



NASDAQ: META
Meta Platforms, Inc.

Fundamental Analysis



The Globetrotting Investor
Ben, MBA | Value Investing



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Introduction

GICS Sector: Communication Services

Sub-Industry: Internet Content & Information



CEO: Mark Zuckerberg

Tenure: 19.6 years

Meta Platforms, Inc's management team has an average tenure of **3.2 years**. It is considered experienced.

Business Overview:

- Meta Platforms Inc. engages in the development of products that enable people to connect and share with friends and family through various devices, discover and learn about the world around them, and share experiences with a range of audiences.
- The company operates in two segments: Family of Apps (FoA) and Reality Labs (RL).
- Meta's main source of revenue is from selling advertising placements on their family of apps, which includes Facebook, Instagram, and Messenger.
- In addition to advertising, Meta is also generating revenue through the development of the metaverse, part of the Reality Labs segment, which includes sales of consumer hardware products, software, and content.
- Please visit my website to understand each segment.



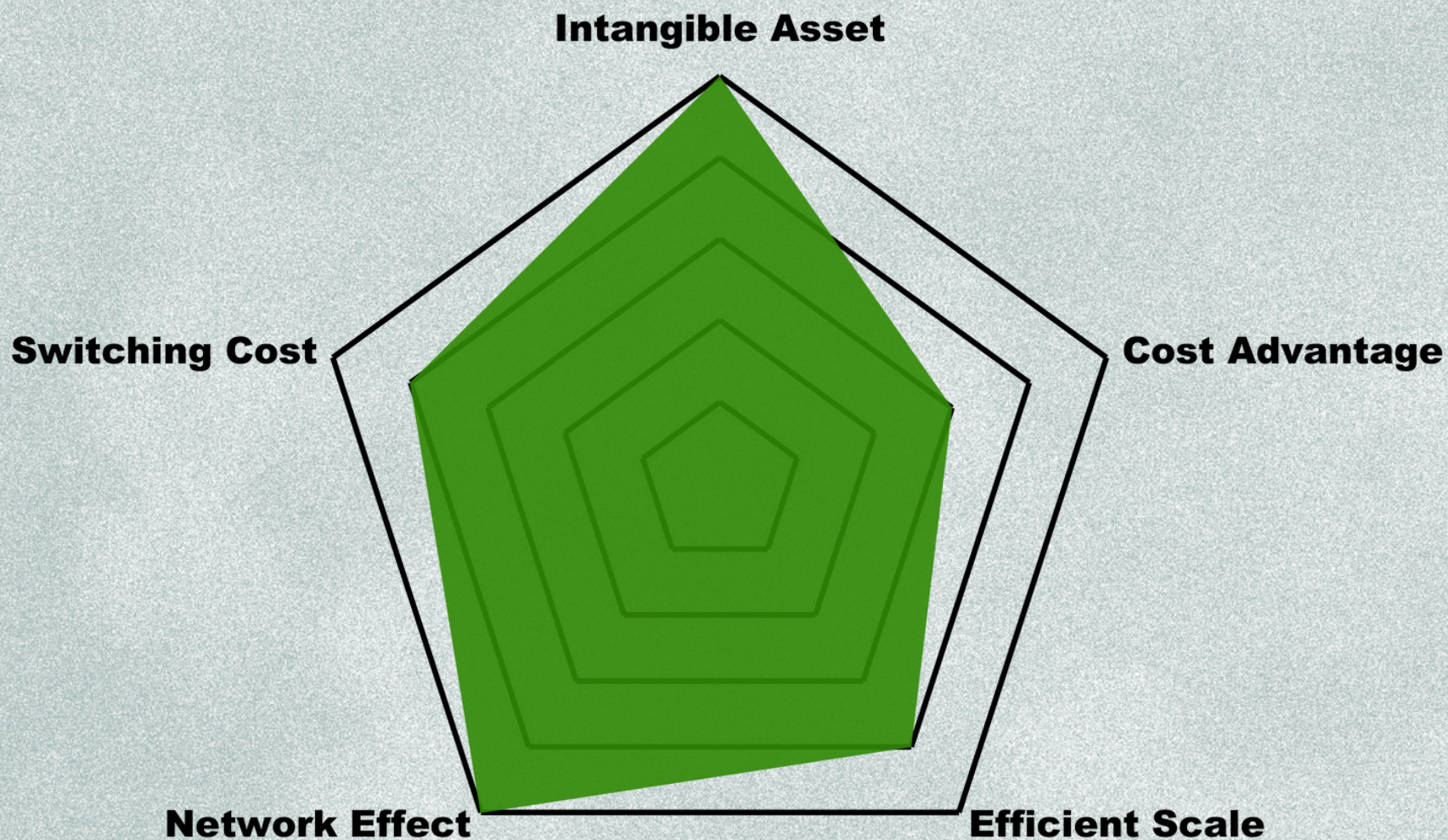
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Economic Moat



