

EQUITY RESEARCH REPORT



TARGET COMPANY- META PLATFORMS INC.

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ABSTRACT

- *This equity research report provides a comprehensive analysis of Meta Platforms, formerly known as Facebook, focusing on its financial performance, strategic initiatives, industry position, and future outlook. Meta Platforms, a global leader in social networking and digital communication, has evolved significantly since its inception, expanding its portfolio beyond traditional social media to encompass virtual reality (VR), augmented reality (AR), and AI-driven technologies.*
- *The report delves into Meta's revenue streams, including advertising revenue from its core platforms like Facebook and Instagram, as well as potential growth drivers such as its Oculus VR division and expansion into the metaverse. It evaluates Meta's competitive landscape, assessing its strengths, weaknesses, opportunities, and threats in the context of evolving regulatory environments and technological advancements.*
- *The research concludes with a forward-looking perspective on Meta Platforms, outlining potential risks and opportunities for investors in light of market dynamics, regulatory changes, and technological advancements. This report aims to provide investors and stakeholders with a comprehensive understanding of Meta's financial and strategic outlook, aiding informed investment decisions in the dynamic tech sector.*

INTRODUCTION

- *Meta, formerly known as Facebook, is a pioneering technology company that has profoundly shaped the landscape of social networking and digital communication. Founded by Mark Zuckerberg and his college roommates in 2004, Meta's mission is to connect people and build community in innovative ways through its platforms and products.*
- *Initially launched as a social networking site for college students, Meta quickly expanded its user base to include people of all ages around the world. The company's flagship platform, Facebook, revolutionized how people interact, share information, and stay connected online. Over the years, Meta has grown exponentially, acquiring several other prominent platforms and services, including Instagram, WhatsApp, and Oculus VR.*
- *Beyond social networking, Meta has ventured into areas such as virtual reality (VR), artificial intelligence (AI), and augmented reality (AR). The company's rebranding to Meta in 2021 reflects its vision of creating a*

metaverse—a virtual environment where people can interact, work, play, and socialize in immersive digital spaces.

- *As a global tech leader, Meta continues to push boundaries in digital innovation, aiming to empower individuals and businesses while navigating complex issues related to privacy, security, and the ethical use of technology. With billions of users worldwide and a diverse portfolio of products, Meta remains at the forefront of shaping the future of online communication and digital experiences.*

Revenue Segments:

Family of Apps:

- 1.**Facebook:** Meta's flagship platform, originally launched as a social networking site, remains one of the world's largest and most influential social media platforms. It allows users to connect with friends and family, share updates, photos, and videos, and engage with content from businesses and creators.
- 2.**Instagram:** Acquired by Meta in 2012, Instagram is a popular photo and video-sharing platform known for its visual content and influencer culture. It offers features like Stories, IGTV, Reels, and shopping integrations, catering to a diverse global audience.
- 3.**WhatsApp:** Acquired by Meta in 2014, WhatsApp is a widely used messaging app known for its end-to-end encryption and international reach. It allows users to send text messages, voice messages, images, and videos, as well as make voice and video calls.
- 4.**Messenger:** Originally a messaging feature within Facebook, Messenger became a standalone app for private messaging, voice and video calls, group chats, and integrations with businesses and developers.
- 5.**Oculus:** Oculus is Meta's brand for VR hardware and content. It includes devices like the Oculus Quest, Oculus Rift, and accessories. The Oculus platform offers a range of VR experiences, games, and applications through the Oculus Store.
- 6.**Meta Quest Store:** This platform allows users to access and purchase virtual reality experiences, applications, and games designed specifically for Oculus devices.

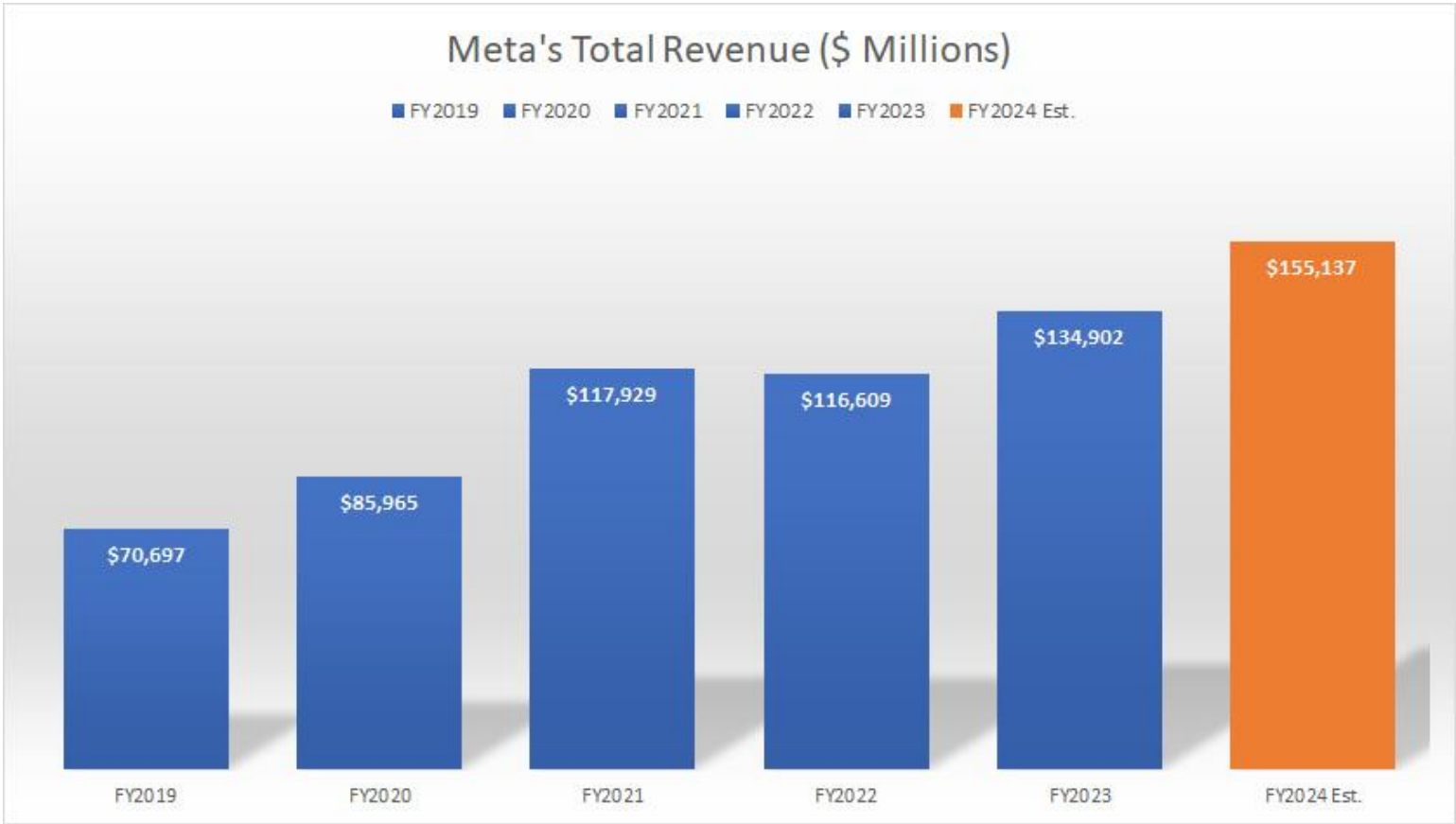
Reality Labs Division:

Meta's Reality Labs division focuses on advancing technologies related to virtual reality (VR), augmented reality (AR), and the broader concept of the metaverse. Key initiatives include:

- 1.**Oculus VR:** Meta's VR hardware and platform, aimed at delivering immersive experiences ranging from gaming and entertainment to social interaction and productivity tools.
- 2.**Project Aria:** A research initiative exploring the potential of AR and smart glasses. Project Aria aims to understand how AR can integrate seamlessly into daily life, offering hands-free access to information and digital interactions.
- 3.**Spark AR:** A platform that allows developers and creators to build and share AR effects across Facebook, Instagram, and Messenger. Spark AR enables augmented reality experiences for businesses, brands, and individuals.

4.**Metaverse:** Meta's vision for a connected virtual universe where users can interact, socialize, work, and play across digital environments. The metaverse represents Meta's long-term strategy to redefine online interaction and create new opportunities for virtual experiences.

Overall, Meta Platforms' family of apps and Reality Labs division reflects its commitment to innovation across social networking, virtual reality, and augmented reality, aiming to shape the future of digital communication and immersive technology experiences.

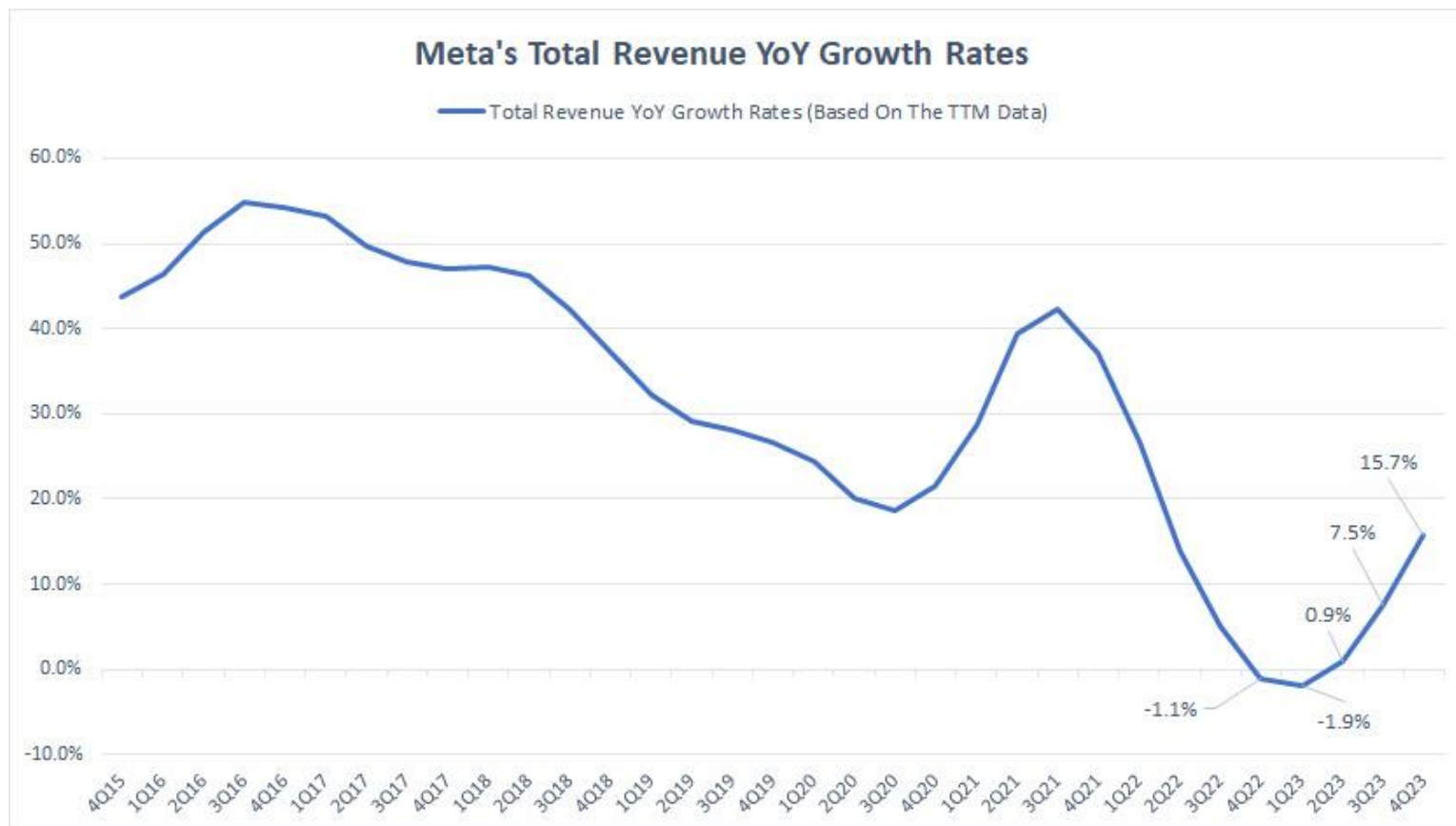


Meta earned US\$134.9 billion, US\$116.6 billion, and US\$117.9 billion in the year ended on Dec 31, 2023, 2022, and 2021, respectively.

As Meta guided for significant revenue growth in 1Q 2024, its total revenue may conservatively land at US\$155.1 billion by the end of fiscal 2024, representing a year-on-year growth of 15%, in line with the growth rate in 2023.

Growth Rates of Revenue By TTM

- Growth rates are calculated based on the TTM data.
- Meta’s fiscal year begins on Jan 1 and ends on Dec 31.



Meta's revenue growth has considerably slowed in recent years, especially post-pandemic, as depicted in the chart above.

As seen, Meta's revenue growth was down to low single digits between 2022 and 2023.

However, the latest growth rate gained 15.7% and significantly rose from -1.1% a year ago.

Besides, Meta has guided for a significant revenue rise in 1Q 2024 from a year ago, as shown here:

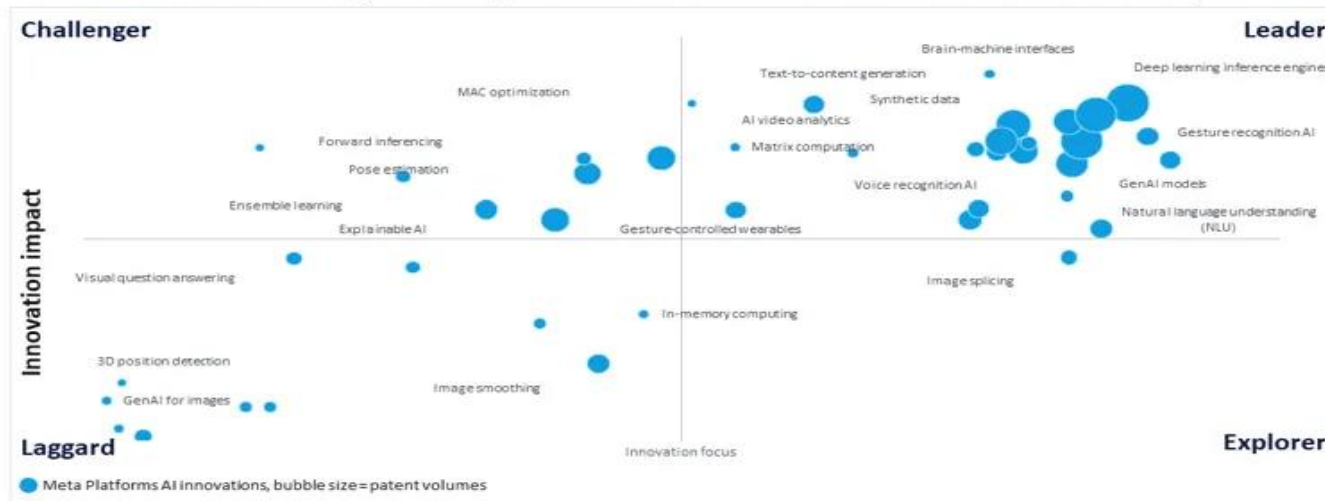
Reasons for Current Growth Rate:

- Diversification Beyond Family Of Apps(FOA):** Meta's innovations in VR, AR, and the metaverse represent new revenue streams beyond traditional advertising, diversifying its income sources and reducing reliance on ad revenue alone.
- Strategic Acquisitions:** Acquisitions like WhatsApp and Oculus have bolstered Meta's capabilities in messaging, VR, and AR, enabling it to offer integrated experiences and expand its user base.
- Adaptation to Market Trends:** Meta has adapted to trends like remote work, digital transformation, and increased digital engagement, positioning itself to capitalize on evolving consumer behaviors and preferences.
- Investment in Future Technologies:** Continued investment in AI, VR, AR, and the metaverse demonstrates Meta's commitment to driving innovation and maintaining a competitive edge in the tech industry.

5. **Global Reach and User Engagement:** With a global user base spanning multiple platforms (Facebook, Instagram, WhatsApp), Meta benefits from extensive reach and high user engagement, which are critical factors driving its growth trajectory.

Innovations:

GlobalData Technology Foresights: Meta Platform AI innovation leadership



GlobalData.

Source: Technology Foresights, Disruptor Intelligence Center

Metaverse Vision and Development: Meta has been actively developing its vision of the metaverse, a virtual environment where people can interact, work, and socialize in immersive digital spaces. This includes investments in virtual reality (VR) and augmented reality (AR) technologies.

Reason: By pioneering the concept of the metaverse, Meta aims to create new revenue streams beyond traditional social media and expand into virtual experiences, gaming, virtual goods, and digital commerce.

Horizon Workrooms: Horizon Workrooms is a VR collaboration platform that allows remote teams to meet and work together in virtual spaces. It integrates features like whiteboards, screensharing, and spatial audio.

Reason: With the shift towards remote work and hybrid models, Horizon Workrooms offers a novel way for teams to collaborate effectively in a virtual environment, potentially increasing demand for VR hardware like Oculus devices.

