

# facebook

## Dillan's Villains

Dillan Wendel, Ellie Ambs, Nestor Ayala, Evan Martinez, Nicholas Orange, and Santiago Quinonez

# Company Overview

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facebook

**Ticker Symbol- FB**

**Current Price- \$281.15**

**Headquarters- Menlo Park, California**

**Revenue- \$70.7 Billion USD**

**Market Cap- \$783.05 Billion USD**



# Company History

facebook

[thefacebook]

**January 2004**

Mark Zuckerberg creates "The Facebook"



**December 2004**

Facebook reaches 1 million users

**July 2006**

Mark Zuckerberg rejects a \$1.1 billion bid from Yahoo to sell the company



**October 2008**

Facebook announces headquarters in Dublin, Ireland



**February 2004**

The Facebook is launched to college students



**December 2005**

Facebook introduces tagging



**January 2007**

Facebook goes mobile



# Company History

facebook



**February 2009**

The "like" button is introduced



**April 2012**

Facebook acquires Instagram



**October 2012**

Facebook reaches 1 billion users



**October 2016**

Facebook launches marketplace



**Currently**

Facebook is being sued by the states



**June 2011**

Partners with skype to introduce video chat



**May 2012**

Facebook goes public



**February 2014**

Facebook acquires Whatsapp



**October 2020**

Zuckerberg testifies before congress



# Recent News



# Recent News

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## **Since March 2020**

- Products launched to help small business in the wake of COVID-19

## **July 2020**

- Ad Boycott

## **10-27-2020**

- Instagram Shops

## **10-28-2020 & 11-17-2020**

- Testified Congress
-

# Stock Performance



**Ticker:** FB

**Current:** Trading -8%  
off 52 week high

**IPO Price:** \$38

**CAGR SINCE IPO:**  
28%

# Business Model



# What do they do?

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facebook



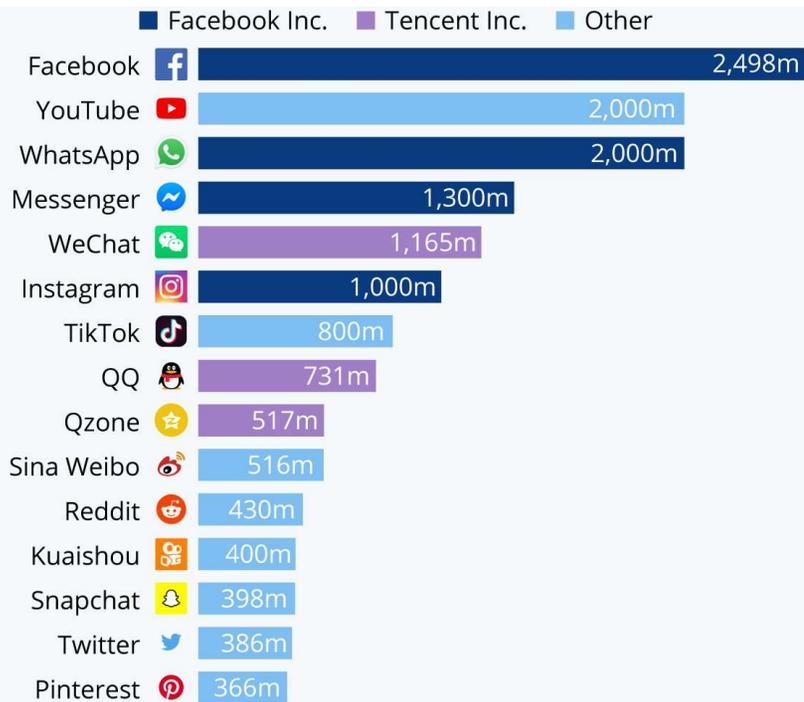
How do you sustain  
a business model  
where users don't  
pay for your service



Senator, we  
run ads  
:)

# What do they do?

facebook



\* April 2020 or latest available

Source: Company data via DataReportal Global Digital Statshot



statista

That's really it.

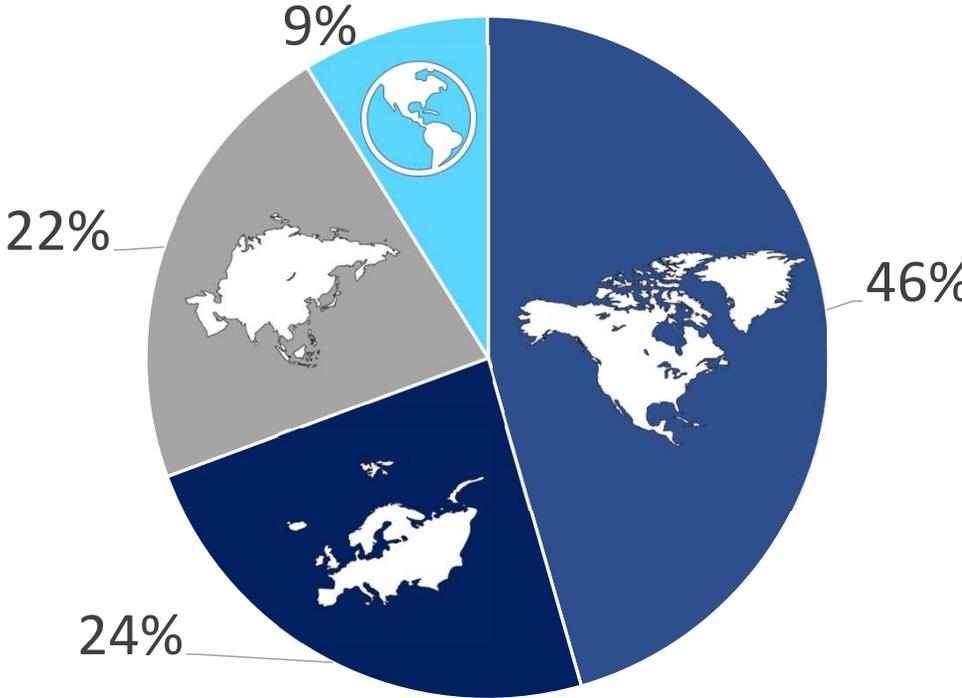
Targeted ads across their platforms drive Facebook's profitability.

Increases in daily or monthly active users on any of their platforms provides value to advertisers

Facebook has technically 5 revenue streams, but advertising makes up the grand majority

# Revenues by Segment

facebook

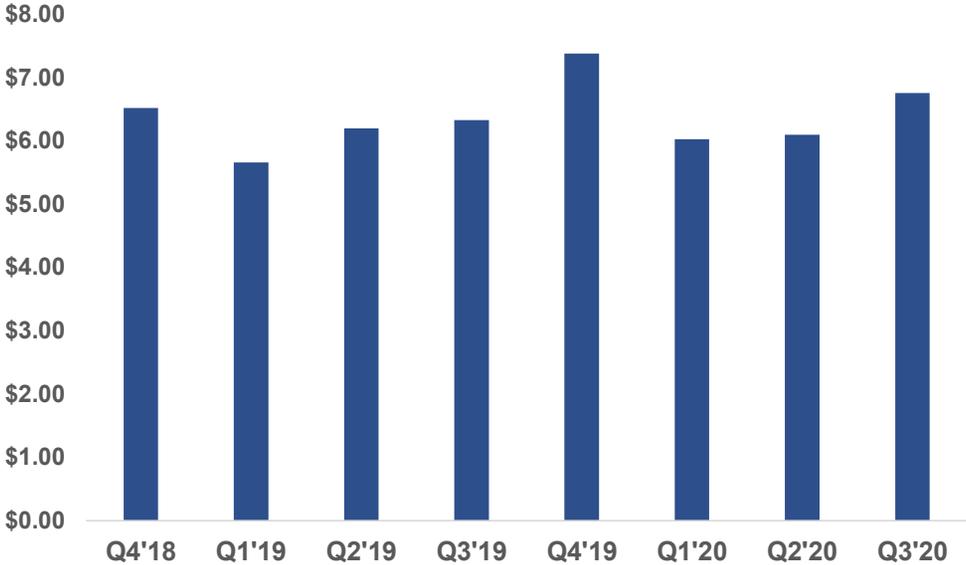


■ Advertising Revenues    ■ Other Revenue

# Revenues By Geographic User

facebook

Family Revenue Per User (\$)



Average Revenue  
Per User Worldwide

\$6.76

2.6 Billion Monthly  
Active Users

34% of the world  
population

# Ad Spaces

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facebook



**Facebook**



**Instagram**



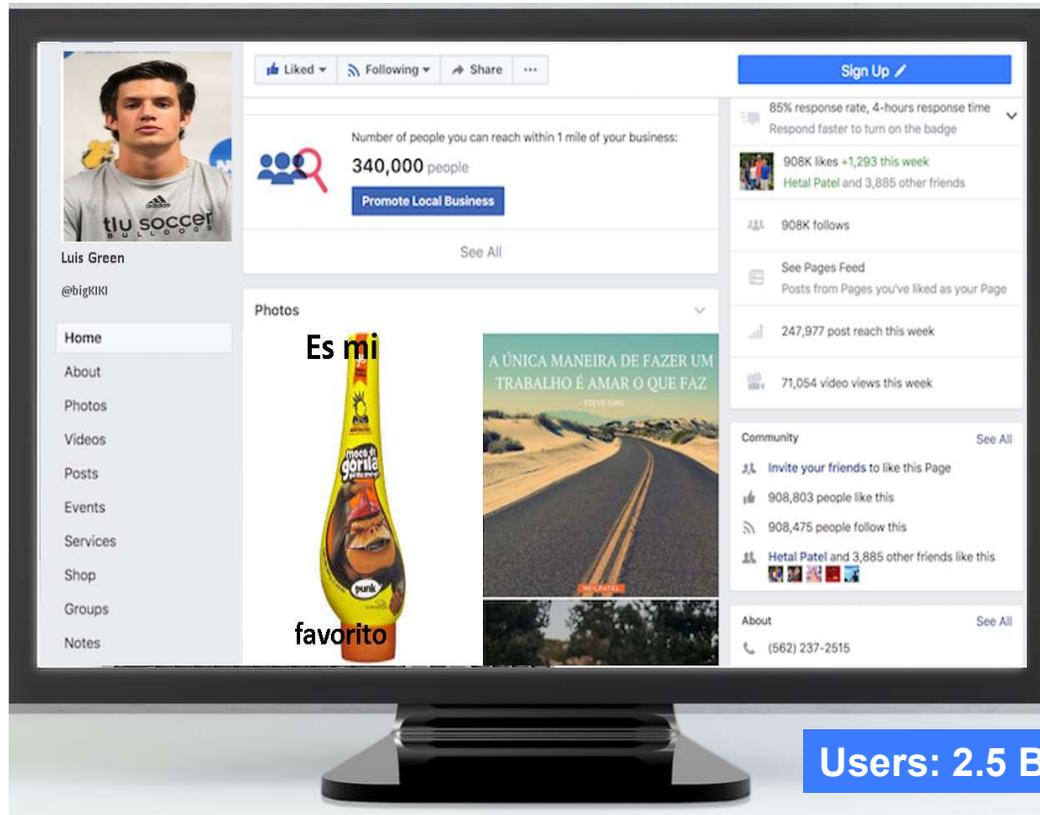
**WhatsApp**



**Messenger**

# Facebook

facebook



The largest advertising arm, social network, and namesake of the company

Facebook connects people around the world and allows them to communicate and share media

Includes a marketplace, direct messaging, groups, and an alert and news feed

Individuals and organizations use Facebook to communicate with an audience or customers

# Facebook

facebook

## WORLD MAP OF SOCIAL NETWORKS

January 2018



credits: Vincenzo Cosenza vincos.it

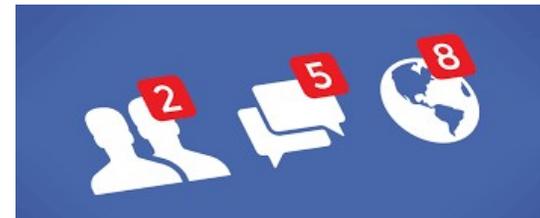
license: CC-BY-NC

source: Alexa/SimilarWeb

Facebook has rolled out features that have become synonymous with social media

Worldwide, Facebook has the largest reach across the world, despite being banned in China

After the US and Canada, India, Brazil, and Mexico represent the largest portion of users



# Facebook

facebook



Facebook is constantly rolling out features to increase usage

New marketplace and small business tools were rolled out this quarter

New functionality with WhatsApp allows small businesses set up a commercial presence across all platforms

# Revenues By DAU

## Facebook Daily Active Users (DAUs)

In Millions

FACEBOOK



# Revenues By Geography



Revenue by Facebook User Geography  
In Millions

FACEBOOK



- Rest of World
- Asia-Pacific
- Europe
- US & Canada

FACEBOOK

Revenue by Facebook User Geography  
In Millions

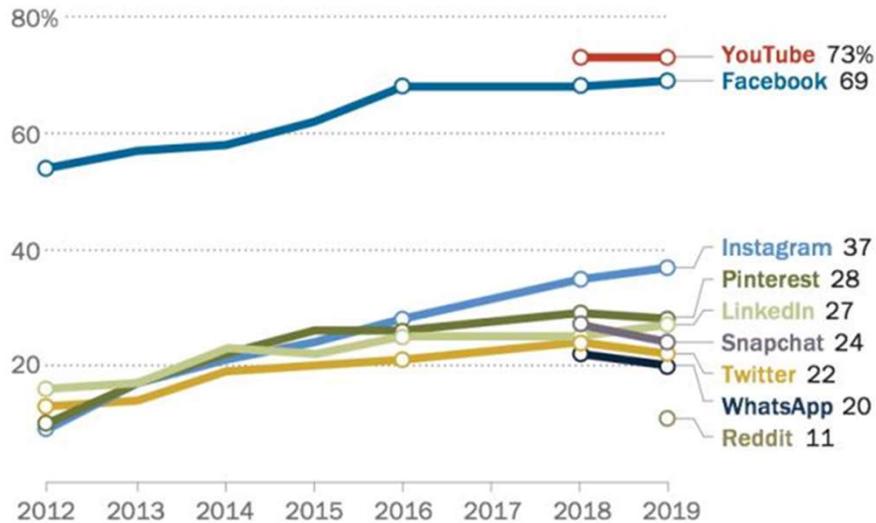


- Rest of World
- Asia-Pacific
- Europe
- US & Canada

# Facebook

facebook

## Most Popular Social Network for Adults



Social media is the 4th largest advertising avenue for brand discovery

Over 10 million advertisers use Facebook

Average age of users: 24-64

Column ads and news feed ads are the main avenues for advertising



# Targeted Ads

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facebook

Almost any action on Facebook sites and apps can generate user data for targeted content and ads.

Targeted ads have been elevated Facebook sales and improved customer returns on investment

This has led to consumer privacy issues



# Instagram

facebook



Users: 1 Billion



Photo sharing and messaging app purchased by Facebook for \$1 Billion in 2012

Also allows users to post 'Reel's, or brief video updates

User base is generally young, 16-24

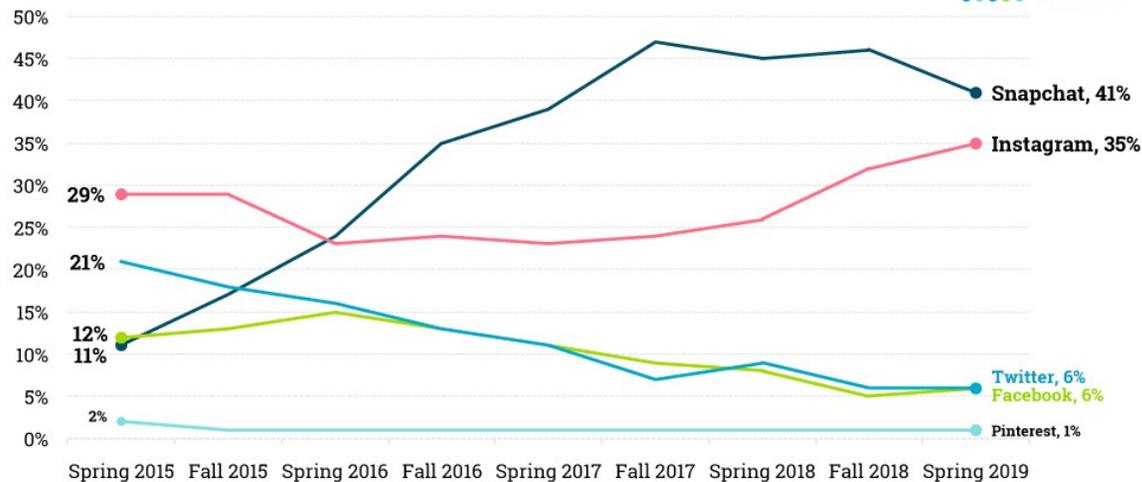
Recently rolled out a marketplace

# Instagram

facebook

## US Teens' Favorite Social Platform

marketing charts



Represents an estimated 30% of the company's total advertising revenue

Ads are displayed among user generated posts for seamless target advertising

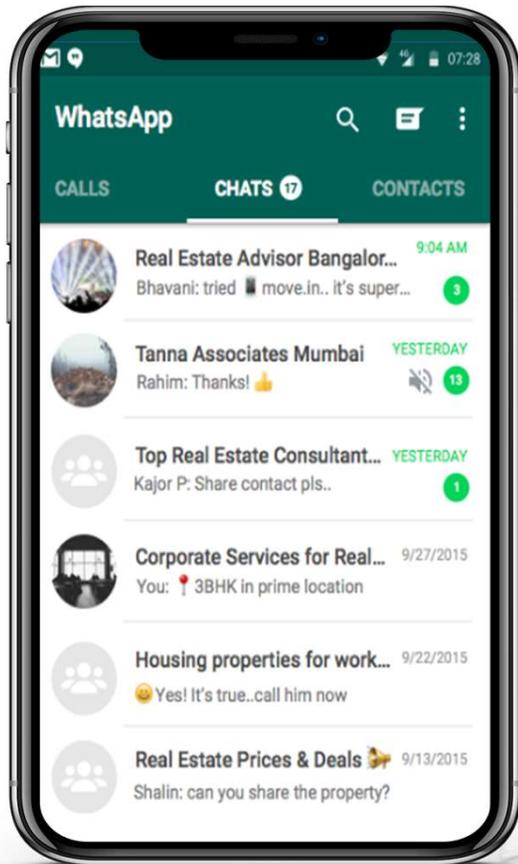
Instagram is steadily overtaking other trendy apps, such as snapchat

Instagram has become a hub for 'influencers'



# WhatsApp

facebook



**Users: 2 Billion**



Simple, reliable, private messaging service used throughout the world

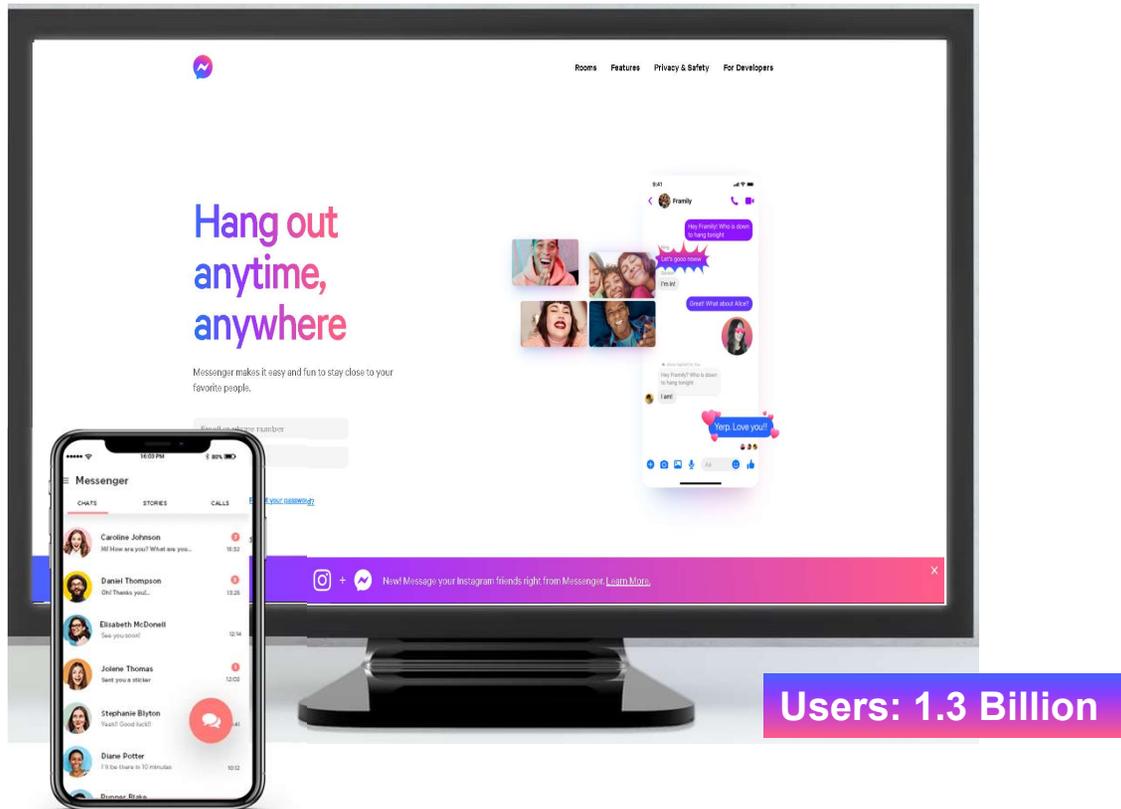
Value of the app is its Cross-platform' usability

Mimics the functionality of regular text, call, and video calling, except it is instant, and uses the internet

Service is free, even for international calls

# Messenger

facebook



Originally developed as Facebook chat in 2008

Features include money transfer, chat bots, location sharing and third-party app integration

COVID-19 accelerated traffic by 50%, online calls grew 1000%

Not effectively monetized

# Other Revenue

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facebook

Hardware sales of the Oculus product line also includes revenue earned through payment processing

Technology is still expensive, and developing

Not a significant portion of their total revenue, but may be a significant growth avenue for the future

Think of this segment like Google's other bets



# Management



# Management

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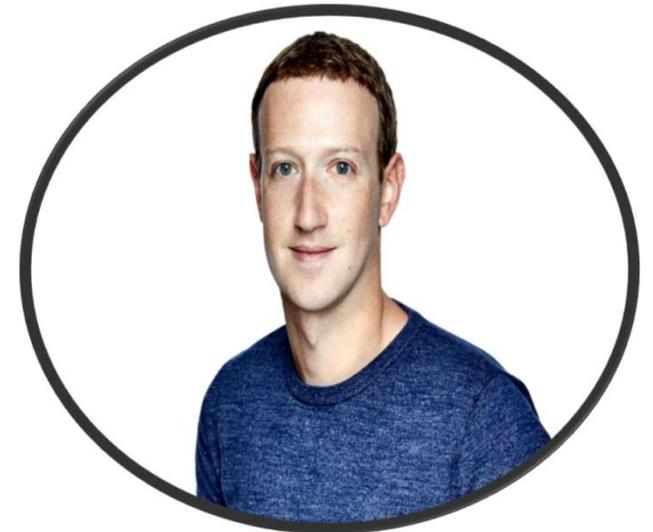
Created Facebook and implemented the social networking tools that made it so successful

His vision for improving the user experience is the reason that Facebook now has over 2.7 billion monthly active users

His long-term mindset allowed Facebook to transition from a small start up network for students into a social media empire

## **Mark Zuckerberg**

Founder, President and CEO



# Management

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Joined Facebook in 2008 after being the Vice President of Online Global Sales at Google

Helped Facebook transform Facebook's advertising platform using her knowledge of running the Google's ad program since 2001

Transformed Facebook from a profitless network to the second biggest digital advertiser in the world

**Sheryl Sandberg**

Chief Operating Officer



# Acquisitions



# Acquisitions

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## FriendFeed (2009)

Acquired for \$15 million in cash and \$32.5 million in stock.

Allowed Facebook to introduce the Like button and the News Feed.

Founders and developers of Gmail and Google Maps agreed to join the company as part of the deal



## Instagram (2012)

Acquired for \$1 billion in an all-cash deal

Instagram was a photo-sharing app which had 30 million users and \$0 in revenue in 2012

Instagram now has over 1 billion users and \$20 billion in total revenue

78.6% of their users are between the ages of 18 and 44.

