

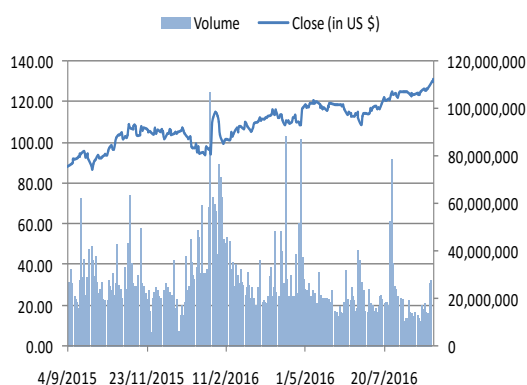
**Valuation & Research Specialists (VRS)**  
Equity Research Team  
info@valueinvest.gr

Share Price (08/09/2016) NASDAQ, \$	
	130.27
<b># of Shares (mn)</b>	2,871.66
<b>Market Cap (in \$ mn)</b>	374,091.16
<b>A.D. Volume (p)</b>	26,966,509
<b>Beta Co-efficient</b>	0.78
Statistical Data	
<b>Max 52 week, \$</b>	131.05
<b>Min 52 week, \$</b>	86.67
<b>1-M Rtn</b>	4.00%
<b>6-M Rtn</b>	16.13%
<b>12-M Rtn</b>	41.63%

Source: VRS Calculations, Reuters.

## Stock Price Performance & Transaction Volume

(1 year, in \$ and in number of shares)



Note: Share price performance based on share price closes on NASDAQ.  
Period as day/month/year.

## FACEBOOK INC.

Listed on NASDAQ, U.S.A., [Bloomberg Ticker: FB:US] [Reuters Ticker: FB.OQ]

**Business Sector: Communications / Internet Media**

### Corporate & Investment Highlights

- Facebook, Inc., incorporated on July 29, 2004, builds products that enable people to connect and share through mobile devices and personal computers. The Company enables people to share their opinions, ideas, photos and videos, and other activities. The Company's products include Facebook, Instagram, Messenger and WhatsApp among others.
- As of FY 2015, almost 50% of total consolidated revenues were generated in North America and 25% in the European market. As of end June 2016, around 1.7 billion people used Facebook every month and 1.1 billion people used it every day.
- Facebook stock trades with a high premium against the average valuation standards of the market, reflecting the strong investor expectations with regard to the Company's growth and earnings potential. The stock's beta is estimated at 0.8.

### 6-Month 2016 Financial Results (\$ millions)

(in \$ mn)	6M 2016	%	6M 2015
Sales	11,818	55.79%	7,586
Gross Profit	10,064	60.69%	6,263
Operating Income	4,754	115.50%	2,206
EBT	4,832	119.14%	2,205
EATAM	3,553	190.28%	1,224

Source: Company

### Annual Financial Results (2015 versus 2014, \$ millions)

(in \$ mn)	2015	%	2014
Sales	17,928	43.82%	12,466
Gross Profit	15,061	46.04%	10,313
Operating Income	6,225	24.65%	4,994
EBT	6,194	26.15%	4,910
EATAM	3,669	25.44%	2,925

Source: Company

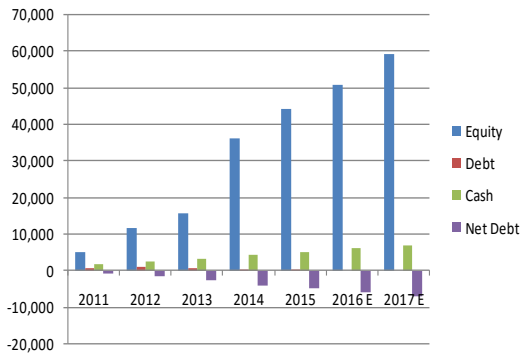
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# Company Report

