

Netflix, Inc.

NASDAQ: NFLX | Global Streaming Entertainment & Advertising
Equity Research Report — Coverage Update | August 5, 2026

LAST PRICE	RATING	12–24M FAIR VALUE	MARKET CAP
\$73.57 +6.7% since Jul 20 report	BUY reaffirmed, not upgraded	\$91 +23.7% prob.-weighted	\$306B 4.16B shares o/s

Netflix has recovered roughly 13% from the \$65.08 intraday low set on 17 July 2026 and now trades at \$73.57, sitting at the upper edge of the \$62–\$74 accumulation range published in the July coverage report. Nothing in the fundamental record has changed in the intervening sixteen sessions — the company has not reported, has not re-guided, and the next scheduled release is 20 October 2026 — so this update is principally a test of whether the published price levels still describe the opportunity accurately. They largely do, with one meaningful qualification: the entry recommendation of \$68–\$70 has been overtaken by the market, and the risk/reward that justified it has compressed from roughly 2.6:1 to 2.0:1 simply because the price rose while the fair-value estimate did not. The offsetting development is technical rather than fundamental. The oversold condition that made mid-July attractive has resolved: the 14-day RSI has normalised from the high-20s to 50.6, MACD has crossed above its signal line for the first time since April, and price has reclaimed the 20-day moving average. That removes the most obvious near-term catalyst for a further leg down without confirming a trend reversal, since price remains 3.8% below the 50-day and roughly 20% below the 200-day average. The rating stays **Buy** and the fair value stays \$91; the entry band and stop have been reset to reflect a higher starting price and the fact that the 52-week low has now held for three weeks.

KEY STATISTICS

52-Week Range	\$65.08 – \$126.71
TTM Revenue / Growth	\$48.4B / +16.0% YoY
TTM Operating Margin	29.7%
TTM Free Cash Flow	\$11.2B (23.1% margin)
P/E (TTM) / Fwd P/E	23.1x / ~20.5x
PEG (fwd)	1.06x
ROIC / ROE	~33% / ~48%
Net Debt / EBITDA	~0.4x

CONSENSUS & TECHNICALS

Analyst Consensus	Buy (36 of 51 Buy/Strong Buy)
Avg. Price Target	\$94.33 (+28.2%)
Target Range	\$70 – \$135
RSI (14-day)	50.6 (neutral)
MACD (12,26,9)	-1.04 vs -1.75 signal
Price vs. 50D / 200D MA	-3.8% / -19.6%
ATR(14) / as % of price	\$2.47 / 3.4%
Short Interest	~2.5% of float

Sources: Alpha Vantage (single real-time quote and daily OHLCV series); StockAnalysis.com and GuruFocus (valuation multiples); SEC EDGAR (10-Q/10-K/8-K); Netflix Q2 2026 shareholder letter and earnings call; company IR; S&P Global / MarketScreener consensus; moomoo news feed; Variety, Deadline, The Hollywood Reporter, Business Standard. Technical indicators computed from 100 daily bars (12 Mar – 4 Aug 2026); the 200-day average is cited from third-party market data as the local series is shorter than 200 sessions. All figures reflect the 10-for-1 forward split effective 17 November 2025. Data as of 4–5 August 2026.

1. What Has Changed Since the Last Report

The July coverage report was published on 20 July 2026, three days after a Q2 print that beat on revenue but guided Q3 below consensus and took the shares down 7.3% in a single session to \$68.95. Sixteen trading sessions later the fundamental file is unchanged in every material respect. Netflix has not reported, has not revised guidance, and has issued no 8-K bearing on results. The full-year 2026 outlook still stands at \$51.0–\$51.4 billion of revenue, 13–14% reported growth, an operating margin guided to 31.5%, and advertising revenue roughly doubling to approximately \$3

billion. Q3 guidance remains \$12.86 billion of revenue and \$0.82 of EPS against street estimates near \$13.0 billion and \$0.84. The next opportunity to test any of it is the 20 October release.