# Acquisitions

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## Whatsapp (2014)

Acquired for \$19 billion in cash

Helped fuel Facebook growth in developing markets (400 million users in India and 150 million in Brazil)

Had 500 million users in 2014 and now has over 2 billion users in 180 countries



## oculus (2014)

Acquired for \$2 billion in cash

Growth opportunity for virtual reality gaming and social networking

Potentially used in the future for virtual shopping experiences

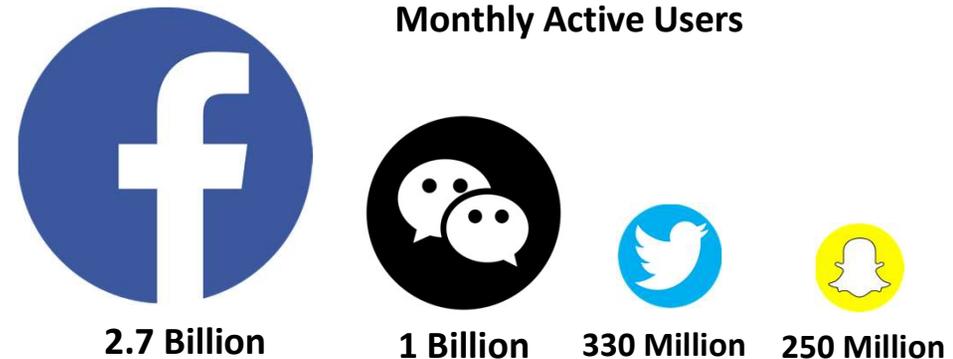
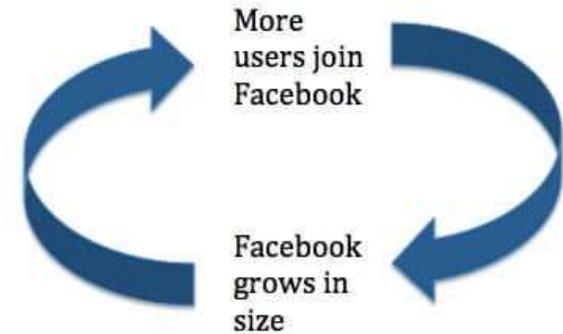
# Economic Moat



# Network Effect – Social Media

The more users a Facebook has, the more attractive it becomes for other people to join as well, as the usefulness of the network goes up with the number of users

This creates a winner take-all effect where the social network with the most popularity gains users at a much faster rate than its competitors



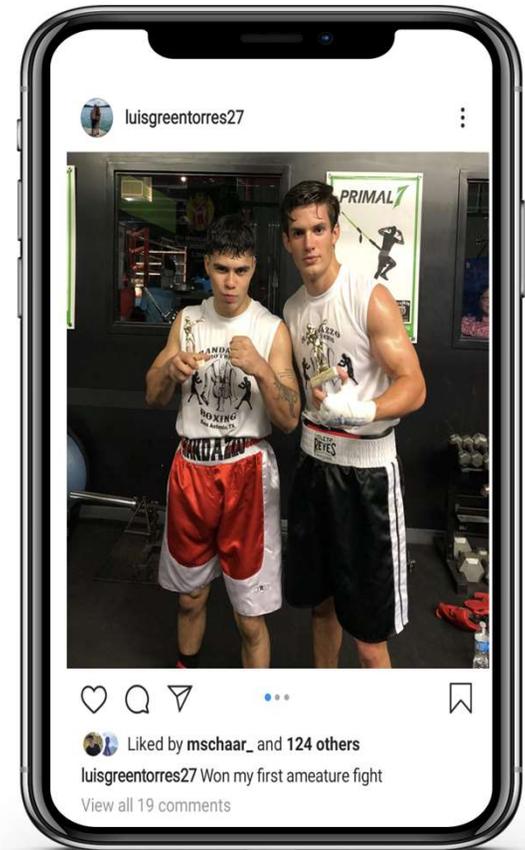
# Network Effect – Social Media

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Social media gives users the platform to project their personal reputation and identity to a large audience.

This causes a “bandwagon effect” where people join the network because they do not want to miss out on the valuable networking tools that Facebook provides

This ensures that Facebook users are not only audience members, but content creators as well



# Network Effect – Commerce

Facebook's platforms with have become the most efficient ways for businesses to communicate with their target audience

Over 200 million small and medium sized businesses use Facebook's free tools every single day to conduct their operations

This includes follower reviews, menus, questionnaires, business analytics, reservations, time schedules, and many other tools

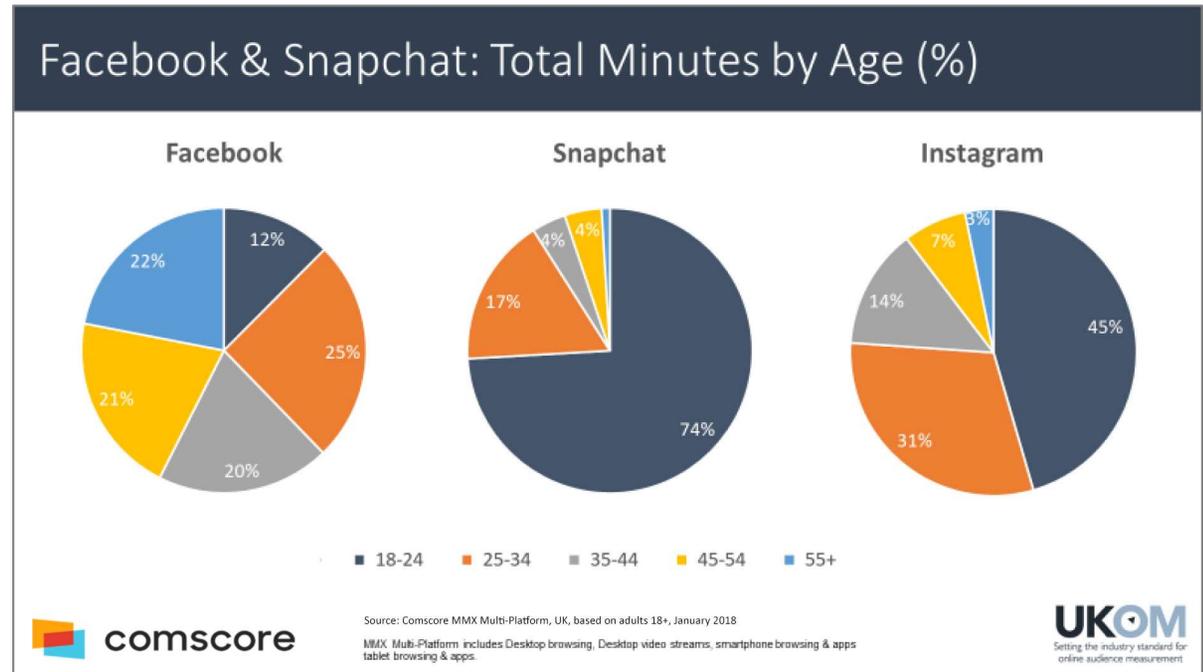
The screenshot displays the Facebook profile for 'On The Grind Coffee'. At the top, there are navigation buttons for 'Shop Now', 'Like', 'Message', and search. A post from August 24 promotes 'OTG cold brew coffee' with a price tag of \$14.00. Below the post is the 'Page Transparency' section, which states the page was created on June 10, 2012, and is managed from the United States. The 'Related Pages' section lists 'New Braunfels Herald-Ze...' (Newspaper), 'City Of New Braunfels ...' (Government Organization), and 'New Braunfels Police D...' (Law Enforcement Agency). On the right, a large image features a glass of iced coffee and a can of 'ON THE GRIND' coffee, with a '\$5' price tag and the text 'OTG PRIVATE-LABEL'.

# Network Effect – Multiple Platforms

Each Facebook Social Media Platform serves a different purpose and targets a different demographic group, therefore they each have their own network effect

Facebook targets an older demographic, while Instagram targets a younger one

These platforms are used for entertainment and commerce

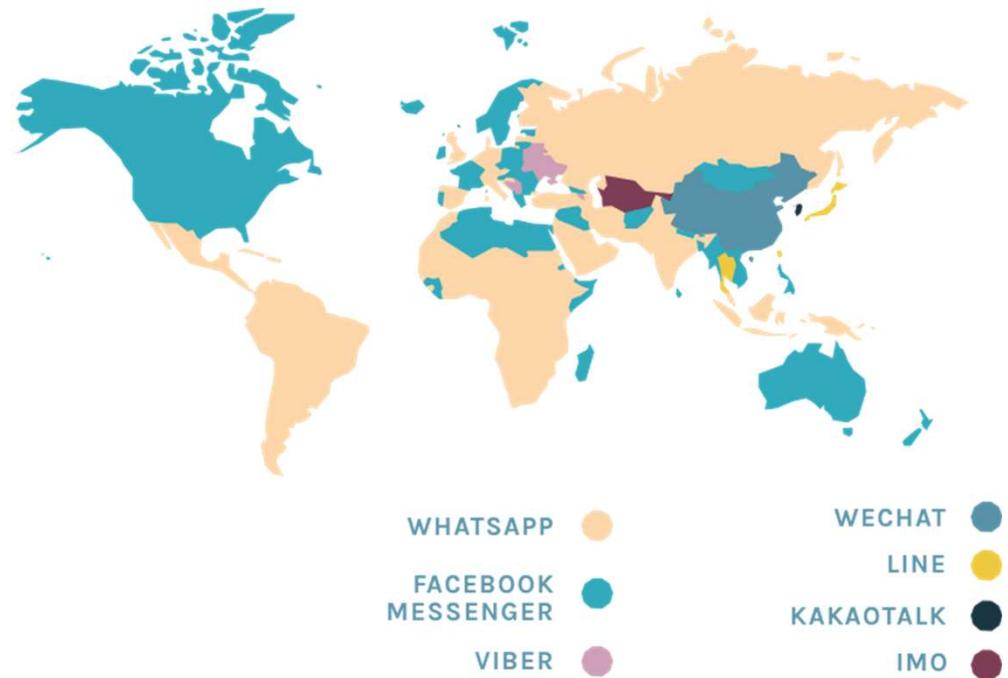


# Network Effect – Multiple Platforms

Messenger and Whatsapp are used for direct messaging.

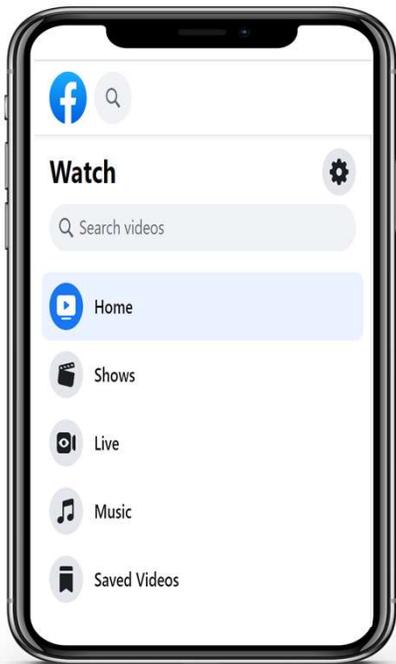
These apps reduce the friction of communication by giving users a common platform.

They contribute to user growth of Facebook and Instagram through platform integration

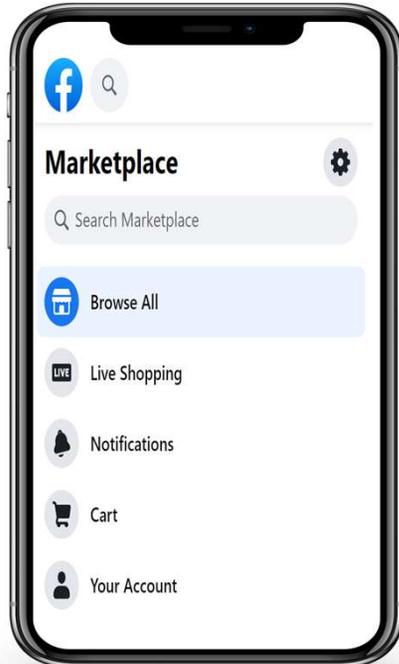


# Intangible Asset – Product Development

Facebook has been able to replicate the products of competing networks to increase user engagement and decrease power of competitors



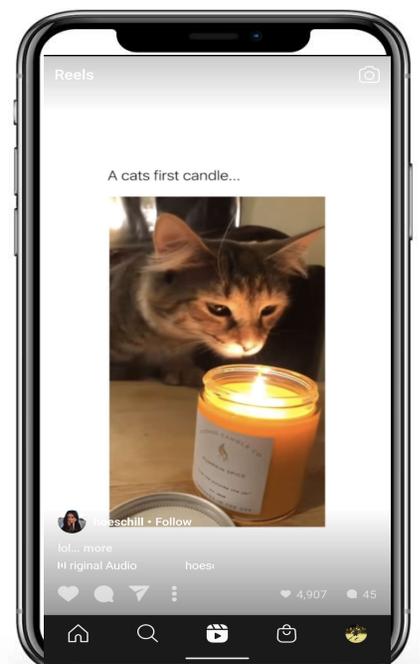
YouTube



ebay



Snapchat

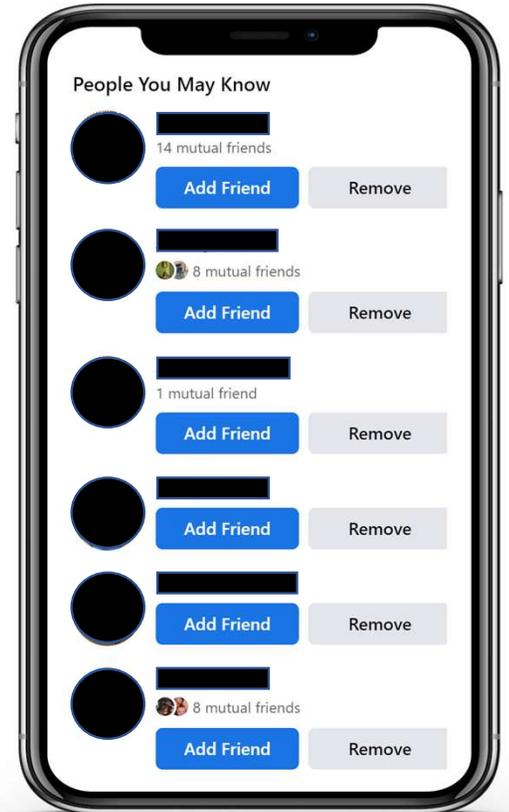
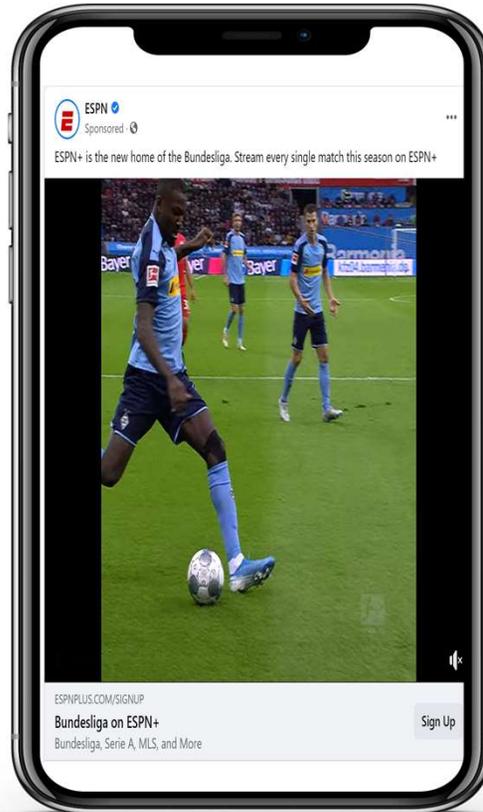
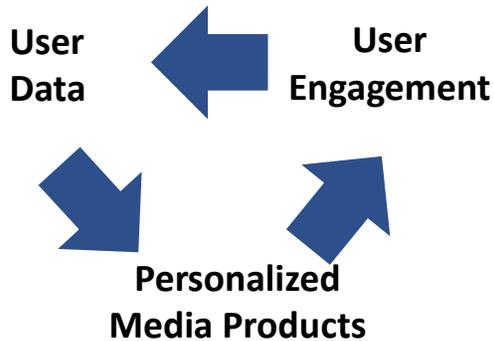


Tik Tok

# Intangible Asset – Data

Facebook harvests data from its users to create personalized content based on their activity

This increases user engagement and helps Facebook create relevant targeted ads



## Switching Costs – Losing Connections

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The network effect creates a switching cost since are provided value from the services provided by Facebook

If a user leaves, they will lose access to data, contacts, and unique connections that they can only have through this platform



# Scale and Defensibility

These competitive advantages have allowed Facebook to become the biggest social media empire in the world.

	Google	facebook.	amazon
<b>Market Share</b>			
% of Ecommerce Sales			<b>37.7%</b>
% of Digital Ad Spending	<b>37.2%</b>	22.1%	8.8%
% of Social Ad Spending		<b>83.3%</b>	
% of Mobile Ad Spending	<b>33.0%</b>	30.8%	5.2%

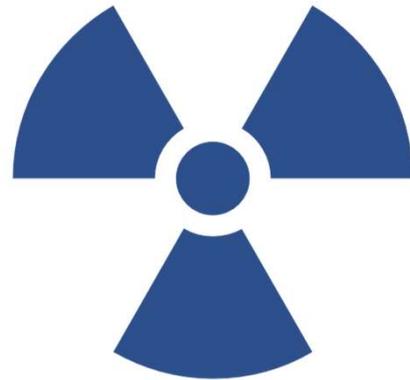
Source: eMarketer estimates (2019)

**3.5 Billion Monthly Active Users**



**9 million paid advertisers**

# Risk Factors

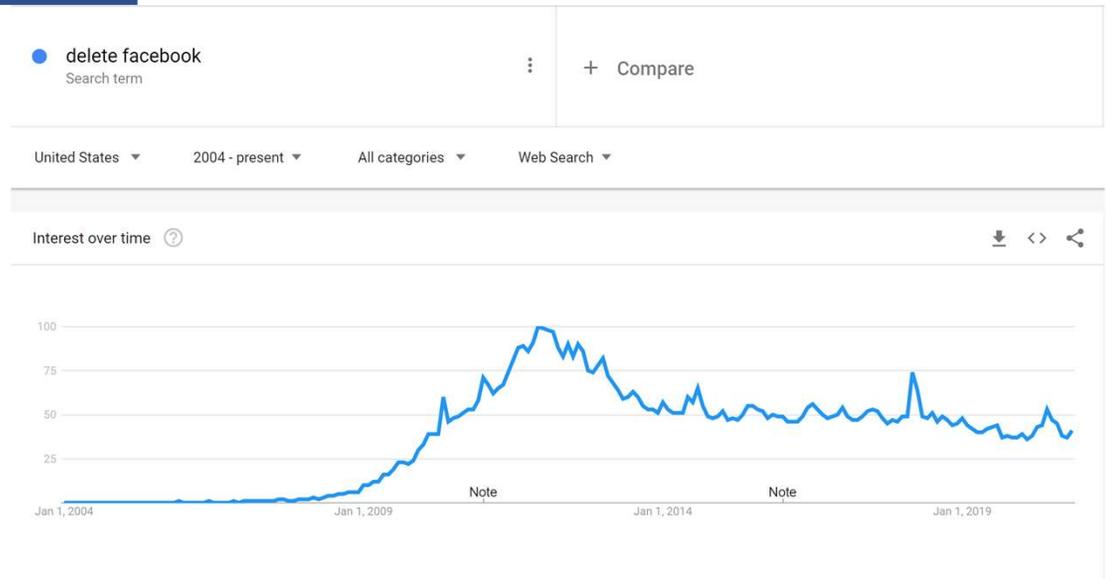


# Competitive Risks

Health of the Platform - Consumers leave Facebook for personal issues, social reasons, or disinterest.

Domestic and International Competition – Snapchat & Twitter in the U.S. and WeChat in China.

Dependence On Advertising - 98% of their revenue comes from ads where they compete with big players



# Psychological Risks

# Remember the Social Dilemma

#Addiction

#Depression

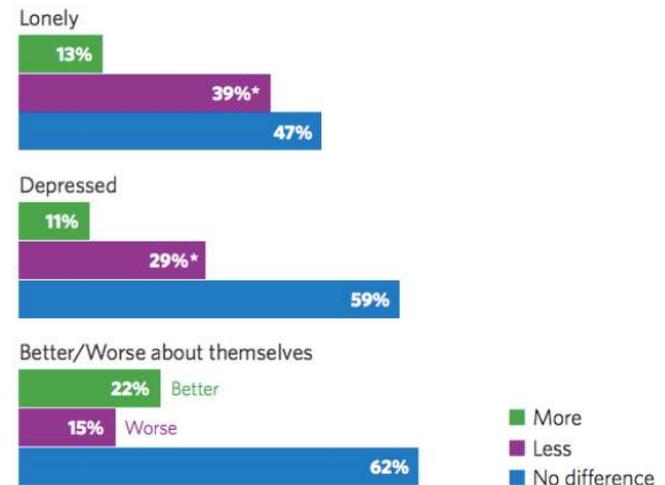
#Anxiety

#Loneliness

#Jealousy

**FIGURE D. Self-Reported Social Media Effects, 2018**

Among low-SEWB 13- to 17-year-old social media users, percent who say using social media makes them feel:



\*Statistically significant compared to answers of "more" at the level of  $p < .05$ .

Note: "SEWB" stands for "social-emotional well-being."

# Data Privacy Risks

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Facebook is continually at risk for data breaches that expose personal data and private information.

Up to 87 million Facebook accounts' data were used to psychologically profile voters in the Cambridge Analytica Scandal of 2016

Facebook has faced lawsuits over the misuse of personal data like the Federal Trade Commission's \$5 billion fee for mishandling data with third-party applications

## FTC Settlement with Facebook



**\$5,000,000,000**  
Unprecedented **penalty**



New **privacy structure**  
at Facebook



New tools for FTC  
to **monitor** Facebook

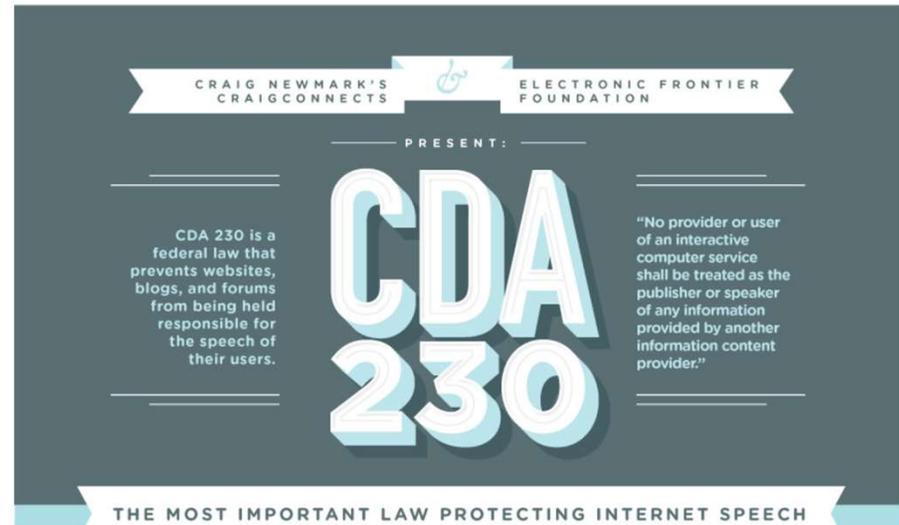
Source: Federal Trade Commission | FTC.gov

# Legal Uncertainty

Because of their enormous userbase, Facebook has attracted scrutiny for the hate speech and widespread misinformation that takes place on their platform.

Section 230 protects them from being held responsible, but some argue that it should be abolished

Facebook has become a political tool for users, which could be dangerous if people use it for the wrong reasons



# Government Intervention

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People argue that Facebook is becoming a “utility” and therefore needs to be regulated as such.

The amount of data that they collect, and their share of total digital advertisement market has attracted antitrust regulation.

Governments have already intervened in places like Europe which require Facebook to protect and store data within certain regions that can't be transferred out



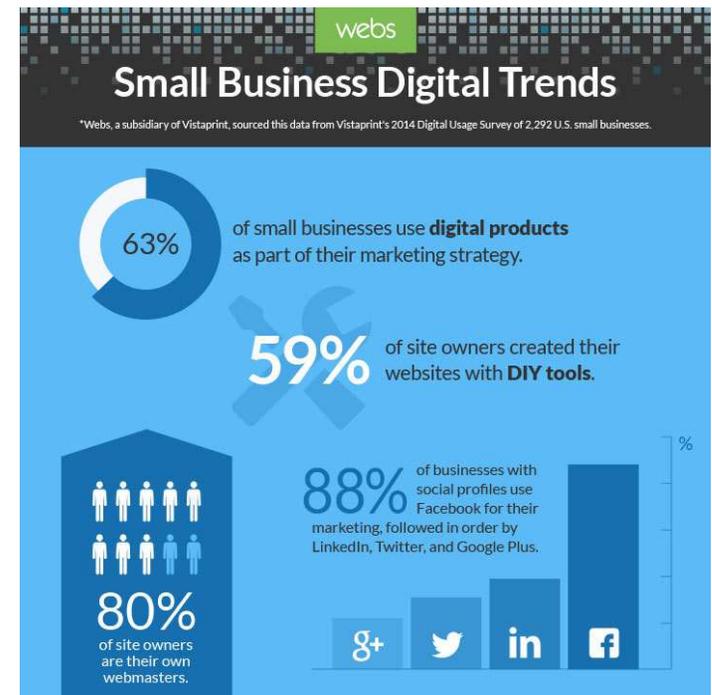
# Growth Opportunities



# Small Business Growth

Small companies create 1.5 mill jobs annually and account for 64% of new jobs created in the U.S.

