Netflix Inc

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

S&P Capital IQ Recommendation	Price	12-Mo. Target Price	Report Currency	Investment Style
BUY ★★★★★	$478.20 (as of Feb 20, 2015 4:00 PM ET)	$450.00	USD	Large-Cap Blend

S&P Capital IQ Equity Analyst T. Amobi, CFA CPA

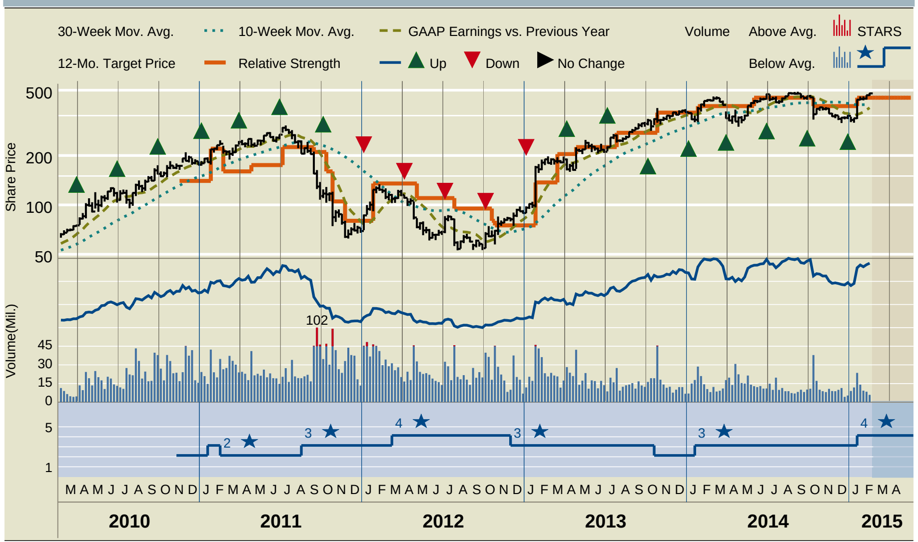
GICS Sector Consumer Discretionary
Sub-Industry Internet Retail

Summary Initially launched as a DVD-by-mail service, this company provides a subscription service streaming movies and TV episodes to more than 57 million subscribers in the U.S. and some international markets.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	**$489.29– 299.50**	S&P Oper. EPS 2015**E**	**3.90**	Market Capitalization(B)	**$28.810**	Beta	**1.04**
Trailing 12-Month EPS	**$4.32**	S&P Oper. EPS 2016**E**	**5.89**	Yield (%)	**Nil**	S&P 3-Yr. Proj. EPS CAGR(%)	**38**
Trailing 12-Month P/E	**NM**	P/E on S&P Oper. EPS 2015**E**	**NM**	Dividend Rate/Share	**Nil**	S&P Quality Ranking	**B+**
$10K Invested 5 Yrs Ago	**$71,748**	Common Shares Outstg. (M)	**60.2**	Institutional Ownership (%)	**90**		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **T. Amobi, CFA CPA** on Jan 21, 2015 12:27 PM, when the stock traded at **$409.55**.

Analyst's Risk Assessment

LOW	MEDIUM	**HIGH**

Our risk assessment reflects lingering questions related to intensifying competition among established and new entrants in the subscriptions video on demand (SVOD) landscape; corporate governance concerns related to a classified board of directors; some lingering uncertainties related to an international expansion strategy that has seemed overly aggressive; and an eroding legacy business on potential DVD obsolescence.

