



## Facebook Inc. Report

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## **Company General Overview:**

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, WhatsApp and Oculus. The Company's subsidiaries include Andale, Inc., Edge Network Services Limited, Facebook Ireland Holdings Limited, Facebook Ireland Limited, Facebook Operations, LLC, Instagram, LLC, Oculus VR, LLC, Parse, LLC, Pinnacle Sweden AB, Siculus, LLC, Vitesse, LLC and WhatsApp Inc.

- Facebook is a mobile application and Website that enables people to connect, share, discover and communicate with each other on mobile devices and personal computers. The Company has approximately 930 million daily active users who access Facebook from a mobile device.
- Instagram is a mobile application. The application enables people to take photos or videos, customize them with filter effects, and share them with friends and followers in a photo feed or send them to friends.
- Messenger is a messaging application available for mobile and Web on various platforms and devices. Messenger enables people to reach others, and also enables businesses to engage with customers.
- WhatsApp Messenger is a mobile messaging application that is used by people around the world. WhatsApp is available on various mobile platforms.
- The Company develops Oculus virtual reality technology and content platform. The platform allows people to play games, consume content and connect with others.

Facebook is one of the major companies in the tech industry that competes with its industry peers, such as Alphabet Inc. and LinkedIn Corp, by expanding its reach and services through the internet and acquiring new tech startups with great potential to grow such as WhatsApp Inc. and Instagram, LLC.

## **General Share Information:**

Facebook Inc. share information as of the 1st of July 2016,

- Stock Quote: **FB**
- Exchange: **NASDAQ**
- 52 Week's High: **121.08\$**
- 52 Weeks's Low: **72.00\$**
- Stock Beta: **0.76**
- Market Cap: **326.62B**

### **Equity Distribution:**

Facebook Inc. has dual-class shares structure, class A which is publicly traded and has one vote per share and class B which privately traded by founders and has 10 votes per share, about 2,860 Million shares outstanding, around 21% in which is class B and the rest is class A shares.

Third of the publicly traded, class A shares are owned by strategic investors with low turnover rate as shown in the below table:

<u>Investors</u>	<u>Percent Owned</u>	<u>Shares Owned</u>	<u>Turnover Rate</u>
Fidelity Management & Research Company	6.52%	150.65M Shares	Low
The Vanguard Group, Inc.	5.89%	136.08M Shares	Low
BlackRock Institutional Trust Company, N.A.	3.80%	87.76M Shares	Low
State Street Global Advisors (US)	3.71%	85.83M Shares	Low
T.Rowe Price Associates, Inc.	2.94%	67.94M Shares	Low
Koum (Jan)	2.55%	59.00M Shares	Low
Jennison Associates LLC	1.24%	28.70M Shares	Low
JP Morgan Asset Management	1.12%	25.97M Shares	Low
Baillie Gifford & Co.	1.07%	24.73M Shares	Low
Sands Capital Management, LLC	1.04%	24.10M Shares	Low

Facebook Inc. is planning to create one more share class, class C, which will be publicly traded under a new ticker FBC and doesn't have any voting right; this strategy protects the founder or holders of class B share from dilution or interference in their corporate actions.

Moreover Mark Zuckerberg plans donate 99% of his Facebook Inc. non ownership shares to the Chan Zuckerberg Initiative, LLC a foundation that is found by Mark Zuckerberg and his wife Priscilla Chan, which will keep control of the voting rights.

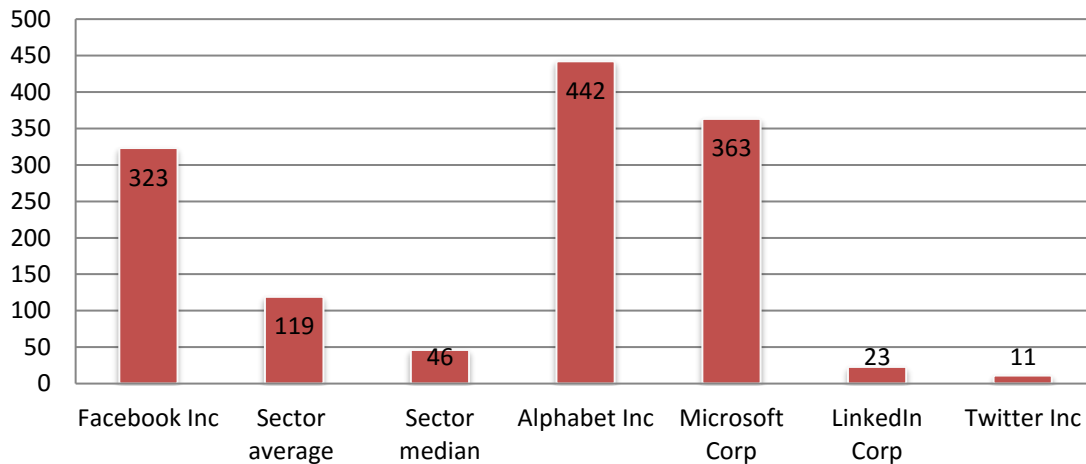
Over the coming three years Mark Zuckerberg plans to sell or gift more than one billion Dollars in Facebook Inc. shares, which is tax efficient as making these donations in shares not in cash will make the tax deduction at the fair market value of the shares.

**Fundamental Ratio Analysis:**

Facebook Inc. will be compared with its peers based on their enterprise value, which is then net acquisition cost of the company, as it's a much clearer indicator of the firm's value against its market capitalization through the use of financial ratios and data from the end of the year 2015.

Fundamentally comparing Facebook Inc. with other companies in the social media field such as Twitter Inc. and LinkedIn Corp may be biased as the enterprise value of Facebook Inc. is significantly higher than Twitter Inc. and LinkedIn Corp combined dispute that they are the closest companies in terms of enterprise value to Facebook Inc.

**Enterprise Value (EV)**



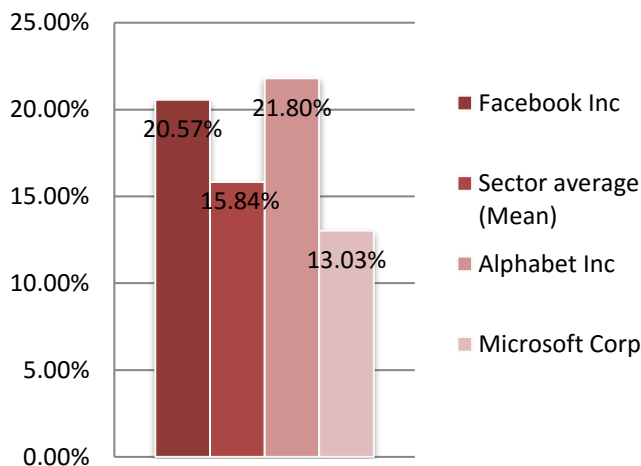
Thus we will split the comparison in two parts, the first will be between Facebook Inc. and other tech companies with similar enterprise value such as Alphabet Inc. and Microsoft Corp, and the second part will be between the Facebook Inc. and its peers in the social media field such as Twitter Inc. and LinkedIn Corp.

- Profitability: Measures the firm’s ability to generate profits.

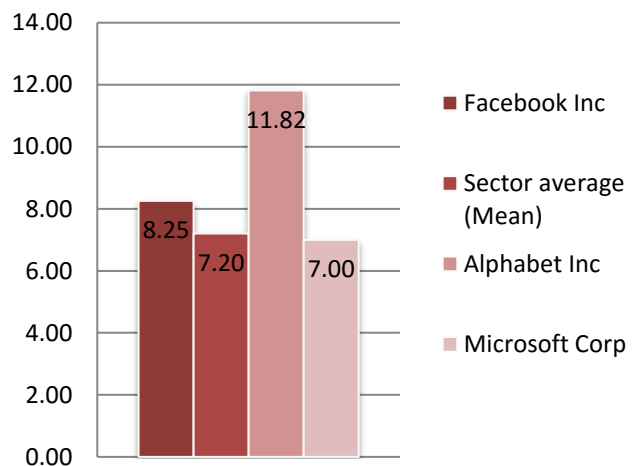
Comparing Facebook Inc. with its peers in the tech industry with a similar enterprise value, Facebook Inc. and Alphabet Inc. both has higher net profit margins than the tech sector average, despite that Facebook Inc. and Alphabet has fairly large deference in their Enterprise value Facebook Inc. net profit margin is marginally close to Alphabet Inc.

Microsoft Crop lack behind both Facebook Inc. and Alphabet Inc. as well as the tech sector average in terms of net profit margin, which indicate that Facebook Inc. has good net profit margins that surpass its nearest peers and the tech sector average and compare with larger firms such as Alphabet Inc.