Millennials and Gen Zers are 188% more likely to have the aim of creating a side business, compared to Baby Boomers or traditionalists



## Growth of E-Commerce

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Facebook is pushing people to use the Facebook platforms to conduct their business transactions like Whatsapp Business and Facebook Pay

Facebook Marketplace currently has 900 million users and with the rollout of Facebook and Instagram Shops, more and more transactions are occurring on their platforms

Estimated that if Facebook represents 2% of global e-commerce by 2023 it will gain \$9 billion in net income from shops



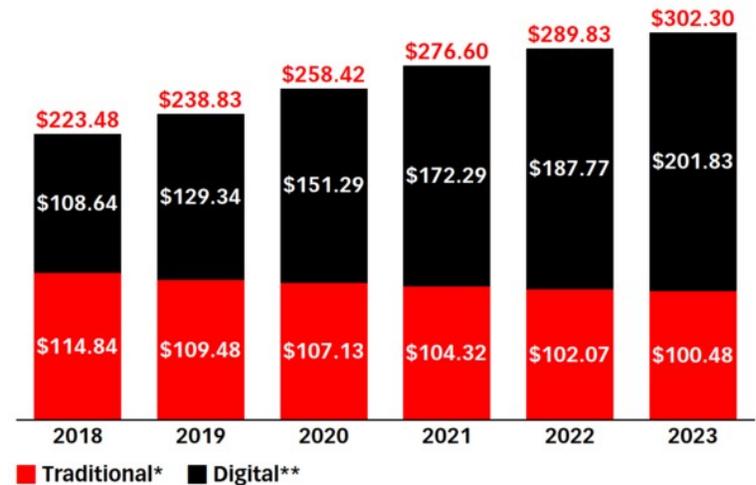
# Growth Of Digital Advertising

Facebook dominates digital advertising, having nearly 23% of the market share

This market is constantly growing as ad dollars shift from traditional advertising to digital advertising

Digital advertising provides superior returns on investment which attracts firms with both small and large advertising budgets

**Total Media Ad Spending in the US, Traditional vs. Digital, 2018-2023**  
billions



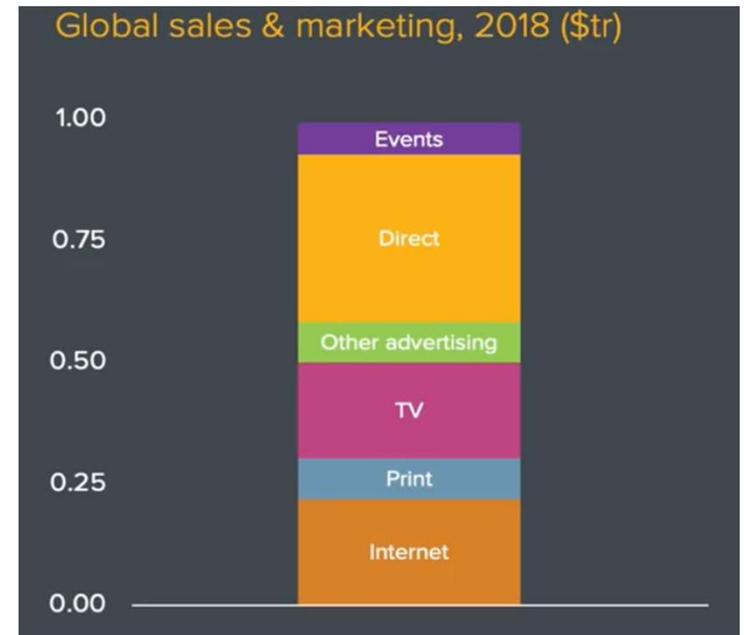
Note: \*includes directories, magazines, newspapers, out-of-home, radio and TV; \*\*includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes SMS, MMS and P2P messaging-based advertising  
Source: eMarketer, February 2019

# Growth Of Digital Advertising

Facebook has less than 10% of the total global sales & advertising market

There is still a long runway for growth as traditional advertising converts to digital all over the world.

“e-commerce share of U.S. retail sales was steadily increasing by an average of 1-percentage point a year for the past four years and increased by 4% points during Q2”

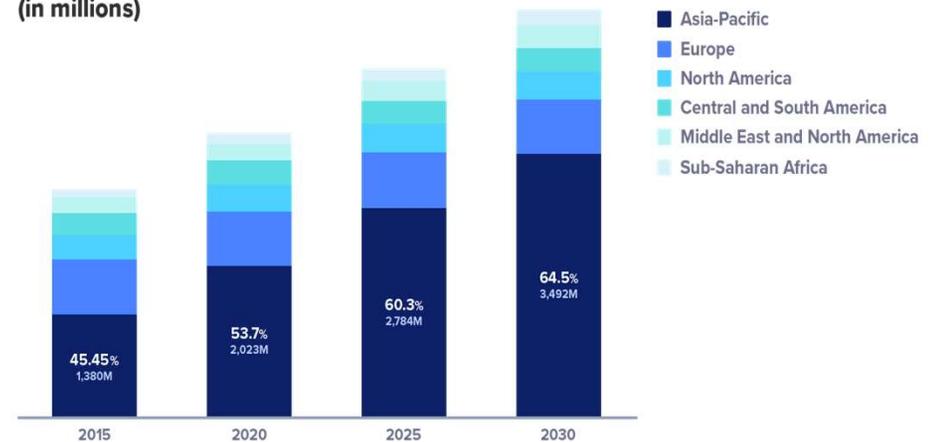


# Growth in Global Disposable Income

Facebook is spread around the entire world, but it generates more revenue from places with higher disposable income

As less developed countries continue to grow and digital advertising becomes more relevant there, Facebook’s average revenue per user will increase

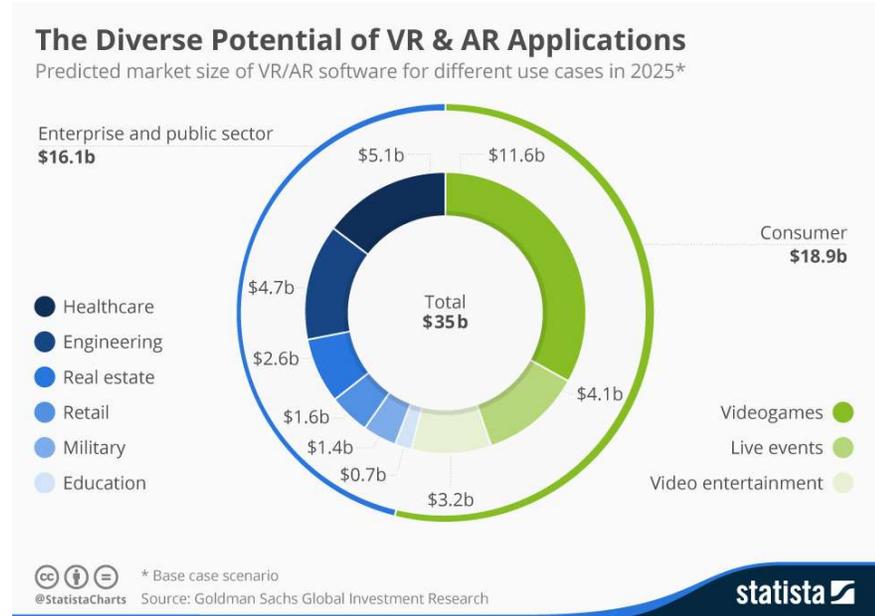
Forecast of the global middle class population (in millions)



# Virtual and Augmented Reality

Virtual Reality has the potential to create whole new network effects for gaming, commerce, communication, and social networking

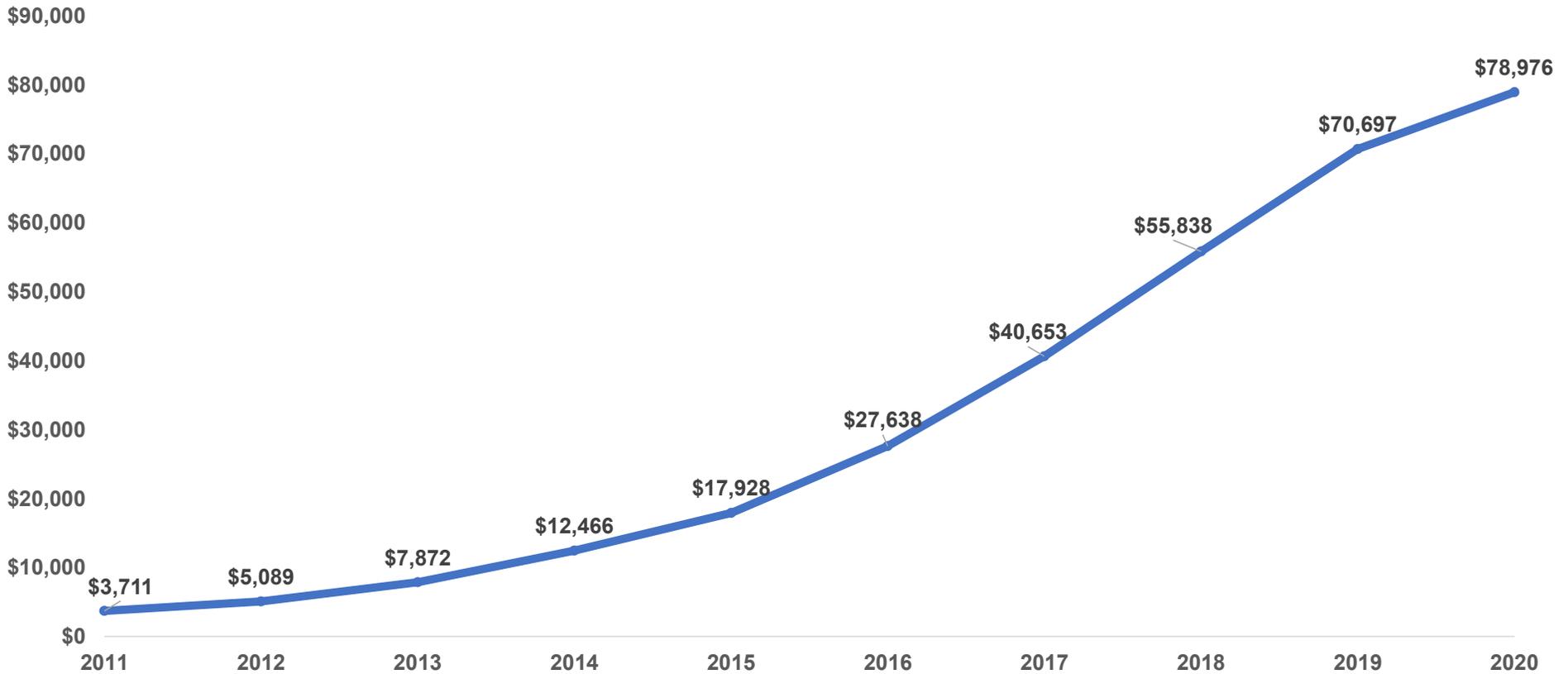
This could allow Facebook to have a whole new opportunity to be the main provider of exclusive hardware for Augmented and Virtual Reality.



# IOFS

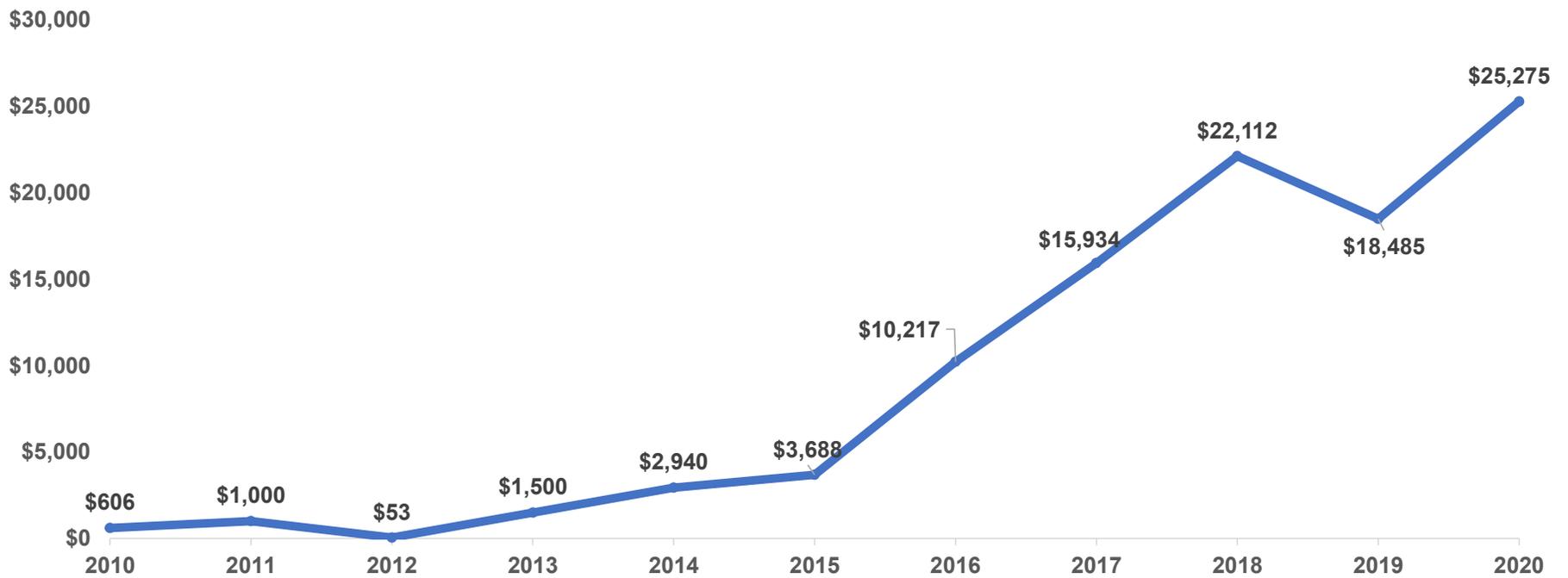


# Revenue



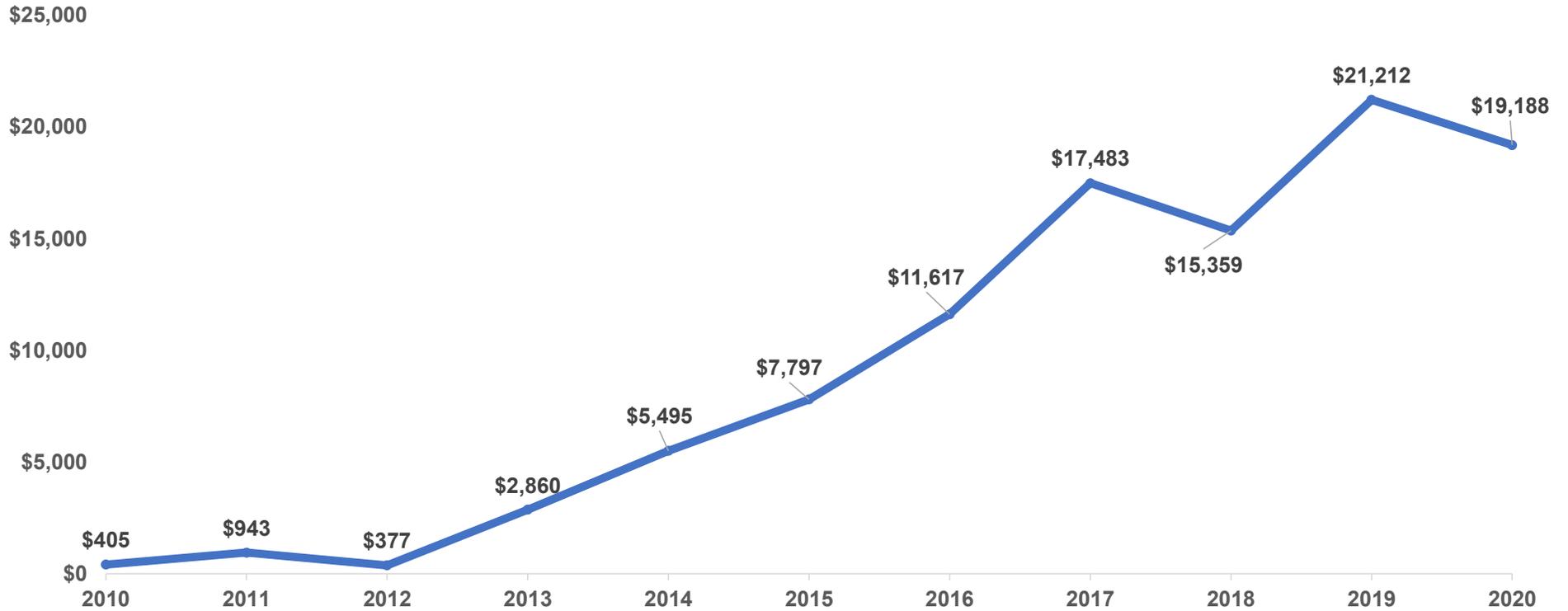
CAGR	10-Year	5-Year	1-Year
Revenue	35.76%	34.52%	11.71%

# Net Income



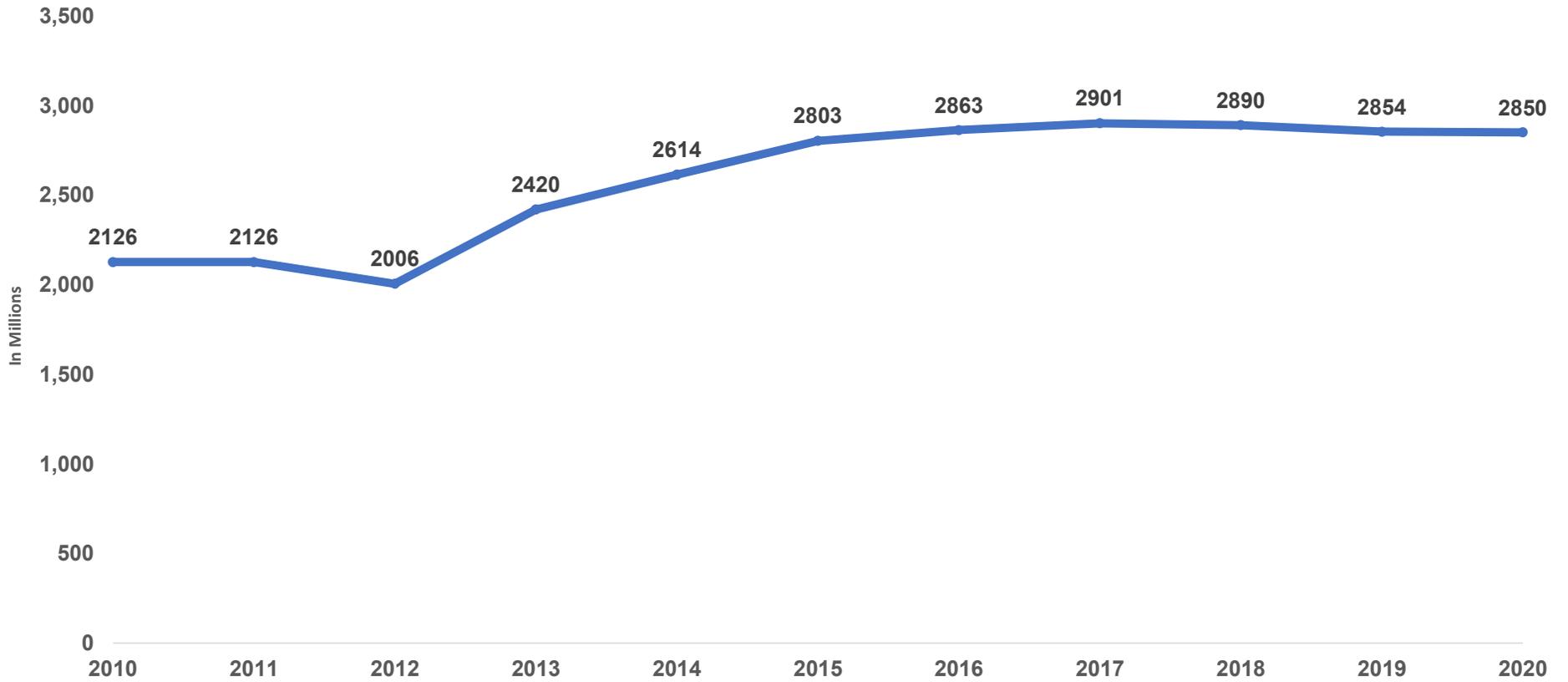
CAGR	10-Year	5-Year	1-Year
Net Income	45.21%	46.95%	36.73%

