

# Meta Platforms formerly Facebook (FB) Stock Watcher Report

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To: **micnova@bivio.com**

- Stock Selection Guide - PAR 28%, U/D 33, ROE 17%
- Analysts:
  - Rate FB a Strong Buy/Buy
  - 2022 revenue growth of 17.2%
  - 2022 EPS of \$14.83
- Value Line - 19.5% revenue growth, 21.5 % earnings growth, and A++ financials
- Manifest Investing - PAR 30.9% and Quality 96
- Morningstar - Wide Moat, 5 Stars, Fair Value \$400 (currently \$190)
- Earnings Report on 2022-02-02. There is some future uncertainty about FB's future revenue growth. It is facing stiff competition for advertising from other social media services. Earnings growth has declined due to increased expenses. However, it is still a strong cash generating company.
- Conclusion: **Buy**

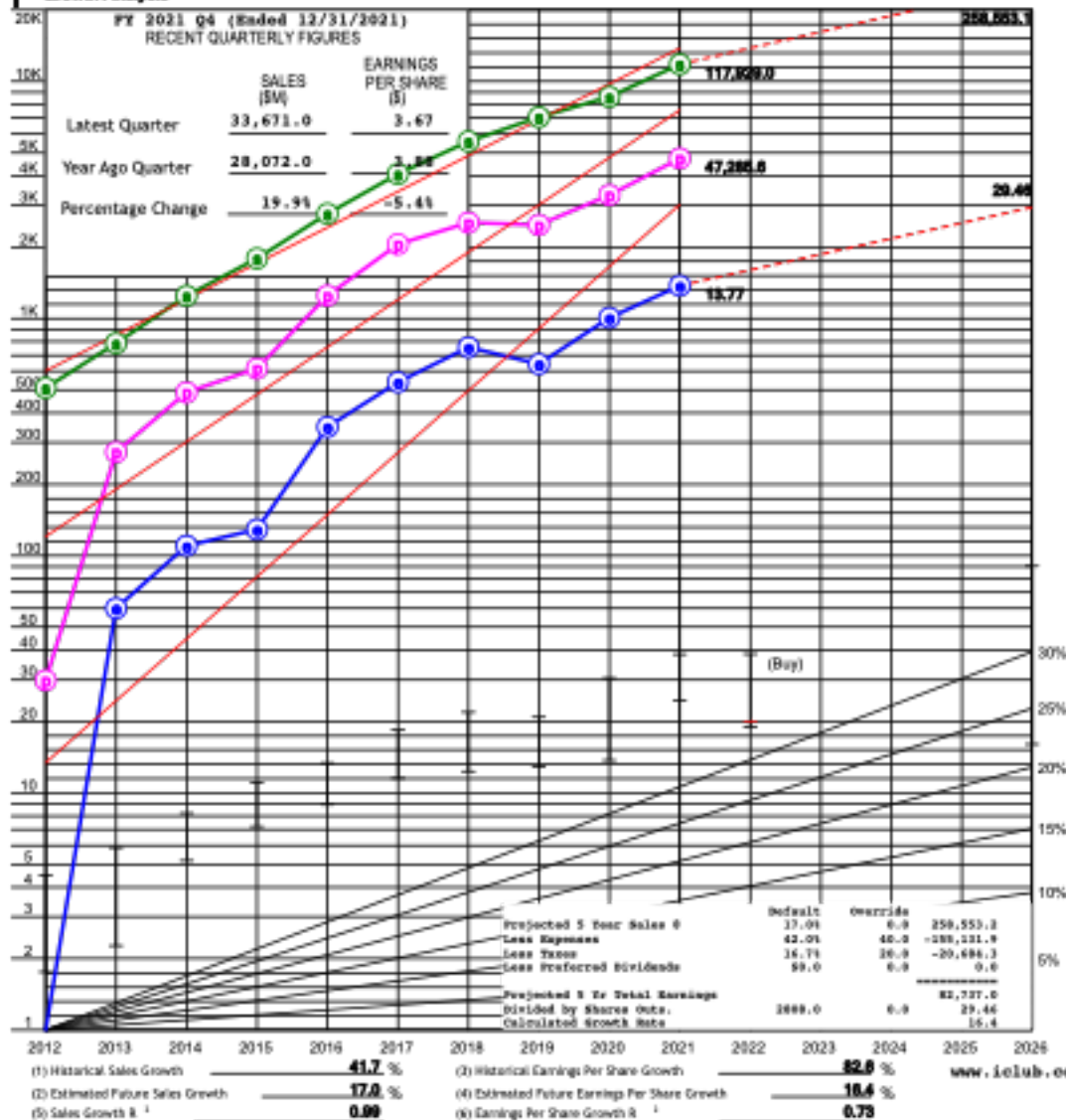


# Stock Selection Guide

Company	Meta Platforms Inc	Price Date	03/04/22
Study by	jah	Data Date	02/21/22
Sector	Communication Services	Last Judgment	03/07/22
Industry	Internet Content & Infor	Data Source	SI
Preferred(\$M)	0.0	Reference	Morningstar
Diluted(M Shares)	2,808.0	% Insiders	0.2
Total Debt(\$M)	13,873.0	% Institutions	53.0
% Tot Debt to Tot Cap	9.5	Quality	

