Long Ideas Tech

Facebook: Next Trillion-Dollar Company Has At Least 35.94% Upside And Is Repurchasing $25 Billion In Shares

Feb. 02, 2021 9:30 AM ET | **Facebook, Inc. (FB)** | 20 Comments | 12 Likes

Steven Fiorillo
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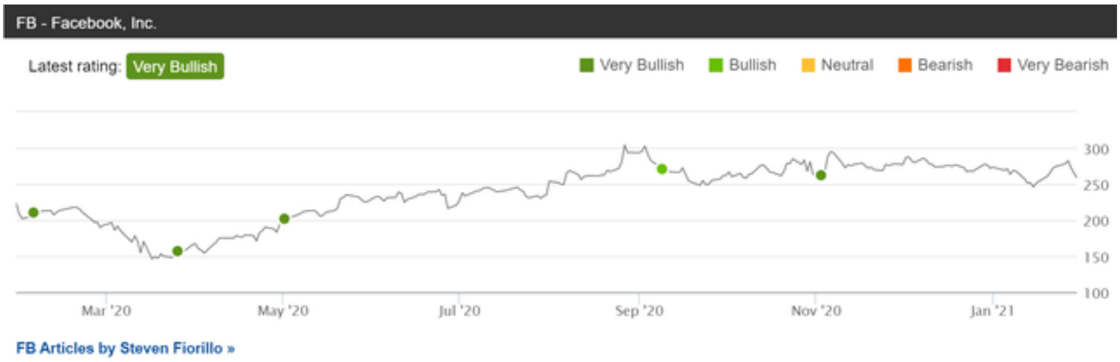
Summary

- Shares of Facebook are undervalued compared to its peers as they have the lowest P/E ratio, the highest stockholder equity to market cap ratio, and the lowest market cap.
- Over the past 4 years, FB has an annual revenue growth rate of 35.45% and could increase its annual revenue by 74.60% in 2025 to exceed $150 billion.
- Over the past 5 fiscal years, FB has an average conversion rate of 35.16% for net income and could increase net income by $11.38 billion to exceed $40.53 billion in 2025.
- Facebook has allocated an additional $25 billion to its share buyback program which will decrease the amount of shares outstanding and increase its EPS while decreasing its P/E.
- Facebook continues to increase its revenue, net income, EPS and shareholder equity as their platforms have become the standard in social media.

It's been a crazy week in the stock market, fueled by speculation and absolute gambling while big tech smashed earnings and sold off. I believe the massive earning beats were overshadowed by the speculation frenzy of GameStop (NYSE:GME), AMC Entertainment Holdings (NYSE:AMC), and others in similar situations. Every major news network covered the GME action this week while countless discussions were held on CNBC. What we witnessed this week created some very lucrative investments while others weren't as lucky. When the dust settles I believe the majority of people will end up losing money trying to make a quick buck.

It's possible that names such as Facebook (NASDAQ:FB) are down because shares were liquidated to raise capital to either cover short positions or engage in the trading frenzy. Over the past week FB has dropped roughly $25 while blowing out earnings and becoming the cheapest of the big tech names. In 2020, FB generated over $85 billion in revenue, $29 billion in net income, has a PE ratio of 25.6 and authorized an additional $25 billion in capital to its buyback program. I have been long FB for years based on its business model and the numbers they generate. Forget the noise as negative press has been a part of FB's existence. The trading frenzy was fun to watch and if you made some money congrats but it's time to get back to investing. I am dedicating this article to a group text I am in where each of my friends hates FB as an investment. I really hope this article changes their minds as I believe FB is a screaming buy. I think this pullback is an opportunity and FB will become the next $1 trillion company.



(Source: Seeking Alpha)

Facebook's revenue and other key financial metrics continue to grow at an astronomical pace a decade later.

When I am making investment decisions the first thing I do is tear through the numbers and identify companies that have an established track record of revenue, net income and EPS growth. Next, I review their balance sheet and statement of cash flows to make sure the numbers meet my criteria before moving on to their business model and relevance in today's society. Math doesn't lie and FB could have one of the best sets of financials you can find. I have written articles on other big tech companies and every time I come back to FB their financials make a tremendous impact on my feelings toward the company.

FB's revenue has continued to establish an ongoing trend over the past five years. Every year from 2016 through 2020 FB has generated additional revenue Quarter over Quarter ((QoQ)) throughout the year in Q1, Q2, Q3 then Q4, In the following year, Q1 drops below Q4 of the previous year, then repeats the sequence of generating additional revenue QoQ. I created a chart below to illustrate the pattern which has occurred from 2016 through 2020. In addition to the sequential QoQ additional revenue FB on an annual basis over the past five years has always generated more revenue than the prior year.