What has changed is price, and the derived quantities that follow from it. The stock has appreciated 6.7% and the trailing multiple has expanded from 21.7x to 23.1x, with the forward multiple moving from 19.9x to roughly 20.5x and forward PEG crossing above 1.0 for the first time since the drawdown began. Sell-side targets have drifted modestly lower even as the price rose: the consensus average has come down from \$98.16 to \$94.33 across a slightly wider panel of 51 analysts, with 36 at Buy or better, 15 at Hold and none at Sell. The combination — price up, target down — has cut the consensus-implied upside from 42% to 28% and is the single clearest quantitative reason this report reaffirms rather than upgrades.

Metric	20 Jul 2026	4 Aug 2026	Read
Share price	\$68.95	\$73.57	Recovered 13% off the \$65.08 low; low has held for three weeks
P/E (TTM)	21.7x	23.1x	Still near multi-year lows, but the statistical discount is ~7% smaller
Forward PEG	0.98x	1.06x	Crossed above 1.0; the most cited bull statistic no longer reads as unambiguous
Consensus target	\$98.16	\$94.33	Trimmed after Q3 guidance was absorbed into models
Implied consensus upside	+42.4%	+28.2%	Materially narrower, from both directions at once
RSI (14)	~29	50.6	Oversold condition fully worked off; no longer a timing edge
Price vs. 200-day MA	-26%	-19.6%	Gap closing from both sides as the average rolls down
Reward-to-risk (to TP2)	~2.6:1	~2.0:1	Compressed purely by entry price, not by a changed thesis

Comparison against the levels and figures published in the 20 July 2026 coverage report. Reward-to-risk recomputed on the revised cut-loss described in Section 9.

Three company-specific developments arrived in the window, none of them thesis-bearing. Anne Sweeney resigned from the board on 26 July after eleven years, explicitly not over any disagreement with the company, and Netflix has said it has no immediate plans to fill the seat. Coming within months of Reed Hastings' own board exit, it thins the bench of directors with deep legacy-media operating experience at exactly the moment the company is building an advertising sales organisation, which is a mild governance negative rather than a warning. Two Form 144 notices filed on 3 August — an officer proposing to sell \$7.73 million and a director \$24.72 million of stock — read as scheduled disposition rather than signal, though the optics of insiders selling into a bounce are unhelpful. On the commercial side, Netflix launched its first Indian e-commerce partnership on 1 August, giving Flipkart Plus members a monthly mobile-plan entitlement earned through shopping activity. India is the largest under-monetised market in the streaming world and distribution partnerships of this kind are how ad-tier reach gets built there, but the revenue contribution over a 12–24 month horizon is immaterial and it should be read as directionally supportive, not as a catalyst.

2. Business Overview

Netflix operates a single reportable segment — global streaming entertainment — monetised through three membership tiers sold direct to consumers in essentially every market outside China, North Korea, Syria and Russia, with roughly 325 million paid memberships. Revenue is primarily subscription fees, increasingly supplemented by advertising layered onto the ad-supported tier, with minor contributions from consumer products, games and live-event sponsorship. The company owns no linear networks, no theme parks and no theatrical distribution arm; the entire enterprise runs on one

global technology and content platform, which is simultaneously its efficiency advantage and its concentration risk.

The economics are those of a high-fixed-cost platform amortised across a very large base, which is why incremental revenue from price increases, ad load or net additions converts to operating income at a high rate. Operating margin has roughly doubled from 17.8% in 2022 to a guided 31.5% for 2026. The advertising business complicates that arithmetic in the near term by adding a sub-scale second revenue stream with its own cost base in ad sales, measurement and ad-tech, dilutive today and structurally accretive once scaled, because incremental ad inventory carries near-zero marginal content cost. Regionally, UCAN remains the most profitable per member, EMEA has scaled past \$4 billion of quarterly revenue, and LATAM and APAC each exceed \$1.5 billion per quarter — a genuinely globalised revenue base rather than a single mature market with satellites.