Economic moat: **Wide**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>





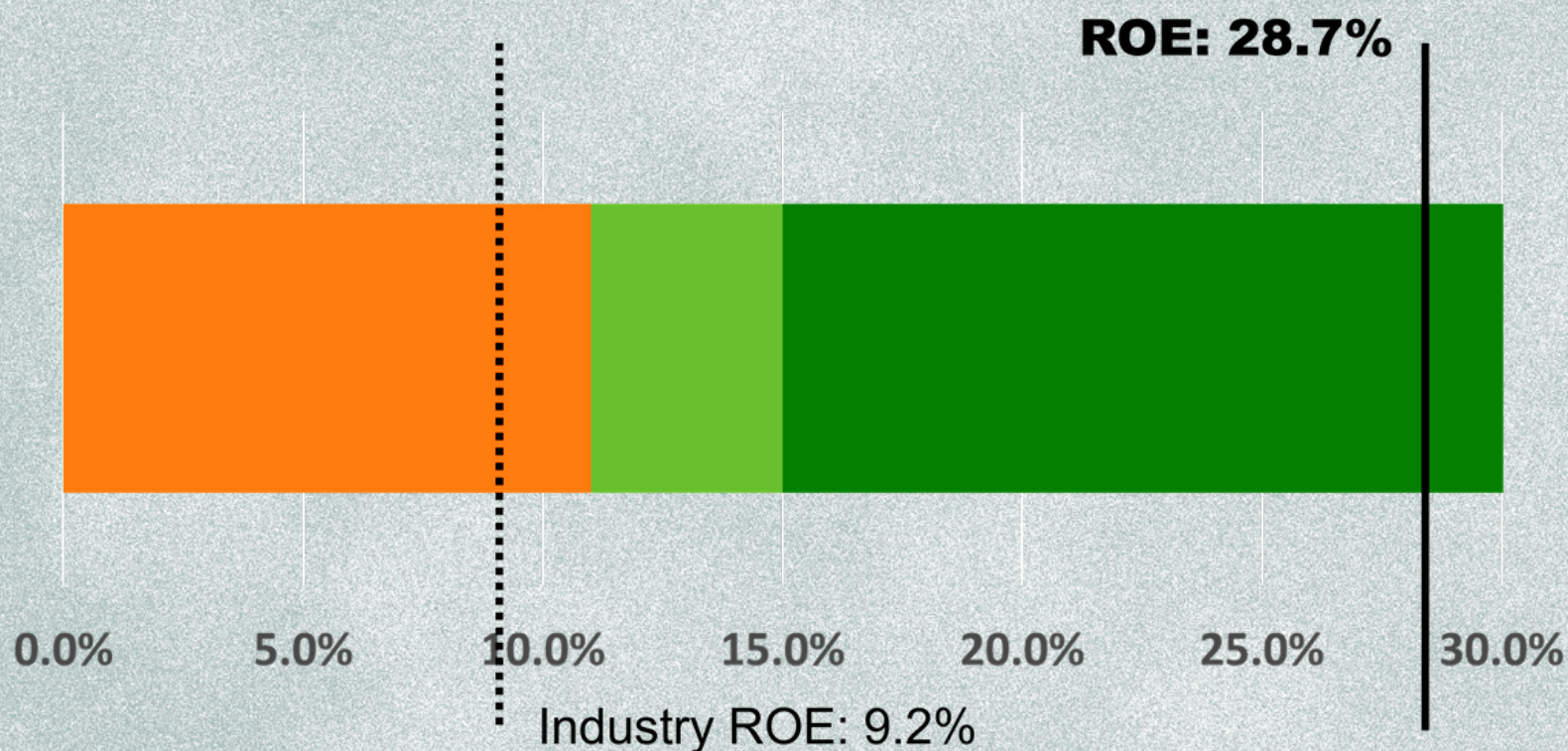
Management Effectiveness

Yes

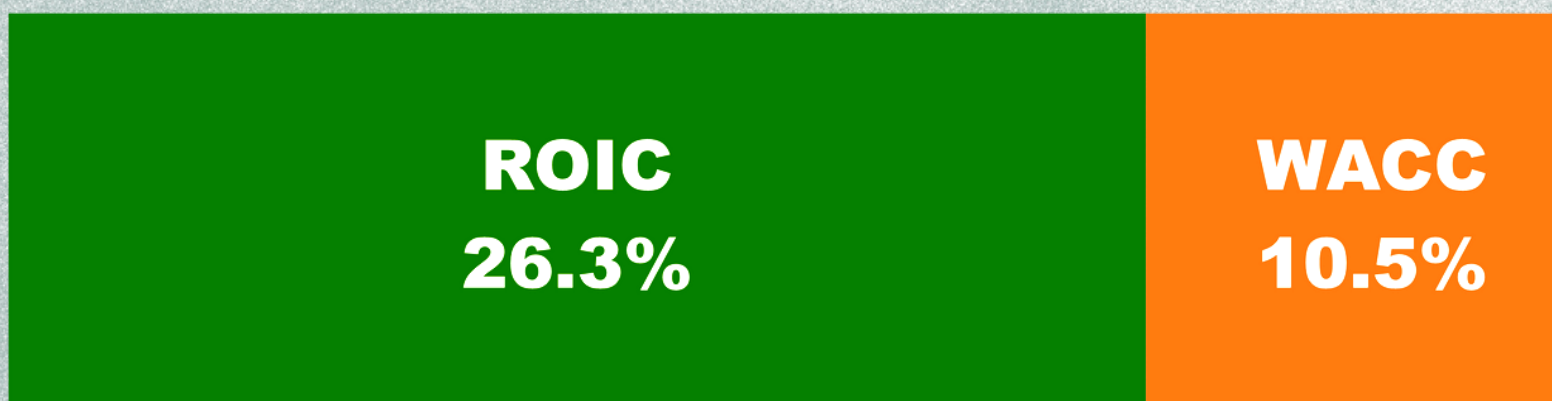
Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?



