

TheStreet Quant Ratings

META PLATFORMS INC

BUY					HOLD			SELL						HOLD	RATING SINCE	03/07/2022	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	
Annual Dividend Rate NA				Annual Dividend Yield NA				Beta 1.38			Market Capitalization \$456.1 Billion			52-Week Range \$169.00-\$384.33		Price as of 6/2/2022 \$198.86	

Sector: **Information** | Industry Group: **Other Information Services**

FB BUSINESS DESCRIPTION

Meta Platforms, Inc. develops products that enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality headsets, wearables, and in-home devices worldwide. It operates in two segments, Family of Apps and Reality Labs.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-4.44	-39.58	3.87

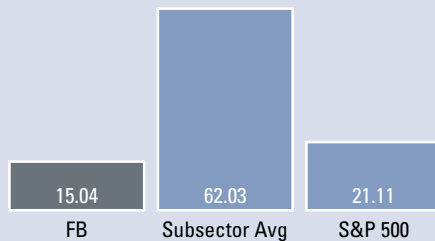
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	6.63	26.76	26.62
Net Income	-21.40	10.66	24.06
EPS	-17.58	13.08	25.24

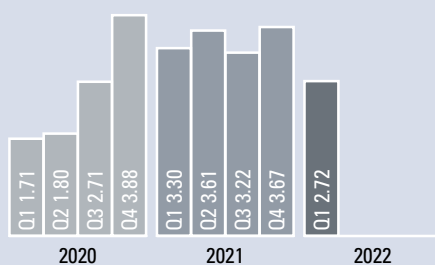
RETURN ON EQUITY (%)

	FB	Subsector Avg	S&P 500
Q1 2022	30.30	3.90	20.10
Q1 2021	25.24	14.55	10.47
Q1 2020	19.90	33.64	15.47

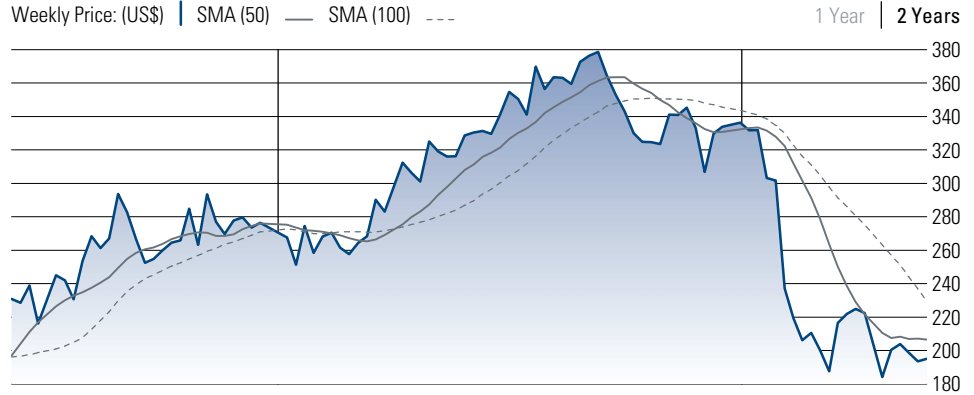
P/E COMPARISON



EPS ANALYSIS' (\$)



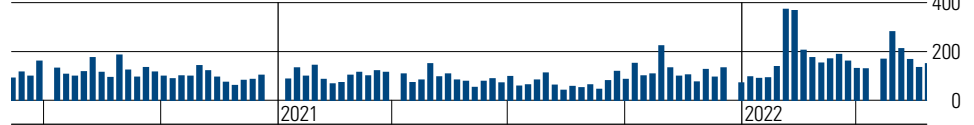
NA = not available NM = not meaningful
1 Compustat fiscal year convention is used for all fundamental data items.



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate META PLATFORMS INC (FB) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its revenue growth, largely solid financial position with reasonable debt levels by most measures and notable return on equity. However, as a counter to these strengths, we also find weaknesses including a generally disappointing performance in the stock itself and feeble growth in the company's earnings per share.

HIGHLIGHTS

The revenue growth came in higher than the subsector average of 4.3%. Since the same quarter one year prior, revenues slightly increased by 6.6%. This growth in revenue does not appear to have trickled down to the company's bottom line, displayed by a decline in earnings per share.

FB's debt-to-equity ratio is very low at 0.12 and is currently below that of the subsector average, implying that there has been very successful management of debt levels. Along with this, the company maintains a quick ratio of 2.64, which clearly demonstrates the ability to cover short-term cash needs.

The gross profit margin for META PLATFORMS INC is currently very high, coming in at 86.21%. Regardless of FB's high profit margin, it has managed to decrease from the same period last year. Despite the mixed results of the gross profit margin, FB's net profit margin of 26.74% significantly outperformed against the subsector.