The precise characterisation of the growth problem the market is pricing matters. Every region grew revenue in double digits in Q2 2026. What has shifted is composition: growth is coming increasingly from price and advertising rather than membership additions. That is a lower-multiple growth algorithm and the de-rating is a rational response to it, but it is not the same thing as universal engagement fatigue, and the distinction is the crux of the bull case.

3. Industry Landscape

Global streaming remains large and growing but is now visibly mature and fragmented. Netflix leads on paid subscribers at roughly 325 million, ahead of Amazon Prime Video near 205 million on a bundled basis, the combined Disney+/Hulu base around 196–200 million, and the merged HBO Max/Discovery+ base near 164 million. In the United States, share estimates place Amazon and Netflix roughly level at 21–22% each, Disney+ at 14% and HBO Max at 13% — nothing resembling the winner-take-most structure of 2019–2021.

Two structural shifts dominate the next 12–24 months. Consolidation is the first: Paramount Skydance's approximately \$110 billion acquisition of Warner Bros. Discovery, cleared by shareholders and the DOJ in 2026, assembles HBO's premium library alongside Paramount's sports and news assets under one balance sheet, producing a tougher number-three competitor than either predecessor. Integration risk buys Netflix perhaps a year, and the integration has now begun. The second is advertising: ad-supported streaming is the fastest-growing monetisation layer industry-wide as linear television budgets migrate, and Amazon and Disney are both building comparable ad-tech and measurement capability, which will steadily compress the advantage Netflix currently derives from having moved first.

Live sports is the second battleground. Amazon holds Thursday Night Football, Disney/ESPN a broad portfolio plus its direct-to-consumer app, and Paramount the NFL and UEFA Champions League. Netflix's stated approach — "events over seasons" — avoids the \$2–3 billion annual cost of a full-season league package, which protects margin but caps the incremental engagement Netflix can extract relative to competitors owning recurring weekly live inventory. It is a deliberate trade-off and, on the evidence available, the correct one for a company whose equity story now rests on margin expansion.

4. Financial Analysis

No new financial data has been reported since the July coverage report; the table below is unchanged and is reproduced for reference, with the trailing twelve months ended 30 June 2026 as the most recent complete period. Revenue growth reaccelerated from 6.5% in 2022 to 16.0% on a trailing basis, while operating margin nearly doubled to 29.7%. The quality of that margin expansion is the single most important number in the investment case, because it is what converts a decelerating top line into still-attractive earnings growth, and it derives from operating leverage on a content budget growing slower than revenue rather than from one-time cost reduction.

(\$ in millions, except per-share)	FY2022	FY2023	FY2024	FY2025	TTM Jun-26
Revenue	31,616	33,723	39,001	45,183	48,371
Revenue growth (YoY)	6.5%	6.7%	15.7%	15.9%	16.0%

(\$ in millions, except per-share)	FY2022	FY2023	FY2024	FY2025	TTM Jun-26
Gross margin	39.4%	41.5%	46.1%	48.5%	49.1%
Operating income	5,633	6,954	10,418	13,327	14,355
Operating margin	17.8%	20.6%	26.7%	29.5%	29.7%
Net income	4,492	5,408	8,712	10,981	13,650
Diluted EPS	\$0.99	\$1.20	\$1.98	\$2.53	\$3.18
Free cash flow	1,619	6,926	6,922	9,461	11,152
FCF margin	5.1%	20.5%	17.8%	20.9%	23.1%
ROE	24.5%	26.2%	38.4%	42.8%	~48%
ROIC	17.7%	21.2%	31.0%	36.7%	~33%

Source: StockAnalysis.com standardised financials, cross-checked against Netflix Form 10-K (FY2022–FY2025) and Form 10-Q (Q2 2026) on SEC EDGAR. TTM = trailing twelve months ended 30 June 2026.

