



NETFLIX



Company Overview



Netflix is a vertically integrated global streaming platform transformed from a DVD-by-mail service into the world's first global-scale TV-network-style entertainment network.

325M+

Paid Members

190+

Countries

\$45.2B

2025 Revenue

29.5%

Op. Margin



Countries where Netflix is available(as of March 2022):

- Available
- Unavailable

Revenue Model

SVOD — Subscription (core engine)
AVOD — Ad-supported tier (\$1.5B → \$3B)

Gaming & Live Programming
Original Content Licensing

Founded

1997 by Reed Hastings & Marc Randolph
Launched DVD-by-mail rental

Subscription model in 1999 (no late fees)
HQ: Los Gatos, California

Global Scale

190+ countries (since 2016)
325M+ paid members worldwide

2010: Canada (1st intl. market)
2011: Latin America expansion

2025 Financial Snapshot

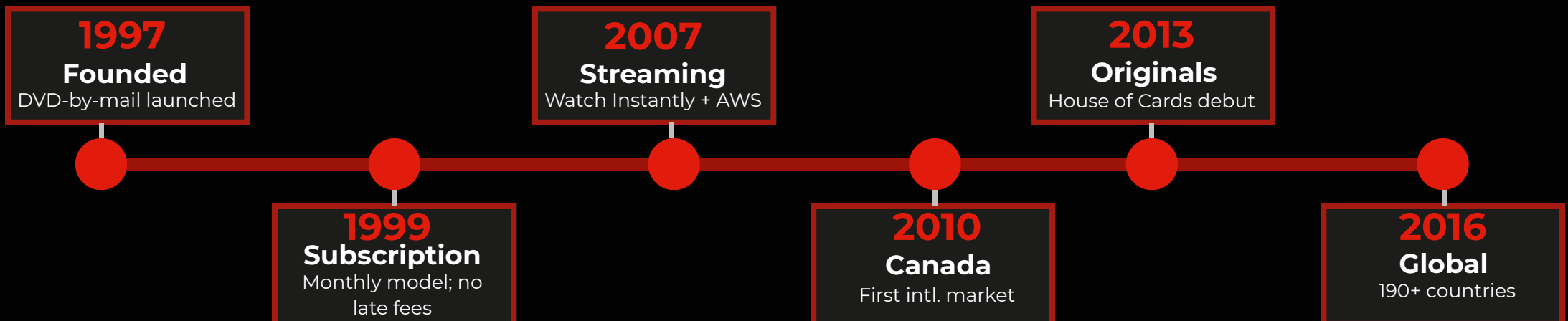
METRIC	2025 ACTUAL	2026 FORECAST	GROWTH
Revenue	\$45.2B	\$51.2B	+13.3%
Operating margin	29.5%	31.5%	+200bps
Ad revenue	\$1.5B	\$3.0B	+100%
Content spend(cash)	\$18.0B	\$20.0B	+11.1%

Global Streaming Platform Business Analysis 2025–2026

ORIGINALS & GLOBAL STUDIO (2013 ONWARD)

2013 release of House of Cards marked the shift from distributor to high-output producer; originals quickly became core of the library.

