

ModernGraham Valuation

Company Name:

Netflix, Inc.

Company Ticker NFLX

Date of Analysis

6/2/2018



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	\$156,458,896,776	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.30	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	186.15%	Pass
5. Earnings Growth	PEmg < 20	305.54	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	40.32	Fail
7. Moderate Price to Assets			

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	1.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.61	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.18
MG Growth Estimate	15.00%
MG Value	\$45.35
MG Value based on 3% Growth	\$17.08
MG Value based on 0% Growth	\$10.01
Market Implied Growth Rate	148.52%

MG Opinion

Current Price	\$359.93
% of Intrinsic Value	793.62%
Opinion	Overvalued
MG Grade	F

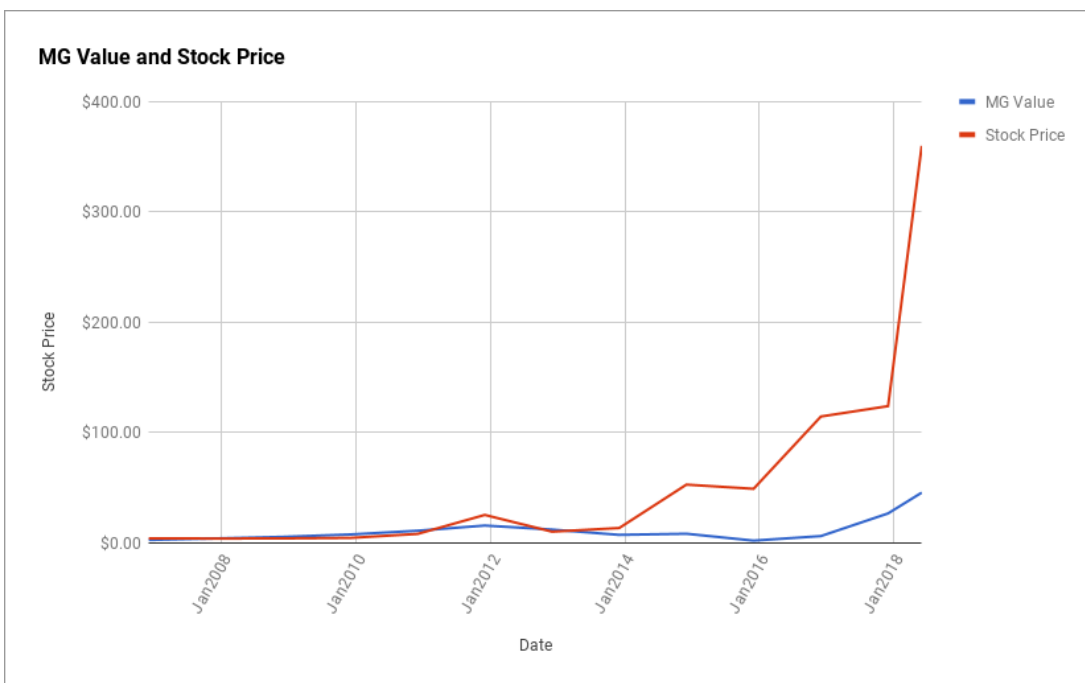
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.46
Graham Number	\$19.48
PEmg	305.54
Current Ratio	1.30
PB Ratio	40.32
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$2.04	Dec2017	\$1.18
Dec2016	\$1.25	Dec2016	\$0.69
Dec2015	\$0.43	Dec2015	\$0.38
Dec2014	\$0.28	Dec2014	\$0.36
Dec2013	\$0.62	Dec2013	\$0.39
Dec2012	\$0.26	Dec2012	\$0.29
Dec2011	\$0.04	Dec2011	\$0.31
Dec2010	\$0.59	Dec2010	\$0.40
Dec2009	\$0.42	Dec2009	\$0.28
Dec2008	\$0.28	Dec2008	\$0.19
Dec2007	\$0.19	Dec2007	\$0.14
Dec2006	\$0.14	Dec2006	\$0.10
Dec2005	\$0.10	Dec2005	\$0.06
Dec2004	\$0.09	Dec2004	-\$0.07
Dec2003	\$0.05	Dec2003	-\$0.40
Dec2002	\$0.01	Dec2002	-\$0.72
Dec2001	-\$0.11	Dec2001	-\$1.03
Dec2000	-\$1.53	Balance Sheet Information 3/1/2018	
Dec1999	-\$2.94	Total Current Assets	\$7,817,576,000
Dec1998	\$0.00	Total Current Liabilities	\$6,005,587,000
	\$0.00	Long-Term Debt	\$6,542,373,000
		Total Assets	\$20,152,797,000
		Intangible Assets	\$0
		Total Liabilities	\$16,132,067,000
		Shares Outstanding (Diluted Average)	450,359,000





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.

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[Twenty-First Century Fox Inc Valuation – March 2018 \\$FOXA](#)
[Walt Disney Co Valuation – February 2018 \\$DIS](#)
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