

**META PLATFORMS INC (NASD: META)**

Based on 7/17/2025 Close Price of \$701.41

**INDUSTRY:** Business Services

**SECTOR:** Services

**Current Rating:** Hold

**Reiterate C on 7/17/2025.**
**VALIDEA RATING (OVERALL STRENGTH GRADE):**

: A : B : **C** : D : F :

## OVERVIEW

- This stock receives a fundamental grade of "C" based on Validea's Guru Analysis system. "C" rated stocks pass most of the fundamental tests of at least one of our guru strategies, although they typically do not meet all the criteria. Stocks that receive this grade typically have some favorable fundamental attributes, but also have some significant flaws. For further details on our scoring system, please see the FAQ section at the end of this report.

- Validea's Guru System classifies this stock as a growth stock given its historical EPS growth rate of 25.9%.

## ANALYSIS SUMMARY

Strategy Name	Based On Book By/About	Score
<b>Value Models</b>		
Value Investor	Benjamin Graham	71%
Patient Investor	Warren Buffett	0%
Contrarian Investor	David Dreman	50%
Price/Sales Investor	Kenneth Fisher	60%
Low PE Investor	John Neff	23%
Book/Market Investor	Joseph Piotroski	0%
Earnings Yield Investor	Joel Greenblatt	0%
Value Composite Investor	James O'Shaughnessy	28%
Acquirer's Multiple Investor	Tobias Carlisle	21%
Private Equity Investor	Validea	0%
<b>Growth and Momentum Models</b>		
Twin Momentum Investor	Dashan Huang	94%
P/B Growth Investor	Partha Mohanram	77%
Growth Investor	Martin Zweig	69%
Momentum Investor	Validea	89%
Small-Cap Growth Investor	Motley Fool	55%
Quantitative Momentum Investor	Wesley Gray	0%
Earnings Revision Investor	Wayne Thorp	80%
<b>Multi-Factor Models</b>		
P/E Growth Investor	Peter Lynch	87%

Growth/Value Investor	James O'Shaughnessy	80%
Multi-Factor Investor	Pim van Vliet	31%
Millennial Investor	Patrick O'Shaughnessy	60%
Shareholder Yield Investor	Meb Faber	45%

## COMPANY PROFILE

Meta Platforms, Inc. builds technology that helps people connect and share, find communities, and grow businesses. The Company's products enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality (VR) and mixed reality (MR) headsets, and wearables. It operates through two segments: Family of Apps (FoA) and Reality Labs (RL). The FoA segment includes Facebook, Instagram, Messenger, Threads and WhatsApp. The RL includes augmented, mixed and virtual reality related consumer hardware, software, and content. Instagram is a place where people and creators can connect and express themselves through photos, video, and private messaging, and discover and shop from their favorite businesses. Threads is an application for text-based updates and public conversations. Its RL product offerings in VR include Meta Quest devices, and software and content available through the Meta Horizon Store, which enable a range of social experiences.

## RATING HISTORY

Date	Action	Old Rating	New Rating
10/28/2022	Upgrade	B	A
1/6/2023	Downgrade	A	B
2/3/2023	Downgrade	B	C
2/14/2025	Upgrade	C	B
3/14/2025	Downgrade	B	C

## METHODOLOGY

This report provides a detailed analysis of META based on publicly disclosed methodologies from books and academic papers with track records of long-term outperformance. Validea is a premier online independent research provider. The firm's Guru Stock Report unites the quantitative strategies of the world's most successful investors, including names like Peter Lynch, Warren Buffett, Ben Graham, Martin Zweig and many others. Rooted in fundamental analysis and built on core investing principles, each report contains an in-depth description of the guru methodologies, as interpreted by Validea, and examines the stock using multiple approaches (i.e. value, growth, momentum).

Using these strategies, Validea has created a ratings scale that is dynamic and weights more heavily the best performing approaches as identified and tracked by Validea. Each stock is scored using a five point rating system that assesses the security's investment prospects. Ratings range from A to F (correlates to Strong Buy to Sell), with A and B stocks having the best potential for long-term market outperformance. Stocks that score highly based on the best performing risk-adjusted guru strategies or are favored by multiple top performing guru strategies are given a higher rating versus their counterparts. Validea's ratings are limited to companies that exhibit profitability. Reports are updated every two weeks, or sooner in the event of an earnings report, other significant news, or a major stock price change, in an effort to provide timely and valuable analysis and coverage.