**Net Profit Margin**



**Return on Assets**



Moreover the results of the return on assets are similar to the results of the net profit margins, as Facebook Inc. returns on assets are higher than the tech sector average and Microsoft Crop., show that the firms has the a strong ability to utilize its asset to generate profits.

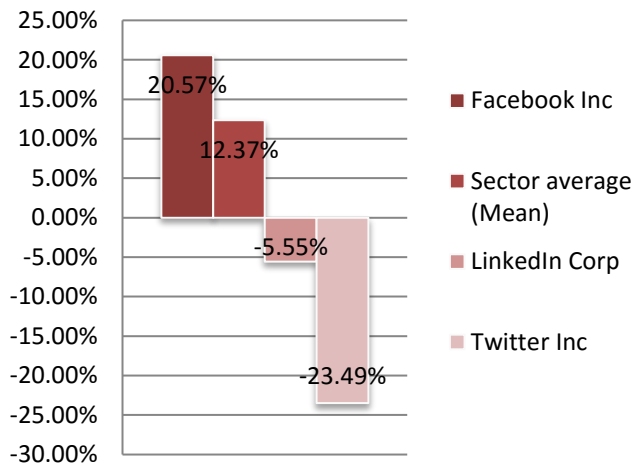
However Alphabet Inc. has a larger lead in terms of the return on assets and Microsoft Crop is still behind both firms and the tech sector average but by a smaller margin.

On the other hand while comparing Facebook Inc. with its peers in the social media sector, such as LinkedIn Corp and Twitter Inc., Facebook Inc. is clearly in the lead.

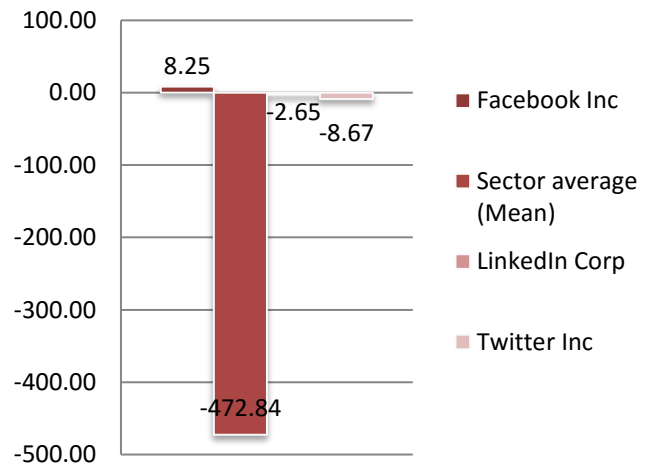
In the Social media sector Facebook Inc. has a higher net profit margin than the sector average by a considerable percentage, while LinkedIn Corp. and Twitter Inc. are at a disadvantage in terms of net profit margin as both has negative profit margins considerably below the sector average.

Regarding return on assets, Facebook Inc. is still ahead of its peers and the sector average, the sector average for the return on assets is extremely low in the negative while both LinkedIn Corp and Twitter Inc. are also in the negative however the much better than the sector average.

**Net Profit Margin**



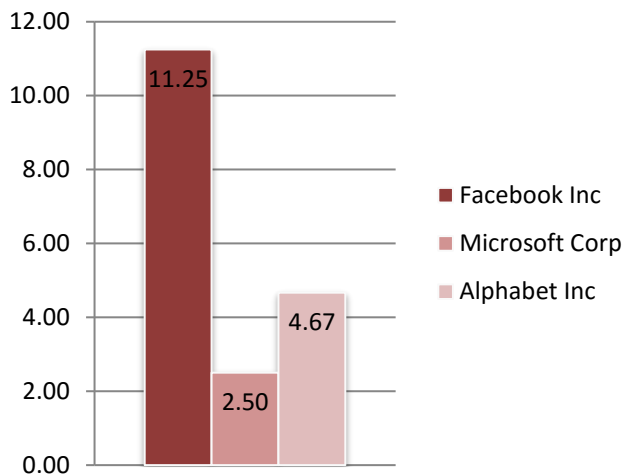
**Return on Assets**



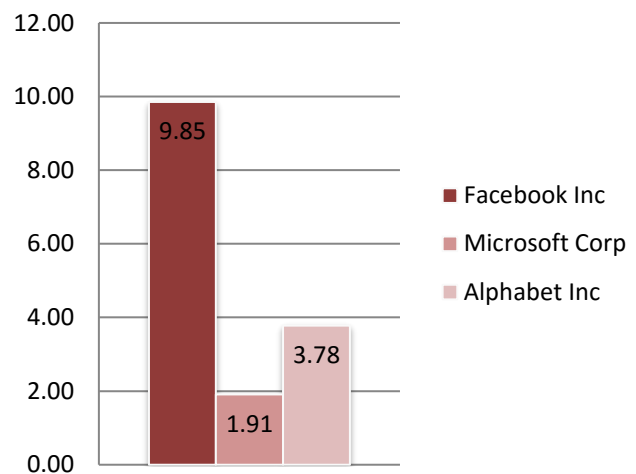
Facebook Inc. is highly profitable when comparing to the social media sector with outstanding net profit margins and ability to utilize its assets to generate profits as opposite to its closest peers which they have negative profit margins and return on assets.

- Liquidity: Measures the firm's ability to pay off its short term liabilities.

### Current Ratio



### Cash Ratio



Current ratio determine how much the current asset satisfies the current liabilities and cash ratio determine how much the cash and cash equivalents satisfies the current liabilities.

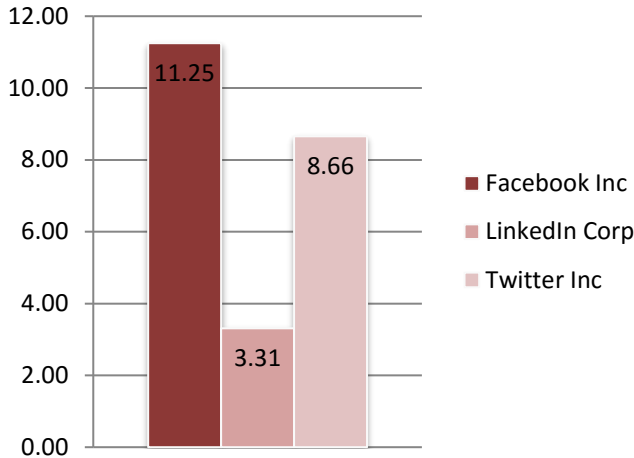
Facebook Inc. has the highest current ratio by far when comparing with Microsoft Corp and Alphabet Inc. as Facebook Inc. has small amount of current liabilities, even though Alphabet Inc. and Microsoft Corp has significantly larger current assets.

The results for the cash ratio are similar to the current ratio supported by the small amount of current liabilities that Facebook Inc. has, however high cash ratio may indicate that the company lack investments or expiations opportunities for growth, in this case Facebook Inc. has 90% of its cash and cash equivalents in short term investments a good indication that the company is investing its current asset that will return on the company with growth.

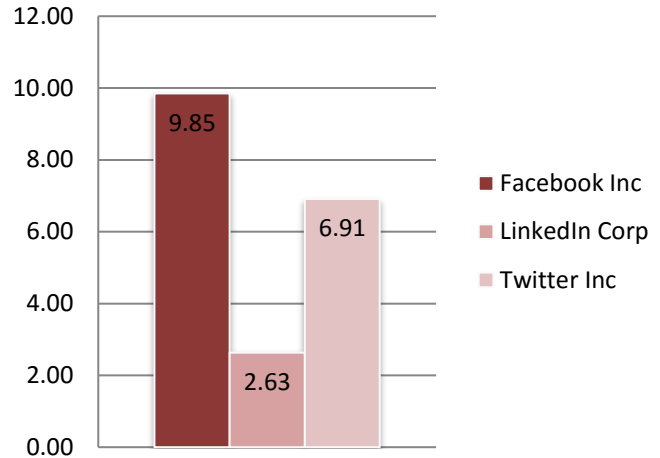
Regarding the social media sector the results are similar but by smaller margins supported by the small amount of current liabilities that Twitter Inc. and LinkedIn Inc. holds despite that they have by far the smallest amount of cash and cash equivalents and current assets.