One adjustment remains essential to reading these figures correctly. Trailing net income growth of 33% overstates underlying earnings quality because Q1 2026 included a \$2.8 billion reverse break-up fee received from Paramount Skydance / Warner Bros. Discovery. Excluding it, trailing EPS is closer to \$2.50 and the trailing multiple on clean earnings is roughly 29x rather than 23x. This is the reason the forward multiple near 20.5x, not the trailing figure, is the honest valuation anchor, and it is why this report has consistently declined to describe Netflix as cheap on trailing earnings without that caveat attached.

The balance sheet is unchanged and is a genuine asset in a de-rating: net debt to EBITDA near 0.4x, investment-grade credit, and trailing free cash flow of \$11.2 billion at a 23.1% margin. That capacity funded a record \$4.7 billion of buyback in Q2 2026, executed into the company's own drawdown. Repurchasing stock counter-cyclically at 20x forward earnings is a materially better use of capital than repurchasing at 40x, and it is one of the few levers management controls that is currently working entirely in shareholders' favour.

5. Competitive Positioning

Competitor	Subs (approx.)	Fwd P/E	Relative position
Netflix	325M	~20.5x	Highest margin and only pure-play at scale; first-mover ad-tech lead now narrowing
Amazon Prime Video	205M	~30x*	Bundled economics make standalone profitability opaque; owns recurring weekly live NFL inventory
Disney+ / Hulu	196–200M	~19x*	Deep IP library and parks cross-promotion; ESPN DTC app adds sports engagement Netflix lacks
Paramount Skydance / WBD	164M	n/m	Newly merged; HBO library plus NFL and Champions League, but carrying integration and leverage risk

*Parent-company multiples; streaming is not separately valued for Amazon or Disney. Subscriber figures are company-disclosed or widely reported estimates and are not measured on a consistent basis across platforms.

Netflix's durable advantages are scale-derived and remain intact: a content budget near \$20 billion amortised across the largest paid base in the industry, a recommendation and personalisation engine built over two decades that measurably lowers churn against generic content grids, a single global technology stack for billing, delivery, encoding and ad-serving that structurally out-margins conglomerate peers still integrating legacy systems, and an ad business now reaching more than 250 million monthly active viewers with roughly 60% of new signups in ad markets choosing the ad plan. The disadvantages are equally real: no ancillary monetisation through parks or licensing on Disney's scale, a growth mix tilting toward price rather than members, and a deliberately partial live-sports position. On balance the moat is durable but narrowing, which is why competitive advantage is scored at 7 rather than 8.

6. Management & Capital Allocation

The capital-allocation record is strong and the operating record is good; the communication record is what has been damaged. Two consecutive quarters of below-consensus guidance, each followed by a double-digit share decline, indicate a management team that has repeatedly set expectations it then had to walk back — a guidance-credibility problem rather than an execution problem, since the reported results themselves have consistently met or exceeded the street. The abortive pursuit of Warner Bros. Discovery's studio and streaming assets compounded it. The strategic logic was coherent, the \$2.8 billion break-up fee received on exit was a good outcome financially, and the episode still cost management credibility because it suggested a leadership team looking outside the business for growth at the same moment it was guiding the core business lower.

Nothing in the last sixteen sessions repairs or worsens that materially. Anne Sweeney's board departure and the two Form 144 notices are governance and optics rather than substance. The next genuine test of management credibility is the 20 October release, where Q3 actuals meet the guidance issued on 17 July. A quarter landing within or above the guided range would begin restoring the credibility discount; a third consecutive guide-down would confirm it. Management is held at 6 out of 10 pending that test.

