

Feb 28, 2019

Price (as of close on Feb 28, 2019)

\$66.29

Rating

BUY

Price Target

\$80.75

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Roku Inc. (ROKU)

The company announced better than expected fourth quarter results with both revenues and adjusted EBITDA beating our expectations. The outlook for 2019 remains robust with company guidance for revenue growth of ~36%. The stock has risen ~59% since our Buy recommendation in January 2019. We remain bullish on the business and reiterate our **BUY** rating. We increase our target price to \$80.75.

52-Week Range	\$26.30 – \$77.57	Total Debt	\$0.0 mil
Shares Outstanding	109.2 million	Debt/Equity	0%
Insider/Institutional	0.3% / 66.0%	ROE (LTM)	(3.9%)
Public Float	75.8 million	Book Value/Share	\$1.9
Market Capitalization	\$7,356.8 million	Daily Volume (3 mo. Avg.)	11.9M

FYE DEC	FY 2017A	FY 2018A		FY 2019E	
EPS (\$)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$(1.79)A	\$(0.07)A	\$(0.07)A	\$(0.13)E	\$(0.10)E
Q2 Jun	\$(3.18)A	\$0.01A	\$0.01A	\$(0.11)E	\$(0.08)E
Q3 Sep	\$(8.79)A	\$(0.09)A	\$(0.09)A	\$(0.24)E	\$(0.15)E
Q4 Dec	\$0.06A	\$0.05A	\$(0.00)E	\$(0.16)E	\$0.12E
Year*	\$(2.24)A	\$(0.10)A	\$(0.15)E	\$(0.65)E	\$(0.20)E
P/E Ratio	NM	NM		NM	
Change	NM	NM		NM	

FYE DEC	FY 2017A	FY 2018A		FY 2019E	
Revenue (\$ mil.)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$100.0A	\$136.5A	\$136.5A	\$187.9E	\$183.4E
Q2 Jun	\$99.6A	\$156.8A	\$156.8A	\$212.4E	\$212.4E
Q3 Sep	\$124.7A	\$173.3A	\$173.3A	\$235.0E	\$235.0E
Q4 Dec	\$188.2A	\$275.7A	\$260.7E	\$377.7E	\$352.5E
Year*	\$512.7A	\$742.5E	\$727.4E	\$1,013.1E	\$983.4E
Change	28.6%	44.8%		36.5%	

* Numbers may not add up due to rounding.

Q4:18 Highlights

- Q4:18 revenues were \$275.7 million, up 46% YOY, attributable to growth across both its segments – Platform (+77% YOY) and Player (+21% YOY).
- The company showed strong business momentum with 40% YOY active user growth and 69% YOY streaming hours growth. On the monetization front, the average revenue per user (ARPU) increased by 30% YOY to \$17.95 versus \$13.78 in Q4:17
- ROKU delivered gross margin of 40.7%, compared to 39.0% in Q4:17 and 45.6% in Q3:18.
- ROKU reported total adjusted EBITDA of \$24.5 million in Q4:18, up 70% YOY and well ahead of the company's expectations.
- For the full year of 2019, ROKU expects revenue to be between \$1 - \$1.025 billion and adjusted EBITDA to be between (\$5) to \$5 million.
- We adjust our estimates based on the results and management commentary. We maintain our BUY rating and increase our target price to \$80.75, with an implied capital appreciation potential of ~20%.

PRIMARY RISKS

- TV streaming is a highly competitive industry with the presence of large technology players such as Amazon and Google which have far higher resources.
- The U.S.-China trade war could adversely impact business operations as most of the firm's hardware is manufactured in China.

Company Description

Roku Inc. operates as a TV streaming platform. The company sells streaming video players and licenses its operating system to television manufacturers which enable consumers to watch video content over the internet. The company provides its products and services through retailers and distributors, as well as directly to customers through its website. As of December 31, 2018, the company had 27.1 million active accounts.