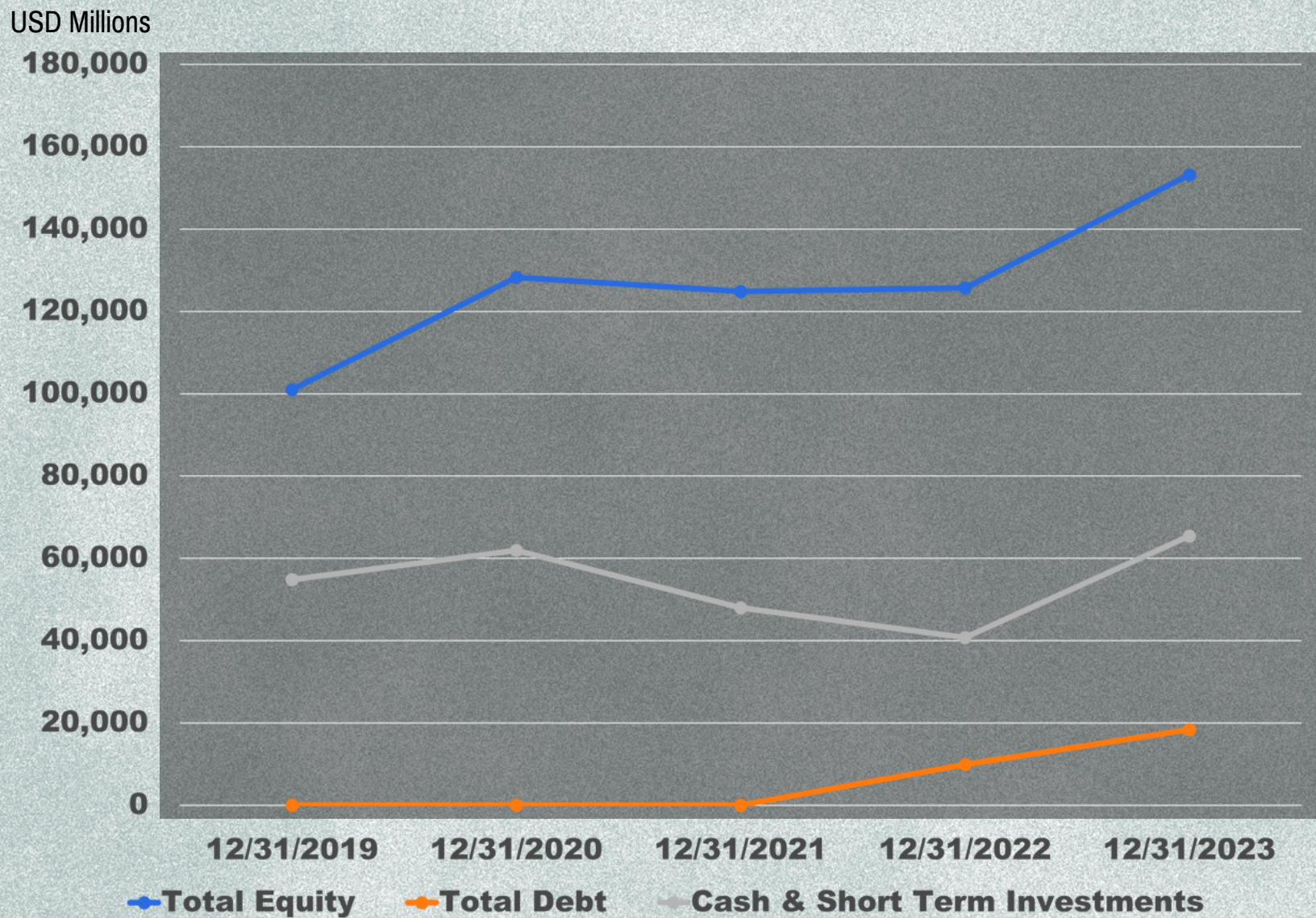
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Financial Health



