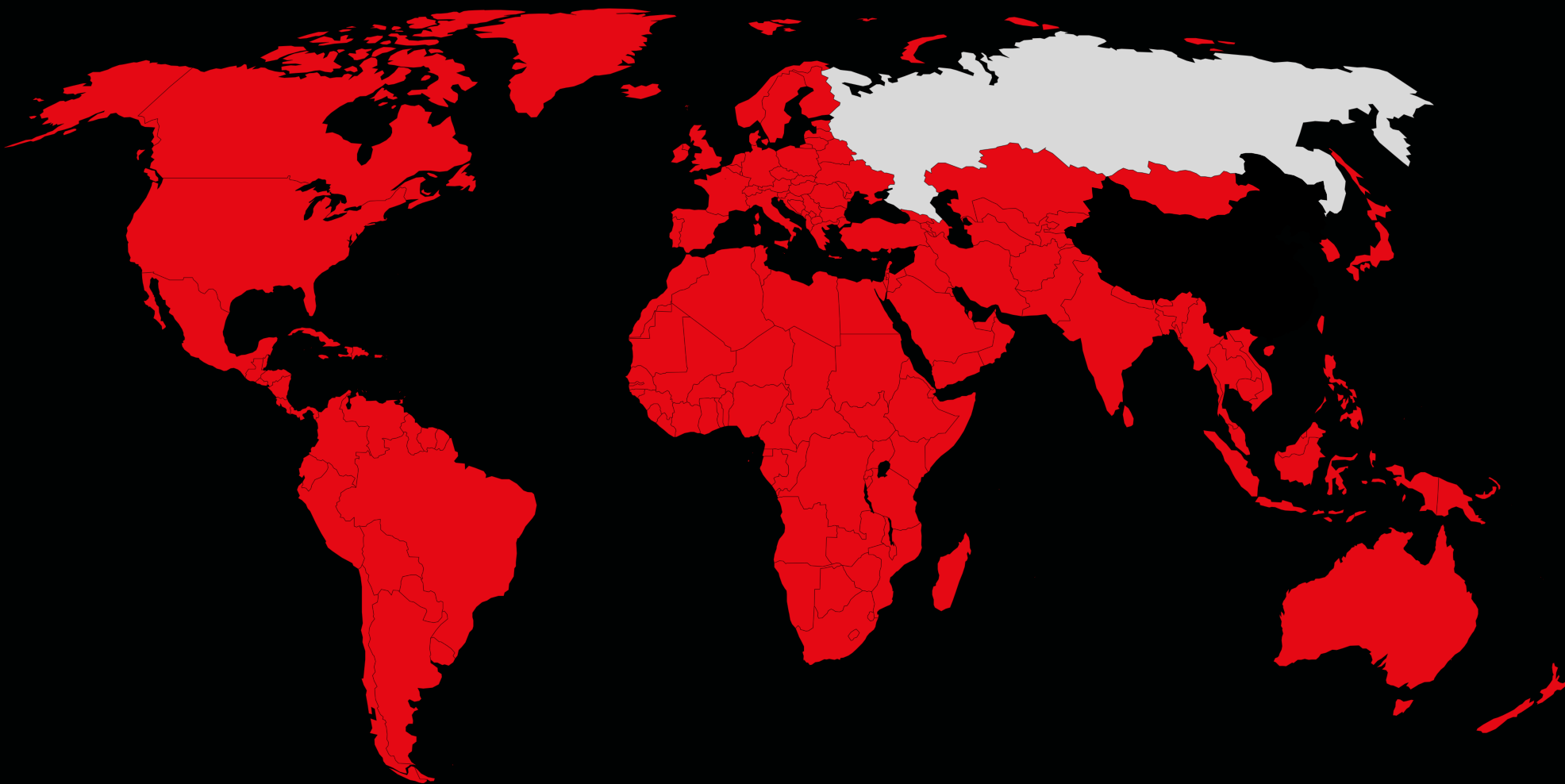
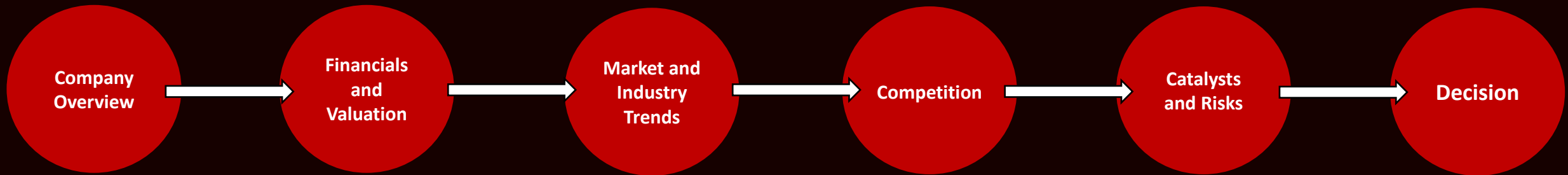


