

## Despite The Headlines Facebook Numbers Moving In The Right Direction



Feb.25.18 | About: [Facebook \(FB\)](#) [Brian Gilmartin, CFA](#) Long only, value, Growth, large-cap [www.trinityasset.com](#)  
<https://seekingalpha.com/article/4150499-despite-headlines-facebook-numbers-moving-right-direction> (4,458 followers)

### Summary

Facebook and Zuckerberg had a tough year in the mainstream media.

Revenue growth continues to accelerate.

The stock is cheap on a PEG basis at 1x expected 2018 EPS growth.

Free cash flow is starting to improve and is now 1x net income too.

Revenue estimate revisions are consistently higher.

Facebook ([FB](#)), the social media and networking giant, had a tough 2017 getting bombarded from all angles for publishing many "fake news" stories, not to mention fostering or abetting Russian interference in the 2016 Presidential election campaign, to shoddy editing and then the rumors started about Mark Zuckerberg himself running for political office and - well - when it comes to public relations and positive media spin, Facebook or Zuck didn't get much in the way of positive headlines.

Not that Mark isn't used to it.

Personally, I thought the movie, "The Social Network", about Zuck's life at Harvard and the founding of Facebook, was one of the more pathetic attempts to belittle Mark's reputation (possibly stemming from his legal battles with the Winklevoss twins?) and one of the great reputational hatchet jobs to a person's character. The movie seemed to attribute his substantial drive and ambition and his ultimate success in business solely to a lost relationship or romantic rejections at Harvard, even though Mark subsequently married his Harvard girlfriend who he supposedly started dating his sophomore year at the elite Ivy League college.

Then we have the business media's treatment of Sheryl Sandberg, who is portrayed as some kind of guiding, transcendental light on the Board, and the sole "adult in the room" at Facebook while Mark is rarely mentioned in the same manner.

I guarantee you the last person I want to see leave Facebook is Mark Zuckerberg.

***The fact is Facebook's numbers continue to look stellar:***

	<i>Q4 '17</i>	<i>Q3 '17</i>	<i>Q2 '17</i>	<i>Q1 '17</i>
2020 EPS	\$10.76	\$10.38	\$10.24	n/a
2019 EPS	\$8.84	\$8.13	\$8.07	\$7.81

2018 EPS	\$7.28	\$6.62	\$6.51	\$5.99
2020 est EPS gro rt	22%	28%		
2019 est EPS gro rt	21%	23%	24%	30%
2018 est EPS gro rt	13%	14%	22%	24%
2020 PE	16x	17x	n/a	n/a
2019 PE	20x	22x	20x	20x
2018 PE	24x	27x	25x	26x
2020 est rev (\$'s bl's)	\$86.6	\$82.2	n/a	n/a
2019 est rev	\$70.0	\$67.1	\$63.4	\$60.7
2018 est rev	\$55.4	\$53.2	\$50.9	\$49.3
2020 est rev gro rt	24%	22%	n/a	n/a
2019 est rev gro rt	26%	26%	25%	23%
2018 est rev gro rt	36%	33%	30%	28%