# Free Cash Flow

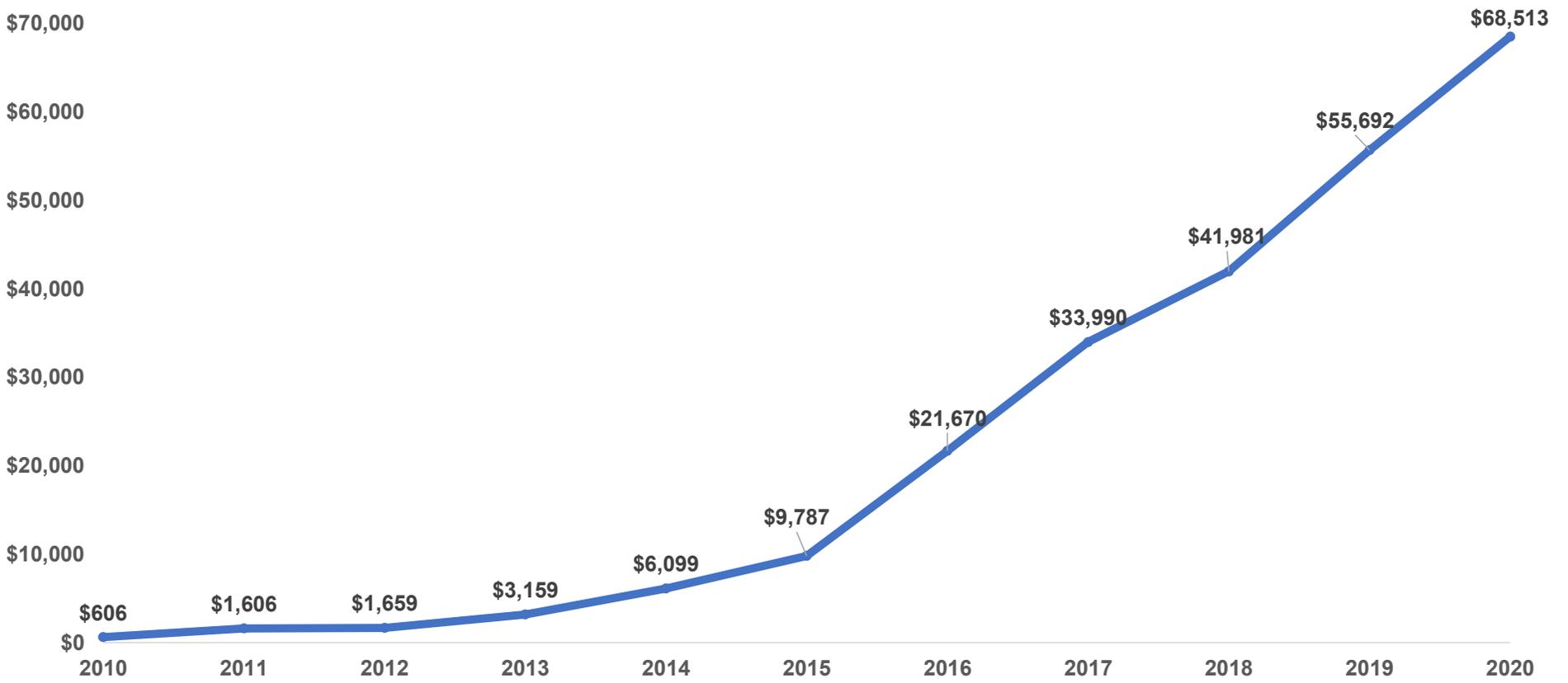


CAGR	10-Year	5-Year	1-Year
Free Cash Flow	47.08%	19.73%	-9.54%

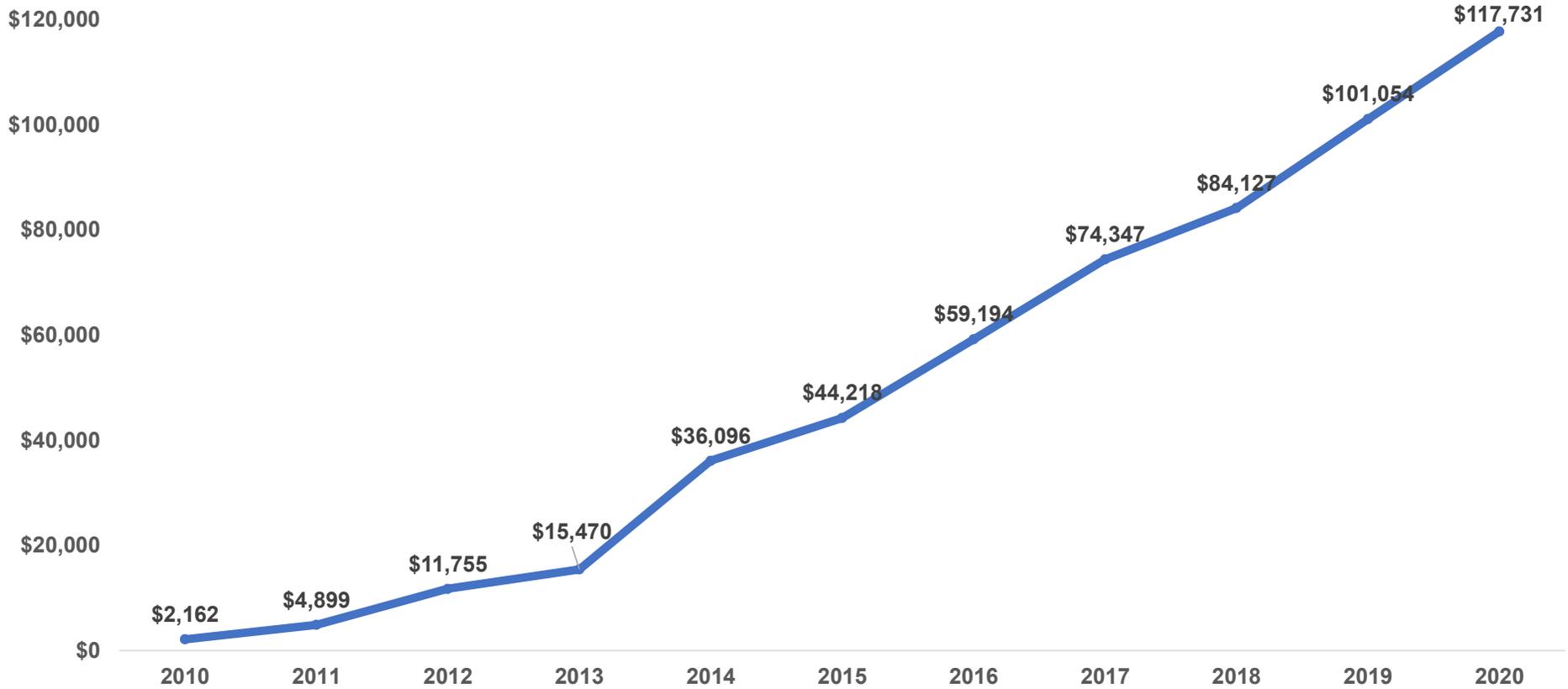
# Shares Outstanding



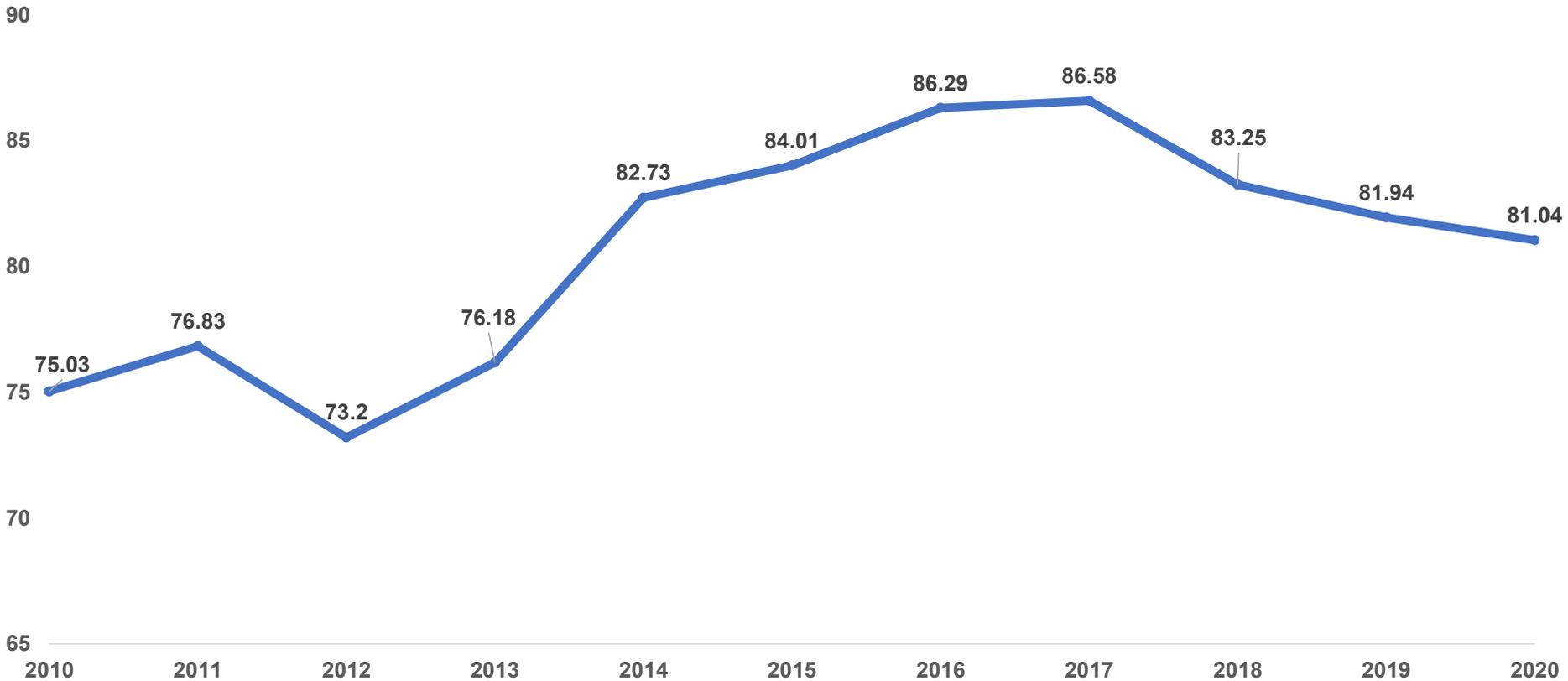
# Retained Earnings



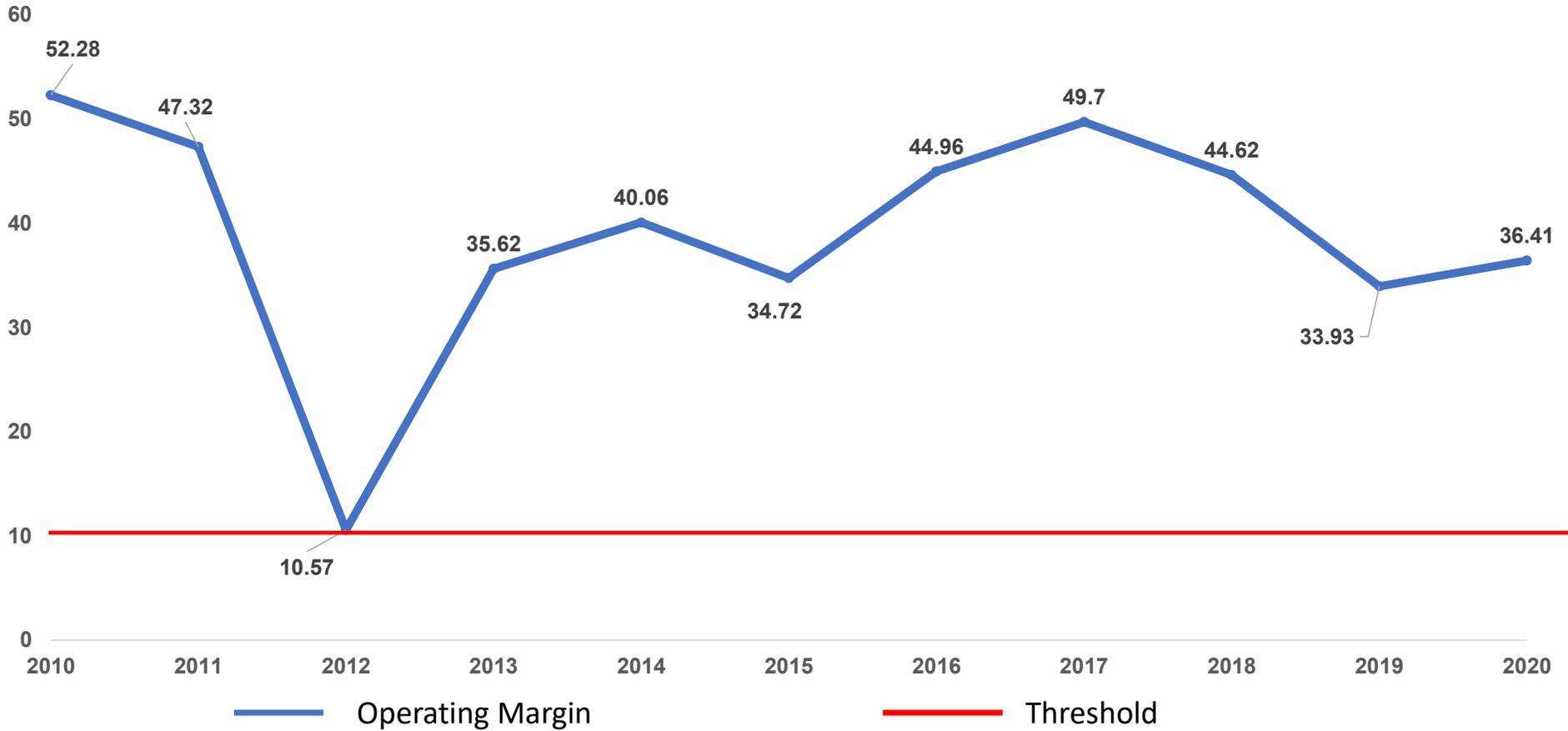
# Shareholder's Equity



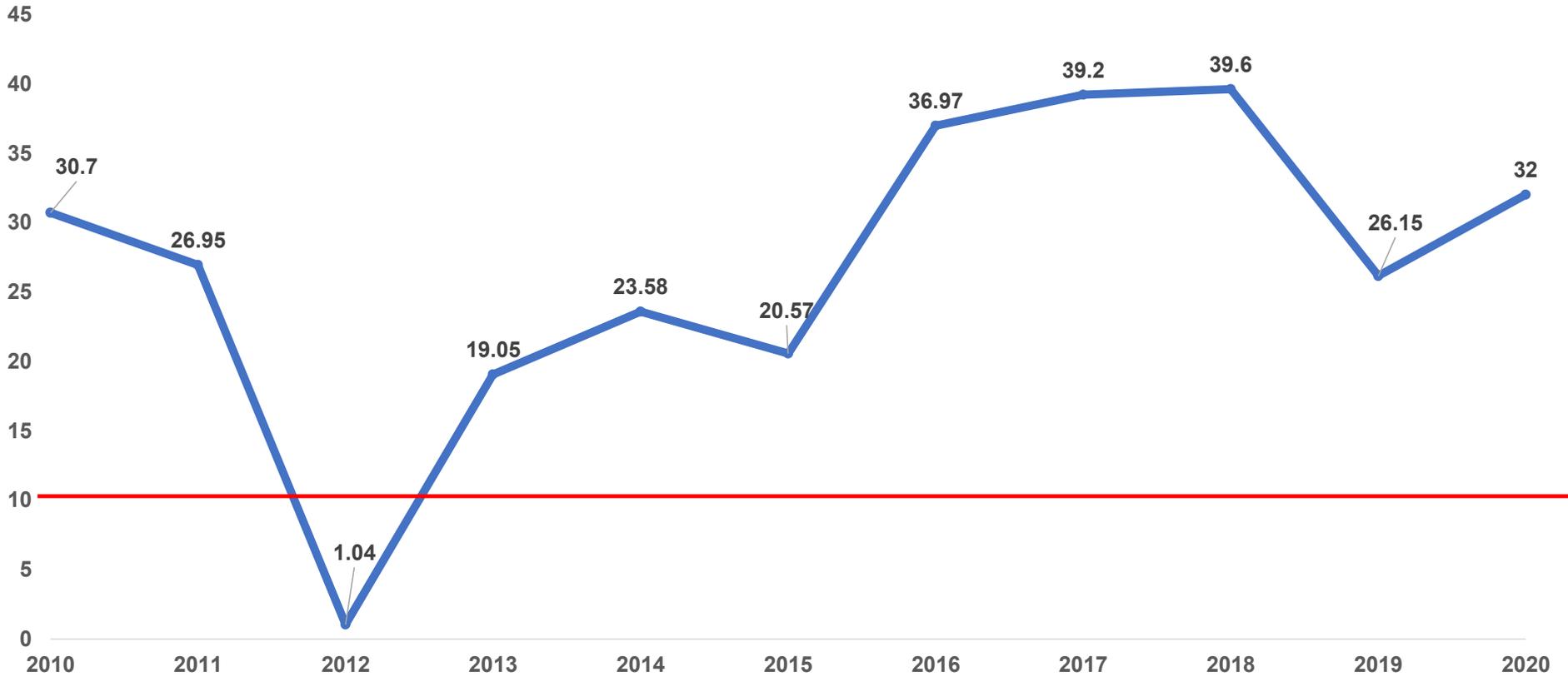
# Gross Profit Margin



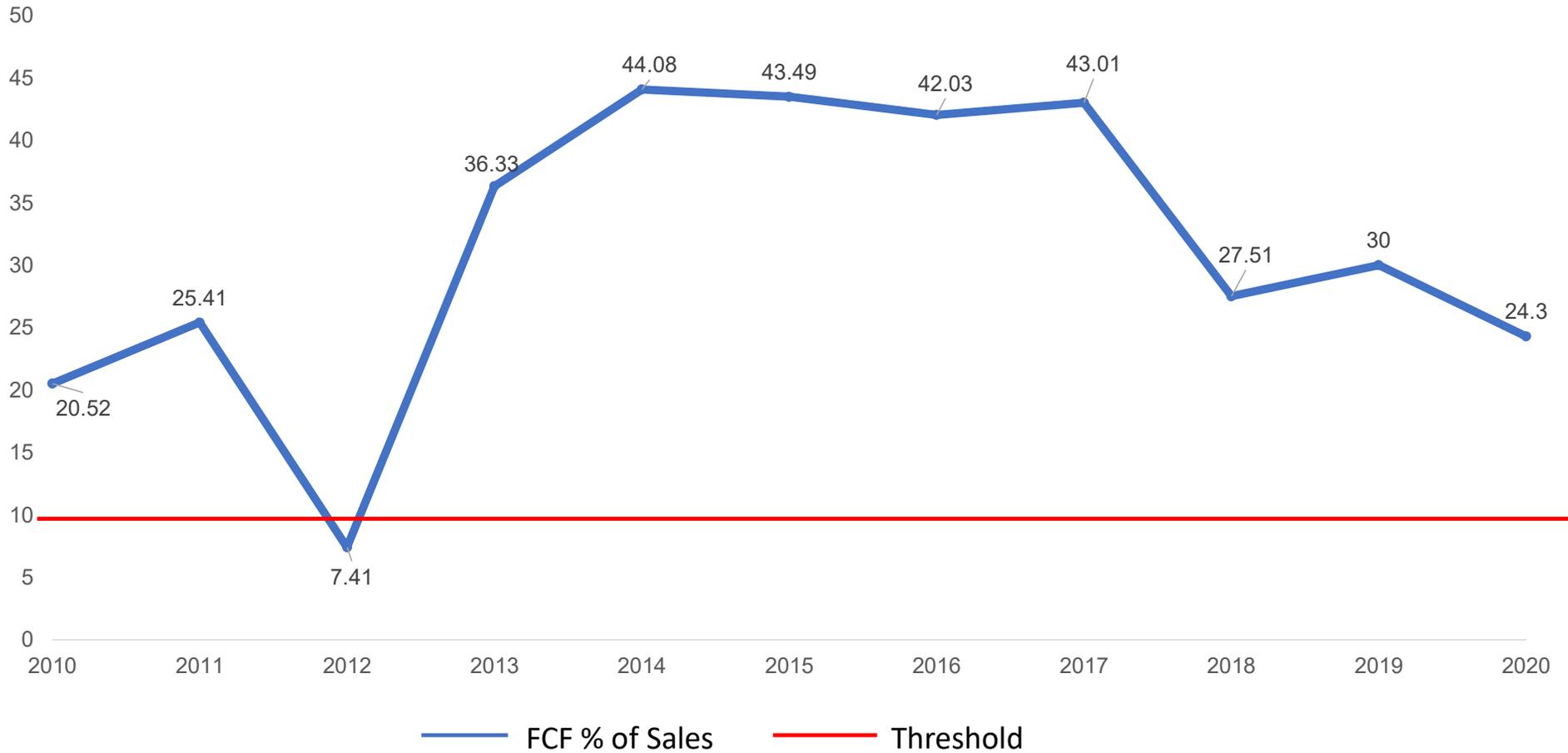
# Operating Margin



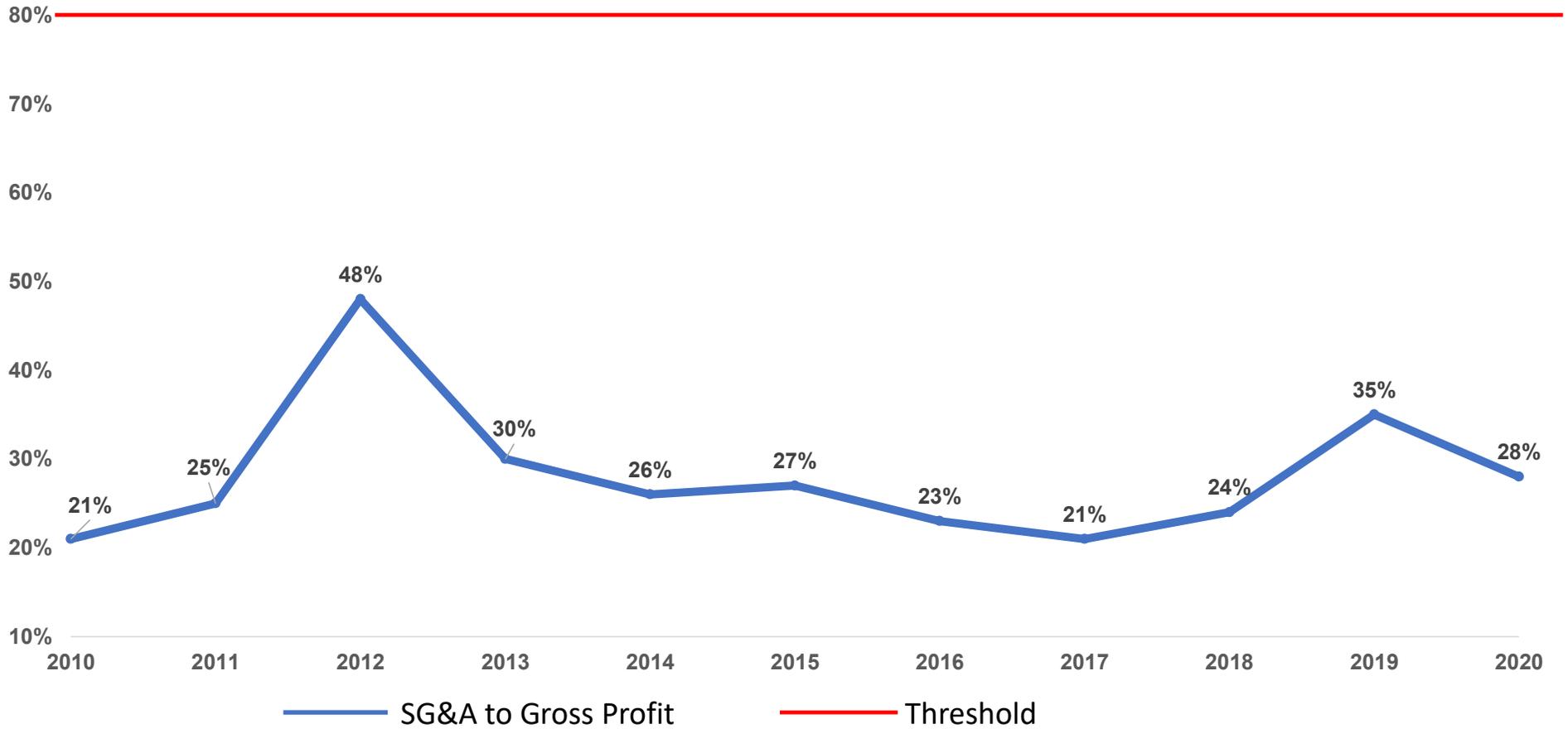
# Net Profit Margin



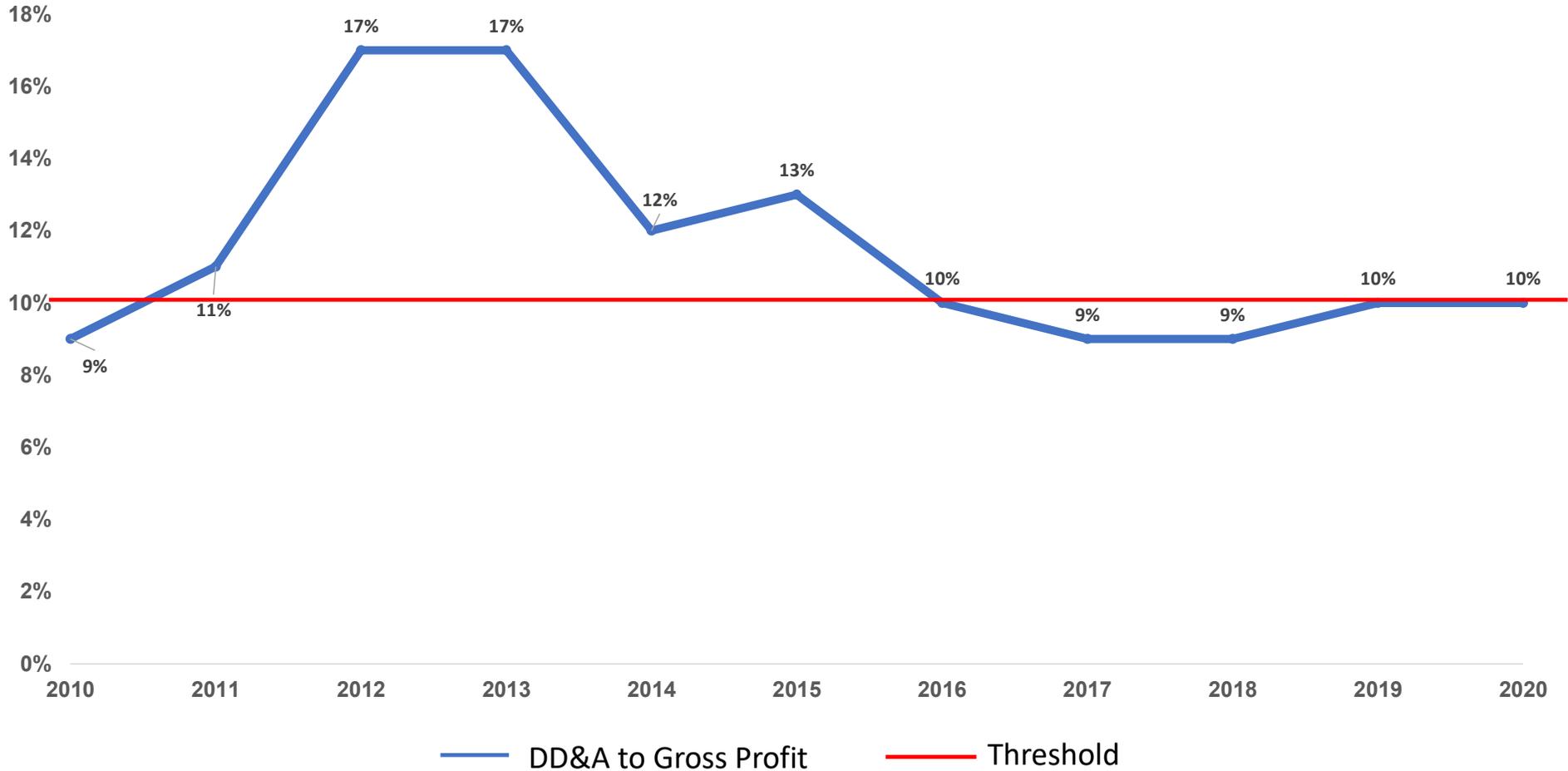
# FCF Margin



# SG&A. Expenses to Gross Profit



# DD&A Expenses to Gross Profit



# Obligation Ratio

<b>LT Debt</b>	<b>0</b>
<b>ST Debt</b>	<b>0</b>
<b>Leases*7</b>	<b>7595</b>
<b>Pension SF</b>	
<b>Preferred Stock</b>	<b>0</b>
<b>Cash Assets</b>	<b>-55620</b>
	(Projected 2020)
<b>Net Income</b>	<b>22800</b>
<b>Obligation Ratio</b>	<b>-2.10636</b>