QUARTERLY SUMMARY – Q4:18

- **Revenues up 46% vs. prior year.** Total revenues were up 46% to \$275.7 vs. \$188.3 million in the prior year quarter, and up sequentially vs. \$173.4 million in the preceding (September) quarter. For the quarter, we had a forecast of \$260.7 million. The increase was largely attributable to revenue growth across both of its segments. Platform revenue grew 77% YOY to \$151.4 million, accounting for 55% of total sales. Player revenue grew 21% YOY to \$124.3 million which was ahead of expectations. The Player segment had a strong performance from retail channels and a well-executed holiday season. The total number of player units sold during the quarter was up 30% YOY with the highest growth coming from the sub-\$50 category which drove an 8% decrease in average sales price (ASP).
- **Active User Momentum.** The company added 3.3 million new accounts in Q4:18 and the total number of active accounts reached 27.1 million, up 40% YOY. Roku users streamed 7.3 billion hours in the quarter, an increase of 69% YOY versus 4.3 billion hours in Q4:17. In the last 18 months, Roku users have streamed more than they did in the prior nine years of the company's history. As of the end of Q4:18, nearly 1 in 5 U.S. TV households use the Roku platform to stream at least a portion of their TV viewing.
- **Expanding Monetization.** In the medium-term, the most significant factor driving Roku's financial performance will be increasing monetization of its growing installed base. The ROKU Channel launched in 2017 as a free, ad-supported channel has expanded to include premium content subscription. On the monetization front, the average revenue per user (ARPU) increased by 30% YOY to \$17.95 versus \$13.78 in Q4:17.
- **Gross margin up 170 bps YOY.** Gross margin was 40.7%, up 170 bps YOY, driven by solid platform margins, partially offset by the impact of player promotional activity during the holiday season. Total gross profit was \$112 million, up 53% YOY.
- **Adjusted EBITDA grew 70% YOY.** ROKU reported total adjusted EBITDA of \$24.5 million in Q4:18, up 70% YOY. This result was well ahead of company expectations as a result of higher revenue and gross profit.

GROWTH STRATEGY

Over the long-term, Roku believes active account growth will be the company's biggest growth driver. The company has more than doubled its active account base, growing from 4 million in 2016 to 8 million in 2018. In the U.S. alone, Roku's active account base would make the Roku platform equivalent to the 2nd largest traditional pay TV/cable company. Management is increasing investment in international expansion because international expansion represents a large opportunity to grow its active accounts. However, international expansion is unlikely to be a major driver of 2019 account growth. Management expects to see greater benefits of these investments start in 2020. Similarly, Roku plans to continue to invest in other high-ROI areas which include advertising, the Roku Channel, and Roku TV.

OUTLOOK

For 2019, management expects revenues to reach ~\$1 billion, which is ~36% YOY growth. Total gross profit is anticipated to be ~\$450 million. Management is guiding for ~\$535 million of GAAP operating expenses in 2019 which includes stock-based compensation of roughly \$73 million and an estimated \$12 million of depreciation and amortization. The majority of Roku's operating expenses are headcount related. Roku ended 2018 with over 1,100 full-time employees, up 36% YOY, and plans to continue to hire at a similar pace in 2019. Management is guiding for adjusted EBITDA to be in the range of \$(5) - \$5 million.

For Q1:19, management expects revenue to be ~\$188 million, up ~38% YOY. Q1 is seasonally the softest quarter from a revenue perspective. Gross profit and adjusted EBITDA are anticipated to be ~\$88 and ~\$(10) million, respectively.

EARNINGS ESTIMATES

For 2019 and 2020, we forecast revenue growth of 36.5% and 35.6%, resulting in \$1,013.1 and \$1,374.2 million of revenue, respectively. We forecast adjusted EBITDA for 2019 to be \$0.3 million, in line with management's guidance of achieving break-even adjusted EBITDA for the full year. For 2020, we expect adjusted EBITDA to increase to \$33.2 million. In 2019, we forecast income from continuing operations to be \$(80.1) million, in line with management's guidance range of \$(80) – \$(90) million.

VALUATION AND RECOMMENDATION

We value Roku using a P/S multiple since the company does not earn a profit. Given the shift in management's focus away from hardware to software & services, we believe Roku should be valued more like an internet software and services provider than a maker of a consumer device.

