Financial Analysis of Netflix, Inc. (NASDAQ: NFLX)

Brendyn Marroquin



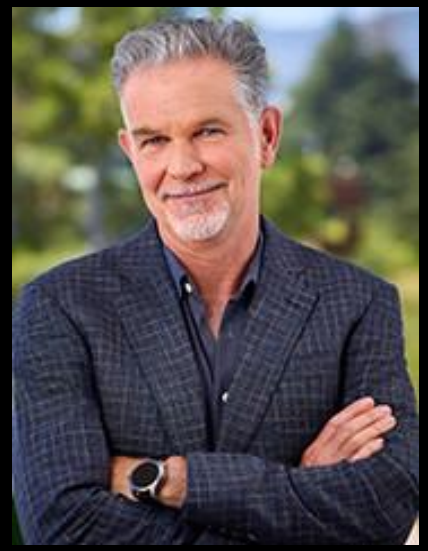
Overview

NETFLIX

- Founded in 1997 and went public in 2002
- Headquartered in Los Gatos, CA
- Originated as DVD rental service
- Now a global streaming platform with over 325 million subscribers
- Massive library with originals, exclusive content, gaming, and live programming



Leadership



Reed Hastings
Founder and Chairman
Since 1997



Ted Sarandos
Co-CEO
Since 2020



Greg Peters
Co-CEO
Since 2023



Bela Bajaria
Chief Content Officer
Since 2023

Business Model and Strategy

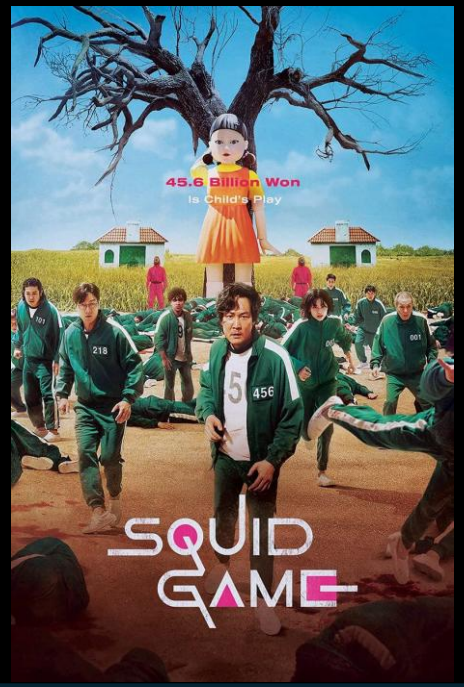
- Monthly subscription revenue
- Ad-supported subscriptions
- Netflix Originals
- Live programming
- Mobile Gaming
- IP monetization
  - Netflix House
  - Merchandise

