

Netflix shares soar as viewer numbers climb (Update)

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The Netflix company logo is seen at Netflix headquarters in Los Gatos, CA on Wednesday, April 13, 2011

Netflix shares soared 10 percent Monday as the streaming television service reported that profit in the recently-ended quarter climbed along with its subscriber numbers, which are now above 40 million.

The up-to-date ranks of Netflix viewers, for the quarter up to September

30, represents a big jump on the fewer than 30 million who subscribed to the on-demand television service a year earlier.

Profit rose to \$31.8 million on revenue of \$1.1 billion in earnings which also bested the same quarter a year earlier and topped Wall Street expectations.

Netflix executives credited the California-based company's investment in original programs such as "House of Cards" and "Orange is the New Black" with boosting its profits and prospects.

"Over the next few years we aspire to support creation of some of the most compelling and remarkable content ever produced," Netflix chief executive Reed Hastings and top financial officer David Wells said in a letter to investors.

The company now plans to double its investment in original content, which accounted for less than 10 percent of the content in the Netflix library.

Netflix shares, which rose steadily through the day in anticipation of favorable quarterly earnings figures stood at \$392.20 in after-market trades, a gain of more than 10 percent since the results were released.

"Coupled with the flexibility of our Internet viewing and power of our personal recommendations we will keep changing television for the better," the letter to investors added.

Hastings, in an earnings webcast streamed at Google-owned YouTube, said: "In every market there are lots of people who love Hollywood content and we are trying to augment that with original content."

Netflix is considering series-style television shows, expanding into

making its own movies, executives said.

"We are actively looking right now at a few documentary projects," said chief content officer Ted Sarandos.

"We'd like to do more of that in the movie space."

Hastings said there are no plans to increase the monthly fee for the service, which is \$7.99 in the United States. Netflix offers service in 41 countries and reported seeing subscriber growth in all regions.

Netflix subscribers watched a total of about five billion hours of films and television shows at the service last quarter, according to Hastings.

He said there were no changes planned at a separate stand-alone Netflix service that lets people receive and return rented DVDs by parcel post.

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