

Financial Analysis

META

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Group Project - 9

Business Summary

Meta Platforms, Inc.

Company Overview

- Founded: 2004 as Facebook | Rebranded to Meta in 2021
- Core Platforms: Facebook, Instagram, WhatsApp, Messenger
- Main Revenue Source: ~97% from digital advertising
- Strategic Focus: AI, VR/AR, and metaverse via Reality Labs

Industry Position:

- 20% market share in digital ads
- Competes with Google (28%), Amazon, TikTok, Snapchat

Opportunities & Risks:

- Growth in emerging digital markets
- Risks from regulation, inflation, and economic slowdown

Outlook:

Balancing short-term ad revenue with long-term innovation in metaverse and AI.

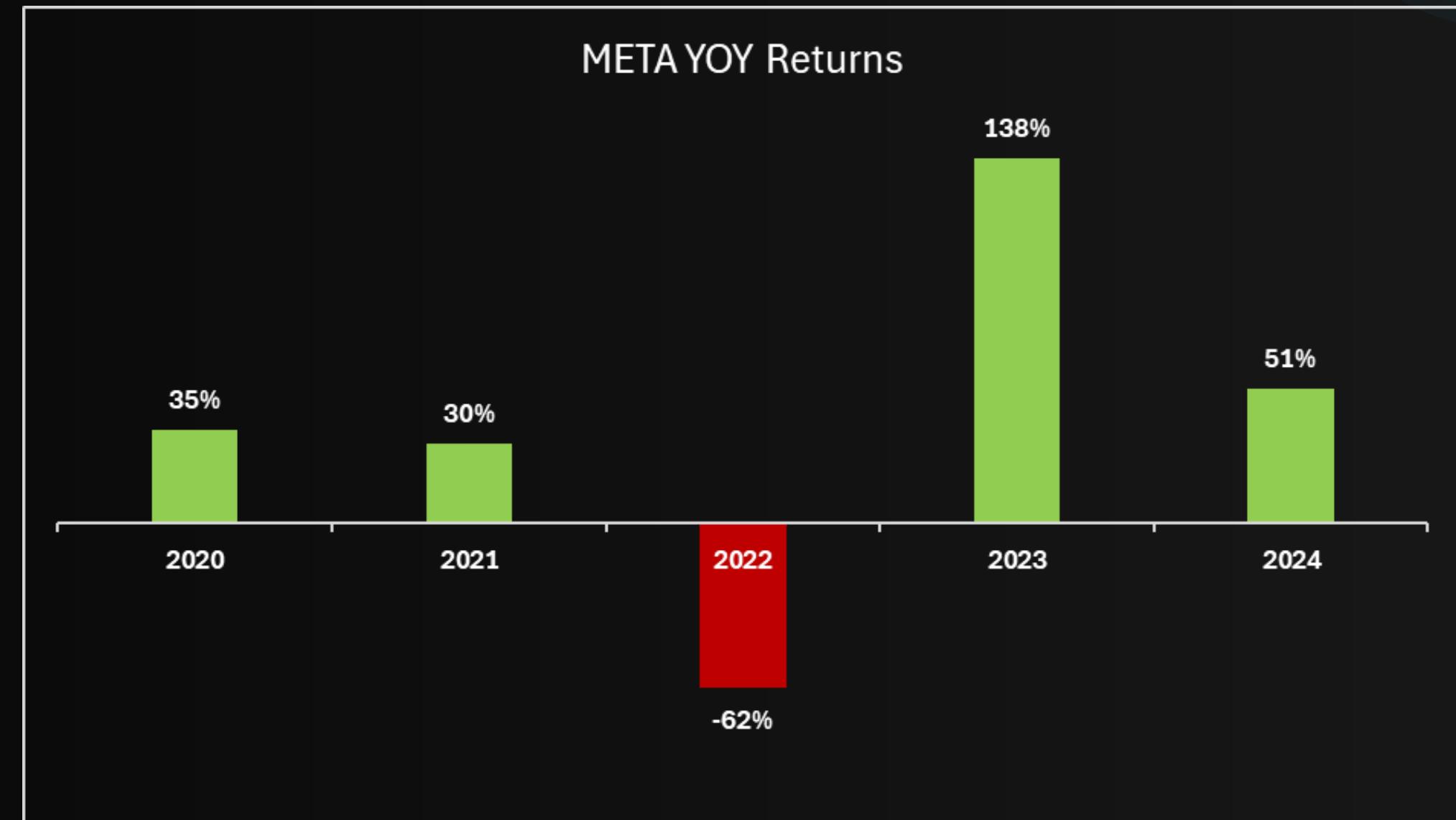
Company Valuation

CAPM

In CAPM financial analysis, RA represents the expected return on a security, calculated based on its risk relative to the overall market.