## 1 Growth Analysis

NAS: FB



<b>META PLATFORMS</b> NDAQ-FB		RECENT PRICE <b>308.71</b>	PE RATIO <b>20.3</b> (Trailing 12M)	RELATIVE PE RATIO <b>1.10</b>	DIVID YLD	NII	VALUE LINE															
<b>TIMELINESS</b> 1	Rated 3/21	High: 45.0	58.6	82.2	110.6	133.5	194.3															
<b>SAFETY</b> 2	Rated 8/20	Low: 17.5	22.7	51.8	72.0	89.4	115.3															
<b>TECHNICAL</b> 3	Lowest 11/5/21	LEGENDS --- 21.8 "Cash Flow" p/sh ... Relative Price Strength Circle: % Shaded area indicates recession																				
<b>BETA</b> .90	(1.00 = Market)																					
<b>18-Month Target Price Range</b>		<table border="1"> <tr> <th>Low-High</th> <th>Midpoint (% to Mid)</th> </tr> <tr> <td>\$282-\$270</td> <td>\$425 (42%)</td> </tr> </table>						Low-High	Midpoint (% to Mid)	\$282-\$270	\$425 (42%)											
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Facebook was founded by Mark Zuckerberg and fellow students at Harvard University in 2004. The company was incorporated in Delaware in July of 2004. Facebook completed its initial public offering on the NASDAQ Global Select Market in May of 2012. The total offering comprised 421,233,615 shares of Class A stock, initially priced at \$38 per share. Morgan Stanley was the lead manager.

**CAPITAL STRUCTURE as of 9/30/21**  
Total Debt None

Leases, Un capitalized: Annual rentals \$1319 mil.  
No Defined Benefit Pension Plan

Preferred Stock None

Common Stock 2,761,759,519 shares  
(2,366,277,848 Class A shares and 415,481,698 Class B shares)  
as of 10/06/21

**MARKET CAP: \$89 billion (Large Cap)**

CURRENT POSITION	2019	2020	9/30/21
Cash Assets	54855	41954	56075
Receivables	9518	11335	12068
Inventory (FIFO)	---	---	---
Other	1852	2381	5258
Current Assets	66225	55670	73401
Accounts Payable	1363	1331	2185
Debt Due	---	---	---
Other	13860	13850	15617
Current Liab.	15253	14381	17812

ANNUAL RATES	Past 18 Yrs.	Past 5 Yrs.	Est'd '18-'20 to '24-'26
Revenues	48.0%	19.5%	20.5%
"Cash Flow"	49.0%	20.0%	21.5%
Earnings	54.5%	21.5%	22.5%
Dividends	---	---	N/A
Book Value	28.0%	20.5%	21.5%

Quarterly Revenues (\$ mil.)	Full Year				
Mar. 31	Jun. 30	Sep. 30	Dec. 31		
2018	11968	13231	13727	16014	55258
2019	15877	16886	17652	21082	70697
2020	17737	18687	21470	28072	85966
2021	26171	26677	29010	35742	127600
2022	32990	34060	34909	38906	140805

Earnings Per Share	Full Year				
Mar. 31	Jun. 30	Sep. 30	Dec. 31		
2018	1.68	1.74	1.76	2.38	7.57
2019	1.88	1.99	2.12	2.95	8.95
2020	1.71	1.80	2.71	3.88	10.09
2021	3.30	3.61	3.22	4.27	14.40
2022	3.75	4.80	3.99	4.55	16.29

Quarterly Dividends Paid	Full Year				
Mar. 31	Jun. 30	Sep. 30	Dec. 31		
2018	---	---	---	---	---
2019	---	---	---	---	---
2020	---	---	---	---	---
2021	---	---	---	---	---
2022	---	---	---	---	---

(A) Diluted earnings. Next earnings report due late April.  
(B) In millions.  
(C) Class A stock is entitled to one vote per share and Class B stock is entitled to ten votes per share.  
(D) Data pro forma.  
(E) Includes intangibles. In 2020, \$19,673 mil.  
(F) Totals may not sum due to rounding.