META PLATFORMS INC's earnings per share declined by 17.6% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. We feel it is likely to report a decline in earnings in the coming year. During the past fiscal year, META PLATFORMS INC increased its bottom line by earning \$13.80 versus \$10.10 in the prior year. For the next year, the market is expecting a contraction of 13.7% in earnings (\$11.91 versus \$13.80).

Looking at the price performance of FB's shares over the past 12 months, there is not much good news to report: the stock is down 39.59%, and it has underperformed the S&P 500 Index. In addition, the company's earnings per share are lower today than the year-earlier quarter. Naturally, the overall market trend is bound to be a significant factor. However, in one sense, the stock's sharp decline last year is a positive for future investors, making it cheaper (in proportion to its earnings over the past year) than most other stocks in its subsector. But due to other concerns, we feel the stock is still not a good buy right now.

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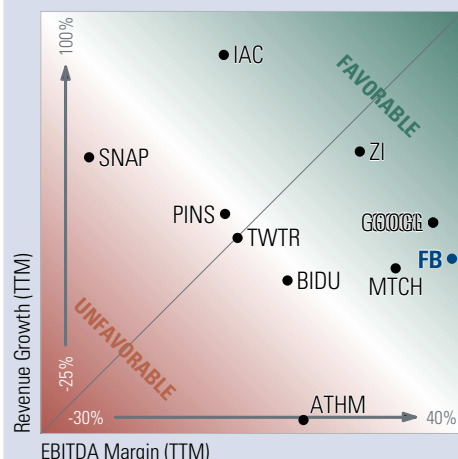
META PLATFORMS INC

Sector: Information | Other Information Services

Annual Dividend Rate NA	Annual Dividend Yield NA	Beta 1.38	Market Capitalization \$456.1 Billion	52-Week Range \$169.00-\$384.33	Price as of 6/2/2022 \$198.86
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PEER GROUP ANALYSIS

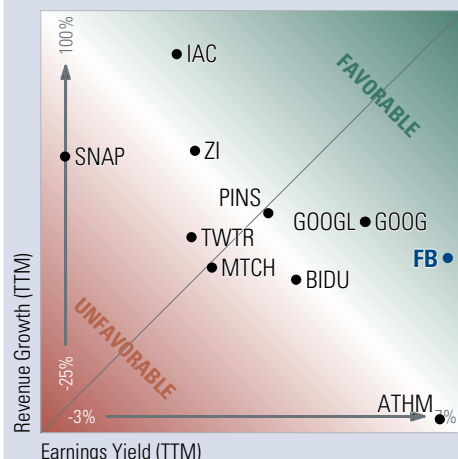
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$4.5 Billion and \$1.4 Trillion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -21% and 87.1%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

META PLATFORMS INC falls within the Information sector and the Other Information Services industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Internet Publishing and Broadcasting and Web Search Portals.

TheStreet Quant Ratings is currently tracking 637 companies in the Information sector that total around \$11,550 billion in market capitalization as well as \$3,152 billion in annual sales.

The Other Information Services subsector accounts for 19.4% of those revenues.

Industries in the Other Information Services subsector group establishments supplying information, storing and providing access to information, searching and retrieving information, operating Web sites that use search engines to allow for searching information on the Internet, or publishing and/or broadcasting content exclusively on the Internet. The main components of the subsector are news syndicates, libraries, archives, exclusive Internet publishing and/or broadcasting, and Web search portals.

PEER GROUP: Web Search Portals, Libraries, Archives, and Other Information Services

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
FB	META PLATFORMS INC	198.86	456,089	15.04	119,666.00	37,338.00
IAC	IAC/INTERACTIVECORP	90.11	7,577	429.10	4,238.40	33.00
ATHM	AUTOHOME INC	35.44	4,513	15.48	1,090.31	290.01
BIDU	BAIDU INC	146.20	40,573	32.63	19,597.76	1,609.78
TWTR	TWITTER INC	39.91	30,498	173.52	5,242.45	223.87
MTCH	MATCH GROUP INC	84.13	24,027	94.53	3,114.30	284.01
SNAP	SNAP INC	14.90	20,593	NM	4,410.19	-560.70
ZI	ZOOMINFO TECHNO INC	42.53	17,156	151.89	835.60	119.80
GOOG	ALPHABET INC	2,354.92	1,445,508	21.30	270,334.00	74,539.00
GOOGL	ALPHABET INC	2,352.45	1,445,508	21.28	270,334.00	74,539.00
PINS	PINTEREST INC	20.04	11,517	41.75	2,667.68	332.83

The peer group comparison is based on Major Other Information Services companies of comparable size.