# DuPont Analysis



# DuPont Historical

	Net Profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
2010	30.7%	0.66	1.38	17.21%
2011	27.0%	0.59	1.29	18.92%
2012	1.0%	0.34	1.28	0.38%
2013	19.1%	0.44	1.16	10.95%
2014	23.6%	0.31	1.11	11.34%
2015	20.6%	0.36	1.12	9.14%
2016	37.0%	0.43	1.10	19.70%
2017	39.2%	0.48	1.14	23.84%
2018	39.6%	0.57	1.16	27.90%
2019	26.2%	0.53	1.32	19.96%
TTM	32.0%	0.54	1.24	23.91%

# DuPont Historical

	Net Profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
2010	30.7%	0.66	1.38	17.21%
2011	27.0%	0.59	1.29	18.92%
2012	1.0%	0.34	1.28	0.38%
2013	19.1%	0.44	1.16	10.95%
2014	23.6%	0.31	1.11	11.34%
2015	20.6%	0.36	1.12	9.14%
2016	37.0%	0.43	1.10	19.70%
2017	39.2%	0.48	1.14	23.84%
2018	39.6%	0.57	1.16	27.90%
2019	26.2%	0.53	1.32	19.96%
TTM	32.0%	0.54	1.24	23.91%

# DuPont Historical

	Net Profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
2010	30.7%	0.66	1.38	17.21%
2011	27.0%	0.59	1.29	18.92%
2012	1.0%	0.34	1.28	0.38%
2013	19.1%	0.44	1.16	10.95%
2014	23.6%	0.31	1.11	11.34%
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# DuPont Competition

				
Net Profit Margin	26.20%	21.22%	4.13%	42.37%
Total Asset Turnover	0.53	0.59	1.25	0.27
Financial Leverage Multiplier	1.32	1.37	3.63	1.46

\*2019 Numbers

# DuPont Competition

				
Net Profit Margin	26.20%	21.22%	4.13%	42.37%
Total Asset Turnover	0.53	0.59	1.25	0.27
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\*2019 Numbers

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# Industry Breakdown

				
Market Cap	\$803B	\$1.23T	\$1.6T	\$38B
Revenue	\$79B	\$171B	\$348B	\$3.4B
P/E	33	35	93	17
P/S	10	8	5	11
P/B	7	6	19	5
EV/EBIT	26	28	73	41
ROC	64%	46%	20%	32%
ROE	24%	18%	26%	-15%
ROE Adj to BV	3.4%	3.0	1%	-3%
Op Margin	36%	20%	6%	-2%
Net Margin	32%	21%	5%	-36%

# Competitor Analysis



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Daily time spent on Facebook:  
**58 min**

Monthly Active Users:  
**2.2 Billion**  
Photos Uploaded Daily:  
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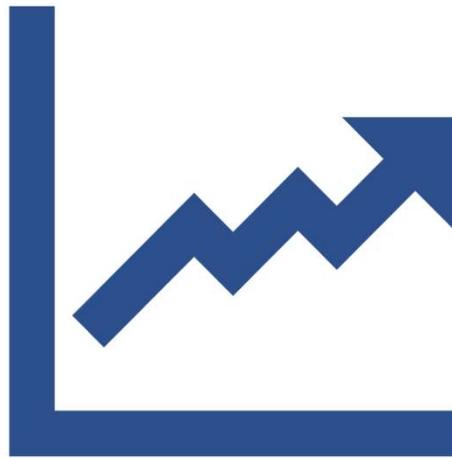
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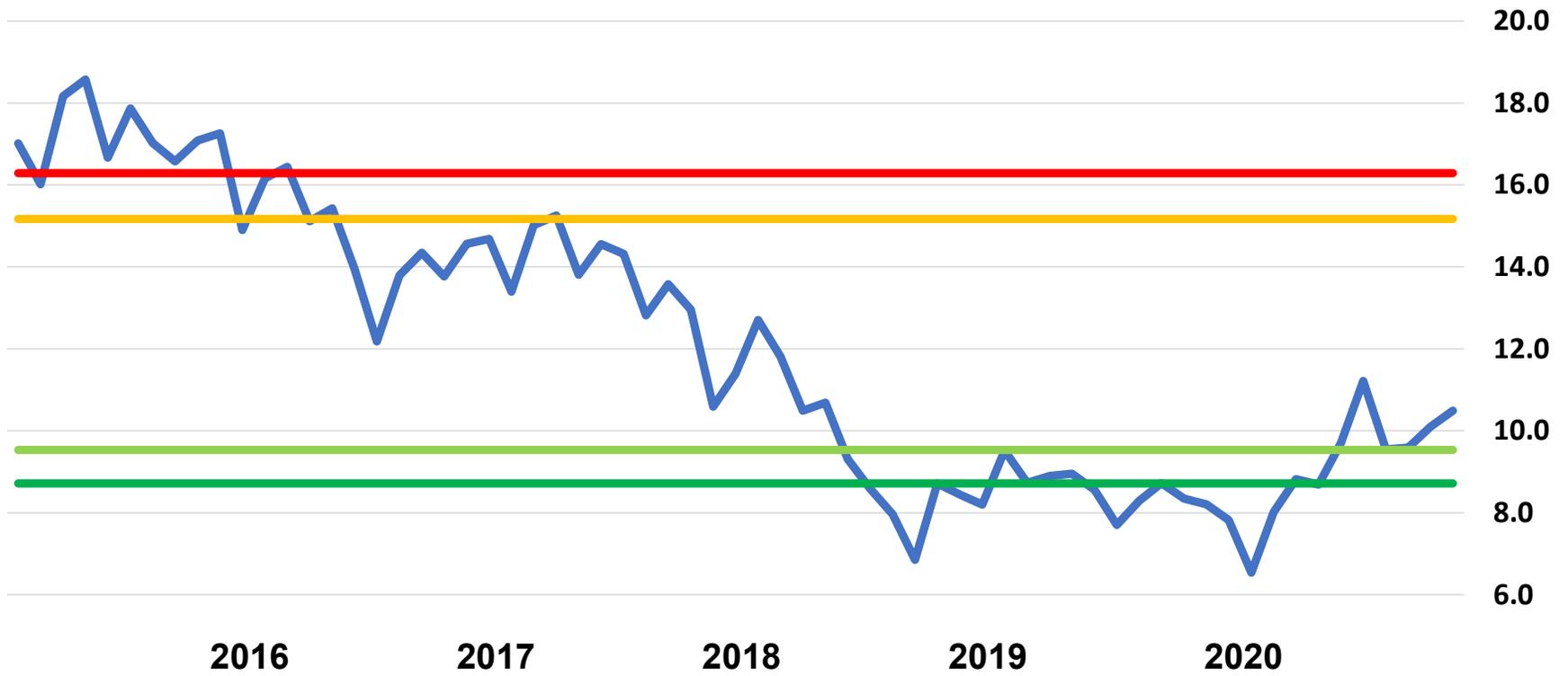
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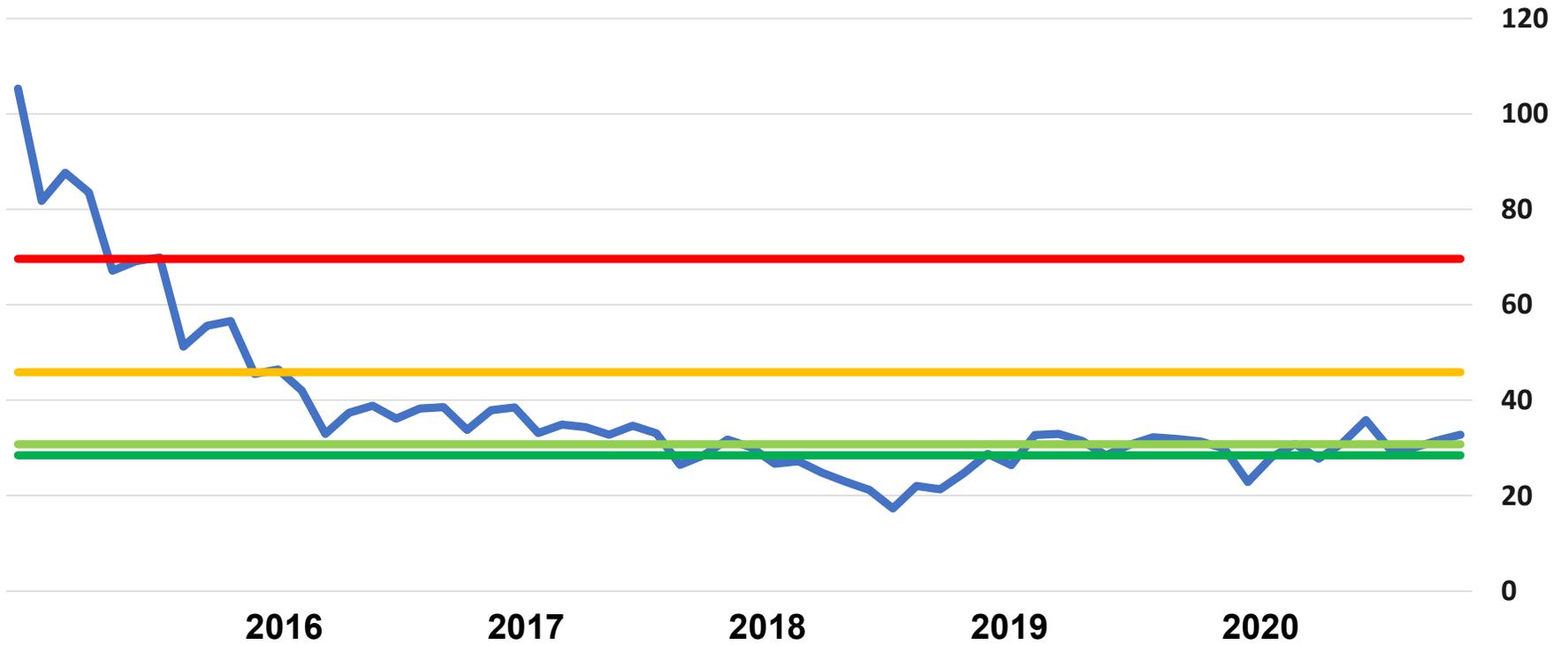
# Value Bands