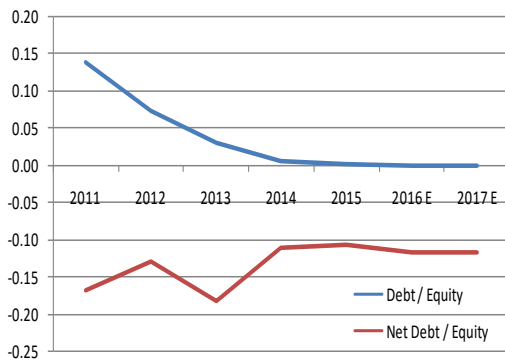
**FLASH NOTE**  
September 8, 2016

## Equity, Debt, Cash & Net Debt (in \$ million)



Source: Company, VRS estimates

## "Debt/Equity" & "Net Debt/Equity" Ratios (times)



Source: Company, VRS estimates

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### BASIC FINANCIAL INDICATORS

in \$ million	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT / EQUITY (x)	ROE %
2011	3,711	1,756	1,695	668	560.0	76.4	215.0	0.14	14%
2012	5,089	538	494	32	11,690	31.8	692.5	0.07	0%
2013	7,872	2,804	2,754	1,491	250.9	24.2	132.4	0.03	10%
2014	12,466	4,994	4,910	2,925	127.9	10.4	74.1	0.01	8%
2015	17,928	6,225	6,194	3,669	102.0	8.5	59.3	0.00	8%
2016 E	27,181	10,873	13,591	10,873	34.4	7.4	33.9	0.00	21%
2017 E	35,336	14,134	17,668	14,134	26.5	6.3	26.0	0.00	24%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

### Working Capital Ratios

in \$ million	2012	2013	2014	2015	2016 E	2017 E	
Revenues	5,089	7,872	12,466	17,928	27,181	35,336	
Cost (net of depreciation)	1,364	1,875	2,153	2,867	4,349	5,654	
Gross Profit Margin	%	73.20%	76.18%	82.73%	84.01%	84.00%	84.00%
Net Income / Profit		32	1,491	2,925	3,669	10,873	14,134
Net Profit Margin	%	0.6%	18.9%	23.5%	20.5%	40.0%	40.0%
Cash & Cash Equivalents		2,384	3,323	4,315	4,907	6,000	7,000

### Stock Days

Days	0	0	0	0	0	0
Stock Inventory	0	0	0	0	0	0

### Debtors Days

Days	52	51	49	52	44	45
Debtors - Receivables	719	1,109	1,678	2,559	3,300	4,400

### Creditors Days

Days	17	17	30	25	17	16
Creditors - Suppliers	65	87	176	196	200	250

### Operating Cycle (Days)

Days	52	51	49	52	44	45
Cash Cycle (Days)	34	34	19	27	28	29

### Cash Cycle (Days)

Days	34	34	19	27	28	29
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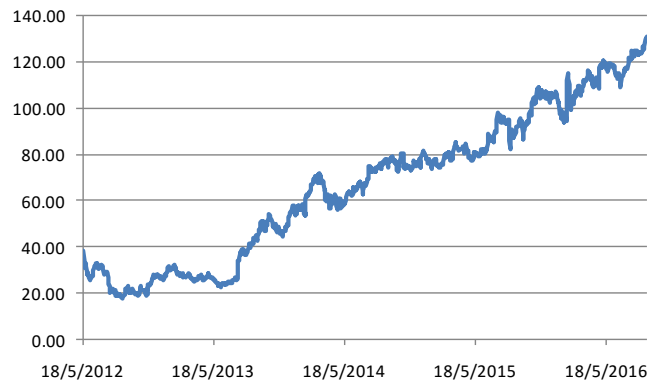
Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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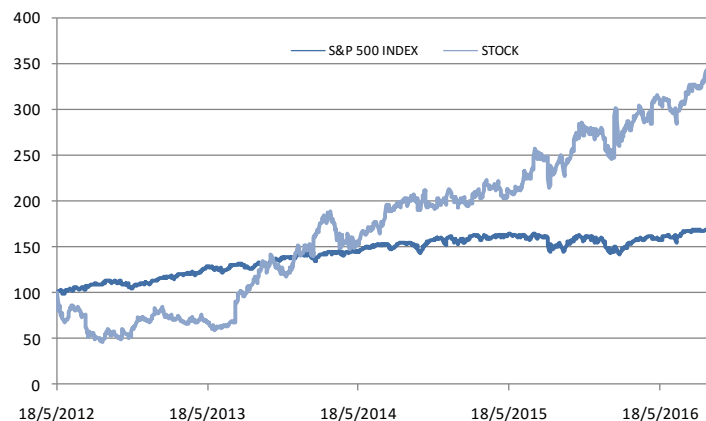
**Business Sector: Communications / Internet Media**

