analysis breaks down Netflix's ROE into three components—Net Profit Margin (A), Asset Turnover Ratio (B), and Financial Leverage (C). Over the years, Netflix improved its profitability and efficiency while gradually reducing financial leverage. Despite a declining equity multiplier, higher margins and better asset use kept overall ROE strong and growing. This shows that Netflix is generating higher returns through operational performance rather than relying on debt.

Net Profit Margins (A) - Net Profit Margin improved from 14.40% to 23.96%, showing stronger earnings from each dollar of revenue. This reflects better pricing, cost control, and growing high-margin revenue like ads.

Asset Turnover Ratio (B) - Asset Turnover Ratio moved up slightly from 0.65x to 0.71x, meaning Netflix is using its assets more efficiently to generate revenue. More subscribers and better content distribution helped this.

Financial Leverage (C) - Equity Multiplier declined from 11.22x to 8.19x, showing Netflix is reducing reliance on debt. That's good for financial health, even if it lowers leverage.

Return on Assets

The Return on Assets (ROA) analysis shows how efficiently Netflix is using its assets to generate profit. ROA is driven by two factors Net Profit Margin (A) and Asset Turnover Ratio (B). Over the four years, both margins and turnover improved, indicating stronger earnings and better use of resources. This means Netflix is not just growing, but doing so smartly earning more from each dollar of assets it owns.

Net Profit Margins (A) - This tells us how well Netflix uses its assets to generate sales. It improved slightly over the years, showing Netflix is getting more efficient. With more subscribers, better content distribution, and tech investments, each dollar in assets is now generating more revenue than before.

Asset Turnover Ratio (B) - This tells us how well Netflix uses its assets to generate sales. It improved slightly over the years, showing Netflix is getting more efficient. With more subscribers, better content distribution, and tech investments, each dollar in assets is now generating more revenue than before.

KEY RATIOS

	2020	2021	2022	2023	2024
Valuation Ratios					
Price-to-Earnings (P/E)	86.51	52.16	29.21	39.4	43.74
EV/EBITDA	52.89	43.31	23.71	30.37	36.32
PEG Ratio	1.91	1.49	1.55	1.38	1.53

Profitability Ratios					
Gross Margin	0.83	0.84	0.85	0.85	0.86
Operating Margin	0.62	0.63	0.63	0.64	0.67
Net Profit Margin	0.11	0.17	0.14	0.16	0.22
Return on Equity (ROE)	80.09%	127.13%	96.86%	105.11%	139.34%
Return on Assets (ROA)	7.03%	11.48%	9.24%	11.10%	16.24%

Liquidity & Leverage Ratios					
Current Ratio	1.25	0.95	1.17	1.12	1.22
Debt-to-Equity	1.67	1.14	0.82	0.82	0.73
Interest Coverage Ratio	5.17	8.63	8.45	9.87	14.87

Operating Efficiency Ratios					
Asset Turnover	0.64	0.67	0.65	0.69	0.73
R&D Spend as % of Revenue	7.32%	7.66%	8.58%	7.93%	7.50%

Subscriber Metrics					
Total Subscribers (Global) (in million)	192.9	219.7	230.7	260.28	301.6
Subscriber Growth Rate	27.33%	13.89%	5.01%	12.82%	15.88%
Average Revenue Per User (ARPU)	130	135	137	130	129

VALUATION

Discounted Cash Flow

Date of cash flows	2025	2026	2027	2028	2029
EBIT	11725612	12628772	13822307	15364192	17093846
Tax Rate	12.58%	12.58%	12.58%	12.58%	12.58%
NOPAT	10250122	11039634	12082981	13430842	14942846
Add: Depreciation and amortisation	16081950	18440138	20916780	23585127	26505521
Add/Less: (Increase)/ Decrease in net working capital	2,64,380	(4,32,967)	2,38,009	(4,56,159)	2,12,058
Less: Capital expenditure	(2,13,59,162)	(2,39,00,061)	(2,67,43,226)	(2,99,24,616)	(3,34,84,466)
Free Cash Flows to Firm	5237290	5146744	6494543	6635194	8175959
Int payments (net of tax)	(6,50,455)	(6,50,380)	(6,50,339)	(6,50,282)	(6,50,136)
debt repayments	(5,06,988)	(4,78,256)	(4,17,329)	(3,49,412)	(2,80,190)
Free Cash Flows to Equity	4079847	4018108	5426875	5635500	7245632

Growth Rate & EV/EBITDA

We chose 4.2% based on World Bank's inflation estimate. But Netflix justifies more it's a market leader, cracking down on password sharing, growing ad revenue, and expanding into untapped markets.Its pricing power and strong original content also support steady long-term growth. EV/EBITDA ,We used 45.58x, reflecting Netflix's strong margins, recurring revenue, and premium brand. It strips out noise and captures true operating performance.