Augmented Reality (AR) Initiatives: Meta's AR initiatives include Project Aria, exploring wearable AR devices, and Spark AR, a platform for creating AR effects on Facebook and Instagram.

Reason: AR has applications across advertising, e-commerce, and digital experiences, enhancing user engagement and potentially driving advertising revenue growth.

AI and Machine Learning Enhancements: Meta continues to invest in AI and machine learning to improve content moderation, recommendation algorithms, and personalized user experiences across its platforms.

Reason: Enhanced AI capabilities help Meta maintain user engagement, improve ad targeting, and manage content more effectively, driving advertising revenue growth.

Expansion of E-commerce and Digital Payments: Meta has been expanding its e-commerce capabilities, including Facebook Shops and Instagram Shopping, allowing businesses to sell products directly through its platforms.

Reason: By integrating e-commerce functionalities, Meta can capture a share of digital transactions and enhance the value proposition for businesses advertising on its platforms.

Investment Overview:

- Reels has been META's primary initiative to improve revenue driven by increased monetization. META noted that Reels has reached breakeven in 3Q23 (Dec YE) compared to guidance by end of FY23 or early FY24F. META continues to enhance monetization and Reels is now estimated at net neutral to overall META's ad revenue. In FY24F, Reels ad performance will stem from ranking improvements and enhanced interactivity. Users have reshared over 3.5bn Reels every day. Reels had 2.35bn monthly active users (MAU) in FY23 and is expected to increase to 2.50bn by FY24F. In 1Q24, reels represented more than 60% of time on both Facebook and Instagram. Meanwhile, constant legal threats to TikTok in the US indirectly benefit Reels as both platforms currently have over 150m users in the US. Investments in Artificial Intelligence (AI) and Machine Learning (ML) are enhancing Reels monetization through the recommendation, targeting, and measurement algorithms. META also plans to introduce an enhanced video player on Facebook in 2024, which consolidates Reels, longer videos, and Live content into one platform. This enhanced video player on Facebook is also expected to help META in its competition with the likes of TikTok. The company has also started to roll out reels in META AI chats.
- META is leveraging AI and ML to rebuild its privacy-safe ad stack. Advantage+, META's AI-based automation ad tool has seen strong adoption in e-commerce, retail, & CPG segments & almost all advertisers are using at least one AI ad product. META noted that Advantage+ Shopping campaigns showed a 12% lower cost per purchase conversion and a 32% increase in Return on Ad Spend (ROAS). AI is a key investment area for META, and these product enhancements are expected to support continued reacceleration of META's core ad business.
- Metaverse remains META's long-term goal to support the future of social connection & next generation of computing. Reality Labs crossed the USD1.0bn mark in 4Q23 and reached USD1.9bn for FY23, but declined to USD440mn in 1Q24. However, in 1Q24, operating losses contracted by ~4% y/y to USD3.8bn in 1Q24 and operating losses in Reality Labs will increase y/y due to ongoing product development efforts in AR/VR and further scaling of ecosystem. Furthermore, META has been using GenAI to improve the customer experience

with AI stickers, AI-based editing tools, and an advanced conversational assistant. META AI can now be used in Search within apps as well as Feed and Groups on Facebook.

Guest published on TradingView.com, Apr 16, 2024 23:59 UTC-4



Current Market Price- \$466 USD

Market Cap- \$1.24 T. USD

The Meta Platforms 52-week high stock price is 542.81, which is 10.8% above the current share price. The Meta Platforms 52-week low stock price is 274.38, which is 44% below the current share price. The average Meta Platforms stock price for the last 52 weeks is 399.05.

Despite recent market volatility globally, Meta's revenue growth remains vigorous, with a 21.62% increase over the last twelve months and an even more remarkable quarterly growth rate of 27.26% in Q1 2024.

Key Takeaways

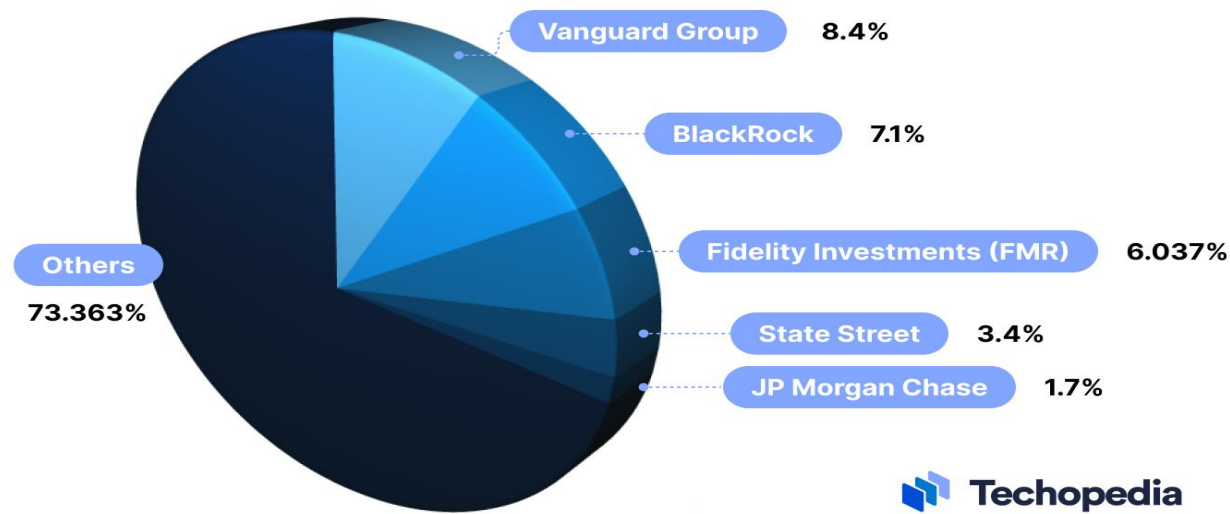
- Around 66.2% of Meta's Class A stock is owned by institutional investors, but co-founder and CEO Mark Zuckerberg controls the company through his ownership of Class B shares, which have more voting power.
- Analyzing Meta's major shareholders offers insights into the company's ownership structure and investor sentiment.
- Global asset management leaders Vanguard and BlackRock are the company's biggest institutional investors through their investment funds.
- Meta's former chief operating officer, Sheryl Sandberg, has left the company but remains a major shareholder.