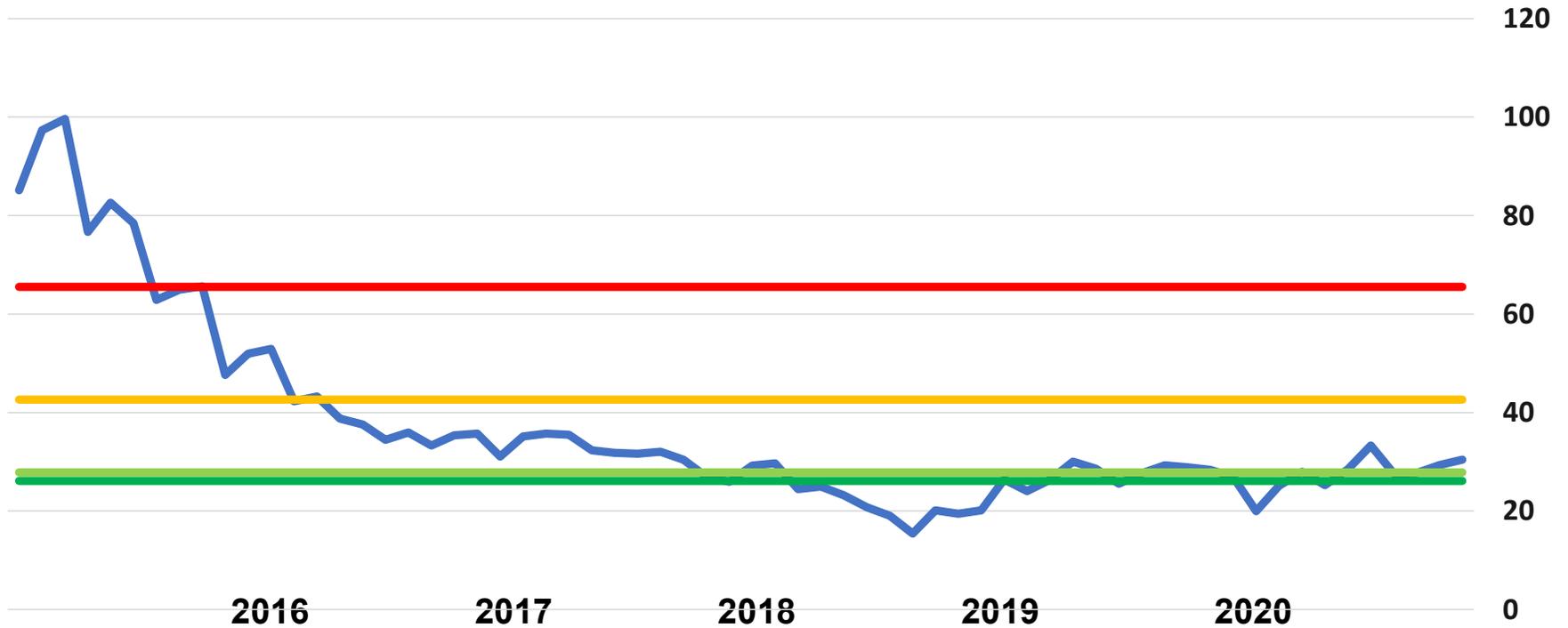
# Price to Sales



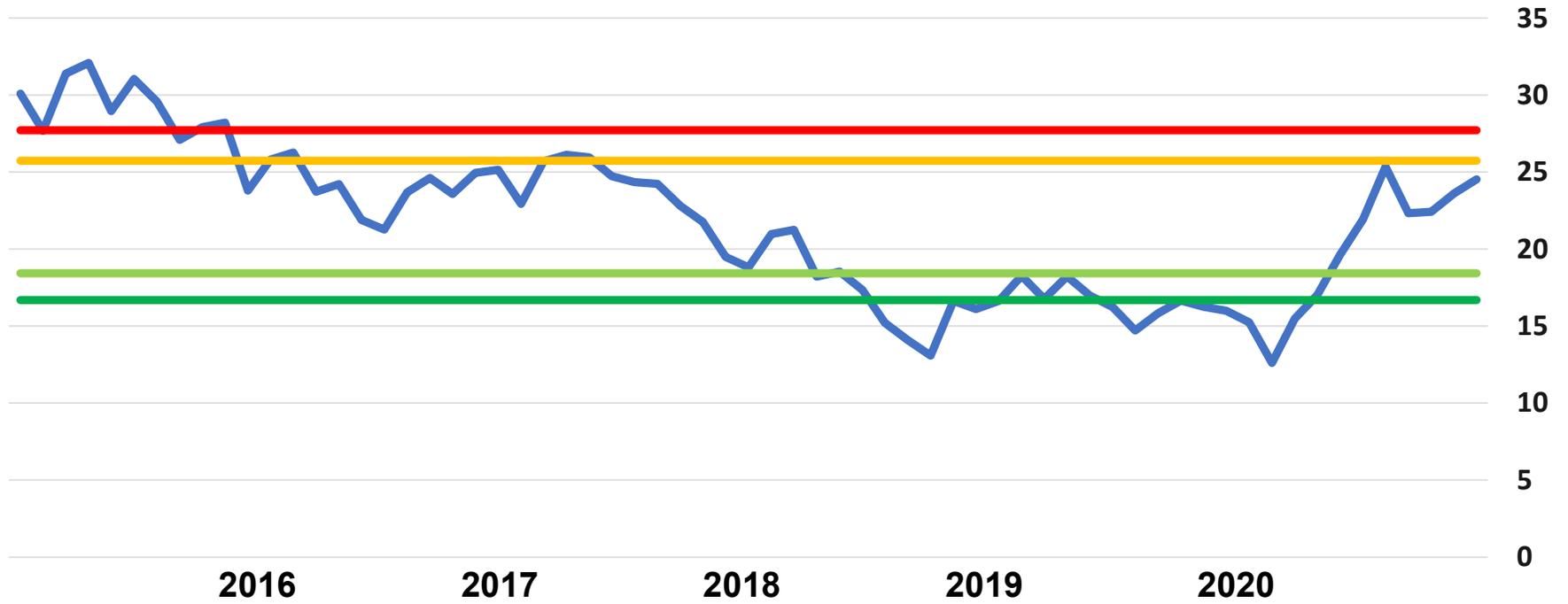
# Price to Earnings



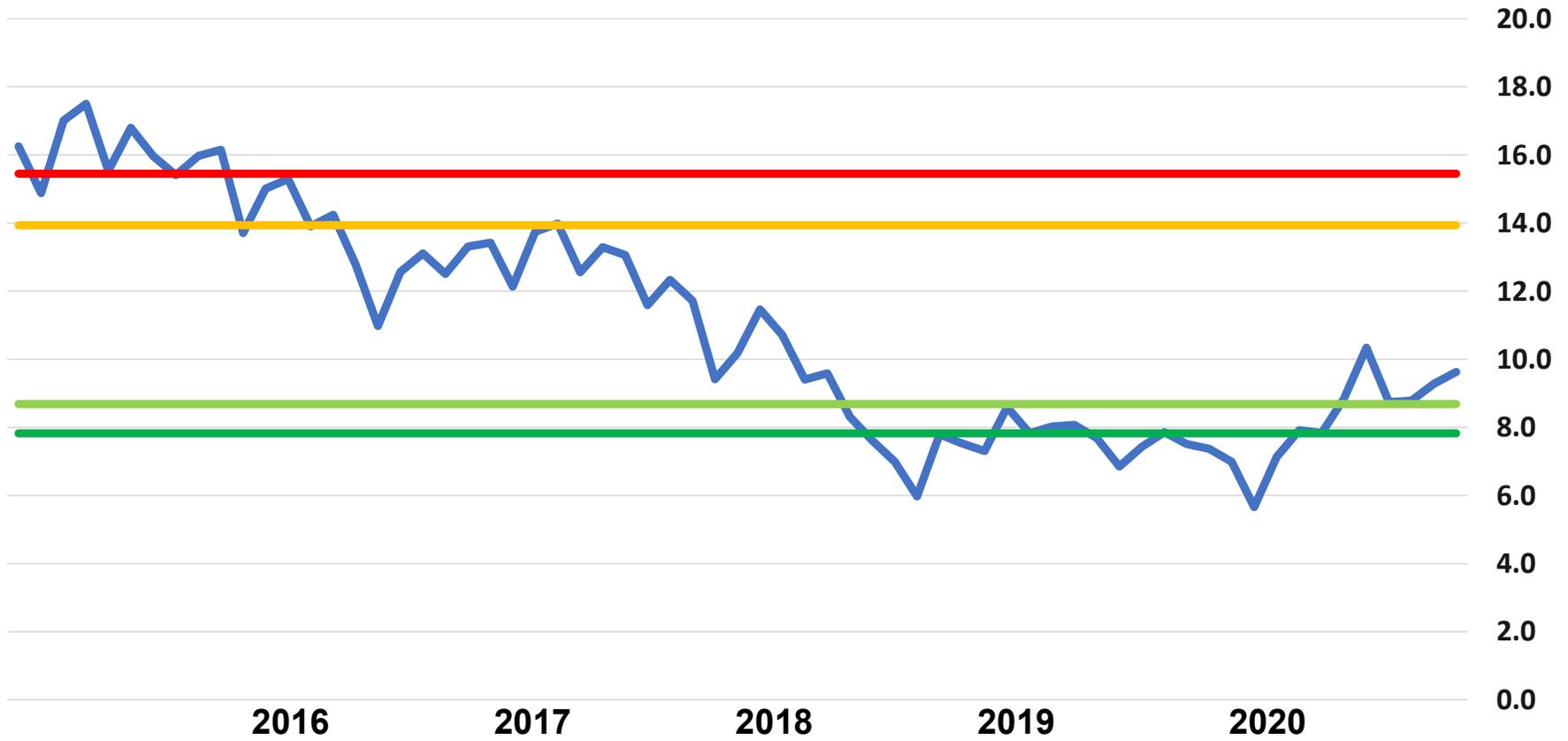
# Price to Earnings Less Cash



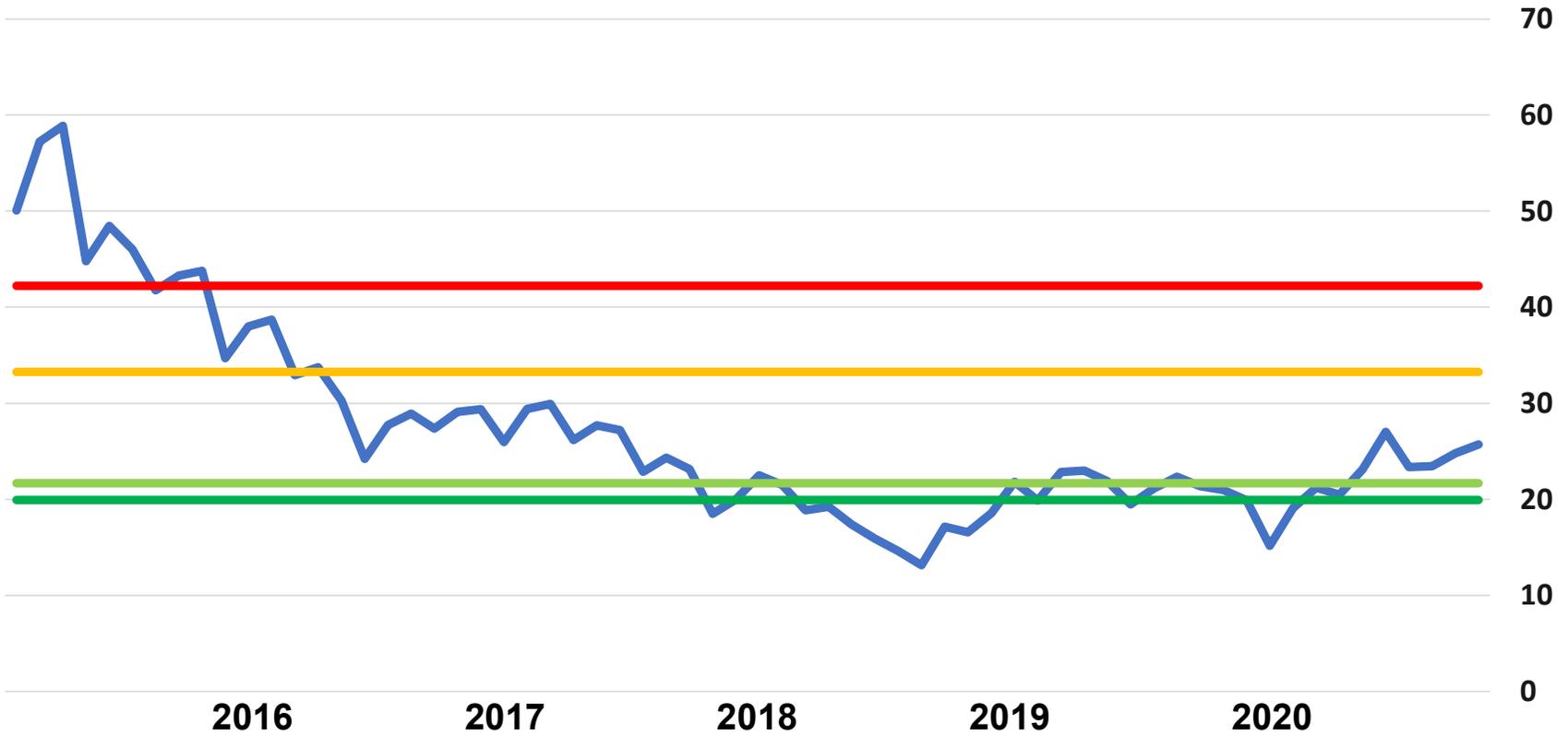
# Price to Cash Flow



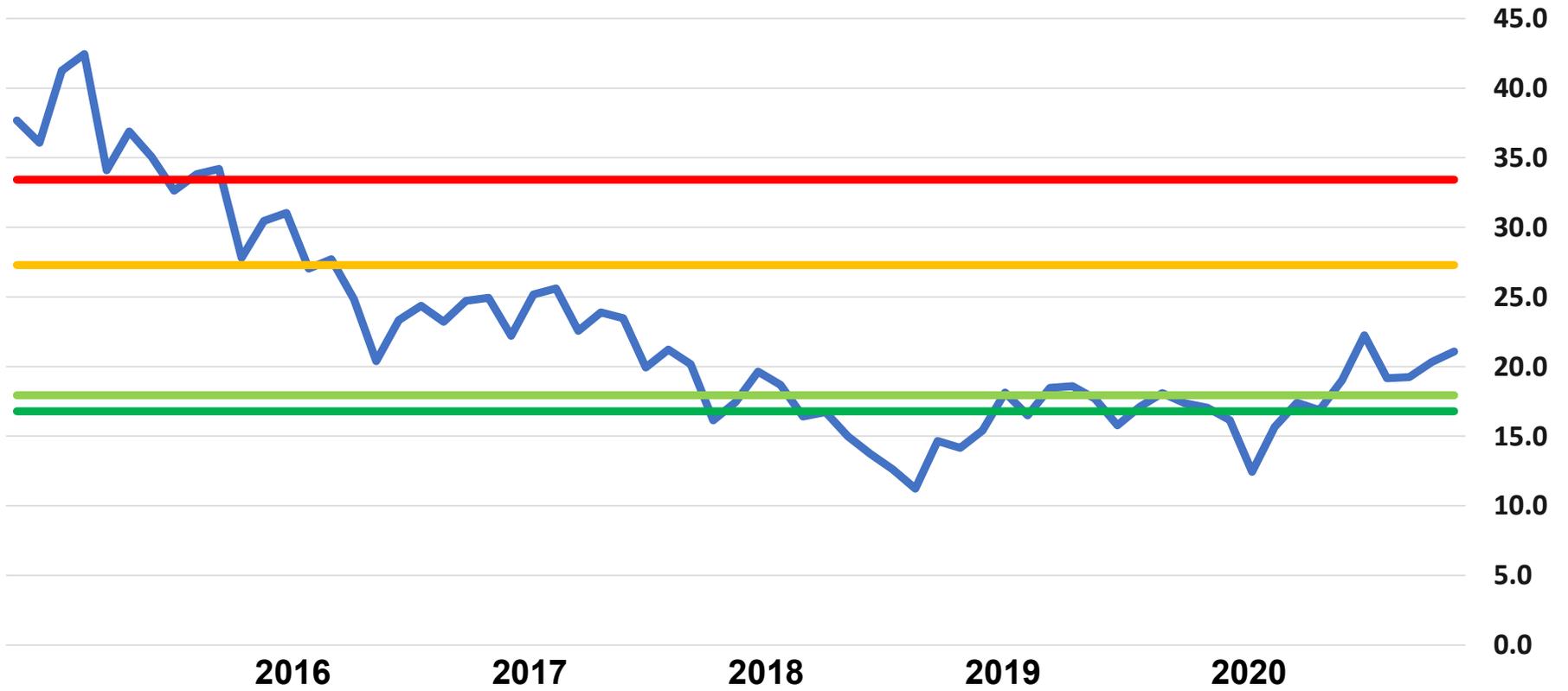
# EV to Revenue



# EV to EBIT



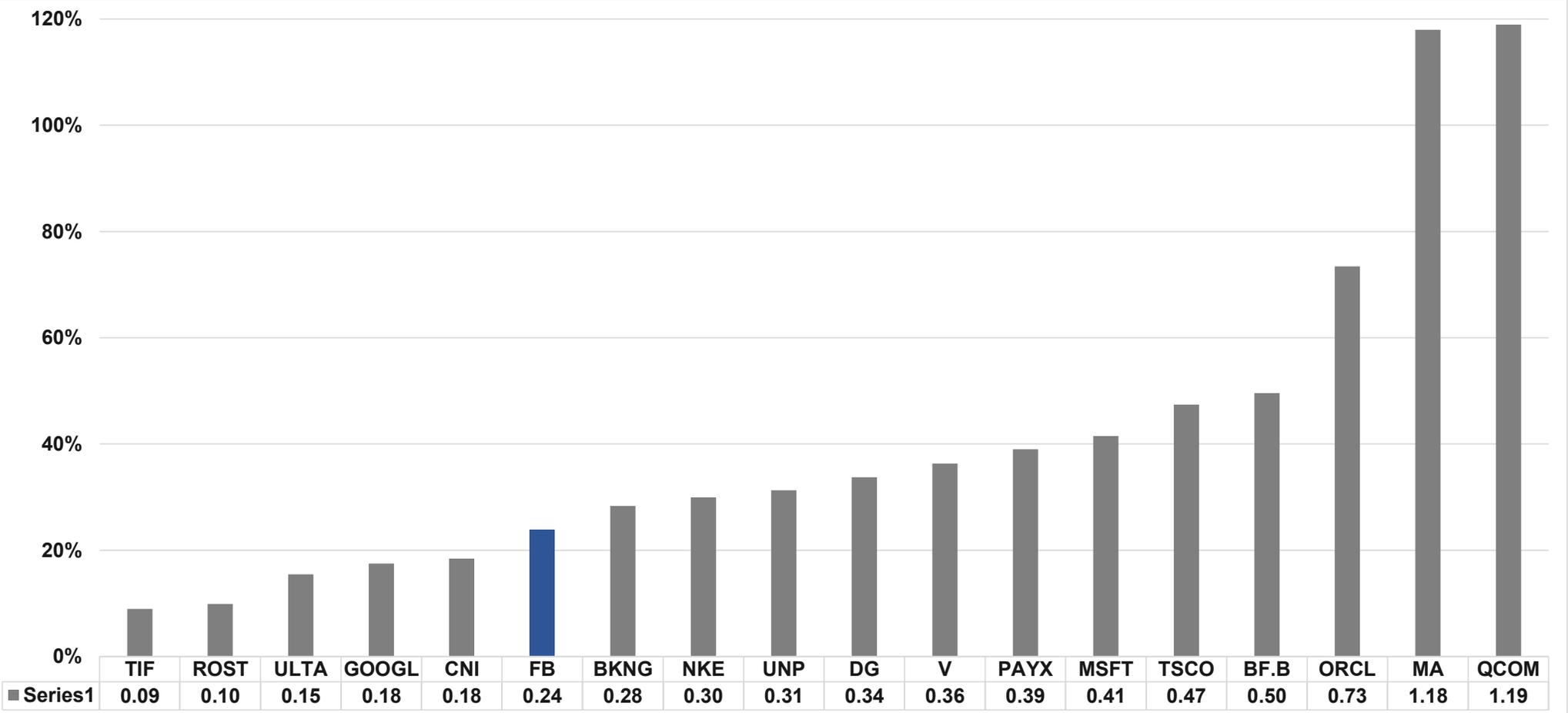
# EV to EBITDA



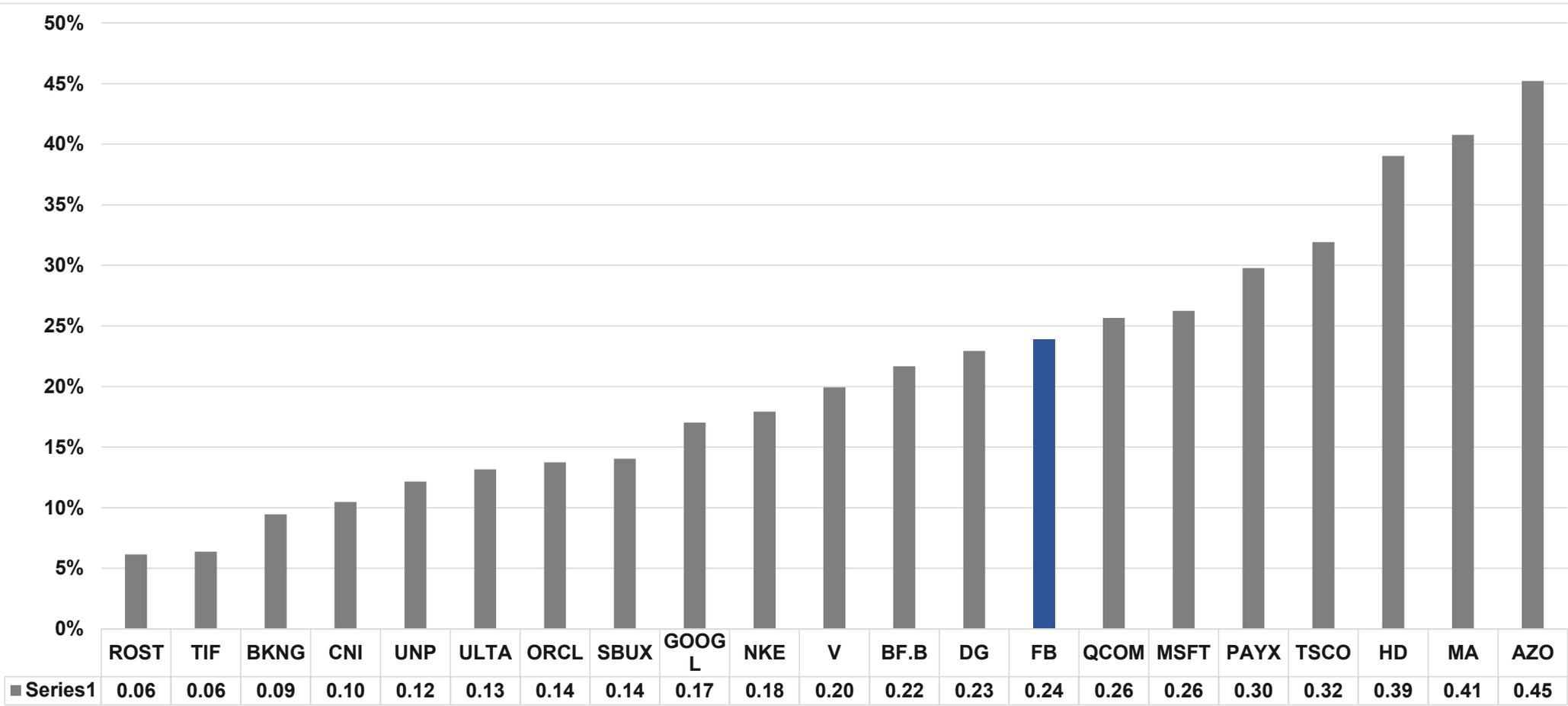
# Intraportfolio



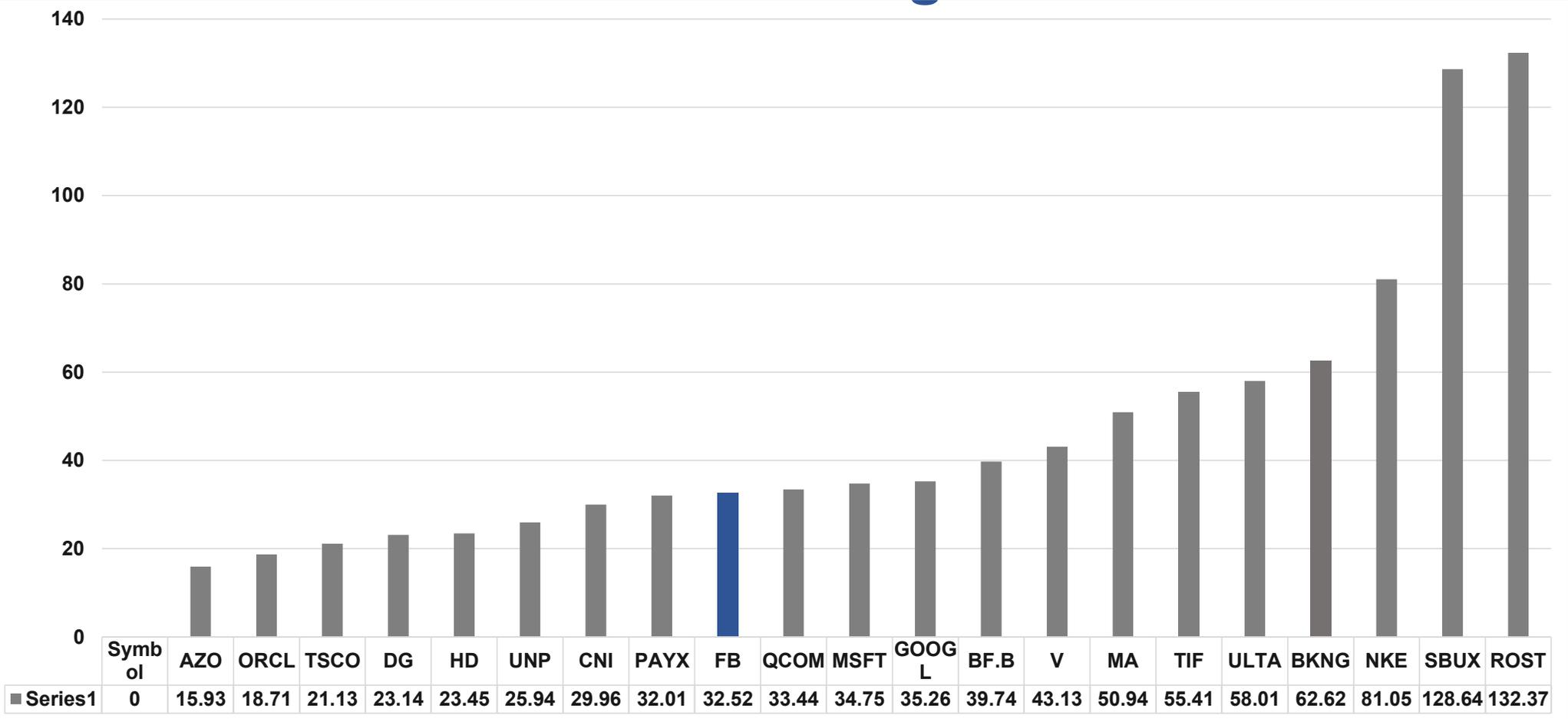
# Return on Equity



# Return on Invested Capital

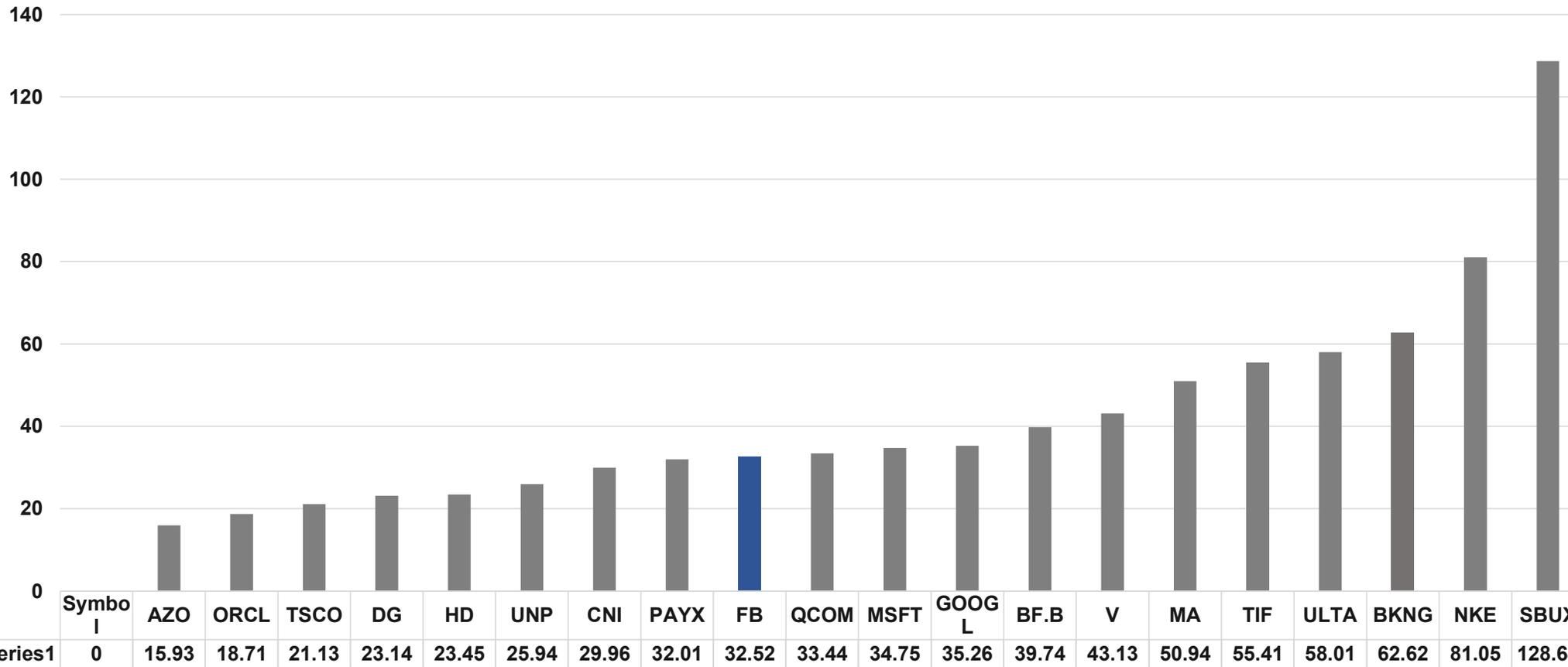


# Price to Earnings



# Price to Free Cash Flow

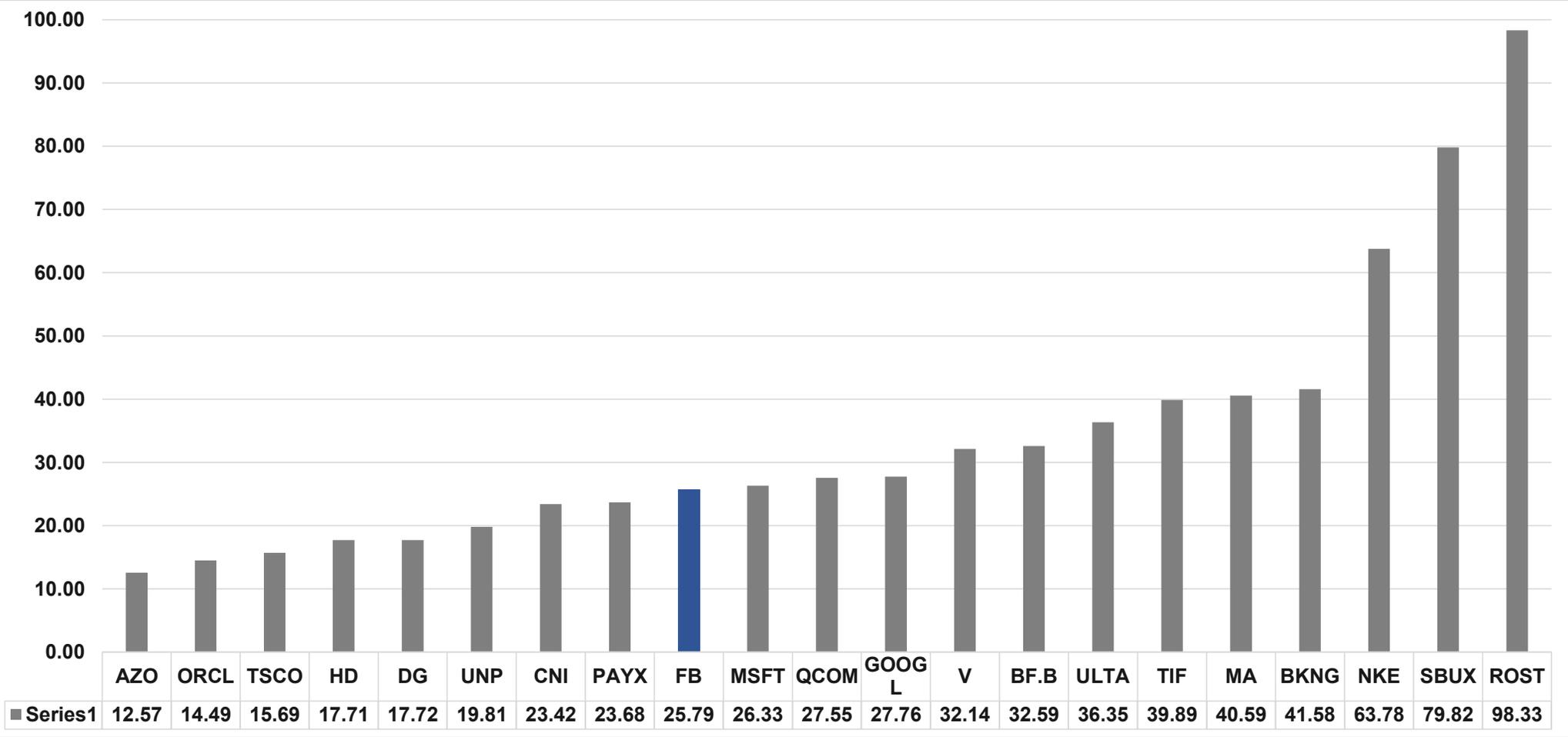
facebook



Series1	0	15.93	18.71	21.13	23.14	23.45	25.94	29.96	32.01	32.52	33.44	34.75	35.26	39.74	43.13	50.94	55.41	58.01	62.62	81.05	128.6
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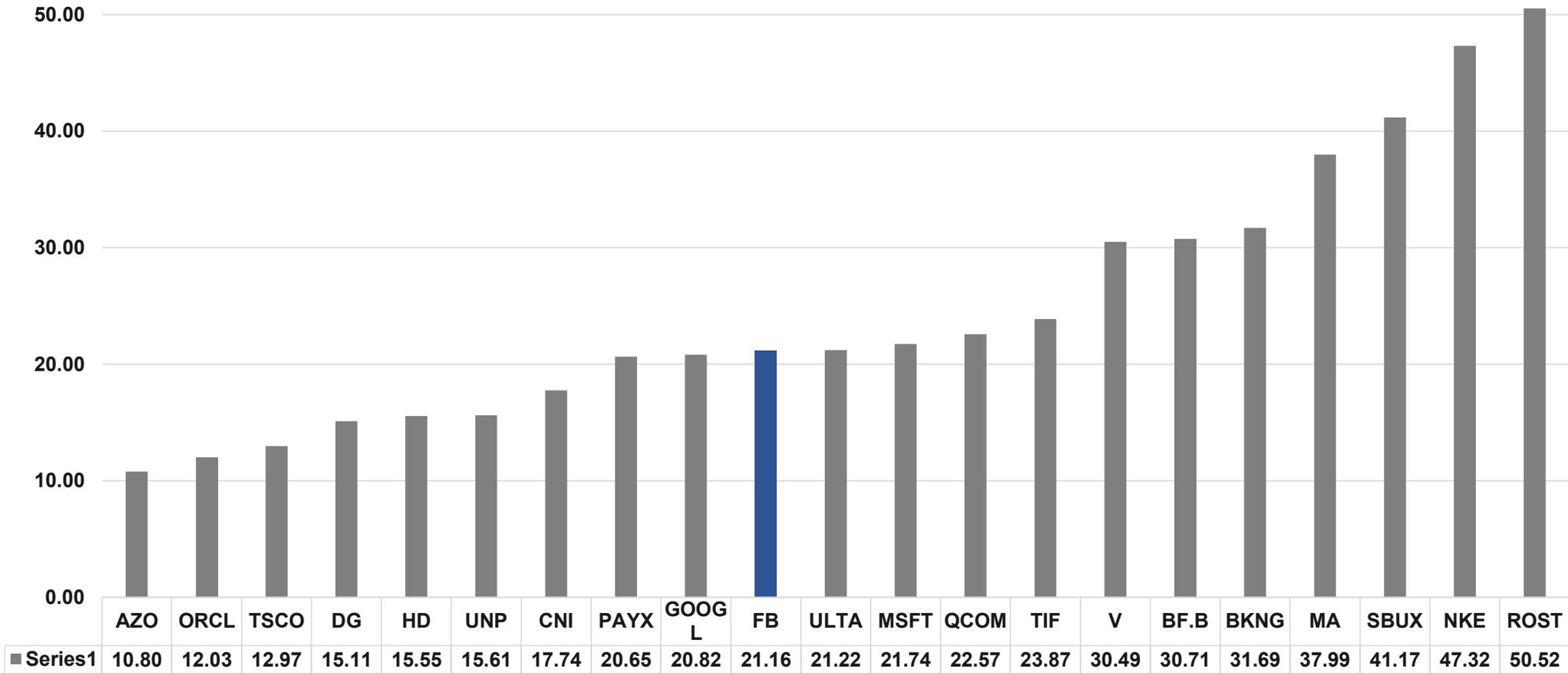
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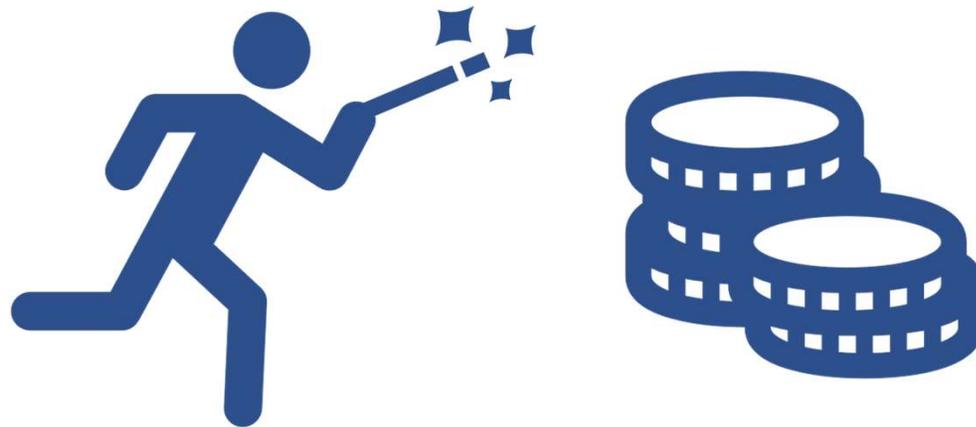


