Morgan Stanley | RESEARCH

FOUNDATION

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Internet | North America

The Paths to 25-50% GenAI ROIC

AI capex and model training spend are surging with investors questioning ROIC. We are bullish these investments as 3 new bottom-up GenAI ROIC frameworks across GPU IaaS and model APIs show paths to 25-50% ROIC. This is bullish hyperscalers AMZN, GOOGL, MSFT and model developers GOOGL and META.

Capex, Capacity and Model Training Spend Continue to Ramp, With ROIC The Lingering Debate: In Internet: $1.4trln of Capex, 4X in Compute Capacity, and AI Revenue Streams to Watch into '28 (12 Jul 2026), we detailed the path to $1.4trln+ of capex across the major hyperscalers...with compute capacity expected to quadruple from '25 to '28 (reaching an estimated ~120 GW). And while the compute is being used, a substantial part of it is being allocated toward training large (frontier-leading), medium, and small models as private and public companies (GOOGL, META and others) spend billions of dollars to develop models to eventually monetize through inference. All of this spending is causing investors to question ROIC and weighing on Internet/hyperscaler sentiment and multiples.

We are Bullish this Spend and the Attractive (25-50%) ROIC Ahead in the Age of Inference: We are bullish the long-term ROIC from these investments and today **introduce 3 GenAI ROIC frameworks and models** that detail the attractive (~25%+) incremental ROIC and unit economics that we believe can be generated from **1)** A Hyperscaler GPU Rental Business (IaaS) **2)** A Model Enabled API and **3)** A Model Enabled API Running on 3P Infrastructure.

Generally speaking these analyses highlight the importance for model labs to continue to invest and innovate (to drive token pricing and token efficiency)...and the significant (and rising) value of data center capacity. And this all requires investment...which **favors scaled players and leaves us bullish AMZN, GOOGL, MSFT and META.** These healthy potential returns are also an invitation for competition, which speaks to how we should expect further new entrants/open source offerings to emerge...which will only further **1)** keep an importance on product and compute efficiency innovation and **2)** highlight the value of compute infrastructure assets. As detailed in Global Thematics: Playing the AI Infrastructure Dip: Where to Invest and Where We See Risk (27 Jul 2026), we also remain bullish the AI infrastructure enabling assets. We now turn to our frameworks.

Please let us know if interested in our interactive GenAI ROIC models and frameworks.

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INTERNET

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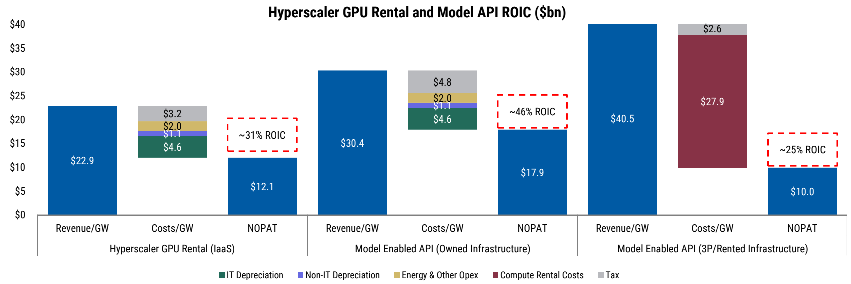
Industry View **Attractive**

Exhibit 1: We see attractive incremental unit economics and ROIC (25%+) on the three main business models set to emerge through the age of AI inference.

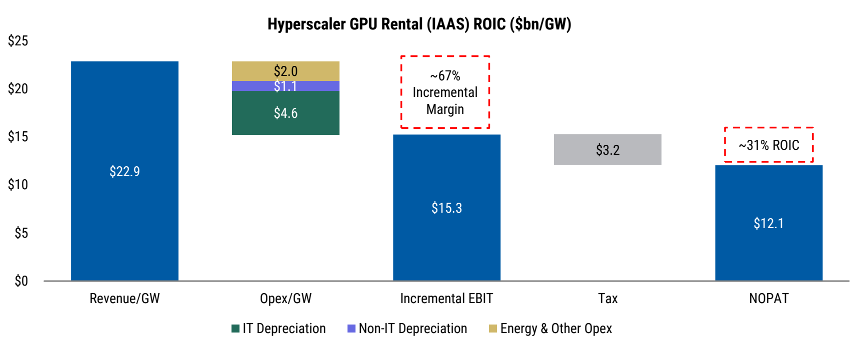


Source: Company data, Morgan Stanley Research Estimates. Note the "ROIC" on a Model-Enabled API running on 3P infrastructure is illustrative and represents revenue, adjusted for training capacity (training costs typically expensed in opex) less the rental cost of compute (COGS), taxed at 21%.

1. Hyperscaler GPU Rental (IaaS): 70% Incremental EBIT Margins and 30%+ ROIC: Our bottom up build of hyperscaler revenue flexes NVDA GPU (GB300) pricing per hour and utilization. The primary costs flowing through are IT (servers/networking) and Non-IT (powered shell) depreciation, energy costs, and other opex (labor, maintenance, etc). **While GPU pricing is the critical lever to monitor** (pricing varies by hyperscaler, chip, reserved instance vs. spot/on-demand) in all, we estimate this business can generate ~60-70% incremental EBIT margins and ROIC of 25%-40%.

So while the capital intensity to build data centers is high, **we remain bullish AWS, GCP and Azure.** MSFT is covered by Adam Wood; for more on his bullish view on MSFT, please see Microsoft: Battle of the AI Stack: Infrastructure to Knowledge Workers – Azure and Copilot Are Set to Inflect (21 Jul 2026). **In a compute constrained ecosystem, hyperscalers provide compute, and we see these players delivering scalable, profitable revenue and ROIC as the enablers of next generation compute inference.**

Exhibit 2: We see hyperscaler GPU rental businesses generating 70% incremental margins and 30%+ ROIC...



Source: Company data, Morgan Stanley Research Estimates. Note our base case presented above assumes ~410k NVDA GB300 GPUs, 3.6bn total GPU Hours, 75% GPU utilization rate, and $8.50 rental price/hour.

Exhibit 3: ...as our hyperscaler GPU rental scenario analysis points to the scalability of this business