NETFLIX
ORIGINALS

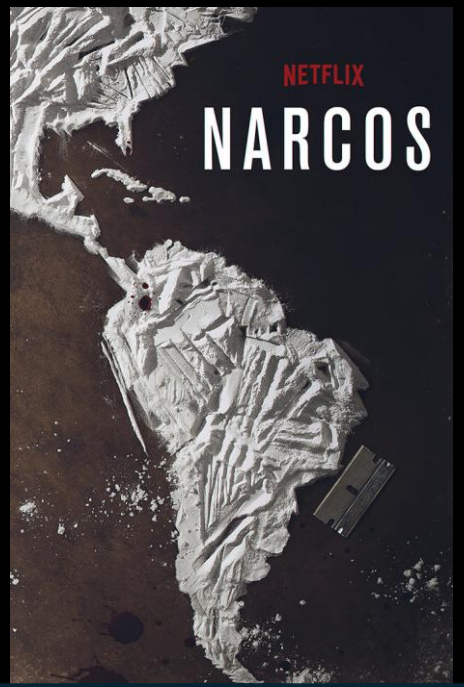








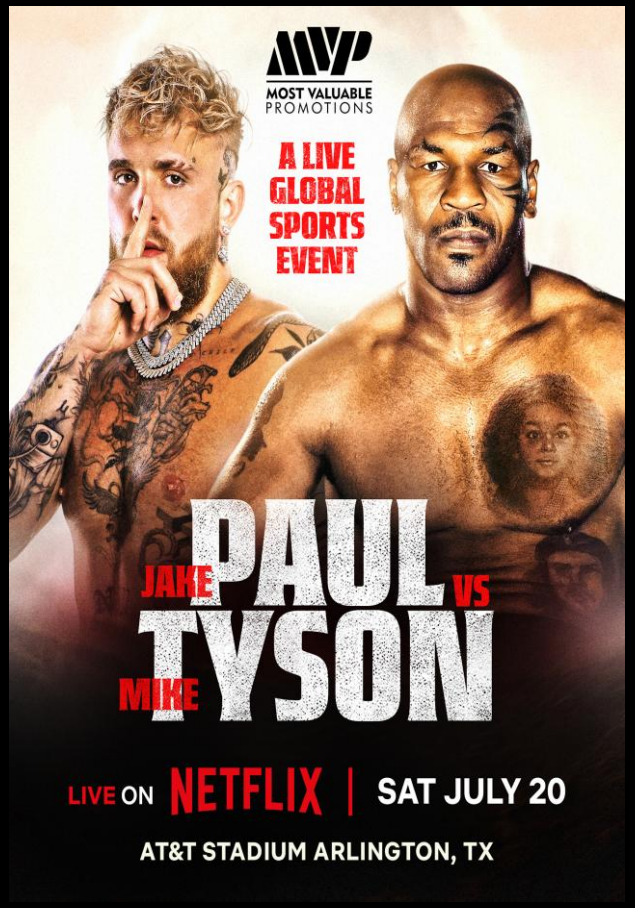




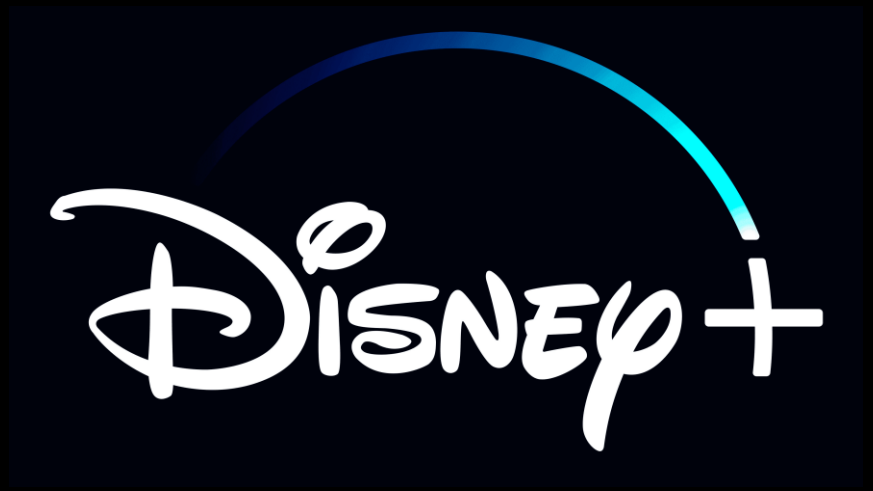
Live Programming



NETFLIX



Competitors & Attention Economy