Current Ratio: 2.7



Debt-to-EBITDA: 0.6



Interest Coverage: 104.8



Debt Servicing Ratio: 0.6%



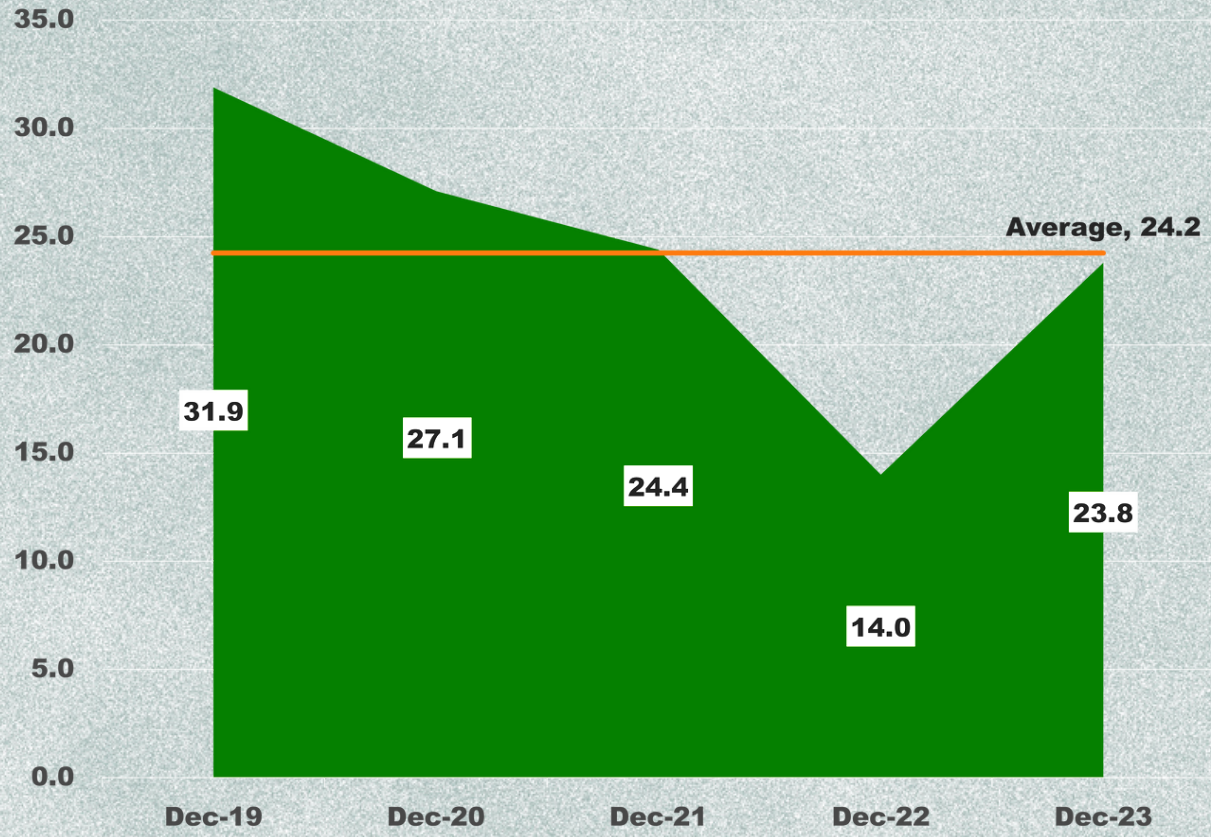