### Current Ratio

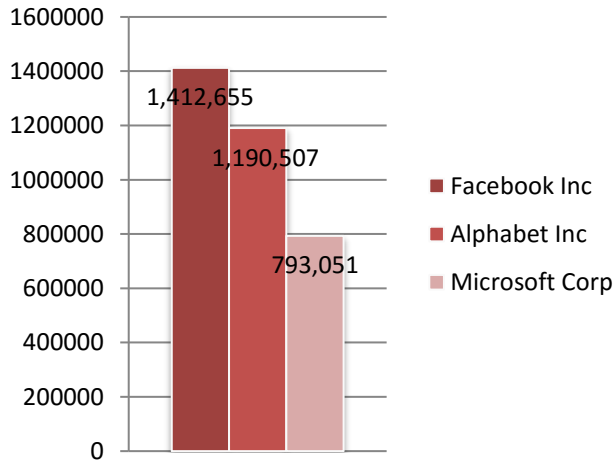


### Cash Ratio

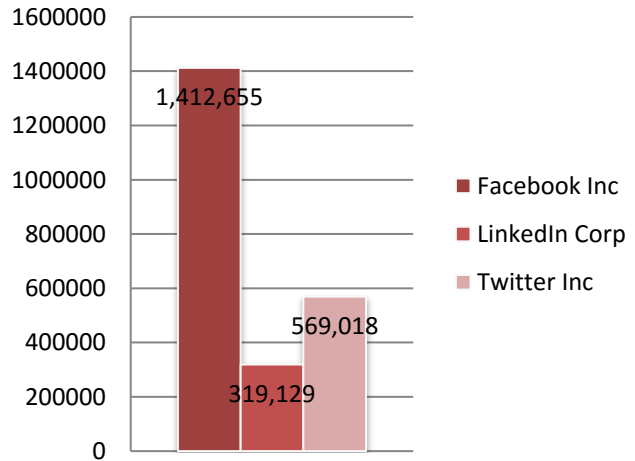


- Efficiency: Measures how well the firm manages and utilize its assets.

### Revenue per Employee



### Revenue per Employee

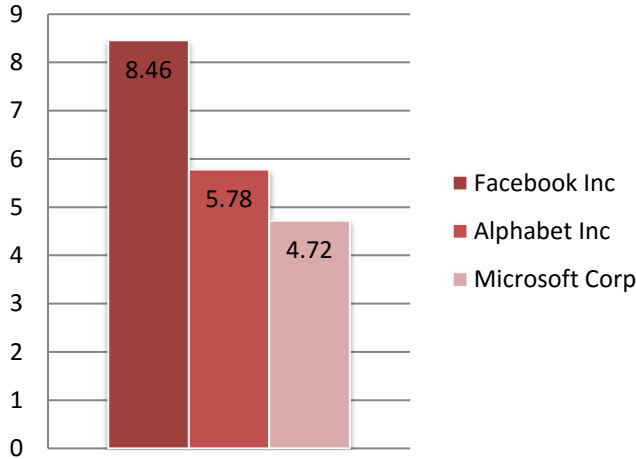


In the tech sector Facebook Inc. has the lead when it comes to the revenue generated by each employee; however Alphabet Inc. and Microsoft Corp have nearly four times the amount of revenues as well as more than five times the number of employees.

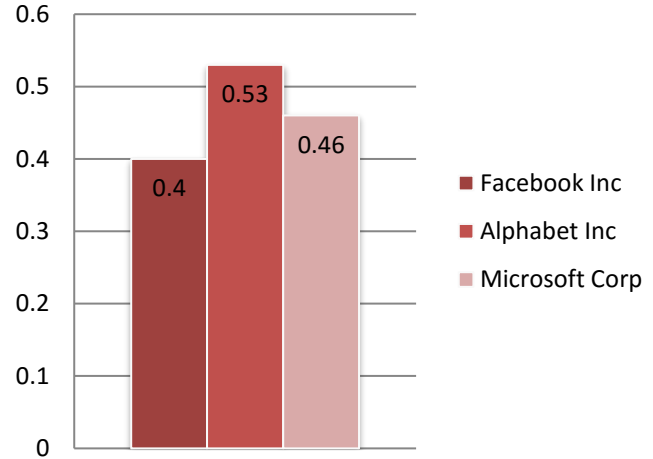
On the other hand Facebook Inc. has as much as the number of employees of LinkedIn Corp and Twitter Inc. combined and more than three time the amount of the revenue.

Receivables turnover is an indicator of how well the company is managing its receivable and the asset turnover indicates how well the company is utilizing its asset to generate revenues.

### Receivables Turnover



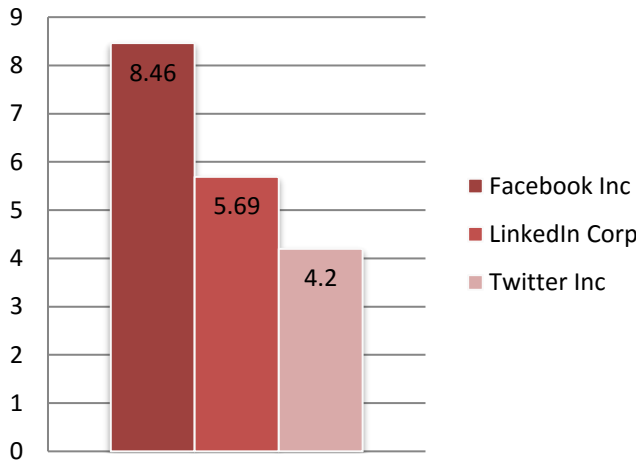
### Total Asset Turnover



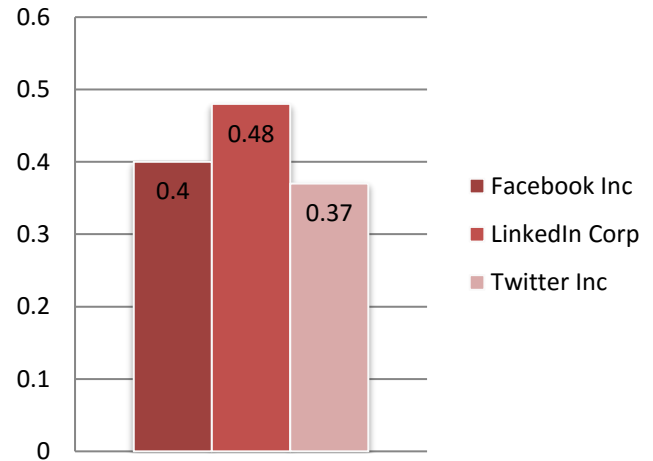
Facebook Inc. has the highest receivables turnover ratio when comparing with the tech industry peers which is an indication that Facebook Inc. might have conservative policies regarding its credit collection policies or might have smaller sales on credit versus Alphabet Inc. and Microsoft Corp.

In terms of total asset turnover Facebook Inc. falls behind as its revenue is much lower than Alphabet Inc. and Microsoft Corp even though it has the smallest amount of asset by a considerable amount.

### Receivables Turnover



### Total Asset Turnover

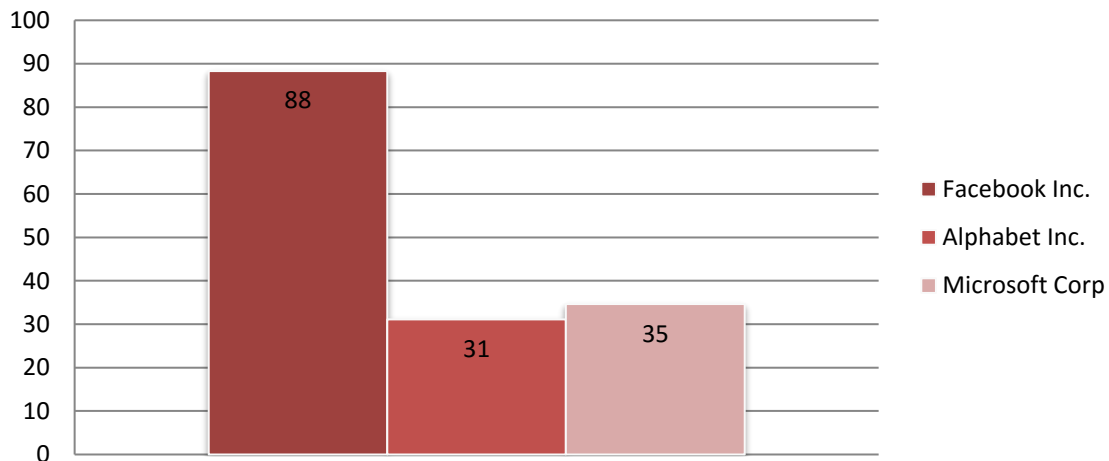


Moreover Facebook Inc. has the lead in receivables turn over when comparing with its social media sector peers, however when it comes to total assets turn over Facebook Inc. is placed in the middle between LinkedIn Inc. and twitter Inc. as both LinkedIn Inc. and Twitter Inc. have almost half as much assets as Facebook Inc. has, dispute that they have significantly lower revenues.

- Valuation: Indicate if the firm shares are overvalued or undervalued comparing to its intrinsic value or its sector’s benchmarks.

Using (price/earnings per Share) ratio or price multiple or earnings multiple is the most commonly used valuation ratio, which measures the dollar amount paid for one dollar of earnings, moreover the (enterprise value/EBITDA) or EBITDA multiple gives a clearer value as it removes the effects of the different taxation policies and it adds the company’s debt.