ROIC of Hyperscaler GPU Rentals (IaaS) on 1GW GB300 DC ($bn)						Notes:
Revenue:						
Annual Hours	8,760	8,760	8,760	8,760	8,760	24 hrs. x 365 days
(X) GB300 Chips in 1GW	410,256	410,256	410,256	410,256	410,256	MS est of GB300 chips in 1GW datacenter
(=) GPU Hours (billions)	3.6	3.6	3.6	3.6	3.6	
(X) Utilization (%)	*75%*	*75%*	*75%*	*75%*	*75%*	MS est. of utilization
(X) Est. Price/Hour	**$7.0**	**$8.0**	**$8.5**	**$9.0**	**$10.0**	MS est: GPU rental px/hr (range supported by industry/company data)
(=) Revenue/GW	**$18.9**	**$21.6**	**$22.9**	**$24.3**	**$27.0**	
Costs:						
IT Depreciation Cost	$5	$5	$5	$5	$5	IT capex divided by IT useful life
(+) Non-IT Depreciation Cost	$1	$1	$1	$1	$1	Non-IT capex divided by Non-IT useful life
(+) Energy + Other Opex	$2	$2	$2	$2	$2	Energy, labor, maintenance, etc, industry/company data
(=) Total Opex/GW	**$7.6**	**$7.6**	**$7.6**	**$7.6**	**$7.6**	
EBIT & NOPAT:						
Incremental EBIT/GW	**$11.2**	**$13.9**	**$15.3**	**$16.6**	**$19.3**	
Incremental EBIT Margins	***60%***	***65%***	***67%***	***69%***	***72%***	
(X) Tax Rate	21%	21%	21%	21%	21%	
(=) NOPAT	**$8.9**	**$11.0**	**$12.1**	**$13.1**	**$15.3**	
% ROIC (NOPAT / Total Capex)	***23%***	***28%***	***31%***	***34%***	***39%***	
Capex for 1GW, GB300 Datacenter						
IT Capex	$23	$23	$23	$23	$23	MS est. IT capex per 1 GW DC of GB300s
Useful Life	*5*	*5*	*5*	*5*	*5*	MS est. servers + network useful life
Non IT Capex	$16	$16	$16	$16	$16	MS est. Non IT capex per 1 GW DC of GB300s
Useful Life	*15*	*15*	*15*	*15*	*15*	MS est. outside the rack useful life
Total Capex (IT + Non IT)	$39	$39	$39	$39	$39	

Source: Company data, Morgan Stanley Research Estimates.

A Note on Reported Hyperscaler Margins: While we believe cloud providers could see 60-70% incremental EBIT margins on GB300 inference capacity, reported near-term incremental margins will remain below that range due to **1)** the mix of capacity being served (majority of near-term incremental business is likely from prior chip generations, as GB300 capacity is still scaling), **2)** mix of workloads (traditional cloud workloads in addition to new AI-specific workloads), and **3)** additional opex that may not be reflected in this analysis (i.e. headcount and other R&D). Still, the growing mix shift to GB300 inference (and next generations of revenue from future chips) should benefit margins over time, which gives us **further confidence in the payback on this investment and the trajectory for the hyperscalers' long-term EBIT margins** as capacity continues to ramp.

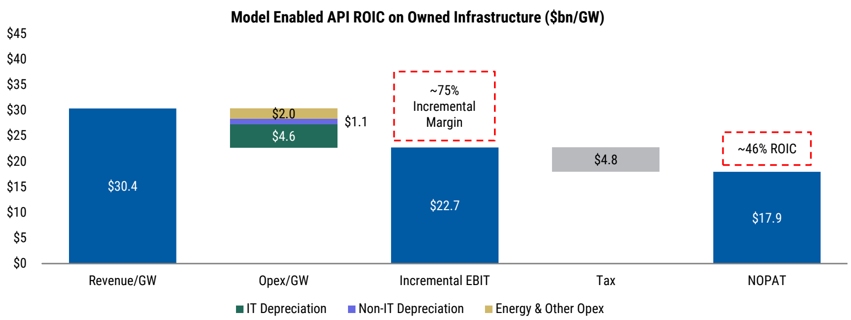
2. A Model Enabled API Business: 70%+ Incremental EBIT Margins and 40%+ ROIC: There are multiple public (Google Gemini, Meta Muse, SpaceXAI Grok, etc.) and private model labs investing billions of dollars building and training large, medium, and small models. They then offer APIs to developers, enterprises, and SMBs to access models or applications built on models. These include agentic tools, data/workflow automation tools, and other productivity enhancers.

Here again, while the investment is heavy, the incremental unit economics are attractive. In this case, we flex the percent of compute capacity used for inference (vs training, see Note 3 below) tokens/second/GPU (token throughput) and token pricing on the revenue side (critical levers for profit economics and ROIC).

The main costs are data center asset depreciation and energy/other opex (as this scenario assumes the model provider is using its own data center). The main factors driving adoption (and return) will be token pricing and product launches...**as successful model developers will need to launch and scale/enable differentiated and cost efficient models, and applications** for their customers to drive adoption across the economy. Note, that we also consider the inverse relationship between token pricing and token throughput (tokens/second/GPU) in our analysis, as larger models with more parameters may be able to charge higher prices, but may also experience lower token throughput (more on this below in Notes on Assumptions and Methodology). Flexing these assumptions again speaks to the ROIC importance of continued innovation at the chip and software layers to improve token efficiency.

In all, we estimate this business can generate ~70%+ incremental EBIT margins and ~40%+ ROIC. **This speaks to the opportunity for private model companies, GOOGL Gemini, META's recently announced API (detailed here), SPCX Grok, and others.** But the importance of product innovation (which will drive token pricing) and chip/software innovation (token throughput) reinforces the heavy investment needed to win.

Exhibit 4: We see model-enabled API businesses generating 70%+ incremental margins and 40%+ ROIC...



Source: Company data, Morgan Stanley Research Estimates. Note our base case presented above assumes 65% of capacity used for inference, 2,750 tokens/sec/GPU, and $1.75 per million tokens (blended).

Exhibit 5: ...as our model-enabled API scenario analysis shows how ROIC can reach 40%+

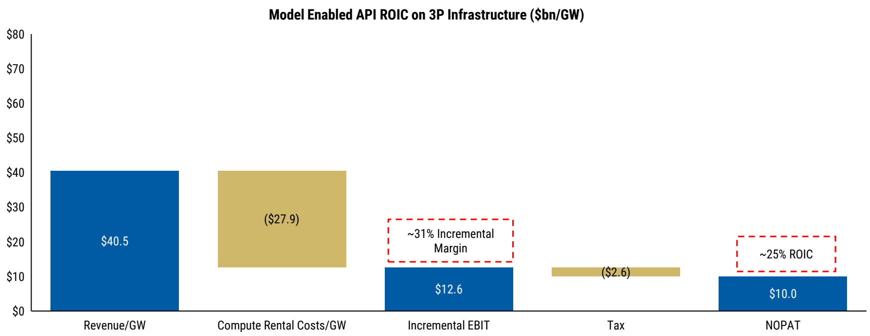
ROIC of Model Enabled API on 1GW of Owned Infrastructure ($bn)						Notes:
Revenue:						
GB300 Chips in 1GW	410,256	410,256	410,256	410,256	410,256	MS est. of GB300 chips in 1GW datacenter
(X) % of Capacity Used for Inference	*50%*	*60%*	*65%*	*70%*	*80%*	Illustrative variable on % of capacity used for inference vs. training
(=) Revenue Generating Chips	**205,128**	**246,154**	**266,667**	**287,179**	**328,205**	
(X) Tokens/Second/GPU	3,500	3,000	2,750	2,500	2,000	MS est. range, Semianalysis Inference X, NVDA GTC
(X) Seconds per Year (k)	31,536	31,536	31,536	31,536	31,536	
(X) Utilization	*75%*	*75%*	*75%*	*75%*	*75%*	MS est. of uptime
(=) Tokens per Year (bn)	16,981	17,466	17,345	16,981	15,525	
(X) Token Pricing per Million	**$1.00**	**$1.50**	**$1.75**	**$2.00**	**$2.50**	MS est. range. Muse Spark 1.1 blended pricing $1.58 (8K/1K I/O)
(=) Revenue/GW	**$17**	**$26**	**$30**	**$34**	**$39**	
Costs:						
IT Depreciation Cost	$5	$5	$5	$5	$5	IT capex divided by IT useful life
(+) Non-IT Depreciation Cost	$1	$1	$1	$1	$1	Non-IT capex divided by Non-IT useful life
(+) Energy + Other Opex	$2	$2	$2	$2	$2	Energy, labor, maintenance, etc, industry/company data
(=) Total Opex/GW	**$7.6**	**$7.6**	**$7.6**	**$7.6**	**$7.6**	
EBIT & NOPAT:						
Incremental EBIT/GW	**$9.3**	**$18.6**	**$22.7**	**$26.3**	**$31.2**	
Incremental EBIT Margins	***55%***	***71%***	***75%***	***78%***	***80%***	
(X) Tax Rate	21%	21%	21%	21%	21%	
(=) NOPAT	**$7.4**	**$14.7**	**$17.9**	**$20.8**	**$24.6**	
% ROIC (NOPAT / Total Capex)	***19%***	***38%***	***46%***	***53%***	***63%***	
Capex for 1GW, GB300 Datacenter						
IT Capex	$23	$23	$23	$23	$23	MS est. IT capex per 1 GW DC of GB300s
Useful Life	*5*	*5*	*5*	*5*	*5*	MS est. servers + network useful life
Non IT Capex	$16	$16	$16	$16	$16	MS est. Non IT capex per 1 GW DC of GB300s
Useful Life	*15*	*15*	*15*	*15*	*15*	MS est. outside the rack useful life
Total Capex (IT + Non IT)	$39	$39	$39	$39	$39	

