

Ticker:

**FB**

**Company Snapshot**



FACEBOOK INC-CLASS A (NASDAQ GS: FB, Currency: USD) 328.73 / -1.21% / -4.02  
 Bloomberg Rating: IG1 Sector: Communication Services Industry: Interactive Media & Services Sub-Industry: Interactive Media & Services FY End: December 2

**Description**  
 Facebook, Inc. operates a social networking website. The Company website allows people to communicate with their family, friends, and coworkers. Facebook develops technologies that facilitate the sharing of information, photographs, website links, and videos. Facebook users have the ability to share and restrict information based on their own specific criteria.

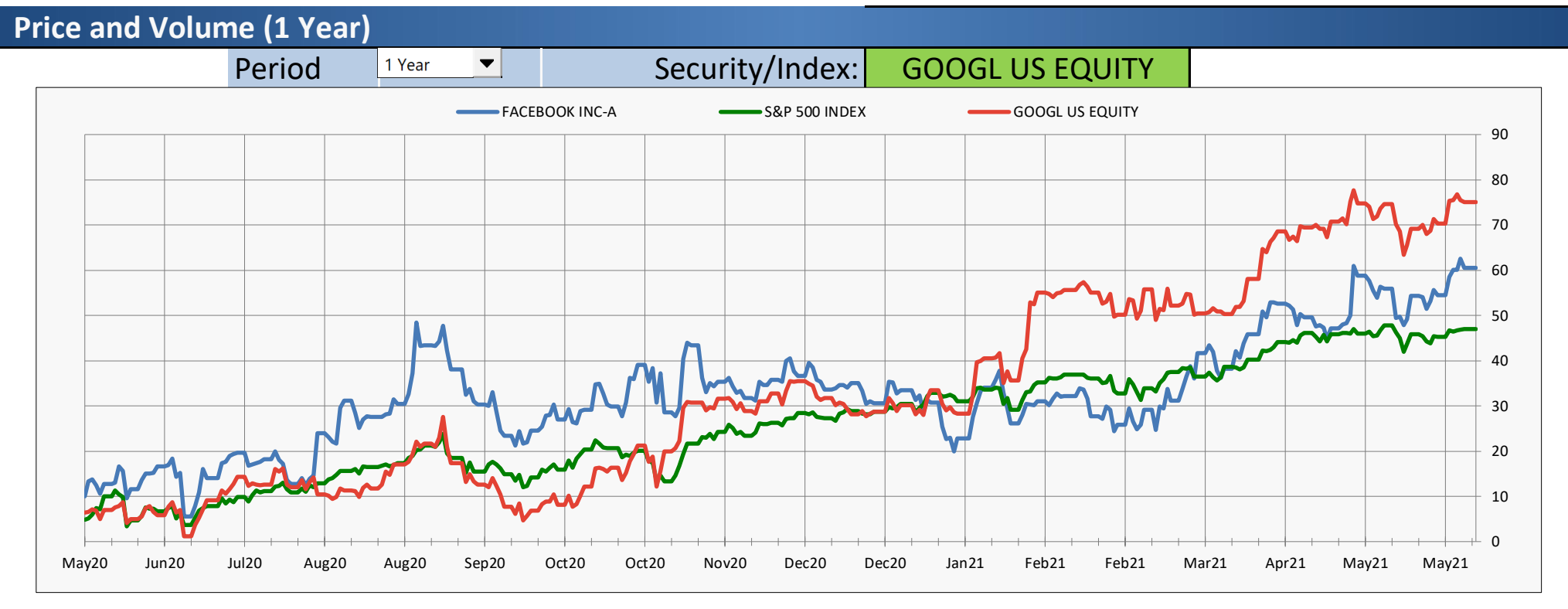
Business Segments (FY: Dec-20)	Revenue
Advertising	84,169.00
Payments and Other	1,796.00

Key Statistics	
52-Week Range	207.11 - 333.78
Avg Daily Vol (3 Mo)	19,877,420
Market Value	932,102.4
Current Enterprise Val	880,024.35
Shares Outstanding (B)	2,396.05 M
Dividend Yield	-
Float %	99.5%
Institutional %	84.5%
Analyst Coverage	58 Analysts
Target Price	382.92
LT Growth Rate	2054.3%
Consensus Rating	4.57
Return on Equity	28.2%

Actual and Estimate Data			
	LTM	12/2021	12/2022
Revenue	94,400.00	115,871.00	138,695.00
% change y/y		34.8%	19.7%
EBITDA	46,806.00	61,028.21	71,986.33
% Margin		32.5%	18.0%
EPS	11.69	14.434	16.727
% change y/y		43.0%	15.9%
EV/Sales	8.3x	7.4x	6.0x
EV/EBITDA	16.8x	14.2x	12.1x
P/Sales	9.9x	8.0x	6.7x
P/Earnings	28.1x	22.8x	19.7x
P/Book	7.0x	6.0x	4.7x