We believe Roku should trade at a level close to the higher end of its peer group considering the company has increasing margins, a ~25% smart TV market share, expanding user engagement metrics, and high revenue growth. We value Roku at a 9.0x P/S multiple. We are applying this multiple to our 2020 forecast. We then discount this target back at our computed cost of capital. The multiple based discounted target is \$80.71, which we round up to \$80.75.

The exhibit below summarizes our peer group multiples.

Exhibit 1: Roku Inc. Peer Group Multiples and Price Targets

Company Name	Ticker	Last Price	Shares outstanding (MM)	Market Cap (\$MM)	Price-to-Sales TTM	Price-to-Book MRQ	Trailing P/E	Forward P/E	EV/EBITDA
Amazon Inc.	AMZN	\$ 1,636.40	491.2	\$803,799.68	3.45	32.30	81.30	60.18	29.20
Alphabet Inc.	GOOG	\$ 1,122.01	695.2	\$780,021.35	5.70	5.00	25.70	23.82	16.60
Apple	APPL	\$ 174.33	4715.3	\$822,018.25	3.14	7.00	14.40	14.76	10.70
Netflix Inc.	NFLX	\$ 364.97	436.6	\$159,345.90	10.09	NM	136.20	89.59	98.30
Industry Averages (ex: negatives)				\$ 239,979.02	5.60	10.97	55.08	39.85	31.98
Roku Inc.	ROKU	\$ 67.37	109.20	\$ 7,356.80	9.91	20.40	NM	NM	NM
Roku Target Multiples					9.00				
2020 Sales					\$ 1,374.21				
2020 Target					\$ 100.36				
2020 Target Discounted Back		\$ 80.71							

Source: Roku Inc. and Singular Research

The Exhibit below shows stock price targets using various combinations of sales and P/S multiples. Our sales per share estimate for 2019 and 2020 is \$8.22 and \$11.15, respectively. The portion of the chart not shaded shows the resulting stock price targets at various forward P/S multiples that are above the current price.

Exhibit 2: Forward P/S Ratio Vs. Forward Sales

		Forward Sales per share													
		\$4.00	\$ 5.00	\$ 6.00	\$ 7.00	\$ 8.00	\$ 9.00	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 16.00	
Forward P/S Ratio	3.0	\$ 12.00	\$ 15.00	\$ 18.00	\$ 21.00	\$ 24.00	\$ 27.00	\$ 30.00	\$ 33.00	\$ 36.00	\$ 39.00	\$ 42.00	\$ 45.00	\$ 48.00	
	3.5	\$ 14.00	\$ 17.50	\$ 21.00	\$ 24.50	\$ 28.00	\$ 31.50	\$ 35.00	\$ 38.50	\$ 42.00	\$ 45.50	\$ 49.00	\$ 52.50	\$ 56.00	
	4.0	\$ 16.00	\$ 20.00	\$ 24.00	\$ 28.00	\$ 32.00	\$ 36.00	\$ 40.00	\$ 44.00	\$ 48.00	\$ 52.00	\$ 56.00	\$ 60.00	\$ 64.00	
	4.5	\$ 18.00	\$ 22.50	\$ 27.00	\$ 31.50	\$ 36.00	\$ 40.50	\$ 45.00	\$ 49.50	\$ 54.00	\$ 58.50	\$ 63.00	\$ 67.50	\$ 72.00	
	5.0	\$ 20.00	\$ 25.00	\$ 30.00	\$ 35.00	\$ 40.00	\$ 45.00	\$ 50.00	\$ 55.00	\$ 60.00	\$ 65.00	\$ 70.00	\$ 75.00	\$ 80.00	
	5.5	\$ 22.00	\$ 27.50	\$ 33.00	\$ 38.50	\$ 44.00	\$ 49.50	\$ 55.00	\$ 60.50	\$ 66.00	\$ 71.50	\$ 77.00	\$ 82.50	\$ 88.00	
	6.0	\$ 24.00	\$ 30.00	\$ 36.00	\$ 42.00	\$ 48.00	\$ 54.00	\$ 60.00	\$ 66.00	\$ 72.00	\$ 78.00	\$ 84.00	\$ 90.00	\$ 96.00	
	6.5	\$ 26.00	\$ 32.50	\$ 39.00	\$ 45.50	\$ 52.00	\$ 58.50	\$ 65.00	\$ 71.50	\$ 78.00	\$ 84.50	\$ 91.00	\$ 97.50	\$ 104.00	
	7.0	\$ 28.00	\$ 35.00	\$ 42.00	\$ 49.00	\$ 56.00	\$ 63.00	\$ 70.00	\$ 77.00	\$ 84.00	\$ 91.00	\$ 98.00	\$ 105.00	\$ 112.00	
	7.5	\$ 30.00	\$ 37.50	\$ 45.00	\$ 52.50	\$ 60.00	\$ 67.50	\$ 75.00	\$ 82.50	\$ 90.00	\$ 97.50	\$ 105.00	\$ 112.50	\$ 120.00	
	8.0	\$ 32.00	\$ 40.00	\$ 48.00	\$ 56.00	\$ 64.00	\$ 72.00	\$ 80.00	\$ 88.00	\$ 96.00	\$ 104.00	\$ 112.00	\$ 120.00	\$ 128.00	
8.5	\$ 34.00	\$ 42.50	\$ 51.00	\$ 59.50	\$ 68.00	\$ 76.50	\$ 85.00	\$ 93.50	\$ 102.00	\$ 110.50	\$ 119.00	\$ 127.50	\$ 136.00		
9.0	\$ 36.00	\$ 45.00	\$ 54.00	\$ 63.00	\$ 72.00	\$ 81.00	\$ 90.00	\$ 99.00	\$ 108.00	\$ 117.00	\$ 126.00	\$ 135.00	\$ 144.00		

