NETFLIX NFLX

RECENT PRICE	P/E RATIO	P/FCF* RATIO	DIV. YLD (TTM)	BOOK VALUE	
68.69	27.2x	30.7x	--	6.30	NIANBAO QIYU

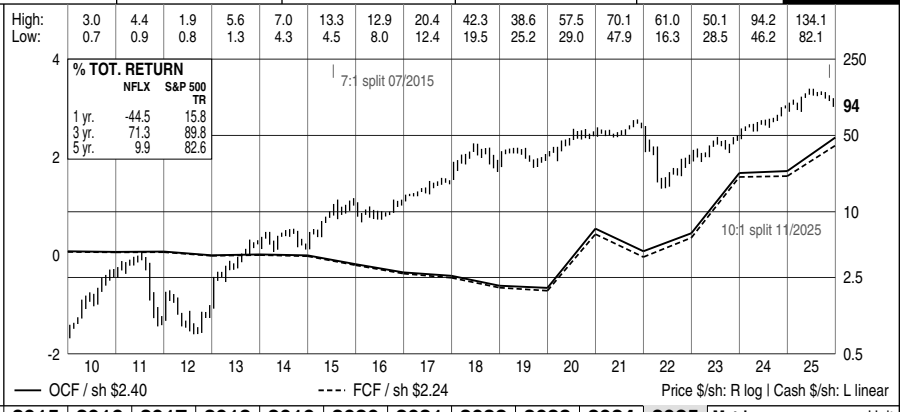
HOW IT EARNS CASH | BUSINESS CHAIN

FY25 content cash $17.71B -> discovery -> H2 viewing 96B hours (+2%; originals +9%).
Viewing -> retention -> pricing: FY-end paid memberships >325M. Churn, viewing/member and title ROI: ND.
Subscriptions + ads >$1.5B -> revenue $45.18B -> op. margin 29.5%. Growth must preserve member value.

GEOGRAPHIC REVENUE | FY25

Revenue	$B	Mix	YoY	3Y CAGR
UCAN	19.96	44.2%	15.0%	12.3%
EMEA	14.51	32.1%	17.2%	14.2%
LATAM	5.36	11.9%	10.7%	9.6%
APAC	5.35	11.8%	21.3%	14.5%
Total	**45.18**	**100.0%**	**15.9%**	**12.8%**

One segment; regional profit is not disclosed.
FY25 FX-neutral growth: 15 / 16 / 17 / 22%.
3Y uses streaming revenue; FY22 excludes DVD.