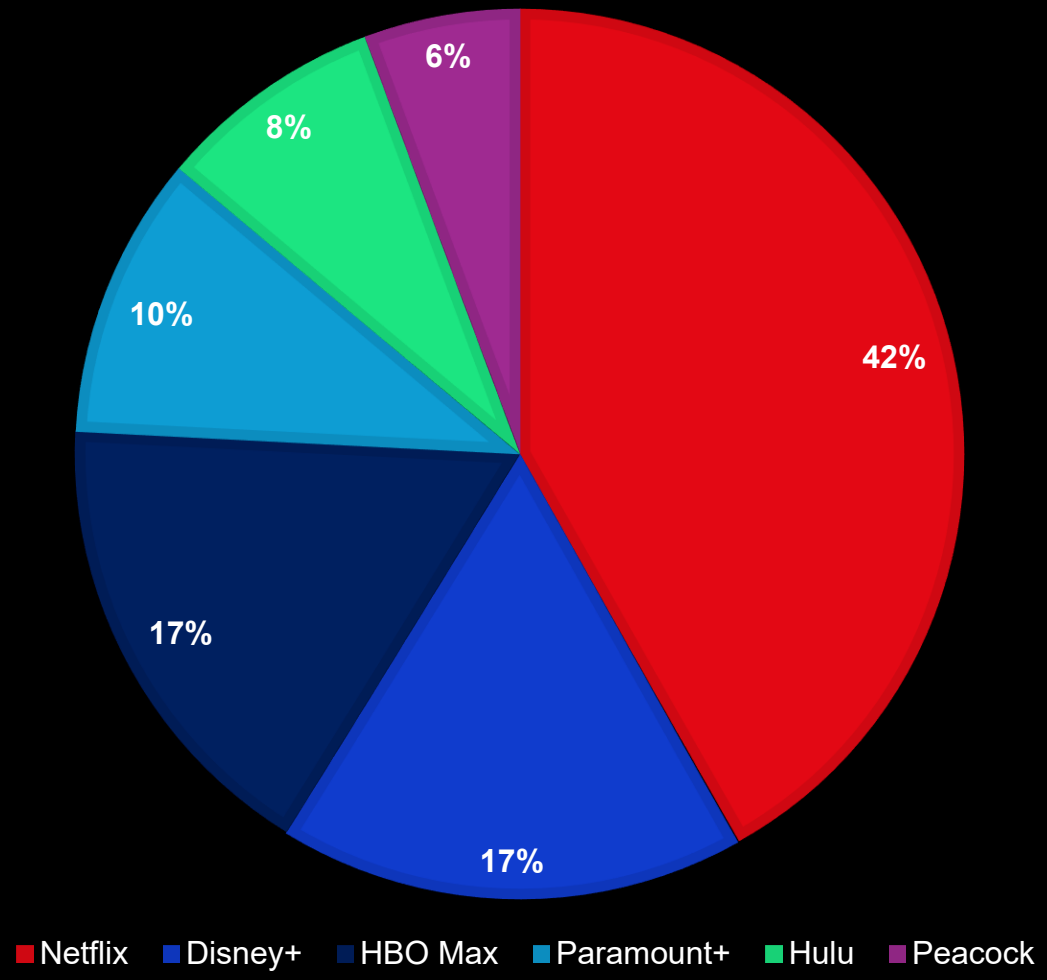






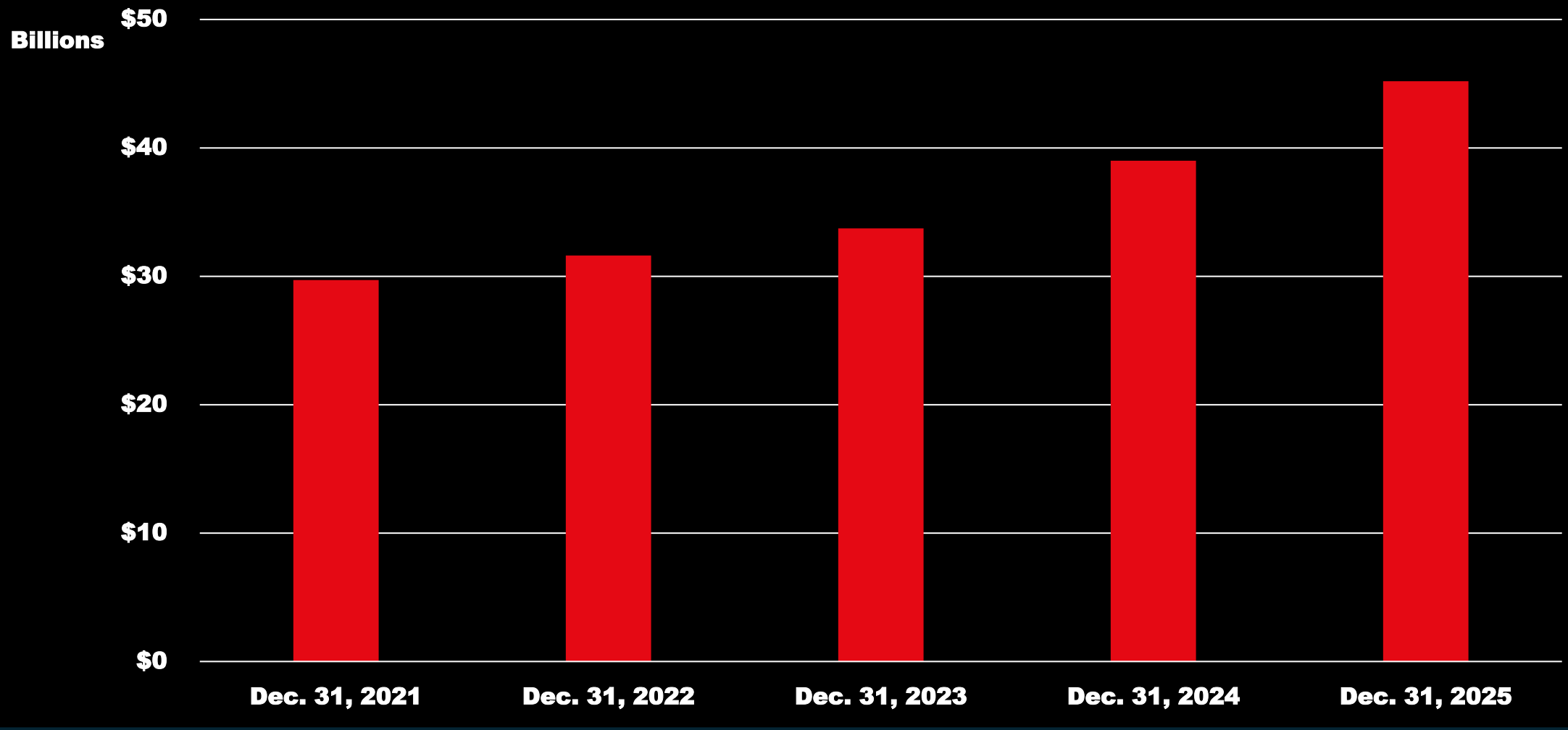


Membership Comparison

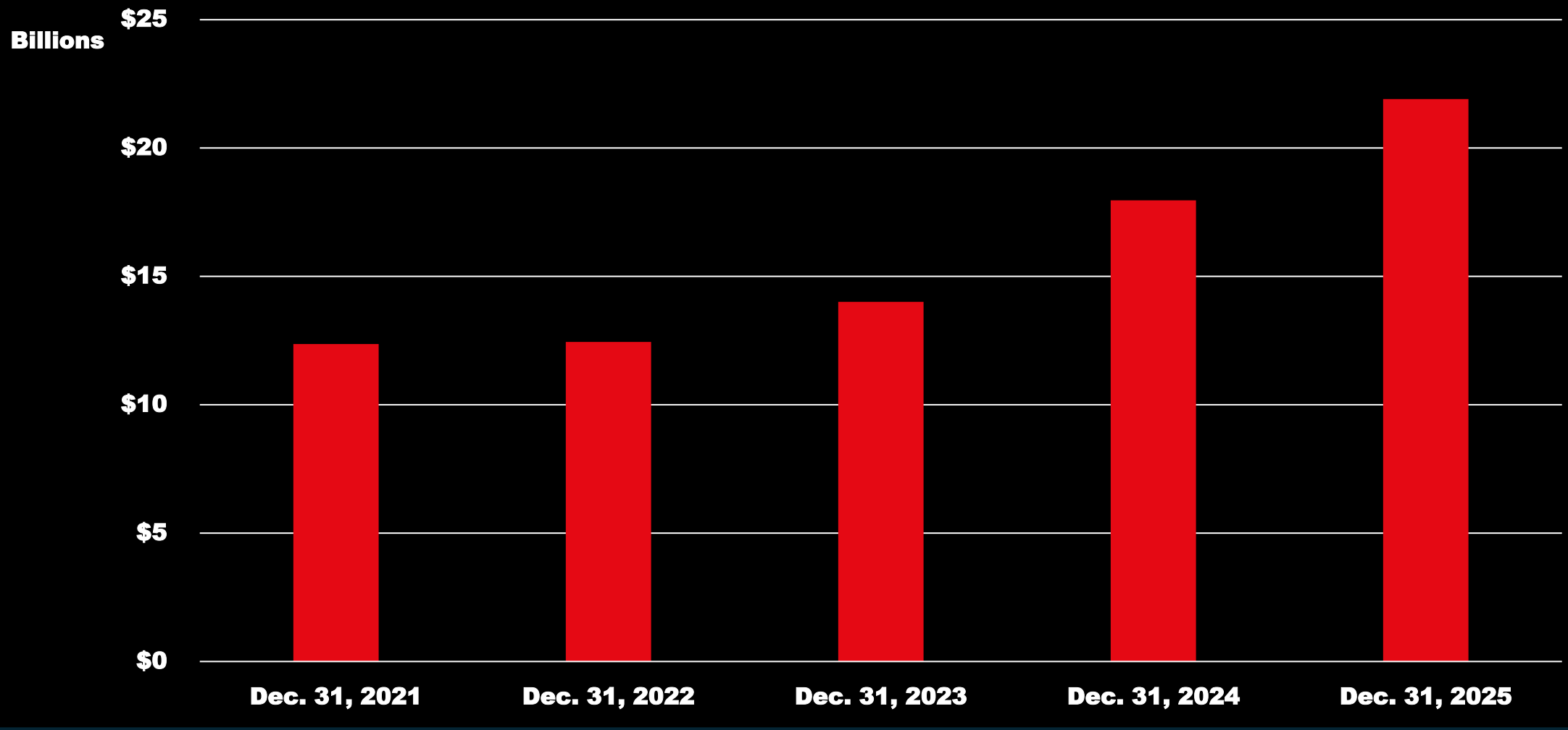


- Netflix: 325M
- Disney+: 132M