Highlights

- After a 26% increase in 2014, we expect revenues to advance about 23% in 2015 and 21% in 2016, on continued strong subscriber growth, and some benefit of a recent price hike. NFLX ended 2014 with more than 39 million streaming members in the U.S., where it sees a potentially addressable domestic market of 60 to 90 million homes. Further, we see a significant ramp-up in the international subscriber base from about 18.3 million in 2014, thanks in part to last fall's expansion in Western Europe, with Australia and New Zealand also notably on deck for a rollout in the first quarter.
- Of note, the company expects its U.S. contribution margins to expand by 200 basis points per year over the next several years, towards a targeted 40% by early 2020 (versus 28% by the end of 2014). However, overall results should be constrained in the near term by further international losses (on continued expansion), and by elevated content and market expenses.
- With a shrinking but continued profitable DVD business, and after interest expense and taxes, we forecast EPS of $3.90 in 2015 and $5.89 in 2016 (versus 2014 operating EPS of $3.69).

Investment Rationale/Risk

- We see a relatively attractive risk/reward tradeoff at current levels for the shares. We think NFLX's relatively encouraging fourth quarter and 2014 results highlighted improved visibility for sustainable profitability and positive free cash flow in the next few years. The company expects to accelerate and complete its global expansion by 2016 (potentially reaching about 200 countries versus 50 in Q4), reaping "material global profits" thereafter. We see global streaming hours likely benefiting from significantly expanded content investments, with notable financial flexibility on about $1.6 billion in cash equivalents and plans for an additional $1 billion of a new debt issue in 2015.
- Risks to our opinion and target price include a sharp deceleration of subscriber growth amid intensifying streaming competition (including Amazon, Hulu, HBO and other new entrants); protracted and/or amplified international losses; and DVD obsolescence.
- Our 12-month target price is $450, on 2015E price-to-sales of 3.3X, comparably above the median but below the mean multiples for consumer facing Internet peers.

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2014	1,270	1,340	1,409	1,485	5,505
2013	1,024	1,069	1,106	1,175	4,375
2012	869.8	889.2	905.1	945.2	3,609
2011	718.6	788.6	821.8	875.6	3,205
2010	493.7	519.8	553.2	595.9	2,163
2009	394.1	408.5	423.1	444.5	1,670

Earnings Per Share ($)

2014	0.86	1.15	0.96	1.35	4.32
2013	0.05	0.49	0.52	0.79	1.85
2012	-0.08	-0.11	0.13	-0.13	0.29
2011	1.11	1.26	1.16	0.64	4.26
2010	0.59	0.80	0.70	0.87	2.96
2009	0.37	0.54	0.52	0.56	1.98

Fiscal year ended Dec. 31. Next earnings report expected: Late April. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid.

Past performance is not an indication of future performance and should not be relied upon as such.

Netflix Inc

Business Summary January 21, 2015

CORPORATE OVERVIEW. Netflix is the world's largest Internet subscription service for accessing TV shows and movies. In the U.S., subscribers can also receive standard definition or Blu-ray discs delivered quickly to their homes. As of December 31, 2014, NFLX had more than 57 million streaming subscribers (domestic, 39.1 million; international, 18.3 million), as well as about 5.8 million DVD subscriptions. NFLX offers a variety of subscription plans, with no due dates, no late fees, no shipping fees and no pay-per-view fees.

NFLX uses its proprietary recommendation and merchandising technology to determine which titles are presented to subscribers. In doing so, Netflix believes it provides subscribers with a quick and personalized way to find titles they are more likely to enjoy, while simultaneously effectively managing its inventory utilization. NFLX's ability to generate demand for these older titles while maintaining high levels of customer satisfaction helps the company manage and maintain gross margins, subscriber acquisition costs, churn rate and lifetime subscriber profit.

Netflix obtains content from various studios and other content providers through streaming license agreements, DVD direct purchases and DVD revenue sharing agreements. It markets its service through various channels, including online advertising, broad-based media such as television and radio, as well as various strategic partnerships. In connection with marketing the service, it offers free trial memberships to new members. Rejoining members are an important source of subscriber additions. Streaming content is generally licensed for a fixed fee for the term of the license agreement.

CORPORATE STRATEGY. Netflix's seeks to grow a large streaming subscription business within the U.S. and globally by continually improving the customer experience, with a focus on expanding its streaming content, enhancing its user interfaces and extending its streaming service to more Internet-connected devices. Increasingly, the company aims to exploit the growing popularity of Internet-delivered content, amid continued declines in the consumption of content delivered by DVD.

