



The Dangers in Netflix's Earnings on Yahoo Finance

We joined Yahoo Finance's [On the Move](#) on Thursday, October 17 to provide insights into Netflix's earnings, competition, and valuation.

[Watch the Yahoo Finance Interview](#)

Don't rush to buy Netflix after its 3Q19 earnings report. This earnings "beat" is an illusion and the byproduct of delayed marketing expenses and a one-time foreign currency gain. See the Harvard Business School paper that shows how these non-operating items create market inefficiencies [here](#).

Instead of paying attention to misleading earnings, investors should focus on the slowing subscriber growth, negative free cash flow, and significant expectations baked into the stock price.

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Disclosure: David Trainer, Sam McBride, and Kyle Guske II receive no compensation to write about any specific stock, sector, style, or theme.

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Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale

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