# EV to EBITDA

facebook



# 5 Year Magic DCF



# 5-Year Magical DCF Tool

## 5 year EPS projection

P/E

Projected Price

Price to meet 5 year IRR of 15%

**Bear**

	Current	2021	2022	2023	2024	2025	P/E	Projected Price		
EPS	8.47	9.57	10.81	12.22	13.80	15.61	20.0x	\$312.11	\$	156
5yr growth estimate		13%	13%	13%	13%	13%	40.0x	\$624.22	\$	312

**Base**

	Current	2021	2022	2023	2024	2025	P/E	Projected Price		
EPS	\$8.47	9.74	11.20	12.88	14.82	17.04	20.0x	\$340.72	\$	170
5yr growth estimate		15%	15%	15%	15%	15%	40.0x	\$681.45	\$	341

**Bull**

	Current	2021	2022	2023	2024	2025	P/E	Projected Price		
EPS	8.47	9.99	11.79	13.92	16.42	19.38	20.0x	\$387.55	\$	194
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**Bull**

Current		2021	2022	2023	2024	2025	20.0x	\$387.55	\$	194
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# 5-Year Magical DCF Tool

## 5 year EPS projection

P/E      Projected Price

Price to meet 5 year IRR of 15%

**Bear**

	Current	2021	2022	2023	2024	2025	P/E	Projected Price		
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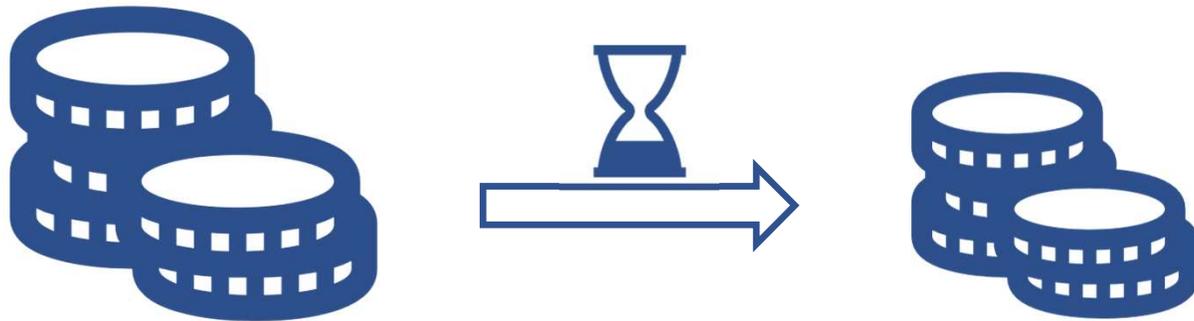
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# Discounted Cash Flow



## DCF BEAR CASE

<b>Earnings Per Share</b>	<b>\$8.47</b>
<b>Growth Rate in 10 Years</b>	<b>13%</b>
<b>Terminal Growth Rate</b>	<b>6%</b>
<b>Years of Terminal Growth Rate</b>	<b>10</b>
<b>Discount Rate</b>	<b>9%</b>
<b>Fair Value</b>	<b>\$227.73</b>
<b>Margin Of Safety</b>	<b>-23.76%</b>

## DCF Base Case

<b>Earnings Per Share</b>	<b>\$8.47</b>
<b>Growth Rate in 10 Years</b>	<b>15</b>
<b>Terminal Growth Rate</b>	<b>6</b>
<b>Years of Terminal Growth Rate</b>	<b>10</b>
<b>Discount Rate</b>	<b>9</b>
<b>Fair Value</b>	<b>259.06</b>
<b>Margin Of Safety</b>	<b>-8.81%</b>

## DCF Bull Case

<b>Earnings Per Share</b>	8.47
<b>Growth Rate in 10 Years</b>	18
<b>Terminal Growth Rate</b>	6
<b>Years of Terminal Growth Rate</b>	10
<b>Discount Rate</b>	9
<b>Fair Value</b>	314.99
<b>Margin Of Safety</b>	10.52%

# Recommendation

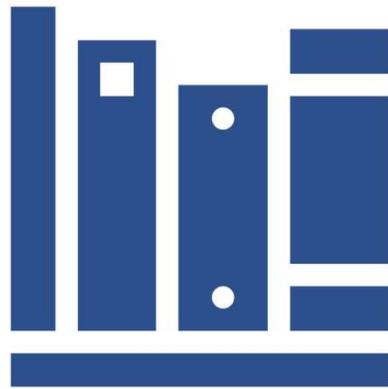


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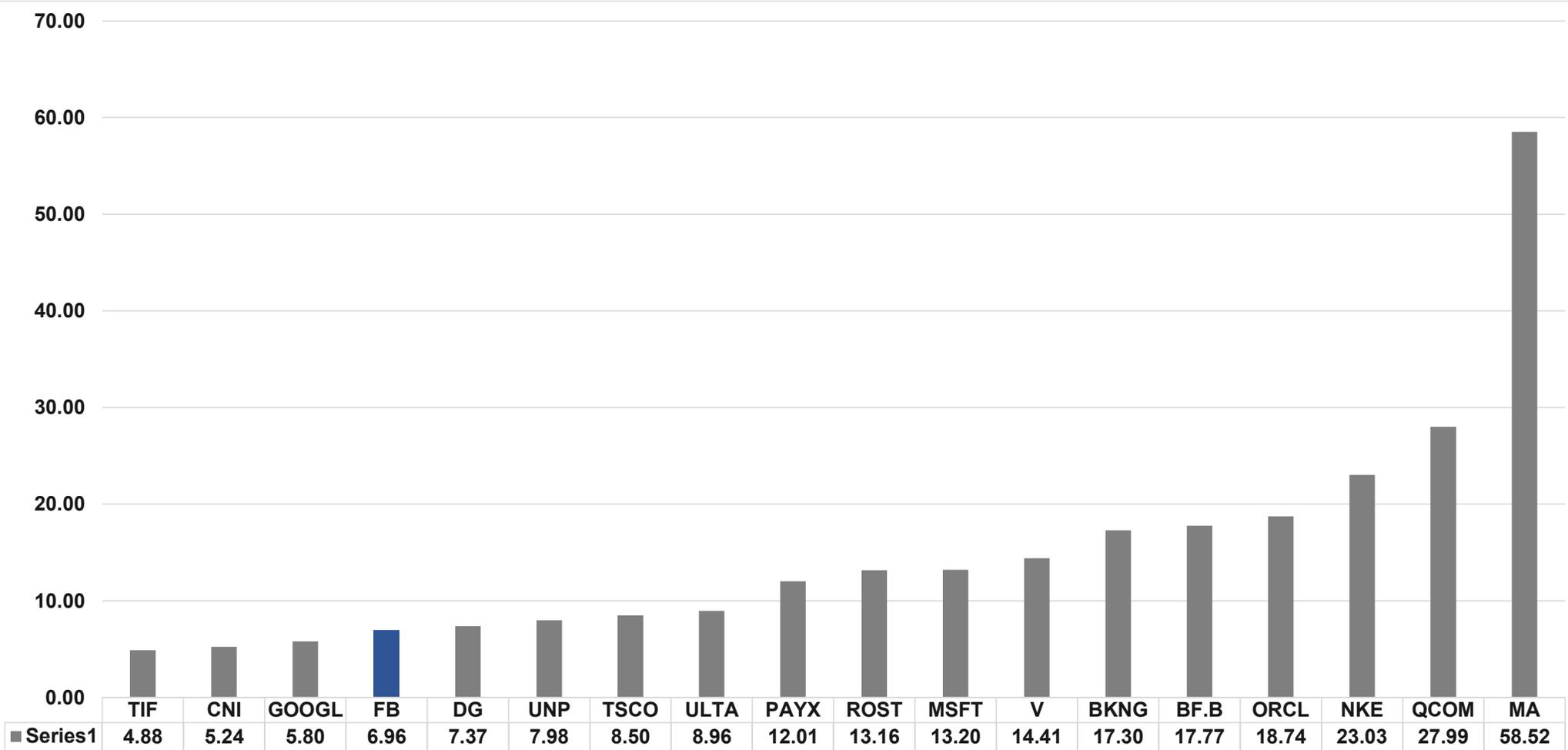
**Limit Order @ \$280**  
**3%-5% of the portfolio**



# Appendix



# Price to Book



# Useful Resources

<https://www.forbes.com/video/6194876437001/facebooks-small-business-playbook/?sh=287a64633766>

<https://www.cnn.com/2019/02/07/tech/mark-zuckerberg-sheryl-sandberg/index.html>

<https://www.businessinsider.com/fabulous-life-of-sheryl-sandberg-2014-7#but-after-nearly-seven-years-at-google-sandberg-was-ready-for-a-new-challenge-schmidt-googles-ceo-at-the-time-proposed-she-become-chief-financial-officer-but-she-turned-it-down-for-more-responsibility-she-asked-about-becoming-chief-operating-officer-but-google-executives-reportedly-didnt-want-to-rock-the-boat-and-mess-with-the-three-men-already-in-charge-of-decision-making-schmidt-and-googles-two-cofounders-larry-page-and-sergey-brin-14>

<https://www.vox.com/recode/2020/8/26/21402457/apple-facebook-advertising-tracking-ios14>

<https://about.fb.com/news/2019/08/off-facebook-activity/>

# Useful Resources

## **Facebook's Response to Concerns over Consumer Data**

<https://www.vox.com/recode/2020/8/26/21402457/apple-facebook-advertising-tracking-ios14>

<https://about.fb.com/news/2019/08/off-facebook-activity/>

<https://about.fb.com/news/2020/02/big-tech-needs-more-regulation/>

## How was Facebook users' data misused?

- 1** In 2014 a Facebook quiz invited users to find out their personality type


- 2** The app collected the data of those taking the quiz, but also recorded the public data of their friends


- 3** About 305,000 people installed the app, but it gathered information on up to 87 million people, according to Facebook


- 4** It is claimed at least some of the data was sold to Cambridge Analytica (CA) which used it to psychologically profile voters in the US


- 5** CA denies it broke any laws and says it did not use the data in the US presidential election

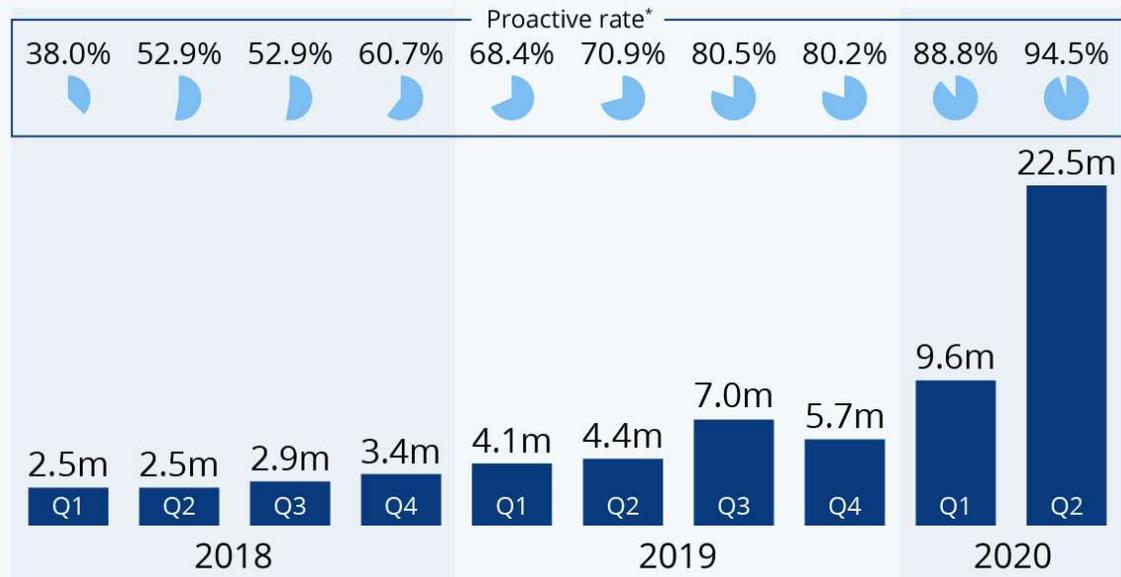

- 6** Facebook sends notices to users telling them whether their data was breached



CA denies any wrongdoing. Facebook has apologised to users and says a "breach of trust" has occurred.

# Facebook Ramps Up Efforts Against Hate Speech

Pieces of content removed/flagged by Facebook for containing hate speech



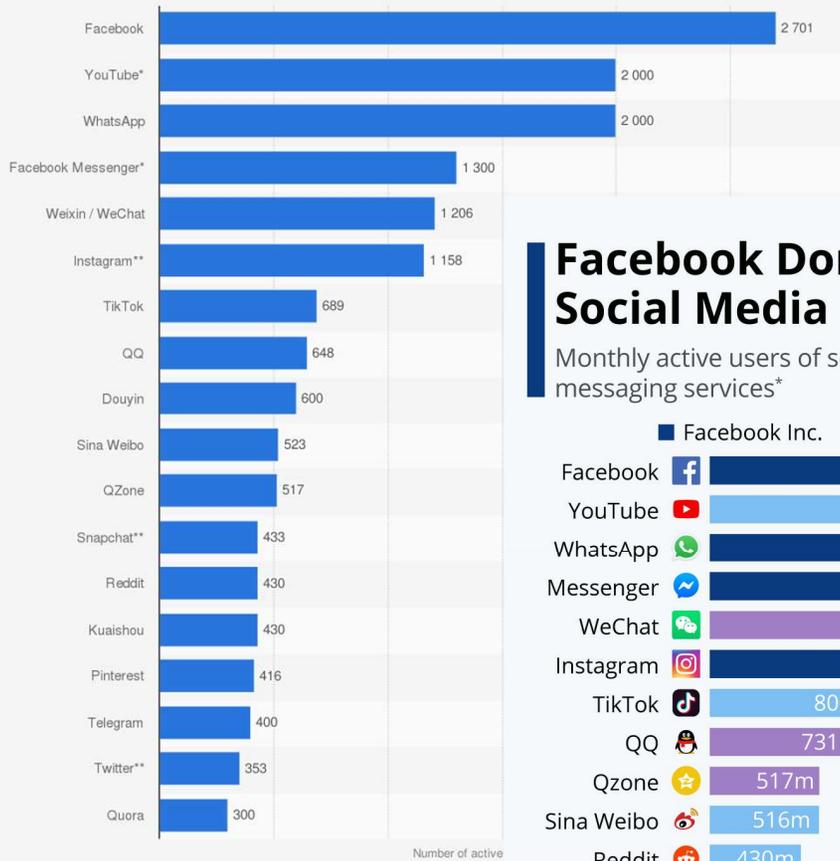
\* Percentage of violating content found and flagged before users reported it (mostly through AI)

Source: Facebook



*MAU and Revenue from 2019	FB	GOOG	TWTR
ARPU (Average Revenue Per User)	\$28	\$162	\$67
MAU (Monthly Active Users)	1 Billion	2.5 Billion	50.7 Million

Most popular social networks worldwide as of October 2020, ranked by number of active users (in millions)



Worldwide Social Media Market Share (# of Users) by Platform 2019

www.T4.ai

Instagram

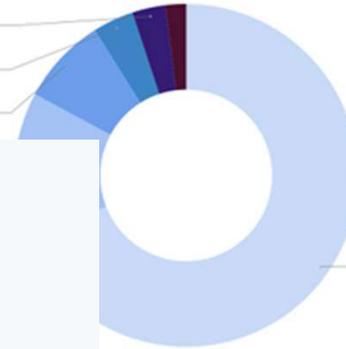
3.2%

YouTube

3.9%

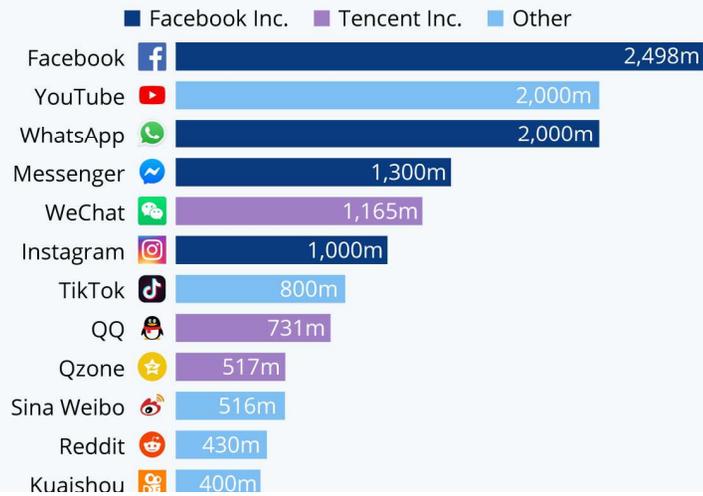
Twitter

8.2%



## Facebook Dominates the Social Media Landscape

Monthly active users of selected social networks and messaging services\*



Sources: We Are Social; Various sources (Company data); Additional Information: Worldwide; Various sources (Company data); C

● Instagram  
Search term



+ Compare

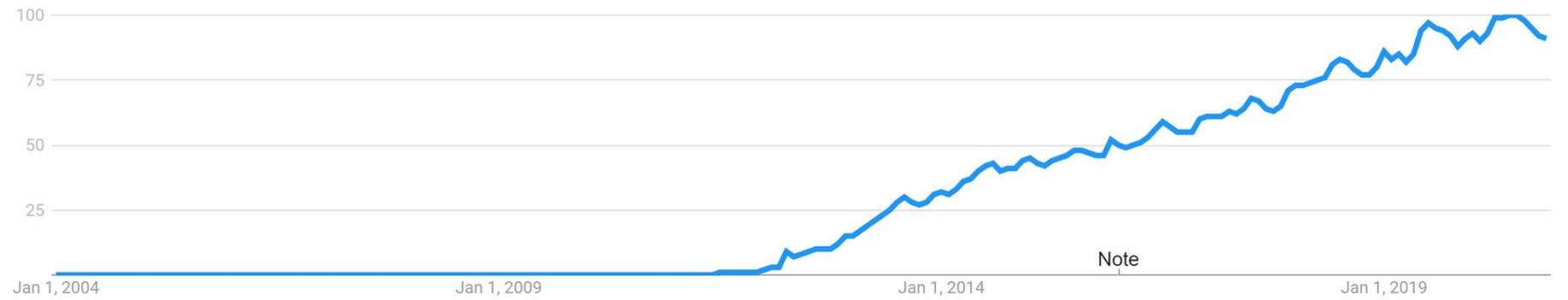
Worldwide ▾

2004 - present ▾

All categories ▾

Web Search ▾

Interest over time ?



● Instagram shops  
Search term



+ Compare

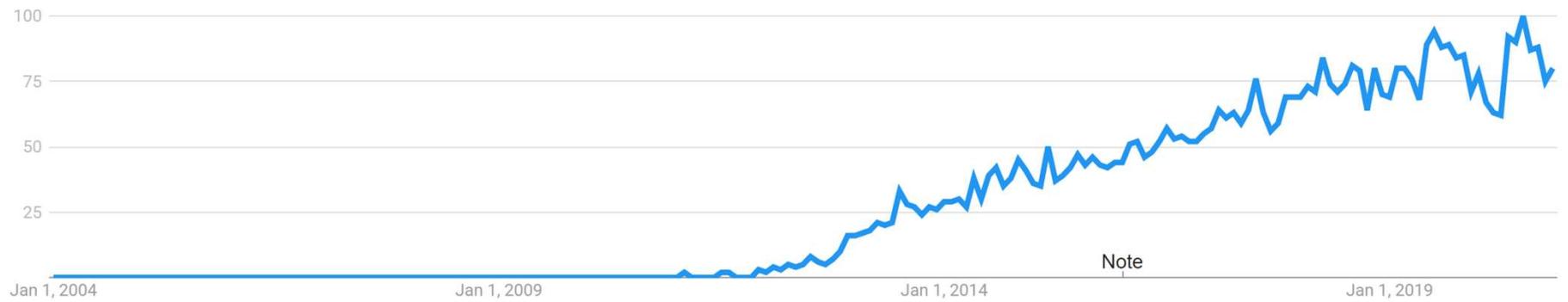
Worldwide ▾

2004 - present ▾

All categories ▾

Web Search ▾

Interest over time ?



Note

● **Whatsapp**  
Search term



+ Compare

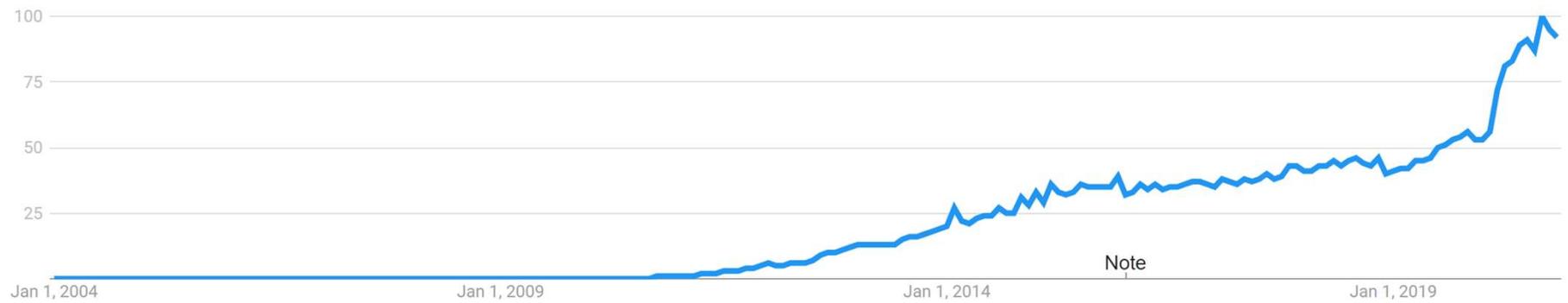
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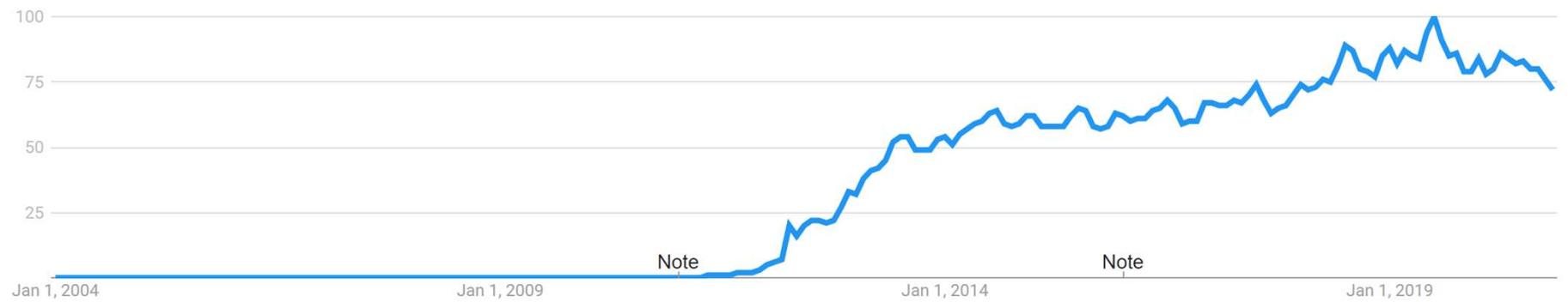
United States ▼

2004 - present ▼

All categories ▼

Web Search ▼

Interest over time



● Facebook marketplace  
Search term



+ Compare

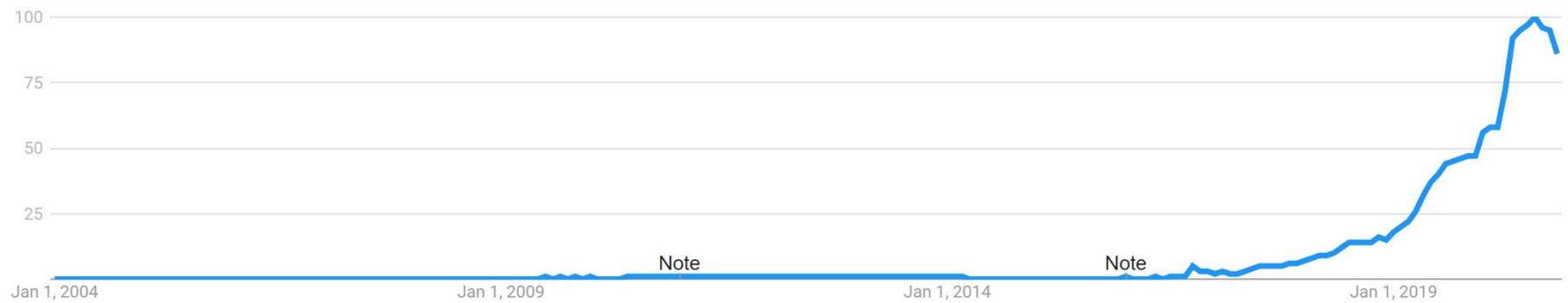
United States ▾

2004 - present ▾

All categories ▾

Web Search ▾

Interest over time ?