(Source: Steven Fiorillo) (Data Source: Facebook)

Over the past 4 years, FB has an annual revenue growth rate of 35.45% in Q1, 31.27% in Q2, 32.61% in Q3 and 33.86% in Q4. Another powerful trend over the past 5 years is that if you line up Q1 and Q4 FB has generated on average 52.93% more revenue in Q4 than in Q1 in each of the past 5 fiscal years. Over the past 4 fiscal years FB has grown its annual revenue by 211.04% as it went from generating $27.69 billion to $85.97 billion. From the close of fiscal year 2016 through 2020 FB has generated an additional $58.29 billion in annual revenue with an annual average growth rate of 33.17%.

Facebook Revenue Metrics Quarter over Quarter 2016 thru 2020						
	FB Q1 2016 - 2020 Revenue Metrics			FB Q2 2016 - 2020 Revenue Metrics		
	Revenue Q1	QoQ $ Increase	QoQ % Increase	Revenue Q2	QoQ $ Increase	QoQ % Increase
Fiscal Year 2016	$5,382.00			$6,436.00		
Fiscal Year 2017	$8,032.00	$2,650.00	49.24%	$9,321.00	$2,885.00	44.83%
Fiscal Year 2018	$11,966.00	$3,934.00	48.98%	$13,231.00	$3,910.00	41.95%
Fiscal Year 2019	$15,077.00	$3,111.00	26.00%	$16,886.00	$3,655.00	27.62%
Fiscal Year 2020	$17,737.00	$2,660.00	17.64%	$18,687.00	$1,801.00	10.67%
	FB Q3 2016 - 2020 Revenue Metrics			FB Q4 2016 - 2020 Revenue Metrics		
	Revenue Q3	QoQ $ Increase	QoQ % Increase	Revenue Q4	QoQ $ Increase	QoQ % Increase
Fiscal Year 2016	$7,011.00			$8,809.00		
Fiscal Year 2017	$10,328.00	$3,317.00	47.31%	$12,972.00	$4,163.00	47.26%
Fiscal Year 2018	$13,727.00	$3,399.00	32.91%	$16,914.00	$3,942.00	30.39%
Fiscal Year 2019	$17,652.00	$3,925.00	28.59%	$21,082.00	$4,168.00	24.64%
Fiscal Year 2020	$21,470.00	$3,818.00	21.63%	$28,072.00	$6,990.00	33.16%

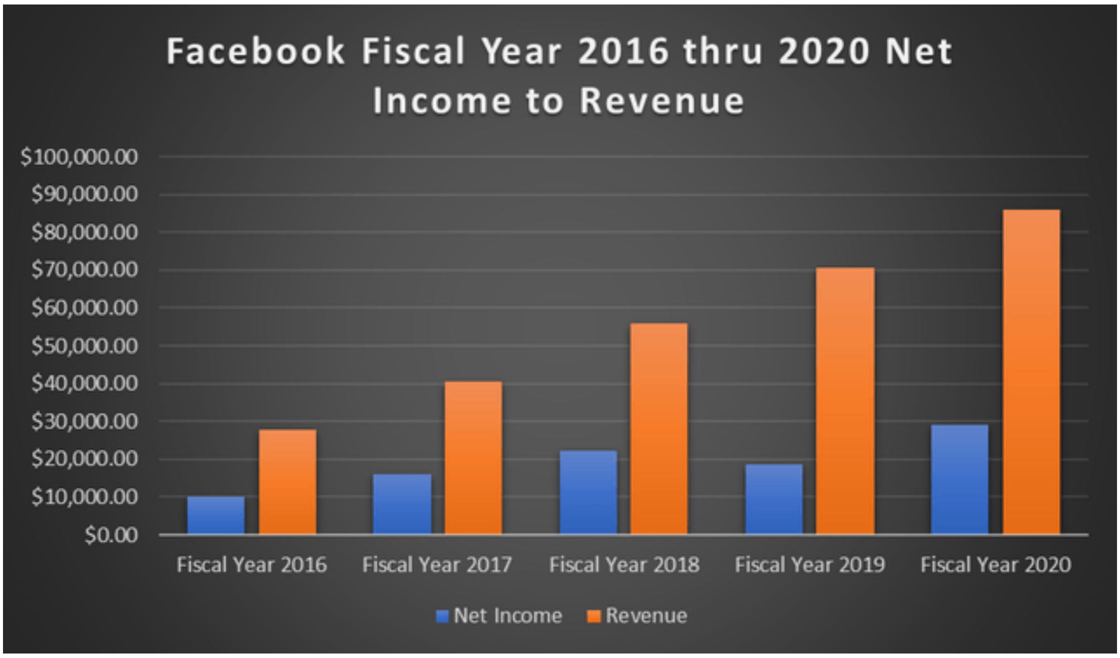
(Source: Steven Fiorillo) (Data Source Facebook)

Below I created a forward revenue projection for FB based off the data from the previous 5 fiscal years. Airing on the side of caution I continued the overall sequential decrease in QoQ revenue percentage growth and projected out through 2025. At the end of Q1 2020 the QoQ annual increase was 17.64%. I dropped it down to 15% in 2021, 13% in 2022, 11% in 2023, 9% in 2024 and 7% in 2025. I followed this methodology for each of the following 20 quarters. If my projection is close to accurate FB would generate $100.28 billion in revenue for the fiscal year of 2021 and in 2025, they would break the $150 billion mark. From the close of 2020 through 2025 FB could generate an additional $64.13 billion in annual revenue which would be a 74.60% increase over the next 5 years. I made sure I used realistic numbers for my projection based off of the previous trends and believe that FB can achieve my forward revenue projections. It will be interesting to see as the years go by how accurate this article is.