According to its most recent annual report filing with the US Securities and Exchange Commission (SEC) as of January 2024:

- Meta Platforms had a total of 2,200,048,907 shares of Class A common stock and 349,356,199 shares of Class B common stock outstanding.
- Each Class B share has the same voting power as 10 Class A shares.

- Overall, Meta Platforms has 2,549,405,106 outstanding shares.

Top 5 Meta Platforms Institutional Shareholders



Financials last 5 years & predictions

Revenue Segment

Segment Information	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
Family Of Apps	70196.00	84826.00	115655.00	114450.00	133006.00	157065.71	185477.62	219029.01	258649.59	305437.20
Growth %		0.21	0.36	-0.01	0.16	0.18	0.18	0.18	0.18	0.18
Reality Labs	501.00	1139.00	2274.00	2159.00	1896.00	2890.24	4405.85	6716.23	10238.14	15606.90
Growth%		1.27	1.00	-0.05	-0.12	0.52	0.52	0.52	0.52	0.52
Total Net Sales	70697.00	85965.00	117929.00	116609.00	134902.00	159955.95	189883.47	225745.24	268887.72	321044.10

Income Statement

Income Statement	12 months	12 months	12 months	12 months	12 months
	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
Net Sales	70697.00	85965.00	117929.00	116609.00	134902.00
cost of Sales (including dep.)	12770.00	16692.00	22649.00	25249.00	25959.00
cost of Sales (excluding dep.)	7029.00	9830.00	14682.00	16563.00	14781.00
Depreciation expenses	5179.00	6389.00	7560.00	8501.00	11017.00
Gross Profit	63668.00	76135.00	103247.00	100046.00	120121.00
Operating Income:					
Research & Development	13600.00	18447.00	24655.00	35338.00	38483.00
Selling/general/admin expenses	20341.00	18155.00	23872.00	27078.00	23709.00
Selling/general/admin expenses (excluding Amortization)	19779.00	17682.00	23465.00	26893.00	23548.00
Other operating income/expenses	0.00	0.00	0.00	0.00	0.00
Amortization	562.00	473.00	407.00	185.00	161.00
Operating Income	29727.00	39533.00	54720.00	37630.00	57929.00
Non-operating income	826.00	509.00	531.00	-125.00	677.00
EBIT	30553.00	40042.00	55251.00	37505.00	58606.00
Income taxes	6327.00	4034.00	7914.00	5619.00	8330.00
Net income from continuing operations	24226.00	36008.00	47337.00	31886.00	50276.00
Net Earnings	24226.00	36008.00	47337.00	31886.00	50276.00

Prediction for upcoming 5years

12 months	12 months	12 months	12 months	12 months
31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
159955.95	189883.47	225745.24	268887.72	321044.10
31217.45	37058.19	44057.07	52476.88	62655.86
18870.93	22401.65	26632.48	31722.25	37875.43
5829.69	6824.73	8017.74	9798.73	11760.96
141085.02	167481.81	199112.76	237165.48	283168.66
38483.00	38483.00	38483.00	38483.00	38483.00
35011.16	41495.73	49282.62	58663.04	70013.01
34858.15	41380.06	49195.18	58596.94	69963.03
0.00	0.00	0.00	0.00	0.00
153.01	115.67	87.44	66.10	49.97
67590.85	87503.08	111347.14	140019.44	174672.66
67590.85	87503.08	111347.14	140019.44	174672.66
10044.27	13003.31	16546.63	20807.44	25957.05
57546.58	74499.78	94800.51	119211.99	148715.61
57546.58	74499.78	94800.51	119211.99	148715.61

Balance sheet for last 5years

Balance Sheet of:	12 months	12 months	12 months	12 months	12 months
	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
Assets:					
Current Assets					
Cash & Cash Equivelent	19,079	17,576	16,601	14,681	41,862
Marketable securities	35,776	44,378	31,397	26,057	23,541
Accounts receivable	9,518	11,335	14,039	13,466	16,169
Prepaid expenses and other current assets	1,852	2,381	4,629	5,345	3,793
Total Current Assets	66,225	75,670	66,666	59,549	85,365
Equity investments	86	6,234	6,775	6,201	6,141
Property and equipment, net	35,323	45,633	57,809	79,518	96,587
Operating lease right-of-use assets, net	9,460	9,348	12,155	12,673	13,294
Intangible assets, net	894	623	634	897	788
Goodwill	18,715	19,050	19,197	20,306	20,654
Other assets	2,673	2,758	2,751	6,583	6,794
Total Assets	133,376	159,316	165,987	185,727	229,623
Liabilities and stockholders' equity:					
Current liabilities					
Accounts payable	1,363	1,331	4,083	4,990	4,849
Partners payable	886	1,093	1,052	1,117	863
Operating lease liabilities, current	800	1,023	1,127	1,367	1,623
Accounts payable and accrued expenses	11,735	11,152	14,312	19,552	24,625
Deferred revenue and deposits	269	382	561	0	0
Total current liabilities	15,053	14,981	21,135	27,026	31,960
Operating lease liabilities, non-current	9,524	9,631	12,746	15,301	17,226
Long-term Debt	0	0	0	9,923	18,385
Other liabilities	7,745	6,414	7,227	7,764	8,884
Total Liabilities	32,322	31,026	41,108	60,014	76,455
Additional paid-in capital	45,851	50,018	55,811	64,444	73,253
Accumulated other comprehensive income (loss)	-489	927	-693	-3,530	-2,155
Retained earnings	55,692	77,345	69,761	64,799	82,070
Equity Attributable to non-controlling interests	101,054	128,290	124,879	125,713	153,168
Total liabilities and stockholders' equity	133,376	159,316	165,987	185,727	229,623

Prediction for upcoming 5years

META PLATFORMS INC.