● Whatsapp  
Search term



+ Compare

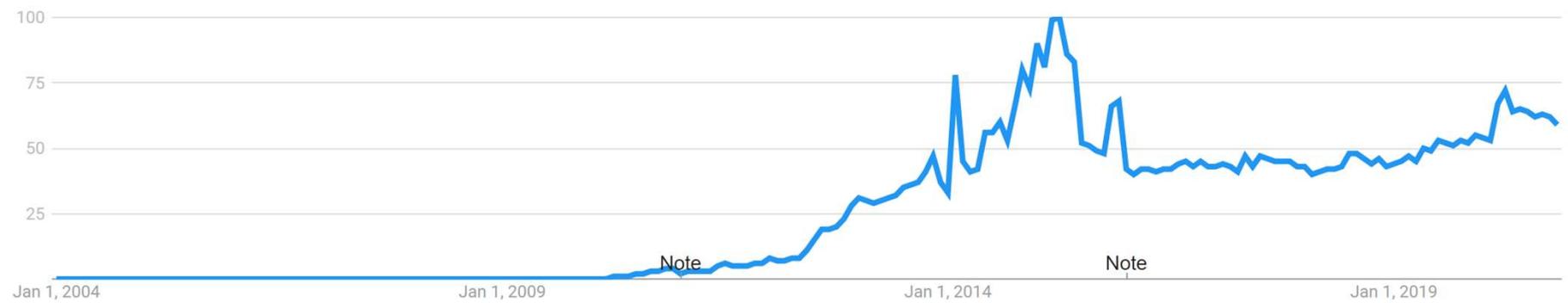
United States ▼

2004 - present ▼

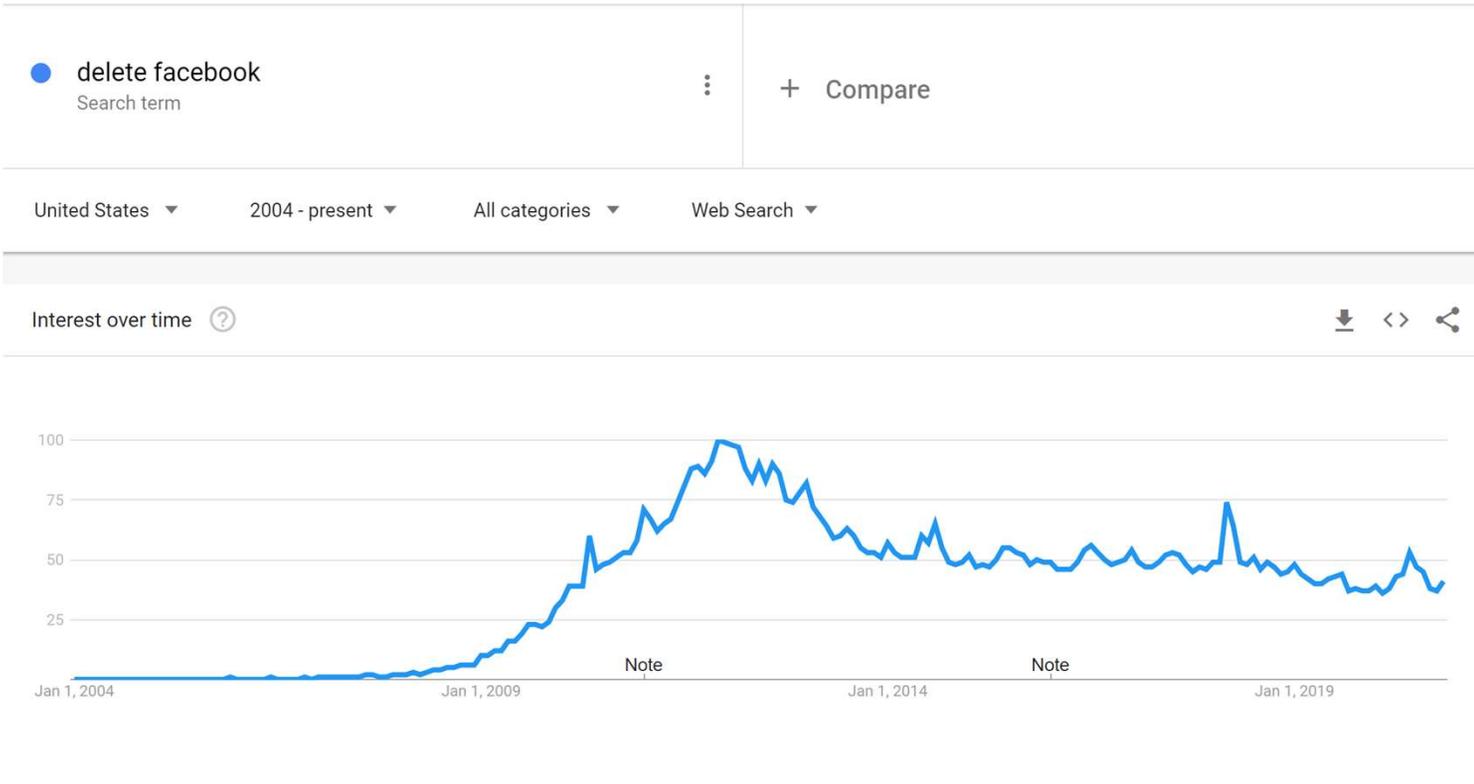
All categories ▼

Web Search ▼

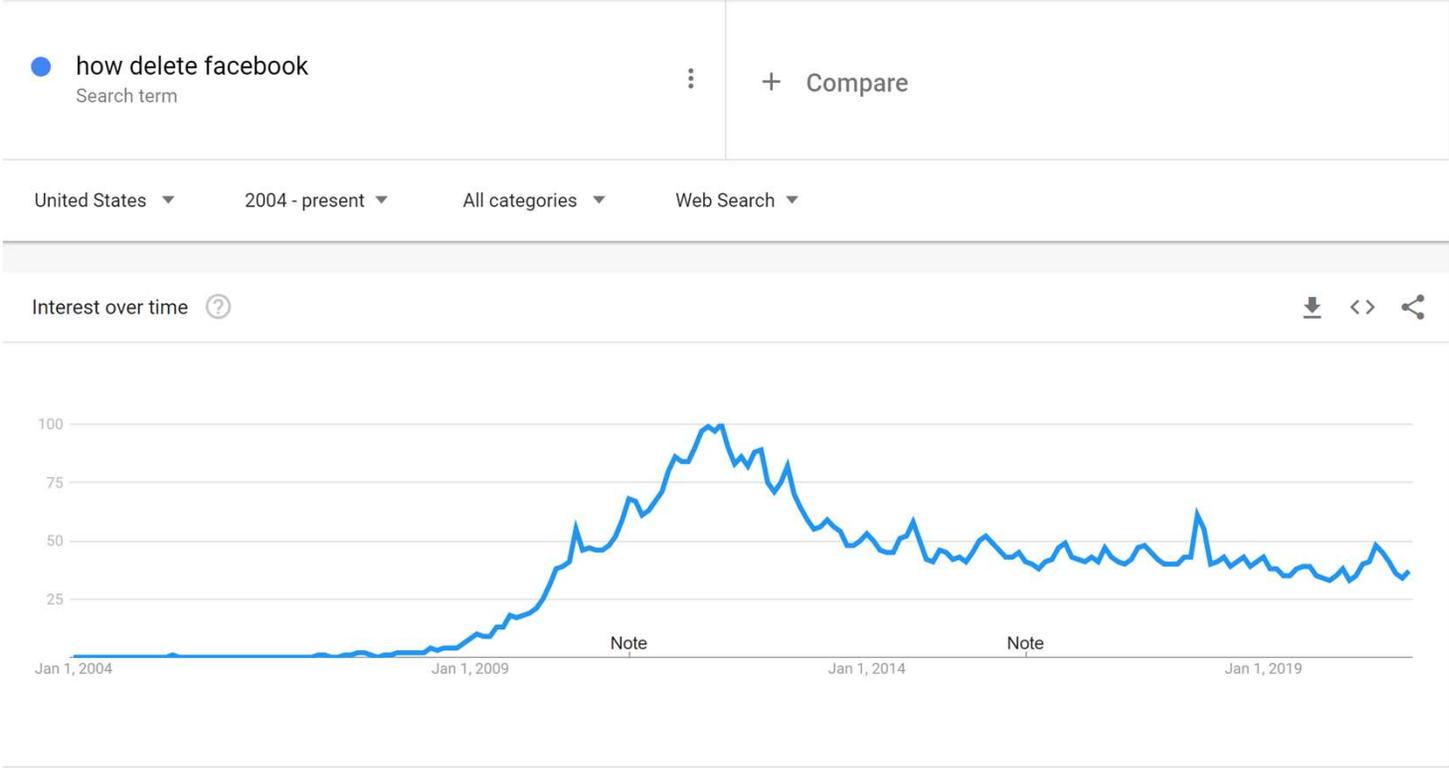
Interest over time 



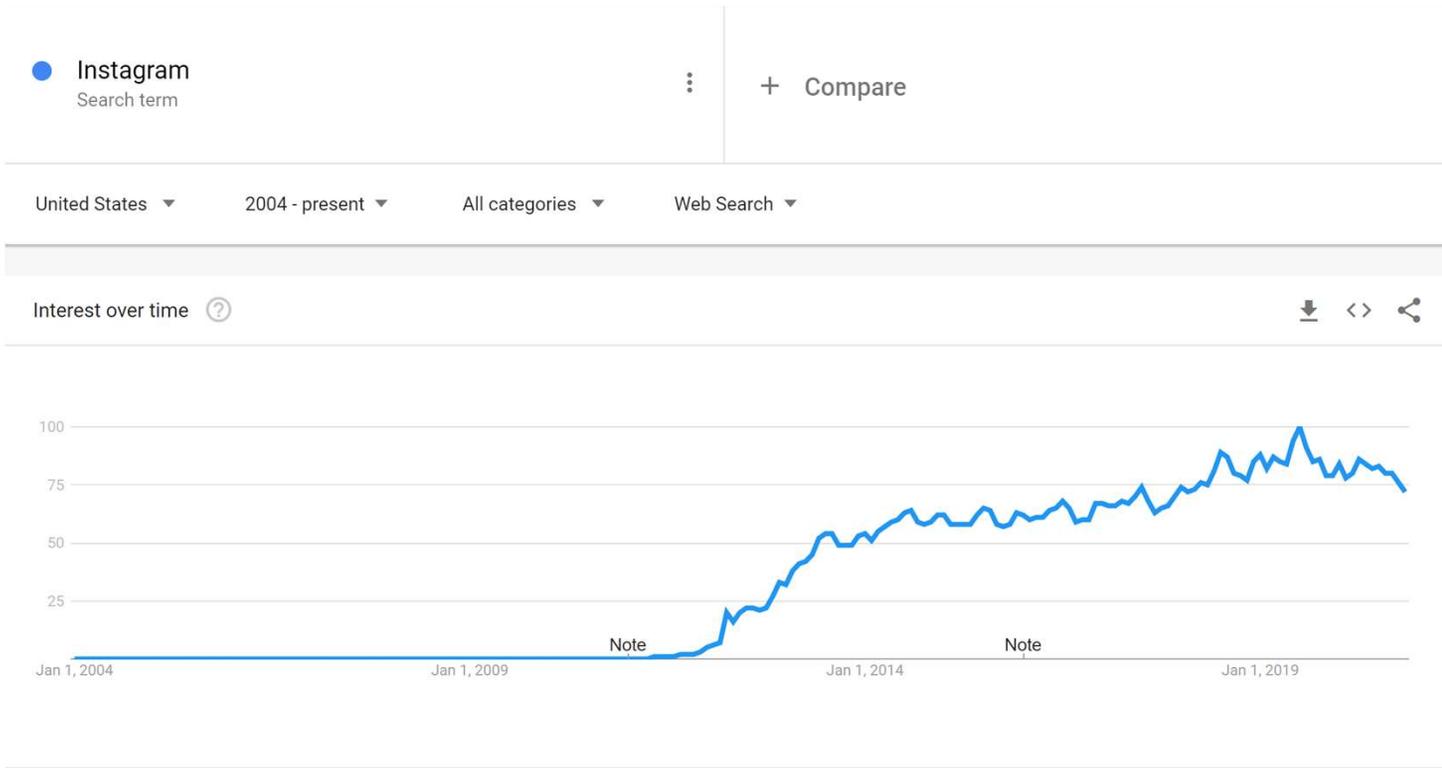
# Decline in Backlash Against Facebook



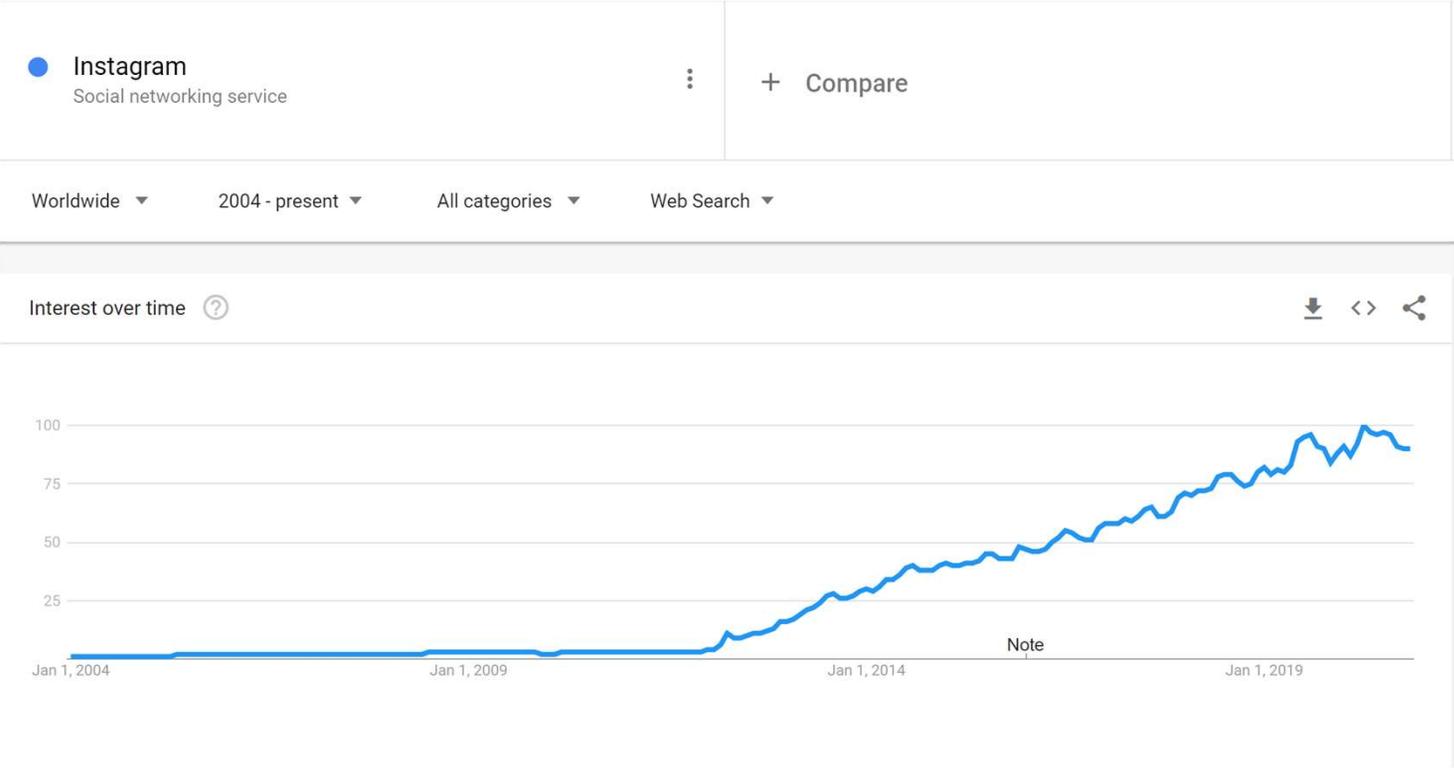
# Decline in Backlash Against Facebook



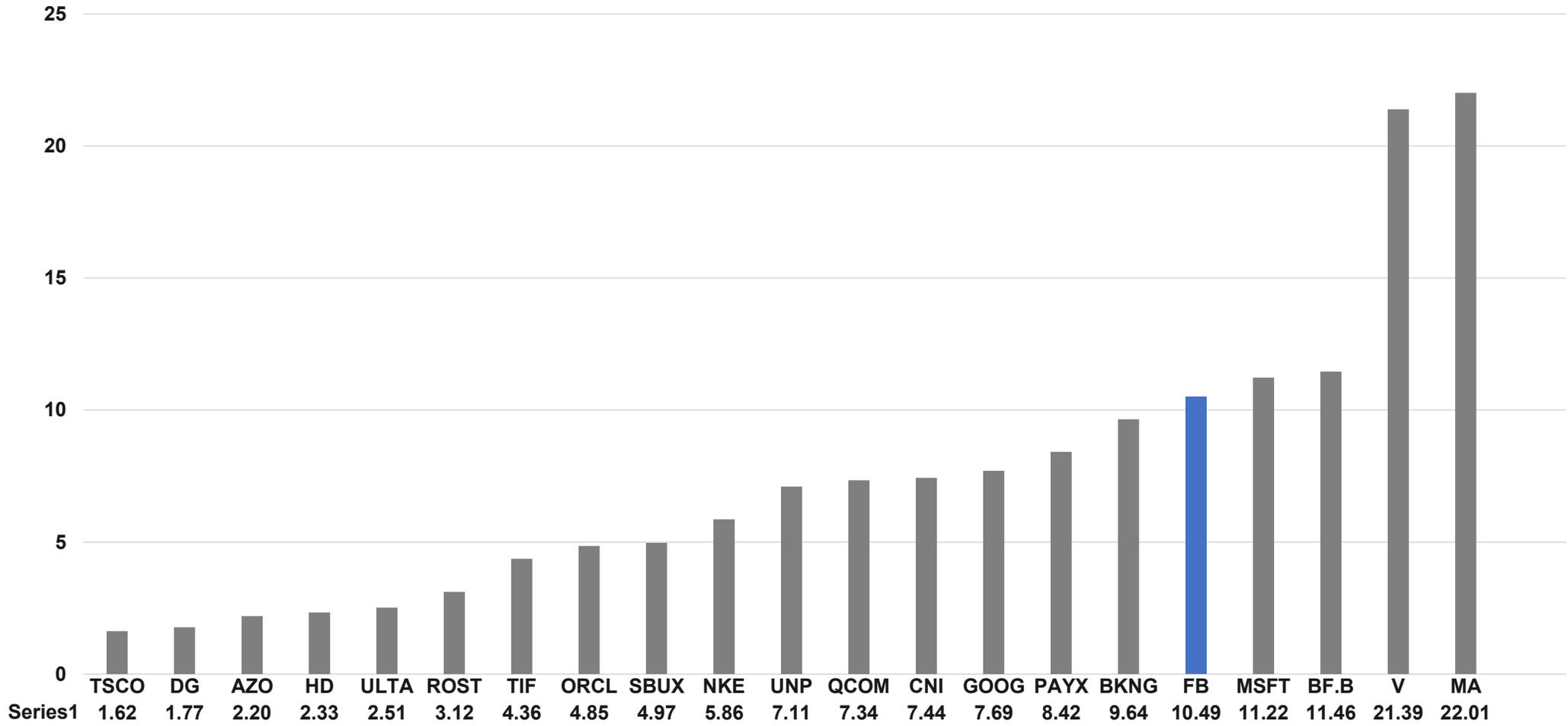
# Increase In Platform Popularity



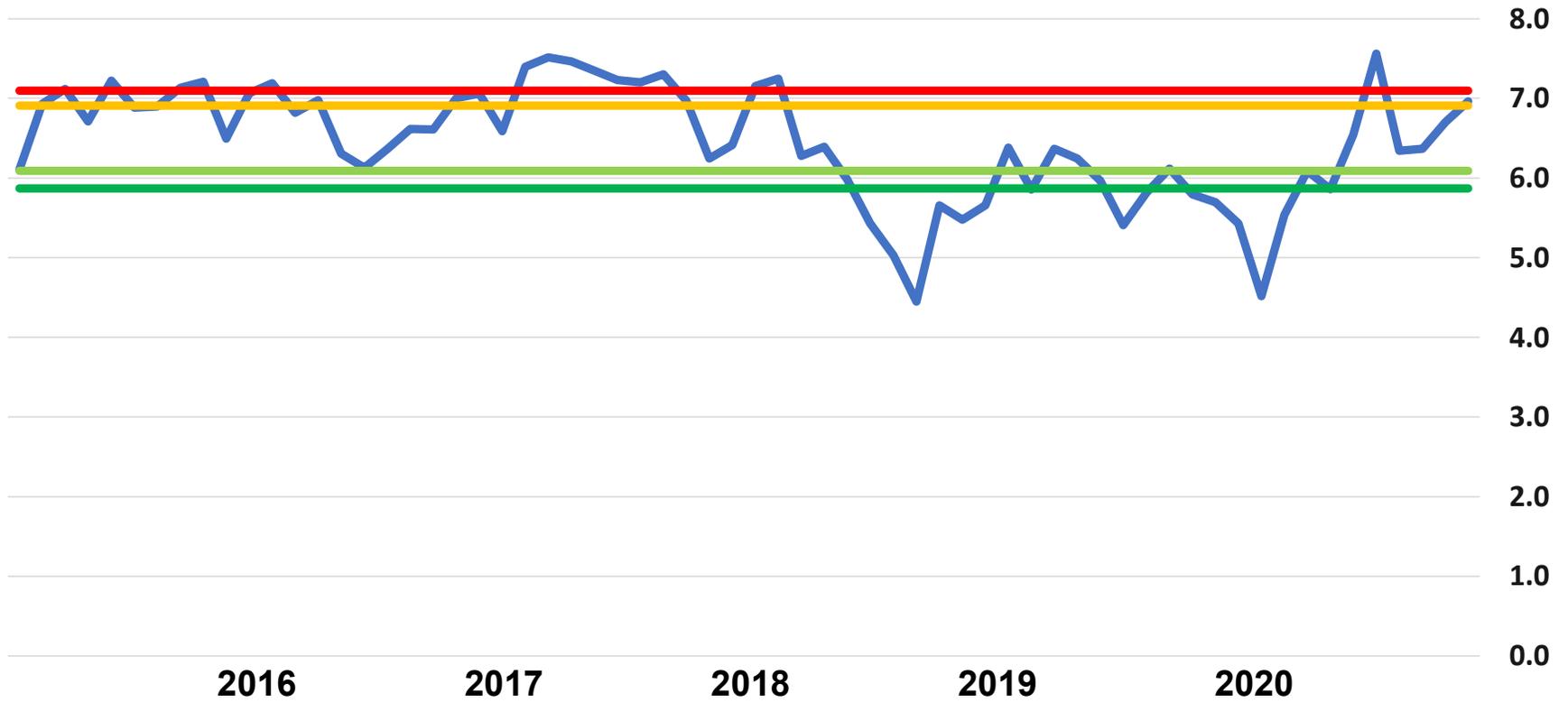
# Increase In Platform Popularity



# Price to Sales



# Price to Book



# Price to Free Cash Flow