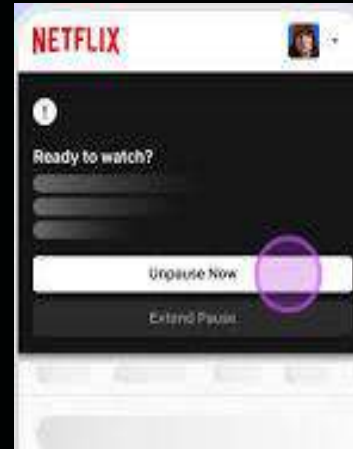
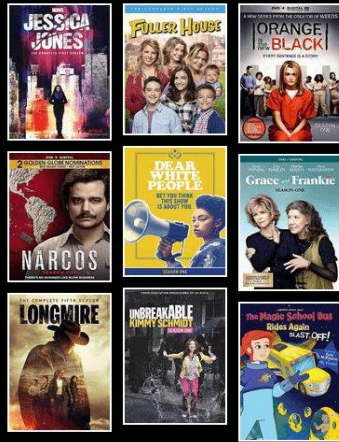
NETFLIX



Overview of Key Points



Company Overview



Netflix was founded in 1997 by Reed Hastings & Marc Randolph and started off as a DVD by mail service. They later changed to a streaming service.

Netflix's is an American Streaming service that provides a variety of entertainment services such as movies, shows and games.

Mission: *"We are here to entertain the world one fan at a time"*

Vision: *"Become the best global entertainment distribution service"*



Business Model

- **Services:** Streaming platform offering movies, TV shows, documentaries, and original content
- **Target Audience:** Global audience, targeting individuals seeking on-demand entertainment
- **Revenue Streams:** Primarily subscription-based (monthly/annual fees for various tiers)
 - Discontinued their DVD service in 2024



Business Model

Cost Structure:

- **Fixed Costs:** Content production, technology, salaries, and content acquisition
- **Variable Costs:** Cloud Data, customer support, processing fees
- **Implications:** High fixed costs, particularly in content creation, result in a reliance on subscriber growth and price increases to maintain profitability



DEI Initiatives

- Invested \$41 million globally in the Netflix Fund for Creative Equity
- Despite the recent executive order, Netflix remains committed to DEI



Company Diversity

- 50% of employees are women from underrepresented backgrounds
- 55% of films and series featured are women/girls co leads
- Increase in diversity of directors for films and series

ESG

- Decarbonize their operations
- Reduce their emissions by roughly half by 2030
- \$35.7 million in giving to over 5,000 charities
- Met with nearly 50% of ownership



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S.W.O.T Analysis

Strengths:

- Global presence & well known
- Increasing Net Profit Margin
- Unique Content – Netflix Originals

Weaknesses:

- Lower than industry average profit margin
- Saturated market

Opportunities:

- Reach more customers
- Lower customer acquisition cost

Threats:

- Rising threats from competitors
- Content piracy



Key Financial Metrics

\$39.00B

Revenue

↑ 15%

22.34%

Profit Margin

↑ 6.30%

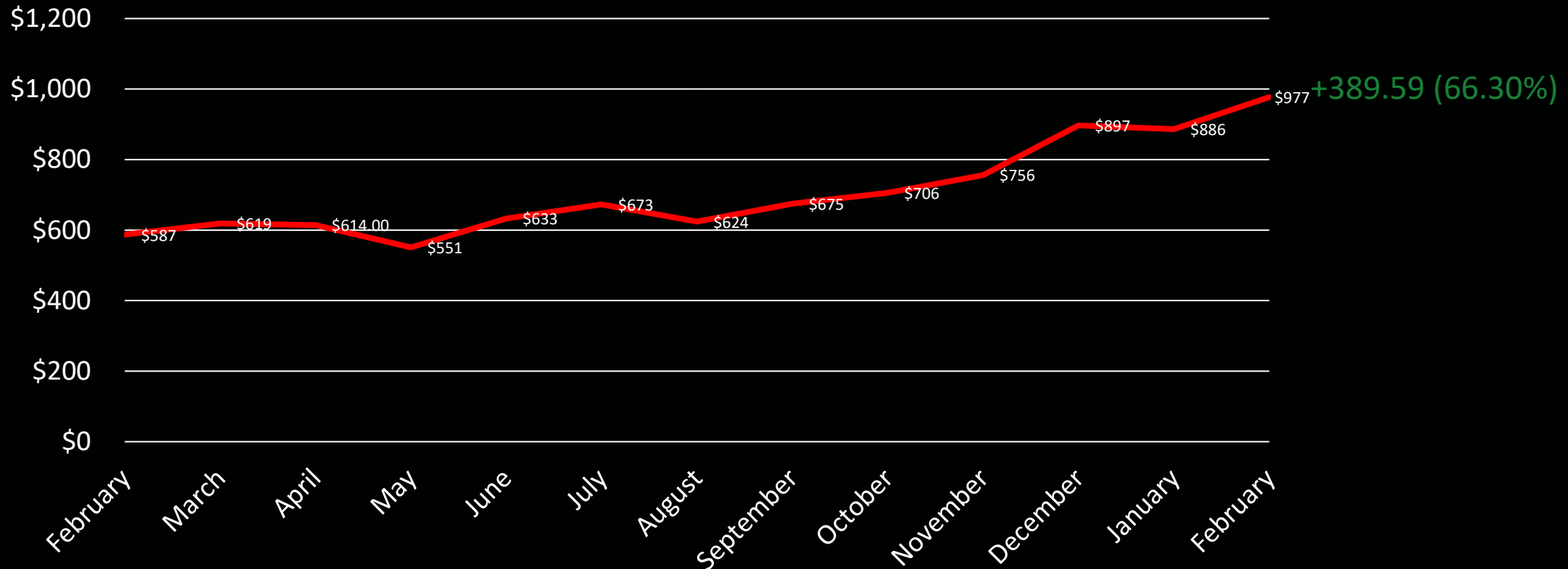
\$439.71B

Valuation

↑ 206%

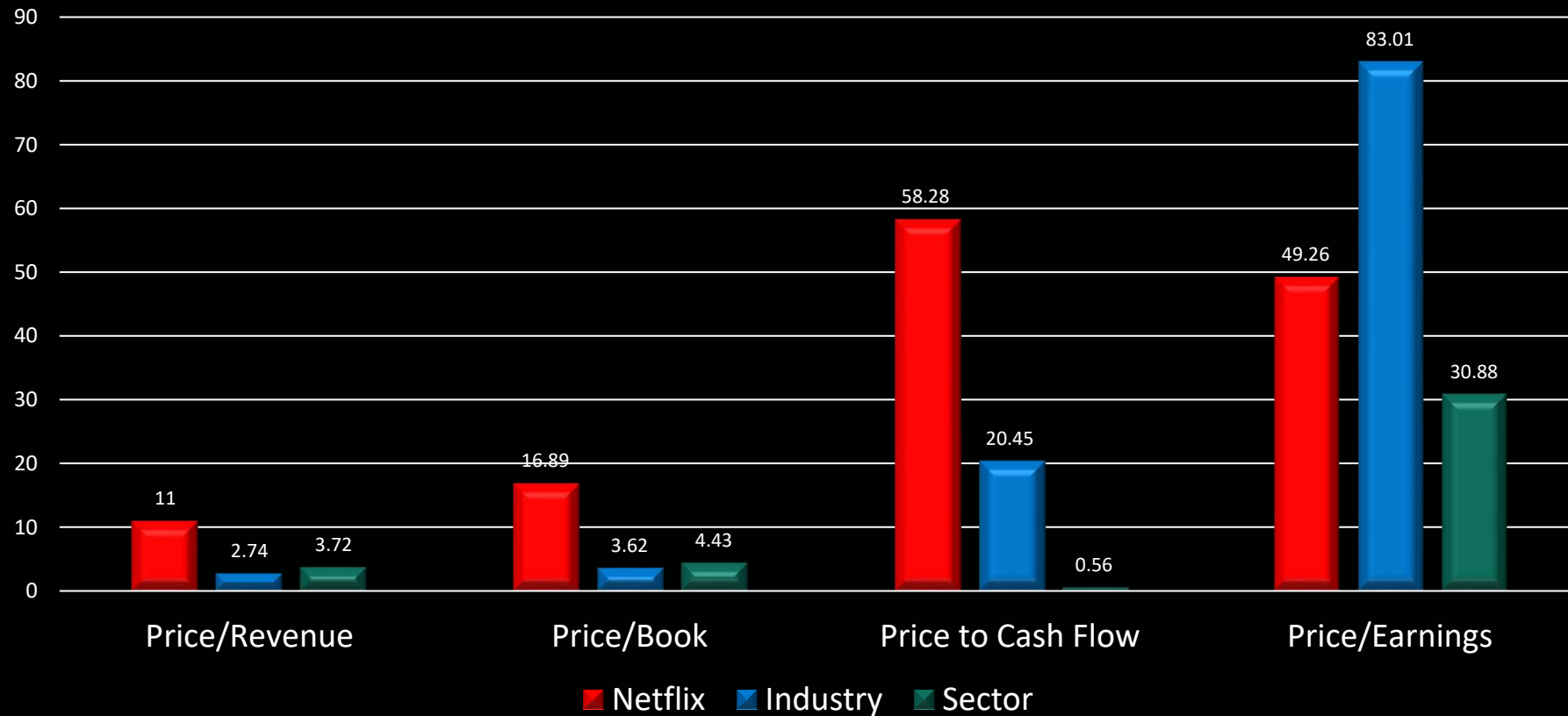
Stock Performance

NETFLIX Stock Past 12 Months



Ratio Comparison

NETFLIX vs Industry/Sector



Company Reports

Current Ratio

- **1.22**
- Industry Average: **1.06**

Net Profit Margin

- **22.34%**
- Industry Average: **38.09%**

Asset Turnover Ratio

- **0.76**
- Industry Average: **0.46**

Debt to Equity Ratio

- **0.72**
- Industry Average: **0.79**



