



NETFLIX, INC. FY 2025

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

 +234 913 444 6070

 globaladvisory@savest-financial.com

 www.savest-financial.com

Netflix, Inc. is a leading global entertainment company that delivers streaming video content across a wide range of genres and languages. Its core business focuses on producing and distributing TV series, films, documentaries, and games to subscribers worldwide through internet-connected devices, including smart TVs, mobile phones, tablets, and set-top boxes. Operating in over 190 countries, Netflix provides members with on-demand, ad-supported, and premium streaming options. Headquartered in Los Gatos, California, the company continues to expand its global footprint and invest in diverse, high-quality content to engage audiences everywhere.

GUIDANCE

Netflix expects Q1 2026 revenue of \$12.157 million (+15.3% YoY) and forecasts full-year 2026 revenue of \$50.7–\$51.7 billion, implying a 12–14% growth.

“

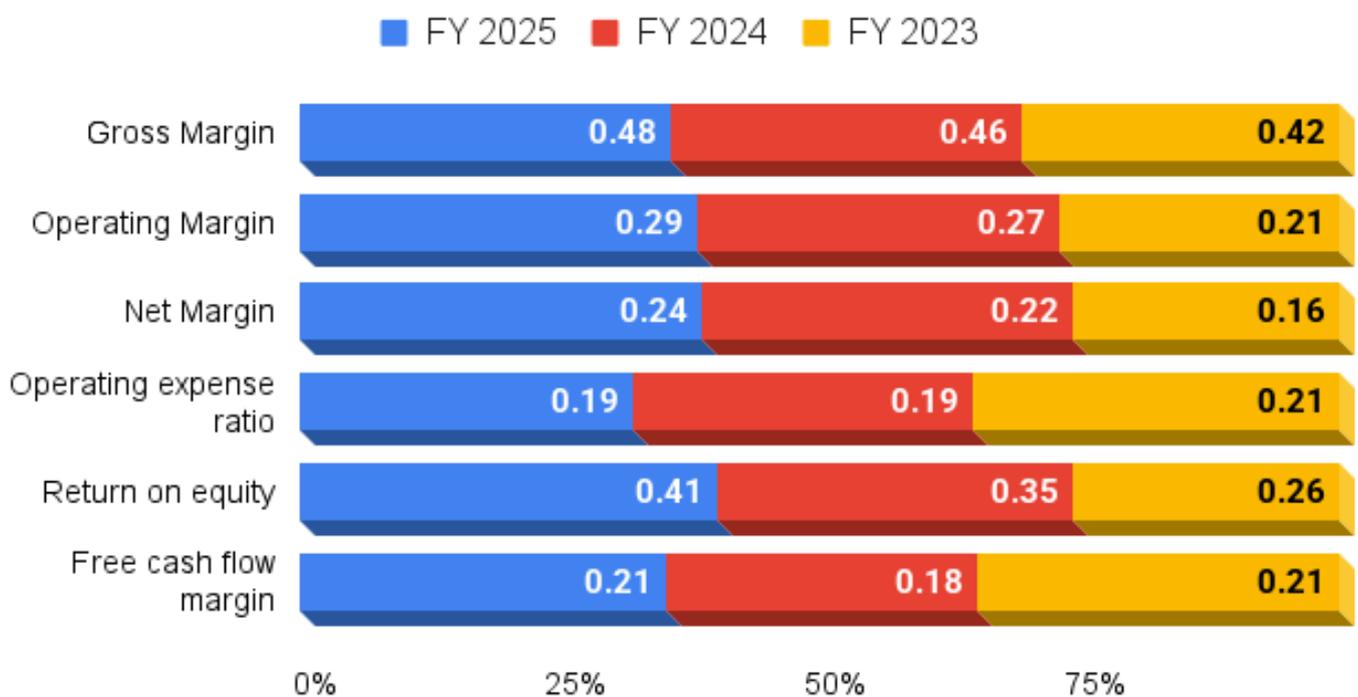
In 2025, we met or exceeded all of our financial objectives and we made solid progress on our key priorities,” said Greg Peters, Co-Chief Executive Officer of Netflix. “We delivered 16% revenue growth, roughly 30% operating profit growth, expanded margins, and grew free cash flow. Ad sales increased two-and-a-half times in 2025, and we expect that business to roughly double again in 2026 to about \$3 billion.