- HBO Max: 132M
- Paramount+: 80M
- Hulu: 64M
- Peacock: 44M

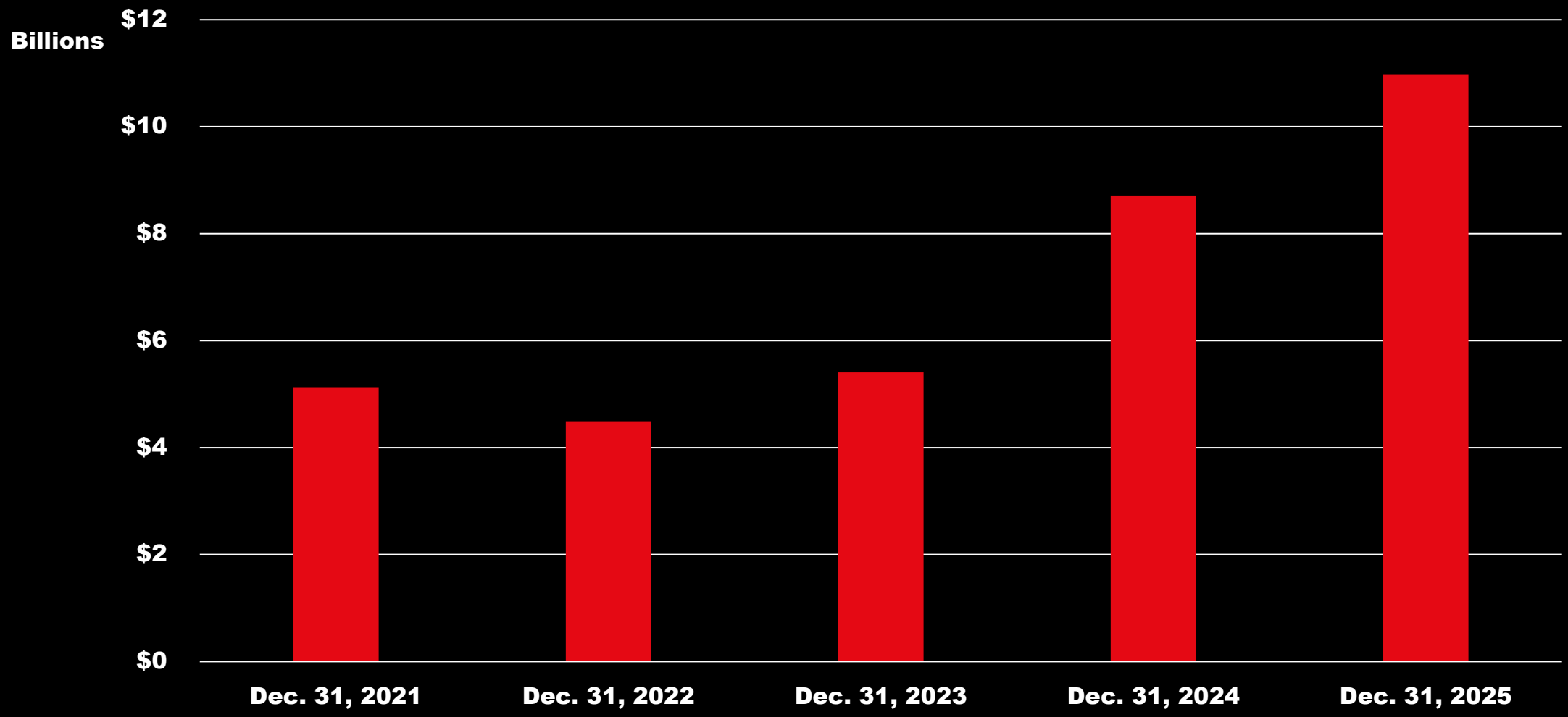
Revenue


Billions
$50
$40
$30
$20
$10
$0
Dec. 31, 2021
Dec. 31, 2022
Dec. 31, 2023
Dec. 31, 2024
Dec. 31, 2025