7. Growth Drivers and Risks

Driver	Likelihood	Impact	Comment
Advertising scale-up to ~\$3B in 2026	High	High	250M monthly ad-tier viewers, ~60% of new signups in ad markets choose ads, 15 new ad markets opening; the central pillar of the case
Continued margin expansion toward 31.5%	High	High	Guided for FY2026; operating leverage on a content budget growing slower than revenue
Price increases in mature markets	Medium	Medium	Working so far; the lever with the least remaining headroom and the highest churn sensitivity
Emerging-market distribution (India, LATAM)	Medium	Medium	Flipkart Plus partnership live 1 Aug 2026, Netflix's first Indian e-commerce tie-up; builds reach, immaterial to near-term revenue
Counter-cyclical buyback	High	Medium	Record \$4.7B in Q2 2026 at ~20x forward earnings; mechanically accretive at this multiple
Live events strategy	Medium	Low	WWE Raw, NFL Christmas, boxing; caps cost risk and caps upside symmetrically
Risk	Probability	Severity	Comment
Deceleration proves structural, not cyclical	Medium	High	The core bear case; would invalidate the multiple-recovery thesis entirely. Earliest tell is a third consecutive guide-down on 20 October
Advertising misses the ~\$3B 2026 target	Low–Med	High	Ads carry most of the growth narrative; a visible miss removes the second engine
Price-increase tolerance weakens	Medium	Medium	Would show as elevated churn in mature markets before it shows in revenue
Competitive intensity from merged Paramount-WBD	High	Medium	Certain to increase; magnitude depends on integration execution over 2026–27
Content or sports cost inflation	Medium	Medium	Directly pressures the margin line the entire case depends on

Risk	Probability	Severity	Comment
Valuation re-rates further downward	Medium	Medium	A slower-growth repricing to 15–17x forward is the bear-case mechanism, not an independent risk
Governance thinning at board level	Low	Low	Hastings' exit followed by Sweeney's, with no immediate replacement; worth monitoring, not acting on

8. Valuation

Netflix is best valued on forward earnings and free cash flow rather than on trailing figures, for the break-fee reason set out in Section 4, and cross-checked against its own trading history because no listed peer is a clean comparable — Amazon and Disney do not disclose streaming profitability separately, and Paramount-WBD is mid-integration.

Method	Input	Implied value	Comment
Forward P/E, peer-history reversion	22–24x on FY27E EPS ~\$4.15	\$91 – \$100	Assumes the multiple recovers toward the low end of its own five-year range, not to peak
Forward P/E, no re-rating	20.5x held flat	\$85	Value accrues from earnings growth alone; the most conservative constructive case
EV/EBITDA	~19x FY27E	\$88 – \$95	Broadly corroborates the earnings-based range
FCF yield	3.6% on \$11.2B TTM FCF	\$88 – \$96	At a 3.0–3.3% target yield, consistent with a maturing compounder
Third-party intrinsic estimate	GuruFocus GF Value	\$100	Cited for triangulation only; not relied upon
Sell-side consensus	51 analysts	\$94	Trimmed from \$98 since the July report despite the higher share price

The methods converge on a fair value in the high-\$80s to high-\$90s, and the probability-weighted estimate developed in Section 11 sits at \$91, unchanged from July. Holding the fair value flat while the price has risen 6.7% is the deliberate conclusion of this update rather than an oversight: no new information has arrived that would justify moving it, and the sell-side has moved its own average in the opposite direction. The consequence is that the discount to fair value has narrowed from 32% to 24%. That remains a real discount — enough to sustain a Buy — but it is no longer the kind of gap that justifies aggressive sizing ahead of a quarter that will settle the growth question either way.

9. Sentiment and Positioning

Indicator	Reading	Interpretation
Analyst consensus	Buy — 36 Buy / 15 Hold / 0 Sell of 51	No outright bears; disagreement is about pace, not direction. Panel widened and softened slightly since July
Average price target	\$94.33, range \$70 – \$135	Trimmed from \$98.16; the \$65 wide range reflects genuine uncertainty about terminal growth
Institutional ownership	~84% of shares outstanding	Broad and sticky, but also a source of index-driven forced selling in drawdowns
Insider activity	Form 144 filings 3 Aug: officer \$7.7M, director \$24.7M	Reads as scheduled disposition; no offsetting insider buying, which is the more notable absence
Short interest	~2.5% of float	Low. Nothing here suggests a crowded short or a squeeze setup

Indicator	Reading	Interpretation
News flow (moomoo digest)	Neutral	Board resignation, routine insider filings, an India distribution partnership and heavy options volume; no thesis-bearing item

Positioning is unremarkable in both directions, which is itself informative. There is no capitulation left to exploit — that was the July setup — and no crowded long to fear. Options volume has run at 270,000 to 400,000 contracts a day with open interest around 5.4 to 5.6 million, elevated but consistent with a large-cap name three weeks past an earnings shock rather than indicative of directional positioning.

