Meta Platforms Inc. (META)

Updated May 2nd, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$601	**5 Year CAGR Estimate:**	21.0%	**Market Cap:**	$1.44 T
Fair Value Price:	$767	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date:**	06/13/2025[1]
% Fair Value:	78%	**5 Year Valuation Multiple Estimate:**	5.0%	**Dividend Payment Date:**	06/26/2025
Dividend Yield:	0.3%	**5 Year Price Target**	$1,542	**Years Of Dividend Growth:**	2
Dividend Risk Score:	A	**Sector:**	Communication Services	**Rating:**	Buy

Overview & Current Events

Meta Platforms, previously known as Facebook, is multinational technology conglomerate founded by Mark Zuckerberg The company is known for its social media platforms, including Facebook, Instagram, and WhatsApp, and has also been investing in emerging technologies such as augmented reality (AR) and virtual reality (VR) through its Oculus subsidiary. With nearly 4 billion people logging into at least one of Meta' platforms every month, the company attracts nearly 20% of all global advertising revenue, second only to Alphabet (GOOGL), which commands a substantial 40% market share. Meta Platforms generates nearly $165 billion in annual revenues, and is headquartered in Menlo Park, California.

On February 13th, 2025, Meta Platforms raised its dividend by 5% to a quarterly rate of $0.525.

On April 30th, 2025, Meta Platforms reported its Q1 results for the period ending March 31st, 2025. For the quarter, Meta posted revenues of $42.3 billion, marking a solid growth of 16% compared to last year. Revenue growth was driven by increased user activity, growth in ad impressions, and higher ad pricing.

Specifically, Meta Platforms' Family daily active people (DAP) were 3.43 billion on average at the end of the quarter, an increase of 6% year-over-year. Ad impressions delivered across Meta's Family of Apps increased by 5% year-over-year, while the average price per ad increased by 10% year-over-year.

In the meantime, costs and expenses rose by 9% to $24.8 billion. With revenue growth significantly exceeding the growth in costs and expenses, Meta's operating margin expanded from 38% to 41%. EPS, thus, surged 37% to $6.43.

For Q2-2025, Meta expects revenues to be in the range of $42.5 billion and $45.5 billion, up 16% at the midpoint.

We now expect EPS of about $28.40 for FY2025, notably higher the current consensus estimate of just $25.49.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.29	$3.49	$5.39	$7.57	$6.43	$10.09	$13.77	$8.59	$14.87	$23.86	***$28.40***	***$57.12***
DPS	---	---	---	---	---	--	---	---	---	$2.00	***$2.10***	***$5.23***
Shares[2]	2.85	2.93	2.96	2.92	2.88	2.89	2.86	2.70	2.63	2.60	***2.53***	***2.20***

Meta Platforms has grown its earnings per share at a CAGR of 38.3% over the past decade. The continuous expansion of its global user base, strategic acquisitions like Instagram and WhatsApp, successful monetization through advertising, constant innovation in product development (including features like Facebook Live and Stories), and global outreach have all played pivotal roles are some of the most important factors that have contributed to its revenue growth.

With its operating margin exceeding 40%, Meta tends to yield substantial profits. In 2022, a temporary dip occurred due to one-off severance costs from Meta's 13% staff reduction and steep losses in its Realty Labs division. However, with these costs gone and operating expenses down, profits have now charted an upward trajectory.

We believe that a re-acceleration in ad revenue growth powered by ongoing investments in AI, along with disciplined cost management and share repurchases will drive earnings per share growth of 15% through 2030.

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[1] Estimated dates

[2] Share count is in billions.

Disclosure: This analyst has a long position in the security discussed in this research report.

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We have also assumed a 20% dividend growth rate over the medium-term, a figure we believe Meta can comfortably sustain. This is despite the most recent and notably more underwhelming dividend increase of just 5%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	65.7	31.8	27.1	22.7	27.1	21.9	22.1	27.0	14.9	18.8	***21.2***	***27.0***
Avg. Yld.	---	---	---	---	---	---	--	---	---	0.4%	***0.3%***	***0.3%***

Meta Platforms initially traded at high multiples post-IPO, driven by optimistic expectations for substantial growth which indeed occurred. However, in recent years, Meta's valuation saw a compression as investors factored in regulatory risks. Last year, Meta's valuation dipped significantly, with investor confidence eroded due to substantial losses in its Realty Labs segment. However, following acceleration in revenue growth, disciplined cost management, and higher focus on shareholder returns, Meta's P/E has now been re-priced upward by Wall Street. Our fair P/E is set at 78, notably above the 21.2 P/E based on our projected FY2025 earnings. Based on Meta's underlying growth rates, a much higher fair P/E could be more suitable. Still, due to Wall Street having mixed feelings on the stock more often than not, we are prudent.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	---	---	--	---	---	8%	***7%***	***9%***

