

ModernGraham Valuation

Company Name:

Company Ticker FB
Date of Analysis

Facebook, Inc.
Common Stock

1/20/2019



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	\$431,182,982,185	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	9.00	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	2059.46%	Pass
5. Earnings Growth	PEmg < 20	31.61	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.44	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	9.00	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.75
MG Growth Estimate	15.00%
MG Value	\$182.77
MG Value based on 3% Growth	\$68.84
MG Value based on 0% Growth	\$40.35
Market Implied Growth Rate	11.55%

MG Opinion

Current Price	\$150.04
% of Intrinsic Value	82.09%
Opinion	Fairly Valued
MG Grade	C+

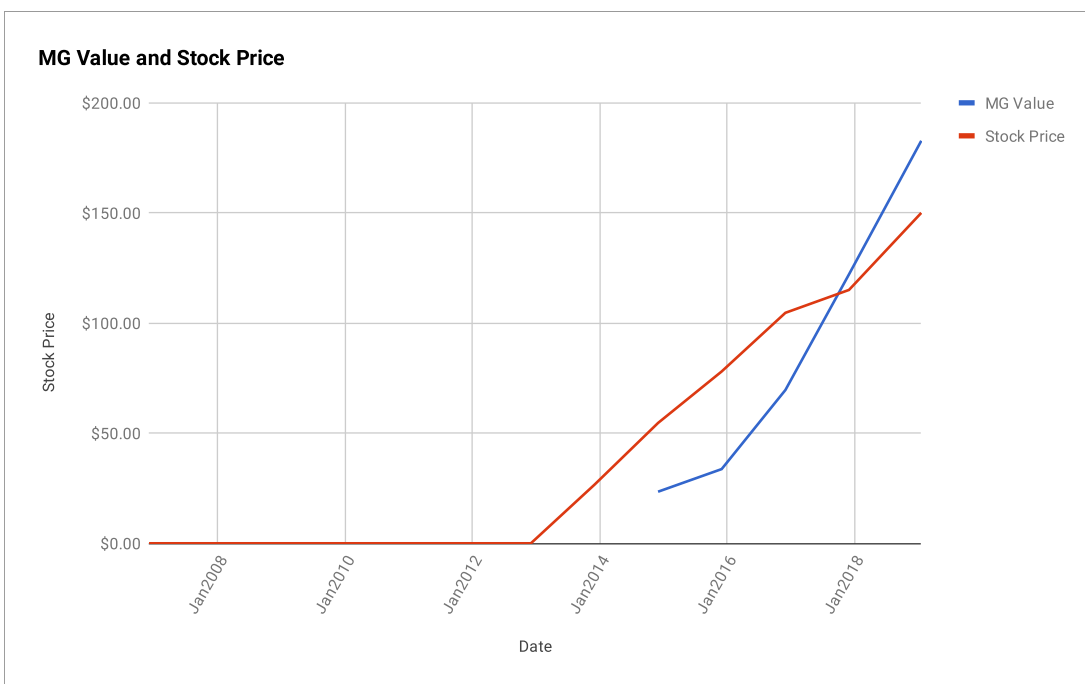
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$12.71
Graham Number	\$63.93
PEmg	31.61
Current Ratio	9.00
PB Ratio	5.44
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.10	Next Fiscal Year Estimate	\$4.75
Dec2017	\$5.39	Dec2017	\$3.17
Dec2016	\$3.49	Dec2016	\$1.81
Dec2015	\$1.29	Dec2015	\$0.88
Dec2014	\$1.10	Dec2014	\$0.61
Dec2013	\$0.60	Dec2013	\$0.33
Dec2012	\$0.01	Dec2012	\$0.18
Dec2011	\$0.46	Dec2011	\$0.23
Dec2010	\$0.28	Dec2010	\$0.09
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 9/1/2018	
Dec2000	\$0.00	Total Current Assets	\$49,147,000,000
Dec1999	\$0.00	Total Current Liabilities	\$5,462,000,000
Dec1998	\$0.00	Long-Term Debt	\$0
		Total Assets	\$92,452,000,000
		Intangible Assets	\$19,755,000,000
		Total Liabilities	\$12,110,000,000
		Shares Outstanding (Diluted Average)	2,913,000,000





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.

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