### Price/EPS

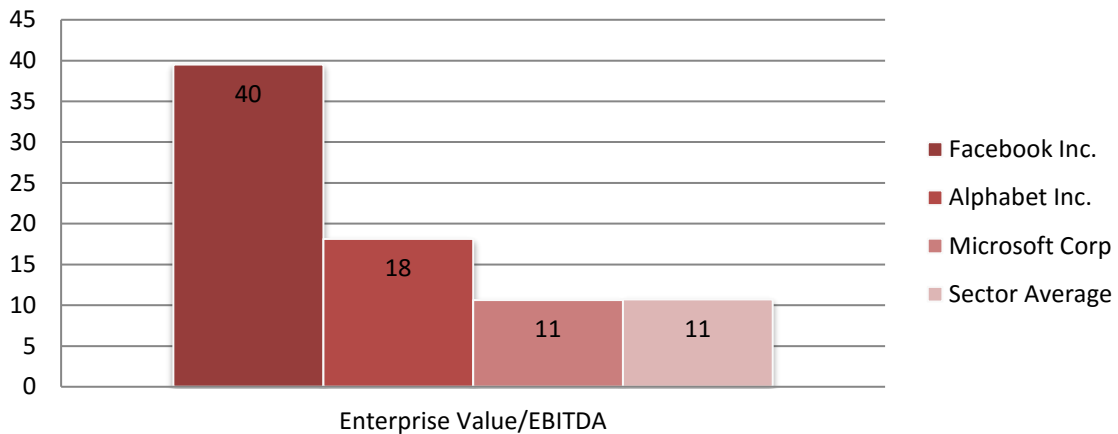


Starting by comparing Facebook Inc. with its tech sector peer, Facebook Inc. is trading at 88 price multiple against Alphabet Inc.’s 31 price multiple and Microsoft Corp’s 35 price multiple showing that Facebook Inc. is clearer overvalued in comparison with Alphabet Inc. and Microsoft Corp.

Furthermore when is come to EBITDA multiple the results are similar to the price multiple results, as it’s indicated that Facebook Inc. is overvalued while Alphabet Inc. has its EBITDA

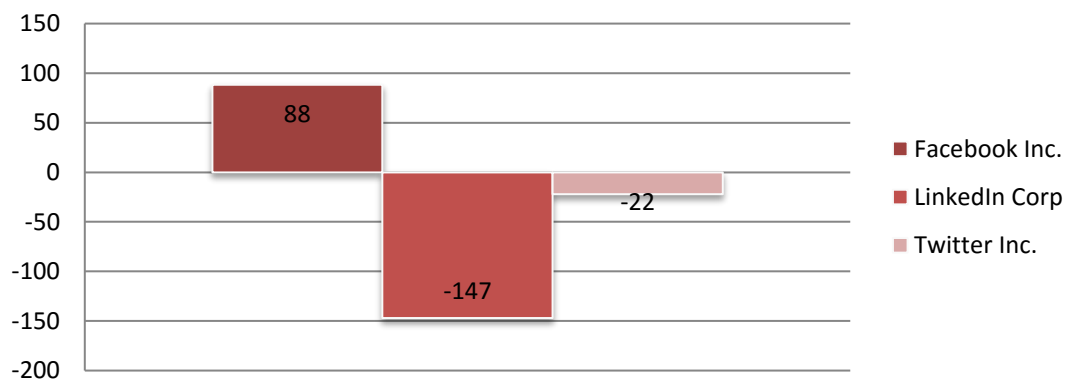
multiple marginally higher than the sector average and Microsoft Corp has its EBITDA multiple equal to the sector average.

### Enterprise Value/EBITDA



At the social media sector it's a deferent story, as LinkedIn Corp and Twitter Inc. numbers are affected by their negative earnings per share and Twitter Inc.'s negative EBTIDA.

### Price/EPS

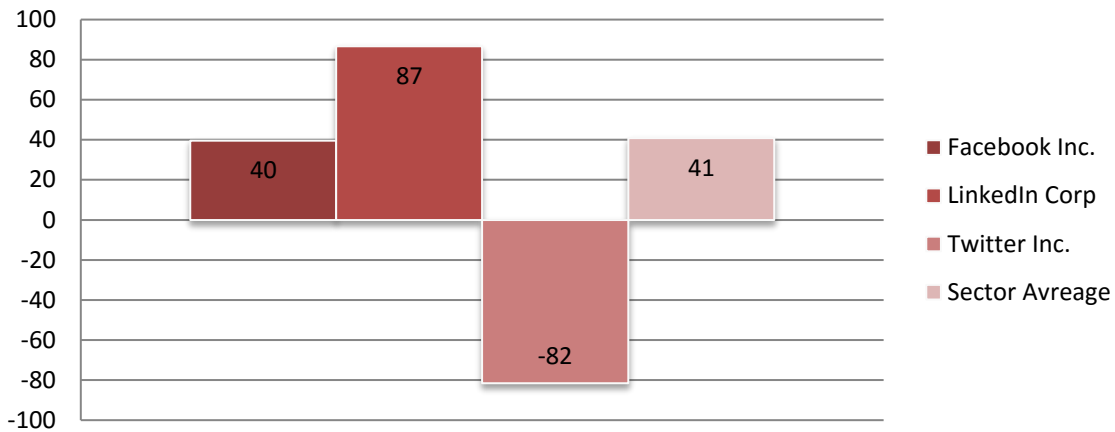


Price multiple shows that there is a huge gap between Facebook Inc., LinkedIn Crop and Twitter Inc. as it indicates that Facebook Inc. cannot be compared to its social media peers as their earnings per share are negative as well as the sector average.

On the other hand the EBITDA multiple indicates that Facebook Inc. is fairly valued, as its EBITDA is slightly below the sector average while LinkedIn Corp is highly over valued as its

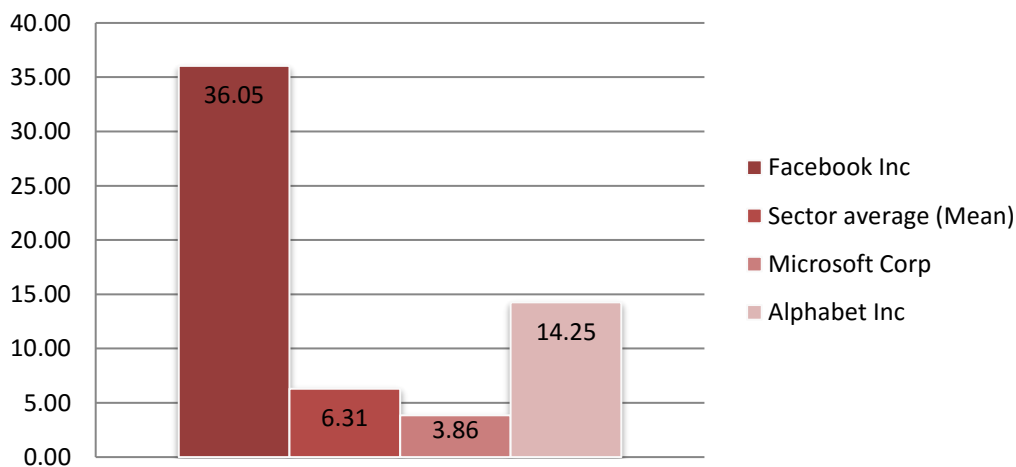
EBITDA multiple is double the sector average and Twitter Inc. EBITDA multiple is the negative affected by its negative EBITDA.

### Enterprise Value/EBITDA



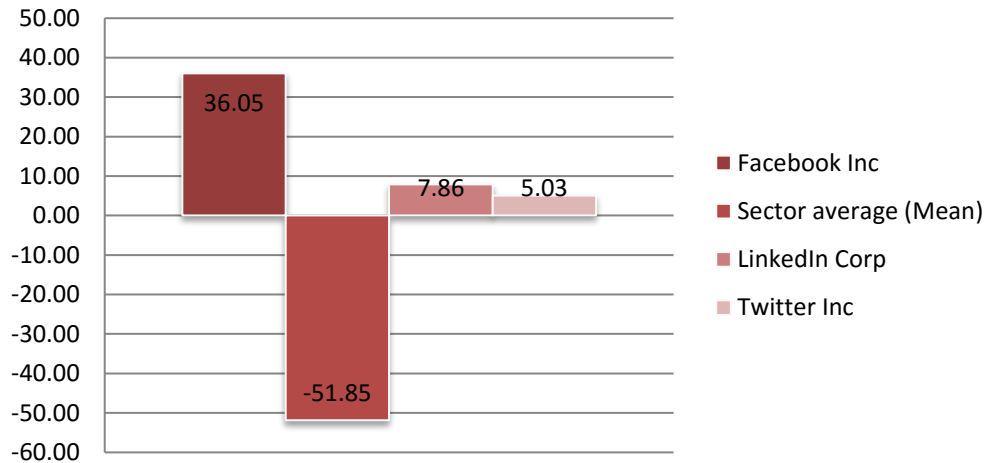
- Altman Z-Score: Gauges the probability of the company going bankrupt, while a score below 1.8 indicates that the company is heading for bankruptcy and a score above 3 are not likely to go bankrupt, also it's a better test for credit strength than credit ratings as the credit rating may be biased as shown back in the financial crisis is 2007.