Source: Company data, Morgan Stanley Research Estimates

3. A Model-Enabled API Business Running on 3P Infrastructure: ~30% Incremental EBIT Margins and ~25% ROIC: Our third framework considers a model provider offering API access, but while renting compute capacity from a third party (hyperscaler or other player with spare compute) rather than owning its own first party infrastructure. Despite the extra "middle man margin" to cover compute we still see attractive unit economics at ~30% incremental EBIT margins and ~25% ROIC (NOPAT).

Similar to the model provider who owns 1P capacity, **token pricing,** which will be driven by product innovation, and **token efficiency** (throughput) are critical to profitably scaling this business. But in this case, **the cost of compute** (ie, how much the hyperscalers earn) also plays a significant role in unit economics.

Exhibit 6: We see model-enabled API businesses on 3P infrastructure generating ~30% incremental EBIT margins and 25%+ ROIC...



Source: Company data, Morgan Stanley Research Estimates. Note the "ROIC" on a Model-Enabled API running on 3P infrastructure is illustrative and represents revenue, adjusted for training capacity (training costs typically expensed in opex) less the rental cost of compute (COGS), taxed at 21%. Our base case assumes 65% of capacity used for inference, 2,750 tokens/second/GPU, $1.75 blended token pricing (per million), and $7.75 GPU rental price per hour.

Exhibit 7: ...as our model-enabled API on 3P infrastructure scenario analysis shows the importance of token pricing, token throughput, and the cost of acquiring compute

NOPAT Margin of Model Enabled API on 1GW of 3P Infrastructure ($bn)						Notes:
Revenue:						
GB300 Chips in 1GW	410,256	410,256	410,256	410,256	410,256	MS est. of GB300 chips in 1GW datacenter
(X) % of Capacity Used for Inference	*50%*	*60%*	*65%*	*70%*	*80%*	Illustrative variable on % of capacity used for inference vs. training
(=) Revenue Generating Chips	**205,128**	**246,154**	**266,667**	**287,179**	**328,205**	
(X) Tokens/Second/GPU	3,500	3,000	2,750	2,500	2,000	MS est. range, Semianalysis Inference X, NVDA GTC
(X) Seconds per Year (k)	31,536	31,536	31,536	31,536	31,536	
(=) Tokens per Year (tn)	23	23	23	23	21	
(X) Token Pricing per Million	**$1.00**	**$1.50**	**$1.75**	**$2.00**	**$2.50**	MS est. range. Muse Spark 1.1 blended pricing $1.58 (8K/1K I/O)
(=) Revenue/GW	**$23**	**$35**	**$40**	**$45**	**$52**	
Costs:						
GPU Rental Price/Hour	$7.0	$7.5	$7.8	$8.0	$8.5	MS est: GPU rental px/hr (supported by industry/company data)
(X) Hours/Year	8,760	8,760	8,760	8,760	8,760	
(X) GB300 Chips in 1GW	**410,256**	**410,256**	**410,256**	**410,256**	**410,256**	MS est: GB300 chips in 1GW datacenter
(=) Cost of Compute/GW ($bn)	**$25**	**$27**	**$28**	**$29**	**$31**	
EBIT & NOPAT:						
Incremental EBIT/GW	**($2.5)**	**$8.0**	**$12.6**	**$16.5**	**$21.2**	
Incremental EBIT Margins	***(11%)***	***23%***	***31%***	***37%***	***41%***	
(X) Tax Rate	21%	21%	21%	21%	21%	
(=) NOPAT	**($2.0)**	**$6.3**	**$10.0**	**$13.1**	**$16.8**	
% Margin (NOPAT / Revenue)	***-9%***	***18%***	***25%***	***29%***	***32%***	

Source: Company data, Morgan Stanley Research Estimates. Note the "ROIC" on a Model-Enabled API running on 3P infrastructure is illustrative and represents revenue, adjusted for training capacity (training costs typically expensed in opex) less the rental cost of compute (COGS), taxed at 21%.

A Few Notes on Our Assumptions and Methodology

1. These Illustrative Frameworks Are Standardized on 1GW of NVDA GB300 GPUs: As we look to incremental profit economics/ROIC on next gen compute deployments, we use NVDA GB300 GPUs as the standard IT/compute equipment in our hyperscaler GPU rental and model enabled API frameworks. Notably, this impacts the amount of chips, GPU pricing/hour, tokens/second/GPU and IT/compute depreciation expense. While custom ASICs and prior GPU generation have lower costs...we believe chip pricing/hour and token throughput are also lower. These factors will also change over time as new generations of chips are developed...**but we believe this framework will be helpful even as the new generations of chips and ASICs with improving performance arrive.** For depreciation expense, we anchor to an all-in capital cost of $39bn/GW for GB300 as implied by our bottoms-up capex/capacity work, which flows through to ~$6bn of depreciation expense per year for owned infrastructure. Note that our cost per GW assumes ~$4mn per GB300 rack, consistent with our Asia semis' teams published rack BoM (see here). ***Please let us know if interested in our hyperscaler bottoms up capex/capacity per GW model for supporting math on this assumption.***

2. Tokens/Second/GPU i.e. Token Throughput Matters...Which Can Also Vary Based on Model/Software Architecture: Token throughput is a sensitive assumption and matters for revenue generation, profit economics and ROIC. However, we remind investors this is not solely driven by chip architecture. Token throughput varies by model parameters, software stack, token input/output mix, etc. Our illustrative range of 2,000-3,500 tokens/second/GPU is based on industry data specifications for a DeepSeek-V4-Pro 1.6T, FP4, 8K-input/1K-output workload at a specified interactivity level of ~50 tokens/second/user. Industry benchmarks show that GB300 can deliver materially higher throughput than GB200 at matched interactivity, but the precise result varies across software configurations. We therefore treat throughput as a range rather than a permanent, fixed characteristic of the hardware. Additionally, while larger models (such as 2.8T Kimi-K3) have higher token pricing than our illustrative example (which uses Muse Spark 1.1 pricing), they also experience lower per-GPU throughput. As a result, higher pricing on larger models does not necessarily translate proportionately into higher revenue/GW.

