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Facebook gets fresh \$6.5 billion valuation

As Russian company takes larger stake

by Amy-Mae Elliott published on 15 July 2009

Facebook has got a new valuation this week that, although not as high as previous valuations, still puts the social networking giant at a high rank among tech and media companies.

Russia's Digital Sky Technologies will pay \$14.77 a share for Facebook common stock (from Facebook employees, now released to sell their shares), increasing its existing stake in Facebook and effectively valuing Facebook at around \$6.5 billion.

In May, Digital Sky Technologies bought more valuable "preferred" (rather than "common") stock in Facebook, which then set Facebook's value as \$10 billion. A previous Microsoft transaction had put an even higher - \$15 billion - valuation on the company.

As Facebook has not yet been floated on the stock market, such stake buy-outs are the only official means, aside from analyst's estimates, of appraising the company's worth.

The relatively high valuation for the common stock has raised eyebrows with investors as Facebook, although popular, has yet to make any serious money, although the company has estimated a 70% growth in revenue this year and has recently appointed a new financial controller.