## GURU ANALYSIS OF: META PLATFORMS INC (META)

## TWIN MOMENTUM INVESTOR

SCORE: **94%**

BASED ON: Dashan Huang

STYLE: Momentum

### Strategy Overview

This strategy looks for stocks with strong fundamental and price momentum. Fundamental momentum is determined using a combination of seven variables: earnings, return on equity, return on assets, accrual operating profitability to equity, cash operating profitability to assets, gross profit to assets and net payout ratio. Price momentum is determined using the most recent twelve month period excluding the latest month. When these two types of momentum were combined together, Huang found that the result was significant outperformance over the market.

### Detailed Analysis

#### FUNDAMENTAL MOMENTUM: **[PASS]**

The first step in this strategy is to look for firms exhibiting fundamental momentum. Fundamental momentum is calculated using a combination of earnings, return on equity, return on assets, accrual operating profitability to equity, cash operating profitability to assets, gross profit to assets, and net payout ratio. The strategy selects the stocks in the top 20% of the universe based on this metric. **META's** fundamental momentum is **6.82%**, which places it in the **13th** percentile of our database (lower is better), thus passing this criterion.

#### TWELVE MINUS ONE MOMENTUM: **[PASS]**

Academic research has indicated that stock momentum tends to persist in the intermediate term, but mean revert in the short-term and long-term. As a result, this strategy ranks stocks based on their one year momentum, excluding the most recent month and selects those in the top 20%. Huang's research found that combining fundamental momentum with stock momentum significantly increased the strategy's outperformance. **META's** twelve month minus one month return is **50.92%**, which ranks it in the **11th** percentile among the stocks in our database, thus passing this criterion.

#### FINAL RANK: **[PASS]**

The final step of this strategy is to sort by the combination of the first two criteria. The end result will be stocks with strong price and fundamental momentum. The top 5% of stocks will pass this criterion. **META's** combination of fundamental momentum and price momentum ranks it in the **3rd** percentile among the stocks in our database, thus passing this criterion.

## MOMENTUM INVESTOR

SCORE: **89%**

BASED ON: Validea

STYLE: Growth/Momentum

### Strategy Overview

### Detailed Analysis

#### QUARTERLY EPS CHANGE (THIS QUARTER VS. SAME QUARTER LAST YEAR): **[PASS]**

The EPS growth for this quarter relative to the same quarter a year earlier for **META (42.25%)** is above the minimum 18% that this methodology likes to see for a "good" growth company. Furthermore, growth from Q5 to Q1 beat estimates, for this year and next, by more than 25%. This is considered extremely upbeat, hence **META** passes the first requirement.

#### ANNUAL EARNINGS GROWTH: **[PASS]**

This methodology looks for annual earnings growth above 18%, but prefers higher than 25%. **META's** annual earnings growth rate over the past five years of **30.29%** passes this test.

#### EARNINGS CONSISTENCY: **[PASS]**

According to this methodology, each year's EPS numbers should be better than the previous year's. One dip is allowed, but the following year's earnings should be a new high. **META**, whose annual EPS before extraordinary items for the last 5 years (from earliest to the most recent fiscal year) were **10.09, 13.77, 8.72, 15.09, 24.13**, passes this criterion. The one dip is considered acceptable, as earnings quickly rebounded after the decline.

#### **CURRENT PRICE LEVEL:** [PASS]

Investors should keep an eye open for stocks that are trading within 15% of their 52-week highs, as the stock price is potentially close to breaking out to a new high on above average volume. **META's** current stock price (**\$701.41**) is within 15% of the 52-week high (**\$747.9**). This a positive sign.

#### **4 MONTH S&P RELATIVE STRENGTH LINE:** [PASS]

This methodology likes to see confirmation from this indicator when buying as a sign of a company's recently strong momentum. It shows a company's weekly performance in comparison to the overall market, as measured by the S&P 500. Look for a general upward trend in weekly relative strength, as the best stocks usually act better than the overall market. **META's** relative strength trend has been increasing over the last 4 months. This type of price action is favorable.