Evolution & Key Milestones



Financials & Business Model



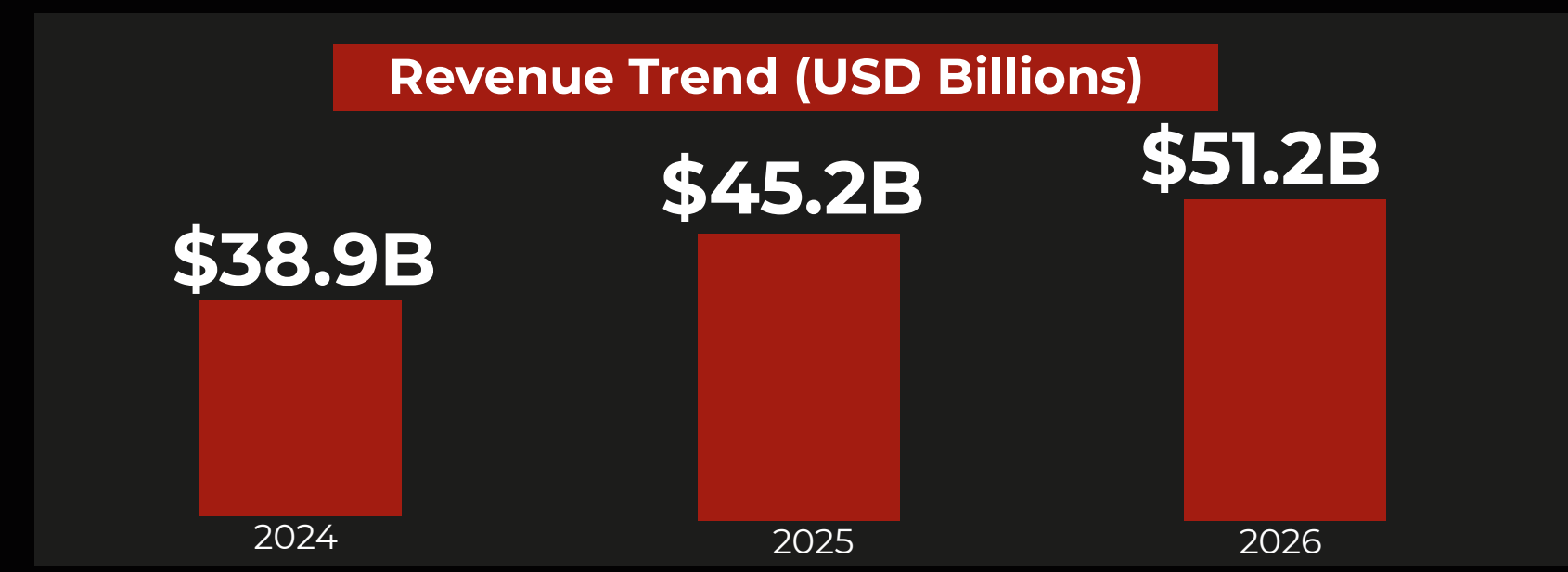
Revenue 2025 \$45.2B +13.3%	Op. Margin 29.5% +200 bps	Ad Revenue \$1.5B +100%	Content Spend \$18.0B +11.1%	Platform Flywheel Content Investment → Higher Engagement → More Subscribers & Data → Better Decisions → Higher ARPU & Margins
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Multi-Tier Pricing (US/Canada , 2026)

TIER	OLD	NEW	PERK
Standard with Ads	\$7.99	\$8.99	Low-cost entry
Standard(No Ads)	\$17.99	\$19.99	HD, 2 Streams
Premium(No Ads)	\$24.99	\$26.99	4K , 4 Streams
Extra Member(Ads)	\$5.99	\$6.99	Shared accounts
Extra Member (No Ads)	\$8.99	\$9.99	Shared accounts

New Monetisation & Key Metrics

Ad-Supported Tier Low-cost entry combining reduced subscription fees with ad inventory revenue. \$1.5B → \$3.0B Ad revenue 2025 → 2026F	Licensing & Distribution Licenses third-party content and licenses out originals post-exclusivity. 2026 departures: DJ Cinderella, She-Ra, Arrested Development, The Last Kingdom, Kipo. DUAL LICENSING In + Out content strategy	Subscription Engine Tiered SVOD model drives highly recurring revenue. Content investment → engagement → data → better decisions → higher ARPU. 325M+ Global paid subscribers Q4 2025
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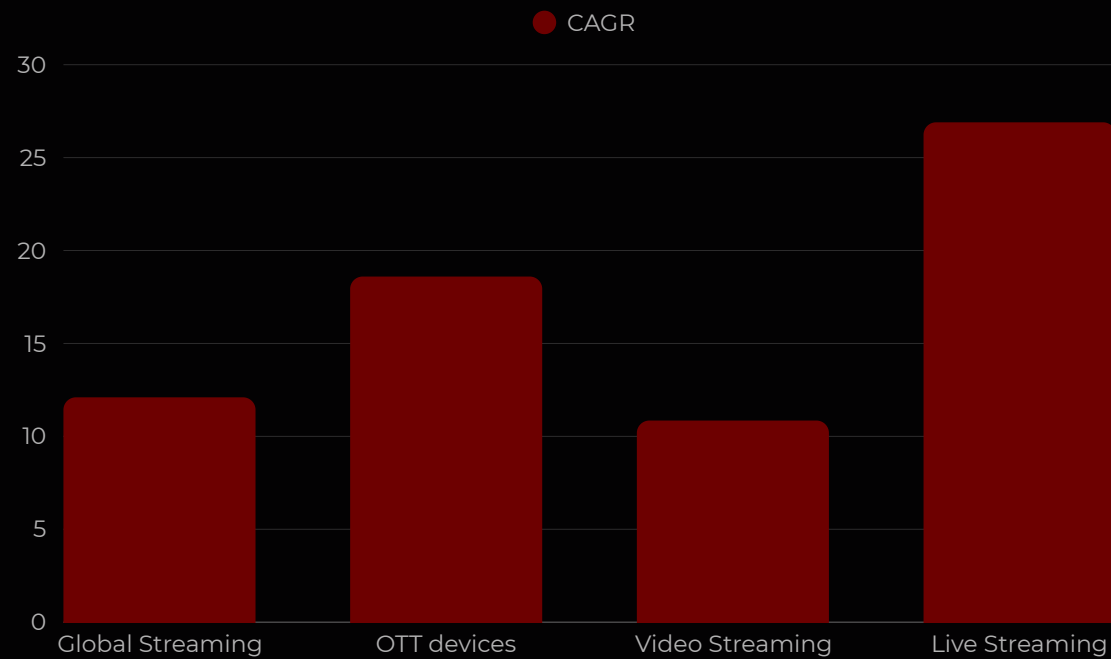