Key elements of growing the business include providing compelling value to subscribers, utilizing technology to enhance subscriber experience and operate efficiently, building mutually beneficial relationships with entertainment video providers and expanding the number of devices capable of streaming video from Netflix. In September 2013, NFLX signed a pact for integration in 2013 with 1.7 million homes served by U.K.-based Virgin Media's Tivo customers.

In October 2011, after a sizable number of customer cancellations, NFLX shelved its plans of separating its DVD and streaming business (unveiled three months earlier), which would have entailed significant price increases above its standard monthly subscription.

MARKET PROFILE. The market for entertainment video is intensely competitive and subject to rapid change. Barriers to entry are relatively low, while consumers can maintain multiple subscriptions or switch easily to competing providers. Netflix's principal competitors include multichannel video programming distributors (MVPDs) with free TV Everywhere applications such as HBO GO or Showtime Anytime in the U.S. and SkyGo or BBC iPlayer in the U.K. and VOD (video-on-demand) content including cable providers, such as Time Warner and Comcast; satellite TV providers, such as DIRECTV and DISH; and telecom providers such as AT&T and Verizon.

Other major competitors include: "Over-the-top" Internet movie and TV content providers, such as Apple's iTunes, Amazon.com's Prime Video, Hulu.com and Hulu Plus, Redbox, LOVEFiLM, Sky's Now TV, and Google's YouTube; DVD rental outlets and kiosk services, such as Blockbuster and Redbox; and entertainment video retailers, such as Best Buy, Wal-Mart and Amazon.com. In October 2014, HBO also unveiled plans for a stand-alone streaming offering.

IMPACT OF MAJOR DEVELOPMENTS. In January 2014, a U.S. appeals court overturned and remanded the FCC's so-called open Internet principles (also known as "Net Neutrality"), in a decision that could ultimately expose the company to charges by Internet service providers (ISPs).

In September 2010, the company began international operations by offering its streaming service in Canada. In September 2011, NFLX expanded its streaming service to Latin America and the Caribbean. In January 2012, it launched its service in the U.K. and Ireland, with subsequent deployments in the Nordic region (Norway, Denmark, Sweden and Finland) in late 2012, and the Netherlands in September 2013. By the end of 2014, it plans to launch in additional markets in Europe, including France and Germany, as well as Austria, Belgium, Luxembourg and Switzerland.

FINANCIAL TRENDS. In 2013 and 2012, NFLX reported free cash flow deficits of about $16 million and $58 million, respectively, after positive FCF of $187 million and $131 million in 2011 and 2010, respectively. From 2009 to 2013, NFLX posted a five-year compound annual growth rate in sales of about 21%, largely driven by a rise in new subscribers and foreign market expansion.

As of December 31, 2014, the company had about $1.6 billion in cash equivalents, and $900 million in long-term debt. It also had about $9.5 billion of content obligations -- both on- and off-balance sheet combined.

Corporate Information

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Website
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Officers

Chrmn, CEO & Pres
R. Hastings

CFO & Chief Acctg Officer
D. Wells

Secy & General Counsel
D. Hyman

Board Members

R. N. Barton	A. G. Battle
T. M. Haley	R. Hastings
J. C. Hoag	L. J. Kilgore
A. Mather	

Domicile
Delaware

Founded
1997

Employees
2,450

Stockholders
203

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Quantitative Evaluations

S&P Capital IQ Fair Value Rank 1-

1 | 2 | 3 | 4 | 5

LOWEST HIGHEST

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $323.50

Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that NFLX is overvalued by $154.70 or 32.4%.

Investability Quotient Percentile

94

LOWEST = 1 HIGHEST = 100

NFLX scored higher than 94% of all companies for which an S&P Capital IQ Report is available.

