

## Netflix TV Bill Could Kill \$200 Stock Price

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**Y**ou'd think [an invitation to the S&P 500](#) would mean nothing but sunshine Friday for Netflix ([NSDQ: NFLX](#)). But along comes a little rain courtesy of a bearish analyst report with a CNBC ([NYSE: GE](#)) megaphone.

In his latest research note, Michael Pachter with Wedbush Securities suggested

Netflix is way overvalued, citing factors from rising content costs to increasing competition. "Amazon ([NSDQ: AMZN](#)) will rear its ugly head and take away subscribers from Netflix," [he told CNBC](#) (see video below at 1:15 mark), which has been accused of being pretty negative on the stock this week.

Even as the stock trades just shy of \$200 all day, Pachter's 12-month price target for Netflix is \$78. Ugh.

Pachter doesn't paint a pretty picture, estimating Netflix could end up spending as much as \$600 million on TV programming alone next year; the estimate is based on a \$150-200 million estimate [floated in The Los Angeles Times](#) for its [recently closed deal with Disney-ABC](#) ([NYSE: DIS](#)) Television Group for a broad catalog of broadcast and cable series. His estimates on other Netflix current programming costs: \$190 million for EPIX, \$30 million for Starz, \$60 million for other movie catalog content, and \$50 million for other television content.

My take: Not sure Pachter is focused on what the biggest potential cost increase is here. Yes, Netflix may need to pony up big bucks for deals with the likes of Fox and CBS ([NYSE:](#)

[CBS](#)) if the company can strike deals on par with what it did with ABC—assuming that's even correct—but the biggest wild card remains Starz. If you listen to [Reed Hastings' comments Wednesday](#) at the Barclays Capital Global Conference, he sounded like a man intent on renewing the deal, and there's a better chance that will cost \$200 million (or more) than any one TV deal.

### Related

- [Reed Hastings: Netflix Doesn't Need New Starz Deal](#)
- [Netflix and Disney Agree On 15-Day Window For Some Streaming](#)