Facebook Revenue Projection Quarter over Quarter 2021 thru 2025						
	FB Q1 2021 - 2025 Revenue Metrics			FB Q2 2021 - 2025 Revenue Metrics		
	Revenue Q1	QoQ $ Increase	QoQ % Increase	Revenue Q2	QoQ $ Increase	QoQ % Increase
Fiscal Year 2021	$20,397.55	$2,660.55	15.00%	$20,181.96	$1,494.96	8.00%
Fiscal Year 2022	$23,049.23	$2,651.68	13.00%	$21,392.88	$1,210.92	6.00%
Fiscal Year 2023	$25,584.65	$2,535.42	11.00%	$22,248.59	$855.72	4.00%
Fiscal Year 2024	$27,887.27	$2,302.62	9.00%	$22,693.56	$444.97	2.00%
Fiscal Year 2025	$29,839.37	$1,952.11	7.00%	$22,920.50	$226.94	1.00%
	FB Q3 2021 - 2025 Revenue Metrics			FB Q4 2021 - 2025 Revenue Metrics		
	Revenue Q3	QoQ $ Increase	QoQ % Increase	Revenue Q4	QoQ $ Increase	QoQ % Increase
Fiscal Year 2021	$25,119.90	$3,649.90	17.00%	$34,528.56	$6,456.56	23.00%
Fiscal Year 2022	$28,887.89	$3,767.99	15.00%	$41,088.99	$6,560.43	19.00%
Fiscal Year 2023	$32,643.31	$3,755.43	13.00%	$47,252.33	$6,163.35	15.00%
Fiscal Year 2024	$35,581.21	$2,937.90	9.00%	$53,395.14	$6,142.80	13.00%
Fiscal Year 2025	$38,071.89	$2,490.68	7.00%	$59,268.60	$5,873.47	11.00%
			Annual Revenue Projection			
			2021	$100,227.97		
			2022	$114,418.98		
			2023	$127,728.88		
			2024	$139,557.18		
			2025	$150,100.37		

(Source: Steven Fiorillo)

Revenue is just one component of the financial metrics I look for in a company. Businesses are created to generate a profit not just create revenue. If a business isn't converting billions of revenue into net income, that's a red flag in my opinion. Over the past 5 fiscal years FB has an average conversion rate of 35.16% when generating net income from its revenue. In 2020 FB generated $29.15 billion in net income from its $85.97 billion in revenue which is a conversion rate of 33.90%. On an annual basis since the close of fiscal year 2016 to 2020 FB has increased the net income it has generated by $18.30 billion or 185.27%. With more than 1/3rd of FB's revenue being converted to net income FB has been able to reinvest in its business and establish one of the best balance sheets I have ever read.



(Source: Steven Fiorillo) (Data Source Facebook)

Based on my forward revenue projections for FB I am going to create the same projection for their net income. To be on the safe side I am going to drop the average conversion rate of 35.16% down to 27% over the next 5 fiscal years. Based on my revenue projections FB could see its annual net income increase by $11.38 billion or 39.05% to $40.53 billion from the $29.15 billion they generated in fiscal year 2020. From 2016 through 2020 FB generated $95.90 billion in net income. If my projection is accurate FB will generate $170.65 billion in net income from 2021 through 2025 which is an increase of $74.76 billion or 77.96%. This leaves a lot of options open for FB as it could allow them to invest in new business segments, accelerate their share buyback program or institute an annual dividend for its shareholders. FB has a long runway of growth in both revenue and net income. In my opinion FB's numbers are one of the best I have ever evaluated.

Facebook Net Income Projection 2021 Thru 2025 based on My Revenue Projections					
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenue	$100,227.97	$114,418.98	$127,728.88	$139,557.18	$150,100.37
Net Income	$27,061.55	$30,893.12	$34,486.80	$37,680.44	$40,527.10
Conversion rate	27%	27%	27%	27%	27%

(Source: Steven Fiorillo)

Over the past 5 fiscal years FB has generated increased diluted EPS 4 out of 5 times. Since the close of fiscal year 2016 FB has grown its annual diluted EPS by $6.60 or 189.11%. FB generates a tremendous amount of cash per share giving them one of the lowest P/E ratios of all the big tech companies. The P/E ratio is one of the most widely used stock analysis tools for determining a stock's valuation. The P/E ratio helps an investor determine the market value of a stock compared to its earnings. The P/E ratio indicates the dollar amount an investor is willing to invest to generate one dollar of earnings from that company. The P/E ratio is found by dividing the share price by the EPS. Today shares of FB trade at $258.33 and their diluted EPS is $10.09. This gives FB a P/E ratio of 25.60 which is lower than its peers. Apple (NASDAQ:AAPL) has a P/E of 30.31, Microsoft's (NASDAQ:MSFT) P/E is 34.57, Google's (NASDAQ:GOOGL) (NASDAQ:GOOG) is

35.47 and Amazon's (NASDAQ:AMZN) P/E is 93.75.