3. How Do We Account for the Cost of Training and Maintaining Models? Model developers face a continued trade off between allocating compute for revenue generating inference and attractive economics...vs allocating compute toward continuing to train and maintain models to preserve and expand their technological edge (staying on the frontier, making the model more efficient, etc). **Model quality and efficiency will drive adoption and ultimately drive high margin inference revenue over time.**

In order to account for this, in our ROIC modeling, we effectuate the substantial cost of training/maintaining models by discounting the amount of compute available for revenue generating inference by a given percentage. Said differently, in our ROIC framework we assume a percent of compute is allocated toward training that generates no revenue, but bears all the costs (compute depreciation/rental costs, powered shell depreciation costs, energy and other opex)...and we burden the ROIC calculation with that training cost.

4. We Assume 75% Capacity Utilization For Owned Infrastructure: We also assume a utilization rate of 75% on owned GPUs (in line with industry average for a well-optimized AI data center). This utilization rate assumption decreases the total token volume and in turn the headline revenue/watt of compute in the scenario where APIs are served on internally owned capacity. Note that we do not apply the same methodology to the API Revenue on 3P infrastructure scenario, resulting in a higher relative revenue/watt. **While in reality large multi-GW cloud rental**

agreements might result in customers sharing the utilization downtime risk that face the infrastructure providers, our analysis still implies a significantly higher level of ROIC in the owned infrastructure scenario than the 3P infrastructure scenario.

Risk Reward – Microsoft (MSFT.O)

Durability of Earnings Growth & AI Leadership Not Priced-In

PRICE TARGET $600.00

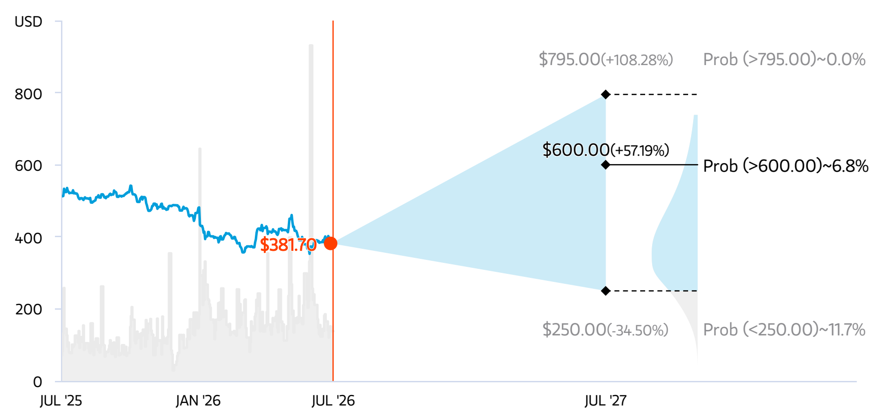
25x Base Case FY28e EPS of $23.86. 25x PE is a slight premium to large cap software peers, 1.2x PEG is a discount to MSFT historical PEG and large-cap software peers.

Consensus Price Target Distribution $400.00 $561.57 MS PT $870.00

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 24 Jul 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- Greater than expected capacity-driven Azure growth inflection and Copilot monetization supports high-teens rev growth.
- Meaningful gross margin % headwinds are offset by operating leverage, yielding 20%+ EBIT growth and >20% EPS growth
- Shares trading at <16x FY28 GAAP EPS too cheap. Overweight

Consensus Rating Distribution

94% Overweight
6% Equal-weight
0% Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $795.00

~29x Bull Case FY28e EPS: $27.39

Azure, O365 & Robust Contribution from AI Drive Top-Line Growth. Acceleration in Azure growth, adoption of higher priced M365 Commercial SKUs and continued seat growth, and robust adoption of Azure AI services and Microsoft AI Copilots across business lines drive low-20s revenue CAGR in the coming years. Operating margins expand to ~48.9% by FY28 and FY28e EPS is $27.39. ~29x PE represents a premium to large cap software peers, but below MSFT historical avg PEG at ~1.2x given >20% EPS CAGR.

BASE CASE $600.00

~25x Base Case FY28e EPS of $23.86

Azure, M365 & Ramping Contribution from AI Drive Top-Line Growth. Durability of Azure growth, adoption of higher priced M365 Commercial SKUs and continued seat growth, and ramping adoption of Azure AI services & Microsoft AI Copilots across business lines drive high-teens rev CAGR ahead. Operating margins expand beyond ~46.7% by FY28 and FY28e EPS is $23.86. 25x PE is a premium to large cap software peers, given strong positioning and execution. 1.2x PEG is a discount to MSFT historical PEG.

BEAR CASE $250.00

~12x Bear Case FY28e EPS: $21.64

Macro, Scale & Limited AI Adoption Drives Top-Line Growth Deceleration. Azure growth continues deceleration given scale, while M365 reaches penetration and adoption of Azure AI services & Microsoft AI Copilots across business lines remains limited. This drives mid-teens rev CAGR. Operating margins only expand to ~44.9% by FY28 from gross margin pressure and FY28 EPS is $21.64. ~12x PE is a discount to large cap software peers and a discount on a PEG.

Risk Reward – Microsoft (MSFT.O)

KEY EARNINGS INPUTS

Drivers	Jun 2025	Jun 2026e	Jun 2027e	Jun 2028e
Azure and Other Cloud Services Growth (%)	34.4	40.0	42.3	43.0
M365 Commercial Cloud Growth (%)	15.3	16.5	14.6	15.9
Gross Margins (%)	68.8	67.7	65.7	64.4
Operating Margins (%)	45.6	46.6	46.5	46.7
GAAP EPS Growth (%)	15.6	27.2	13.1	21.6

INVESTMENT DRIVERS

- Sustainability of commercial cloud growth, Copilot growth
- Improving Azure growth, cloud momentum, improving cloud margins

GLOBAL REVENUE EXPOSURE

- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% MEA
- 0-10% Mainland China
- 0-10% UK
- 10-20% Europe ex UK
- 50-60% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Cloud adoption accelerates, with Azure as convincing winner
- AI leadership results in substantial revenue contribution over-time
- Operational efficiencies leading to greater than anticipated economies of scale and margin expansion

RISKS TO DOWNSIDE

- Weak macro impacting IT spending
- On-premises cannibalization by Cloud
- Increased investments hurt margin expansion
- AI adoption proves limited

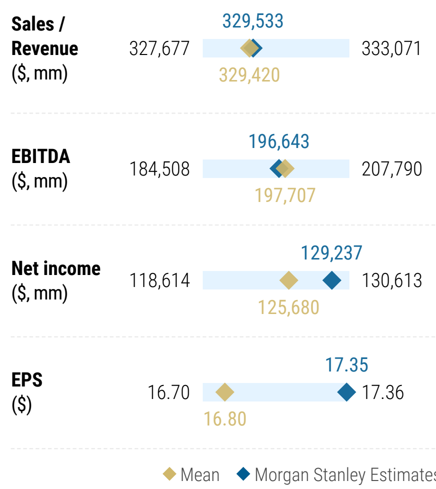
OWNERSHIP POSITIONING

Inst. Owners, % Active	52.5%
HF Sector Long/Short Ratio	2.1x
HF Sector Net Exposure	29.5%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Amazon.com Inc (AMZN.O)

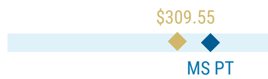
AMZN Risk Reward

PRICE TARGET $330.00

Our $330 PT is based on applying a ~25X P/E multiple to an average of our $13 of '27/'28 EPS (roll to mid-year), which implies ~29X '27 EPS and ~22X '28 EPS.