Volatility

LOW | AVERAGE | HIGH

Technical Evaluation BULLISH

Since January, 2015, the technical indicators for NFLX have been BULLISH.

Insider Activity

UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2014	2013	2012	2011
Price/Sales	3.83	5.11	1.51	1.18
Price/EBITDA	46.15	80.84	57.13	8.79
Price/Pretax Income	60.33	NM	NM	10.22
P/E Ratio	79.00	NM	NM	16.26
Avg. Diluted Shares Outstg (M)	61.7	60.8	58.9	54.4

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	25.83	19.91	26.38	25.48
Net Income	NM	25.91	1.42	12.22
Ratio Analysis (Annual Avg.)				
Net Margin (%)	4.85	2.63	4.51	5.12
% LT Debt to Capitalization	32.64	31.62	34.76	29.36
Return on Equity (%)	16.72	NA	33.58	28.66

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Company Financials Fiscal Year Ended Dec. 31

Per Share Data ($)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tangible Book Value	NM	NM	NM	NM	2.04	1.66	4.19	4.57	6.02	4.12
Cash Flow	5.20	2.65	1.06	5.07	3.66	2.63	5.18	1.28	2.99	2.27
Earnings	4.32	1.85	0.29	4.26	2.96	1.98	1.32	0.97	0.71	0.64
S&P Capital IQ Core Earnings	4.32	1.85	0.29	4.26	2.87	1.91	1.22	0.84	0.70	0.72
Dividends	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	489.29	389.16	133.43	304.79	209.24	61.65	40.90	29.14	33.12	30.25
Prices:Low	299.50	90.69	52.81	62.37	48.52	28.78	17.90	15.62	18.12	8.91
P/E Ratio:High	NM	NM	NM	72	71	31	31	30	47	47
P/E Ratio:Low	NM	NM	NM	15	16	15	14	16	26	14
Income Statement Analysis (Million $)										
Revenue	5,505	4,375	3,609	3,205	2,163	1,670	1,365	1,205	997	682
Operating Income	457	277	95.5	429	322	228	364	106	217	108
Depreciation	54.0	48.4	45.5	43.8	38.1	38.0	242	21.6	157	107
Interest Expense	50.2	29.1	20.0	20.0	19.6	6.47	2.46	NA	Nil	0.41
Pretax Income	349	171	30.5	369	268	192	132	112	80.3	8.34
Effective Tax Rate	23.6%	34.3%	43.7%	37.1%	39.9%	39.7%	36.9%	40.0%	38.9%	NM
Net Income	267	112	17.2	232	161	116	83.0	67.0	49.1	42.0
S&P Capital IQ Core Earnings	267	112	17.2	232	156	112	76.9	57.7	48.1	47.3
Balance Sheet & Other Financial Data (Million $)										
Cash	1,609	1,200	748	798	350	320	297	385	400	212
Current Assets	3,940	3,059	2,241	1,827	641	411	361	417	428	244
Total Assets	7,057	5,413	3,968	3,066	982	680	618	647	609	365
Current Liabilities	2,663	2,154	1,676	1,216	389	226	216	213	193	138
Long Term Debt	900	500	400	400	200	200	38.0	NA	Nil	Nil
Common Equity	1,858	1,334	745	648	290	199	347	431	414	226
Total Capital	2,758	1,834	1,145	1,048	490	399	347	431	414	226
Capital Expenditures	69.7	54.1	41.5	49.7	33.8	45.9	43.8	44.3	27.3	30.6
Cash Flow	321	161	62.6	275	199	154	325	88.5	206	149
Current Ratio	1.5	1.4	1.3	1.5	1.7	1.8	1.7	2.0	2.2	1.8
% Long Term Debt of Capitalization	32.6	27.3	34.9	38.2	40.8	50.1	9.9	Nil	Nil	Nil
% Net Income of Revenue	4.9	2.6	0.5	7.2	7.4	6.9	6.1	5.6	4.9	6.2
% Return on Assets	4.3	NA	0.5	11.5	19.4	17.9	13.1	10.7	10.1	13.6
% Return on Equity	16.7	NA	2.5	49.4	65.8	42.4	21.4	15.9	15.3	22.0

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

Our fundamental outlook for the Internet retail sub-industry for the next 12 months is positive. While the collection of state taxes from online retailers and increased marketing expenses pose some concerns, we expect shipping costs to benefit from lower gasoline prices, and see favorable growth prospects as consumers increasingly enjoy the convenience and value that online retail provides.