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Rating Definitions

BUY, 30% or greater increase in the next 12 months.

BUY- Long-Term, near term EPS horizon is challenging, attractive long-term appreciation potential.

HOLD, perform in line with the market.

SELL, 30% or more declines in the next 12 months.

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Roku Inc.
Quarterly Results & Estimates
\$ in Millions

	2016 Actual	2017 Actual	2018 Actual					2019 Estimated				2020 Estimated	
	Fiscal 2016A	Fiscal 2017A	1QA Mar-18	2QA Jun-18	3QA Sep-18	4QA Dec-18	Fiscal 2018A	1QE Mar-19	2QE Jun-19	3QE Sep-19	4QE Dec-19	Fiscal 2019E	Fiscal 2020E
Platform	104.72	\$ 225.36	\$ 75.08	\$ 90.34	\$ 100.05	\$ 151.40	\$416.86	\$ 120.87	\$ 140.03	\$ 155.08	\$ 242.23	\$ 658.21	\$ 987.32
Player	293.929	\$ 287.41	\$ 61.50	\$ 66.47	\$ 73.33	\$ 124.34	\$325.64	\$ 67.03	\$ 72.45	\$ 79.93	\$ 135.53	\$ 354.95	\$ 386.90
Total Revenues	\$ 398.65	\$ 512.76	\$ 136.58	\$ 156.81	\$ 173.38	\$ 275.74	\$742.51	\$ 187.91	\$ 212.48	\$ 235.01	\$ 377.77	\$ 1,013.16	\$ 1,374.21
Revenue Growth	24.6%	28.6%	36.4%	57.4%	38.9%	46.5%	44.8%	37.6%	35.5%	35.5%	37.0%	36.5%	35.6%
Cost of Goods Sold	\$ 277.60	\$ 312.93	\$ 73.46	\$ 79.06	\$ 94.39	\$ 163.45	\$410.36	\$ 99.59	\$ 114.74	\$ 129.25	\$ 219.10	\$ 562.69	\$ 749.43
Gross Profit	\$ 121.05	\$ 199.83	\$ 63.11	\$ 77.75	\$ 78.99	\$ 112.29	\$332.15	\$ 88.32	\$ 97.74	\$ 105.75	\$ 158.66	\$ 450.47	\$ 624.78
Gross margin	30.4%	39.0%	46.2%	49.6%	45.6%	40.7%	44.7%	47.0%	46.0%	45.0%	42.0%	44.5%	45.5%
R&D	\$ 76.18	\$ 107.95	\$ 34.13	\$ 40.20	\$ 45.37	\$ 51.00	\$170.69	\$ 48.86	\$ 56.52	\$ 66.27	\$ 81.22	\$ 252.87	\$ 336.86
Sales & marketing	\$ 52.89	\$ 64.07	\$ 20.32	\$ 22.26	\$ 25.60	\$ 34.60	\$102.78	\$ 31.94	\$ 32.30	\$ 39.48	\$ 58.55	\$ 162.28	\$ 213.15
G&A	\$ 35.34	\$ 47.44	\$ 15.57	\$ 15.43	\$ 19.77	\$ 21.20	\$ 71.97	\$ 24.43	\$ 22.95	\$ 31.49	\$ 40.42	\$ 119.29	\$ 153.37
