

Company: Meta Platforms	Ticker: FB Current Price: \$ 342.51	Sector: Communication Services	Industry: Interactive Media & Services
Target Price: \$356.59 Stop Loss: \$274 52 Week Low / High: \$244.61-\$384.33	TTM P/E: 23.38 Forward P/E: 23.31 EPS: 13.94	Beta: 0.98 Credit Rating: Aaa	Market Cap: \$914.78B Dividend Yield: N/A

Investment Thesis:

It is in our opinion that the company Meta Platforms (NASDAQ: FB) is a buy at its current price based on the following value drivers:

- Top Social Media Platform Brands**
- Strong Network Effect**
- Diversified Range of Products**
- High Barriers to Entry**
- Visionary Leadership**

Company Overview:

Meta Platforms is a technology conglomerate that owns and develops some of the most popular social media platforms including Facebook, Instagram, WhatsApp, and Facebook Messenger. The company's platforms allow users to interact with each other and build a social network online. Meta generates substantially all of their revenues from selling advertising placements to marketers. The current CEO and chairman of Meta is Mark Zuckerberg.

Industry Analysis:

Key players in Meta's industry are Twitter, LinkedIn, Alphabet, Snap, and Pinterest. Their main competitors are social networking companies and other large digital advertising companies. In the social networking industry, Meta makes up about 76% of the entire industry's revenue, with LinkedIn receiving about 7% and Twitter receiving about 4%. Industry trends show that the number of social network users worldwide is growing, as well as the amount companies are allocating to digital advertising. As the amount of people connected to the internet reaches levels of saturation, we expect the industry environment to become increasingly competitive.

Investment Risks:

The major risks we identified with Meta are their increased investment in next generation technology and the metaverse, litigation and regulation risks, competitive innovation, and their concentrated revenue source. Meta is investing heavily in the future of technology, if consumers are slow to adopt this new tech Meta is at risk of potentially wasting large amounts of capital on their investment. As a pioneer in their industry, Meta is constantly facing litigation and changing regulations. We believe the company will continue to face this risk, but it is unlikely that the company will be significantly hindered by this risk during our investment horizon. Meta's competition will continue to grow as companies develop new social media platforms and create new ways for users to interact. In order to mitigate this risk Meta will have to continuously innovate in order to maintain their massive market share. Meta receives about 98% of their total revenue from their advertising business. Any factor that hinders this section of their business would have a significant negative impact on the company's profitability. We believe Meta's plans for growth will diversify their revenue sources beyond just advertising in the next 5 years.

Financial Performance:

numbers in millions

	2017	2018	2019	2020	2021 - Q1	2021 - Q2	2021 - Q3
Revenue	40,653	55,838	70,697	85,965	26,171	29,077	29,010
Revenue Growth %	47.1%	37.4%	26.6%	21.6%	47.6%	55.6%	35.1%
Gross Profit	35,199	46,483	57,927	69,273	21,040	23,678	23,239
Gross Margin %	86.6%	83.2%	81.9%	80.6%	80.4%	81.4%	80.1%
Operating Income	20,203	24,913	23,986	32,671	11,378	12,367	10,423
EBIT	20,203	24,913	30,086	32,671	11,378	12,367	10,423
FCF	17,483	15,359	21,212	23,632	7,970	8,634	9,778
EPS	5.49	7.65	6.48	10.22	3.34	3.67	3.27
Dividend/Share	-	-	-	-	-	-	-

Comparable Company Analysis

Company Information		Financial Metrics						Valuation Metrics		
Company Name	Ticker	Market Cap.	LT Borrowing	ROIC	ROA	Current Ratio	Profit Margin	P/E	EV/EBITDA	EV/R
Snap Inc.	SNAP	85.97B	1.68B	-22.84%	-20.91%	5	-37.69%	-	-	22.71x
Twitter Inc.	TWTR	41.61B	2.57B	0.29%	-0.23%	4.42	-0.80%	116.94x	174.34x	8.60x
Pinterest Inc.	PINS	29.41B	0	-2.18%	-1.55%	11.91	-2.29%	81.8x	73.00x	11.54x
Meta Platforms Inc.	FB	914.78B	0	32.52%	19.92%	5.05	33.90%	23.48x	16.5x	8.04x
Mean		267.94B	1.06B	1.95%	-0.69%	6.60	-1.72%	74.07x	87.95x	12.72x
Median		63.73B	837.58M	-0.95%	-0.89%	5.03	-1.55%	81.49x	73.00x	10.07x

Company Information		Financial Metrics						Valuation Metrics		
Company Name	Ticker	Market Cap.	LT Borrowing	ROIC	ROA	Current Ratio	Profit Margin	P/E	EV/EBITDA	EV/R
Apple Inc.	AAPL	2.43T	109.11B	34.64%	27.99%	1.07	25.82%	26.37x	20.21x	6.80x
Microsoft Corp.	MSFT	2.50T	50.07B	36.66%	18.79%	2.08	35.50%	40.20x	26.97x	13.78x
Alphabet Inc.	GOOGL	1.94T	12.73B	33.62%	11.90%	3.07	19.42%	33.17x	18.64x	7.64x
Amazon.com Inc.	AMZN	1.76T	31.82B	12.53%	7.80%	1.05	5.52%	67.93x	28.06x	3.97x
Meta Platforms Inc.	FB	914.78B	0	32.52%	19.92%	5.05	33.90%	23.48x	16.5x	8.04x
Mean		1.91T	40.75B	28.33%	16.90%	2.56	21.17%	38.23x	22.08x	8.05x
Median		1.94T	31.82B	33.07%	-0.89%	5.03	-1.55%	33.17x	20.21x	7.64x

Discounted Cash Flow:

	2016-2020	2021-2030
Avg Revenue growth	37.4%	17.1%
Avg Net Income Margin	36.3%	37.9%
Avg FCF / Margin	34.0%	17.1%
Tax Rate		17.3%
Hurdle Rate		9%
Perpetuity growth rate		4%

Analyst Opinion

Buy: 29	Hold: 6	Sell: 1
	Rating	Target
CFRA	Hold	\$357
The Street Ratings	Buy	\$430.16
Average Consensus	Strong Buy	\$405.59

	5 Year Return	YTD Return
META	160.24%	24.79%
S&P 500	113.97 %	22.95%

CSR Characteristics (SNAP, GOOGL, TWTR, PINS, FB)

	META	Comp Group
Governance Disclosure Score	60.71	57.5
ESG Disclosure:	36.36	32.6
Social Disclosure Score	24.56	28.1
Environmental Disclosure Score	31.01	29.8

Team Blue:

Connor Avallone, James Yang, and Alex Fay

Sources: Bloomberg, TD Ameritrade, Yahoo Finance