”

Expectation Analysis

USD (\$)	Q4 2025	ESTIMATE	BEAT/MISS
REVENUE	12.10B	12.00B	0.70%
EBITDA	3.18B	3.04B	4.40%
EBIT	2.96B	2.91B	1.70%
EPS (adjusted)	0.56	0.55	1.50%

Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	FY 2025	Q4 2025	YOY	
Revenue	45,183.04	1,205.08	15.85%	
Gross Profit	21,907.71	5,528.14	21.96%	
Operating income	13,326.60	2,956.66	27.92%	
Income before tax	12,722.55	2,767.74	27.66%	
Net income	10,981.20	2,418.52	26.05%	
EPS	2.53	0.56	27.78%	
Cost/Expenses Summary				
Million USD(\$)	FY 2025	Q4 2025	YOY	
Cost of revenues	23,275.33	6,522.62	10.63%	
Sales & marketing cost	3,301.31	1,113.38	13.15%	
Technology/development cost	3,391.39	890.30	15.93%	
General/administrative cost	1,888.41	567.80	10.95%	
Interest expenses	776.51	234.40	8.04%	
Income tax	1741.351	349.22	38.86%	
Cash Flow Summary				
Million USD(\$)	FY 2025	Q4 2025	YOY	
Net cash from operations	10,149.27	2,111.64	37.87%	
Net cash from investing	1,041.69	-256.53	147.74%	
Net cash from financing	-10,345.62	-2,077.41	-153.92%	
Closing cash balance	9,039.19	9,039.19	15.78%	
Non-GAAP free cash flow	9,461.05	1,872.31	36.68%	
Regional Performance				
Million USD(\$)	FY 2025	% Revenue	QOQ	YOY
UCAN	19,957.15	44.17%	5.27%	14.96%
EMEA	14,514.65	32.12%	4.70%	17.18%
LATAM	5,357.52	11.86%	3.43%	10.70%
APAC	5,353.72	11.85%	3.82%	21.27%
Key Items of Financial Position Summary				
Million USD(\$)	December 31, 2025		QOQ	YOY
Current assets	13,020.19		0.44%	-0.61%
Non-current assets	42,576.80		1.44%	5.05%
Assets total	55,596.99		1.21%	3.67%
Total equities	26,615.49		2.55%	7.57%
Current liabilities	10,980.93		12.83%	2.10%
Non-current liabilities	18,000.58		-6.49%	-0.72%
Total liabilities	28,981.51		0.00%	0.33%