ARPU:	\$12.00+	Largest single-year jump since 2021; driven by price hikes & ad-tier monetisation
Paid Subscribers:	325M+	Surpassed Q4 2025; internal estimates near 375M by year-end

Industry Landscape & Market Trends

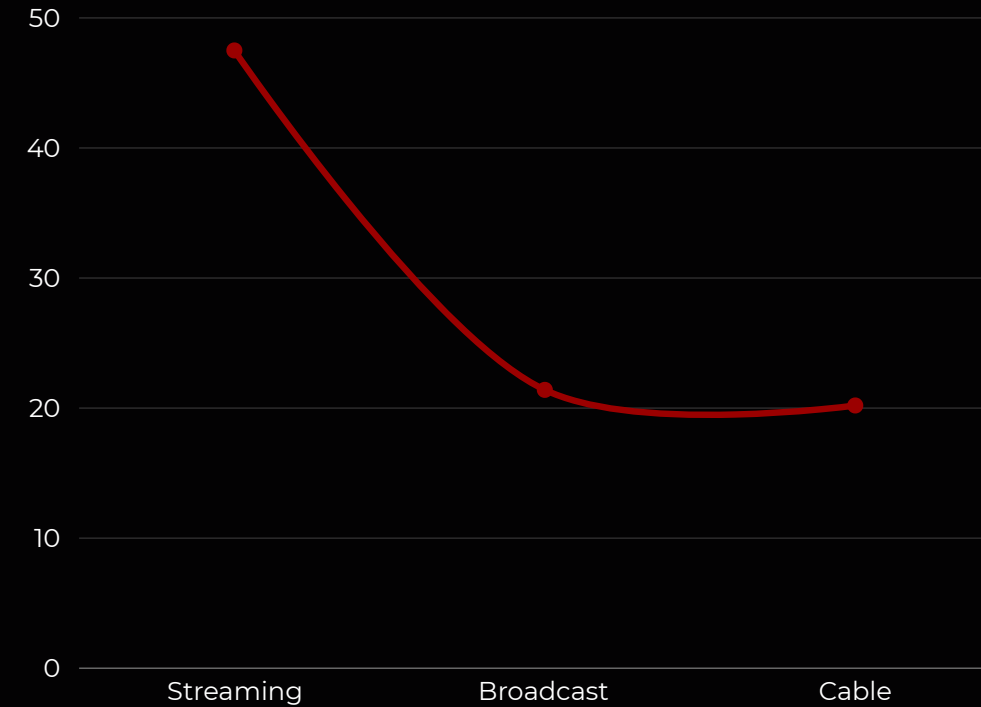


Market Valuation and Forecast Trajectory



The chart highlights strong growth across all streaming segments, with live streaming emerging as the fastest-growing category at nearly 27% CAGR. OTT devices and services also show significant expansion, while global and video streaming markets continue to grow steadily at around 10–12%. Overall, the industry is driven by rising digital consumption and widespread adoption of streaming platforms.

Viewership Shift



Streaming

- 47.5% share (largest)
- +71% growth vs 2021
- Driven by on-demand & mobile usage

Broadcast

- 21.4% share
- Slight short-term stability
- Driven by live sports & events

Cable

- 20.2% share
- -39% decline vs 2021
- Rapid shift to digital platforms

Industry Trends Shaping the Streaming Market

01 AVOD Growth

- Ad tiers driving growth
- Majority users prefer cheaper plans
- Faster growth vs subscriptions

02 Content Shift

- Focus on quality over quantity
- More licensed & franchise content
- Spend growth slowing

01 AI Integration

- Personalization drives engagement
- Improves efficiency & costs
- Enhances ads & global reach

04 Global Expansion

- Growth by emerging markets
- Rising demand for local content
- Telco bundles boosting adoption

