

Netflix (NFLX) Q3 2026 Earnings

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Executive Summary | October 20, 2026 | SEC Form 8-K, Accession 0001065280-26-000290¹

IGNORE THE NOISE. FOLLOW THE DATA.

- The stock fell -5.56% after hours to \$64.87, below its 52-week low of \$65.08. Key support has broken.³
- Netflix cut 2026 ad revenue to ~\$2.7B (from ~\$3.0B) and free cash flow to ~\$12.0B (from ~\$12.5B).¹
- Revenue growth has slowed three quarters in a row: 16.2%, then 13.4%, then 11.8%. Q4 guidance implies 11.5%.¹
- NFLX fell after each of its last two reports (-7.26% and -9.72%). Post-earnings selling often lasts 1-3 sessions.³
- The after-hours quote was taken ~12 minutes after the release. Prices may change sharply by the next open.
- This report is analysis, not personalized financial advice. Entry levels are scenarios, not guarantees.

\$12.87B	34.6%	\$0.87	\$2.88B	\$64.87
Q3 revenue (+11.8% YoY)	Operating margin (vs. 33.2% guided)	Diluted EPS (vs. \$0.82 consensus)	Free cash flow	After-hours price (-5.56%)

Bottom Line

Netflix beat its own Q3 forecast and Wall Street estimates on revenue, margin and EPS, and kept its 31.5% full-year margin target. The market is focused on the forward picture: slowing growth, a ~10% cut to 2026 ad revenue, a lower cash-flow forecast, and a Q4 margin reduced by layoff costs. Stockpedia's view: **the business is healthy, but the stock is technically broken in the near term**. The best risk/reward is likely in the **\$58-61 zone** after the post-earnings selling settles, not at tonight's price.^{1,3}

Q3 2026 vs. Q2 2026 (Last Report)

Metric	Q2 2026	Q3 2026	Q3 guidance (July)	Read
Revenue	\$12.56B (+13.4%)	\$12.87B (+11.8%)	\$12.86B	In line, slight beat
Operating income	\$4.19B	\$4.46B (+37% YoY)	\$4.27B	Beat (expense timing)
Operating margin	33.4%	34.6%	33.2%	Beat
Net income	\$3.40B	\$3.66B	\$3.45B	Beat
Diluted EPS	\$0.80	\$0.87 (+49% YoY)	\$0.82	Beat
Free cash flow	\$1.53B	\$2.88B	n/a	Strong rebound
Share buybacks	\$4.71B	\$4.80B (63.9M shares)	n/a	Record quarter
Diluted shares	4,261M	4,195M	n/a	-1.5% QoQ

Sources: Q3 2026 and Q2 2026 shareholder letters (SEC Exhibit 99.1).^{1,2}

Outlook and Guidance

Guidance item	Previous (July 2026)	New (October 2026)	Change
FY2026 revenue	\$51.0-51.4B	\$51.1B (+13%)	0.2% below old midpoint
FY2026 operating margin	31.5%	31.5% (incl. ~30bp layoff cost)	Maintained
FY2026 ad revenue	~\$3.0B	~\$2.7B	Cut ~10%
FY2026 free cash flow	~\$12.5B	~\$12.0B	Cut (Q4 real-estate deal)
Q4 2026 revenue	n/a	\$13.44B (+11.5%)	New

Guidance item	Previous (July 2026)	New (October 2026)	Change
Q4 2026 operating margin	n/a	26.0% (incl. ~120bp layoff cost)	vs. 24.5% in Q4'25
Q4 2026 diluted EPS	n/a	\$0.67	New
Content cash spend / amortization	~1.1x	~1.1x	Unchanged

Positive outlook drivers

- Ad tier expands to 15 new countries in 2027, starting March 2027 (nine EMEA markets, Colombia, Peru, New Zealand).¹
- Churn improved year over year globally and in the US; members reacted to 2026 price increases as expected.¹
- India had its best quarter ever for paid net additions; India revenue grew ~18% FX-neutral.¹
- New Disney licensing deal and TF1 partnership; biggest live slate yet in Q4 (NFL Thanksgiving Eve and Christmas games, Fury vs. Joshua).¹
- \$22.3B of buyback authorization remaining; net debt of \$7.1B.¹

Key risks to the outlook

- Ad product rollout is behind plan; the ad revenue cut may raise doubts about 2027 targets.¹
- Management acknowledged investor concern about view-hours growth.¹
- Revenue growth is slowing in EMEA, LATAM and APAC on an FX-neutral basis.¹
- Q4 headcount reductions point to a cost-discipline phase, which may signal slower growth ahead.¹

Entry Strategy (6-12 Month Horizon)

Scenario	Price zone	Trigger / rationale	Upside to \$94.50 median target
Do not buy	\$64-66 (tonight)	Breaking the 52-week low; post-earnings selling usually continues	n/a
Aggressive	\$63-65	Only if the stock moves back above \$65.08 and holds for 1-2 sessions	+45% to +50%
Preferred	\$58-61	~19-20x underlying 2026 EPS (~\$3.04); near the \$57 lowest analyst target	+55% to +63%
Invalidation	Below ~\$56	Weekly close below this level, or a further ad/revenue guidance cut	Exit / reassess
Near-term ceiling	\$70-73	Pre-earnings trading range (Oct 15 high \$73.07)	First profit-taking zone

Execution: buy in thirds (one at \$63-65 if support holds, one at \$60, one at \$58) instead of trying to time the exact bottom.

Precedent: after the July 2026 report, NFLX bottomed at \$65.08 and rallied +26.7% to \$82.46 within about six weeks.³

Analyst context: 28 analysts, 82.1% bullish; average target \$95.54, median \$94.50, range \$57-\$134. Expect targets to come down this week.³

Underlying 2026 EPS (~\$3.04) is a Stockpedia calculation: Q1 adjusted EPS \$0.70 + Q2 \$0.80 + Q3 \$0.87 + Q4 guidance \$0.67. Q1 GAAP EPS of \$1.23 included one-time other income.

Sources

1. Netflix Q3 2026 shareholder letter, SEC Form 8-K Ex. 99.1 (filed Oct 20, 2026):

https://www.sec.gov/Archives/edgar/data/1065280/000106528026000290/ex991_q326.htm

2. Netflix Q2 2026 shareholder letter, SEC Form 8-K Ex. 99.1 (filed Jul 16, 2026):

https://www.sec.gov/Archives/edgar/data/1065280/000106528026000211/ex991_q226.htm

3. Perplexity Finance market data: NFLX quotes (after-hours as of 4:57 PM ET, Oct 20, 2026), daily price history, earnings history, and analyst consensus:

<https://www.perplexity.ai/finance/NFLX>

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