

# ModernGraham Valuation

Company Name:

Netflix, Inc.

Company Ticker NFLX

Date of Analysis

2/26/2017



## 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	\$61,859,419,303	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.25	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	89.94%	Pass
6. Moderate PEmg Ratio	PEmg < 20	238.49	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.45	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	1.25	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.97	Fail
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		Pass
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.60
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$23.13</b>
MG Value based on 3% Growth	\$8.71
MG Value based on 0% Growth	\$5.11
Market Implied Growth Rate	114.99%

### MG Opinion

Current Price	\$143.25
% of Intrinsic Value	619.44%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

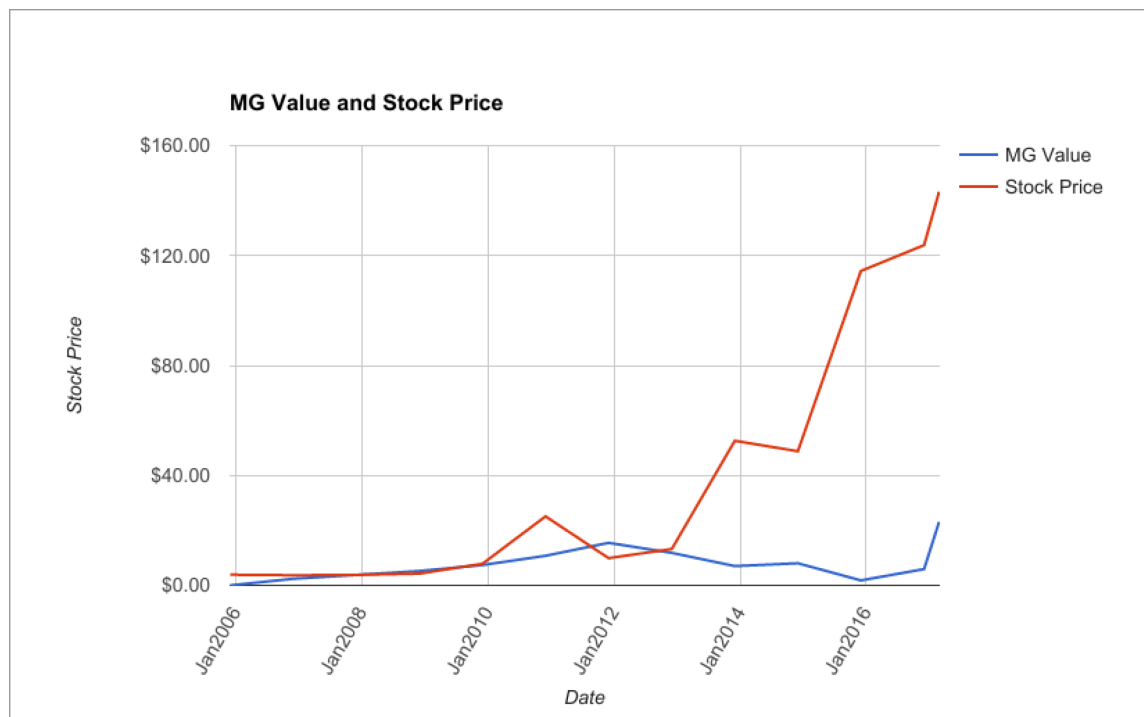
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.82
Graham Number	\$11.79
PEmg	238.49
Current Ratio	1.25
PB Ratio	23.45
Current Dividend	\$0.00
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	\$0.99	Next Fiscal Year Estimate	\$0.60
Dec2016	\$0.43	Dec2016	\$0.38
Dec2015	\$0.28	Dec2015	\$0.36
Dec2014	\$0.62	Dec2014	\$0.39
Dec2013	\$0.26	Dec2013	\$0.29
Dec2012	\$0.04	Dec2012	\$0.31
Dec2011	\$0.59	Dec2011	\$0.40
Dec2010	\$0.42	Dec2010	\$0.28
Dec2009	\$0.28	Dec2009	\$0.19
Dec2008	\$0.19	Dec2008	\$0.14
Dec2007	\$0.14	Dec2007	\$0.10
Dec2006	\$0.10	Dec2006	\$0.06
Dec2005	\$0.09	Dec2005	-\$0.07
Dec2004	\$0.05	Dec2004	-\$0.40
Dec2003	\$0.01	Dec2003	-\$0.72
Dec2002	-\$0.11	Dec2002	-\$1.03
Dec2001	-\$1.53	Dec2001	-\$1.30
Dec2000	-\$2.94	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$0.00	Total Current Assets	\$5,720,291,000
Dec1998	\$0.00	Total Current Liabilities	\$4,586,657,000
Dec1997	\$0.00	Long-Term Debt	\$3,364,311,000
		Total Assets	\$13,586,610,000
		Intangible Assets	\$0
		Total Liabilities	\$10,906,810,000
		Shares Outstanding (Diluted Average)	438,652,000





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 2015](#)
- [Netflix Inc Valuation – November 2015 Update \\$NFLX](#)
- [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](#)

**Other ModernGraham posts about related companies**

- [Synchronoss Technologies Inc Valuation – Initial Coverage \\$SNCR](#)
- [eBay Inc Valuation – December 2016 \\$EBAY](#)
- [Facebook Inc Valuation – July 2016 \\$FB](#)
- [Salesforce.com Valuation – January 2016 Update \\$CRM](#)
- [Facebook Inc Valuation – January 2016 Update \\$FB](#)
- [Netflix Inc Valuation – November 2015 Update \\$NFLX](#)
- [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](#)