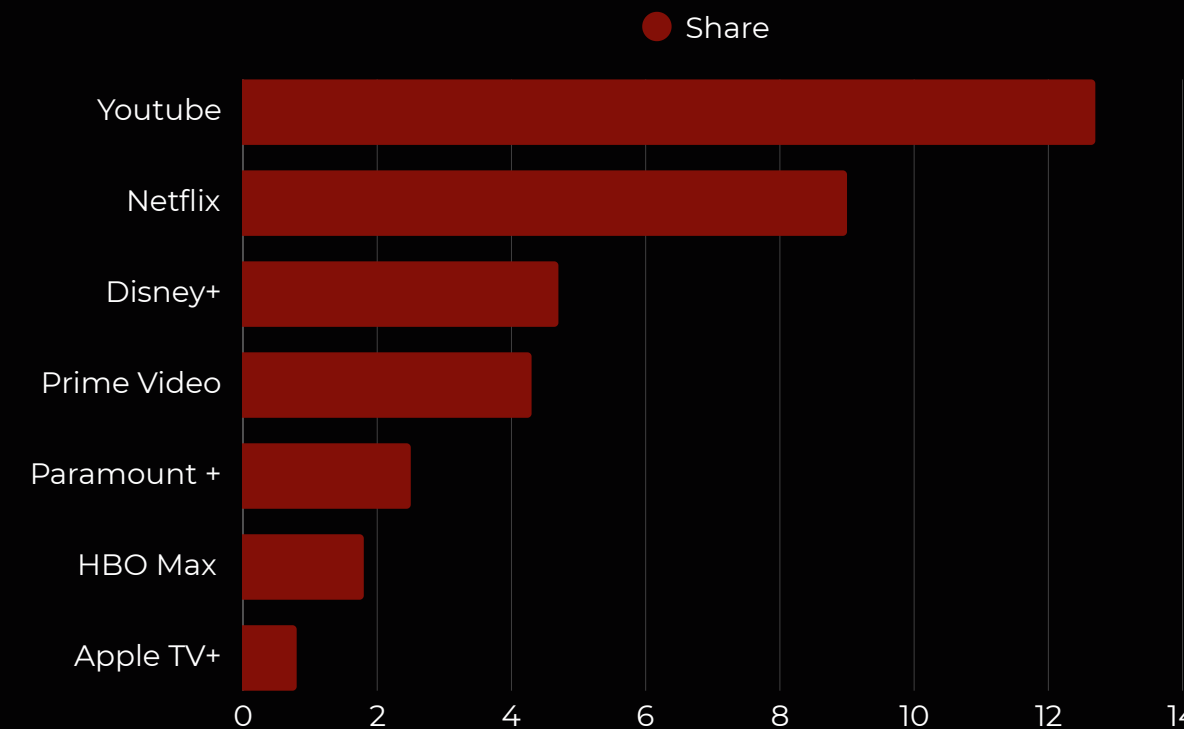
05 Re-Bundling

- Shift toward bundled platforms
- Higher retention with bundles
- Growth via aggregators

06 Live Sports

- Sports moving to streaming
- High engagement driver
- Key rights shifting to OTT

Market Share and Performance Metrics



The chart shows YouTube leading in viewership share at 12.7%, followed by Netflix at 9.0%, establishing them as the two dominant players in the market. There is a clear drop after the top two, with platforms like Disney+ and Prime Video holding moderate shares below 5%, while others remain even smaller. Overall, the distribution highlights a concentrated market at the top, with a fragmented landscape among the remaining players.

Strategic Advantage



Market Leadership & Global Scale Performance

301.6M subscribers | \$45B revenue | 190+ countries

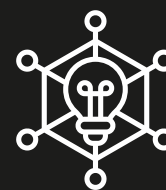
SVOD revenue leader. 27–28% operating margins well above industry average. 34% users in EMEA; APAC fastest-growing.



Competitive Moat: The Data-Science & Personalization Engine

80% viewing from algorithm | \$1B saved annually

Processes 500B+ user event signals daily. Recommendation engine drives total viewing hours and reduces churn.



Technological Infrastructure: Open Connect & Edge Economics

1,000+ ISP partners | 40% throughput boost

Proprietary CDN embedded in ISP networks. Sub-3 second startup in top 10 markets. Saved ISPs \$1.2B in transit costs (2020).



Strategic Evolution: Content & Monetization Hybridization

\$17–18B content budget | 94M ad-tier MAUs

\$5B WWE Raw deal + NFL Christmas games. Ad-tier targeting \$3B revenue in 2026. Shift to long-tail cultural hits.