Expected Returns - 14.92%

β - 1.23 *



* as of 27th March 2025

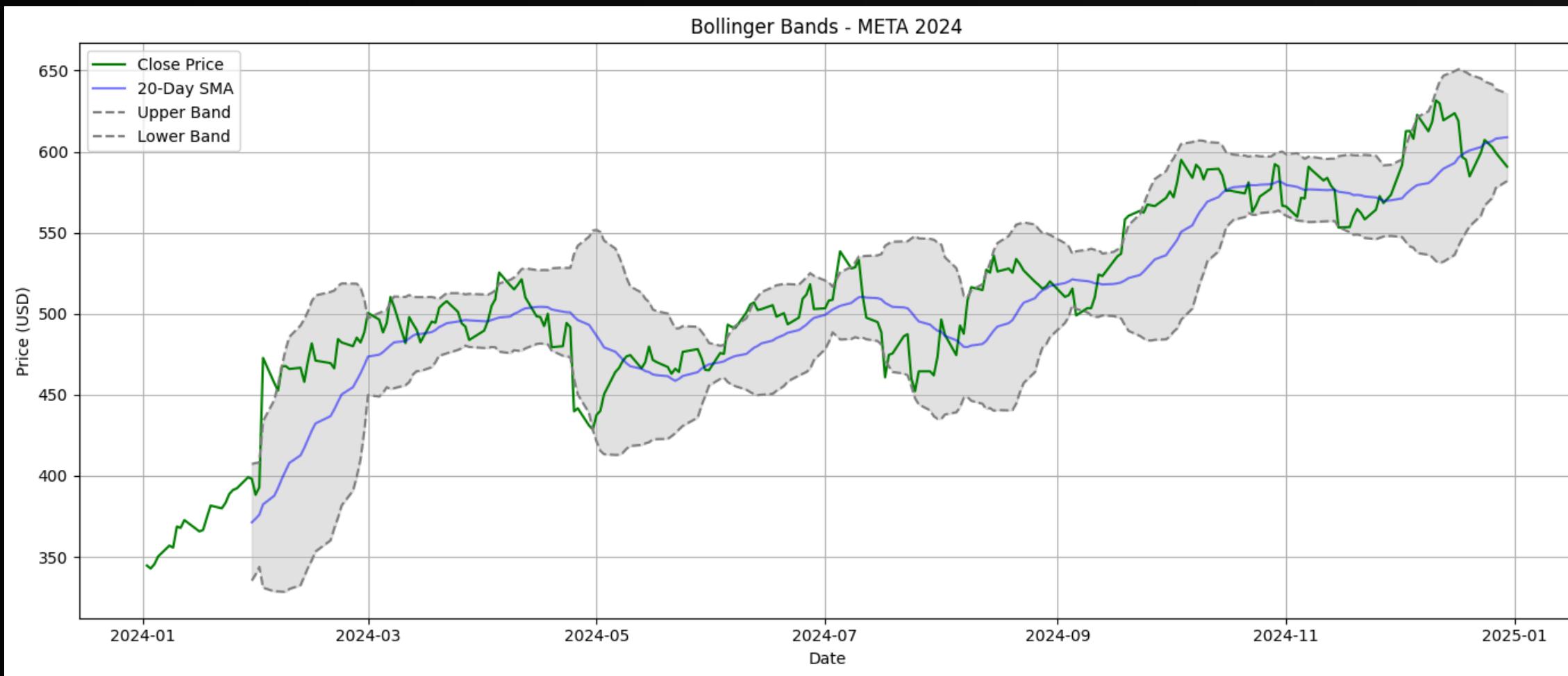
Profitability Ratios

Liquidity Ratios	Value	Industry Standards	Interpretation
Current Ratio	2.98	between 1.2 to 2	Can easily cover short term debts
Quick Ratio	2.98	>1.0	High liquidity even without inventory
Cash ratio	1.31	>0.5	Enough cash to pay off all current liabilities