### Stock Price Performance (Last 5 years or since listing, in \$)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on share price closes on NASDAQ.  
Period as day/month/year.

### Stock Versus S&P 500 Index (Last 5 Years or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on share price closes on NASDAQ.  
Period as day/month/year.

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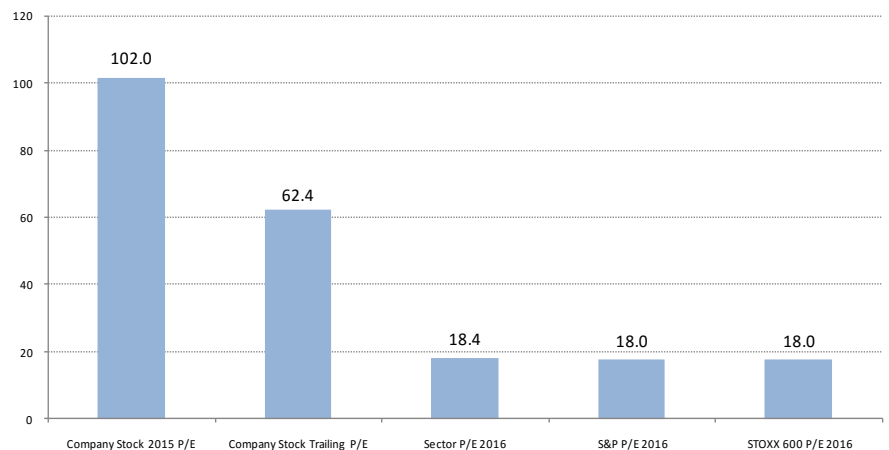
**Business Sector: Communications / Internet Media**

### Consolidated Revenue Breakdown (Period 2014 – 2015, \$ million)

(in \$ mn)	2014	% of Total	2015	% of Total
<b>US &amp; Canada</b>				
Sales	5,865	47.05%	8,913	49.72%
<b>Europe</b>				
Sales	3,396	27.24%	4,464	24.90%
<b>Asia-Pacific</b>				
Sales	1,831	14.69%	2,720	15.17%
<b>Rest of World</b>				
Sales	1,374	11.02%	1,830	10.21%
<b>Total</b>				
Sales	12,466	100.00%	17,927	100.00%

Source: Company

### Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated IFRS accounts, FACTSET

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## FACEBOOK INC.

Listed on NASDAQ, U.S.A., [Bloomberg Ticker: FB:US] [Reuters Ticker: FB.OQ]

**Business Sector: Communications / Internet Media**

### Income Statement for the First 2 Quarters of 2016 and for the Years 2014 and 2015 (In \$ millions, except for per share amounts)