Strategic Positioning vs. Rivals

Platform	Core Advantage	Churn
Netflix	Data- Science and scale	~ 2.1%
Disney+	IP Flywheel	~5.5%
Amazon	Ecosystem Bundling	~3.8%
Youtube	UGC Watch Time	Free/Ad
Apple TV+	Hardware Ecosystem	~6.5%

Operational Efficiency

Revenue Per Employee

\$3.23M

Highest in the streaming sector (2025)

Financial Performance & Key Metrics



TOTAL REVENUE
\$45.18B

+16% YOY

OPERATING INCOME
\$13.33B

+28% YOY

OPERATING MARGIN
29.5%

+2.8pp from 2024

NET INCOME
\$10.98B

FY 2025

FREE CASH FLOW
\$9.46B

+37% YOY

COST STRUCTURE

Total Cost of Revenues **\$23.28B**
+11% YOY (vs 16% rev growth)

Content Spend (Cash) **\$18.0B**
2026F : \$20B for live and gaming

Content Amortization **\$16.42B**
62% US Catalog = Originals

Sales & Marketing **\$3.30B**
7.3 % OF revenue (from 8.6%)

Tech & Development **~890m/qtr**
7.3 % OF revenue (from 8.6%)

SUBSCRIPTION AND PRICING

Paid Members (Q4 2025) **325M+**
23M Net Additions in 2025

Monthly Churn Rate **~2.1%**
Disney+ 5.5%, Apple 6.5%

Content Hours **96 B hours**
+2% YOY

Sales & Marketing **\$12.00+**
7.3 % OF revenue (from 8.6%)

2026 Revenue Forecast **\$50.7-51.7B**
Target op. Margin 31.5%

International Market Contribute over **55%** of the Total Revenue. APAC fastest growing at 21% YOY

NORTH AMERICA (UCAN)

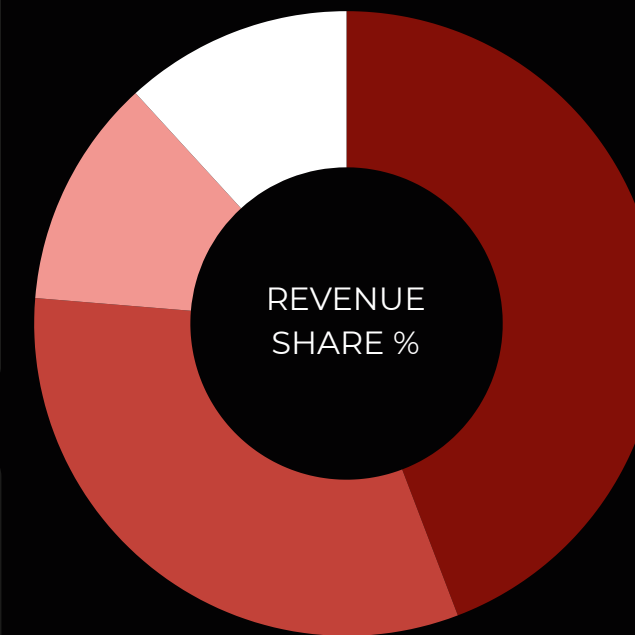
\$19.96B

44.2%

+15%

- Highest ARM AT \$18.45
- Price-led growth
- Borrower Account Conversion
- Primary Premium Market

Regional Revenue Split



REVENUE SHARE %

- UCAN
- ACIA PACIFIC
- EMEA
- LATIN AMERICA

ASIA PACIFIC

\$5.35B

11.8%

+21%

- Fastest-growing region
- 21% YoY growth
- Strong regional content
- India & SE Asia expansion

LATIN AMERICA

\$5.36B

11.9%

+11% (+23% FX-Neutral)

- 11% reported growth
- 23% FX-neutral growth
- Strong underlying performance
- Boost from password crackdown

EMEA

\$14.51

32.1%

+17%

- EMEA became largest market
- 101M+ subscribers
- Surpassed UCAN region
- 17% revenue growth
- Driven by local content

Strategic Initiatives & Growth Drivers



Key Performance Indicators

\$44.8–45.2B

FY2025 Revenue Guidance (revised up)

▲ from \$43.5–44.5B prior



Upward Revenue Revision

30%

FY2025 Operating Margin (reported)

▲ from 27% in FY2024



Operating Margin Expansion

~312M

Est. Global Paid Subscribers (Q2 2025)

