Credit Update

Danske Bank

21 October 2026

Investment Research

Corporate Bond News

Netflix Inc.

- Netflix reported its Q3 earnings late last night. The results are credit neutral, in our view, and have very limited spread impact. Leverage increased to 0.6x, still a very low level.
- During the quarter, Netflix bought back stock at the highest rate in its history. FCF guidance was lowered slightly as Netflix expects to close a real estate transaction during Q4.
- The two bonds under our coverage have limited time to maturity and thus limited potential for spread performance. We reiterate our 'Marketweight' recommendation on the USD bond and lower our recommendation on the EUR bond to 'Marketweight' from 'Overweight'.

Issuer information

Sector	Movies & Entertainment
Corporate ticker	NFLX US Corp
Equity ticker	NFLX US Equity
Market cap	USD286bn
Total assets	USD58.7bn

Issuer credit rating

S&P	A (Stable)
Moody's	A2 (Positive)
Fitch	NR

Latest publication on issuer

Netflix - Q2 26, 17 July 2026

Source: Bloomberg, Danske Bank Credit Research

Selected bonds

Company	ISIN	Seniority	CCY	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield	Recommendation
Netflix	US64110LAN64	Sr Unsecured	USD	nov 2026	4.375	1,000	A/A2/NR	100.1	2.2%	Marketweight
Netflix	XS1821883102	Sr Unsecured	EUR	may 2027	3.625	1,300	A/A2/NR	100.3	3.0%	Marketweight

Note: Credit ratings by S&P, Moody's, Fitch, respectively; YTM on indicative prices

Source: Bloomberg, Danske Bank Credit Research

Netflix Inc: Q3 26

Netflix published its Q3 report yesterday evening, which relative to consensus estimates was in line on revenue, better on profits and worse on free cash flow. Overall, we see yesterday's release as credit neutral.

Revenue for the quarter was USD12.9bn, 11.8% better y/y. Despite double-digit growth, this quarter's revenue growth was the slowest in 11 quarters, highlighting the difficulty of incremental growth from a very high base. Gross profits were USD6.8bn, up 27.1% y/y, at a margin of 52.8% that expanded 6.3pp y/y to the highest ever. EBITDA was USD4.8bn, up 36.4% y/y, as operating income were ahead of forecast due to timing of expenses. Regionally, there was low double-digit growth in all regions barring LatAm, which grew 16.9% y/y.

Net income increased 43.9% y/y, but record content spend of USD5.2bn, among other operating activities, led to growth in CFO of "only" 11.9% y/y (at USD3.2bn). Capex was USD279m for the quarter, which led to free cash flow of USD2.9bn. Net cash flow was negative USD924m, due to the increased pace of share repurchases, with a Q3 total of USD4.8bn. Cash balances thus declined for the second straight quarter, now standing at USD8.2bn. Debt levels rose by USD0.8bn during the quarter, leaving net debt levels up USD1.7bn sequentially. Although EBITDA growth was strong, net leverage widened by 0.1x to 0.6x. The EBITDA interest coverage ratio expanded by 1.3x to 19.8x.

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More information:

For further information, see the latest *Corporate Bond Lists, 19 October 2026*.

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Earlier this month, Netflix announced that it is cutting 6% of its staff, approximately 1,000 positions globally, mainly in its product, tech, legal and HR teams. Management highlighted the need to be disciplined about where it prioritises people and resources, enabling it to invest aggressively in high-impact areas. The chief content officer was recently replaced, and the head of its film division has left the company, indicating a push to improve content and raise audience engagement.