VALUE CREATION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Metric	Unit
CONTENT INPUT FY25 cash $17.71B; amortization $16.42B (1.08x). Most content value must be renewed.	2162.6	3204.6	3609.3	4374.6	5504.7	6779.5	8830.7	11693	15794	20156	24996	29698	31616	33723	39001	45183	Revenue	$M
	--	48.2%	12.6%	21.2%	25.8%	23.2%	30.3%	32.4%	35.1%	27.6%	24.0%	18.8%	6.5%	6.7%	15.6%	15.9%	Rev. YoY	%
	37.2%	36.3%	26.5%	28.7%	31.8%	32.3%	31.7%	31.3%	36.9%	38.3%	38.9%	41.6%	39.4%	41.5%	46.1%	48.5%	Gross Margin	%
	283.64	376.07	49.99	228.35	402.65	305.83	379.79	838.68	1605.2	2604.3	4585.3	6194.5	5632.8	6954.0	10418	13327	Op. Income	$M
	13.1%	11.7%	1.4%	5.2%	7.3%	4.5%	4.3%	7.2%	10.2%	12.9%	18.3%	20.9%	17.8%	20.6%	26.7%	29.5%	Op. Margin	%
	160.85	226.13	17.15	112.40	266.80	122.64	186.68	558.93	1211.2	1866.9	2761.4	5116.2	4491.9	5408.0	8711.6	10981	Net Income	$M
↓ **TWO PAYERS**	7.4%	7.1%	.5%	2.6%	4.8%	1.8%	2.1%	4.8%	7.7%	9.3%	11.0%	17.2%	14.2%	16.0%	22.3%	24.3%	Net Margin	%
Subscription FY-end >325M paid memberships; price and plan mix.	276.40	317.71	21.59	97.83	16.48	-749.44	-1474.0	-1785.9	-2680.5	-2887.3	2427.1	392.61	2026.3	7274.3	7361.4	10149	OCF	$M
	12.8%	9.9%	.6%	2.2%	.3%	-11.1%	-16.7%	-15.3%	-17.0%	-14.3%	9.7%	1.3%	6.4%	21.6%	18.9%	22.5%	OCF Margin	%
	1.7x	1.4x	1.3x	.9x	.1x	-6.1x	-7.9x	-3.2x	-2.2x	-1.5x	.9x	.1x	.5x	1.3x	.8x	.9x	OCF / Net Inc.	x
	33.84	49.68	40.28	54.14	69.73	91.25	107.65	173.30	173.95	253.04	497.92	524.59	407.73	348.55	439.54	688.22	Capex	$M
	12.2%	15.6%	186.6%	55.3%	423.0%	-12.2%	-7.3%	-9.7%	-6.5%	-8.8%	20.5%	133.6%	20.1%	4.8%	6.0%	6.8%	Capex / OCF	%
Advertising FY25 >$1.5B; FY26E ~$2.7B. Fill/yield: ND.	242.56	268.03	-18.69	43.69	-53.24	-840.69	-1581.6	-1959.3	-2854.4	-3140.4	1929.2	-131.98	1618.5	6925.7	6921.8	9461.1	FCF (OCF-PPE)*	$M
	11.2%	8.4%	-.5%	1.0%	-1.0%	-12.4%	-17.9%	-16.8%	-18.1%	-15.6%	7.7%	-.4%	5.1%	20.5%	17.7%	20.9%	FCF Margin	%
	--	--	--	--	--	--	--	--	--	--	--	788.35	757.39	--	--	17.19	Acq. Net Cash*	$M
	--	--	--	--	--	--	--	--	--	--	--	200.8%	37.4%	--	--	.2%	Acq. Net / OCF*	%
↓ **CASH AFTER CONTENT** FY25 OCF $10.15B - PPE $0.69B = FCF $9.46B. Margin 20.9%; content paid in OCF.	28.00	61.58	73.95	73.10	115.24	124.73	173.68	182.21	320.66	405.38	415.18	403.22	575.45	339.37	272.59	368.45	SBC Expense	$M
	10.1%	19.4%	342.6%	74.7%	699.1%	-16.6%	-11.8%	-10.2%	-12.0%	-14.0%	17.1%	102.7%	28.4%	4.7%	3.7%	3.6%	SBC / OCF	%
	210.26	199.67	--	--	--	--	--	--	--	--	--	600.02	--	6045.3	6263.7	9127.2	Repurchases	$M
	76.1%	62.8%	--	--	--	--	--	--	--	--	--	152.8%	--	83.1%	85.1%	89.9%	Repurchases / OCF	%
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Dividends	$M
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Dividends / OCF	%
↓ **RENEW THE ENGINE** T&D $3.39B; content obligations $24.04B, $11.53B due in 12 months. Returns must beat cost.	116.4%	104.0%	8.0%	27.5%	33.6%	15.2%	8.2%	16.6%	16.6%	16.2%	21.7%	24.5%	17.7%	21.2%	31.0%	36.7%	ROIC*	%
	65.7%	48.5%	2.5%	10.8%	16.7%	6.0%	7.6%	17.9%	27.5%	29.1%	29.6%	38.0%	24.5%	26.1%	38.4%	42.8%	ROE	%
	19.4%	11.2%	.5%	2.4%	4.3%	1.4%	1.6%	3.4%	5.4%	6.2%	7.5%	12.2%	9.6%	11.1%	17.0%	20.1%	ROA	%
	3694.7	3877.9	3891.1	4172.5	4229.1	4279.4	4300.5	4333.9	4366.0	4388.1	4429.0	4439.6	4453.5	4327.6	4277.6	4222.2	Shares Out.	M sh
	.59	.83	.93	1.05	1.30	1.58	2.05	2.70	3.62	4.59	5.64	6.69	7.10	7.79	9.12	10.70	Revenue / Sh.	$/sh
	.04	.06	<.01	.03	.06	.03	.04	.13	.27	.41	.61	1.12	1.00	1.20	1.98	2.53	Diluted EPS	$/sh
PER-SHARE TEST FCF/FYE sh $2.24 (+38.5%); shares -1.3%. Buyback value needs a fair price.	.07	.08	.01	.02	<.01	-.18	-.34	-.41	-.61	-.66	.55	.09	.45	1.68	1.72	2.40	OCF / Sh.	$/sh
	.01	.01	.01	.01	.02	.02	.03	.04	.04	.06	.11	.12	.09	.08	.10	.16	Capex / Sh.	$/sh
	.07	.07	(<.01)	.01	-.01	-.20	-.37	-.45	-.65	-.72	.44	-.03	.36	1.60	1.62	2.24	FCF / Sh.	$/sh
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Dividend / Sh.	$/sh
	39.8x	46.6x	296.4x	135.7x	92.7x	328.2x	237.3x	132.3x	119.1x	79.6x	73.5x	49.7x	28.6x	32.5x	33.9x	43.4x	Avg. P/E	x
	2.6%	7.0%	-.4%	.2%	-.3%	-1.7%	-3.0%	-2.4%	-2.4%	-2.2%	.8%	-.05%	1.2%	3.3%	1.8%	2.4%	FCF Yield	%
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Dividend Yield	%