▲ +41M net adds in FY2024



Substantial Subscriber Growth

\$8B

FY2025 Free Cash Flow Guidance

▲ vs ~\$6.9B TTM Q1 2025



Strengthened Liquidity Position

Core Strategic Pillars



Advertising Tier - New Revenue Engine

Ad-tier MAUs (Nov 2024) **70M+**

Ad-tier MAUs (May 2025) **94M**

Share of new sign-ups on ad tier **>50%**

In-house ad-tech platform launched **Apr 1, 2025 (US)**

Addressable ad market (TAM) **~\$180B**

Ad revenue growth target (2025) **~2x YoY**



Live Programming & Sports

WWE Raw deal value **\$5B / 10 yrs**

NFL Christmas 2024 viewers **~65M (record)**

Mike Tyson fight **Most-streamed ever**

WWE RAW - Top 10 streak **Every week since Jan 2025**

Confirmed 2025 live events **NFL Xmas + boxing**

Live strategy objective **Churn ↓ + CPMs**

Supporting Initiatives

+11%

Content Budget Increase

\$18B in 2025 vs. \$16.2B in 2024.

Growing share directed toward non-English originals for India, LATAM, and Southeast Asia.

+102%

Daily US Sign Ups

Post password sharing crackdown campaign.

Expanded to 103 countries. Revenue CAGR 2019 - 2024: ~14.6 - 14.8%.

+50%

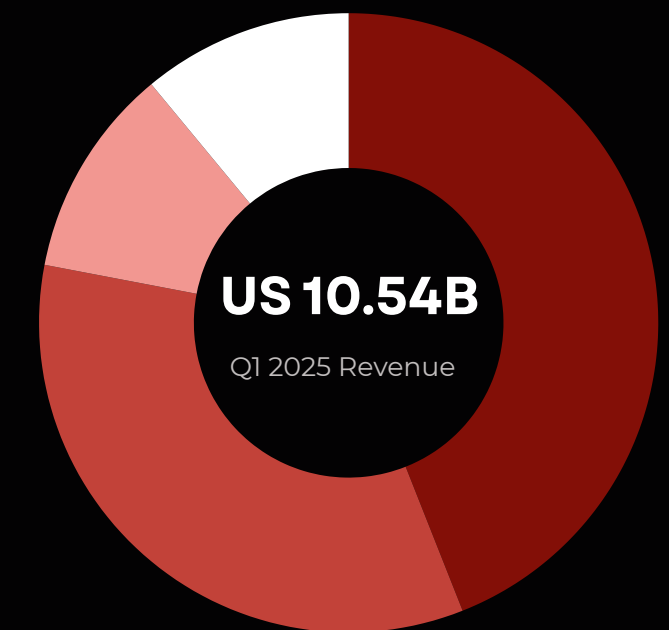
Operating Margin Expansion

FY2023-FY2025 guided margin expansion.

20% (FY2023) → 27% (FY2024) → 30% (FY2025 guided).

Netflix is strategically investing in content, gaming, and efficiency to drive growth and profitability.

Revenue Region by Region



US & Canada	USD4.62B 44% Growth +9% ARPU USD17.26
EMEA	USD3.58B 34% Growth +17% ARPU USD10.80
Latin America	USD1.18B 11% Growth +27% ARPU USD8.28
Asia Pacific	USD1.16B 11% Growth +26% ARPU USD7.17

Risks & Strategic Challenges



Core Strategic Pillars

Price Sensitivity Ceiling: US Churn intent reached **42%** in late 2025 following consecutive price hikes (Premium tier at **\$26.99**).

The Serial Churn Risk: 23% of the global audience are now "service rotators" who cancel immediately after a tentpole release (e.g., Squid Game S2).

ARPU Compression: While ad tier reached **190M MAUs** in Q4 2025, challenge remains preventing downward cannibalization where high paying premium subs switch to lower margin Ad supported tier.

Market Saturation & Growth Constraints

Lower Subscriber Growth (North American Market)

Higher ARPU (North American Market)

Licensed Content (North American Market)

Higher Subscriber Growth (EMEA/APAC Market)

Lower ARPU (EMEA/APAC Market)

Original Content (EMEA/APAC Market)