Forrester Research projects that U.S. e-commerce sales will increase from a projected $262 billion in 2013 to $370 billion in 2017, a compound annual growth rate (CAGR) of 9.0%. We believe that the significant growth in this category has been, and will continue to be, driven by several factors. From a macroeconomic viewpoint, personal spending remains the primary driver. Over the next few years, Standard & Poor's Economics anticipates relatively moderate gains in real consumer spending, with a projected low-single digit growth through 2015.

Also, while wage growth is expected to increase only slightly, we also note an improving jobs picture, with the latest unemployment readings in 2014 currently trending below 6%, versus 7.4% in 2013 and 8.1% in 2012. However, a potential headwind to further improvement is that many of the currently discouraged workers will start looking for jobs on further concrete signs of a jobs recovery. Despite the travails in the work force, banks are slowly increasing their lending, which should provide a tailwind to spending in the near term. In addition, the savings rate has remained low in recent months as more consumers feeling relatively secure in their jobs.

From an industry perspective, we think online merchants typically provide consumers with a strong combination of convenience, selection, information and value compared to off-line competitors. Some Internet purchases still do not require the payment of state and local sales taxes, although that may be changing over the next few years based on new potential legislation. Also, we believe advancements in technology have made e-commerce transactions easier to complete and more reliable and secure, helping to drive sales. Conversely, heavy infrastructure investments in technology and fulfillment could constrain reported earnings, as could the recent strength in the U.S. dollar for a universe with sizable international exposure.

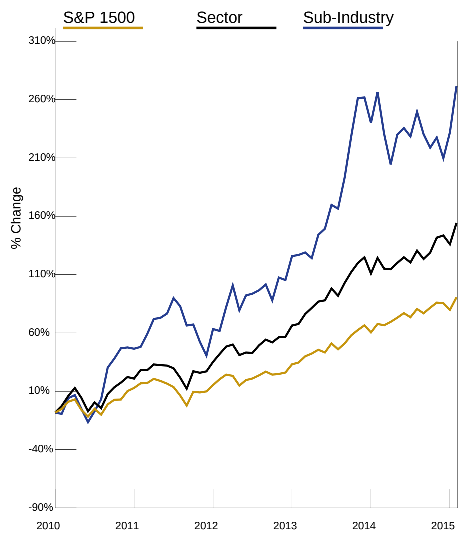
Year to date in 2014 through November 28, the S&P Internet Retail Index was down 9.3%, lagging an increase of 11.1% for the S&P 1500 Index. In 2013, the sub-industry index outperformed by a significant margin, rising 73.3% compared to the 30.1% advance in the S&P 1500.

--Tuna N. Amobi, CFA, CPA

Industry Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Internet Retail

Based on S&P 1500 Indexes
Five-Year market price performance through Feb 21, 2015



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Internet Retail Peer Group*: Internet Retail - Large

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
NetFlix Inc	**NFLX**	**28,810**	**478.20**	**489.29/299.50**	**1.04**	**Nil**	**NM**	**323.50**	**B+**	**94**	**4.9**	**32.6**
1-800-FLOWERS.com'A'	FLWS	380	10.32	11.00/4.96	2.14	Nil	16	NA	B-	73	1.9	NA
Amazon.com Inc	AMZN	178,166	383.66	383.70/284.00	1.09	Nil	NM	209.10	C	96	NM	43.5
Blue Nile	NILE	407	29.27	37.50/23.10	NA	Nil	37	32.10	B	83	2.4	NA
Expedia Inc	EXPE	11,315	92.30	92.52/66.93	0.90	0.8	31	82.10	B	76	6.9	41.6
Overstock.com Inc	OSTK	499	21.33	27.28/13.82	0.80	Nil	59	NA	B-	72	6.8	NA
Priceline Group (The)	PCLN	63,769	1216	1379/990.69	1.60	Nil	27	1171.30	B+	98	27.9	19.9