10. Technical Position

The technical picture is where this update differs most from July, and the difference cuts both ways. The oversold condition that supported staging entries at \$68.95 has fully resolved. RSI(14) has moved from the high-20s to 50.6, squarely neutral. MACD, while still negative in absolute terms at -1.04, has crossed above its signal line at -1.75 with a positive histogram of +0.71 — the first bullish crossover since April. Price has reclaimed the 20-day simple moving average at \$72.04 and the 20-day exponential at \$72.64, and has closed higher in nine of the last twelve sessions.

Indicator	Value (4 Aug 2026)	Signal
Close	\$73.57	Upper edge of the published \$62–\$74 accumulation range
SMA 20 / EMA 20	\$72.04 / \$72.64	Reclaimed — the first short-term structure repair since April
SMA 50 / EMA 50	\$76.50 / \$76.60	Price 3.8% below; the first genuine overhead resistance
SMA 100	\$85.15	Price 13.6% below; converges with the take-profit-1 zone
SMA 200 (external)	~\$91.55	Price 19.6% below; the average is declining as 2025 highs roll off
RSI (14)	50.6	Neutral. The oversold timing edge that existed in July is gone
MACD (12,26,9)	-1.04 / -1.75 / +0.71	Bullish crossover with expanding histogram; first since April
ATR (14)	\$2.47 (3.4%)	Elevated. A 3.4% daily true range argues for wide stops and staged entries
Volume, 20d vs 50d avg	49.0M vs 46.2M	Slightly above trend; the recovery has not been driven by unusual volume
52-week / period range	\$65.08 – \$126.71	The 17 July low has held for three weeks — the most useful single fact in this section

Computed from 100 daily bars (12 March – 4 August 2026) sourced from Alpha Vantage. The 200-day average is cited from third-party market data because the local series is shorter than 200 sessions.

The correct reading is a stabilisation, not a reversal. Price sits below the 50-, 100- and 200-day averages, which remain in bearish alignment, and a downtrend is not broken until at minimum the 50-day at \$76.50 is reclaimed and held. What the last three weeks establish is that \$65 attracted buyers and the panic low has held through two subsequent weekly closes. For a position being staged rather than traded, that is worth more than the momentum signals: it converts an unknown downside into a tested one. Consistent with the standing practice of treating technicals as timing input only, none of this changes the rating; it changes where the stop belongs.

11. Scoring Summary

Category	Score	vs Jul	Rationale
Business Quality	8/10	=	Global scale leader, owned technology and personalisation stack, ~30% operating margin.
Financial Strength	8/10	=	Net debt/EBITDA ~0.4x, \$11.2B trailing FCF, record buyback executed into the drawdown.
Competitive Advantage	7/10	=	Durable but narrowing as Amazon, Disney and Paramount-WBD close the ad-tech gap.
Management	6/10	=	Strong capital allocation; guidance credibility unrepaired and untested until 20 October.
Growth Potential	6/10	=	Ads and international runway real, but mix has shifted to lower-quality price-driven revenue.
Valuation	7/10	=	Still near multi-year-low multiples, though the discount has narrowed (23.1x P/E, 1.06x PEG).
Risk	5/10	=	Beta 1.52, 3.4% ATR, guidance credibility risk, rising competitive intensity.
Technical Setup	5/10	+2	Upgraded: RSI neutralised, MACD crossover, 20-day reclaimed, 52-week low held three weeks.