Consensus Price Target Distribution

$207.00

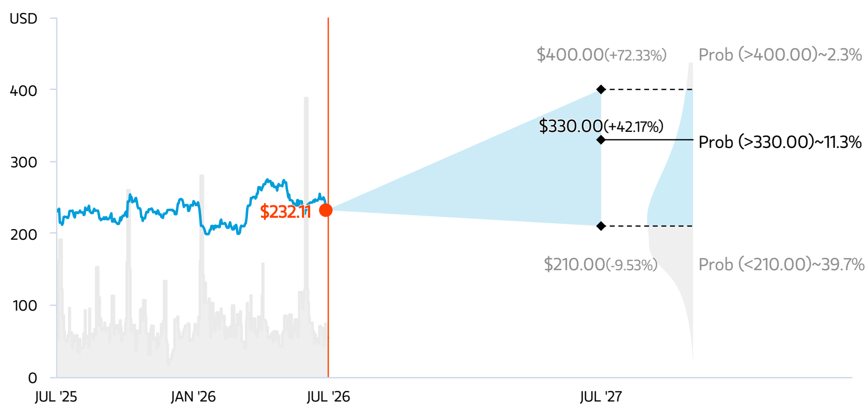


$370.00

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



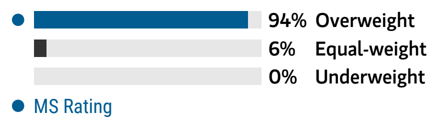
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 24 Jul 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest (last mile delivery, fulfillment, Prime Now, Fresh, Prime digital content, Alexa/Echo, India, AWS, etc).
- Amazon Prime membership growth drives recurring revenue and positive mix shift.
- Cloud adoption hitting an inflection point.
- Advertising serves as a key area for both further growth potential and profitability flow-through.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth:	*Positive*
New Data Era:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $400.00

~27X an average of $15 of bull '27/'28 EPS

Our Bull case is derived from higher Revenue and EBIT margin assumptions than in our base case

BASE CASE $330.00

~25X an average of $13 of base '27/'28 EPS

Our $330 PT is based on applying a ~25X P/E multiple to an average of our $13 of '27/'28 EPS (roll to mid-year), which implies ~29X '27 EPS and ~22X '28 EPS.

BEAR CASE $210.00

~17X an average of $12 of bear '27/'28 EPS

Our Bear case is derived from lower Revenue and EBIT margin assumptions than in our base case

Risk Reward – Amazon.com Inc (AMZN.O)

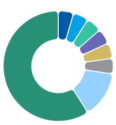
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Revenue ($, mm)	716,924	826,010	957,576	1,109,179
Gross Profit ($, mm)	361,287	428,879	524,467	638,944
GAAP EBIT ($, mm)	79,975	114,379	162,602	222,258
Paid Unit Growth (y/y) (%)	10.8	11.8	9.6	9.1
AWS Revenue Growth (%)	19.7	34.9	40.2	36.2

INVESTMENT DRIVERS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest
- Cloud is in a multi-decade secular adoption cycle
- Amazon is gaining share in eCommerce/retail and share of consumers' wallets

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% Mainland China
- 0-10% UK
- 10-20% Europe ex UK
- 60-70% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected AWS rev growth and stable margin expansion
- Faster than expected Retail rev growth, stable to expanding 1P Merch Margins
- Greater than expected shipping and fulfillment leverage

RISKS TO DOWNSIDE

- Investments step up and continue for longer than expected
- Merch margins worse than expected
- AWS revenue decelerates and /or margins decline

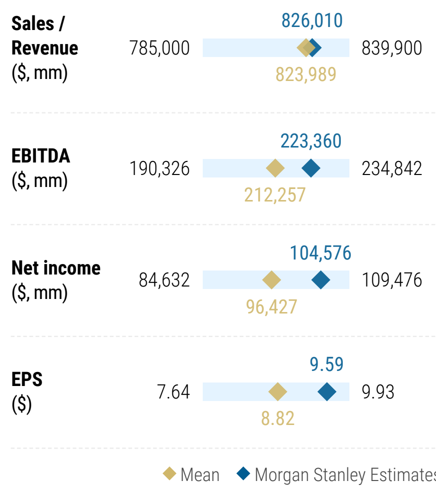
OWNERSHIP POSITIONING

Inst. Owners, % Active	55.3%
HF Sector Long/Short Ratio	1.7x
HF Sector Net Exposure	11.1%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

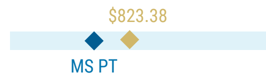
Risk Reward – Meta Platforms Inc (META.O) Top Pick

The Age of Efficiency

PRICE TARGET $775.00

Our price target is determined using a discounted cash flow/long-term EBITDA multiple. It implies a ~23x '27 P/E Multiple. Our DCF uses an ~8% WACC and a ~3% terminal growth rate

Consensus Price Target Distribution $664.46

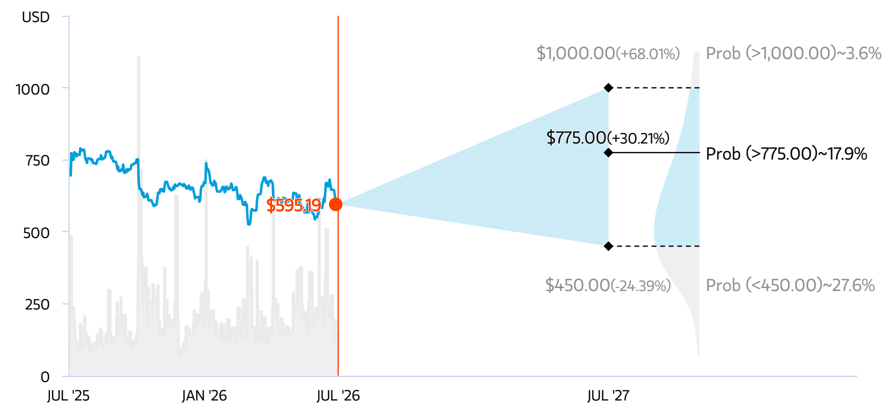


$1,015.00

Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 24 Jul 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- **A Structural Pivot to Focus on Multi-Year Efficiency, Productivity and Leaner Operations...** We think META's "year of efficiency" is more than just a 365 day change...but rather a structural and cultural pivot to operate leaner and with a greater focus on investor returns...even through investment.
- **Importantly, Revenue and Engagement Trends Are Also Improving Across META's Platform...** our industry and company conversations speak to progress driving incremental Reels engagement and monetization...and traction improving ad measurement/attribution in the post IDFA world.
- **3 Underappreciated "Call Options"** including 1) further AI driven upside, 2) subscription adoption and 3) click-to-message.

