

What will Facebook do with all its cash?

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What's Facebook going to do with all that money? Depending on the price it sets for its shares, the company is on track to raise \$6.1 billion to \$6.8 billion in its initial public offering. Facebook's new wealth will be added to the \$3.9 billion that's already in its coffers and will give the company one of the largest cash hoards of any nonbank public company.

Because it's already profitable, [Facebook](#) doesn't need the new money. The company has talked only in broad terms about how it might use the [cash](#), but analysts say it's likely to go on a buying, building and hiring binge to try to extend its dominance in social media.

"I think they've been pretty clear that they don't have an immediate use for the cash," said Arvind Bhatia, a financial analyst who covers Facebook for Sterne Agee. However, he added, the cash "will provide flexibility for future partnerships, investments and acquisitions."

In recent regulatory documents filed with the [Securities and Exchange Commission](#), Facebook said it is likely to use some new cash for working capital, the pocket money for corporations that's used to pay bills without having to dip into savings or sell off investments. Facebook said it also may use some to pay taxes, make investments or buy other businesses.

"However, we do not currently have any specific uses of the net proceeds planned," Facebook said.

Company representatives aren't talking due to the "quiet period"

surrounding the public stock offering. But Facebook officials have indicated that their priorities include building out the company's mobile products and establishing a presence in China.

In the regulatory filings, Facebook forecast spending up to \$1.8 billion this year on so-called capital expenditures, which include equipment, office buildings and property. It didn't say what types of capital projects it would be investing in, but analysts expect Facebook to expand its massive network of computer data centers and [server farms](#).

"When you have a company like Facebook and you have 900 million users on your system, that's a lot of computing," said Herman Leung, a financial analyst at Susquehanna Financial Group. Especially if the company wants to expand its products and services, he added, "they better be sure they have enough infrastructure to support that user base."

Facebook is also likely to go shopping for some companies.

Even in the run-up to the IPO, it's been on a spending spree. Last month, it announced a \$1 billion deal to buy Instagram, which makes a popular photography application for smartphones. Last week, it bought Glancee, which makes a location-sharing mobile app, for an undisclosed amount. And this week it reportedly purchased Lightbox, which made an app similar to Instagram that was popular on devices running Google's Android operating system.

Those purchases all focused on the company's mobile business. But it could also use a deal to jump-start its business in China, analysts said.

Facebook is blocked by China's Internet censors, as are many foreign websites and services. And its best hope for winning access to the world's biggest and fastest-growing Internet market may be buying a stake in a Chinese company, analysts said.

"They've been pretty open about wanting to be in China," Bhatia said. "That will require some investments."

But don't expect Facebook to make a lot of big purchases, analysts said. Instead, it's likely to make numerous small-scale moves, following the pattern of its purchase of Lightbox.

It reportedly bought that company for its employees, not its application. As Facebook develops new products and expands its operations, it's likely to make similar deals for small engineering teams, analysts said.

For an Internet company of its size, Facebook so far has made relatively few acquisitions, said Rebecca Lieb, a digital marketing and media analyst at Altimeter Group. "But the acquisitions it has made have been aimed at buying talent."

Once its coffers are filled with the IPO cash, Facebook also is likely to go on a hiring binge. The company had 3,539 employees at the end of March, Leung noted. Google, one of its key competitors, has more than 30,000.

"With a bigger (user) base and with more cash, they're going to have to do more hiring," Leung said.

Those new hires won't all be engineers, he said, adding that the company needs to also expand its ad sales and marketing teams.

But even after all that spending, Facebook's piggy bank will remain substantial, analysts said, because the [company](#) is generating so much cash through its normal business. Last year, it posted a profit of \$1 billion.

Still, it has a long way to go before it comes close to Apple, which has

roughly \$100 billion in the bank.

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