#### **PRICE PERFORMANCE COMPARED TO ALL OTHER STOCKS:** [PASS]

A company's weighted relative strength, which is the stock's price performance compared with the overall market over the past year, should be no less than 80, although above 90 is preferred. As long as all the other numbers are in check, these companies should continue to perform well over the next 3 months. **META's** relative strength of **86** is at an acceptable level, and therefore passes this test.

#### **CONFIRM AT LEAST ONE OTHER LEADING STOCK IN THE INDUSTRY:** [PASS]

Make sure that a company's industry is attractive by confirming that at least one other company in the industry has a relative strength above 80. There is confirmation in **META's** industry (**Business Services**), as there are **60** companies that have a relative strength at or above 80.

#### **LOOK FOR LEADING INDUSTRIES:** [PASS]

Investors should consider stocks in top performing industries. Look at the number of companies within an industry that have a weighted relative strength above 80, and choose only the top 30% of those industries from which to select stocks. In another method, look for industries with the most stocks making new 52-week highs. **META's** industry (**Business Services**) is currently one of the top performing industries, thus passing the criterion.

#### **DECREASING LONG-TERM DEBT/EQUITY:** [PASS]

Companies who have consistently cut debt over the last 3 years, or who have a Debt/Equity ratio less than 2, are looked at favorably. **META**, which has a Debt/Equity ratio of **0.16**, passes this test.

#### **RETURN ON EQUITY:** [PASS]

Preferred companies must have a ROE of at least 17%. **META's** ROE of **40.7%** is above the minimum 17% that this methodology likes to see, and therefore passes the criterion.

#### **SHARES OUTSTANDING:** [NEUTRAL]

Shares outstanding should be less than 30 million, as fewer shares mean bigger price jumps when demand surges. However, there is no penalty for a large number of shares outstanding as long as all the other parameters are met. Although **META** exceeds the preferred level with shares outstanding of **2,514** million, the stock still passes the test.

### INSIDER OWNERSHIP: [FAIL]

Companies with the best prospects have strong insider ownership, which we define as 15% or more. When there is strong insider ownership, management is more likely to act in the best interest of the company, as their interests are right in line with that of the shareholders. Insiders own **0.07%** of **META's** stock. Management's representation is not large enough and fails this test.

### INSTITUTIONAL OWNERSHIP: [PASS]

Some institutional ownership is preferred, but there is no indication that a large number of institutions is too many. Institutions own **80.06%** of **META's** stock. Because there is some institutional ownership present, **META** passes this test.

## P/E GROWTH INVESTOR

SCORE: **87%**

BASED ON: Peter Lynch

STYLE: Growth/Value

### Strategy Overview

Lynch's approach centers on a variable that he is famous for developing: The price/earnings/growth ratio, or "PEG". The PEG divides a stock's price/earnings ratio by its historic growth rate to find growth stocks selling on the cheap. Lynch's rationale: The faster a firm is growing, the higher the P/E multiple you should be willing to pay for its stock. Lynch is known for saying that investors can get a leg up on Wall Street by "buying what they know", but that's really just a starting point for him; his strategy goes far beyond investing in a restaurant chain you like or a retailer whose clothes you buy. Along with the PEG, he focused on fundamental variables like the debt/equity ratio, earnings per share growth rate, inventory/sales ratio, and free cash flow. It's important to note that Lynch used different criteria for different categories of stocks, with the three main categories being "fast-growers" (stocks with EPS growth rates of at least 20 percent per year); "stalwarts" (stocks with growth rates between 10 and 20 percent and multi-billion-dollar sales); and "slow-growers" (those with single-digit growth rates and high dividend payouts). He also used special criteria for financial stocks.

### Detailed Analysis

#### DETERMINE THE CLASSIFICATION:

This methodology would consider **META** a "fast-grower".

#### P/E/GROWTH RATIO: [PASS]

The investor should examine the P/E (**26.82**) relative to the growth rate (**25.91%**), based on the average of the 3, 4 and 5 year historical eps growth rates, for a company. This is a quick way of determining the fairness of the price. In this particular case, the P/E/G ratio for **META** (1.03) is on the high side, but is acceptable if all the other tests are met.

#### SALES AND P/E RATIO: [PASS]

For companies with sales greater than \$1 billion, this methodology likes to see that the P/E ratio remain below 40. Large companies can have a difficult time maintaining a growth high enough to support a P/E above this threshold. **META**, whose sales are **\$170,359.0 million**, needs to have a P/E below 40 to pass this criterion. **META's** P/E of (**26.82**) is considered acceptable.