Overall Investment Score: 68 / 100, up one point from 67. Derivation (weighted average of component scores, scaled ×10): Business Quality 15%×8 + Financial Strength 15%×8 + Competitive Advantage 15%×7 + Management 10%×6 + Growth Potential 15%×6 + Valuation 15%×7 + Risk 10%×5 + Technical Setup 5%×5 = 6.75 on a ten-point scale. The entire move comes from Technical Setup, raised from 3 to 5 because the confirmed downtrend of mid-July has become a stabilisation with a tested low. Valuation is held at 7 despite multiple expansion from 21.7x to 23.1x — the discount to the company's own trading history has narrowed but has not closed, and a one-point downgrade would overstate a 6.7% price move. Every other component is unchanged because no new fundamental information exists to change it.

12. Recommendation

RATING	INVESTMENT SCORE	HOLDING HORIZON
BUY reaffirmed from 20 Jul 2026	68 / 100 was 67 / 100	12–24 months unchanged

The recommendation is unchanged at Buy. The case that supported it in July survives intact: a business compounding revenue in the mid-teens with an operating margin guided to 31.5%, an investment-grade balance sheet, a 23% free-cash-flow margin, and a forward multiple near 20.5x that prices Netflix closer to a mature incumbent than to a platform with a second monetisation engine still in its early innings. What has changed is that the entry is 6.7% worse and the technical justification for urgency has expired. Those two facts do not argue for a different rating; they argue for a different trade plan, which is set out below.

The levels published on 20 July have been reset rather than reaffirmed. The recommended entry of \$68–\$70 was overtaken by the market within four sessions and no longer describes an available price. The cut-loss is raised from \$57 to \$60: the structural signal is unchanged — a decisive volume breach of the \$65.08 low would indicate that the deceleration is structural rather than cyclical — but with three weeks of price action confirming buyers at \$65, a stop 12% below that level is wider than the thesis requires, and tightening it partially offsets the reward-to-risk compression caused by the higher entry. Take-profit levels are unchanged because the fair-value work supporting them is unchanged.

Parameter	Level	Basis
Recommended entry	\$70 – \$74	Current price sits at the top of this band; stage rather than commit at once
Ideal buy range	\$64 – \$76	Raised from \$62–\$74. Lower bound assumes a retest of the July low without thesis failure
Cut-loss	\$60	Raised from \$57. A decisive breach of the \$65.08 low on volume would signal structural, not cyclical, deceleration
Take-profit 1	\$86 (+16.9%)	Unchanged. Converges with the 100-day average at \$85 and the conservative no-re-rating valuation case
Take-profit 2	\$100 (+35.9%)	Unchanged. Consistent with a 24x reversion multiple and the upper end of the sell-side range
Expected upside (to TP2)	+35.9%	See Section 8 valuation cross-checks
Expected downside (to cut-loss)	-18.4%	See Section 7 risk factors
Reward-to-risk (to TP2)	~2.0:1	Reward \$26.43 against risk \$13.57 per share from \$73.57. Was 2.6:1 at \$68.95
Position size	Initial 2% of a diversified growth-equity portfolio	Unchanged. Scale toward a 4% maximum only after the 20 October release confirms the ad and margin trajectory
Suggested allocation	Growth / large-cap tech-adjacent sleeve	Not a defensive or core holding given beta of 1.52 and a 3.4% average daily true range

What would change the view. A third consecutive quarter of below-consensus guidance on 20 October, evidence of accelerating rather than merely elevated churn in mature markets, or a visible miss against the roughly \$3 billion 2026 advertising target would each argue for a downgrade to Hold. In the other direction, Q3 actuals landing within or above the guided range alongside continued counter-cyclical repurchase, particularly if accompanied by a reclaim and hold of the \$76.50 fifty-day average, would support upgrading conviction toward Strong Buy. A move above \$86 without that fundamental confirmation would not; it would instead move this name toward a Hold on valuation grounds.