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Capital IQ Analyst Research Notes and other Company News

January 21, 2015
10:36 am ET ... S&P CAPITAL IQ RAISES OPINION ON SHARES OF NETFLIX INC. TO BUY FROM HOLD (NFLX 406.165****): Our 12-month target price is up $50 to $450, on revised 2015E price-to-sales of 3.3X, within the boundaries of the median and mean multiples for consumer facing Internet peers. Our positive Q4 and 2014 takeaways include improved visibility for sustainable profitability and positive free cash flow in the next few years, as NFLX now expects to complete its global expansion by '16 (to about 200 countries vs. 50 in Q4), reaping "material global profits" thereafter. But with ramped up spending on original content, we trim 2015 EPS estimate by $1.66 to $3.90 and set 2016 EPS at $5.89. /T. Amobi, CPA, CFA

January 20, 2015
05:07 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX, INC. (NFLX 348.80***): NFLX is indicated up 12% in after-hours trading, on Q4 subscriber additions of 4.33 million (vs. 4 million guidance), also noting a Q1 target of 4.05 million. While U.S. net adds of 1.9 million was in line, we think stronger-than-expected international gains of 2.43 million shows further traction on recent Europe expansion, with Australia and New Zealand now on deck for Q1. Q4 EPS of $1.35 vs. $0.96, was well above the Capital IQ consensus of $0.44, aided by tax adjustments/benefits. With accelerated content investments, NFLX sets another $1 billion debt issue. We will update. /T. Amobi, CPA, CFA

January 20, 2015
09:54 am ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX (NFLX 340.99***): With seasonally strong Q4 report set after market close today, we are cautiously mindful of a potential deceleration in subscriber growth against targeted net adds of 4 million (1.85 million U.S. and 4.15 million international), after a recent price hike weighed on Q3. We also look for some key international updates after last fall's seemingly successful expansion in Western Europe. Looking ahead, we think '15 could portend another eventful year amid intensifying competition in streaming video and shifting winds on broadband regulations (on Title II and Net Neutrality). /T. Amobi, CPA, CFA

October 16, 2014
01:48 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX INC. (NFLX 354.2199***): After notable Q3 deceleration in subscriber growth and tempered Q4 guidance, we drop our 12-month target price by $50 to $400, on revised 2015E EV/revenues of 3.4X, closer to consumer-facing Internet peers. With higher costs of content and international expansion, we trim 2014 and 2015 EPS estimates by $0.25 and $1.03 to $3.59 and $5.56. Still, NFLX still sees its domestic contribution margins potentially reaching 40% in about 5 years (vs. 28.6% in Q3), even as HBO unveils plans for a new streaming offering. We see further international strides after recent expansion in Europe. /T. Amobi, CPA, CFA

October 15, 2014
05:00 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX INC. (NFLX 448.59***): NFLX posts Q3 EPS of $0.96, vs. $0.52, $0.05 above our and Capital IQ consensus estimates. But, the shares are indicated sharply down 23% in after hours as domestic and international streaming net subscriber additions of 0.98 million and 2.04 million fell short of NFLX's targets of 1.33 million and 2.36 million, respectively. The company cited a recent price hike for the relatively weak Q3 domestic streaming growth, and a seemingly tempered Q4 outlook. On positive notes, we see sizable upside on domestic streaming margins, and note recent strides on international expansion. /T. Amobi, CPA, CFA

