

# ModernGraham Valuation

Company Name:

Netflix, Inc.

Company Ticker NFLX

Date of Analysis

11/13/2015



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$46,183,575,845	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.67	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	150.58%	Pass
6. Moderate PEmg Ratio	PEmg < 20	330.39	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	21.82	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.67	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.08	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.33
MG Growth Estimate	-2.79%
<b>MG Value</b>	<b>\$0.95</b>
MG Value based on 3% Growth	\$4.74
MG Value based on 0% Growth	\$2.78
Market Implied Growth Rate	160.95%

### MG Opinion

Current Price	\$108.06
% of Intrinsic Value	11330.07%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.98
Graham Number	\$4.70
PEmg	330.39
Current Ratio	1.67
PB Ratio	21.82
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.19	Next Fiscal Year Estimate	\$0.33
Dec14	\$0.62	Dec14	\$0.39
Dec13	\$0.26	Dec13	\$0.29
Dec12	\$0.04	Dec12	\$0.31
Dec11	\$0.59	Dec11	\$0.40
Dec10	\$0.42	Dec10	\$0.28
Dec09	\$0.28	Dec09	\$0.19
Dec08	\$0.19	Dec08	\$0.14
Dec07	\$0.14	Dec07	\$0.10
Dec06	\$0.10	Dec06	\$0.06
Dec05	\$0.09	Dec05	-\$0.07
Dec04	\$0.05	Dec04	-\$0.40
Dec03	\$0.01	Dec03	-\$0.72
Dec02	-\$0.11	Dec02	-\$1.03
Dec01	-\$1.53	Dec01	-\$1.30
Dec00	-\$2.94	Dec00	-\$0.98
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	<b>Balance Sheet Information Sep15</b>	
Dec97	\$0.00	Total Current Assets	\$5,569,713,000
Dec96	\$0.00	Total Current Liabilities	\$3,341,418,000
Dec95	\$0.00	Long-Term Debt	\$2,400,000,000
		Total Assets	\$9,916,267,000
		Intangible Assets	\$3,891,790,000
		Total Liabilities	\$7,748,949,000
		Shares Outstanding (Diluted Average)	437,606,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

**Other ModernGraham posts about the company**

- [5 Speculative and Overvalued Companies to Avoid – November 2014](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [Netflix Inc. Annual Valuation – 2014 \\$NFLX](#)
- [What is the PEmg Ratio? This Week on the ModernGraham Show](#)
- [19 Companies to Research This Week – 8/23/14](#)

**Other ModernGraham posts about related companies**

- [Facebook Inc. Analysis – August 2015 Update \\$FB](#)
- [Ebay Inc. Analysis – August 2015 Update \\$EBAY](#)
- [Facebook Stock Analysis – Quarterly Update May 2015 \\$FB](#)
- [eBay Inc. Quarterly Valuation – May 2015 \\$EBAY](#)
- [Facebook Inc. Quarterly Valuation – February 2015 \\$FB](#)
- [Salesforce.com Inc. Annual Valuation – 2014 \\$CRM](#)
- [Facebook Inc. Quarterly Valuation – November 2014 \\$FB](#)
- [Netflix Inc. Annual Valuation – 2014 \\$NFLX](#)
- [Facebook Inc. Quarterly Valuation – August 2014 \\$FB](#)
- [Netflix Inc. Quarterly Valuation – August 2014 \\$NFLX](#)