Profitability Ratios	Value	Industry Standards	Interpretation
Gross Profit Margin	81.7%	30% - 50%	Highly Profitable
Operating Profit Margin	48.3%	10% - 20%	Efficient Control of operating expenses
Return on Assets	7.5%	5% - 10%	Good return on total assets
Return on Equity	11.4%	10% - 20%	Generates good value for shareholders

Technical Analysis

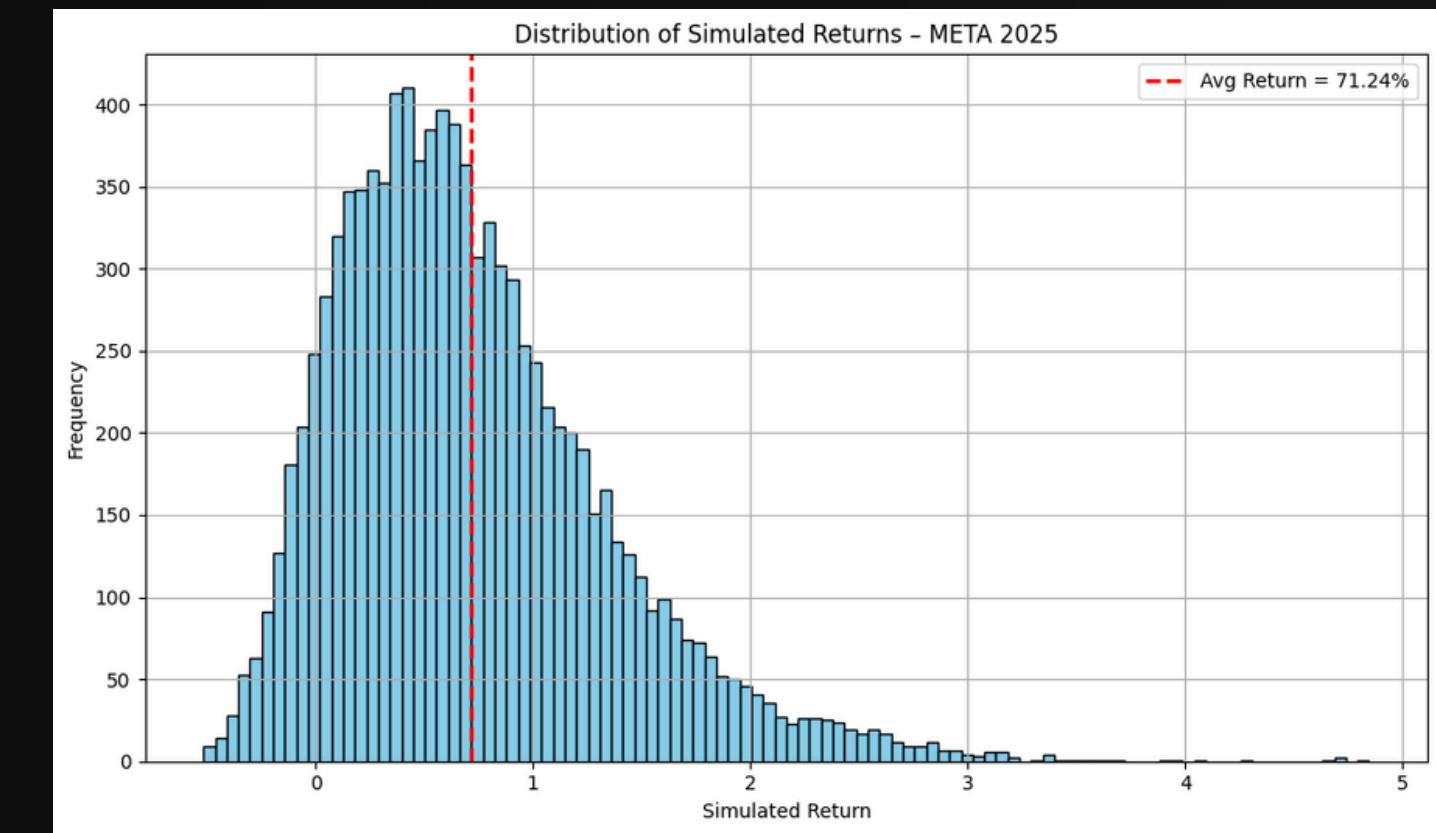
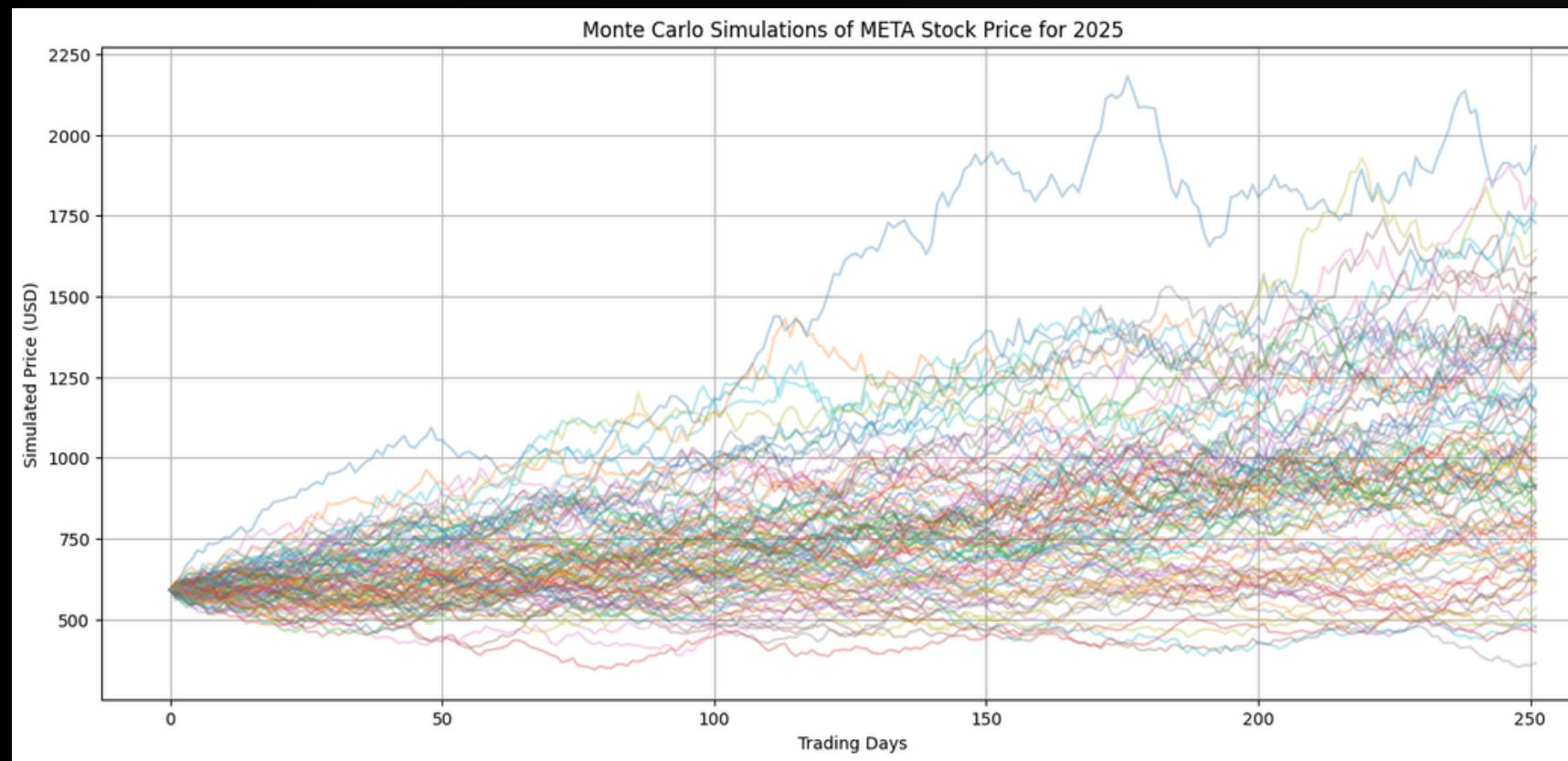
Bollinger Band