July 22, 2014
02:40 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX INC. (NFLX 427.79***): Increasingly, we view NFLX's international operations as a potential swing factor, as the unit again saw a relatively modest loss of $15 million in Q2. NFLX also alluded to potentially sizable addressable market on global broadband households, as it primes for further push into Western Europe by fall. Still, with slightly wider Q3 international loss seen (consistent with management's guidance), we trimmed 2014 and 2015 EPS estimates by $0.28 and $0.38, to $3.84 and $6.59. Our 12-month target price stays $450, on relatively ample 2015 enterprise value-to-revenues of 3.8X. /T. Amobi, CPA, CFA

July 21, 2014
04:54 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF NETFLIX INC. (NFLX 451.95***): Q2 EPS of $1.15, vs. $0.49, $0.02 above our estimate. We saw several positive Q2 takeaways, including 1.7 million worldwide net subscriber additions, 290 basis points expansion of domestic streaming margins, and a further narrowing of international contribution loss amid ongoing expansion. With more strides in original programming on latest Emmy nominations, NFLX affirms solid Season 2 debut of "Orange is the New Black" (among returning and new shows in the pipeline), eases concerns on recent price hike, and sets some encouraging Q3 targets, with potential international upside. /T. Amobi, CPA, CFA

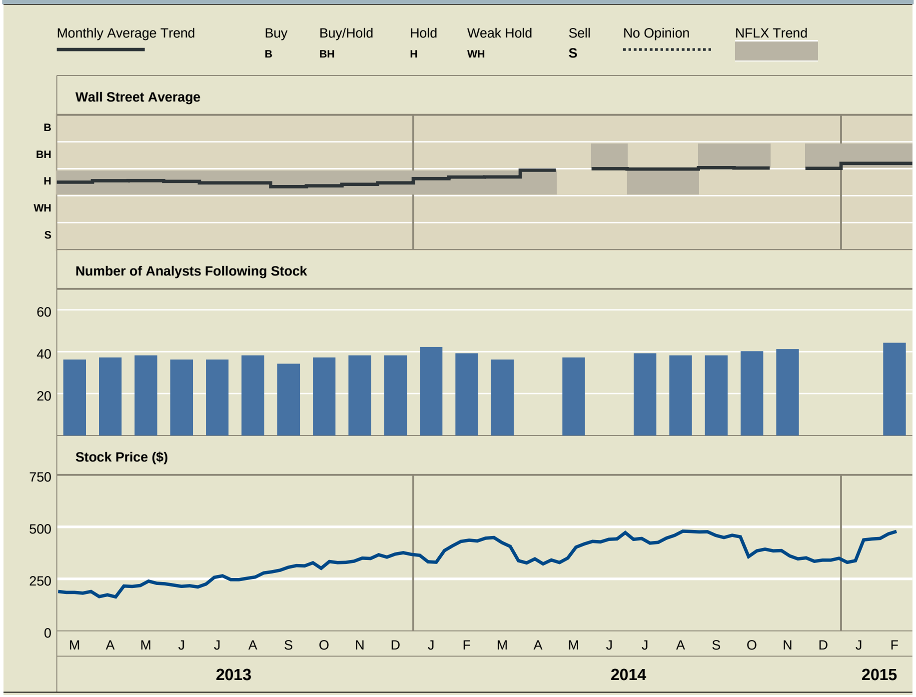
June 26, 2014
07:10 am ET ... NETFLIX, INC. (NFLX 444.21) UNCHANGED, BARCLAYS INITIATES COVERAGE ON NETFLIX, INC. AT UNDERWEIGHT, ANNOUNCES $420.00 P... Barclays initiates coverage on Netflix, Inc. (NASDAQ: NFLX) witha Underweight rating and a $420.00 price target. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

