



Forget Facebook: Invest in These Social Media Platforms Instead

Description

Since its IPO, shares of social media giant **Facebook** (NASDAQ:FB) have gained close to 750%. Comparatively, the S&P 500 Index has returned less than 300% in this period. Facebook has become a household name all around the world as its namesake platform serves 2.8 billion users each month. Its portfolio of social media applications that include Instagram, Messenger, and WhatsApp attracts 3.3 billion monthly active users.

In 2020, Facebook sales were up 22%, while earnings increased by 57% year over year. Wall Street expects sales to rise by 39% to \$120 billion in 2021 and by 20% to \$143 billion in 2022. Comparatively, its adjusted earnings are forecast to grow by 29% annually in the next five years. Valued at a market cap of \$914 billion, FB stock is valued at a forward price-to-earnings multiple of 22 times, which is really attractive.

But the Capitol riot that rocked the nation a few months back indicated Facebook is not in complete control of its platforms. There is also a chance for the company's top line to decelerate, as tech giant **Apple** allows users to opt out of targeted advertisements. Further, Facebook continues to be impacted by regulatory issues, as seen by the company's recent whistleblower, who alleged it's not doing enough when it comes to regulating content.

With these factors in mind, we'll take a look at two other social media companies that can outpace Facebook in 2021 and beyond.

Twitter

In the second quarter of 2021, **Twitter** ([NYSE:TWTR](#)) sales rose by 74% year over year to \$1.19 billion, which was significantly higher than the analyst forecast of \$1.07 billion. Ad sales that account for the majority of Twitter's revenue were up 87%, while its data licensing and other business grew sales by 13%.

In the year-ago period, Twitter's sales were down 19% year over year, allowing the company to report robust financial metrics in Q2 of 2021. Twitter grew daily active users by 20 million year over year,

which translates to a growth of 11%. This growth was attributed to product improvements and conversations surrounding current events.

In Q3, Twitter forecast sales between \$1.22 billion and \$1.3 billion, suggesting a 62% year-over-year growth at the midpoint.

Pinterest

Pinterest ([NYSE:PINS](#)) went public in mid-2019, and its shares have since gained over 110%. A visual discovery engine, Pinterest is [valued at a market cap](#) of \$33 billion. In Q2 of 2021, Pinterest's user base was up 9% year over year at 454 million. International MAUs rose 13% while in the U.S. [they fell by](#) 5%.

This might concern investors, as the company generates \$5.08 in average revenue per user in the United States. Comparatively, its ARPU for international users is just \$0.36.

Pinterest has managed to increase its sales from just \$473 million in 2017 to \$1.7 billion in 2020. Analysts expect sales to grow by 55% to \$2.62 billion in 2021 and by 31% to \$3.43 billion in 2022. Comparatively, its adjusted earnings at an annual rate of 50% in the next five years.

Pinterest stock is trading at a discount of almost 40% compared to consensus price target estimates.

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Date

2025/06/28

Date Created

2021/10/16

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