## **Project report**

## Business Summary

Meta, formerly known as Facebook, Inc., is a social media and technology company founded by Mark Zuckerberg in 2004. The company's primary mission is to connect people and create a more open and connected world. As of 2023, Meta operates as a conglomerate with several major business units, including Facebook, Instagram, WhatsApp, and Oculus.

In terms of current operations, Meta is focused on expanding its offerings beyond traditional social media platforms. This includes investments in virtual reality (VR) and augmented reality (AR) technology, as well as the development of a "metaverse" platform that aims to create a shared, immersive virtual world. Additionally, Meta has been working to improve its advertising offerings and expand its e-commerce capabilities.

The macroeconomic environment and business cycle have been relatively stable in recent years, with moderate economic growth and low inflation. However, there are concerns about rising interest rates and potential geopolitical risks that could impact the overall business climate.

In terms of the industry environment, social media and technology companies are facing increased scrutiny from regulators and policymakers around the world. This has led to increased pressure on Meta and its competitors to address concerns around privacy, data security, and the spread of misinformation on their platforms.

Meta's top industrial competitors include other major technology companies such as Alphabet (parent company of Google), Amazon, and Apple. While it is difficult to estimate exact market share figures, Meta is widely considered to be the dominant player in the social media space, with Facebook alone having over 2.7 billion monthly active users as of 2022.

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| --- | --- |
| **Company** | **Market Cap** |
| META | 2,702 |
| ALPHABET | 12.897B |
| AMAZON | 10.189B |
| APPLE | 15.893B |
| MICROSOFT | 7.451B |
| NVIDIA | 2.464B |
| TESLA | 3.160B |

https://companiesmarketcap.com/tech/largest-tech-companies-by-market-cap/

Ratio calculation

## Profitability ratio:

Profitability ratios measure a company's ability to generate profits from its operations. The most used profitability ratios are the gross margin, operating margin, and net profit margin.

* **Gross Profit Margin (GPM):**   
  GPM = (Gross Profit / Total Revenue) \*100  
   78.35%

Here the gross profit margin is very much higher , so the company can efficiently generate gross profit from sales of products or services.

* **Operating Profit Margin (OPM):**   
  OPM = (Operating Earnings / Total Revenue) \*100  
   24.82%

Here the operating profit margin is high which means company is managing its resources very efficiently.

* **Return on Assets (ROA):**   
  ROA = (Net Income / Total Assets) \*100  
   12.49%

Here the company is 12 times profitable is relative to its total assets

* **Return on Equity (ROE):**   
  ROE = (Net Income / Share Holder Equity) \*100  
   18.45%

Here the value is high which means company is efficient in generating profits.

* **Return on Sales (ROS):**  
   ROS = (Operating Profit / Total Revenue) \*100  
   24.82%

Here the company is very efficient in turning sales into profits than the other industries.

* **Return on Investment (ROI):**

ROI = Net Income / Cost of Investment  
0.88

Here is is a very good return since you didn't have to accept any risk whatsoever.

# Liquidity Ratio:

Liquidity ratios measure a company's ability to meet its short-term obligations. The most commonly used liquidity ratios are the current ratio and the quick ratio. The current ratio measures a company's ability to meet its short-term obligations with its current assets. The quick ratio is a more conservative measure of liquidity as it excludes inventory from current assets.

* **Current Ratio**   
  Current Ratio = Current Assets / Current Liabilities   
  Current Ratio = 2.2

Here the current ratio is more than 2, which means that the business has 2 times more current assets than liabilities to covers its debts and it is good.

* **Quick Ratio**   
  Quick Ratio = (Current Assets – Inventory) / Current Liabilities  
  Quick Ratio = 0.83(as we do not have a value for inventory, we took it as zero)

This is not a good ratio as it is less than 2 which shows that the company doesn't have as many quick assets as liabilities.

* **Cash Ratio**   
  Cash Ratio = Cash / Current Liabilities   
  Cash Ratio = 0.21

Here the cash ratio is 0.2 That means the company has enough cash and cash equivalent to pay 20% of current liabilities.

* **Debt to Equity Ratio**

Debt to Equity Ratio = Total Debt / Shareholder Equity   
Debt to Equity Ratio = 5.978

Here the company has more debts than equity which is not good for a company the ideal value is less than 1.

* **Price to Earnings Ratio**

Price to Earnings Ratio = Market value per share / Earnings per Share   
Price to Earnings Ratio = 25.66

Here the expectations of the market are more for the company which is good.

* **Dividend Pay-out Ratio**

meta doesn't pay any dividends our ratio is 0.

* **Organization’s Sustainable Growth Rate**   
  Sustainable Growth Rate = ROA\*(1-Dividend Pay-out Ratio)  
  Sustainable Growth Rate = 12.49%