June 26, 2014
10:41 am ET ... NETFLIX, INC. (NFLX 439.66) DOWN 4.55, UPDATE: BARCLAYS INITIATES COVERAGE ON NETFLIX, UPSIDE ALREADY PRICED IN... In a report released Thursday, Barclays analyst Paul Vogelinitiated coverage on Netflix (NASDAQ: NFLX) and gave the company an Underweight rating with a price target of $420 per share. Barclays likes the companies in the domestic internet space and project future potential growth. Vogel states Netflix has long-term potential in subscriptions and innovations to come, but he believes the growth potential and upside surprise is already priced in the shares of the company. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

June 26, 2014
10:32 am ET ... NETFLIX, INC. (NFLX 439.23) DOWN 4.98, UPDATE: BARCLAYS INITIATES COVERAGE ON NETFLIX, UPSIDE ALREADY PRICED IN... In a report released Thursday, Barclays analyst Paul Vogelinitiated coverage on Netflix (NASDAQ: NFLX) and gave the company an Underweight rating with a price target of $420 per share. Barclays likes the companies in the domestic internet space and project future potential growth. Vogel states Netflix has long-term potential in subscriptions and innovations to come, but he believes the growth potential and upside surprise is already priced in the shares of the company. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

Netflix Inc

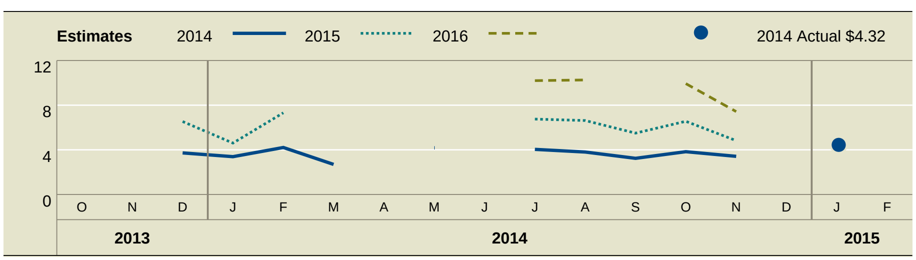
Analysts' Recommendations



Of the total 43 companies following NFLX, 43 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	13	30	0	10
Buy/Hold	8	19	0	7
Hold	19	44	0	19
Weak Hold	2	5	0	2
Sell	1	2	0	2
No Opinion	0	0	0	0
Total	**43**	**100**	**0**	**40**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2016	5.55	11.39	1.80	31	86.2
2015	3.90	3.90	3.90	1	NM
2016 vs. 2015	▲ 42%	▲ 192%	▼ -54%	▲ 3000%	NA

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Atlantic Equities LLP
BMO Capital Markets Equity Research
BTIG, LLC
Barclays
BofA Merrill Lynch
CRT Capital Group LLC
Canaccord Genuity
Cantor Fitzgerald & Co.
Citigroup Inc
Cowen and Company, LLC
Credit Suisse
Daiwa Securities Co. Ltd.
Dougherty & Company LLC
Evercore ISI
FBN Securities, Inc.
FBR Capital Markets & Co.
Goldman Sachs
JP Morgan
Janney Montgomery Scott LLC
Jefferies LLC
MKM Partners LLC
Macquarie Research
Morgan Stanley
Morningstar Inc.
Needham & Company
Nomura Securities Co. Ltd.
Northland Capital Markets
Oppenheimer & Co. Inc.
Pacific Crest Securities
Piper Jaffray Companies

Wall Street Consensus vs. Performance

For fiscal year 2015, analysts estimate that NFLX will earn US$ 3.90. For fiscal year 2016, analysts estimate that NFLX's earnings per share will grow by 42% to US$ 5.55.

Netflix Inc

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

Glossary

S&P Capital IQ STARS
Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

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(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Capital IQ EPS Estimates
S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings
S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price
The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

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CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment
Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:
★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.
★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.
★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.
★★★☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.
★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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S&P Capital IQ Global STARS Distribution as of December 31, 2014

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Hold	51.6%	48.4%	45.0%	50.4%
Sell	10.7%	26.2%	21.2%	14.4%
Total	100%	100%	100%	100%

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