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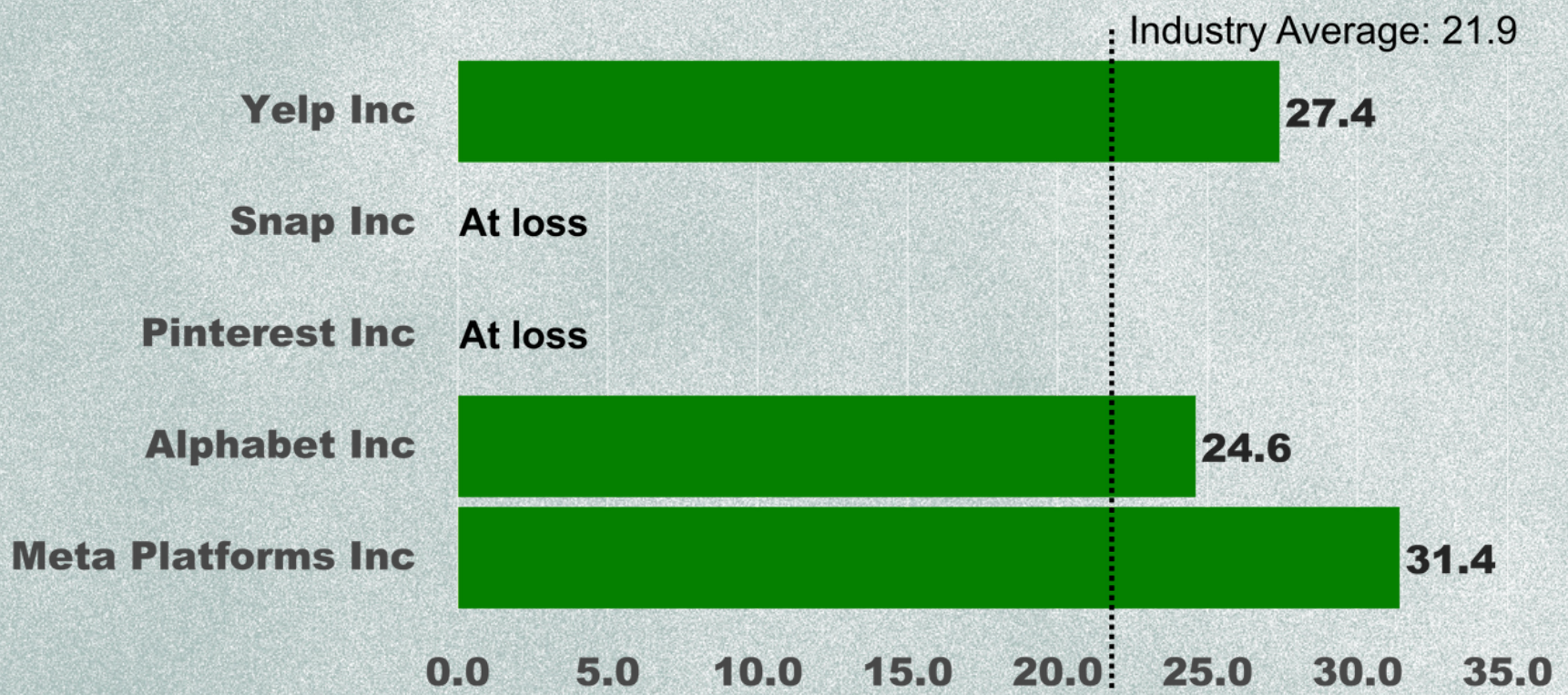
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Relative Valuation