TheStreet Quant Ratings

META PLATFORMS INC

Sector: Information | Other Information Services

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COMPANY DESCRIPTION

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Employees: 72000

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of FB shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.5 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, FB has a growth score better than 80% of the stocks we rate.		weak				strong
Total Return	1.5 out of 5 stars	★	☆	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 20% of the companies we cover.		weak				strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
Price volatility	2.0 out of 5 stars	★	★	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 30% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	0.5 out of 5 stars	★	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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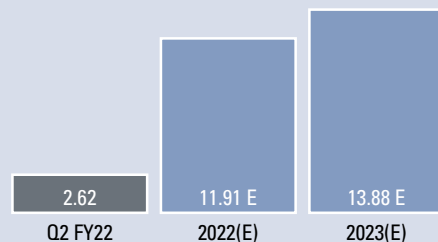
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



FINANCIAL ANALYSIS

META PLATFORMS INC's gross profit margin for the first quarter of its fiscal year 2022 is essentially unchanged when compared to the same period a year ago. Even though sales increased, the net income has decreased, representing a decrease to the bottom line. META PLATFORMS INC is extremely liquid. Currently, the Quick Ratio is 2.64 which clearly shows the ability to cover any short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has decreased by 7.80% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

INCOME STATEMENT

	Q1 FY22	Q1 FY21
Net Sales (\$mil)	27,908.00	26,171.00
EBITDA (\$mil)	10,680.00	13,350.00
EBIT (\$mil)	8,524.00	11,378.00
Net Income (\$mil)	7,465.00	9,497.00

BALANCE SHEET

	Q1 FY22	Q1 FY21
Cash & Equiv. (\$mil)	44,184.00	64,476.00
Total Assets (\$mil)	164,218.00	163,523.00
Total Debt (\$mil)	14,658.00	12,141.00
Equity (\$mil)	123,228.00	133,657.00

PROFITABILITY

	Q1 FY22	Q1 FY21
Gross Profit Margin	86.21%	87.93%
EBITDA Margin	38.26%	51.01%
Operating Margin	30.54%	43.48%
Sales Turnover	0.73	0.58
Return on Assets	22.73%	20.63%
Return on Equity	30.30%	25.24%

DEBT

	Q1 FY22	Q1 FY21
Current Ratio	2.81	6.08
Debt/Capital	0.11	0.08
Interest Expense	NA	NA
Interest Coverage	NA	NA

SHARE DATA

	Q1 FY22	Q1 FY21
Shares outstanding (mil)	2,714	2,841
Div / share	0.00	0.00
EPS	2.72	3.30
Book value / share	45.40	47.05
Institutional Own %	NA	NA
Avg Daily Volume	32,706,972	32,515,532

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

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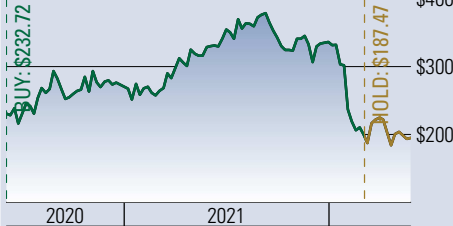
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RATINGS HISTORY

Our rating for META PLATFORMS INC has not changed since 3/7/2022. As of 6/2/2022, the stock was trading at a price of \$198.86 which is 48.3% below its 52-week high of \$384.33 and 17.7% above its 52-week low of \$169.00.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
3/7/22	\$187.47	Downgrade	Buy	Hold
6/2/20	\$232.72	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 6/2/2022)

35.57% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

32.44% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

32.00% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

HOLD. The current P/E ratio indicates a significant discount compared to an average of 62.03 for the Other Information Services subsector and a discount compared to the S&P 500 average of 21.11. Conducting a second comparison, its price-to-book ratio of 4.38 indicates a premium versus the S&P 500 average of 4.05 and a significant discount versus the subsector average of 14.78. The price-to-sales ratio is well above the S&P 500 average, but well below the subsector average. Upon assessment of these and other key valuation criteria, META PLATFORMS INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
				premium	discount

FB 15.04 **Peers 62.03**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- FB is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
				premium	discount

FB 14.33 **Peers 63.42**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- FB is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5
				premium	discount

FB 4.38 **Peers 14.78**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- FB is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
				premium	discount

FB 4.51 **Peers 6.56**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- FB is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
				premium	discount

FB 9.07 **Peers 85.95**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- FB is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
				premium	discount

FB NM **Peers 1.43**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- FB's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
	lower				higher

FB 13.08 **Peers 20.17**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, FB is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower				higher

FB 26.76 **Peers 34.93**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- FB trails its peers on the basis of sales growth.

DISCLAIMER:

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