

# Netflix to borrow another \$2B to pay its programming bills

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In this July 17, 2017, file photo the Netflix logo is displayed on an iPhone in Philadelphia. Netflix announced Monday, Oct. 22, 2018, that it plans to borrow another \$2 billion to help pay for the exclusive series and movies that its management credits for helping its video streaming service reel in millions of new subscribers during the past five years. (AP Photo/Matt Rourke, File)

Netflix plans to borrow another \$2 billion to help pay for the exclusive series and movies that its management credits for helping its video

streaming service reel in millions of new subscribers during the past five years.

The additional debt load announced Monday isn't a surprise. Netflix needs more cash because it has been spending more money than its business generates since its expansion into original programming with the 2013 release of "House of Cards."

Netflix expects to burn through \$3 billion this year. The \$2 billion that Netflix plans to raise in a bond offering will be lopped onto its existing debt of \$11.8 billion. That includes another \$1.9 billion debt offering that Netflix completed earlier this year.

The borrowing binge appears to be paying off. Netflix has gained nearly 100 million subscribers since September 2013, including 7 million in the past quarter. The company recently predicted it will add another 9.4 million subscribers by the end of this year.

The Los Gatos, California, company believes all its spending on award-winning programming will help it build an insurmountable lead in video streaming as other major entertainment companies such as Walt Disney Co. join the fray with a current crop of competitors that include Amazon, Hulu and HBO.

Investors have been betting heavily on Netflix to win. The company's stock is worth seven times more than it was five years ago, to give Netflix a market value of about \$146 billion. The shares climbed \$3 to \$335.67 in Monday's midday trading.

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