Consensus Rating Distribution

88%	Overweight
12%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Self-help:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $1,000.00

Implied ~29x blended '27/'28 P/E

AI investments drive increased engagement and lead to new products/services, which supports outsized ad monetization and revenue growth. Execution on newer offerings (like click to message) could also contribute to higher than expected growth. META could also drive further efficiency gains and be more successful in closing the Reels monetization gap.

BASE CASE $775.00

Implied ~23X base case blended '27/'28 P/E

Ad revenue grows ~27% in '26 as META's AI investments drive incremental Reels engagement/monetization and support improved performance and ad measurement/attribution across the Family of Apps. We also see META continuing to focus on efficiency and explore new ways to monetize META's extensive data center capacity.

BEAR CASE $450.00

Implied ~15x blended '27/'28 P/E

Declines in engagement and/or evidence of Reels monetization ramping more slowly than expected could lead to lower growth and greater uncertainty. We also watch for any macro uncertainty, regulation that limits META's ability to target ads, Higher capital intensity from mis-execution around the data center build widens losses with minimal ROIC. Any additional opex and capex could weigh on operating income growth and FCF.

Risk Reward – Meta Platforms Inc (META.O)

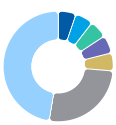
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Constant Currency % Growth (%)	22.5	26.0	22.0	19.8
Operating income (GAAP) ($, mm)	83,276	92,216	101,748	104,841
Consolidated Total Daily Active Users (mm)	2,239.9	2,294.5	2,344.5	2,389.2

INVESTMENT DRIVERS

- We are positive on META's structural pivot towards efficiency and improving revenue, engagement and Reels. We continue to monitor META's progress on call options (AI, subscriptions, click-to-message) and further investment in AI/data centers.

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% UK
- 20-30% Europe ex UK
- 40-50% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected Reels monetization & higher engagement growth
- Increased benefit from AI investment
- Revenue driven by subscriptions and/or click-to-message ads
- Further efficiency improvements drive outsized FCF growth

RISKS TO DOWNSIDE

- Macro pressures/weaker consumer spend
- Regulation impacts ability to target ads
- Reality labs losses widen further
- Mis-execution risk could result in higher LT capital intensity

OWNERSHIP POSITIONING

Inst. Owners, % Active	55.5%
HF Sector Long/Short Ratio	2.6x
HF Sector Net Exposure	12.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue ($, mm)	237,140	254,653	253,077	269,079
EBITDA ($, mm)	114,318	148,034	142,872	170,068
Net income ($, mm)	74,800	84,622	84,383	94,600
EPS ($)	28.74	32.49	32.95	38.62

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Alphabet Inc. (GOOGL.O)

Alphabet Inc.

PRICE TARGET $400.00

Our $400 PT is based on applying a ~24X P/E multiple to the average of our $15/$18 EPS in '27/'28, and implies paying ~1.6X PEG, a ~35% premium to GOOGL's peer median.

Consensus Price Target Distribution $220.00 — $420.48 — MS PT — $515.00

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Continued AI-driven platform-level innovation on Search, YouTube, Cloud, and with other offerings improve confidence in the durability of long term growth.
- Continued expense discipline leads to operating leverage and upward revisions on EPS and FCF estimates.

Consensus Rating Distribution

● 89% Overweight
11% Equal-weight
0% Underweight

● MS Rating

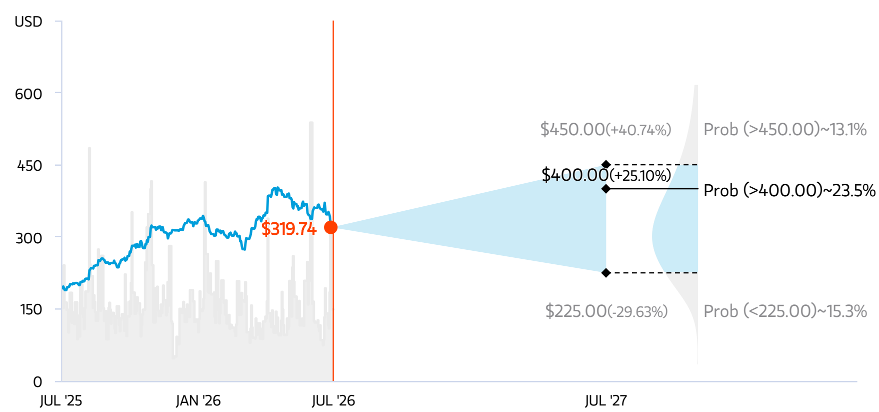
Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
New Data Era: *Positive*

View descriptions of Risk Rewards Themes here

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 24 Jul 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

BULL CASE $450.00

~26X Avg. '27/'28 Bull Case EPS of ~$16/~$19

Faster innovation and Search/GCP acceleration lead to multiple expansion and higher earnings power. Search revenue accelerates as AI-driven innovation delivers meaningful upside to engagement. New AI offerings prove incremental to the top and bottom line and don't cannibalize core Search. YouTube and Cloud become even bigger contributors to top-line growth, and operate at a higher margin than in our base case.

BASE CASE $400.00

~24X Avg. '27/'28 Base Case EPS of ~$15/~$18

Assumes pragmatic search revenue growth in '26, continued incremental platform monetization and Google Cloud acceleration in '26. As GOOGL continues platform-level innovation on Search and other categories, we assume pragmatic revenue/EBITDA growth. GOOGL introduces new AI offerings which increase confidence in the durability of long term growth and calm fears around competition. Google Cloud accelerates driven by new partnerships and growing backlog.

BEAR CASE $225.00

~15X Avg. '27/'28 Bear Case EPS of ~$14/~$16

Global ad growth slows further and margins face pressure. Assumes slower search advertising growth, and that ad spending slows further. Expense discipline fails to materialize leading to lower than expected margin expansion and adj. EBITDA. New AI products create greater than expected margin pressure due to lower monetization rates and increased compute intensity.

Risk Reward – Alphabet Inc. (GOOGL.O)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total operating income (GAAP) ($, mm)	129,039	176,395	227,461	280,882
GAAP Operating Income (Loss) ($, mm)	137,054	183,870	234,661	287,432

INVESTMENT DRIVERS

- Search advertising spend continues to gain share of global advertising budgets.
- Mobile search advertising continues to take share of online budgets.
- Investments in video driving longer-term monetization at YouTube.
- Moderation of expense growth.

GLOBAL REVENUE EXPOSURE

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- New products generate higher than expected top line contribution.
- Capital returns through greater share buybacks.
- Hiring and/or spend per headcount is lower than expected.