13. Scenario Analysis

Scenario	Prob.	Revenue outlook	Earnings outlook	Fair value
Bull	25%	FY2027 revenue ~\$58–60B; low-teens growth sustained; ad revenue tracks ahead of the \$9B 2030 goal	FY2027 EPS ~\$4.50–5.00; operating margin expands past 32% as ad-tech scales; multiple re-rates to 24–28x	\$120 – \$135
Base	45%	FY2027 revenue ~\$54–57B as growth decelerates toward high-single/low-double digits; price lever fades, ads scale on plan	FY2027 EPS ~\$4.00–4.30; margin holds near 31%; multiple stabilises at 20–22x, consistent with a maturing compounder	\$85 – \$100
Bear	30%	FY2027 revenue growth falls below 10% as engagement plateaus in mature markets and price tolerance weakens	FY2027 EPS ~\$3.50–3.70 as content and sports cost inflation pressures margin; multiple de-rates to 15–17x	\$55 – \$65

Probabilities sum to 100% and are unchanged from the July report, because no information has arrived that would justify shifting weight between the branches. Probability-weighted fair value: $0.25 \times \$127.50 + 0.45 \times \$92.50 + 0.30 \times \$60.00 = \$90.7$, rounded to **\$91** per share, or +23.7% against the 4 August close of \$73.57. The comparable figure in July was +32% against \$68.95. It is worth stating plainly that the bear-case range of \$55–\$65 sits below the

revised \$60 cut-loss, which is the intended relationship: the stop is designed to exit before the bear case is fully priced, not after.

14. Final Verdict

Would this be worth committing new capital to at \$73.57? Yes, on a staged basis, but with less urgency and smaller initial size than the same question warranted at \$68.95 three weeks ago. The distinction matters more than the shared rating suggests. In July the case rested on two independent legs: a statistical valuation discount and a capitulation-grade technical setup with RSI near 29 at a fresh 52-week low. The second leg has now been collected — that is what the 13% bounce was — and only the valuation leg remains. A 24% discount to a \$91 fair value, on a business generating \$11.2 billion of free cash flow and repurchasing its own stock at 20x forward earnings, is sufficient to justify holding and to justify adding on weakness. It is not sufficient to justify chasing.

Why at this valuation: the forward multiple near 20.5x still prices Netflix as though the deceleration is permanent and the advertising business does not exist. The base case in this report requires neither heroic assumptions nor a return to peak multiples — it requires only that Netflix remains a low-double-digit revenue grower with a 31% margin and that the market eventually pays 20–22x for that. Why now, with qualification: the \$65.08 low has held for three weeks and the panic phase appears complete, but the 20 October release is the event that resolves the actual question, and there is no analytical reason to be fully positioned before it.

What would invalidate the thesis: the same thing that would have invalidated it in July, unchanged and unresolved. If mature-market engagement has genuinely plateaued and price increases plus ad-load growth run into consumer resistance faster than management expects, then the deceleration is structural, the multiple is not cheap against a lower-growth future, and the market will have been right to re-rate the stock. The clearest early tell remains a third consecutive quarter of guidance cuts, or advertising revenue missing the roughly \$3 billion target Netflix has set itself. Until two or three more quarters of data settle that question, this remains a conviction-appropriate Buy rather than a maximum-conviction one — and at \$73.57 rather than \$68.95, the appropriate conviction is slightly lower than it was.

Disclosures. Prepared from public sources believed reliable, including SEC EDGAR filings, Netflix investor-relations disclosures and the Q2 2026 shareholder letter and earnings call, Alpha Vantage (one real-time quote and one daily OHLCV series), StockAnalysis.com, GuruFocus, S&P Global / MarketScreener consensus data, the moomoo news feed, and reporting from Variety, Deadline, The Hollywood Reporter, Business Standard and TipRanks. Technical indicators were computed from 100 daily bars covering 12 March to 4 August 2026; the 200-day moving average is cited from third-party market data because that series is shorter than 200 sessions. Netflix has not reported earnings since 17 July 2026 and the next scheduled release is 20 October 2026; accordingly no earnings call transcript postdates the previous coverage report and none was reviewed for this update. This report reflects analysis as of 5 August 2026, does not constitute investment advice, and does not account for any individual investor's objectives, financial situation or risk tolerance. Netflix's common stock underwent a 10-for-1 forward split effective 17 November 2025; all prices and per-share figures are presented on a split-adjusted basis.