Total operating expenses	\$ 164.41	\$ 219.45	\$ 70.01	\$ 77.88	\$ 90.74	\$ 106.80	\$345.44	\$ 105.23	\$ 111.76	\$ 137.24	\$ 180.19	\$ 534.43	\$ 703.38
% of sales	41.2%	42.8%	51.3%	49.7%	52.3%	38.7%	46.5%	56.0%	52.6%	58.4%	47.7%	52.7%	51.2%
Operating Profit	\$ (43.36)	\$ (19.62)	\$ (6.90)	\$ (0.13)	\$ (11.75)	\$ 5.49	\$ (13.30)	\$ (16.91)	\$ (14.02)	\$ (31.49)	\$ (21.53)	\$ (83.96)	\$ (78.60)
Operating Margin	-10.9%	-3.8%	-5.1%	-0.1%	-6.8%	2.0%	-1.8%	-9.0%	-6.6%	-13.4%	-5.7%	-8.3%	-5.7%
Interest Expense	\$ 0.15	\$ (1.61)	\$ (0.05)	\$ (0.06)	\$ (0.11)	\$ (0.13)	\$ (0.35)	\$ (0.13)	\$ (0.13)	\$ (0.13)	\$ (0.13)	\$ (0.50)	\$ (0.50)
Other Non-Operating Income (Expenses)	\$ 0.67	\$ (41.97)	\$ 0.45	\$ 0.36	\$ 2.16	\$ 1.34	\$ 4.31	\$ 0.45	\$ 0.36	\$ 2.16	\$ 1.34	\$ 4.31	\$ 5.35
Pretax Income	\$ (42.55)	\$ (63.19)	\$ (6.51)	\$ 0.17	\$ (9.70)	\$ 6.70	\$ (9.33)	\$ (16.59)	\$ (13.79)	\$ (29.46)	\$ (20.32)	\$ (80.15)	\$ (73.75)
Total Income Taxes	\$ 0.21	\$ 0.32	\$ 0.13	\$ (0.35)	\$ (0.17)	\$ (0.08)	\$ (0.48)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1.41)
Net Income From Continuing Operations	\$ (42.76)	\$ (63.51)	\$ (6.63)	\$ 0.53	\$ (9.53)	\$ 6.78	\$ (8.86)	\$ (16.59)	\$ (13.79)	\$ (29.46)	\$ (20.32)	\$ (80.15)	\$ (72.34)
GAAP Net Income	\$ (42.76)	\$ (63.51)	\$ (6.63)	\$ 0.53	\$ (9.53)	\$ 6.78	\$ (8.86)	\$ (16.59)	\$ (13.79)	\$ (29.46)	\$ (20.32)	\$ (80.15)	\$ (72.34)
Shares for Basic EPS	4.746	28.308	99.488	102.652	106.884	109.322	109.322	109.322	109.322	109.322	109.322	109.322	109.322
Shares for Diluted EPS	4.746	28.308	99.488	121.698	106.884	123.237	123.237	123.237	123.237	123.237	123.237	123.237	123.237
EPS Basic from Continuiug Ops	\$ (9.01)	\$ (2.24)	\$ (0.07)	\$ 0.01	\$ (0.09)	\$ 0.06	\$ (0.09)	\$ (0.15)	\$ (0.13)	\$ (0.27)	\$ (0.19)	\$ (0.73)	\$ (0.66)
EPS Diluted from Continuing Ops	\$ (9.01)	\$ (2.24)	\$ (0.07)	\$ 0.00	\$ (0.09)	\$ 0.05	\$ (0.10)	\$ (0.13)	\$ (0.11)	\$ (0.24)	\$ (0.16)	\$ (0.65)	\$ (0.59)