CORE KPI TRACKER

Metric	FY21	FY22	FY23	FY24	FY25
Paid members M*	221.8	230.7	260.3	301.6	**>325***
Paid net adds M*	18.18	8.90	29.53	41.35	**>23.37***
ARM $/month*	11.67	11.76	11.64	11.70	**--***
H2 hours B*	--	--	~90	>94	**~96**
Ads revenue $B*	--	--	--	--	**>1.50**
Cash / amort.	1.4x	1.2x	.9x	1.1x	**1.1x**

COMPOUND ANNUAL GROWTH RATE

	1Y	3Y	5Y	10Y	15Y
Revenue	15.9%	12.6%	12.6%	20.9%	22.5%
Op. income	27.9%	33.2%	23.8%	45.9%	29.3%
Net income	26.1%	34.7%	31.8%	56.7%	32.5%
OCF	37.9%	71.1%	33.1%	--	27.2%
FCF	36.7%	80.1%	37.4%	--	27.7%
Diluted EPS	27.8%	36.5%	33.0%	56.9%	31.4%
FCF/share	38.5%	83.4%	38.8%	--	26.5%

FINANCIAL POSITION | $B

	FY21	FY22	FY23	FY24	FY25
Tot. assets	45	49	49	54	56
Tot. liabilities	29	28	28	29	29
Net assets	16	21	21	25	27
Mkt cap*	267	131	211	381	290
Cash + ST	6	6	7	10	9
Liab./assets	64.5%	57.2%	57.8%	53.9%	52.1%

CAPITAL RETURNS: FY16-25 OCF $20.80B less cash PP&E $3.61B yielded **$17.19B FCF.** Buybacks $22.04B; dividends $0. **Payout 128.2%.** Residual -$4.85B precedes M&A and financing; no debt earmarking inferred.

NET SHARES: FY15 4279.4M -> FY25 4222.2M (-1.3%). FY25 +31.60M issued -86.54M bought -0.47M withheld = **-55.41M net.** Buybacks/FCF 96.5%; net debt $5.40B. Share shrinkage needs price discipline.

Scale requires replenishment. Global discovery spreads costs. Over 90% of a typical content asset is amortized within four years. Low PPE is not low reinvestment; maintenance needs remain undisclosed.

Pricing needs a demand check. FY25 revenue +15.9% versus H2 viewing +2% is a different-period contrast, not a price/hour bridge. Watch viewing/member and churn after price rises.

Leverage is conditional. Revenue outgrew content cash by 11.7 points. Incremental operating margin was 47.1%, not a perpetual forecast. Content commitments limit flexibility if demand weakens.

Ads need execution, not just reach. Q3'26: management reports improved global/US churn; 2026 ad guidance fell ~$3B -> ~$2.7B on delayed capabilities. Fill, yield and plan LTV are undisclosed.

Reported cash is not normalized. FY25 includes ~$0.70B Brazil payment timing. FY26 includes a $2.8B WBD termination fee; FCF guidance is ~$12B. Content already reduces OCF; never deduct twice.

Allocation must finish the loop. WBD did not close. Content, tech and live must earn returns; buyback value depends on price. Failure test: rising content spend, weakening engagement and cash/share.

FY10-25 actuals; narrative through Q3'26 release after Oct20 close. Header/TR: Oct20 regular close; chart:2010-25.
* FY25 members >325M at FYE; net adds >23.37M is a derived floor; ARM: stopped. H2 hours rounded (~99%/all FY24/25); ads -- not zero.
* FCF = OCF - cash PPE. Early DVD-library investing cash excluded; differs from issuer historic FCF. Streaming content not deducted twice.
ROIC*: frozen A-line IC/lease basis changes over time (pre-2019 lease financing; later operating leases excluded); not fully homogeneous.
Cash/share: split-aligned FY-end shares. 10Y cash CAGR: -- (FY15 negative base), not missing data. Churn/title ROI: ND.
Mkt cap*: FY21-24 use FY-end prices/shares; FY25 uses Oct 20, 2026 price x Dec 31, 2025 economic shares (approx.).
Sources: supplied A/B, Parts1-7/9, SEC/Netflix IR. FY26E is guidance. Header earnings FY25, not TTM. Ratings unassessed; no valuation model.

Financial Strength	--
Stock Price Stability	--
Price Growth Persistence	--
Cash Generation Stability	--

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