RISKS TO DOWNSIDE

- High exposure to SMB and travel could pressure ad revenue in a recession
- Improved disclosure around the Google and Other Alphabet segments may not decrease the overall investment activity of the business.

OWNERSHIP POSITIONING

Inst. Owners, % Active	55.9%
HF Sector Long/Short Ratio	2.6x
HF Sector Net Exposure	12.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue ($, mm)	475,342	500,611	495,765	519,818
EBITDA ($, mm)	223,773	241,667	232,729	241,667
Net income ($, mm)	158,271	255,100	234,369	268,656
EPS ($)	12.30	20.62	19.37	21.92

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

Disclosure Section

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The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Stephen C Byrd; Brian Nowak, CFA; Adam Wood.

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As of June 30, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Airbnb Inc, Alphabet Inc., Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Chewy Inc, Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., Grindr Inc., Instacart, Lyft Inc, Match Group Inc, Meta Platforms Inc, Microsoft, MNTN Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Reddit Inc, Roblox Corporation, Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Airbnb Inc, Alphabet Inc., Amazon.com Inc, Compass, Inc., eBay Inc, Liftoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Uber Technologies Inc.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Airbnb Inc, Alphabet Inc., Amazon.com Inc, Chewy Inc, eBay Inc, Instacart, Liftoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Microsoft, Uber Technologies Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Airbnb Inc, Alphabet Inc., Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Bumble Inc., Chewy Inc, Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., FIGS, Inc., Instacart, Liftoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, Microsoft, MNTN Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Roblox Corporation, Snap Inc., Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Airbnb Inc, Alphabet Inc., Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Chewy Inc, DoorDash Inc, eBay Inc, Electronic Arts Inc, Expedia Inc., Instacart, Liftoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Microsoft, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Snap Inc., Take-Two Interactive Software, Uber Technologies Inc, Unity Software Inc, WW International Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Airbnb Inc, Alphabet Inc., Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Bumble Inc., Chewy Inc, Compass, Inc., Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., FIGS, Inc., Instacart, Liftoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, Microsoft, MNTN Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Roblox Corporation, Snap Inc., Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Airbnb Inc, Alphabet Inc., Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Chewy Inc, DoorDash Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., Instacart, Liftoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, Microsoft, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Snap Inc., Take-Two Interactive Software, Uber Technologies Inc, Unity Software Inc, WW International Inc, Zillow Group Inc.

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Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of June 30, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

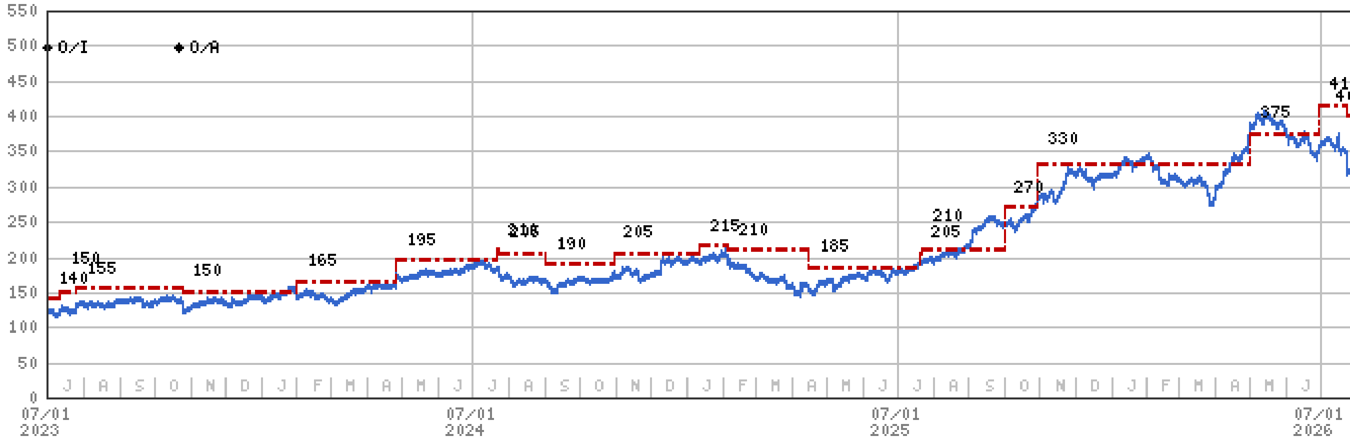
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Alphabet Inc. (GOOGL.O) - As of 07/27/26 GMT in USD
Industry : Internet



Stock Rating History: 7/1/21 : O/I; 10/22/23 : O/A

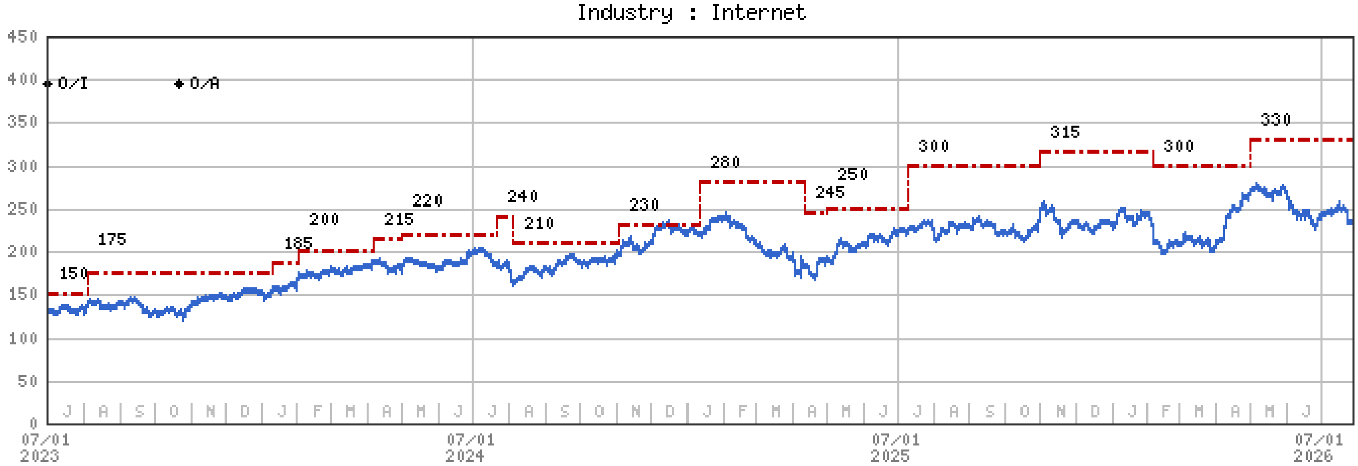
Price Target History: 4/28/21 : 128.75; 7/27/21 : 150; 11/1/21 : 160; 1/19/22 : 171.5; 2/2/22 : 172.5; 4/27/22 : 163.5; 5/31/22 : 150; 7/18/22 : 140; 7/27/22 : 145; 10/9/22 : 135; 10/26/22 : 125; 11/14/22 : 120; 1/17/23 : 125; 2/3/23 : 135; 4/25/23 : 140; 7/12/23 : 150; 7/26/23 : 155; 10/25/23 : 150; 1/31/24 : 165; 4/26/24 : 195; 7/22/24 : 210; 7/24/24 : 205; 9/2/24 : 190; 10/30/24 : 205; 1/12/25 : 215; 2/5/25 : 210; 4/16/25 : 185; 7/20/25 : 205; 7/23/25 : 210; 10/1/25 : 270; 10/30/25 : 330; 4/30/26 : 375; 6/29/26 : 415; 7/23/26 : 400