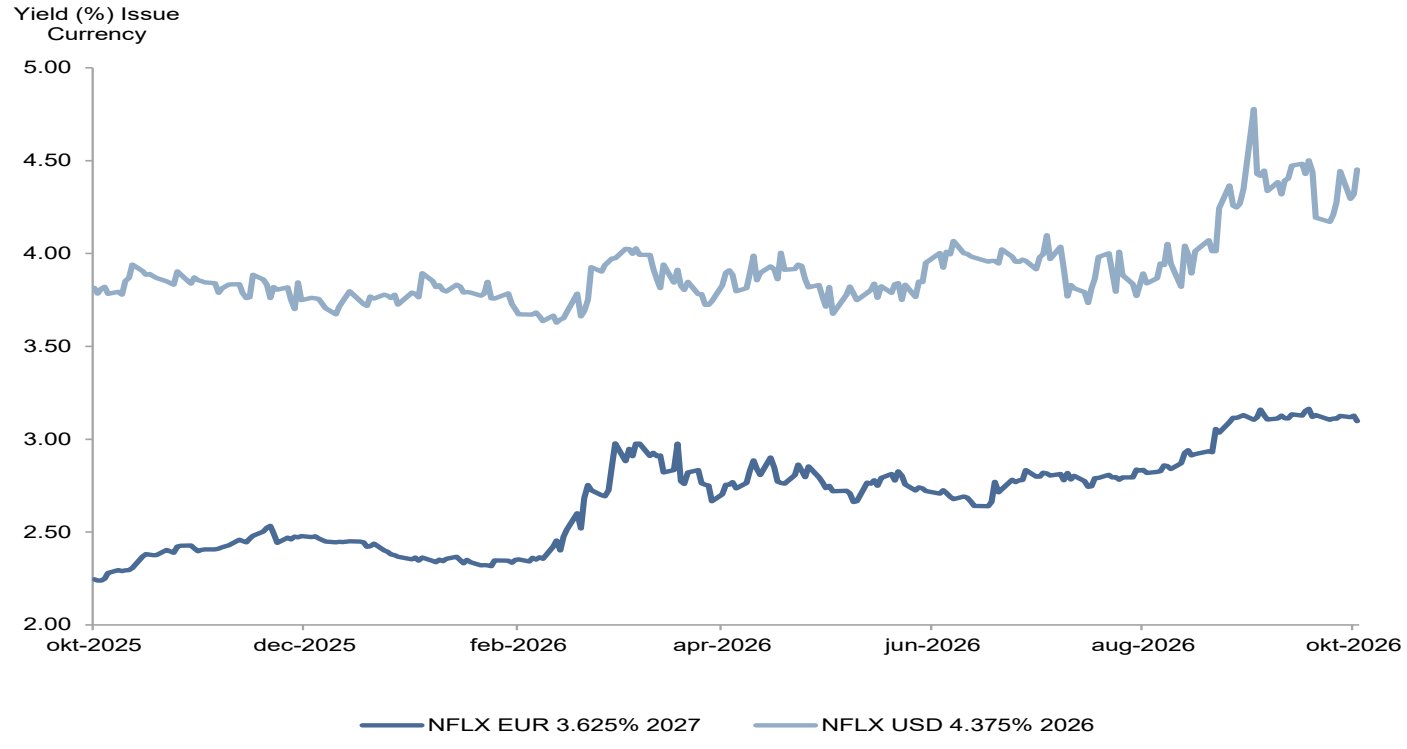
Guidance was adjusted slightly, with free cash flow adjusted down to USD12bn from USD12.5bn as Netflix expects to close a real estate transaction during Q4. Netflix states that its approach to capital allocation remains unchanged: It prioritises reinvestment in the business, both organically and through selective M&A, while maintaining a healthy balance sheet and ample liquidity, then returning excess cash to shareholders via repurchases.

Credit conclusion

Netflix reported its Q3 earnings late last night. The results are credit neutral, in our view, and have very limited spread impact. Leverage increased to 0.6x, still a very low level. During the quarter, Netflix bought back stock at the highest rate in its history and FCF guidance was lowered slightly, as Netflix expects to close a real estate transaction during Q4.

The two bonds under our coverage have limited time to maturity and thus limited potential for spread performance. We reiterate our 'Marketweight' recommendation on the USD bond and lower our recommendation on the EUR bond to 'Marketweight' from 'Overweight'.

Historical yield chart: NFLX 4.375% 2026 in USD and NFLX 3.625% 2027 in EUR



Source: Bloomberg, Danske Bank Credit Research

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Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

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We expect to update this investment analysis following the publication of Netflix's annual report provided that at such time the bond continues to be among our preferred credits.

This publication should be read in conjunction with the international single name credit bond publications *Corporate Bond News*, *Corporate Bonds: Investment opportunities in single name international fixed income credit* and *Company Profiles*. These publications are typically published once a month.

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Overweight	Outperformance relative to peer group	12 months	34%	16%
Marketweight	Performance in line with peer group	12 months	58%	37%
Underweight	Underperformance relative to peer group	12 months	8%	6%
Sell	A decrease in price of more than 10%	12 months	-	-

Changes in recommendation over past 12 months

ISIN US64110LAN64

Date	New recommendation	Old recommendation
17 July 2026	Marketweight	Overweight

ISIN XS1821883102

Date	New recommendation	Old recommendation
New	Marketweight	Overweight

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