



GLOBAL **RECOMMENDATION**



META:NASDAQ



November 2024

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GLOBAL RECOMMENDATION

META PLATFORMS. INC

Meta Platforms, once known solely for revolutionizing social connectivity through Facebook, Instagram, WhatsApp, and Messenger, has long dominated the digital advertising space. Today, however, the company is redefining its future by embracing artificial intelligence. In this post, we explore Meta's traditional business lines and reveal how it's now accelerating into the AI space—with tools like Ollama playing a key role in this transformation.



A Legacy Built on Social Media and Advertising

The Foundation of Meta's Business

Meta Platforms built its empire on the power of human connection. Initially launched as Facebook in 2004, the company expanded rapidly, acquiring Instagram, WhatsApp, and Messenger along the way. These platforms became synonymous with online social interaction, empowering billions of users worldwide to connect, share, and communicate. Today, nearly 98% of Meta's revenue comes from advertising—thanks to its robust suite of apps that deliver highly targeted ad solutions to advertisers across the globe .

Revenue and Market Dominance

Meta's success isn't just about connecting people—it's about doing so profitably. The company's advanced data analytics and advertising algorithms allow businesses to reach precise demographics, driving impressive revenue growth and strong cash flow. With billions in cash reserves and a dominant market share in digital advertising, Meta has long been a pillar of the tech industry.



INVESTMENT CONSIDERATIONS

Transitioning into the AI Era

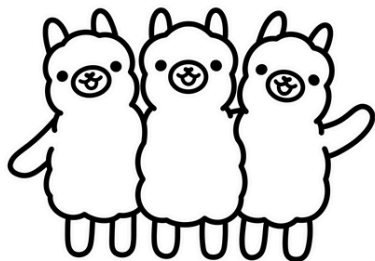
Massive AI Investments and Strategic Shifts

Recognizing that the future lies in intelligent systems, Meta has pivoted its focus toward artificial intelligence. CEO Mark Zuckerberg has committed billions to AI infrastructure—funding initiatives that span from large-scale data centers to developing proprietary AI models such as the Llama series. These efforts are designed to enhance user experiences across Meta’s core platforms, improve ad targeting, and even open new revenue channels through innovative AI applications.

Enter Ollama: Empowering Local AI Solutions

One of the most exciting developments in Meta’s AI strategy is its exploration of tools like Ollama. Ollama enables users to run advanced language models locally, ensuring greater data security and reduced latency. This capability is especially crucial as Meta seeks to integrate AI-driven features—such as more intuitive chatbots and personalized content recommendations—into its platforms without compromising on privacy.

By leveraging Ollama, Meta is not only tapping into the potential of its own Llama models but also championing an open-source, decentralized approach to AI development. This strategic move allows the company to offer more customizable, on-premise AI solutions that can be scaled across its diverse range of products. In doing so, Meta is laying the groundwork for a future where AI seamlessly enhances every facet of digital interaction, from ad creation to user engagement.



`ollama run llama3`

Ollama presents multiple monetization opportunities for Meta, primarily by enhancing ad targeting through local AI processing, which boosts engagement and ad revenue. Meta can also generate revenue by offering subscription-based enterprise solutions, such as secure, on-premise AI tools for businesses. Additionally, Meta can monetize APIs, foster a developer ecosystem, and integrate Ollama into hardware products like Meta Quest to drive premium pricing. Other possibilities include unlocking innovative content creation, AI-driven social interactions, and providing privacy-preserving data insights for advertisers, elevating its revenue potential in the AI era. for 8 seconds

INVESTMENT CONSIDERATIONS

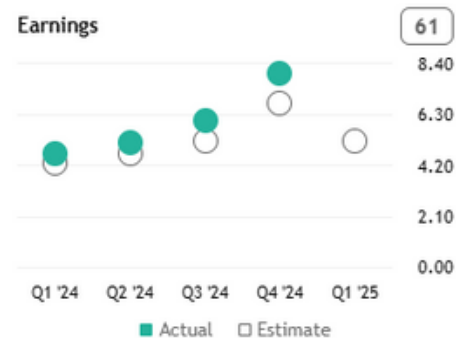
Financial Performance

Valuation

Meta's robust free cash flow—\$13.15B in Q4 and \$52.10B for the year—underscores its strong liquidity. The press release highlights strategic investments, with Q1 2025 revenue guidance of \$39.5B–\$41.8B and a focus on expanding AI and infrastructure. Notably, Meta's operational resilience and ongoing capital allocation toward next-generation AI and mixed reality signal a commitment to innovation and long-term growth.

