

ModernGraham Valuation

Company Name:

Netflix, Inc.

Company Ticker NFLX

Date of Analysis

3/14/2019



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	\$156,739,041,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.49	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	616.45%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	159.11	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	30.93	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	1.49	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.23	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.26
MG Growth Estimate	15.00%
MG Value	\$86.91
MG Value based on 3% Growth	\$32.73
MG Value based on 0% Growth	\$19.19
Market Implied Growth Rate	75.31%

MG Opinion

Current Price	\$359.17
% of Intrinsic Value	413.28%
Opinion	Overvalued
MG Grade	F

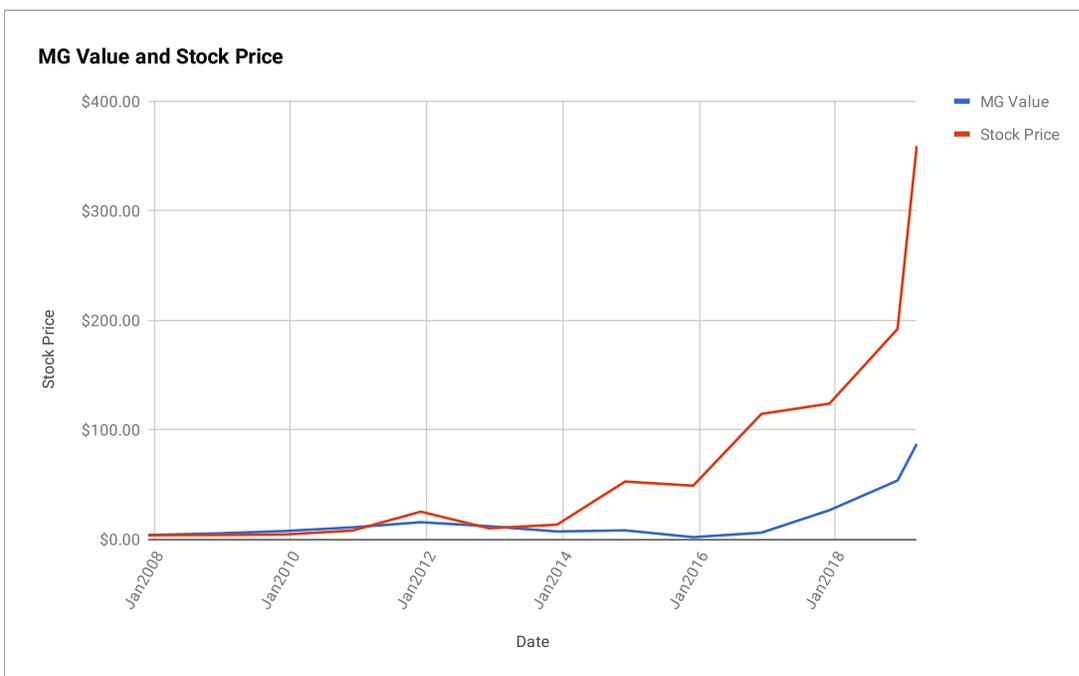
Stage 3: Information for Further Research

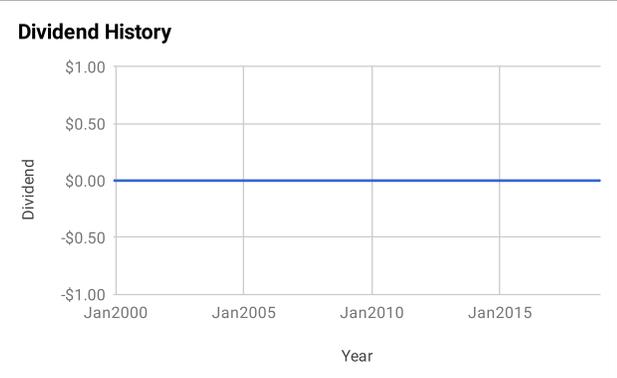
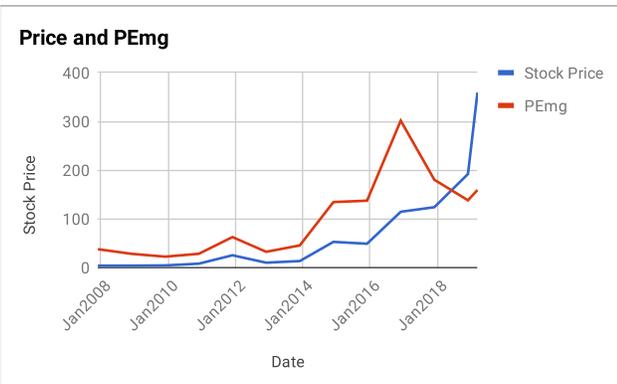
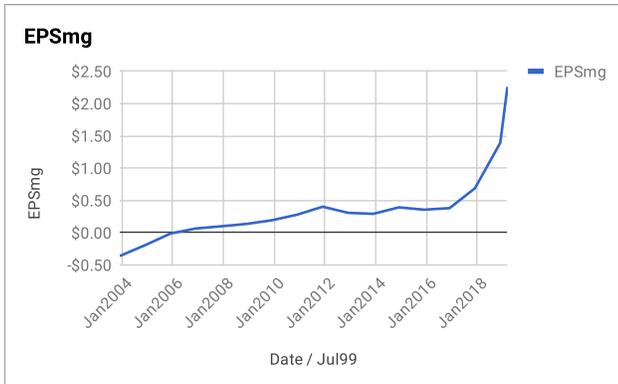
Net Current Asset Value (NCAV)	-\$24.48
Graham Number	\$31.39
PEmg	159.11
Current Ratio	1.49
PB Ratio	30.93
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$3.65	Next Fiscal Year Estimate	\$2.26
Dec2018	\$2.68	Dec2018	\$1.39
Dec2017	\$1.25	Dec2017	\$0.69
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	-\$0.01
Dec2004	\$0.05	Dec2004	-\$0.19
Dec2003	\$0.01	Dec2003	-\$0.36
Dec2002	-\$0.05	Balance Sheet Information 12/1/2018	
Dec2001	-\$0.77	Total Current Assets	\$9,694,135,000
Dec2000	-\$1.47	Total Current Liabilities	\$6,487,320,000
Dec1999	\$0.00	Long-Term Debt	\$10,360,058,000
		Total Assets	\$25,974,400,000
		Intangible Assets	\$0
		Total Liabilities	\$20,735,635,000
		Shares Outstanding (Diluted Average)	451,127,000





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**
- [Netflix Inc Valuation – June 2018 \\$NFLX](#)
 - [Netflix Inc Valuation – February 2017 \\$NFLX](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [CBS Corp Valuation – February 2019 \\$CBS](#)
 - [Discovery Inc Valuation – February 2019 \\$DISCA](#)
 - [Comcast Corp Valuation – January 2019 \\$CMCSA](#)
 - [Viacom Inc Valuation – January 2019 \\$VIAB](#)
 - [Twenty-First Century Fox Inc Valuation – January 2019 \\$FOX](#)
 - [Walt Disney Co Valuation – November 2018 \\$DIS](#)
 - [Tegna Inc Valuation – August 2018 \\$TGNA](#)
 - [E.W. Scripps Co Valuation – August 2018 \\$SSP](#)
 - [Cinemark Holdings Inc Valuation – August 2018 \\$CNK](#)
 - [Corus Entertainment Inc Valuation – July 2018 \\$TSE:CJR.B](#)