Performance Highlights

- The company sustained strong revenue momentum during the period, supported by steady subscriber additions, effective pricing actions, and deeper penetration across international markets. Growth was broad-based, reflecting resilient consumer demand for premium streaming content despite intensifying competition and macroeconomic pressures.
- Operating performance continued to strengthen as revenue growth outpaced the expansion in core operating costs. The firm benefited from scale efficiencies, disciplined content amortization, and tighter expense controls, resulting in improved earnings quality and enhanced operating leverage.
- In Q4 2025, content and engagement dynamics showed branded originals driving the incremental viewing uplift: second-half view hours rose 2% year-over-year, with viewing of branded originals up 9%, reflecting hits such as the Stranger Things finale and several global originals. Management reiterated a dual content approach, continue high-quality originals while expanding licensing and theatrical windows (including new global Pay-One with Sony and expanded Universal licensing), and expects content amortization to grow to about 10% in 2026 with a content cash-to-amortization ratio targeted at approximately 1.1x.
- Product and new formats advanced: cloud-delivered TV games rolled out to approximately 1/3 of members, video podcasts launched with partners, and live programming exceeded 200 events. Management emphasized that live and fandom-driven moments (e.g., major fights, NFL events, theatrical sing-alongs) are small in hours but deliver outsized acquisition and retention value.
- Regionally, growth remained broad-based with continued strength in the United States, Canada, Europe, the Middle East and Africa, while Latin America and Asia Pacific showed accelerating trends. Management highlighted under-penetration in many markets as a structural opportunity to grow membership and engagement over time.
- Operating expense and investment posture reflected a balance of reinvestment and discipline for the year. Management kept expense growth measured while directing capital into strategic areas—product improvements, ad-tech and sales capabilities, live events, and selective content formats—so the business could scale new revenue streams without sacrificing profitability.
- Regarding the Warner Bros. acquisition, Netflix amended the deal to an all-cash offer at \$27.75 per WBD share and disclosed aggregate bridge facility commitments of \$42.2 billion to support the transaction; guidance for 2026 already includes approximately \$275 million of acquisition-related expense. Management framed the acquisition as an accelerant while estimating that roughly 85% of pro-forma revenues post-close would still derive from Netflix’s core streaming business.

Concerns Raised

- Netflix's all-cash bid for Warner Bros., backed by bridge commitments totaling \$42.2 billion, creates material financing and execution risk despite management's confidence. The company has baked roughly \$275 million of acquisition-related expense into 2026 guidance and paused buybacks to conserve liquidity, but replacing bridge facilities with longer-term financing or cash is not assured on the expected timeline. Should regulators demand remedies or bond markets reprice issuance, Netflix could face higher funding costs, delayed synergies, and tighter capital returns.
- Management expects content amortization to rise approximately 10% in 2026, front-loaded by slate timing, while keeping a cash-to-amortization ratio near 1.1x. Despite 2025 margin gains, a heavier slate plus increased investment in live, games and ad tech, and a modest uptick in expense growth, heighten the risk of quarterly margin and FCF volatility. If marquee releases underperform or new initiatives fail to lift retention/monetization, operating leverage and cash conversion could fall short of forecasts.
- Scaling ad revenue to the ~\$3B target depends on maintaining CPMs, improving fill rates, and solving measurement/attribution. Failure on any of these fronts would materially reduce the upside in guidance and could force higher marketing or content spend to defend retention.

OUR INSIGHT



Netflix's FY2025 results demonstrate a resilient, content-driven growth profile underpinned by strong membership momentum, measured pricing and rapid ad-business scale. While management is investing selectively in product, ad tech, live events, games and expanded licensing, these initiatives introduce near-term execution and timing risk. The amended all-cash Warner Bros. bid and the inclusion of approximately \$275M of acquisition-related expense in 2026 guidance create material financing and regulatory uncertainty that could compress margins or delay capital returns if remedies or higher issuance costs emerge. In the interim, earnings may face volatility from slate timing, ad monetization execution, and the performance of marquee releases and live events; over the longer term Netflix's global scale, diversified content pipeline, improving ad franchise and strong FCF profile remain compelling. Key watchpoints include ad ARM and fill trends, first-91-day performance of flagship titles, regulatory progress and financing for the Warner Bros. transaction, and the retention impact from live and gaming investments.



INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our website

DISCLAIMER:

Savest Financial Services Limited ("Savest Financial"), a SEC-registered investment advisor in Nigeria, provides this report strictly for informational purposes. This material does not constitute an offer, solicitation, or recommendation to buy or sell any security or investment product. The information contained herein is based on sources believed to be reliable; however, Savest makes no representation or warranty, express or implied, as to its accuracy or completeness. Opinions and estimates reflect the judgment of Savest as of the report date and are subject to change without notice. Past performance is not indicative of future results.

At the time of this analysis, Savest Financial model portfolios has a position in this company stock. Neither Savest nor any of its representatives accepts any liability for any direct or consequential loss arising from the use of this report or its contents.