<b>FACEBOOK, INC.</b>				
<b>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</b>				
<i>(In millions, except for per share amounts)</i>				
<i>(Unaudited)</i>				
	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>Mar 31,</b>	<b>Jun 30,</b>	<b>Dec 31,</b>	<b>Dec 31,</b>
	<b>2016</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>
<b>Revenue</b>	\$ 5,382	\$ 6,436	\$ 12,466	\$ 17,928
<b>Cost and expenses:</b>				
Cost of revenue	838	916	2,153	2,867
Research and development	1,343	1,463	2,666	4,816
Marketing and sales	826	899	1,680	2,725
General and administrative	366	412	973	1,295
Total costs and expenses	<u>3,373</u>	<u>3,690</u>	<u>7,472</u>	<u>11,703</u>
<b>Income from operations</b>	<b>2,009</b>	<b>2,746</b>	<b>4,994</b>	<b>6,225</b>
<b>Interest and other income/(expense), net:</b>				
Interest income/(expense), net	27	32	4	29
Other income/(expense), net	29	(12)	(88)	(60)
<b>Income before provision for income taxes</b>	<u>2,065</u>	<u>2,766</u>	<u>4,910</u>	<u>6,194</u>
Provision for income taxes	(555)	(711)	(1,970)	(2,506)
<b>Net income</b>	<u>\$ 1,510</u>	<u>\$ 2,055</u>	<u>\$ 2,940</u>	<u>\$ 3,688</u>
Less: Net income attributable to participating securities	5	7	15	19
<b>Net income attributable to Class A and B common stockholders</b>	<u>\$ 1,505</u>	<u>\$ 2,048</u>	<u>\$ 2,925</u>	<u>\$ 3,669</u>
<b>Earnings per share attributable to Class A and Class B common stockholders:</b>				
Basic	<u>\$ 0.53</u>	<u>\$ 0.72</u>	<u>\$ 1.12</u>	<u>\$ 1.31</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.71</u>	<u>\$ 1.10</u>	<u>\$ 1.29</u>
<b>Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:</b>				
Basic	2,843	2,856	2,614	2,803
Diluted	2,888	2,904	2,664	2,853

Source: Company

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## FACEBOOK INC.

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**Business Sector: Communications / Internet Media**

### Income Statement for the 4 Quarters of 2015

(In \$ millions, except for per share amounts)

	Three Months Ended			
	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015
<b>FACEBOOK, INC.</b>				
<b>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</b>				
<i>(In millions, except for per share amounts)</i>				
<i>(Unaudited)</i>				
<b>Revenue</b>	\$ 3,543	\$ 4,042	\$ 4,501	\$ 5,841
<b>Cost and expenses:</b>				
Cost of revenue	654	668	720	824
Research and development	1,062	1,170	1,271	1,314
Marketing and sales	620	626	706	772
General and administrative	274	305	345	371
<b>Total costs and expenses</b>	<b>2,610</b>	<b>2,769</b>	<b>3,042</b>	<b>3,281</b>
<b>Income from operations</b>	<b>933</b>	<b>1,273</b>	<b>1,459</b>	<b>2,560</b>
<b>Interest and other income/(expense), net:</b>				
Interest income/(expense), net	2	5	7	14
Other income/(expense), net	(3)	(5)	(14)	(17)
<b>Income before provision for income taxes</b>	<b>932</b>	<b>1,273</b>	<b>1,432</b>	<b>2,557</b>
<b>Provision for income taxes</b>	<b>(420)</b>	<b>(554)</b>	<b>(536)</b>	<b>(995)</b>
<b>Net income</b>	<b>\$ 512</b>	<b>\$ 719</b>	<b>\$ 896</b>	<b>\$ 1,562</b>
Less: Net income attributable to participating securities	3	4	5	7
<b>Net income attributable to Class A and B common stockholders</b>	<b>\$ 509</b>	<b>\$ 715</b>	<b>\$ 891</b>	<b>\$ 1,555</b>
<b>Earnings per share attributable to Class A and Class B common stockholders:</b>				
Basic	\$ 0.18	\$ 0.26	\$ 0.32	\$ 0.55
Diluted	\$ 0.18	\$ 0.25	\$ 0.31	\$ 0.54
<b>Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:</b>				
Basic	2,784	2,796	2,808	2,825
Diluted	2,836	2,850	2,863	2,878

Source: Company

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## FACEBOOK INC.