Roku Inc.
Balance Sheet
\$ in Millions

	2016 Actual	2017 Actual	2018 Actual					2019 Estimated					2020 Estimated
	Fiscal 2016A	Fiscal 2017A	1QA Mar-18	2QA Jun-18	3QA Sep-18	4QA Dec-18	Fiscal 2018A	1QE Mar-19	2QE Jun-19	3QE Sep-19	4QE Dec-19	Fiscal 2019E	Fiscal 2020E
Cash & Equivalents	\$ 34.56	\$ 177.25	\$ 160.75	\$ 174.17	\$ 137.67	\$ 155.56	\$ 155.56	\$ 135.19	\$ 114.67	\$ 80.29	\$ 58.04	\$ 58.04	\$ 20.80
Short Term Investments	\$ -	\$ -	\$ -	\$ -	\$ 42.06	\$ 42.15	\$ 42.15	\$ 42.15	\$ 42.15	\$ 42.15	\$ 42.15	\$ 42.15	\$ 42.15
Accounts Receivable	\$ 79.47	\$ 120.55	\$ 106.09	\$ 123.61	\$ 133.90	\$ 183.08	\$ 183.08	\$ 145.97	\$ 167.50	\$ 181.49	\$ 226.66	\$ 226.66	\$ 229.99
Inventories	\$ 43.57	\$ 32.74	\$ 38.06	\$ 39.43	\$ 68.80	\$ 35.59	\$ 35.59	\$ 52.37	\$ 53.43	\$ 93.26	\$ 48.75	\$ 48.75	\$ 65.96
Prepaid Expenses	\$ 4.98	\$ 11.37	\$ 30.55	\$ 15.13	\$ 13.87	\$ 15.37	\$ 15.37	\$ 42.03	\$ 20.50	\$ 18.80	\$ 22.81	\$ 22.81	\$ 30.86
Other assets	\$ 2.64	\$ 3.01	\$ 1.36	\$ 1.44	\$ 1.50	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.19
Total Current Assets	\$ 165.22	\$ 344.92	\$ 336.81	\$ 353.78	\$ 397.80	\$ 432.94	\$ 432.94	\$ 418.88	\$ 399.43	\$ 417.17	\$ 399.60	\$ 399.60	\$ 390.94
Property & Equipment, net	\$ 9.53	\$ 14.74	\$ 16.84	\$ 20.21	\$ 23.26	\$ 25.26	\$ 25.26	\$ 27.95	\$ 30.27	\$ 32.23	\$ 33.42	\$ 33.42	\$ 41.57
Goodwill	\$ -	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38	\$ 1.38
Other Intangibles	\$ -	\$ 2.03	\$ 1.89	\$ 1.75	\$ 1.62	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48	\$ 1.48
Other Assets	\$ 4.33	\$ 8.83	\$ 3.56	\$ 4.54	\$ 4.31	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94
TOTAL ASSETS	\$ 179.08	\$ 371.90	\$ 360.48	\$ 381.67	\$ 428.36	\$ 465.00	\$ 465.00	\$ 453.63	\$ 436.50	\$ 456.20	\$ 439.81	\$ 439.81	\$ 439.30
Accounts Payable & Accrued Liabilities	\$ 77.55	\$ 128.76	\$ 111.78	\$ 111.03	\$ 147.26	\$ 148.56	\$ 148.56	\$ 153.79	\$ 150.44	\$ 199.60	\$ 203.53	\$ 203.53	\$ 275.36
Deferred Revenues	\$ 23.95	\$ 34.50	\$ 33.95	\$ 39.15	\$ 38.54	\$ 45.44	\$ 45.44	\$ 45.44	\$ 45.44	\$ 45.44	\$ 45.44	\$ 45.44	\$ 45.44
Other Current Liabilities	\$ 15.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 116.51	\$ 163.26	\$ 145.72	\$ 150.18	\$ 185.80	\$ 194.00	\$ 194.00	\$ 199.23	\$ 195.88	\$ 245.04	\$ 248.97	\$ 248.97	\$ 320.80
Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities	\$ 43.22	\$ 56.36	\$ 21.28	\$ 19.73	\$ 20.68	\$ 26.34	\$ 26.34	\$ 26.34	\$ 26.34	\$ 26.34	\$ 26.34	\$ 26.34	\$ 26.34
TOTAL LIABILITIES	\$ 159.72	\$ 219.62	\$ 167.00	\$ 169.90	\$ 206.48	\$ 220.35	\$ 220.35	\$ 225.57	\$ 222.23	\$ 271.38	\$ 275.32	\$ 275.32	\$ 347.14
Preferred Stock	\$ 213.18	\$ 213.18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stock	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Additional Paid-in Capital	\$ 26.00	\$ 435.61	\$ 445.14	\$ 462.90	\$ 482.55	\$ 498.55	\$ 498.55	\$ 498.55	\$ 498.55	\$ 498.55	\$ 498.55	\$ 498.55	\$ 498.55
Retained Earnings	\$ (219.83)	\$ (283.34)	\$ (251.67)	\$ (251.15)	\$ (260.67)	\$ (253.90)	\$ (253.90)	\$ (270.49)	\$ (284.27)	\$ (313.73)	\$ (334.05)	\$ (334.05)	\$ (406.39)
Minority Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EQUITY	\$ 19.36	\$ 152.28	\$ 193.48	\$ 211.77	\$ 221.88	\$ 244.65	\$ 244.65	\$ 228.06	\$ 214.27	\$ 184.82	\$ 164.50	\$ 164.50	\$ 92.16
TOTAL LIABILITIES & EQUITY	\$ 179.08	\$ 371.90	\$ 360.48	\$ 381.67	\$ 428.36	\$ 465.00	\$ 465.00	\$ 453.63	\$ 436.50	\$ 456.20	\$ 439.81	\$ 439.81	\$ 439.30