Financial Highlights

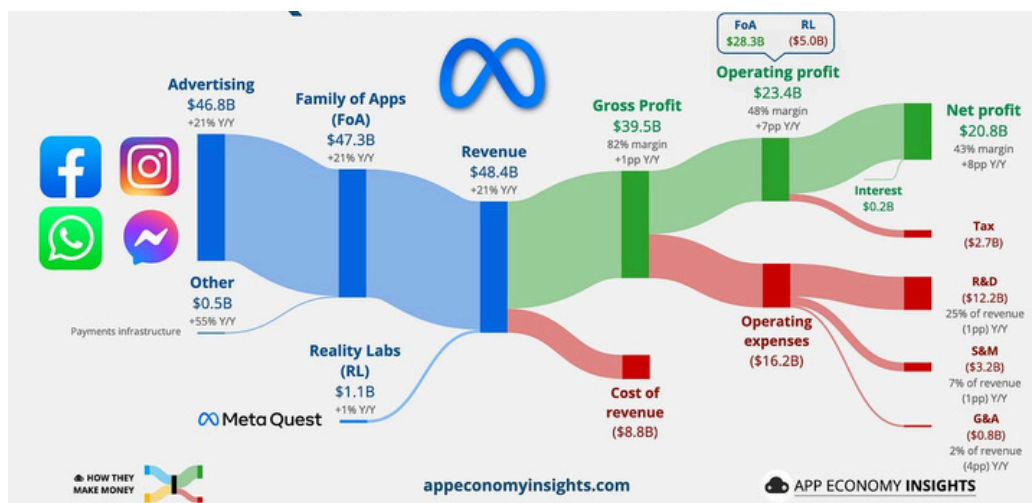
- Revenue: \$48.4B, up 21% YoY
- Operating Income: \$23.4B, up 43% YoY
- Net Income: \$20.8B, up 49% YoY
- Diluted EPS: \$8.02, a 50% increase



Key Performance Drivers

- Ad Business: Ad impressions increased 6% in Q4 (11% full-year), while the average ad price rose by 14% in Q4, enhancing revenue quality.
- User Engagement: Family daily active people averaged 3.35 billion in December 2024, marking a 5% YoY rise.
- Efficiency Gains: Improved operational efficiencies and cost controls boosted operating margins (48% in Q4 vs. 41% previously).

Meta Q4 24 Income Statement

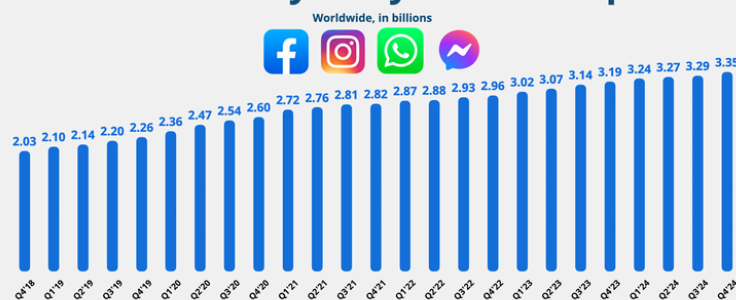


WHY HOLD THE COMPANY?

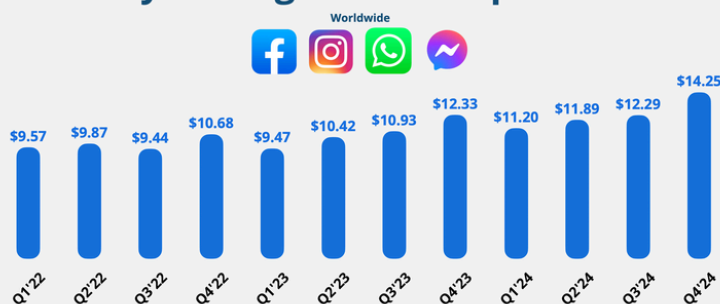
Meta's sustained increase in family daily active people (DAP) is a powerful indicator of its platform's enduring appeal and growth potential. As the Q4 results show, Meta achieved a notable rise in engagement, with family DAP averaging 3.35 billion in December 2024—a 5% increase year-over-year. This expanding user base reflects Meta's ability to foster strong social connections across its diverse suite of apps, ensuring that the network effect remains a core strength. With more users actively engaging with the platform, Meta is well-positioned to capitalize on economies of scale, drive deeper user interactions, and maintain its competitive edge in the digital advertising space.

