

Netflix lifted by 'beautiful' quarterly report

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Netflix reported strong gains in profits and subscribers in what it called a "beautiful" fourth quarter

Netflix shares raced higher in after-hours trade Monday as the streaming television giant reported better-than-expected gains in its global subscriber base and a quarterly profit that nearly tripled from a year ago.

Netflix has been on a tear with original programs such including "The Crown" and "Stranger Things."

Netflix shares hit a record high during the trading day, with a leap after the earnings release lifting the California-based company's overall value above \$100 billion for the first time.

In its fourth quarter report, Netflix said it added 8.3 million new subscribers to bring its total paid membership base to 110.6 million.

Net [profit](#) in the quarter surged to \$186 million from \$67 million a year earlier as the leader in streaming video saw growth ramp up in many parts of the world. Revenue for the quarter rose 33 percent to \$3.3 billion.

"We had a beautiful Q4, completing a great year as internet TV expands globally," said a Netflix letter to shareholders with the quarterly report.

"In 2017, we grew streaming revenue 36 percent to over \$11 billion, added 24 million new memberships (compared to 19 million in 2016), achieved for the first time a full-year positive international contribution profit and more than doubled global operating income."

As it has shifted more to original content, Netflix has been winning awards for its shows and has helped shake up both the television and film industries with its deep pockets.

By delivering online, Netflix is available in some 200 markets worldwide, with the goal of being a global TV network, and now produces programs in several languages.

Netflix said it expects to spend between \$7.5 billion and \$8 billion on content for 2018.

"We believe our big investments in content are paying off," the statement said.

"In 2017, average streaming hours per membership grew by nine percent year-over-year."

During an "interview" style earnings call—a change of pace for Netflix—chief executive Reed Hastings and other executives were heavily questioned about how spending on shows weighs on profit.

"We are choosing a business strategy that essentially has us take all of our domestic profit and put it into international expansion," Hastings said.

"We think that is the right move, but it definitely takes a strong stomach on the part of investors."

He noted that Netflix is "very comfortable" with its current subscription price as well as its tactic of putting global expansion over short-term profit.

"Our [content](#) is getting better; our service is getting better," Hastings said.

"Of course, the larger we get the harder it is to grow, and the more time that goes by the better our competitors get."

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