### Altman Z-Score



The tech sector has good scores, with all scoring above 3 and the sector average is at 6.31. However Facebook Inc. has a score of 36.05 meaning that the company is highly liquid followed by Alphabet Inc. and Microsoft Corp, with Microsoft Crop is the only company scoring below the sector average and marginally above the score of 3.

### Altman Z-Score

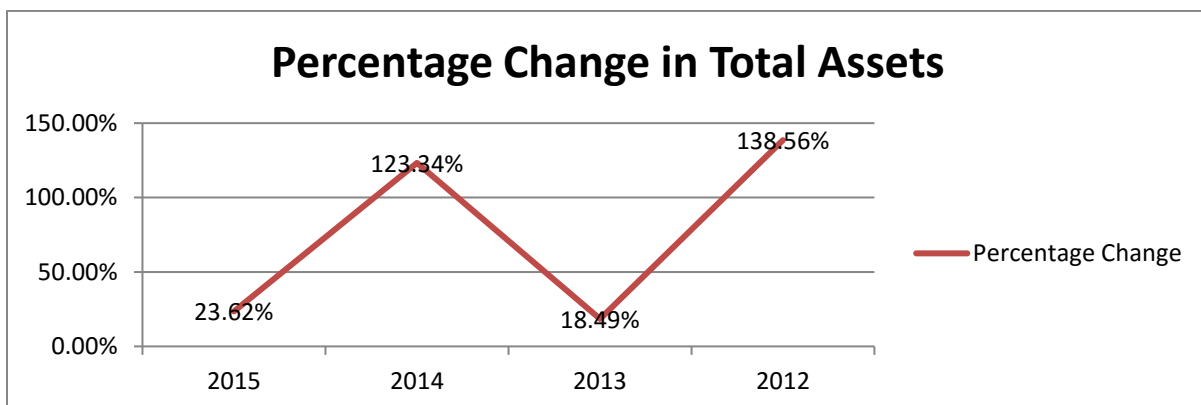


In the social media sector the results for LinkedIn Corp and Twitter Inc. falls between the Alphabet Inc.'s and Microsoft Crop's results.

However the interesting result is the sector average as it stands at -51.85, which may have different indications such as bad financials for the majority of the social media companies or there is a large amount of companies that try to join the social media sector and go bankrupt or even a possibility of a bubble in the social media sector.

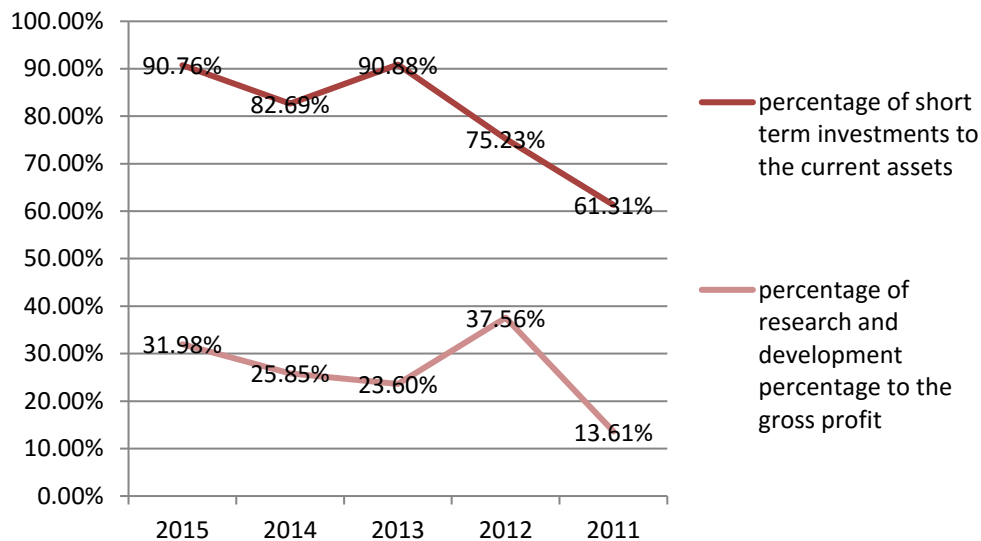
### Financial Statements Common Analysis:

As Facebook Inc. is a tech company it focuses on growth, as its assets base such as data center, acquiring other businesses and research and development are the corner stone for the tech companies.



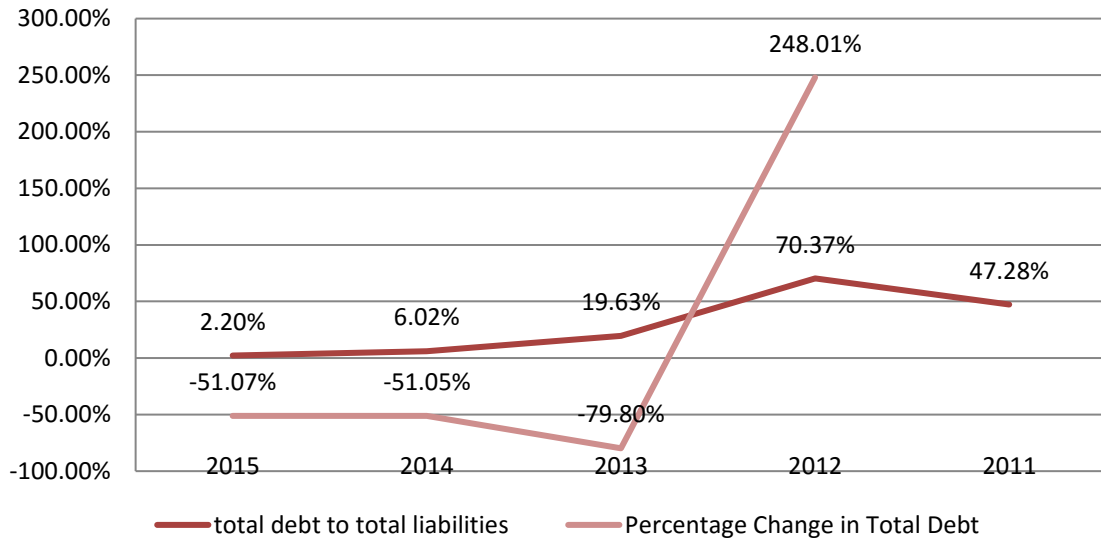
The previous chart show that the change in assets has faced two skips in 2012 and in 2014, in 2012 Facebook Inc. acquired 10 companies including Instagram, LLC the popular picture sharing application and in 2014 Facebook Inc. acquired less companies however in this year Facebook Inc. acquired WhatsApp Inc. the most popular massaging application for 19 Billion Dollars, thus making the goodwill from those acquired businesses to count for a large amount of the gain in its total assets , however the percentage of goodwill to the total assets is declining as the Facebook Inc. is focusing in its short term investments and in-house R&D.

The Below chart shows the percentage of short term investments to the current assets and the research and development percentage to the gross profit.