(in USD except per Share Data)

Balance Sheet of:	12 months	12 months	12 months	12 months	12 months
	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
Assets:					
Current Assets					
Cash & Cash Equivelent	85,510	93,800	113,732	132,243	195,429
Marketable securities	23,541	23,541	23,541	23,541	23,541
Accounts receivable	20,035	23,784	28,275	33,679	40,212
Prepaid expenses and other current assets	5,558	6,598	7,844	9,343	11,155
Total Current Assets	134,644	147,722	173,392	198,806	270,337
Equity investments	6,141	6,141	6,141	6,141	6,141
Property and equipment, net	47,235	58,298	70,603	89,170	104,071
Operating lease right-of-use assets, net	13,294	13,294	13,294	13,294	13,294
Intangible assets, net	788	788	788	788	788
Goodwill	20,654	20,654	20,654	20,654	20,654
Other assets	6,794	6,794	6,794	6,794	6,794
Total Assets	229,551	253,691	291,666	335,647	422,079
Liabilities and stockholders' equity:					
Current liabilities					
Accounts payable	8,792	9,245	13,414	15,952	21,390
Partners payable	0	0	0	0	0
Operating lease liabilities, current	1,623	1,623	1,623	1,623	1,623
Accounts payable and accrued expenses	25,005	29,683	35,289	42,034	50,187
Deferred revenue and deposits	0	0	0	0	0
Total current liabilities	35,419	40,551	50,326	59,608	73,200
Operating lease liabilities, non-current	17,226	17,226	17,226	17,226	17,226
Long-term Debt	10,324	10,654	13,873	26,591	37,234
Other liabilities	8,884	8,884	8,884	8,884	8,884
Total Liabilities	71,853	77,315	90,309	112,309	136,544
Additional paid-in capital	375	375	375	375	375
Accumulated other comprehensive income (loss)	-2,155	-2,155	-2,155	-2,155	-2,155
Retained earnings	87,624	100,841	112,828	112,809	150,772
Equity Attributable to non-controlling interests	157,697	176,376	201,357	223,338	285,536
Total liabilities and stockholders' equity	229,551	253,691	291,667	335,648	422,079

Cash Flow Prediction

Cash Flow Statement	12 Months	12 Months	12 Months	12 Months	12 Months
	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2026	Dec. 31, 2027	Dec. 31, 2028
Cash From Operating Activities					
Net Income	57,547	74,500	94,801	119,212	148,716
Depreciation and amortization	6,294	7,305	8,534	10,388	12,439
Share-based compensation expense	-	-	-	-	-
Change in assets and liabilities:					
Trade accounts receivable	3,866	3,749	4,492	5,404	6,533
Inventories	-	-	-	-	-
Prepaid expenses and other current assets	1,765	1,040	1,246	1,499	1,812
Accounts payable and accrued expenses	380	4,678	5,606	6,744	8,153
Net Cash Provided by Operating Activities	69,852	91,272	114,678	143,247	177,653
Cash From Investing Activities					
Capital Expenditure	(6,624)	(18,252)	(20,751)	(28,889)	(27,291)
Net Cash Used for Investing Activities	(6,624)	(18,252)	(20,751)	(28,889)	(27,291)
Cash From Financing Activities					
Cash dividends paid	2,628	2,628	2,628	2,628	2,628
Cash before Raising (Repayment) of Debt	65,855	75,648	96,555	116,986	152,991
Debt Raised	-	-	-	-	-
Debt Repaid	-	-	-	-	-
Net Cash Provided by/(Used for) Financing Activities	2,628	2,628	2,628	2,628	2,628
Net Increase/(Decrease) in Cash and Cash Equivalents	65,855	75,648	96,555	116,986	152,991
Cash and Cash Equivalents, Beginning of Year	19,079	17,576	16,601	14,681	41,862
Cash and Cash Equivalents, End of Period	84,934	93,224	113,156	131,667	194,853

Debt Schedule

Debt Schedule	12 Months	12 Months	12 Months	12 Months	12 Months
	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2026	Dec. 31, 2027	Dec. 31, 2027
Opening Debt	10,324	10,654	13,873	26,591	37,234
Cash Before Debt (During the period)	65,855	75,648	96,555	116,986	152,991
Add: Opening Cash Balance	19,079	17,576	16,601	14,681	41,862
Cash Available for Debt repayments	84,934	93,224	113,156	131,667	194,853
Less: Mandatory Debt Repayments	0	0	0	0	0
Cash balance after mandatory debt repayment	84,934	93,224	113,156	131,667	194,853
Add: debt raised	0	0	0	0	0
Closing Cash Balance (Total Debt)	10,324	10,654	13,873	26,591	37,234
Current portion of long term debt	0	0	0	0	0
Long term debt	10,324	10,654	13,873	26,591	37,234