WACC	
Cost of Debt	
Particulars	Value
Risk-free rate (%)	4.43%
Spread	0.95%
Debt borrowing rate (%)	5.38%
Expected income tax rate (%)	12.58%
Cost of Debt	4.70%
Cost of Equity	
Particulars	Value
Risk-free rate (%)	4.43%
Beta	27.90%
Equity market risk premium (%)	4.33%
Cost of Equity	5.64%
WACC	5.58%

Terminal Growth

In FCFF, terminal value was assumed as $619,341,853 (Gordon Growth) and $779,137,508 (Exit Multipleusing 45.58x EV/EBIT).In FCFE, terminal value was $524,978,204 (Gordon Growth) and $779,137,508 (same Exit Multiple). These reflect long-term business value beyond forecast years, based on steady growth or market-based exit.

Enterprise Value

We assumed $49,88,57,888 (FCFF-Growth) and $62,06,86,201 (FCFF-Exit Multiple) as enterprise values based on stable cash flows and a premium exit respectively, and $42,11,58,581 (FCFE-Growth) and $61,43,56,381 (FCFE-Exit Multiple) as equity values assuming post-debt cash flows and maximum shareholder realization.

FCFF - Gordon Growth Model	
WACC	5.58%
Growth rate	4.20%
Terminal value	619341853
Enterprise Value	49,88,57,888
Add: Non Operating Assets	17,79,006
Total Value of Firm	50,06,36,894
Less : Debt	(1,79,94,974)
Add: Cash	7804733
Less: Non Controling Interest	
DCF Equity Value	49,04,46,653
No. of shares o/s	4,39,261
DCF value per share	1,116.53

Non Operating Assets

We assumed non-operating assets worth $17,79,006, representing assets not used in core business but added to total firm value, such as excess cash or investments.

Debt and Cash

To arrive at equity value, we subtract debt of $1,79,94,974 from the enterprise value, as it must be repaid first. We then add cash of $78,04,733, which stays with the company and benefits shareholders.This adjustment gives us the net value truly available to equity holders.

FCFF - Exit Multiple	
WACC	5.58%
EV / EBIT	45.58
Terminal value	779137508
Enterprise Value	62,06,86,201
Add: Non Operating Assets	17,79,006
Total Value of Firm	62,24,65,207
Less : Debt	(1,79,94,974)
Add: Cash	78,04,733
Less: Non Controling Interest	
DCF Equity Value	61,22,74,966
No. of shares o/s	4,39,261
DCF value per share	1,393.88

Equity Value

We assumed DCF Equity Value of $49,04,46,653 under FCFF-Growth, $61,22,74,966 under FCFF-Exit Multiple, , We assumed equity value as the residual after subtracting debt and adding cash and non-operating assets to enterprise value, reflecting what truly belongs to shareholders. $42,11,58,581 under FCFE-Growth $61,43,56,381, under FCFE-Exit Multiple assuming In FCFE, we only use the cost of equity since it values cash flows available solely to shareholders, ignoring debt-related costs.

FCFF - Gordon Growth Model	
Cost of equity (%)	5.64%
Growth rate	4.20%
Terminal value	524978204
Equity Value	42,11,58,581
DCF Equity Value	42,11,58,581
No. of shares o/s	4,39,261
DCF value per share	958.79

No. of Shares O/S

We assumed 4,39,261 shares outstanding, which were used to divide the total equity value. This gave us the DCF value per share, showing what each share is truly worth. It helps investors compare intrinsic value with the current market price.

FCFF - Exit Multiple	
Cost of equity (%)	5.64%
EV/EBIT	45.58
Terminal value	779137508
Equity Value	61,43,56,381
DCF Equity Value	61,43,56,381
No. of shares o/s	4,39,261
DCF value per share	1,398.61

WACC Sensitivity

WACC

We used a WACC range of 3.00% to 9.00% to test sensitivity.This helps assess how changes in capital cost impact Netflix's valuation using different discount rates.