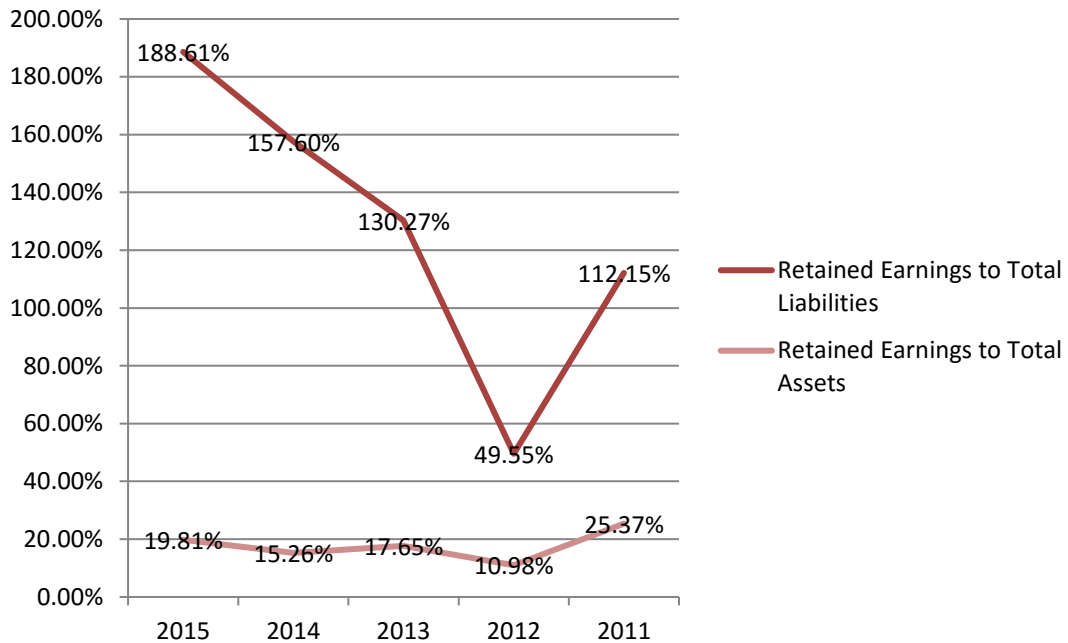


Research and development and acquiring assets and businesses is mostly financed through debt or equity, in this case Facebook Inc. concentrate on using its retained earning to finance it capital expenditures, in 2012 the amount of debt has risen significantly and after that it's on constant decline.

The amount of debt to the total liabilities has risen in the first couple of years and after that it's on the decline reaching significantly small amounts.



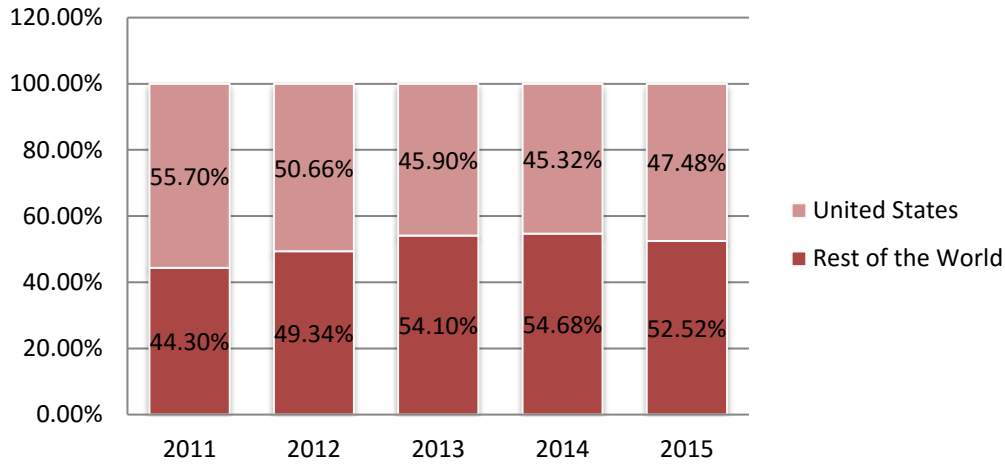
As Facebook Inc. focus on its equity to finance its capital expenditures the amount of retained earning relative to the total liabilities and to the total assets has been increasing, however less so to the total assets as Facebook Inc.'s asset base is increasing as well.





**Facebook Inc. Revenue Segments:**

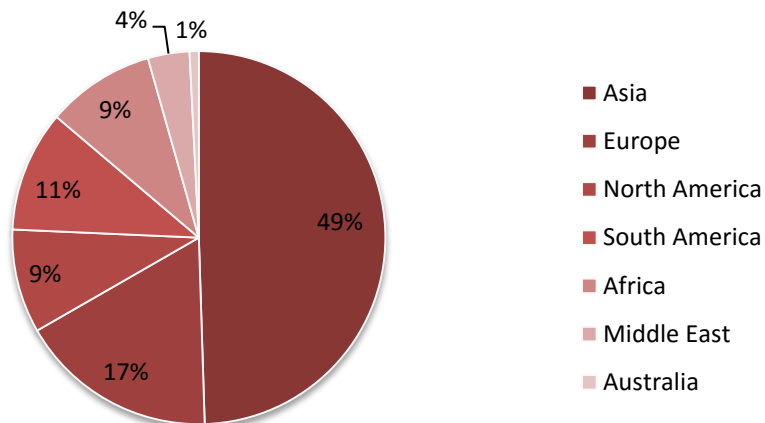
**Source of Revenue**



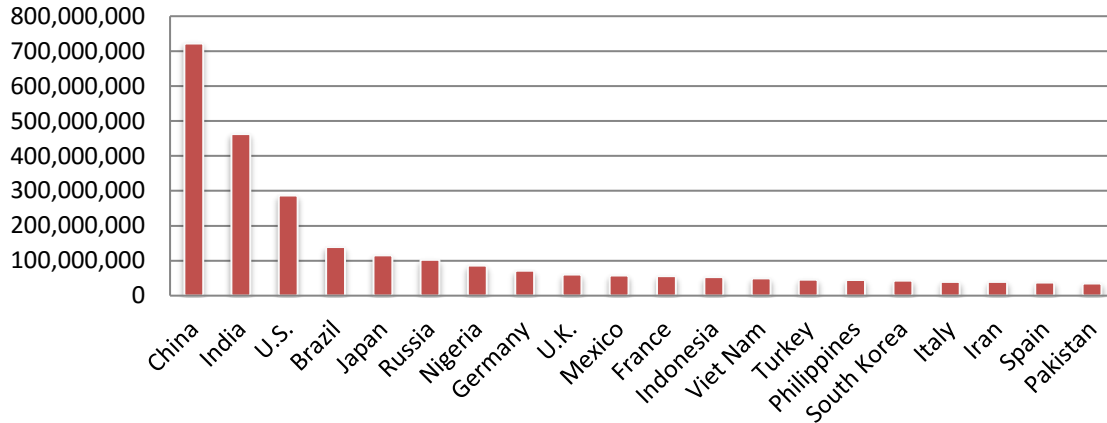
Almost half of Facebook Inc. revenue comes from the United States and the remaining half is from the rest of the world, leaving Facebook Inc. with plenty head room to grow by expanding its daily users in to other regions as the below chart indicates that North America makes only 9% of the number of the internet users in the world.

However the ability to expand to other market depends on the countries regulations, its penetration rate, which is the percentage of the population that uses the internet, and the country’s own communications infrastructure and accessibility.

**Internet Users by Region, 2016**



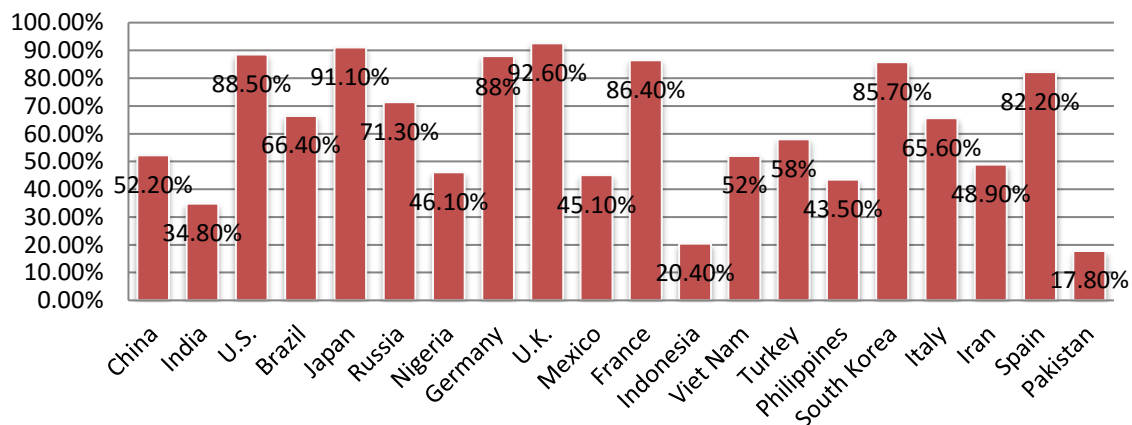
## Internet Users Per country (Top 20) , 2016



The Majority of the internet users are concentrated in three countries, which are China, India and the United States of America, on the other hand, the penetration rate varies among these countries.

The penetration rate in the US surpasses both the Chinese and Indian penetration rate combined due the accessibility of the internet in these countries as well as other highly populated third world countries.

## Penetration Rate (Top 20) , 2016



Facebook Inc. is currently addressing the accessibility issue through its Internet.org initiative with a goal to bring internet access to the two-thirds of the world with a free access to basic websites including Facebook, by that Facebook Inc. can increase its daily user's base significantly thus tapping into new markets that may increase Facebook Inc. revenues stream.