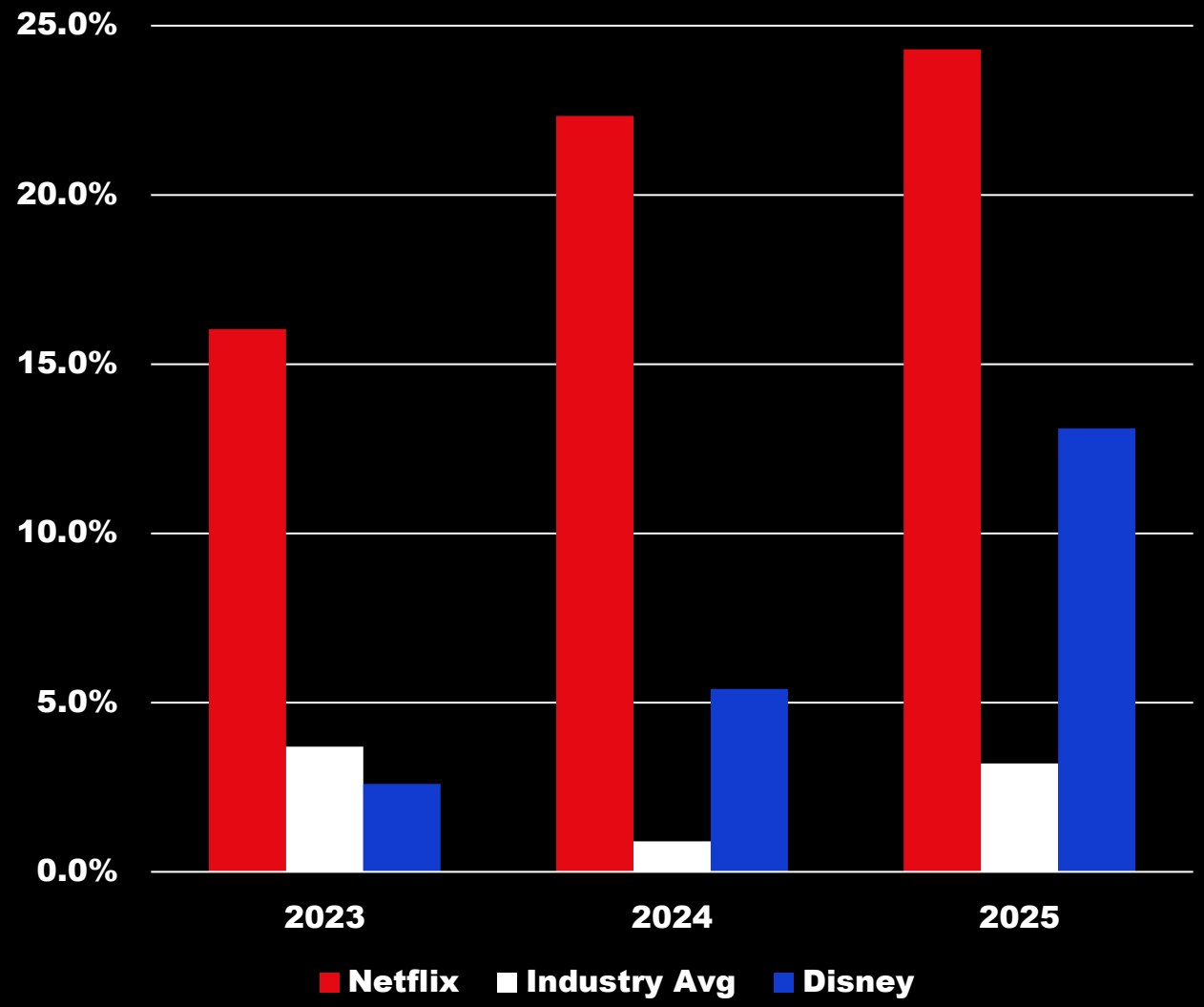
Gross Profit



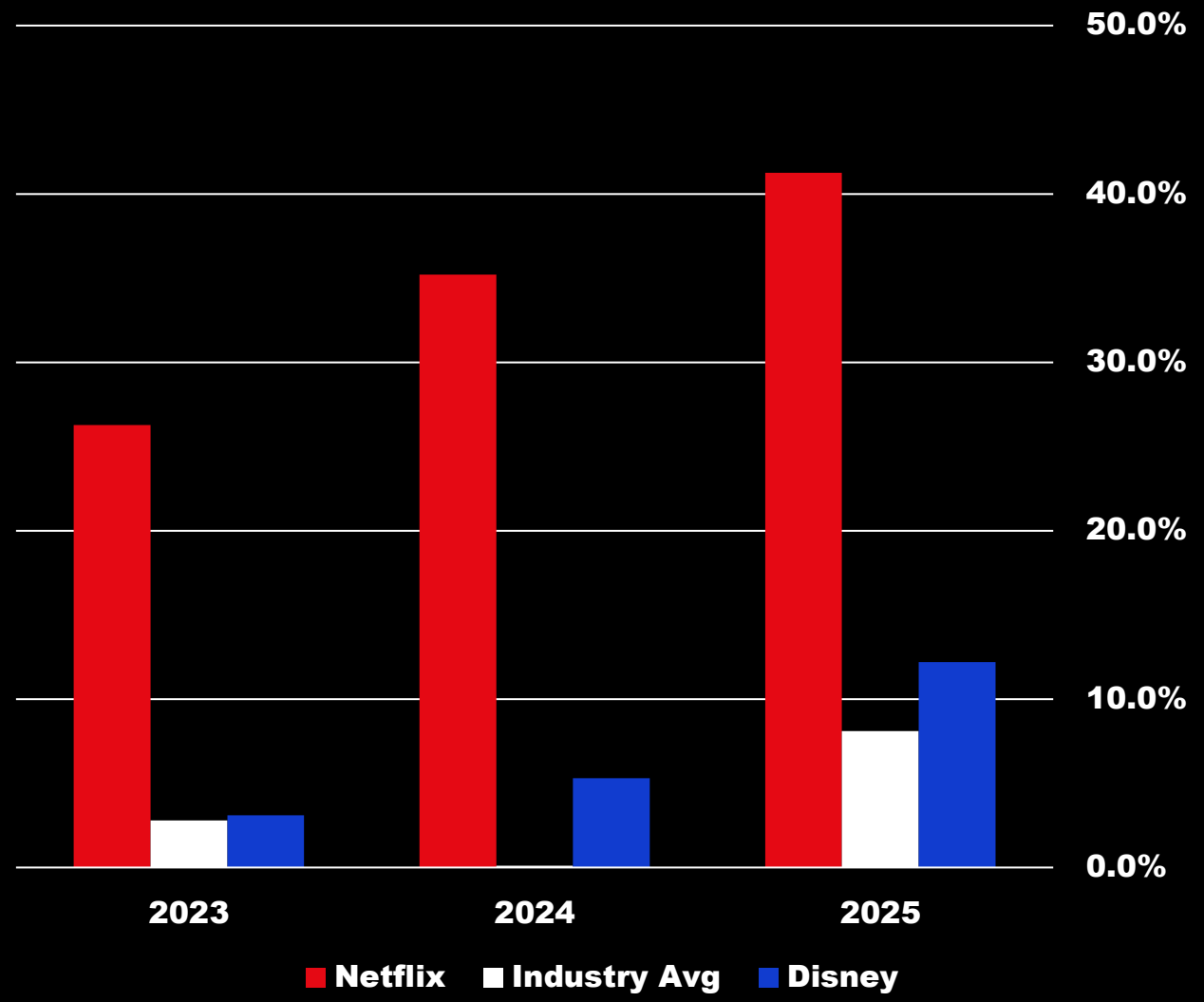
Net Income


Billions
$12
$10
$8
$6
$4
$2
$0
Dec. 31, 2021
Dec. 31, 2022
Dec. 31, 2023
Dec. 31, 2024
Dec. 31, 2025