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**Business Sector: Communications / Internet Media**

### Balance Sheet for the First 2 Quarters of 2016

(In \$ millions)

<b>FACEBOOK, INC.</b>		
<b>CONDENSED CONSOLIDATED BALANCE SHEETS</b>		
<i>(In millions, except for per share amounts)</i>		
<i>(Unaudited)</i>		
	<b>Three Months Ended</b>	
	<b>Mar 31,</b>	<b>Jun 30,</b>
	<b>2016</b>	<b>2016</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 6,456	\$ 5,108
Marketable securities	14,165	18,185
Accounts receivable	2,348	2,801
Prepaid expenses and other current	843	916
Total current assets	23,812	27,010
Property and equipment, net	6,467	7,104
Intangible assets, net	3,067	2,879
Goodwill	18,029	18,043
Other assets <sup>(1)</sup>	700	703
<b>Total assets</b>	<b>\$ 52,075</b>	<b>\$ 55,739</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 149	\$ 130
Partners payable	216	232
Accrued expenses and other current liabilities <sup>(1)</sup>	1,389	1,770
Deferred revenue and deposits	55	79
Current portion of capital lease obligations	—	—
Total current liabilities	1,809	2,211
Capital lease obligations, less current portion	—	—
Long-term debt	—	—
Other liabilities <sup>(1)</sup>	3,116	3,145
Total liabilities	4,925	5,356
<b>Stockholders' equity:</b>		
Convertible preferred stock	—	—
Common stock	—	—
Additional paid-in capital	36,129	37,405
Accumulated other comprehensive (loss) income	(276)	(374)
Retained earnings	11,297	13,352
Total stockholders' equity	47,150	50,383
<b>Total liabilities and stockholders' equity</b>	<b>\$ 52,075</b>	<b>\$ 55,739</b>

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**Business Sector: Communications / Internet Media**

### Balance Sheet for the Year 2015

(In \$ millions)

<b>FACEBOOK, INC.</b>				
<b>CONDENSED CONSOLIDATED BALANCE SHEETS</b>				
<i>(In millions, except for per share amounts)</i>				
<i>(Unaudited)</i>				
	<b>Three Months Ended</b>			
	<b>Mar 31,</b>	<b>Jun 30,</b>	<b>Sep 30,</b>	<b>Dec 31,</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,419	\$ 5,123	\$ 4,308	\$ 4,907
Marketable securities	8,994	9,002	11,526	13,527
Accounts receivable	1,508	1,815	2,010	2,559
Prepaid expenses and other current	631	654	699	659
<b>Total current assets</b>	<b>14,552</b>	<b>16,594</b>	<b>18,543</b>	<b>21,652</b>
Property and equipment, net	4,619	4,955	5,335	5,687
Intangible assets, net	3,774	3,605	3,437	3,246
Goodwill	18,005	18,025	18,024	18,026
Other assets <sup>(1)</sup>	763	691	844	796
<b>Total assets</b>	<b>\$ 41,713</b>	<b>\$ 43,870</b>	<b>\$ 46,183</b>	<b>\$ 49,407</b>
<b>Liabilities and stockholders' equity</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 129	\$ 139	\$ 149	\$ 196
Partners payable	189	182	241	217
Accrued expenses and other current liabilities <sup>(1)</sup>	1,300	1,472	1,338	1,449
Deferred revenue and deposits	55	49	47	56
Current portion of capital lease obligations	73	39	17	7
<b>Total current liabilities</b>	<b>1,746</b>	<b>1,881</b>	<b>1,792</b>	<b>1,925</b>
Capital lease obligations, less current portion	113	110	109	107
Long-term debt	—	—	—	—
<b>Other liabilities<sup>(1)</sup></b>	<b>2,353</b>	<b>2,427</b>	<b>2,862</b>	<b>3,157</b>
<b>Total liabilities</b>	<b>4,212</b>	<b>4,418</b>	<b>4,763</b>	<b>5,189</b>
<b>Stockholders' equity:</b>				
Convertible preferred stock	—	—	—	—
Common stock	—	—	—	—
Additional paid-in capital	31,337	32,479	33,574	34,886
Accumulated other comprehensive (loss) income	(447)	(357)	(380)	(455)
Retained earnings	6,611	7,330	8,226	9,787
<b>Total stockholders' equity</b>	<b>37,501</b>	<b>39,452</b>	<b>41,420</b>	<b>44,218</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 41,713</b>	<b>\$ 43,870</b>	<b>\$ 46,183</b>	<b>\$ 49,407</b>

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Source: Company

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
FACEBOOK INC.	FB:US	FB.OQ	\$ 130.27	September 8, 2016	----

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