When looking at the diluted earnings FB generates and its P/E ratio FB looks undervalued in my opinion. FB has an average annual growth rate for revenue of 33.17% and on average converts 35.16% of its revenue into net income. FB is one of the largest companies in the world, yet its growth rates replicate those of a growth company. I am not sure if you could find another company similar in size or even half of FB's size with these growth and conversion rates and a P/E ratio under 30.

Facebook Diluted EPS 2016 thru 2020					
	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Diluted EPS	$3.49	$5.39	$7.57	$6.43	$10.09

(Source: Steven Fiorillo) (Data Source Facebook)

Facebook's balance sheet is one of the best I have ever read and should be in every business textbook to illustrate what a picture-perfect balance sheet resembles

I have said it before and I will say it again, FB has one of if not the best balance sheet I have ever read and it gets better each and every year. FB has $61.95 billion in accessible liquidity between cash on hand and marketable securities. Their total current assets increased by $9.45 billion or 12.26% Year over Year ((YoY) from $66.23 billion to $75.67 billion. FB's total assets increased by $25.94 billion or 19.45% YoY as they grew to $159.32 billion. FB's total liabilities decreased by 4.01% to $31.03 billion YoY. There are many reasons why I give FB so much credit about their balance sheet but the fact that there is zero long-term debt or long-term liabilities is #1. It's absolutely remarkable that a company of FB's size has grown organically and has not had a single dollar of long-term debt since I have been reviewing their balance sheet. The next reason why their balance sheet is best in class is because FB could pay their total liabilities off in cash if they wanted to and their business operations wouldn't skip a beat. FB has one of the cleanest balance sheets you will find with zero long-term obligations or unmanageable liabilities.

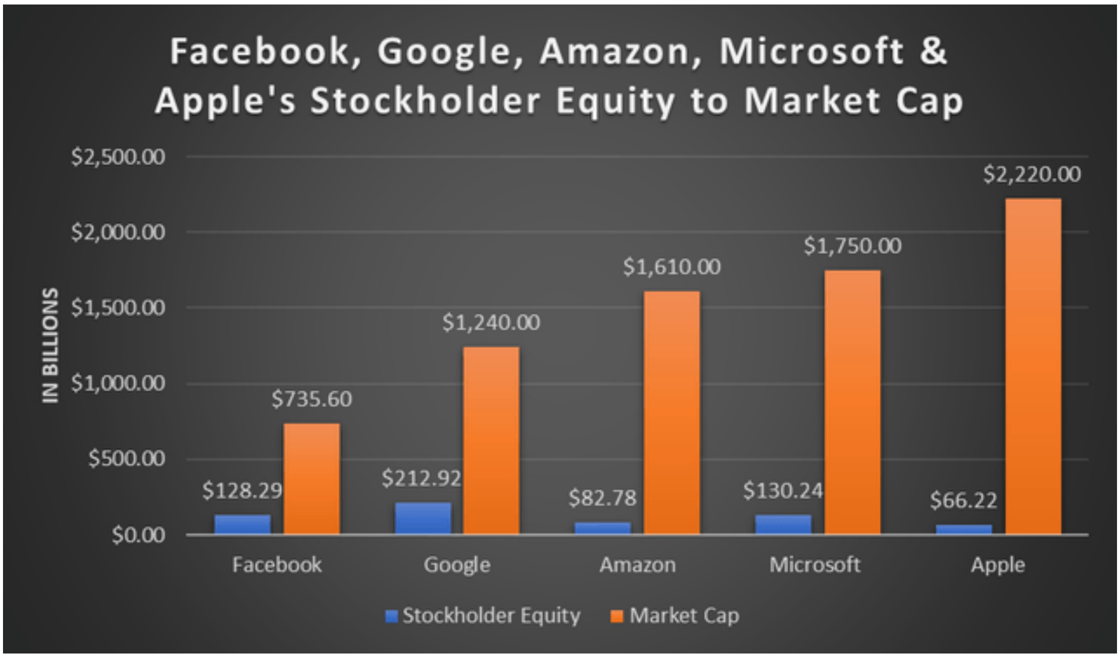
FACEBOOK, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except for number of shares and par value)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 17,576	$ 19,079
Marketable securities	44,378	35,776
Accounts receivable, net of allowances of $114 million and $92 million as of December 31, 2020 and 2019, respectively	11,335	9,518
Prepaid expenses and other current assets	2,381	1,852
Total current assets	75,670	66,225
Equity investments	6,234	86
Property and equipment, net	45,633	35,323
Operating lease right-of-use assets, net	9,348	9,460
Intangible assets, net	623	894
Goodwill	19,050	18,715
Other assets	2,758	2,673
Total assets	$ 159,316	$ 133,376
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,331	$ 1,363
Partners payable	1,093	886
Operating lease liabilities, current	1,023	800
Accrued expenses and other current liabilities	11,152	11,735
Deferred revenue and deposits	382	269
Total current liabilities	14,981	15,053
Operating lease liabilities, non-current	9,631	9,524
Other liabilities	6,414	7,745
Total liabilities	31,026	32,322
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.000006 par value; 5,000 million Class A shares authorized, 2,406 million and 2,407 million shares issued and outstanding, as of December 31, 2020 and 2019, respectively; 4,141 million Class B shares authorized, 443 million and 445 million shares issued and outstanding, as of December 31, 2020 and 2019, respectively	—	—
Additional paid-in capital	50,018	45,851
Accumulated other comprehensive income (loss)	927	(489)
Retained earnings	77,345	55,692
Total stockholders' equity	128,290	101,054
Total liabilities and stockholders' equity	$ 159,316	$ 133,376