In 2024, META's stock price steadily increased and often stayed above its 20-day moving average, showing strong upward momentum. During June and July, the stock was less volatile, as seen through narrower Bollinger Bands.

Technical Analysis

Monte Carlo



Monte Carlo simulations for 2025 show a strong positive outlook for META stock, with an average expected return of around 71%. There's a 95% chance the stock price could fall between \$432.93 and \$1919.17 by year-end, suggesting high growth potential despite some risk

Stock Signals

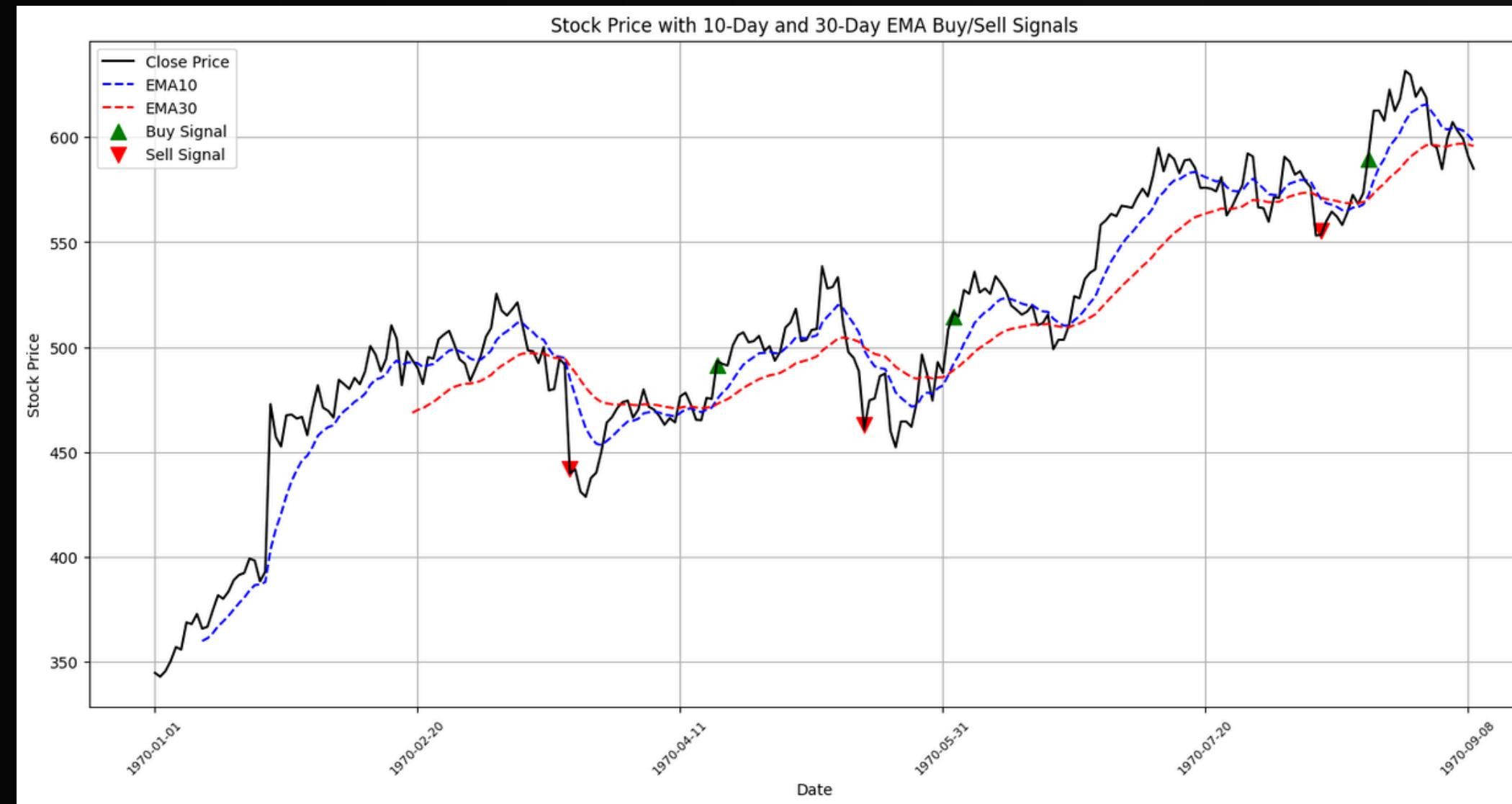
Simple Moving Average



The recent buy signal on the chart, where the 10-day SMA crosses above the 50-day SMA, suggests a potential bullish trend for META stock. Traders should wait for confirmation through additional indicators like RSI or volume before entering a position, and consider setting stop-loss levels to manage risk effectively.