LTGR & Exit Multiple

We tested LTGR (Long-Term Growth Rate) in the range of 2.00% to 8.00%, to reflect various future growth scenarios. For Exit Multiple, we used a range of 42.0x to 46.0x, based on industry benchmarks and Netflix's premium positioning.

Valuation Flexibility

The sensitivity tables show Netflix's valuation is highly flexible, depending on WACC, LTGR, and exit multiple assumptions. Even small changes in these inputs can cause large shifts in value, highlighting the importance of realistic and well-justified assumptions.

Risk Assessment

The charts show Netflix's valuation is highly sensitive to both WACC and exit assumptions. Even a small increase in WACC or a drop in LTGR or exit multiple causes a sharp fall in per-share value.

FCFF – Gordon Growth Model

		WACC								
	1,116.53	3.0%	3.75%	4.50%	5.25%	6.00%	6.75%	7.50%	8.25%	9.00%
LTGR	2.00%	1,684.16	947.47	652.94	494.45	395.49	327.84	278.70	241.40	212.14
	2.75%	6,645.38	1,635.94	920.51	634.47	480.54	384.42	318.71	270.98	234.74
	3.50%	(3,277.06)	6,455.25	1,589.43	894.49	616.64	467.11	373.73	309.89	263.51
	4.25%	(1,292.57)	(3,183.37)	6,271.87	1,544.55	869.38	599.42	454.14	363.40	301.37
	5.00%	(796.45)	(1,255.64)	(3,093.01)	6,094.94	1,501.23	845.13	582.79	441.60	353.42
	5.75%	(570.94)	(773.71)	(1,220.04)	(3,005.85)	5,924.20	1,459.41	821.72	566.73	429.49
	6.50%	(442.07)	(554.65)	(751.79)	(1,185.69)	(2,921.74)	5,759.39	1,419.04	799.10	551.21
	7.25%	(358.69)	(429.48)	(538.96)	(730.65)	(1,152.55)	(2,840.56)	5,600.26	1,380.04	777.25
	8.00%	(300.33)	(348.48)	(417.33)	(523.82)	(710.26)	(1,120.57)	(2,762.19)	5,446.58	1,342.36

FCFF – Exit Multiple

		WACC								
	1,393.88	3.00%	3.75%	4.50%	5.25%	6.00%	6.75%	7.50%	8.25%	9.00%
Exit Multiple	42.0x	1,456.4	1,404.6	1,355.1	1,307.6	1,262.2	1,218.6	1,176.7	1,136.6	1,098.1
	42.5x	1,473.1	1,420.8	1,370.7	1,322.7	1,276.7	1,232.6	1,190.3	1,149.7	1,110.8
	43.0x	1,489.9	1,437.0	1,386.3	1,337.8	1,291.2	1,246.6	1,203.8	1,162.8	1,123.4
	43.5x	1,506.7	1,453.2	1,401.9	1,352.8	1,305.8	1,260.7	1,217.4	1,175.9	1,136.1
	44.0x	1,523.5	1,469.4	1,417.6	1,367.9	1,320.3	1,274.7	1,230.9	1,189.0	1,148.7
	44.5x	1,540.3	1,485.6	1,433.2	1,383.0	1,334.9	1,288.7	1,244.5	1,202.1	1,161.4
	45.0x	1,557.1	1,501.8	1,448.8	1,398.0	1,349.4	1,302.8	1,258.1	1,215.2	1,174.0
	45.5x	1,573.8	1,517.9	1,464.4	1,413.1	1,363.9	1,316.8	1,271.6	1,228.3	1,186.7
	46.0x	1,590.6	1,534.1	1,480.0	1,428.2	1,378.5	1,330.8	1,285.2	1,241.3	1,199.3

COMPANY COMPARABLES

Competitors	Reason	Valuation	More Info (Page No)
Walt Disney Company (DIS)	Direct Streaming Competitor Original Content Creation Global Subscriber Base Digital-First Strategy Similar Revenue Drivers	219.94B	13
Comcast Corporation (CMCSA)	Streaming Platform Ownership Original & Licensed Content Global Content Distribution Shared Industry Metrics	131.87B	13
Charter Communications Inc (CHTR)	Subscription-Based Revenue Model Role in Streaming Ecosystem Focus on Consumer Entertainment Services	55.39B	14

Peers

Competitors	EV/EBITDA	P/E
Walt Disney Company (DIS)	12.75	35.07
Comcast Corporation (CMCSA)	6.22	8.87
Charter Communications Inc (CHTR)	6.77	9.59
3rd quartile	**12.75**	**35.07**

Among peers, Disney commands the highest multiples with EV/EBITDA of 12.75x and P/E of 35.07x, reflecting strong brand and content dominance. Comcast and Charter trade at much lower multiples, around 6–7x EV/EBITDA and under 10x P/E, showing more stable, utility-like business models.

