Facebook tumbles on negative comments

September 24 2012

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The shares dropped as low $20.36, sharply down from Friday's close of $22.86, before paring losses in afternoon trade.

The fall came after Barron's, the markets-focused newspaper and website, published a story saying the world's largest online social networking company was still sharply overvalued despite trading at just over half of its initial price.

"Facebook's 40 percent plunge from its initial public offering price of $38 in May has millions of investors asking a single question: Is the stock a buy?" Barron's said.

"The short answer is 'No.'"

"What are the shares worth? Perhaps only $15," Barron's said, adding that even at that level they are "no bargain."

The shares were still above their post-IPO low of $17.55. But analysts have warned that on October 29 a huge new supply of shares from company employees, up to now prohibited from selling their holdings, could flood the market, putting more downward pressure on the price.

Addressing the IPO flop for the first time, on September 11 Facebook founder Mark Zuckerberg said: "The performance of the stock has obviously been disappointing and we care about our shareholders."

However, he assured that over time, "we're going to be making more money on mobile than we make on desktop."

But Barron's argued that the company was behind on addressing the challenge of getting advertising revenue from people using Facebook on their smartphones.

Moreover, it said, even at $15, the company would trade at a price-earnings multiple of 24 times expected 2013 earnings.

By comparison, two other tech giants, Apple and Google, trade at roughly 16 times this year's earnings.

But as Facebook sank Monday, Google shares rose more than 2.1 percent to a record high of just under $750 a share.