Roku Inc.
Cash Flow Statement
\$ in Millions

	2016 Actual	2017 Actual	2018 Actual					2019 Estimated					2020 Estimated
	Fiscal 2016A	Fiscal 2017A	1QA Mar-18	2QA Jun-18	3QA Sep-18	4QA Dec-18	Fiscal 2018A	1QE Mar-19	2QE Jun-19	3QE Sep-19	4QE Dec-19	Fiscal 2019E	Fiscal 2020E
Net Income	\$ (42.76)	\$ (63.51)	\$ (6.63)	\$ 0.53	\$ (9.53)	\$ 6.78	\$ (8.86)	\$ (16.59)	\$ (13.79)	\$ (29.46)	\$ (20.32)	\$ (80.15)	\$ (72.34)
Depreciation and Amortization	\$ 5.30	\$ 5.34	\$ 1.66	\$ 1.95	\$ 2.22	\$ 2.57	\$ 8.39	\$ 2.28	\$ 2.64	\$ 3.01	\$ 3.78	\$ 11.70	\$ 11.70
Other	\$ 4.31	\$ 44.14	\$ 0.33	\$ 0.34	\$ 0.59	\$ 1.08	\$ 2.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock Compensation	\$ 8.21	\$ 10.95	\$ 4.43	\$ 5.31	\$ 11.50	\$ 16.44	\$ 37.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ (24.94)	\$ (3.08)	\$ (0.22)	\$ 8.13	\$ 4.78	\$ 26.86	\$ 39.55	\$ (14.31)	\$ (11.15)	\$ (26.45)	\$ (16.54)	\$ (68.45)	\$ (60.63)
Receivables - Decrease (Increase)	\$ (26.35)	\$ (41.18)	\$ 26.99	\$ (17.60)	\$ (10.75)	\$ (49.30)	\$ (50.67)	\$ 37.11	\$ (21.53)	\$ (13.99)	\$ (45.17)	\$ (43.58)	\$ (3.33)
Inventories - Dec (Inc)	\$ (13.26)	\$ 10.83	\$ (5.43)	\$ (1.37)	\$ (29.37)	\$ 33.22	\$ (2.95)	\$ (16.78)	\$ (1.06)	\$ (39.83)	\$ 44.51	\$ (13.17)	\$ (17.20)
Prepaid Expenses - Dec (Inc)	\$ (0.54)	\$ (6.51)	\$ (11.64)	\$ 11.95	\$ 1.05	\$ (1.66)	\$ (0.31)	\$ (26.65)	\$ 21.52	\$ 1.71	\$ (4.01)	\$ (7.44)	\$ (8.05)
Other Assets - Decrease (Increase)	\$ (2.44)	\$ (4.75)	\$ 1.74	\$ (1.06)	\$ 0.17	\$ 0.68	\$ 1.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable and Accrued Liabilities	\$ 14.99	\$ 48.44	\$ (14.88)	\$ (4.12)	\$ 35.94	\$ 0.87	\$ 17.82	\$ 5.22	\$ (3.35)	\$ 49.15	\$ 3.94	\$ 54.97	\$ 71.83