See Accompanying Notes to Consolidated Financial Statements.

(Source: Facebook 2020 Form 10-K)

FB's shareholders should be extremely proud of this management team as the total stockholder equity continues to increase YoY. Over the past year FB's total stockholder equity increased by $27.24 billion or 26.95% to $128.29 billion. FB has a stockholder equity to market cap ratio of 17.44% which is the largest of their peers. GOOGL comes in second with 17.17%, MSFT in 3rd with 7.44%, AMZN in 4th with 5.14% and AAPL in 5th with 2.98%. Of the big 5 tech companies in America FB has the largest stockholder equity to market cap ratio yet it has the smallest market cap. FB's continuous increase in stockholder equity is one of the biggest reasons why FB has a world class balance sheet. When looking at FB's stockholder equity to market cap ratio compared to their peers it makes me wonder how their market cap isn't at least $1 trillion.

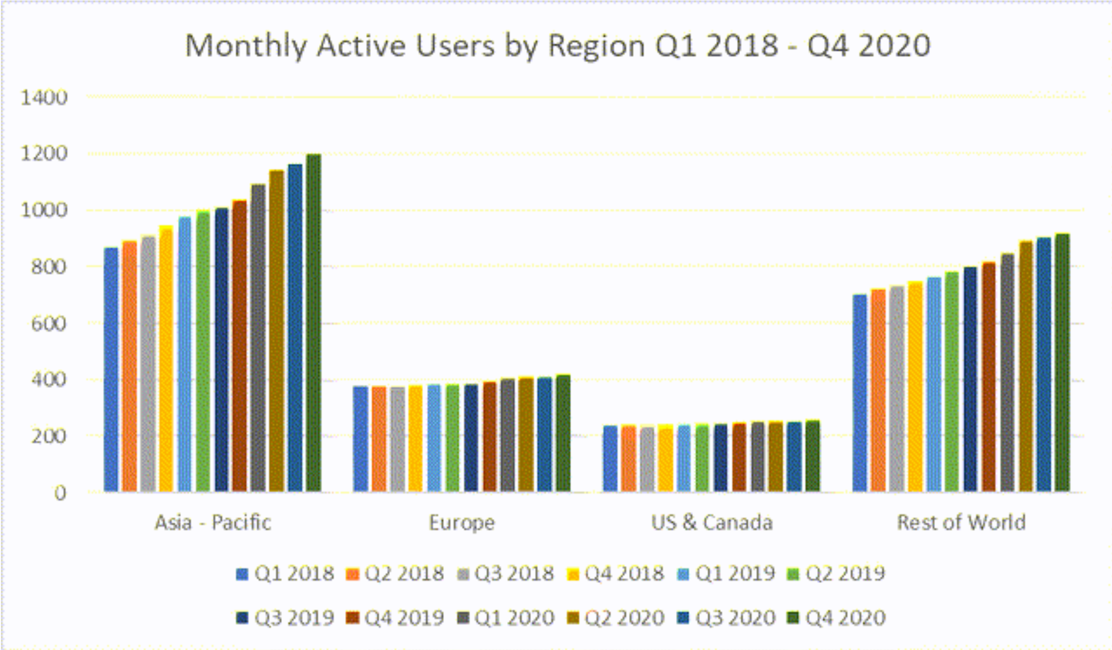


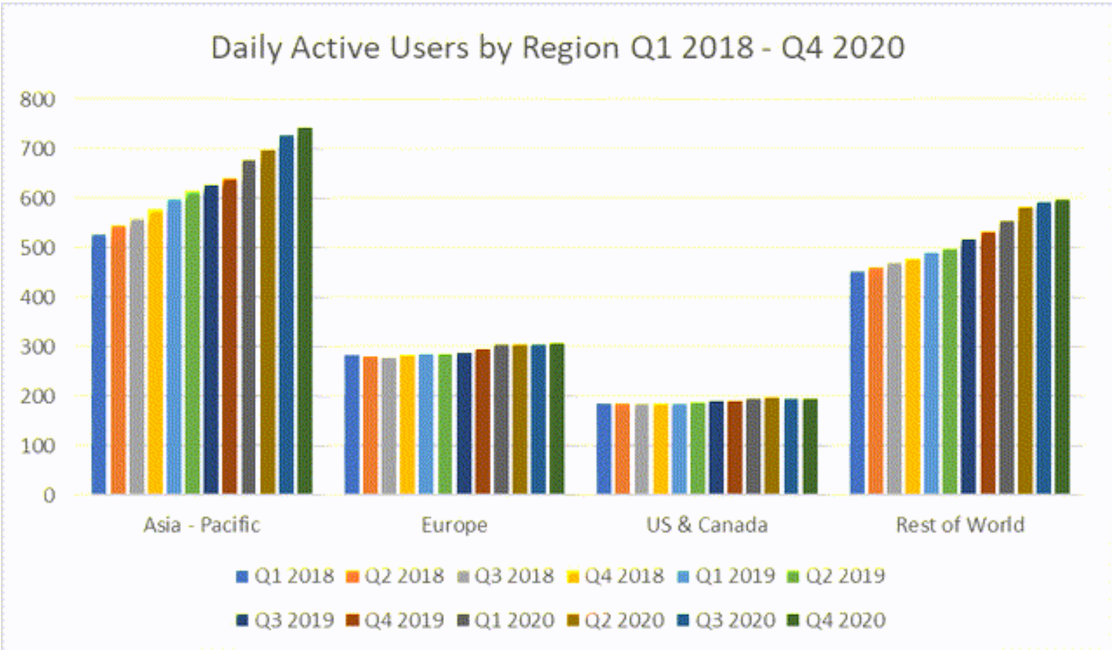
(Source: Steven Fiorillo) (Data Source: Seeking Alpha)

It's no surprise that Facebook's financials continue to excel considering their Daily and Monthly Active users increased for another consecutive quarter

Mr. Zuckerberg has warned shareholders in the past the eventually user growth will stop and possibly decrease. Still to this day, FB's Daily Active Users ((DAUs)) and Monthly Active Users ((MAUs)) continue to increase. At the close of Q4 2020 FB had 2.8 billion MAUs and 1.85 billion DAUs. The global population is currently 7.84 billion which means on a daily basis 23.53% and on a monthly basis 35.68% of the global population is using FB's platforms. If you're a company looking to expand your target audience FB is one of your best options. Is there really a better option to generate business when almost 1/4th of the global population uses FB's platforms on a daily basis and more than 1/3rd use them on a monthly basis?

In 2019 DAUs increased by 134 million and in 2020 by 188 million. Over the past two fiscal years DAUs have increased by 322 million or 21.14%. FB's MAUs increased by 178 million in 2019 and 299 million in 2020. Over the past two fiscal years MAUs have increased by 477 million or 20.56%. Currently no one has been able to build a better mousetrap and FB remains at the helm of social media. FB's platforms are global brands and deliver its services without needing a physical supply chain. Eventually growth will stall but at this point does it even matter? FB's audience fuels its platforms with content and businesses continue to allocate large portions of their marketing and advertising budgets to FB because it's proving the best bang for the buck. FB's audience is one of the largest of any company and I wouldn't be surprised if they come up with additional ways to monetize their platforms.