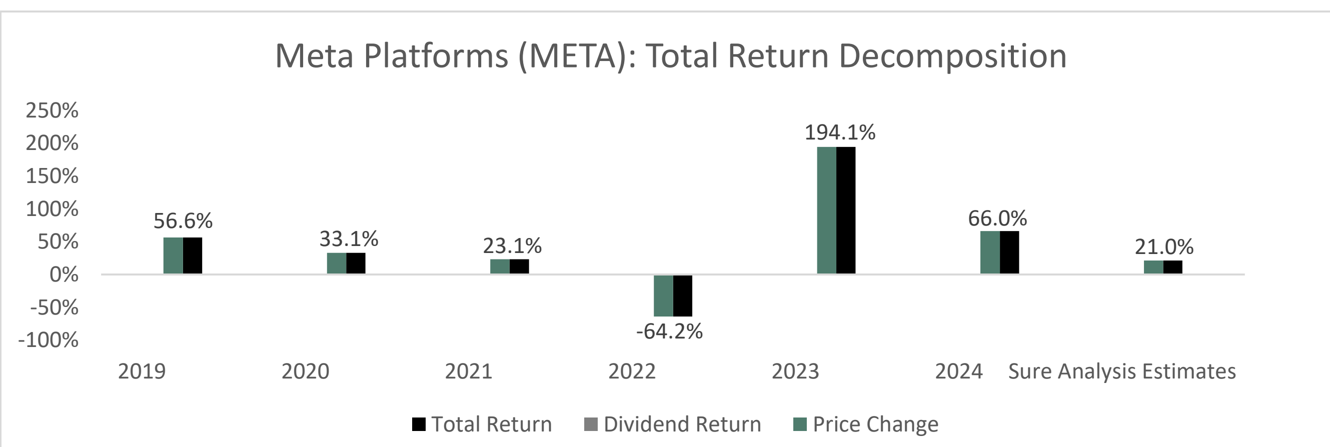
Meta Platforms is a high-quality company featuring a wide moat, impressive margins, and a clean balance sheet. Its social media platforms provide some of the places for advertisers to grow their brands, while its high-margin business model ensures consistent profitability even during challenging times in the advertising industry. Simultaneously, its hefty net cash position of $20.7 billion provides a wide margin of safety.

Given that Meta is hinged entirely on the dynamics of the advertising industry, its results are susceptible to potential recessions. Its revenues could take a hit if advertisers reduce spending in less favorable market periods. Still, we are confident in the business model due to the reliance of brands on Meta for growth in today's commerce landscape.

Final Thoughts & Recommendation

Meta Platforms is riding on improved investor sentiment these days, with its revenues undergoing a re-acceleration, its margins reaching record levels, and its capital allocation focusing on rewarding shareholders. We once again present a confident forecast for an annualized total return potential of 21.0% moving forward, supported by 15% earnings growth, a modest dividend, and the possibility of a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	17928	27638	40653	55838	70697	85965	117929	116609	134902	164500
Gross Profit	15061	23849	35199	46483	57927	69273	95280	91360	108943	134340
Gross Margin	84.0%	86.3%	86.6%	83.2%	81.9%	80.6%	80.8%	78.3%	80.8%	81.7%
SG&A Exp.	4020	5503	7242	11297	20341	18155	23872	27078	23709	21090
D&A Exp.	1945	2342	3025	4315	5741	6862	7967	8686	11178	15500
Operating Profit	6225	12427	20203	24913	23986	32671	46753	28944	46751	69380
Operating Margin	34.7%	45.0%	49.7%	44.6%	33.9%	38.0%	39.6%	24.8%	34.7%	42.2%
Net Profit	3688	10217	15934	22112	18485	29146	39370	23200	39098	62360
Net Margin	20.6%	37.0%	39.2%	39.6%	26.1%	33.9%	33.4%	19.9%	29.0%	37.9%
Free Cash Flow	7797	11617	17483	15359	21212	23584	38993	19044	43847	54070
Income Tax	2506	2301	4660	3249	6327	4034	7914	5619	8330	8303

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	49407	64961	84524	97334	133376	159316	165987	185727	229623	276050
Cash & Equivalents	4907	8903	8079	10019	19079	17576	16601	14681	41862	43890
Accounts Receivable	2559	3993	5832	7587	9518	11335	14039	13466	16169	16990
Goodwill & Int. Ass.	21272	20657	20105	19595	19609	19673	19831	21203	21442	21570
Total Liabilities	5189	5767	10177	13207	32322	31026	41108	60014	76455	93420
Accounts Payable	196	302	380	820	1363	1331	4083	4990	4849	7687
Long-Term Debt	201	-	-	500	-	-	-	9923	18385	28830
Shareholder’s Equity	44218	59194	74347	84127	101054	128290	124879	125713	153168	182640
LTD/E Ratio	0.00	-	-	0.01	-	-	-	0.08	0.12	0.16

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.3%	17.9%	21.3%	24.3%	16.0%	19.9%	24.2%	13.2%	18.8%	24.7%
Return on Equity	9.2%	19.8%	23.9%	27.9%	20.0%	25.4%	31.1%	18.5%	28.0%	37.1%
ROIC	9.2%	19.7%	23.9%	27.8%	19.9%	25.4%	31.1%	17.8%	25.5%	32.6%
Shares Out. (B)	2.85	2.93	2.96	2.92	2.88	2.89	2.86	2.70	2.63	2.61
Revenue/Share	6.28	9.45	13.75	19.12	24.58	29.77	41.25	43.16	51.31	62.93
FCF/Share	2.73	3.97	5.91	5.26	7.38	8.17	13.64	7.05	16.68	20.69

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.