Stock Signals

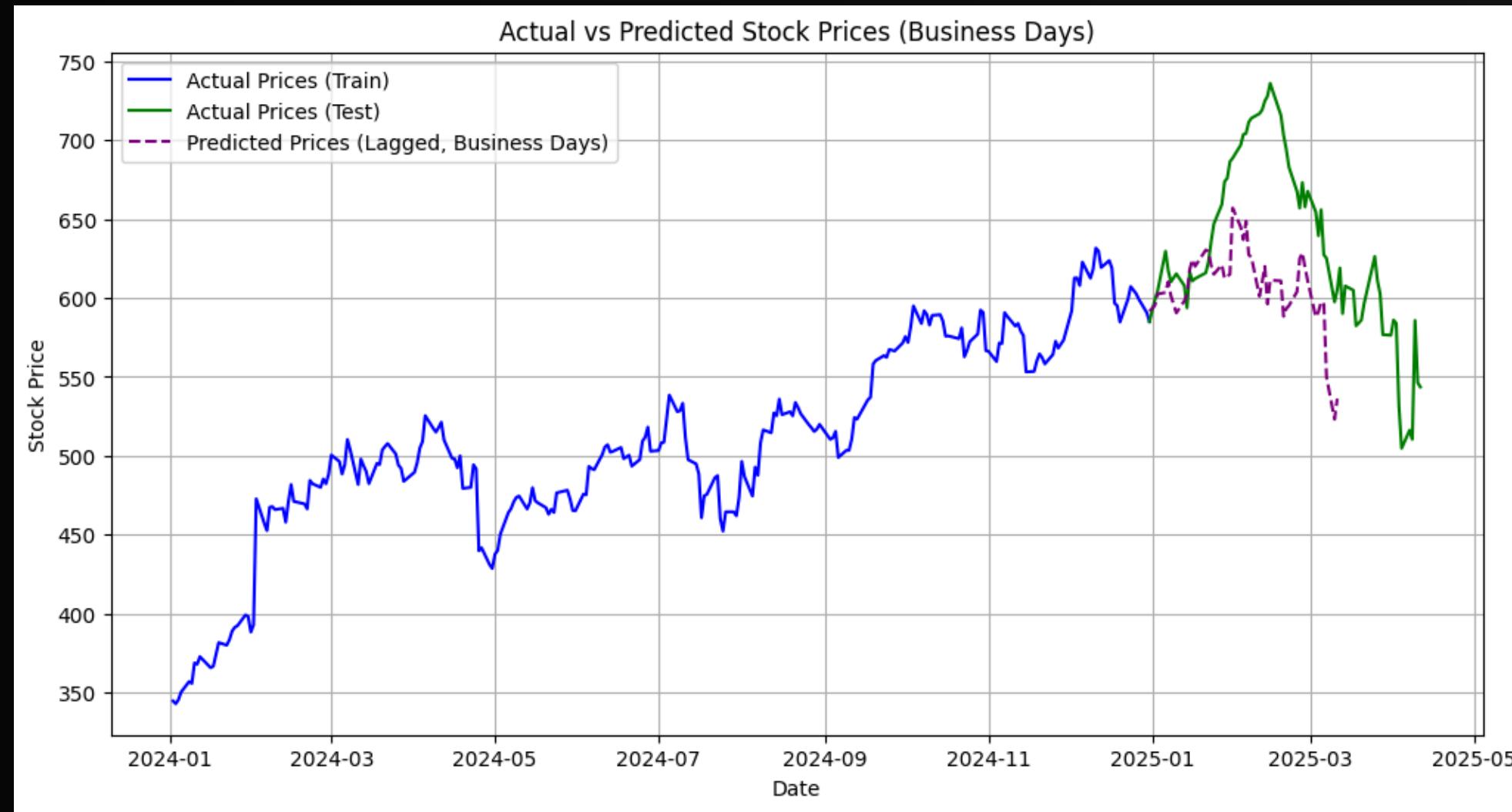
Exponential Moving Average



Buy signals (green triangles), triggered when the faster 10-day EMA crosses above the slower 50-day EMA, suggest potential short-term upward momentum for the stock. Traders might consider these as entry points for long positions.

Forecasting

Prophet



The significant divergence between the predicted and actual prices in February suggests that the factors driving this sudden surge were not adequately captured by the Prophet model based on the historical data it was trained on.

Recommendation

New Investors	BUY
Existing Investors	HOLD

The recommendation is to BUY.

The technical analysis, particularly the Monte Carlo simulations, shows a strong positive outlook for META stock. The stock also demonstrates upward momentum, as seen in the Bollinger Bands and moving average signals and prophet predictions

Thank You!