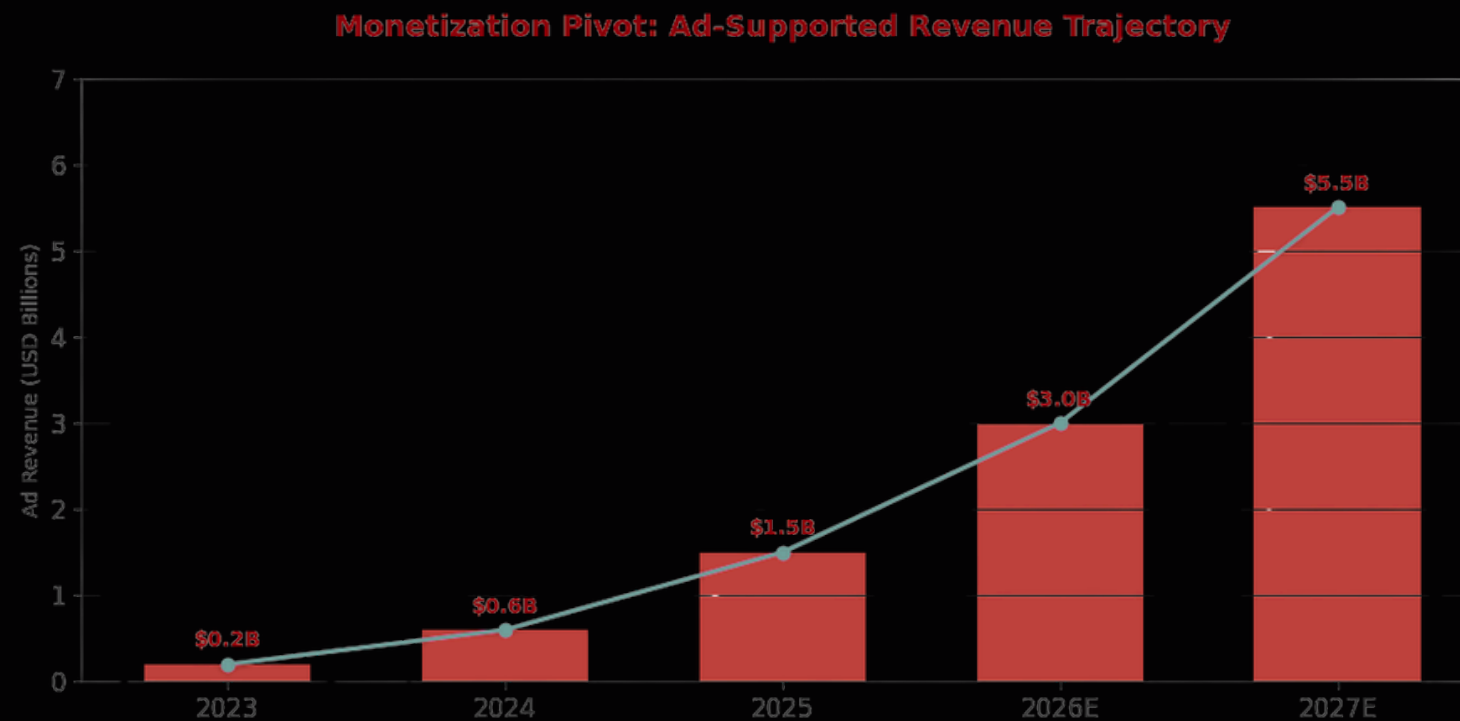
Geographic Shift: 90% of new growth is from EMEA/APAC, with ARPU 30-40% below North America (\$17 vs ~\$11).

Content Concentration: By 2026, 90% of the US catalog will be Original/Exclusive, reducing reliance on licensed hits that helped limit churn.

The Content Arms Race & Capital Risk

Metric	Netflix (2025)	Competitor Aggregate (Disney/Amazon/Apple)
Annual Content Spend	\$17B+	\$30B+
Operating Margin	29%	Varied (Focus on path to profitability)
Live Sports Exposure	\$5B (WWE 10yr Deal)	\$10B+ (NFL, NBA, MLB)

Strategic "Inflection Points"



The primary risk is the "Execution Gap" in Ad Tech. Netflix is pivoting from a tech-agnostic streamer to a high-frequency Ad-Server. Failure to scale ad revenue to the projected \$3B by end of 2026 will leave the company overexposed to high production costs without the legacy "subscriber-only" growth engine.

M&A Concentration Risk: The rumored **\$83B+** acquisition of Warner Bros. Discovery (WBD) introduces significant **Antitrust Scrutiny** and integration debt, potentially diluting the 29% operating margin.