Accrued Expenses	\$ -	\$ -	\$ (3.59)	\$ 3.59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	\$ 19.79	\$ 29.98	\$ (7.48)	\$ 4.09	\$ 0.33	\$ 13.12	\$ 10.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities	\$ 0.29	\$ 3.58	\$ (0.12)	\$ (0.44)	\$ 0.02	\$ (0.56)	\$ (1.10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Activities - Net Cash Flow	\$ (32.46)	\$ 37.29	\$ (14.64)	\$ 3.17	\$ 2.17	\$ 23.22	\$ 13.92	\$ (15.41)	\$ (15.56)	\$ (29.41)	\$ (17.29)	\$ (77.66)	\$ (17.39)
Capital Expenditures	\$ (8.60)	\$ (9.23)	\$ (3.41)	\$ (5.61)	\$ (4.35)	\$ (4.96)	\$ (18.33)	\$ (4.96)	\$ (4.96)	\$ (4.96)	\$ (4.96)	\$ (19.86)	\$ (19.86)
Other Investing Activities	\$ 0.03	\$ (3.04)	\$ -	\$ -	\$ (41.90)	\$ 0.09	\$ (41.81)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investing Activities - Net Cash Flow	\$ (8.57)	\$ (12.27)	\$ (3.41)	\$ (5.61)	\$ (46.25)	\$ (4.87)	\$ (60.13)	\$ (4.96)	\$ (4.96)	\$ (4.96)	\$ (4.96)	\$ (19.86)	\$ (19.86)
Proceeds from Share Issued	\$ 0.44	\$ 131.65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from borrowings	\$ 15.00	\$ 24.69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Payments on Bank Loan	\$ (15.00)	\$ (40.45)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activities - Other	\$ (0.59)	\$ 1.77	\$ 1.54	\$ 15.85	\$ 7.58	\$ (0.46)	\$ 24.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activities - Net Cash Flow	\$ (0.16)	\$ 117.66	\$ 1.54	\$ 15.85	\$ 7.58	\$ (0.46)	\$ 24.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exchange Rate Effect	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents - Change	\$ (41.19)	\$ 142.69	\$ (16.50)	\$ 13.42	\$ (36.50)	\$ 17.89	\$ (21.69)	\$ (20.38)	\$ (20.52)	\$ (34.37)	\$ (22.25)	\$ (97.52)	\$ (37.24)
Cash Beginning	\$ 75.75	\$ 34.56	\$ 177.25	\$ 160.75	\$ 174.17	\$ 137.67	\$ 177.25	\$ 155.56	\$ 135.19	\$ 114.67	\$ 80.29	\$ 155.56	\$ 58.04
Cash End	\$ 34.56	\$ 177.25	\$ 160.75	\$ 174.17	\$ 137.67	\$ 155.56	\$ 155.56	\$ 135.19	\$ 114.67	\$ 80.29	\$ 58.04	\$ 58.04	\$ 20.80