(Source: Steven Fiorillo) (Data Source: Facebook)

Facebook has been buying back shares and allocated $25 billion in additional capital to its buyback program

In 2020 FB repurchased $6.3 billion of their class A common stock leaving them with $8.6 billion in capital left under their prior buyback authorization. FB's management must see the same value in their shares as I do because on the Q4 call FB announced a $25 billion increase to its repurchase authorization.

Currently FB has $33.6 billion in capital allocated to repurchase shares. It's not going to happen all at once but I can see FB utilizing this capital to repurchase shares on pullbacks just like the one we are seeing now.

When companies repurchase shares it should be viewed positively by investors. Buybacks improve shareholder value by reducing the number of outstanding shares. When a company repurchases shares they are reducing the assets on their balance sheet and increasing the return on their assets. All of the research shows that FB will maintain its level of revenue and profitability generated. As long as FB maintains their profitability by reducing the amount of outstanding shares FB's EPS should increase substantially. Ultimately this should increase the share price as shareholders have a larger percentage of ownership in the company and each share is generating more EPS.

What I would like to see Facebook do over the next few years to generate additional value for shareholders

FB has a fantastic business model, solid financials and generates a ton of cash. In 2020 FB's free cash flow increased YoY by 11.46% to $23.09 billion. I believe utilizing a portion of FB's cash to implement a dividend program would create tremendous shareholder value. FB has been returning capital to shareholders through share buybacks but in my opinion that's indirectly felt as many shareholders continue to hold their shares of FB. By implementing a dividend program, shareholders would directly benefit from owning shares of FB by receiving a percentage of FB's earnings as a quarterly dividend. FB generates more than enough cash to pay a dividend and repurchase shares. As a shareholder I would be extremely happy if FB created a strategic plan and dividend the cash used for buybacks between paying a dividend and repurchasing shares.