China which has the largest internet user's base in the world and a high growth potential as its penetration rate is standing at 52.2%, has Facebook's website banned since July 2009 after some political events in China, creating a regulatory problem for Facebook Inc. which overcoming this issue would provide Facebook Inc. with already existing market that could boost its user base significantly in a short time frame.

Facebook Inc. may also gain other advantage by gaining access to the Indian and Chinese markets which is corporate tax rates, in China the corporate tax is 25% which much lower than the US 40%, however in India the tax may be either 40% or 34.61% depending on the treatment if it's treated as foreign or local company.

### **Conclusion:**

Facebook Inc. has good fundamentals which they better be compared to the tech industry giants, however while valuating Facebook Inc. shares it seems that they are relatively overvalued even when comparing with the Social media sector which has higher multiple than the tech industry, as it may rise concerns as Facebook Inc. market capitalization in July 2016 is in the mid 300 Billion Dollar and its asset base in its last annual report is slightly above 49 Billion Dollars indicating the Facebook Inc. growth may be based on the hype of its future growth or ambitious projects.

Moreover Facebook Inc. is well invested in research and development as well as acquiring other firms in which will provide Facebook Inc. larger room for growth, also there is large markets with great potential that Facebook Inc. can benefit from with the only regulation or lack of internet access is preventing Facebook Inc. from expanding in to them. Percentage Change

Facebook Inc. has multiple ambitious projects that may have huge benefits for the company and increase its market share such as the upcoming new Facebook messaging platform and its various project to provide internet access through drones or solar planes which as we mentioned before it will give Facebook Inc. more market share.

## Facebook Inc. Financial Statements:

- Income Statement

	2015	2014	2013	2012	2011
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011
Revenue	17,928	12,466	7,872	5,089	3,711
Net Sales	17,928	12,466	7,872	5,089	3,711
Total Revenue	17,928	12,466	7,872	5,089	3,711
Cost of Revenue, Total	2,867	2,153	1,875	1,364	860
Cost of Revenue	2,867	2,153	1,875	1,364	860
Gross Profit	15,061	10,313	5,997	3,725	2,851
Selling/General/Admin. Expenses, Total	4,020	2,653	1,778	1,788	707
Selling/General/Administrative Expense	3,201	2,071	1,518	1,788	707
Labor & Related Expense	538	447	260	--	--
Advertising Expense	281	135	--	--	--
Research & Development	4,816	2,666	1,415	1,399	388
Total Operating Expense	11,703	7,472	5,068	4,551	1,955
Operating Income	6,225	4,994	2,804	538	1,756
Interest Expense, Net Non-Operating	(23)	(23)	(56)	(51)	(42)
Interest Expense - Non-Operating	(23)	(23)	(56)	(51)	(42)
Interest/Invest Income - Non-Operating	(14)	(60)	5	(9)	(29)
Interest Income - Non-Operating	52	27	19	--	--
Investment Income - Non-Operating	(66)	(87)	(14)	(9)	(29)
Interest Inc.(Exp.),Net-Non-Op., Total	(37)	(83)	(51)	(60)	(71)
Other, Net	6	(1)	1	16	10
Other Non-Operating Income (Expense)	6	(1)	1	16	10
Net Income Before Taxes	6,194	4,910	2,754	494	1,695
Provision for Income Taxes	2,506	1,970	1,254	441	695
Net Income After Taxes	3,688	2,940	1,500	53	1,000
Net Income Before Extra. Items	3,688	2,940	1,500	53	1,000
Net Income	3,688	2,940	1,500	53	1,000
Miscellaneous Earnings Adjustment	(19)	(15)	(9)	(21)	(332)
Total Adjustments to Net Income	(19)	(15)	(9)	(21)	(332)
Income Available to Com Excl ExtraOrd	3,669	2,925	1,491	32	668
Income Available to Com Incl ExtraOrd	3,669	2,925	1,491	32	668
Basic Weighted Average Shares	2,803	2,614	2,420	2,006	2,138
Basic EPS Excluding Extraordinary Items	1.31	1.12	0.62	0.02	0.31

Basic EPS Including Extraordinary Items	1.31	1.12	0.62	0.02	0.31
Dilution Adjustment	19	15	9	--	--
Diluted Net Income	3,688	2,940	1,500	32	668
Diluted Weighted Average Shares	2,853	2,664	2,517	2,166	2,138
Diluted EPS Excluding ExtraOrd Items	1.29	1.10	0.60	0.01	0.31
Diluted EPS Including ExtraOrd Items	1.29	1.10	0.60	0.01	0.31
<b>Supplemental (\$ Millions)</b>					
Stock-Based Compensation, Supplemental	2,969	1,837	906	1,572	217
Interest Expense, Supplemental	23	23	56	51	42
Depreciation, Supplemental	1,220	924	866	566	303
Normalized Income Before Taxes	6,194	4,910	2,754	494	1,695
Inc Tax Ex Impact of Sp Items	2,506	1,970	1,254	441	695
Normalized Income After Taxes	3,688	2,940	1,500	53	1,000
Normalized Inc. Avail to Com.	3,669	2,925	1,491	32	668
Basic Normalized EPS	1.31	1.12	0.62	0.02	0.31
Diluted Normalized EPS	1.29	1.10	0.60	0.01	0.31
Amort of Intangibles, Supplemental	730	319	145	78	20
Rental Expense, Supplemental	181	125	130	196	219
Labor & Related Expense Suppl.	2,969	1,837	906	--	--
Advertising Expense, Supplemental	281	135	117	67	28
Research & Development Exp, Supplemental	4,816	2,666	811	1,399	388
Audit Fees	--	--	4	6	--
Tax Fees	--	--	4	3	--
All Other Fees	--	--	0	3	--
Normalized EBIT	6,225	4,994	2,804	538	1,756
Normalized EBITDA	8,175	6,237	3,815	1,182	2,079
<b>Tax &amp; Pension Items (\$ Millions)</b>					
Current Tax - Total	3,318	2,225	1,291	626	732
Current Tax - Domestic	3,012	1,999	1,154	559	664
Current Tax - Foreign	123	96	68	22	8
Current Tax - Local	183	130	69	45	60
Deferred Tax - Total	(812)	(255)	(37)	(185)	(37)
Deferred Tax - Domestic	(800)	(240)	(28)	(172)	(34)
Deferred Tax - Foreign	5	(1)	(2)	(7)	0
Deferred Tax - Local	(17)	(14)	(7)	(6)	(3)
Income Tax - Total	2,506	1,970	1,254	441	695

- Balance Sheet

	2015	2014	2013	2012	2011
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011
<b>Assets (\$ Millions)</b>					
Cash and Short Term Investments	18,434	11,199	11,449	9,626	3,908
Cash	1,703	2,162	1,044	--	--
Cash & Equivalents	--	--	--	2,384	1,512
Short Term Investments	16,731	9,037	10,405	7,242	2,396
Accounts Receivable - Trade, Net	2,559	1,678	1,109	719	547
Accounts Receivable - Trade, Gross	2,627	1,717	1,147	741	564
Provision for Doubtful Accounts	(68)	(39)	(38)	(22)	(17)
Total Receivables, Net	2,559	1,678	1,109	1,170	547
Receivables - Other	--	--	--	451	0
Prepaid Expenses	659	513	512	471	149
Total Current Assets	21,652	13,390	13,070	11,267	4,604
Property/Plant/Equipment, Total - Gross	7,819	5,784	4,142	3,273	1,925
Buildings - Gross	2,720	1,724	1,274	788	475
Land/Improvements - Gross	596	153	45	36	34
Machinery/Equipment - Gross	3,881	3,169	2,446	2,005	1,089
Construction in Progress - Gross	622	738	377	444	327
Property/Plant/Equipment, Total - Net	5,687	3,967	2,882	2,391	1,475
Accumulated Depreciation, Total	(2,132)	(1,817)	(1,260)	(882)	(450)
Goodwill, Net	18,026	17,981	839	587	82
Intangibles, Net	3,246	3,929	883	801	80
Intangibles - Gross	4,523	4,498	1,138	911	112
Accumulated Intangible Amortization	(1,277)	(569)	(255)	(110)	(32)
Other Long Term Assets, Total	796	699	221	57	90
Other Long Term Assets	796	699	221	57	90
Total Assets	49,407	39,966	17,895	15,103	6,331
<b>Liabilities (\$ Millions)</b>					
Accounts Payable	413	378	268	234	234
Accrued Expenses	1,449	866	555	423	296
Current Port. of LT Debt/Capital Leases	7	114	239	365	279
Other Current liabilities, Total	56	66	38	30	90
Customer Advances	56	66	38	30	90
Total Current Liabilities	1,925	1,424	1,100	1,052	899
Total Long Term Debt	107	119	237	1,991	398
Long Term Debt	--	--	--	1,500	0