Historical Price-to-earnings



Price-to-earnings



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Intrinsic Valuation

Estimated intrinsic value: **\$431.81**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$36,000M

Projected growth rate: 12% - 18%

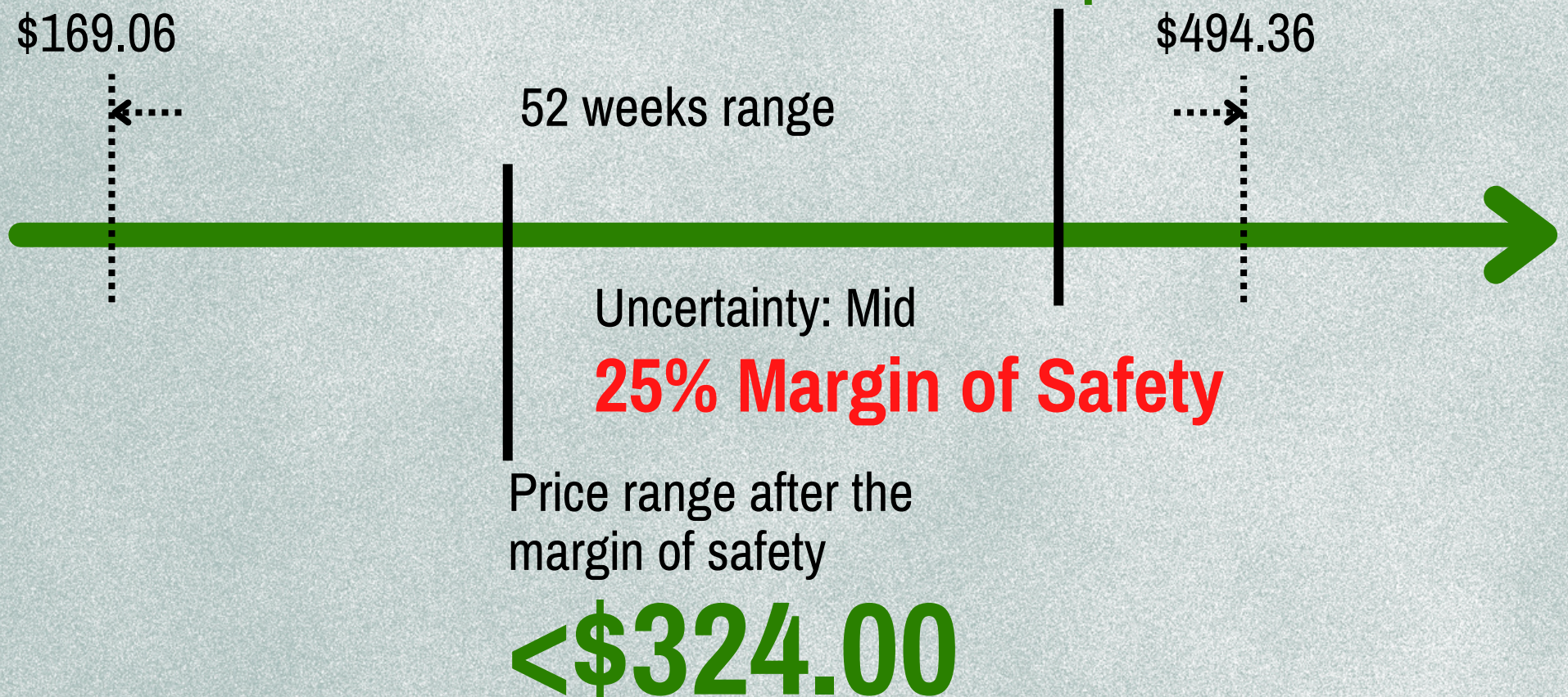
Beta: 1.1

Discount rate: 8.5%

Date of calculation: 24 Feb 2024

Estimated intrinsic value of
Meta Platforms Inc

\$431.81



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