

Cooler growth hits Netflix in second quarter

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Netflix shares plunged Monday after its latest quarterly update showed subscriber growth below expectations for the streaming television giant.

Netflix shares tumbled 15 percent in after-hours trade after the quarterly report.

The company said it ended the second quarter with 83 million subscribers, adding 1.7 million. That was well below Netflix's own forecast of 2.5 million additions and lower than many analyst forecasts.

Netflix said growth was hurt, especially in the United States, when it raised rates on many long-time subscribers who had been "grandfathered" when it hiked most prices.

"We think some members perceived the news as an impending new price increase rather than the completion of two years of grandfathering," the company said in a statement.

"Churn of members who were actually ungrandfathered is modest and conforms to our expectations."

Net profit for the quarter was \$41 million, up from \$26 million a year earlier. Revenue rose to \$2.1 billion from \$1.6 billion.

Netflix said its march to becoming a global television provider was making progress, projecting gains of some two million subscribers outside the US in the third quarter.

"Our approach in expanding our global footprint in January was to launch a service targeting early adopters and then to listen, learn and iterate quickly," it said.

"Now that we are six months in, we will localize Netflix in Poland and Turkey with the addition of local language in the user interface, subtitles and dubbing. Localization in other markets will take place over time as economically prudent."

The streaming television pioneer in January significantly expanded its global footprint to 190 countries, making its Internet TV service available in 130 new markets, including India—but not China.

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