	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue per sh	2.75	3.00	4.48	6.38	8.56	13.30	19.55	24.70	30.17	42.89	56.90	73.30
"Cash Flow" per sh	3.0	3.8	4.8	6.8	9.2	13.8	19.8	25.2	31.2	43.8	58.2	74.8
Earnings per sh	1.8	2.0	2.8	3.8	5.2	7.8	10.8	13.8	17.2	23.2	30.2	38.2
Div'd per sh	---	---	---	---	---	---	---	---	---	---	---	---
Capit Spending per sh	---	---	---	---	---	---	---	---	---	---	---	---
Book Value per sh	---	---	---	---	---	---	---	---	---	---	---	---
Common Shs Outstg	237.0	254.0	270.0	284.8	298.0	298.0	284.0	282.0	284.0	284.0	279.0	280.0
Ann'l P/E Ratio	N/A	53.2	52.7	58.8	33.5	25.3	22.8	21.3	23.2	22.3	21.3	21.3
Relative P/E Ratio	N/A	3.30	3.30	3.45	1.76	1.27	1.22	1.13	1.19	1.19	1.19	1.19
Avg Ann'l Div'd Yield	---	---	---	---	---	---	---	---	---	---	---	---
Revenue (\$mil)	3711.0	5089.0	7872.0	12488	17928	27038	40853	55838	78937	10585	14080	18080
Operating Margin	35.0%	33.3%	48.5%	58.0%	48.0%	53.4%	57.7%	52.3%	42.0%	48.0%	46.8%	44.6%
Depreciation (\$mil)	323.0	449.0	1811.0	1243.0	1945.8	2342.0	3025.0	4315.0	5741.0	862.0	860	850
Net Profit (\$mil)	1300.0	53.0	1491.0	2025.0	3699.8	13188	18181	22111	24584	29445	49680	44650
Income Tax Rate	41.0%	N/A	45.0%	48.1%	48.5%	18.4%	11.8%	12.8%	3%	12.2%	17.5%	20.4%
Net Profit Margin	35.0%	1.0%	18.0%	23.5%	28.5%	36.3%	44.7%	39.8%	34.8%	33.9%	32.3%	32.1%
Working Cap'l (\$mil)	3705.0	1820	11870	12348	12727	15228	44883	43483	51172	80580	79800	80800
Long-Term Debt (\$mil)	388.0	1801.0	237.0	119.0	187.8	---	---	---	107.0	---	---	---
Shr. Equity (\$mil)	4893.0	11795	15470	30396	45218	58184	74347	84127	107054	138280	156890	184090
Return on Total Cap'l	19.3%	6%	9.7%	8.1%	8.3%	17.2%	24.5%	26.3%	24.3%	22.7%	26.5%	24.5%
Return on Shr. Equity	20.4%	5%	9.6%	8.1%	8.3%	17.2%	24.5%	26.3%	24.3%	22.7%	26.5%	24.5%
Return to Com Eq	23.3%	5%	9.6%	8.1%	8.3%	17.2%	24.5%	26.3%	24.3%	22.7%	26.5%	24.5%
All Div'd to Net Profit	---	---	---	---	---	---	---	---	---	---	---	---

**BUSINESS:** Meta Platforms, Inc. operates the world's leading social networking service through its flagship Web site. The company's Web-based tools allow users to connect and communicate with each other. Had about 2.81 billion monthly active users as of 9/30/21. Also owns Instagram, WhatsApp, and Messenger. Generates substantially all revenue from selling advertising placements to marketers. Had 88,804 full-time employees at 12/31/20. Vanguard owns 7.6% of Class A shares; BlackRock, 5.0%; FMR LLC, 5.2%; iC, and dr., less than 1.0% and 88.1% of Class B shares includes Mark Zuckerberg, 81.7% (421 Proxy), Chairman and CEO; Mark Zuckerberg, Inc., Delaware, Addr: 1801 Willow Road, Menlo Park, CA 94025. Tel: 850-543-4906. Internet: www.facebook.com.

**Facebook has changed its name to Meta Platforms.** The company expects to change its stock ticker symbol to MVR5 in the current quarter. This noteworthy change reflects a growing emphasis by the company on the metaverse, which encompasses social experiences and emerging technologies such as augmented reality and virtual reality. Investment in this arena should prove increasingly important in the years ahead, as Meta looks to develop the next generation of online social experiences. The company is now reporting on its business in two different segments: one for its family of applications and another that will include its investment in future platforms.

**The company was set to report results for the fourth quarter of 2021 as this issue went to press.** We expect favorable comparisons for the December period. For full-year 2021, we look for growth in revenues and share earnings of 40% and 43%, respectively. Meta has continued to benefit from solid growth in monthly active users. Healthy demand for advertising has also supported top-line performance. However, targeting headwinds resulting from regulatory and platform changes have presented a challenge.

**Long-term prospects appear relatively attractive here, and we anticipate healthy growth from 2022 onward.** The company remains well positioned in the social media space. Active users will likely continue to increase at a solid pace in the years ahead. Mobile advertising should remain an important driver of performance. Investment in new technologies ought to pay off down the road.

**This equity carries fairly broad appeal.** This stock is ranked to outperform the broader market averages for the coming six to 12 months. Looking further out, we anticipate healthy growth in revenues and earnings per share for the company over the pull to mid-decade. The valuation appears reasonable, too. From the recent quotation, this stock offers attractive long-term appreciation potential. Moreover, Meta Platforms earns good marks for Safety, Financial Strength, and Price Growth Persistence. Subscribers seeking exposure to the social media sector may want to take a closer look.

*Michael Napoli, CFA* February 4, 2022

Company's Financial Strength	A++
Stock's Price Stability	B3
Price Growth Persistence	B6
Earnings Predictability	B5

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