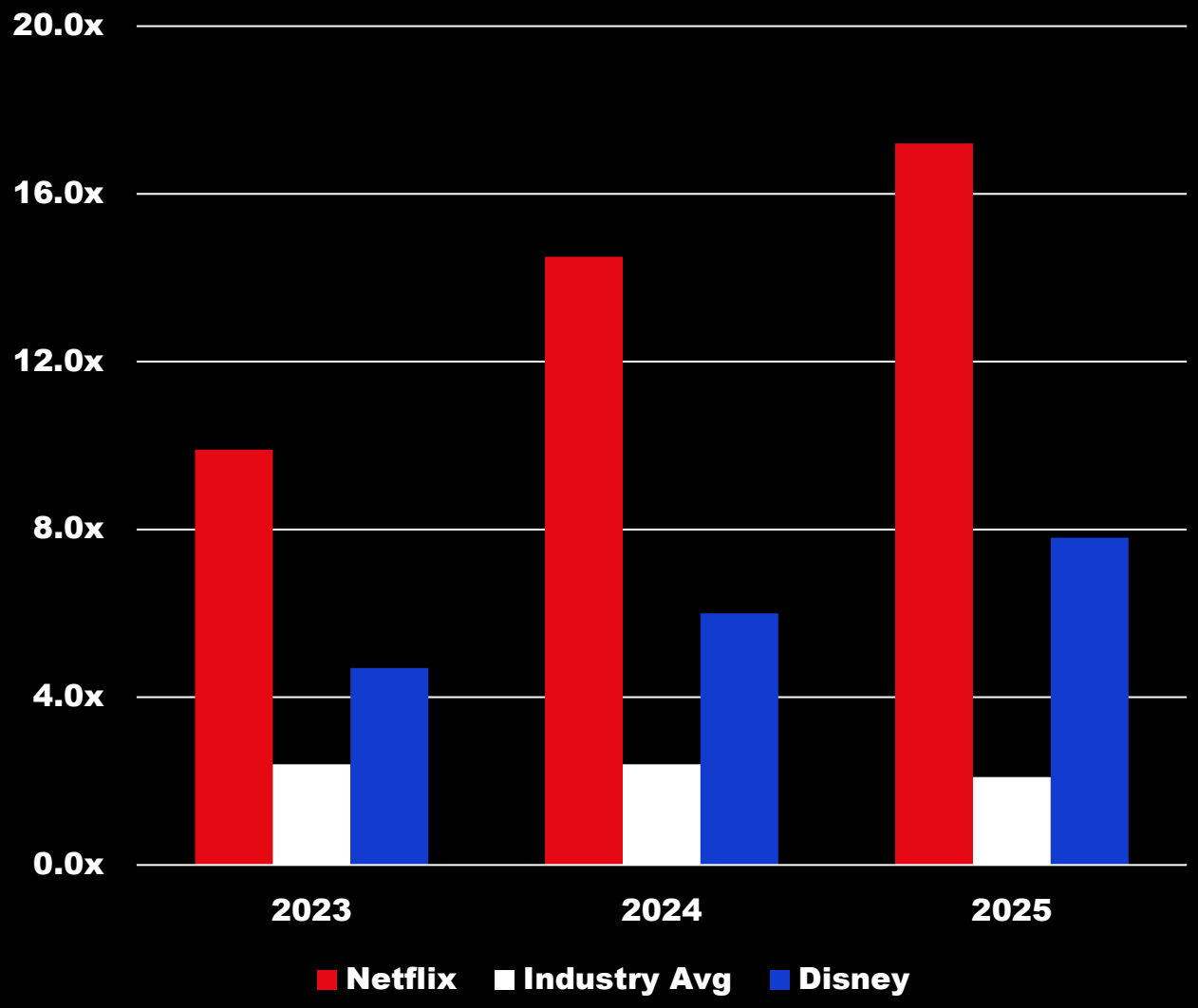
Profit Margin



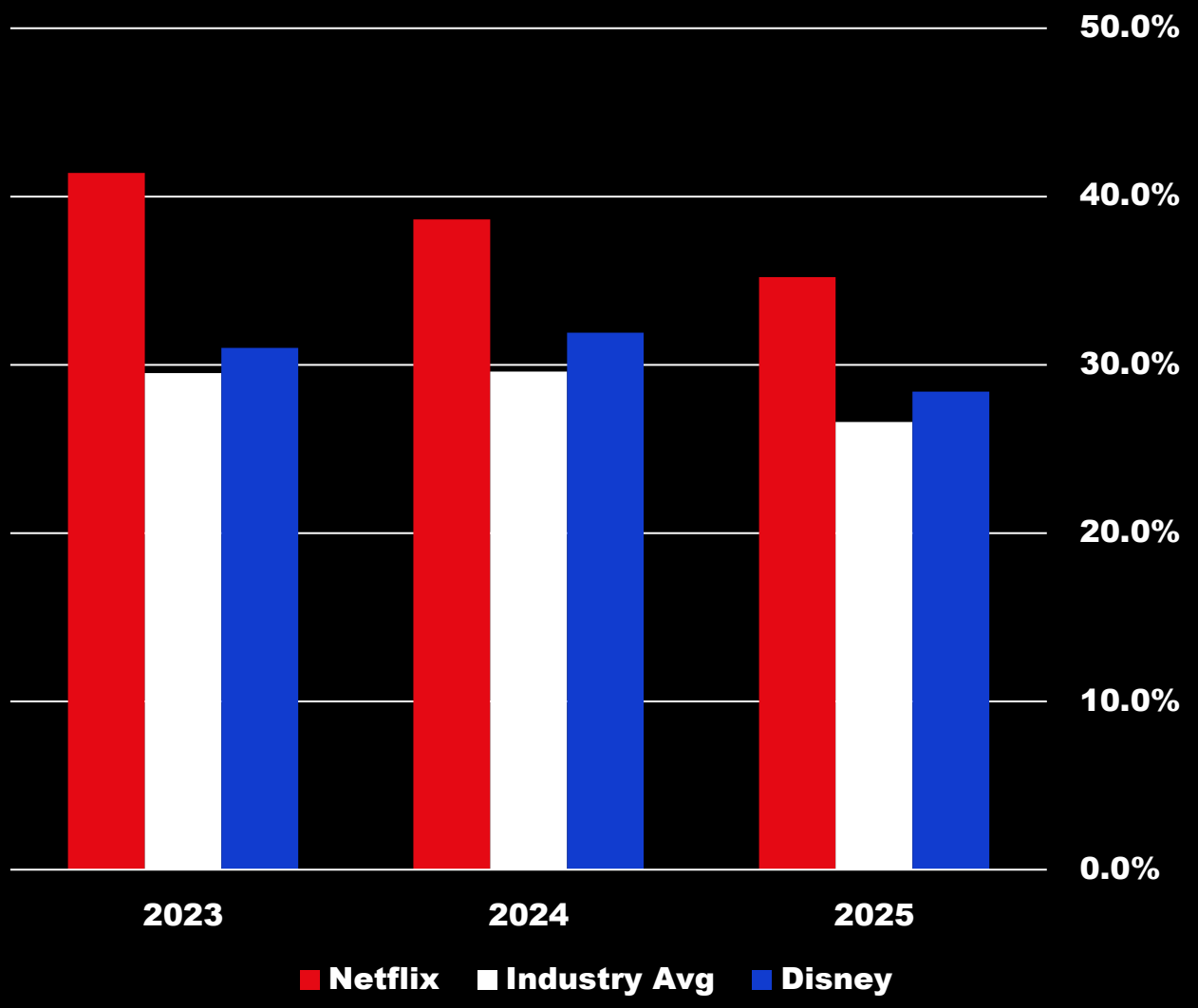
Return on Equity



TIE


20.0x
16.0x
12.0x
8.0x
4.0x
0.0x
2023
2024
2025
Netflix
Industry Avg
Disney

TD / TC

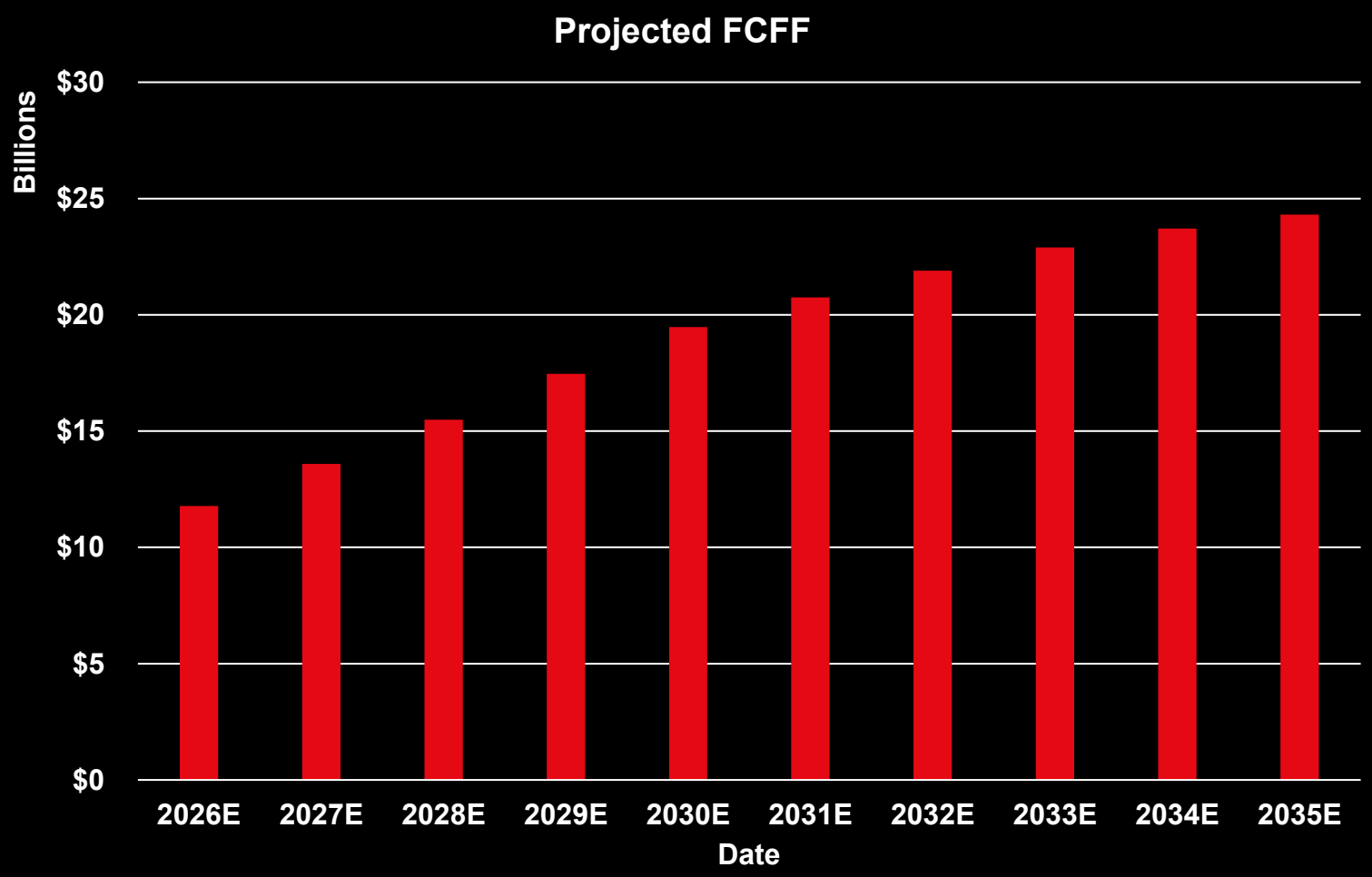

50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
2023
2024
2025
Netflix
Industry Avg
Disney

Inputs & Assumptions – DCF

Valuation Date	**Beta**	**Debt Weight**
Jan. 23, 2026	1.05	3.74%
Base FCFF	**Equity RP**	**Equity Weight**
$10.1B	4.23%	96.26%
After-Tax CoD	**Cost of Equity**	**WACC**
4.08%	8.69%	8.51%
Risk-Free Rate	**Market Price**	