Fixed Asset Schedule

Property, plant & Equipment	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	
	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	
Opening Balance-WDV	35,323	45,633	57,809	79,518	96,587	46,752	47,235	58,298	70,603	89,170	
Add: Net Addition during the Period	15,024	18,067	25,246	31,574	38,657	6,624	18,252	20,751	28,889	27,291	
Total Depreciable Assets During the Year	20,299	27,566	32,563	47,944	57,930	53,376	65,487	79,049	99,493	116,461	
Less: Depreciation during the year	5,741	6,862	7,967	8,686	11,178	6,141	7,189	8,446	10,322	12,389	
Closing Balance-WDV	14,558	20,704	24,596	39,258	46,752	47,235	58,298	70,603	89,170	104,071	
PPE Turnover Ratio	348%	312%	362%	243%	233%	300%	290%	286%	270%	276%	
Depreciation Rate	28.3%	24.9%	24.5%	18.1%	19.3%	23.0%	22.0%	21.4%	20.7%	21.3%	
Depreciation Exp	5,179	6,389	7,560	8,501	11,017	5,830	6,825	8,018	9,799	11,761	95%
Amortization	562	473	407	185	161	311	365	428	524	628	
	5,741	6,862	7,967	8,686	11,178	6,141	7,189	8,446	10,322	12,389	
	90.2%	93.1%	94.9%	97.9%	98.6%						
Source											
Amortization of Intangible Asstes											
Opening Balance-WDV	894	623	634	897	788	627.00	473.99	358.32	270.87	204.77	
Add: Net Addition during the Period	0	0	0	0	0	0	0	0	0	0	
Total Amortizable Assets During the Year	894	623	634	897	788	627.00	473.99	358.32	270.87	204.77	
Less: Amortisation during the year	562.00	473.00	407.00	185.00	161.00	153.01	115.67	87.44	66.10	49.97	49%
Closing Balance-WDV	332.00	150.00	227.00	712.00	627.00	473.99	358.32	270.87	204.77	154.80	
Amortisation Rate	63%	76%	64%	21%	20%						

Beta Calculation

Competitors	Beta	Market Cap	R sq
Meta	2.25	1.25tn	4.24%
Microsoft	1.17	3.33tn	2.26%
IBM	0.93	170.83bn	0.28%
Salesforce	1.60	246.09bn	0.64%
Oracle	1.19	392.96bn	1.60%

- The above shown financials are predictions to the last 5years given data, as per the data given these predictions are totally evaluated on the bases of given data from different stock screening websites and 10k form (annual reports of meta platforms inc.).
- As per the given data I have calculated the valuations for upcoming 5years & will summarize the report with my predictions on how the company financials may look in the future.
- Since meta has been one of the leaders of the world where innovation is the key, in 2020 when the world faced the most tragic incident due to COVID-19, due to the restrictions and uncertainty of the surrounding public socializing stopped or was reduced to nil for more than a year. Due to the circumstances people specially youth started using internet at a free hand which gave to a instant boost to companies like meta and specially meta due to wide market spectrum.
- In 2020 people started using socials at a wide range which increase the usage of facebook, intagram, WhatsApp, messenger and other social apps, hence; people’s addiction increased the revenue by 21.6%, currently the revenue rate is the same as per the previous quarter and according to my analysis the growth rate will increase by approx10.5% by the year ending 2024.

Wheighted Average Cost of Capital

Cost of equity				Cost of debt		
Particulars	Notes	Value		Particulars	Notes	Value
Risk-free rate (%)	10year treasury rate	4.23%		Debt borrowing rate (%)		4.92%
Beta	bottoms up beta	0.88		Expected income tax rate (%)		27%
Equity market risk premium (%)	Nyu stern ERP	4.60%		After-tax cost of debt (%)		3.6%
Cost of equity capital (%)		8.3%				
		Rf+[(Rm-Rf)*Beta]				
					for AAA, spread is	0.69%
					add: risk free rate	4.23%
Calculation of beta					Debt borrowing rate	4.92%
Particulars	Levered beta	D/(D+E) (last three years)	E/(D+E) (last three years)	Tax rate (%)	Unlevered beta	Relevered beta
Bottom-up						
Microsoft	1.17	96.4%	3.6%	27.0%	0.07	0.07
IBM	0.93	26.3%	73.7%	27.0%	0.74	0.76
Salesforce	1.60	5.1%	94.9%	27.0%	1.54	1.58
Oracle	1.19	25.2%	74.8%	27.0%	0.97	0.99
Median	1.18	0.26	0.74	0.27	0.85	0.88
				Industry Average		
Beta Calculation for Target Co	2.25	25.90	717.14	27.0%		
		3.49%	97%			
					Bottoms Up beta	0.88

Weighted average cost of capital					
Particulars	Weight	Particulars	Cost	Product	Method
Debt (%)	3.5%	Cost of debt (%)	3.6%		0.1%
Equity (%)	96.5%	Cost of equity (%)	8.3%		8.0%
WACC					8.10%

Discounted Cash Flow prediction for META

META PLATFORMS INC.					
<i>(in USD million except per Share Data)</i>					
Valuation Date	30-Jun-24				
Latest Filing	31-Dec-23				
choose					
Year end discounting (present value factor)					
	12 Months	12 Months	12 Months	12 Months	12 Months
Date of cash flows	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2026	Dec. 31, 2027	Dec. 31, 2028
EBIT	67,591	87,503	111,347	140,019	174,673
Tax Rate	14.9%	14.9%	14.9%	14.9%	14.9%
NOPAT	57,547	74,500	94,801	119,212	148,716
Add: Depreciation and amortisation	5,983	6,940	8,105	9,865	11,811
Add/Less: (Increase)/ Decrease in net working capital	6,011	9,467	11,344	13,647	16,498
Less: Capital expenditure	(6,624)	(18,252)	(20,751)	(28,889)	(27,291)
Debt free cash flow (Free Cash Flows to Firm)	62,916	72,655	93,498	113,834	149,734
Discount rate (%)					
Full Period or Partial Period	1.00	1.00	1.00	1.00	1.00
Discounting Period-Year End	0.50	1.50	2.50	3.50	4.50
Discounting Period-Mid Year	0.25	1.25	2.25	3.25	4.25
Year end discounting (present value factor)	0.96	0.89	0.82	0.76	0.70
Mid year discounting (present value factor)	0.98	0.91	0.84	0.78	0.72
Present value debt free cash flow	60,512	64,643	76,954	86,670	105,460
Present value for explicit period	394,239				
Terminal value			Gordon growth		
Long Term Growth Rate			1.9%		
Terminal Value			2,460,589		
Present Value of TV			1733032.88		
DCF Value of Firm / Operating Business Enterprise Value			2,127,272		
Add: Non Operating Assets			36,476		
Total Value of Firm			2,163,748		
Less: Gross Debt & Debt Equivalents			18,385		
Add: Cash			41,862		
Less: Non Controlling Interest			153,168		
DCF value of Common Equity			2,034,057		
No. of shares o/s			2,629		
DCF value per share			774		

