

# ModernGraham Valuation

Company Name:

Facebook Inc

Company Ticker FB

Date of Analysis

1/29/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$313,084,451,901	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	11.25	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	15526.67%	Pass
5. Earnings Growth	PEmg < 20	78.82	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	7.18	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	11.25	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.01	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.43
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$55.09</b>
MG Value based on 3% Growth	\$20.75
MG Value based on 0% Growth	\$12.16
Market Implied Growth Rate	35.16%

### MG Opinion

Current Price	\$112.77
% of Intrinsic Value	204.72%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

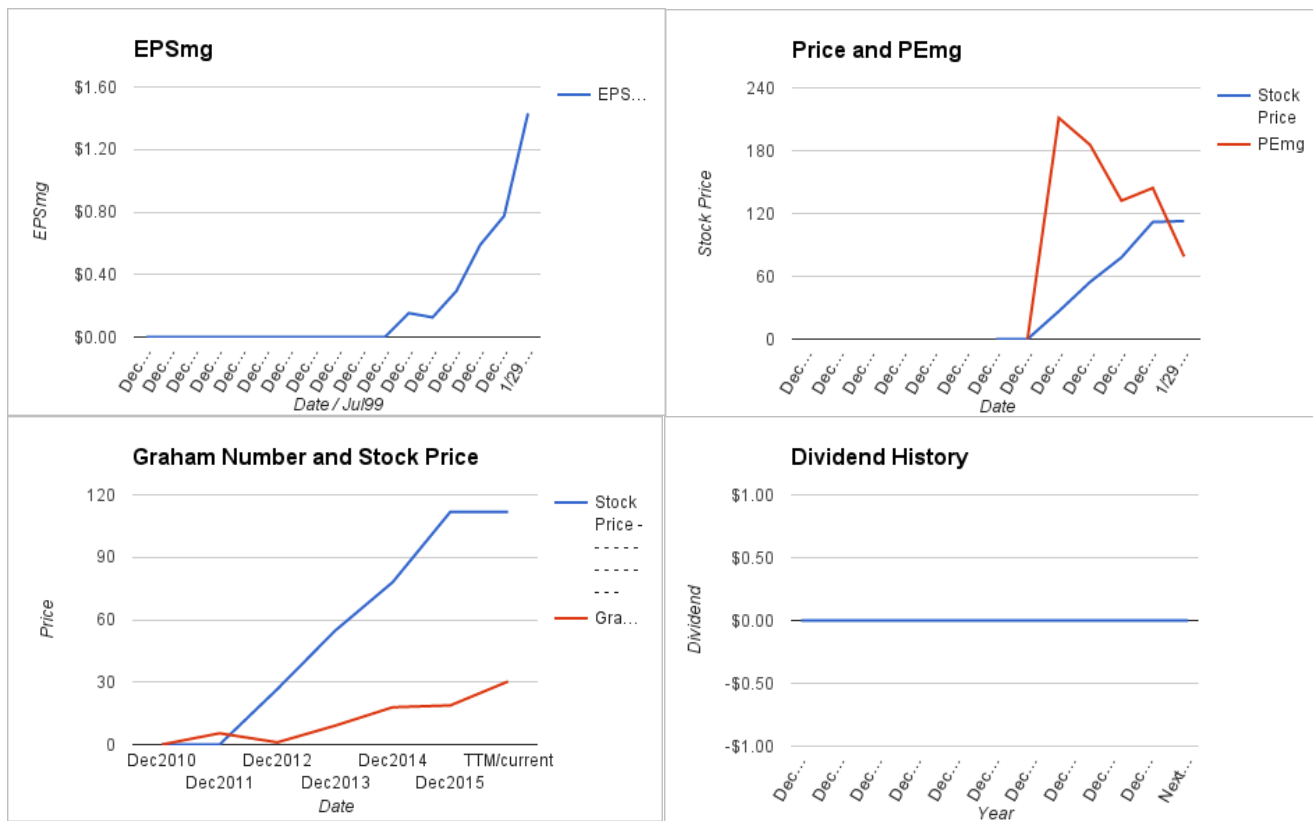
Net Current Asset Value (NCAV)	\$5.85
Graham Number	\$30.32
PEmg	78.82
Current Ratio	11.25
PB Ratio	7.18
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.60	Next Fiscal Year Estimate	\$1.43
Dec2015	\$0.99	Dec2015	\$0.77
Dec2014	\$1.10	Dec2014	\$0.59
Dec2013	\$0.60	Dec2013	\$0.29
Dec2012	\$0.01	Dec2012	\$0.13
Dec2011	\$0.46	Dec2011	\$0.15
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	<b>Balance Sheet Information                      Dec2015</b>	
Dec1998	\$0.00	Total Current Assets	\$21,652,000,000
Dec1997	\$0.00	Total Current Liabilities	\$1,925,000,000
Dec1996	\$0.00	Long-Term Debt	\$107,000,000
		Total Assets	\$49,407,000,000
		Intangible Assets	\$21,272,000,000
		Total Liabilities	\$5,189,000,000
		Shares Outstanding (Diluted Average)	2,814,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[Facebook Inc. Analysis – August 2015 Update \\$FB](#)  
[Facebook Stock Analysis – Quarterly Update May 2015 \\$FB](#)  
[28 Companies in the Spotlight This Week – 2/28/15](#)  
[Facebook Inc. Quarterly Valuation – February 2015 \\$FB](#)  
[22 Companies in the Spotlight This Week – 11/29/14](#)

Other  
ModernGraham  
posts about related  
companies

[Netflix Inc Valuation – November 2015 Update \\$NFLX](#)  
[Facebook Inc. Analysis – August 2015 Update \\$FB](#)  
[Ebay Inc. Analysis – August 2015 Update \\$EBAY](#)  
[Facebook Stock Analysis – Quarterly Update May 2015 \\$FB](#)  
[eBay Inc. Quarterly Valuation – May 2015 \\$EBAY](#)  
[Facebook Inc. Quarterly Valuation – February 2015 \\$FB](#)  
[Salesforce.com Inc. Annual Valuation – 2014 \\$CRM](#)  
[Facebook Inc. Quarterly Valuation – November 2014 \\$FB](#)  
[Netflix Inc. Annual Valuation – 2014 \\$NFLX](#)  
[Facebook Inc. Quarterly Valuation – August 2014 \\$FB](#)