EV/EBITDA	3rd quartile
Multiples	12.75
EBITDA	26314821
EV	335513968
Debt	17994974
Cash	7804733
Investments	1779006
Equity value	327102733
Shares O/S	439261
Value per share	**745**

3rd Quartile

I have taken just 3rd quartile because Netflix, being a pure-play streaming leader, is likely valued closer to the upper quartile, supported by growth potential, global reach, and strong subscriber economics.

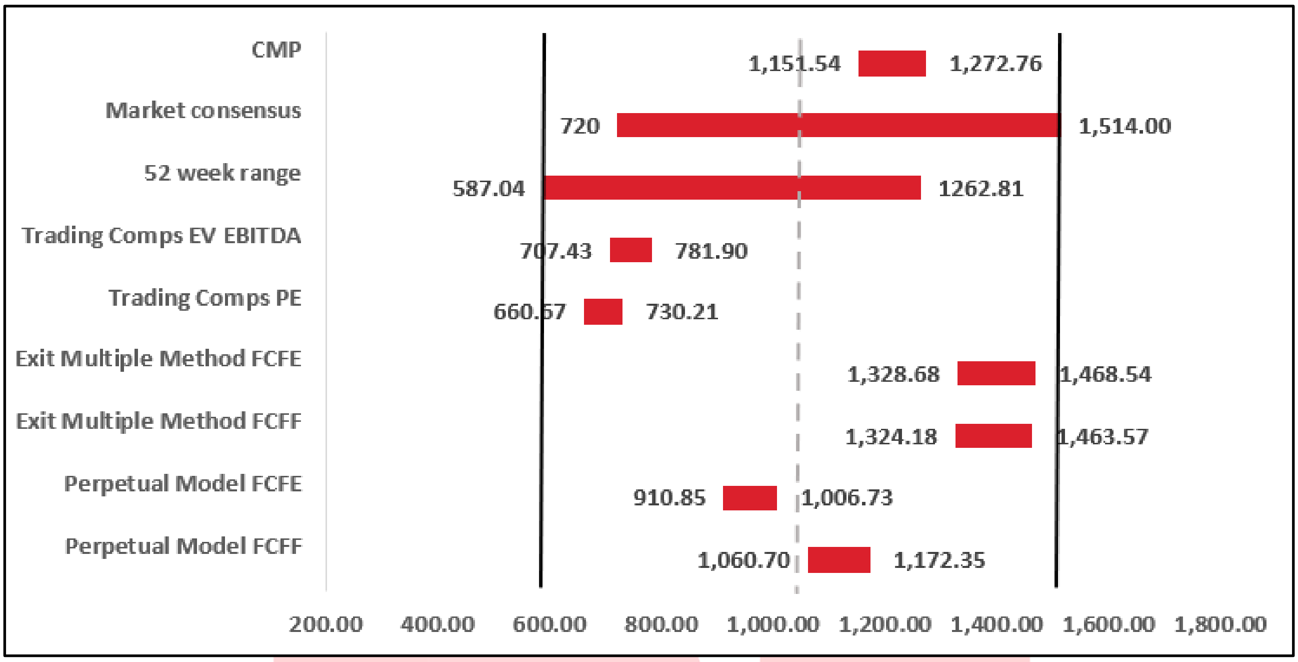
EV/EBITDA & P/E

- EV/EBITDA Helps compare core operating performance across companies with different debt levels and amortization useful since Netflix and Disney amortize content differently.
- P/E Shows how the market values consistent profitability valuable for mature players like Comcast and Disney with steady earnings.

P/E	3rd quartile
Multiples	35.07
Earning(EPS)	19.83
Value per share	**695**

Disclaimer - I have selected these peers based on their relative valuation proximity to the subject company. However, they may not represent the most accurate comparable in terms of business model or market positioning. Therefore, this peer analysis should be interpreted with caution and not relied upon as the sole basis for investment recommendations.