#### EPS GROWTH RATE: [PASS]

This methodology favors companies that have several years of fast earnings growth, as these companies have a proven formula for growth that in many cases can continue many more years. This methodology likes to see earnings growth in the range of 20% to 50%, as earnings growth over 50% may be unsustainable. The EPS growth rate for **META** is **25.9%**, based on the average of the 3, 4 and 5 year

historical eps growth rates, which is acceptable.

#### TOTAL DEBT/EQUITY RATIO: [PASS]

This methodology would consider the Debt/Equity ratio for **META (15.58%)** to be acceptable (equity is three to ten times debt). This ratio is one quick way to determine the financial strength of the company.

#### FREE CASH FLOW: [NEUTRAL]

The Free Cash Flow/Price ratio, though not a requirement, is considered a bonus if it is above 35%. A positive Cash Flow (the higher the better) separates a wonderfully reliable investment from a shaky one. This methodology prefers not to invest in companies that rely heavily on capital spending. This ratio for **META (2.67%)** is too low to add to the attractiveness of the stock. Keep in mind, however, that it does not adversely affect the company as it is a bonus criteria.

#### NET CASH POSITION: [NEUTRAL]

Another bonus for a company is having a Net Cash/Price ratio above 30%. Lynch defines net cash as cash and marketable securities minus long term debt. According to this methodology, a high value for this ratio dramatically cuts down on the risk of the security. The Net Cash/Price ratio for **META (2.35%)** is too low to add to the attractiveness of this company. Keep in mind, however, that it does not adversely affect the company as it is a bonus criteria.

### EARNINGS REVISION INVESTOR

SCORE: **80%**

BASED ON: Wayne Thorp

STYLE: Momentum

#### Strategy Overview

Studies have shown that investors tend to underestimate the magnitude of good news when companies are performing well. As a result, the initial reaction to positive news tends to persist for a period of time as more and more investors recognize it. This strategy seeks to take advantage of that phenomenon by selecting companies that have seen upward revisions in their earnings estimates. It looks for companies with positive revisions for both the current year and the next fiscal year and eliminates any companies with negative revisions. It also looks for sufficient analyst coverage to ensure the revisions have statistical significance to them.

#### Detailed Analysis

##### ANALYST COVERAGE: [PASS]

In order for the earnings estimate revisions required by this strategy to be significant, it is important to ensure sufficient analyst coverage. Therefore, the first criteria of this strategy requires that the stock has at least 4 analysts covering it. The number of analysts covering **META** is **58**, which passes this criterion.

##### CURRENT YEAR ESTIMATE REVISIONS: [PASS]

This strategy looks for companies with upward revisions in earnings estimates. The first requirement is that the current year EPS estimate be greater than it was one month ago. **META's** current year EPS estimate is **\$25.53** as compared to **\$25.45** one month ago, which passes this criterion.

##### NEXT YEAR ESTIMATE REVISIONS: [PASS]

The second requirement is that the EPS estimate for the next fiscal year be greater than it was one month ago. **META's** next fiscal year EPS estimate is **\$28.32** as compared to **\$28.15** one month ago, which passes this criterion.

##### CURRENT YEAR UP AND DOWN REVISIONS: [PASS]

This methodology also requires that a company have more than one current year positive estimate revision in the previous thirty days and no negative revisions. **META** has **8** up revisions and **0** down revisions in the past month, which passes this criterion.

#### NEXT YEAR UP AND DOWN REVISIONS: [FAIL]

The final test of this strategy requires that a company have more than one positive estimate revision for the next fiscal year in the previous thirty days and no negative revisions. **META** has **7** up revisions and **2** down revisions in the past month, which fails this criterion.

## GROWTH/VALUE INVESTOR

SCORE: **80%**

BASED ON: James P. O'Shaughnessy

STYLE: Growth/Value

### Strategy Overview

Based on his research, O'Shaughnessy developed two key investment strategies: "Cornerstone Growth" and "Cornerstone Value." Cornerstone Growth favors companies with a market capitalization of at least \$150 million and a price/sales ratio below 1.5. It also looks for companies with persistent earnings growth over a five-year period, and shares that have been among the market's best performers over the prior 12 months. This strategy makes sense for value-oriented growth investors who have the patience and personality to stick with a purely quantitative investment approach. Cornerstone Value looks for large companies with strong sales and cash flows, and solid dividend yields. It is appropriate for income-oriented investors.