Capital Lease Obligations	107	119	237	491	398
Total Debt	114	233	476	2,356	677
Deferred Income Tax	163	769	--	--	--
Deferred Income Tax - LT Liability	163	769	--	--	--
Other Liabilities, Total	2,994	1,558	1,088	305	135
Other Long Term Liabilities	2,994	1,558	1,088	305	135
Total Liabilities	5,189	3,870	2,425	3,348	1,432
<b>Shareholders Equity (\$ Millions)</b>					
Preferred Stock - Non Redeemable, Net	--	--	--	0	615
Convertible Preferred Stock - Non RdmbL	--	--	--	0	615
Additional Paid-In Capital	34,886	30,225	12,297	10,094	2,684
Retained Earnings (Accumulated Deficit)	9,787	6,099	3,159	1,659	1,606
Unrealized Gain (Loss)	(25)	(1)	2	--	--
Other Equity, Total	(430)	(227)	12	2	(6)
Translation Adjustment	(430)	(227)	12	--	--
Other Comprehensive Income	--	--	--	2	(6)
Total Equity	44,218	36,096	15,470	11,755	4,899
Total Liabilities & Shareholders' Equity	49,407	39,966	17,895	15,103	6,331
<b>Supplemental (\$ Millions)</b>					
Shares Outstanding - Common Issue 2	552	563	577	701	1,505
Total Common Shares Outstanding	2,845	2,797	2,547	2,373	2,138
Shares Outs - Common Stock Primary Issue	2,293	2,234	1,970	1,671	633
Total Preferred Shares Outstanding	--	--	--	0	543
Shares Outstanding - Preferred Issue 1	--	--	--	0	543
Total Equity & Minority Interest	44,218	36,096	15,470	11,755	4,899
Full-Time Employees	12,691	9,199	6,337	4,619	3,200
Number of Common Shareholders	5,132	5,243	4,921	5,005	1,180
Goodwill - Net	18,026	17,981	839	587	82
Accumulated Intangible Amort, Suppl.	1,277	569	255	110	32
Deferred Revenue - Current	56	66	38	30	90
Total Current Assets less Inventory	21,652	13,390	13,070	11,267	4,604
Net Debt Incl. Pref.Stock & Min.Interest	(18,320)	(10,966)	(10,973)	(7,270)	(2,616)
Tangible Book Value, Common Equity	22,946	14,186	13,748	10,367	4,122
<b>Debt &amp; Lease, Pension Items (\$ Millions)</b>					
Total Long Term Debt, Supplemental	--	--	--	1,562	--
Long Term Debt Maturing within 1 Year	--	--	--	22	--
Long Term Debt Maturing in Year 2	--	--	--	770	--
Long Term Debt Maturing in Year 3	--	--	--	770	--

Long Term Debt Maturing in 2-3 Years	--	--	--	1,540	--
Total Capital Leases, Supplemental	114	--	476	856	677
Interest Costs	(60)	--	(85)	(123)	(140)
Capital Lease Payments Due in Year 1	16	--	255	398	322
Capital Lease Payments Due in Year 2	15	--	127	278	228
Capital Lease Payments Due in Year 3	16	--	21	125	109
Capital Lease Payments Due in Year 4	16	--	15	20	17
Capital Lease Payments Due in Year 5	17	--	16	15	11
Capital Lease Payments Due in 2-3 Years	31	--	148	403	337
Capital Lease Payments Due in 4-5 Years	33	--	31	35	28
Cap. Lease Pymts. Due in Year 6 & Beyond	94	--	127	143	130
Total Operating Leases, Supplemental	1,452	--	978	851	945
Operating Lease Payments Due in Year 1	209	--	142	142	180
Operating Lease Payments Due in Year 2	230	--	142	128	130
Operating Lease Payments Due in Year 3	216	--	139	117	113
Operating Lease Payments Due in Year 4	200	--	131	110	102
Operating Lease Payments Due in Year 5	159	--	112	102	95
Operating Lease Pymts. Due in 2-3 Years	446	--	281	245	243
Operating Lease Pymts. Due in 4-5 Years	359	--	243	212	197
Oper. Lse. Pymts. Due in Year 6 & Beyond	438	--	312	252	325

- Cash Flow Statement

	2015	2014	2013	2012	2011
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011
<b>Cash Flow-Operating Activities (\$ Millions)</b>					
Net Income/Starting Line	3,688.0	2,940.0	1,500.0	53.0	1,000.0
Depreciation/Depletion	1,945.0	1,243.0	1,011.0	649.0	323.0
Depreciation	1,945.0	1,243.0	1,011.0	649.0	323.0
Deferred Taxes	(795.0)	(210.0)	(37.0)	(186.0)	--
Non-Cash Items	2,977.0	1,746.0	1,072.0	1,587.0	221.0
Unusual Items	17.0	(24.0)	173.0	15.0	4.0
Other Non-Cash Items	2,960.0	1,770.0	899.0	1,572.0	217.0



Changes in Working Capital	784.0	(262.0)	676.0	(491.0)	5.0
Accounts Receivable	(973.0)	(610.0)	22.0	(621.0)	(174.0)
Prepaid Expenses	(144.0)	(123.0)	(45.0)	(14.0)	(31.0)
Other Assets	(3.0)	(216.0)	(142.0)	2.0	(32.0)
Accounts Payable	35.0	3.0	38.0	(1.0)	102.0
Accrued Expenses	513.0	328.0	(38.0)	160.0	38.0
Other Liabilities	1,356.0	356.0	841.0	(17.0)	102.0
Cash from Operating Activities	8,599.0	5,457.0	4,222.0	1,612.0	1,549.0
<b>Cash Flow-Investing Activities (\$ Millions)</b>					
Capital Expenditures	(2,523.0)	(1,831.0)	(1,362.0)	(1,235.0)	(606.0)
Purchase of Fixed Assets	(2,523.0)	(1,831.0)	(1,362.0)	(1,235.0)	(606.0)
Other Investing Cash Flow Items, Total	(6,911.0)	(4,082.0)	(1,262.0)	(5,789.0)	(2,417.0)
Acquisition of Business	(313.0)	(4,975.0)	(368.0)	(911.0)	(24.0)
Sale/Maturity of Investment	9,238.0	10,347.0	6,551.0	5,433.0	629.0
Investment, Net	(15,938.0)	(9,104.0)	(7,433.0)	(10,307.0)	(3,025.0)
Purchase of Investments	0.0	(2.0)	(1.0)	(2.0)	(3.0)
Other Investing Cash Flow	102.0	(348.0)	(11.0)	(2.0)	6.0
Cash from Investing Activities	(9,434.0)	(5,913.0)	(2,624.0)	(7,024.0)	(3,023.0)
<b>Cash Flow-Financing Activities (\$ Millions)</b>					
Financing Cash Flow Items	1,701.0	1,796.0	(280.0)	(1,624.0)	603.0
Other Financing Cash Flow	1,701.0	1,796.0	(280.0)	(1,624.0)	603.0
Issuance (Retirement) of Stock, Net	0.0	18.0	1,504.0	6,777.0	1,026.0
Common Stock, Net	0.0	0.0	1,478.0	6,760.0	998.0
Options Exercised	0.0	18.0	26.0	17.0	28.0
Issuance (Retirement) of Debt, Net	(119.0)	(243.0)	(1,891.0)	1,130.0	(431.0)
Long Term Debt Issued	--	0.0	0.0	1,496.0	0.0
Long Term Debt, Net	(119.0)	(243.0)	(1,891.0)	1,130.0	(431.0)
Cash from Financing Activities	1,582.0	1,571.0	(667.0)	6,283.0	1,198.0
Foreign Exchange Effects	(155.0)	(123.0)	8.0	1.0	3.0
Net Change in Cash	592.0	992.0	939.0	872.0	(273.0)
Net Cash - Beginning Balance	4,315.0	3,323.0	2,384.0	1,512.0	1,785.0
Net Cash - Ending Balance	4,907.0	4,315.0	3,323.0	2,384.0	1,512.0
Cash Interest Paid	10.0	14.0	38.0	38.0	28.0
Cash Taxes Paid	273.0	184.0	82.0	53.0	197.0
Free Cash Flow	6,076.0	3,626.0	2,860.0	377.0	943.0

## **Recourses:**

- All financial data was sourced from Thomson Reuters Eikon Platform.
- <http://www.internetworldstats.com/stats.htm>
- <http://www.internetlivestats.com/internet-users-by-country/>
- <http://www.businessinsider.com/facebook-new-stock-structure-2016-4>
- <http://www.bloomberg.com/news/articles/2016-04-27/zuckerberg-borrows-google-tactic-in-splitting-stock-for-control>
- <http://www.forbes.com/sites/robertwood/2015/12/02/the-surprising-math-in-mark-zuckerbergs-45-billion-facebook-donation/#248e545a10db>

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