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Company Reports

Per User Statistics

- ARPU: **\$11.69**
 - \$11.70 in 2023
- Average Paying Memberships: **280,184,000**
 - 242,772,000 in 2023

Management Guidance

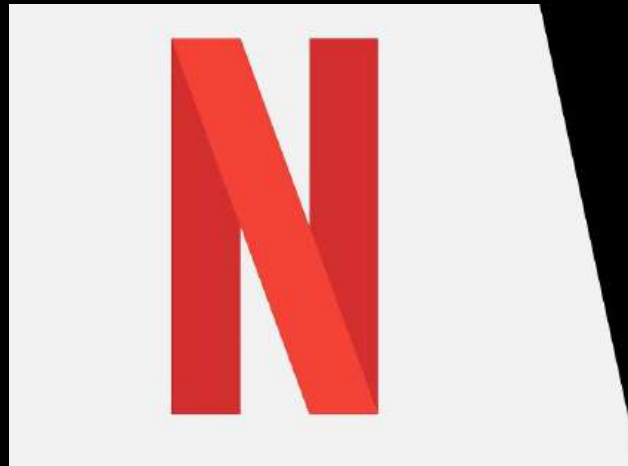
- Strategic Focus: ad-supported tiers, AI recommendations, and password-sharing crackdown
- Challenges: Facing strong competition and \$1.4B impact from currency fluctuations



*Numbers are from Q1-Q3

Market + Industry Trends

- Global Expansion +300 million users
- Market Value: 184 Billion
- Live Content + Original Programs
- Price increase
- Password Sharing Limitations
- Piracy