### Detailed Analysis

#### MARKET CAP: [PASS]

The Cornerstone Value Strategy looks for large, well known companies whose market cap is greater than \$1 billion. These companies exhibit solid and stable earnings. **META's** market cap of **\$1,763,574** million passes this test.

#### CASH FLOW PER SHARE: [PASS]

The second criterion requires that the company exhibit strong cash flows. Companies with strong cash flow are typically the value oriented investments that this strategy looks for. The company's cash flow per share must be greater than the mean of the market cash flow per share (**\$1.61**). **META's** cash flow per share of **\$33.45** passes this test.

#### SHARES OUTSTANDING: [PASS]

This particular strategy looks for companies whose total number of outstanding shares are in excess of the market average (**754 million shares**). These are the more well known and highly traded companies. **META**, who has **2,514 million** shares outstanding, passes this test.

#### TRAILING 12 MONTH SALES: [PASS]

A company's trailing 12 month sales (**\$170,359 million**) are required to be 1.5 times greater than the mean of the market's trailing 12 month sales (**\$35,321 million**). **META** passes this test.

#### DIVIDEND: [FAIL]

The final step in the Cornerstone Value strategy is to select the 50 companies from the market leaders group (those that have passed the previous four criteria) that have the highest dividend yield. **META's** dividend yield of **0.29%** fails this final criterion. Even though it did pass the previous four criteria it would fail the overall methodology.



## Frequently Asked Questions

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### What is Validea's Guru Analysis?

Guru Analysis provides an in depth analysis of any stock using Validea's interpretation of published writings by or about 22 successful investors including Peter Lynch, Benjamin Graham, Warren Buffett, James P. O'Shaughnessy, the Motley Fool, David Dreman, John Neff, Kenneth Fisher and Martin Zweig. With Guru Analysis you can analyze any stock step by step using any one of these strategies and can see exactly why the stock passes or fails each methodology.

### What type of investors can use Validea's Guru Stock Reports?

Validea's Guru Stock reports are geared toward long and medium-term investors. The vast majority of the investors that our guru strategies are based upon were long term investors. The reports can be utilized by both value and growth investors because there are multiple methodologies within the report that appeal to each investment style and several that combine both.

### What does the Validea Rating overall letter grade indicate?

The Validea Rating indicates how well the stock meets the investment criteria of the 22 strategies in this report. The strategies with the best historical risk-adjusted performance are weighted more heavily in determining the letter grade. The letter grades are determined as follows.

**A** - "A" rated stocks receive a score of 90% from at least one of our top tier guru strategies. Stocks in this category exhibit the fundamental criteria that have proven most predictive of future stock performance in our historical testing.

**B** - "B" rated stocks receive a score of 90% from at least one of our second tier guru strategies. Stocks in this category exhibit the fundamental criteria that is sought by these strategies. These strategies have all exhibited strong risk-adjusted performance in our historical testing.

**C** - "C" rated stocks typically exhibit elements of fundamental strength, but also have some noticeable weaknesses.

**D** - "D" rated stocks typically have several major fundamental weaknesses that would not be looked upon favorably by both value and growth investors.

**F** - "F" rated stocks have an average guru score from all of our strategies below 15%. Stocks in this grouping typically have many major fundamental weaknesses that would eliminate them from any consideration by our guru strategies.

### What do the individual guru scores mean?

The scores for each strategy represent a weighted percentage of how well a particular stock meets a guru's criteria. Not all criteria are weighted equally and some of our strategies have criteria that are important enough to automatically result in a 0% score if they are failed. For example, in the Patient Investor strategy based on Warren Buffett, a stock will automatically fail if it does not meet the requirement of consistent earnings over the past 10 years.

### Is there any affiliation between Validea and the gurus that the strategies are based on?

No, the names of individual investment advisors (i.e., the 'gurus') appearing in this report are for identification purposes of his/her methodology only, as derived by Validea.com from published sources, and are not intended to suggest or imply any affiliation with or endorsement or even agreement with our reports personally by such gurus, or any knowledge or approval by such persons of the content of this report.

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Fundamental data provided by Reuters

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