I think taking a page out of AAPL's book and paying a dividend while repurchasing shares is the best way to create shareholder value. Since 2012 AAPL has returned $527.9 billion to shareholders of which $106.2 billion was in the form of dividends. Paying a dividend would benefit FB by demonstrating its financial strength and stability to the investment community while returning a portion of earnings to shareholders. I also believe starting a dividend program and providing annual increases would make share of FB more attractive to investors. If my revenue and net income projections are accurate FB would have no problem paying a dividend and working its way up to becoming a dividend aristocrat in 25 years from now.

Free Cash Flow Reconciliation

FACEBOOK

In Millions

	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20[1]	Q3'20	Q4'20
Net cash provided by operating activities	$ 7,684	$ 9,308	$ 8,615	$ 9,307	$ 9,083	$ 11,001	$ 3,878	$ 9,828	$ 14,040
Less: Purchases of property and equipment, net	4,366	3,837	3,633	3,532	4,100	3,558	3,255	3,689	4,613
Less: Principal payments on finance leases	-	125	142	144	141	100	109	189	205
Free cash flow	$ 3,318	$ 5,346	$ 4,840	$ 5,631	$ 4,842	$ 7,343	$ 514	$ 5,950	$ 9,222

Free cash flow (FCF) is a non-GAAP financial measure that has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. Some of the limitations of FCF are: (i) FCF does not reflect our future contractual commitments, and (ii) other companies in our industry present similarly titled measures differently than we do, limiting their usefulness as comparative measures. FCF is not intended to represent our residual cash flow available for discretionary expenditures.

(1) Reflects the $5.0 billion FTC settlement that was paid in the second quarter of 2020.

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(Source: Facebook)

Conclusion

I believe FB is undervalued and the current pullback is creating an interesting investment opportunity. Since the end of 2016 FB has increased its revenue at an average annual growth rate of 35.45%. Over the past 5 years on average FB has converted 35.16% of the revenue it made into net income. In 2020 FB generated $85.97 billion in revenue and $29.15 billion in net income. Based on my projections FB has an opportunity to increase its annual revenue to $150.10 billion and net income to $40.53 billion at the end of 2025. Out of the big 5 tech companies FB has the lowest P/E ratio at 25.60 and the highest stockholder equity to market cap ratio at 17.44%. With almost 1/4th of the world using FB's platforms on a daily basis and more than 1/3rd on a monthly basis, FB's platforms have become an integral part of society and a necessity for businesses to reach their target audience. I think shares of FB are cheap as they offer the best equity to market cap ratio of the big tech companies, exceptional forward growth rates and one of the best sets of financials in the stock market. I believe FB will become the next $1 trillion company which would provide investors with 35.94% upside based off the current share price.

Disclosure: I am/we are long FB, AAPL, AMZN, GOOGL. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Additional disclosure: Disclaimer: I am not an investment advisor or professional. This article is my own personal opinion and is not meant to be a recommendation of the purchase or sale of stock. Investors should conduct their own research before investing to see if the companies discussed in this article fits into their portfolio parameters

Comments (20)

Newest

Joey JoJo Shabado

Today, 12:30 PM

Comments (3)

I see FB as a mixed bag right now. The "privacy" fight with AAPL may, according to FB, materially effect future revenues and earning, but it's a cash cow powerhouse with plenty left in the gas tank if they execute well through this period.

I am holding for now.

Reply Like (1)

1f55c6

Today, 12:00 PM

Comments (79)

Everything written is basically true. However, it comes down to the business model and ethics. People use it for free and are the product. People are addicted to social media and even this comment is a form of social media. I sold all my FB after holding for since 2012 after the election. FB and others enjoy protections not afforded to other media outlets, yes FB is a media outlet. Yet, they have employ people on work visas who make capricious decisions based on their perspective of what should be said. Isn’t that an editor or publisher? Therefore, if thousands are pouring across the United States border illegally and someone posts a picture saying so, the unknown publishers can strike it down as hate speech. That’s a publisher. Remove the section 230 exemption.

Reply Like (3)

jasphoto Today, 12:47 PM

Comments (224)

@1f55c6Facebook , while all the media outlets would like you to believe it is a media outlet is not it is a public square. There's a difference the media outlet publishes what it wants with a point of view. While Facebook does skew in one direction and not direction I'd like it does not publish its own information you publish what you want on it. part of the skew that happens is not entirely Facebook's fault if all your friends are liberal all your posts will be liberally oriented that's the nature of the beast but just like if you hanging out with your friends in a town square you probably are hanging out with too many who disagree with you on a large basis

Reply Like

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tomst83 Today, 11:42 AM

Premium Comments (69)

Eventually FB will lose their safety net and will be exposed to billions in lawsuits. If they continue down the same path they have been travelling, you will see a boycott of advertisers of FB. When the revenue stops, so will FB. I wouldn't touch FB with a 100 ft pole. Technology shows that something better than FB will appear. Technology goes in cycles. Just look at IBM and how far they have fallen as a technology stock. *(edited)*

Reply Like (2)

SergioMoreno

Today, 11:39 AM

Premium Marketplace Comments (5)

I think a more in depth analysis is needed in terms of justifying which premium / valuation FB deserves and what are it's prospects looking forward to determine if it is undervalued.