Relative Comps	Mkt Cap	PE (NTM)
Facebook Inc	932.10 B	21.8x
Snap Inc	94.64 B	279.8x
Twitter Inc	46.29 B	71.1x
Pinterest Inc	41.59 B	65.2x
Uber Technologies Inc	95.14 B	
Lyft Inc	18.80 B	
Grubhub Inc	5.61 B	

Measure:	Sales/Revenue/Turnover			
	2019	2020	2021	2022
Q1 Mar	15077.00	17737.00	26171.00	30996.16
Q2 Jun	16886.00	18687.00	27801.94	32712.83
Q3 Sep	17652.00	21470.00	28181.94	34059.44
Q4 Dec	21082.00	28072.00	33724.50	40729.12
Year	70697.00	85965.00	115871.00	138695.00
Cal Yr	70697.00	85965.00	115871.00	138695.00
Revision	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	0.2%	10.5%	13.5%
Qtr End 09/21	0.0%	0.2%	6.5%	7.2%
FY End 12/21	0.0%	0.4%	7.7%	10.8%
FY End 12/22	0.0%	0.5%	7.8%	10.7%



Prices/Volume	
YTD Change	20.34%
6 Month Change	23.30%
3 Month Change	20.5%
1 Year Change	60.3%
Daily Volume	12,037,430
Average Volume 30 Day	19,393,860
Average Volume 3 Month	19,877,420
Average Volume 6 Month	19,386,282
Dividend Yld	0.0%
52 Week Beta	1.37

Measure:	Diluted EPS Bef XO Items			
	2019	2020	2021	2022
Q1 Mar	0.85	1.71	3.30	3.52
Q2 Jun	0.91	1.80	3.00	3.29
Q3 Sep	2.13	2.71	2.94	3.51
Q4 Dec	2.56	3.88	3.91	4.82
Year	6.43	10.09	13.06	15.30
Cal Yr	8.56	9.78	13.06	15.30
Revision	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	0.6%	21.8%	-
Qtr End 09/21	0.0%	0.2%	9.9%	-
FY End 12/21	0.0%	0.4%	16.6%	-
FY End 12/22	0.0%	0.1%	13.3%	-

Performance	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg
Price Change	-	105.3%	42.8%	34.1%	9.9%	53.4%	-25.7%	56.6%	33.1%	25.5%
S&P 500 INDEX	13.4%	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	16.3%	13.6%
Industry (INDU Index)	7.3%	26.5%	7.5%	-2.2%	13.4%	25.1%	-5.6%	22.3%	7.2%	12.5%
Div Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financials	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr CAGR
Sales	5,089.0	7,872.0	12,466.0	17,928.0	27,638.0	40,653.0	55,838.0	70,697.0	85,965.0	36.8%
EBITDA	1,187.0	3,815.0	6,237.0	8,170.0	14,769.0	23,228.0	29,228.0	30,866.0	40,924.0	38.0%
EBIT	538.0	2,804.0	4,994.0	6,225.0	12,427.0	20,203.0	24,913.0	23,986.0	32,671.0	39.3%
Net Income	32.0	1,491.0	2,925.0	3,669.0	10,188.0	15,920.0	22,111.0	18,485.0	29,146.0	51.4%
EPS (Diluted)	0.01	0.60	1.10	1.29	3.49	5.39	7.57	6.43	10.09	50.9%
Dividends per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Shares for Fully Diluted EP	2,166.0	2,517.0	2,664.0	2,853.0	2,925.0	2,956.0	2,921.0	2,876.0	2,888.0	0.2%
Book Value per Share	4.96	6.07	12.91	15.54	20.47	25.58	29.48	35.43	45.03	23.7%
Cash & Near Cash	2,384.0	3,323.0	4,315.0	4,907.0	8,903.0	8,079.0	10,019.0	19,079.0	17,576.0	29.1%
Total Assets	15,103.0	17,895.0	40,184.0	49,407.0	64,961.0	84,524.0	97,334.0	133,376.0	159,316.0	26.4%
Working Cap	10,215.0	11,970.0	12,246.0	19,727.0	31,526.0	44,803.0	43,463.0	51,172.0	60,689.0	25.2%
LT Debt	1,991.0	237.0	119.0	107.0	0.0	0.0	0.0	9,942.0	10,100.0	148.3%
Cash Flow-Oper Activities	1,612.0	4,222.0	5,457.0	8,599.0	16,108.0	24,216.0	29,274.0	36,314.0	38,747.0	35.1%
Capital Expenditures	1,235.0	1,362.0	1,831.0	2,523.0	4,491.0	6,733.0	13,915.0	15,102.0	15,115.0	43.1%
Free Cash Flow	377.0	2,860.0	3,626.0	6,076.0	11,617.0	17,483.0	15,359.0	21,212.0	23,632.0	31.2%
Ratios	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr Avg
Gross Margin	73.2%	76.2%	82.7%	84.0%	86.3%	86.6%	83.2%	81.9%	80.6%	83.7%
EBITDA Margin	23.3%	48.5%	50.0%	45.6%	53.4%	57.1%	52.3%	43.7%	47.6%	50.8%
EBIT Margin	10.6%	35.6%	40.1%	34.7%	45.0%	49.7%	44.6%	33.9%	38.0%	42.2%
Profit Margin	0.6%	18.9%	23.5%	20.5%	36.9%	39.2%	39.6%	26.1%	33.9%	35.1%
Return on Assets	0.3	9.0	10.1	8.2	17.8	21.3	24.3	16.0	19.9	19.9
Return on Com Eqty	0.4	11.0	11.3	9.1	19.7	23.8	27.9	20.0	25.4	23.4
Asset Turnover	0.5	0.5	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6
Assets/Equity	1.3	1.2	1.1	1.1	1.1	1.1	1.2	1.3	1.2	1.2
Net Inc per 1000 Employee	6.9	235.3	318.0	289.1	597.6	634.1	621.3	411.3	497.3	552.3
Days Sales Out (DSO)	45.5	42.4	40.8	43.1	43.4	44.1	43.9	44.2	44.4	44.0
Acc Pay Turn Days (DPO)	17.2	14.8	22.3	23.7	24.1	22.8	23.4	31.2	29.5	26.2
Current Ratio	10.7	11.9	9.6	11.2	12.0	12.9	7.2	4.4	5.1	8.3
Quick Ratio	9.8	11.4	9.0	10.9	11.6	12.6	6.9	4.3	4.9	8.1
Total Debts/Total Capital	16.7	3.0	0.6	0.3	0.0	0.0	0.0	9.7	8.0	3.5
Total Debt/Total Equity	20.0	3.1	0.6	0.3	0.0	0.0	0.0	10.7	8.7	3.9