Competitors



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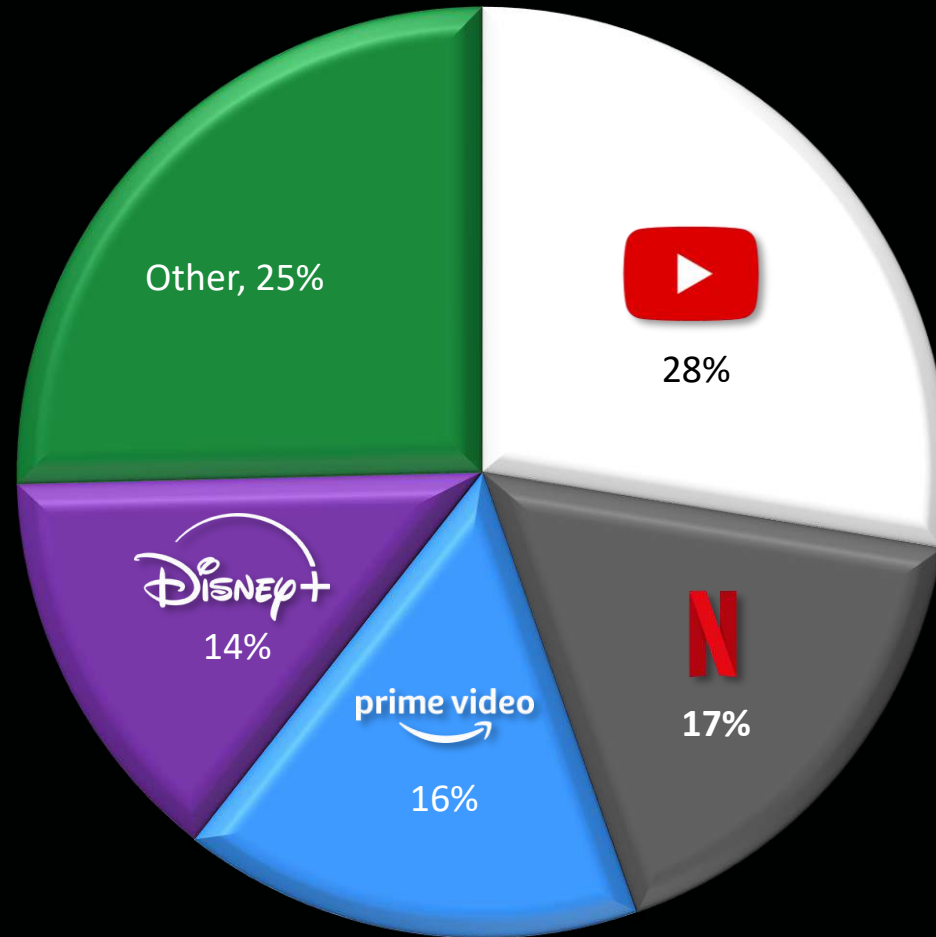
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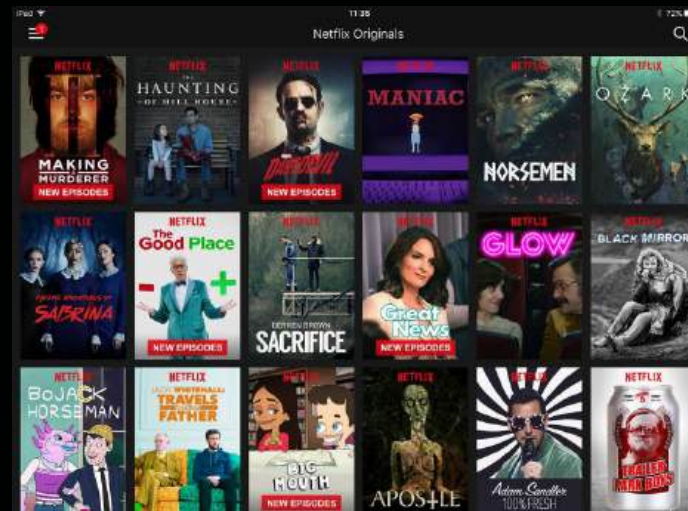
Call to Action

Streaming Service Industry Market Share



Competitive Advantage

- Brand Recognition
- Massive Content Selection
- Original Content
- Localized Content
- Data Driven Personalization
- Flexibility in Streaming
- Downloads Available
- Tiered Subscription



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Catalysts

Live Sports

- Over 105 million live viewers
- 18.9 M Q4 subscribers
- Lots of opportunity

- Netflix, Statista



NETFLIX Originals

- 140 M+ S4 viewers
- Exclusive

- Netflix



Reality TV

- Low Production Cost
- Cultural and Linguistic Expansion



International Content Expansion

- Global Appeal
- Attracts new audiences



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Risks



Competitors

- Exclusive Shows (Mandalorian, Euphoria)



Rising Costs

- Price raises about every year – 2 years
- Increased salaries and Special effects

- Investopedia

Market Changes/ Saturation

- Change in user preferences (short form content)
- Higher customer acquisition costs

- Medium

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OUR RECOMMENDATION - HOLD



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THANKS

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