The author made a good point about facebook balance sheet and some of it's metrics.

There's no point on comparing AAPL dividend strategy to FB since FB is able to compound the money internally at a different rate. I would trust Mark Zuckerberg will take an optimal decision on share repurchases and or dividend payments.

Most of the bullcase is based on it's relative undervaluation versus other bigtech which is (almost) irrelevant in terms of FB intrinsic value as well as arguably missleading since their business are quite different and one could argue AMZN is more undervalued than FB despite its PER.

Long FB AMZN GOOGL AAPL *(edited)*

Reply Like (2)

cand100por

Today, 11:00 AM

Comments (508)

Every single FB article is riddled with so many negative comments, yet FBs global active user base, revenue, and profits continue to grow every single quarter. I also don’t see many comments about Oculus and how interesting that tech could be in the future. I think I will point out that, considering that SA is an investment site, it is obvious that the vast majority of the commenters on these FB articles have never done any due diligence, such as listening to an recent earnings call or reading their annual report. I challenge you to do so and I think you’ll be surprised that the dialogue that Zuck and other FB leadership has during these calls with the analyst community will challenge the mental narrative that you have preconceived about the company. They are aware of the many challenges that face social media today and are taking steps to transform and adapt, which is made evident by the 10s of billions of capex they are spending. Listen to their latest call if you really want to understand the FB as an owner. Many of you won’t.

Reply Like (4)

Et20

Today, 12:03 PM

Comments (120)

Watch them on Project Veritas instead

I still haven't figured out why FB banned RH stock trading groups. What is their beef or; what is in it for them? Whatever the reasons, I'm done with FB as an investment. Quickie CFD at best, possibly to the short side.

Reply Like

cand100por

Today, 12:07 PM

Comments (508)

@Et20

Best of luck.

Reply Like (1)

mdaugherty1533

Today, 10:40 AM

Premium Comments (7)

Need to get out of the political propaganda business. Creating enemies on all sides.

Reply Like (3)

thisisgovindam

Today, 10:32 AM

Comments (1)

The most probable and possible downside is that users can leave facebook at any time because of trust and data privacy issues. It's been months since I logged into facebook and I don't really see any need of using it anymore.

Instagram and whatsapp are the only green spots for facebook but they are also bound to face same fate because of the user privacy and security issues.

so my strong take is that this company may be dissolved or put under strict regulations on how to user the user data.

Reply Like (2)

NavyDavey

Today, 10:11 AM

Comments (64)

It's one of the biggest shorts. Wait until regulations hit after unfettered, unabated and wicked censoring.

Reply Like (2)

GrowthEngine1
Today, 11:45 AM

Comments (55)

@NavyDavey

"One of the biggest short"

Not really - current short float is @ 0.8%

for comparison, SNAP @ 7% , TWTR @3%, NFLX @1,2%

In fact FC is on slightly higher than AMZN, MSFT, APPLE

Reply Like (1)

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milkyway007
Today, 9:51 AM

Comments (392)

The major thing will hurt FB is interfering by rogue

Reply Like (1)

Gundament
Today, 9:46 AM

Comments (894)

That all depends on the decision the Oversight Board makes regarding Trump's account. Lots will be selling their shares if they keep it permanent. Cannot support censorship.

Reply Like (5)

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georgefelix75
Today, 10:40 AM

Premium Marketplace Comments (4.60K)

@Gundament No one cares about Trumps account. It's understood he's a whack job and doesn't represent most definitions of censorship. It does represent common sense.

Reply Like (2)

Gundament

Today, 10:58 AM

Comments (894)

@georgefelix75 I know he's a wack job. But there's no precedent to remove his account. It is censorship whether you want to admit it or not. If he were to run for office again, he'd be at a significant disadvantage, not being able to advertise on the two largest social media sites. That would equate to Facebook and Twitter meddling in the election.

Reply Like (2)

Paul01x

Today, 11:07 AM

Comments (1.39K)

@Gundament, FB is a business. If the company deems that a specific user is a liability or is otherwise bad for business, they would be foolish to allow that person to remain on the platform. Long FB.

Reply Like

jojopuppyfish

Today, 9:42 AM

Comments (1.01K)

Look I love this company and I am a big time stock holder of FB.

But its impossible to ignore that Mark Zuckerberg's PR is horrible.

Its bad news after bad news. I cannot ignore it anymore.

He knows how to run a company, but bad PR is creating FB enemies all over the world.

FB needs good relations with goverments to be successful, for example.

I'll continue to hold my shares, but Zuckerberg needs to take the criticisms seriously.

Reply Like (1)

NavyDavey Today, 10:12 AM

Comments (64)

@jojopuppyfishdude, that’s not PR. No PR, nothing can cover up evil.

Reply Like (2)

Jerrydarko Today, 9:40 AM

Comments (1)

You didn’t mention IDFA once. Was That intentional?

Reply Like