Strategic Analysis & Future Outlook



FY2025 Actuals

\$45.2B

Total Revenue
up 16% Year-on-Year

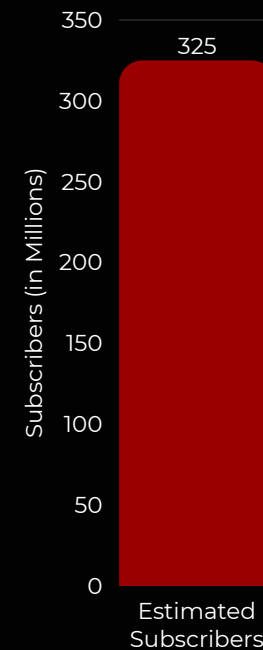
29.5%

Operating Margin
improved by 3 % points vs FY2024

>\$1.5B

Ad Revenue
grew 2.5x compared to FY2024

FY2026 Guidance



Estimated Subscribers (early 2026):

325 Million
- added **42M** new subscribers
Year-on-Year

Largest streaming platform

- **325M+** subscriber base
- **Original IP** moat
- Full content-budget focus
- Operating leverage
- **US TV** share at record

Projected to reach **\$8B** by **2030**

- **Vertical** video and podcasts
- **Live** events
- Ad revenue
- **APAC** expansion

Streaming accounts for **97%**

- Gaming division nascent
- **Content cost** treadmill
- No live **sportsownership**
- **UCAN** market saturation
- **Password-sharing** tailwind exhausted

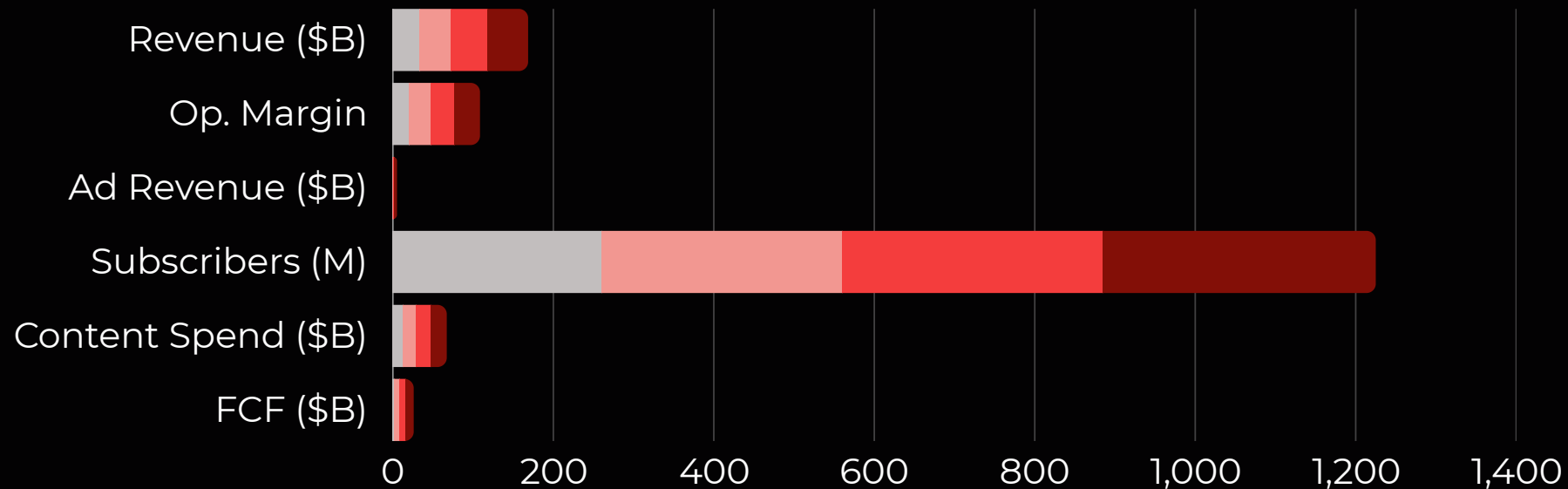
SWOT

Intensifying **Competition**

- Competition **intensifying**
- **Disney+ bundle**
- **WBD** acquisition withdrawn
- Content piracy
- Regulatory headwinds

Revenue & Margin Trajectory (FY2023 - FY2026)

● FY2023 ● FY2024 ● FY2025A ● FY2026E



Revenue	Op. Margin	Ad Revenue	Subscribers	Content Spend	FCF
+12-14% YoY guided	+190bps expansion	2.5x growth in FY25	Ceased qtrly reporting	+11% YoY planned	Supports buyback program

Competitive Landscape

Platform	Subscribers	Revenue	Op. Margin	Ad Tier	Key Strength
Netflix	~325M	\$45.2B	29.5%	Yes (94M MAU)	Original IP + scale
Amazon PV	~200M+	Part of AWS	N/A (bundled)	Yes	Prime ecosystem
Disney+	~157M	~\$5.5B	Breakeven	Yes (Hulu bundle)	Franchise IP
Max (WBD)	~128M	~\$9.8B	Low single-digit	Yes	Premium HBO IP
Apple TV+	~25M est.	Undisclosed	N/A	No	Device ecosystem



**THANK
YOU**