FOOTBALL FIELD ANALYSIS



Valuation Snapshot

Our valuation shows a strong upward bias, with most models placing the fair value well above or equal to the current market price (CMP).

Important Takeaways

Method	Data	Valuation
Perpetual Model FCFF	1,117	Overvalued
Perpetual Model FCFE	959	Overvalued
Exit Multiple Method FCFF	1,394	Undervalued
Exit Multiple Method FCFE	1,399	Undervalued
Trading Comps PE	695	Overvalued
Trading Comps EV EBITDA	745	Overvalued
CMP	1,212.15	

- The Current market price (CMP) sits meaningfully below most valuation methods. This signals possible upside if the business delivers on growth or if investor sentiment improves.
- Market consensus ranges from 720 to 1,514. This wide range reflects mixed views, some analysts are cautious, while others see strong growth potential. It's a sentiment-driven band.
- 52-Week Price Range shows the stock has moved between 587 and 1,262 in the past year.
- Trading Comps (EV/EBITDA and PE) suggest a value between 660 and 782. This range is relatively conservative, hinting at sector-wide valuation compression or modest earnings visibility.
- The exit multiple approach gives one of the highest ranges: 1,328 to 1,468. It assumes the firm will be valued attractively at the end of the projection, which reflects strong long-term fundamentals.
- The Perpetual Growth Models method yields slightly lower estimates 910 to 1,172.

Final Takeaway

Across models, there's visible valuation support. Most indicators point towards latent value.

TECHNICAL ANALYSIS

- According to the **Daily Moving Average (200)** over the past year, the stock appears to be overvalued.
- According to the **Relative Strength Index (RSI)**, the stock is neither overbought nor oversold.

RESEARCH SUMMURY AND RECOMMENDATIONS

Summury

Netflix is the market leader in global streaming, that has evolved from a DVD rental business to a dominant digital entertainment platform. Its core strength lies in original content, strong global reach, and innovative strategies like cracking down on password sharing and launching an ad-supported tier. Despite rising competition and content costs, Netflix continues to scale with high subscriber growth, strong cash flows, and improving margins. The company reinvests its profits into content and technology, keeping it ahead in engagement and retention. Importantly, Netflix is expanding in large, underpenetrated markets like Asia, Africa, and Latin America. With disciplined cost control, growing ad revenue, and pricing power, subscriber growth and Netflix is positioned to sustain long-term profitability and shareholder value.

Weakness

Netflix does face some challenges like high content costs from heavy investments in originals, market saturation in mature regions, dependence on internet providers for streaming quality, and foreign exchange risks due to global operations. However, these are manageable issues for a market leader with strong brand power, global reach, and a proven ability to adapt. They may slow growth slightly, but they don't pose a serious threat to Netflix's long-term position.

Valuation & Technical Recommendation

- According to **Perpetual Model** the stock is a **HOLD.**
- According to **Exit Multiple** the stock is **Undervalued** is a **BUY**.
- According to **Trading Comms** the stock is **Overvalued** and is a **SELL**. But this can be innacurate because of inaccurate peer selection.
- According to **DMA** the stock is a **Overvalued** and is a a **SELL**.
- According to **RSI** the stock is neither overbought nor oversold and is **HOLD**.

My Recommendation

- According to my research, I found out that Netflix is a strong long-term investment opportunity. The company is expanding into untapped and fast-growing markets where digital content consumption is on the rise. It is also diversifying into new areas like live sports, regional content, and original productions. Alongside this, Netflix has healthy cash flows and continues to reinvest its profits into growth and innovation. The company is also improving its technology and algorithms to enhance user experience. As the entertainment industry continues to grow year after year, Netflix remains the dominant player with a clear competitive edge.
- After doing all the valuation and analysis and understanding Netflix's long term plan, these factors together support my recommendation to **BUY**.

You can see my full workings on clicking on the Icon → NETFLIX

ABOUT THE ANALYST

My name is **Tathagata Wadader**, and I am currently pursuing a Post Graduate Program in Financial Analysis at Imarticus Learning Academy. Through this program, I am sharpening my skills in financial modeling and deepening my knowledge by working on projects such as equity research reports.Professionally, I bring experience from reputed organizations including Kotak Life, Capgemini, and Hyland. With a Bachelor's degree in Commerce and the advanced training I'm receiving at Imarticus, I am highly motivated to further develop my expertise in financial analysis and make a meaningful contribution to the field.

TATHAGATA WADADER

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