
CO1 10/20 20:00 NetFlix Inc: Third Quarter 2020 Letter to Shareholders

BN 10/20 20:01 *NETFLIX SEES 4Q EPS \$1.35, EST. 97C

BN 10/20 20:01 *NETFLIX SEES 4Q REV. \$6.57B, EST. \$6.59B

BN 10/20 20:00 *NETFLIX SEES 4Q STREAMING PAID NET CHANGE +6.00M, EST. +6.54M

BN 10/20 20:00 *NETFLIX 3Q STREAMING PAID NET CHANGE +2.20M, EST. +3.32M

BN 10/20 20:00 *NETFLIX 3Q REV. \$6.44B, EST. \$6.38B

BN 10/20 20:00 *NETFLIX 3Q EPS \$1.74 VS. \$1.47 Y/Y, EST. \$2.13

Netflix 3Q Streaming Paid Net Change Misses Est.: Snapshot
2020-10-20 20:07:13.156 GMT

By Cara Moffat and Bloomberg Automation
(Bloomberg) -- Netflix reported results for the third
quarter.

* 3Q streaming paid net change +2.20 million, -68% y/y, estimate
+3.32 million (Bloomberg Consensus)

* Sees 4Q streaming paid net change +6.00 million, estimate
+6.54 million

* Sees 4Q revenue \$6.57 billion, estimate \$6.59 billion (range
\$6.23 billion to \$6.92 billion)

* Sees 4Q EPS \$1.35, estimate 97c (range 2c to \$1.78)

* Sees 4Q streaming paid memberships 201.2 million, estimate
202.8 million

* Sees 4Q operating margin 13.5%

* 3Q revenue \$6.44 billion, +23% y/y, estimate \$6.38 billion
(range \$6.28 billion to \$6.59 billion)

* 3Q EPS \$1.74 vs. \$1.47 y/y, estimate \$2.13 (range \$1.62 to
\$2.30)

* 3Q streaming paid memberships 195.2 million, +23% y/y,
estimate 196.3 million

* 3Q streaming content obligations \$19.1 billion vs. \$19.1
billion y/y

* 3Q UCAN streaming paid net change +180,000, -94% q/q, estimate
+260,510

* 3Q EMEA streaming paid net change +760,000, -72% q/q, estimate
+1.25 million

* 3Q LATAM streaming paid net change +260,000, -85% q/q,
estimate +705,340

* 3Q APAC streaming paid net change +1.01 million, -62% q/q,
estimate +1.10 million

* 3Q operating margin 20.4% vs. 22.1% q/q

* 3Q operating income \$1.31 billion, -3.2% q/q, estimate \$1.27 billion

* 3Q free cash flow \$1.15 billion, +27% q/q, estimate \$245.9 million

* Falls 6% After 3Q Subscriber Additions Miss Estimate

* Roku Slides 2.8% After Netflix Subscriber Adds Disappoint

* Sees growth reverting back to levels similar to pre-COVID as the world recovers, and sees paid net adds likely to be down year over year in 1h 2021 as compared to the big spike in paid net adds in 1h 2020

* Sees 2021 free cash flow be -\$1 billion to break-even

* As productions increasingly restart, we expect Q4'20 FCF to be slightly negative and therefore, for the full year 2020, we forecast FCF to be approximately \$2 billion, up from our prior expectation of break-even to positive

* With \$8.4 billion in cash on our balance sheet at the end of the quarter plus our \$750m credit facility which is undrawn, our need for external financing is diminishing

NOTE:

* Shares fall 5.2% in post-market trading to \$498 on 780,724 shares traded

* 27 buys, 10 holds, 6 sells

Statement: "NetFlix Inc: Third Quarter 2020 Letter to Shareholders"

For Bloomberg Consensus estimates used in this story see: NFLX US Equity BEst

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