

ModernGraham Valuation

Company Name:

Facebook Inc

Company Ticker FB

Date of Analysis

3/22/2018



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	\$479,005,594,319	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	12.92	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	3200.00%	Pass
5. Earnings Growth	PEmg < 20	36.80	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.57	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	12.92	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.48
MG Growth Estimate	15.00%
MG Value	\$172.51
MG Value based on 3% Growth	\$64.97
MG Value based on 0% Growth	\$38.09
Market Implied Growth Rate	14.15%

MG Opinion

Current Price	\$164.89
% of Intrinsic Value	95.59%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

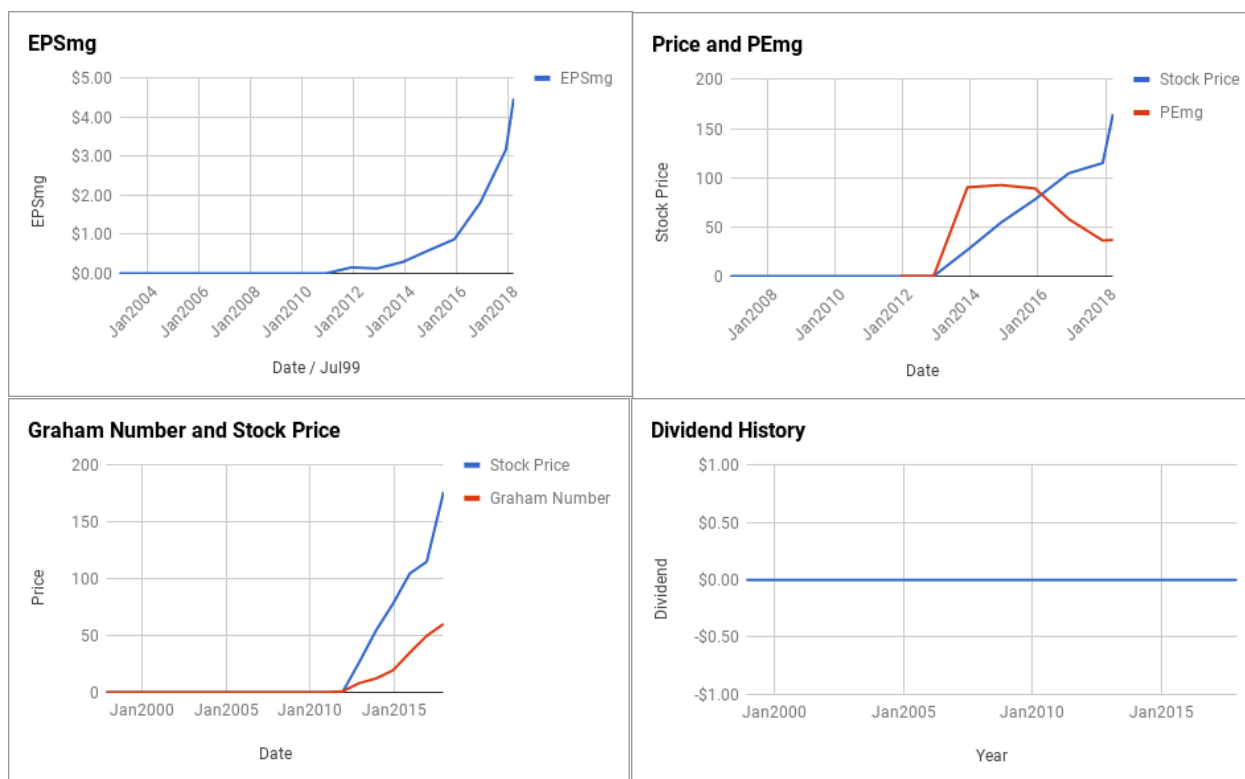
Net Current Asset Value (NCAV)	\$12.96
Graham Number	\$60.22
PEmg	36.80
Current Ratio	12.92
PB Ratio	6.57
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$6.30		\$4.48
Dec2017	\$5.39	Dec2017	\$3.17
Dec2016	\$3.49	Dec2016	\$1.81
Dec2015	\$1.29	Dec2015	\$0.88
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	Balance Sheet Information	
Dec2000	\$0.00	12/1/2017	
Dec1999	\$0.00	Total Current Assets	\$48,563,000,000
Dec1998	\$0.00	Total Current Liabilities	\$3,760,000,000
		Long-Term Debt	\$0
		Total Assets	\$84,524,000,000
		Intangible Assets	\$20,105,000,000
		Total Liabilities	\$10,177,000,000
		Shares Outstanding (Diluted Average)	2,962,000,000





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:

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ModernGraham
posts about the
company

[Facebook Inc Valuation – January 2016 Update \\$FB](#)
[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](#)

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companies

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[Paypal Holdings Inc Valuation – Initial Coverage \\$PYPL](#)
[Netflix Inc Valuation – February 2017 \\$NFLX](#)
[Shutterstock Inc Valuation – Initial Coverage \\$SSTK](#)
[Synchronoss Technologies Inc Valuation – Initial Coverage \\$SNCR](#)
[eBay Inc Valuation – December 2016 \\$EBAY](#)
[Facebook Inc Valuation – July 2016 \\$FB](#)
[Salesforce.com Valuation – January 2016 Update \\$CRM](#)
[Facebook Inc Valuation – January 2016 Update \\$FB](#)
[Netflix Inc Valuation – November 2015 Update \\$NFLX](#)