Equally compelling is the rising average revenue per user, underscoring Meta's successful monetization strategy. Higher ad pricing and improved targeting capabilities have led to a significant boost in revenue per person, illustrating that each active user is becoming increasingly valuable. This trend not only enhances the company's top-line growth but also signals the effectiveness of Meta's investments in advanced AI and data analytics to refine its ad ecosystem. Together, the growing family DAP and increasing revenue per user create a robust foundation for long-term profitability, making a strong case to hold Meta stock as it continues to drive both user engagement and monetization efficiency.

Meta Family Daily Active People



Family Average Revenue per Person



AI Frontier

By championing the frontier of open source AI, Meta Platforms is positioning itself as a leader in democratizing and accelerating AI innovation. This strategy allows Meta to harness community-driven enhancements for its proprietary models, such as the Llama series, reducing development costs and spurring rapid advancements. For investors, this means that Meta is not only strengthening its core advertising and engagement platforms through smarter AI but also opening new revenue channels by setting industry standards that could redefine how digital services are delivered and monetized in the future.

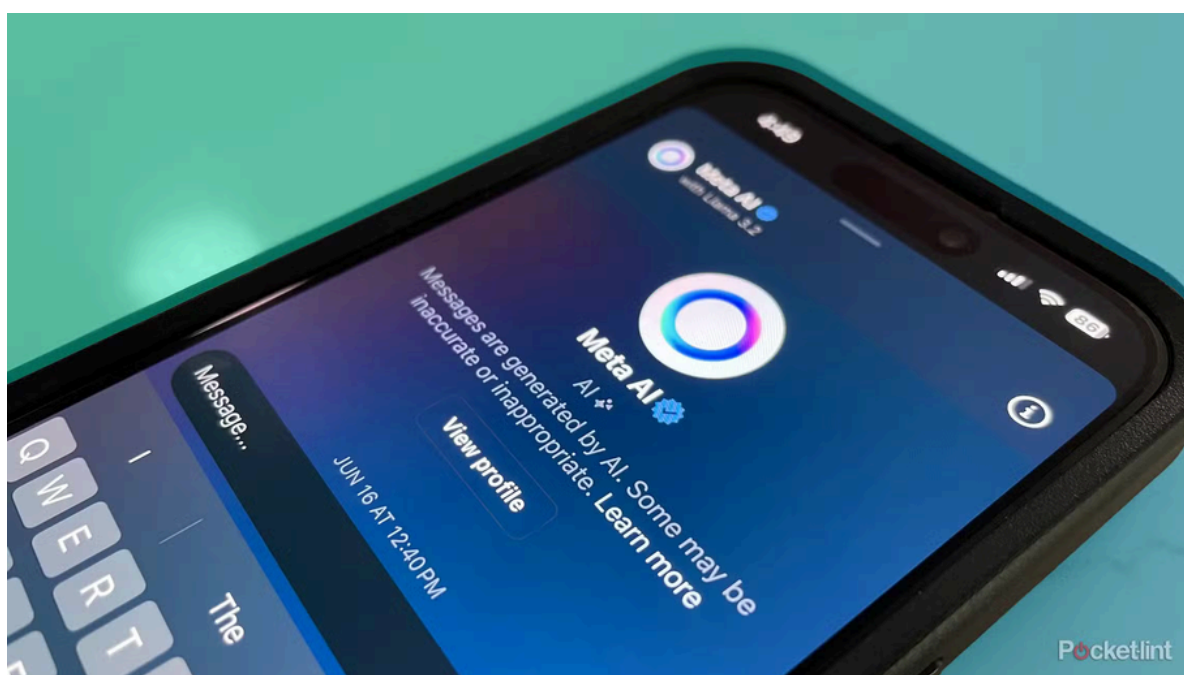
RISKS

Investment in Emerging Technologies

Meta's aggressive investments in Virtual Reality (VR), Augmented Reality (AR), and Artificial Intelligence (AI) promise to redefine digital interaction but carry substantial risks. The company is allocating significant capital to these emerging technologies—areas that remain experimental and unproven in consistently generating scalable revenues. For example, Reality Labs continues to report operating losses despite its long-term potential. This heavy expenditure may strain margins if these investments do not quickly translate into profitable revenue streams, and the path to monetization for these advanced platforms is not yet clearly defined.

Competitive Landscape and Monetization Uncertainty

While Meta's core advertising business remains robust, supported by increasing family daily active users and rising revenue per user, it faces fierce competition from other digital ad platforms and emerging players like TikTok. These rivals are innovating rapidly in digital advertising and capturing market share with engaging, alternative content formats. Until Meta articulates a more concrete strategy for converting its investments in VR, AR, and AI into profitable revenue channels, the uncertainty surrounding these initiatives, coupled with competitive pressures, adds further risk to the company's future financial performance.



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Our Commitment

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