		WACC								
	774	5.8%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%
LTGR	1.00%	1,065.7	1,008.1	956.0	908.7	865.5	825.9	789.6	756.0	724.9
	1.25%	1,120.5	1,057.0	999.9	948.3	901.3	858.5	819.3	783.2	749.9
	1.50%	1,181.7	1,111.3	1,048.4	991.8	940.6	894.0	851.6	812.7	776.9
	1.75%	1,250.6	1,172.0	1,102.3	1,039.9	983.7	933.0	886.8	844.7	806.2
	2.00%	1,328.6	1,240.3	1,162.5	1,093.3	1,031.4	975.8	925.4	879.7	837.9
	2.25%	1,417.8	1,317.8	1,230.2	1,153.0	1,084.4	1,023.1	967.9	918.0	872.6
	2.50%	1,520.8	1,406.2	1,307.0	1,220.2	1,143.7	1,075.6	1,014.8	960.1	910.6
	2.75%	1,640.8	1,508.3	1,394.7	1,296.4	1,210.3	1,134.4	1,066.9	1,006.6	952.4
	3.00%	1,782.8	1,627.4	1,496.0	1,383.4	1,285.8	1,200.5	1,125.2	1,058.3	998.5

Trading Comparison

Target Company	META
CMP	489.79
NO. of shares	2.54
Equity Value	1.24

Median	-5.0148984	-1.482497699	-8.26776768
1st Quartile	-9.19001898	-2.221435638	-19.2495235
2nd Quartile	-1.84193703	-0.852788214	-2.36673131

Peer companies	No. of shares	CMP	Market Capitalisation	Debt	Preference Capital	MI	Cash	Investments	operating EV
Microsoft	7.43	449.52	3.34	59.96			80,021	14,807	(94,764.70)
IBM	0.91	185.81	170.68	59.93			19277	1,678	(20,724.39)
Salesforce	0.97	256.03	248.09	12.58			17,670	4,978	(22,387.33)
Oracle	2.74	142.61	393.01	90.48			9,904	-	(9,420.51)

Sales	EBITDA	EBIT	EPS	EV/EBIDTA	EV/Sales	EV/EBIT
61,858	33,608	27,581	2.94	-2.81970662	-1.531971612	-3.4358689
14,462	2,104	973	1.72	-9.84999525	-1.433023786	-21.2994758
9,133	3,105	1,709	1.56	-7.21009018	-2.45125698	-13.0996665
14,287	6,214	4,686	1.11	-1.51601384	-0.659376356	-2.01035211

EV/Sales	Multiples	operating EV	debt	preference capital	MI	cash	Investments	Sales	Equity Value	value per share
Median	-1.4824977	-54044.45	18387			58120	6218	36455	-8093.45	-3186.399068
1st Quartile	-2.22143564	-80982.44	18387			58120	6218	36455	-35031.44	-13791.90401
2nd Quartile	-0.85278821	-31088.39	18387			58120	6218	36455	14862.61	5851.419555
EV/EBIDTA	Multiples	operating EV	debt	preference capital	MI	cash	Investments	EBITDA	Equity Value	value per share
Median	-5.0148984	-86216.13	18387			58120	6218	17192	-40265.13325	-15852.41466
1st Quartile	-9.19001898	-157994.81	18387			58120	6218	17192	-112043.8063	-44111.73476
2nd Quartile	-1.84193703	-31666.58	18387			58120	6218	17192	14284.41851	5623.786814
EV/EBIT	Multiples	operating EV	debt	preference capital	MI	cash	Investments	EBIT	Equity Value	value per share
Median	-8.26776768	-114244.01	18387			58120	6218	13818	-68293.01385	-26887.01333
1st Quartile	-19.2495235	-265989.92	18387			58120	6218	13818	-220038.9158	-86629.4944
2nd Quartile	-2.36673131	-32703.49	18387			58120	6218	13818	13247.50678	5215.553851

- *As per the current market price per share which is \$466 USD and the given DCF value per share which is \$774 USD. The Market price per share is currently undervalued.*
- *According to my analysis, the upcoming change in trends and new AI features to FOA can result in a steady increase and this can be a growing year for meta with a high opportunity to increase. Hence, new investments made to meta can be a good opportunity for the investors to earn more.*
- *All the values have been taken from stock screening websites that are globally accepted. The values may differ from one website to other, also Market cap and other important values are in either Million, Billion or Trillion. So, values after calculations are in negative since actual values are in decimal forms in USD. The valuation of targeted and peer companies is positive.*
- *The trading comparison shows that Meta's true competitor is Microsoft as Microsoft has astonishing results in terms of valuation and rest of the peer's are not much closer, Microsoft has sales of 3.34trillion and Meta being behind with 1.4 trillion sales. But as we see the DCF Meta has better opportunity for growth in the near future.*

Conclusion:

- *while working closely for this report I closely learned the workings of meta platform inc., a large part of the revenue is earned through advertisements on their family of apps, this digitalized way of earning in the modern era is really beneficial for meta, around 95% of revenue generation of meta is from its FOA including ads. The remaining 5% is from Reality Labs which includes manufacturing of VR or Virtual Reality products like Meta Quest 3 the latest VR from Meta.*
- *There can be changes with the investments in the future and if the modernization keeps floating high then these statistics may change over the time and the revenue from reality of labs may increase subsequently. There will be multiple opportunities for investors in the future and currently the company is in profit as per my predictions so investment from here on will be beneficial.*