4.24%	$86.12	

Revenue Growth: 13.3% (2026 guidance midpoint), 11.0% (2027), fading to 3.0% by 2035
Operating Margin: 31.5% (2026) to 36.0% (2030+) **Tax Rate:** 13.2% to 21.0%
Terminal Growth: 3.0% **Discounting:** mid-year, from Jan. 23, 2026

Valuation - DCF



- Enterprise Value
  - $334.7B
- Net Debt
  - $5.4B
- Equity Value
  - $329.3B
- Implied Share Price
  - $76.28 (−11.4%)
- Recommendation
  - HOLD

Sensitivity – DCF

Implied Price: WACC x Terminal Growth

WACC \ g	2.0%	2.5%	3.0%	3.5%	4.0%
7.51%	$81.56	$87.09	$93.84	$102.26	$113.09
8.01%	$74.44	$78.87	$84.18	$90.67	$98.77
8.51%	$68.42	$72.02	**$76.28**	$81.39	$87.63
9.01%	$63.26	$66.23	$69.70	$73.80	$78.71
9.51%	$58.80	$61.28	$64.14	$67.47	$71.42

Implied Price: 2027 Revenue Growth x WACC

2027 g \ WACC	7.51%	8.01%	8.51%	9.01%	9.51%
7.0%	$80.61	$72.43	$65.74	$60.16	$55.44
9.0%	$87.00	$78.11	$70.84	$64.78	$59.65
11.0%	$93.84	$84.18	**$76.28**	$69.70	$64.14
13.0%	$101.14	$90.66	$82.10	$74.96	$68.93
15.0%	$108.93	$97.58	$88.30	$80.57	$74.03

Base case (white): $76.28 **Market price, Jan. 23, 2026:** $86.12

$86.12 requires a WACC near 7.9%, terminal growth near 4.0%, or 2027 growth near 14%

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