Growth Rate (CAGR) Summary				
	1Yr	3Yr	5Yr	10Yr
Sales	21.6%	28.4%	36.8%	45.8%
EBIT	36.2%	17.4%	39.3%	41.3%
EBITDA	32.6%	20.8%	38.0%	42.7%
Net Income	57.7%	22.3%	51.4%	54.7%
EPS (Diluted)	56.9%	23.2%	50.9%	43.1%
Dividends				
BVPS	27.1%	20.7%	23.7%	42.3%
Free Cash Flow	11.5%	11.2%	30.8%	36.6%
Valuation Summary				
Latest FY	est FQ	5 Year Periodicity: Yearly		
	12/31/2020	High	Low	Avg
P/E (LTM)	27.1x	33.0x	17.3x	28.4x
P/E (NTM)	21.4x	24.0x	15.4x	20.7x
PEG (NTM)	1.0x	1.2x	0.6x	0.8x
P/Bk	6.1x	7.3x	4.4x	6.0x
P/CF	20.1x	24.2x	12.9x	19.2x
P/Sales	9.1x	12.6x	6.8x	9.9x
EV/EBITDA	17.8x	20.5x	11.4x	17.5x
EV/Sales	8.5x	11.6x	6.0x	8.9x
Div Yield	0.0%	0.0%	0.0%	0.0%

**Summary**  
 We believe Facebook currently represents an attractive investment opportunity, offering an attractive combination of both earnings and valuation upside.

**Valuation**  
 • FB is trading at 26x earnings, representing a significant discount to the Communication Services sector (40x earnings) and well below its own historical average multiple of 32x.  
 • Facebook offers a significant sum of the parts valuation opportunity as it owns Instagram and WhatsApp, along with E-commerce and augmented reality segments. If the company can increase transparency and disclosure, Facebook can capitalize on this opportunity and lead to a much higher valuation as the sum of the parts may be greater than Facebook current valuation.  
 • Instagram alone, which has been growing at an annual rate of 80%, could be worth around \$750 billion—or about 90% of Facebook's current market value.

**Balance Sheet / Cash Flow / Deployment**  
 • At year end, Facebook had a net cash balance of \$51b in net cash on its balance sheet.  
 • The company is expected to generate \$35 billion in free cash flow next year, up 30% from this year's forecast.  
 • Facebook's board of directors recently approved an additional \$25 billion for stock buybacks.

**Earnings Trends**  
 • FB significantly exceeded both revenue and earnings estimates over the past 4 quarters, and 2021 earnings estimates have been revised higher by over 30% over this time period.  
 • With the end of the pandemic and a return to advertising growth globally, Earnings growth return back to 20% growth in the coming years.

**Catalysts**  
 • Management has stated that impression pricing increased by 5% YoY due to Facebook's Mobile Feed, and Stories advertisements which they claim are yielding better results than Direct Response ads.  
 • Facebook plans to release its first augmented-reality product, a pair of smart glasses designed in collaboration with Luxottica, the Italian maker of Oakley and Ray-Ban eyewear companies. According to CEO Mark Zuckerberg, virtual and augmented reality is the next generational leap in computing, comparable to the transition from PCs to smartphones. It will change Facebook from a software business to making hardware products that power apps.

**Risks**  
 • Facebook has been under pressure after Apple announced that it would make improvements to iOS 14 that would allow users to block companies from monitoring their online activity, used to target them with advertising.  
 • Facebook is facing antitrust lawsuits and it has confronted constant criticism of its privacy practices.  
 • Benefits of COVID-19 have been reversed. Facebook reported that as in-person activities reopen, the increased usage due to COVID will fall.