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Amazon.com Inc (AMZN.O) - As of 07/27/26 GMT in USD
Industry : Internet



Stock Rating History: 7/1/21 : O/I; 10/22/23 : O/A

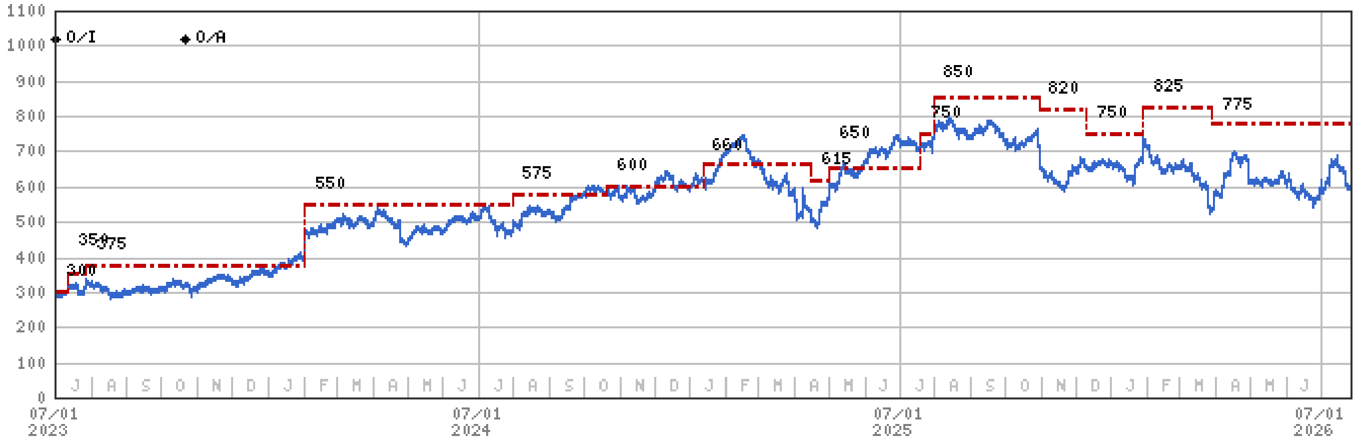
Price Target History: 4/30/21 : 225; 7/30/21 : 215; 9/26/21 : 205; 10/29/21 : 200; 1/10/22 : 210; 4/29/22 : 190; 5/31/22 : 175; 10/28/22 : 140; 2/3/23 : 150; 8/4/23 : 175; 1/10/24 : 185; 2/2/24 : 200; 4/7/24 : 215; 5/1/24 : 220; 7/22/24 : 240; 8/5/24 : 210; 11/3/24 : 230; 1/12/25 : 280; 4/13/25 : 245; 5/2/25 : 250; 7/10/25 : 300; 10/31/25 : 315; 2/6/26 : 300; 4/30/26 : 330

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Meta Platforms Inc (META.O) - As of 07/27/26 GMT in USD
Industry : Internet



Stock Rating History: 7/1/21 : O/I; 10/27/22 : E/I; 3/20/23 : O/I; 10/22/23 : O/A

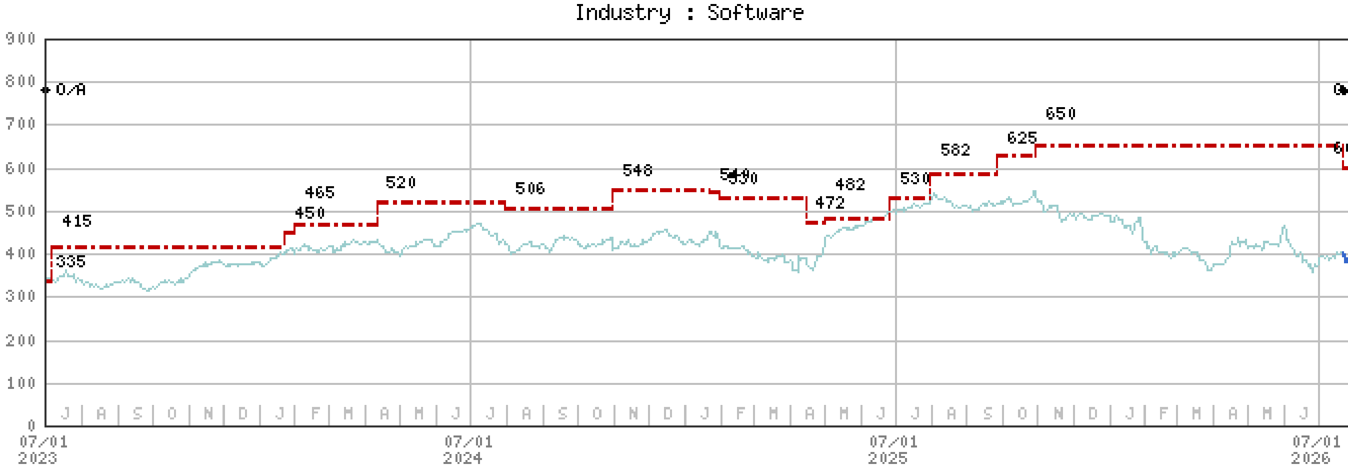
Price Target History: 4/29/21 : 375; 7/28/21 : 400; 10/26/21 : 365; 1/19/22 : 395; 2/3/22 : 360; 3/2/22 : 325; 4/28/22 : 330; 5/31/22 : 300; 7/18/22 : 280; 8/18/22 : 225; 10/9/22 : 205; 10/27/22 : 105; 11/14/22 : 100; 1/17/23 : 130; 2/2/23 : 190; 3/20/23 : 250; 4/26/23 : 300; 7/12/23 : 350; 7/27/23 : 375; 2/2/24 : 550; 7/31/24 : 575; 10/20/24 : 600; 1/12/25 : 660; 4/16/25 : 615; 5/1/25 : 650; 7/20/25 : 750; 7/31/25 : 850; 10/30/25 : 820; 12/10/25 : 750; 1/29/26 : 825; 3/29/26 : 775

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Microsoft (MSFT.O) - As of 07/27/26 GMT in USD
Industry : Software



Stock Rating History: 7/1/21 : O/A; 7/21/26 : O/A

Price Target History: 4/28/21 : 300; 7/28/21 : 305; 9/14/21 : 331; 10/27/21 : 364; 1/26/22 : 372; 7/12/22 : 354; 10/14/22 : 325; 10/26/22 : 307; 4/26/23 : 335; 7/6/23 : 415; 1/23/24 : 450; 1/31/24 : 465; 4/11/24 : 520; 7/31/24 : 506; 10/31/24 : 548; 1/22/25 : 540; 1/30/25 : 530; 4/15/25 : 472; 5/1/25 : 482; 6/26/25 : 530; 7/31/25 : 582; 9/26/25 : 625; 10/30/25 : 650; 7/21/26 : 600

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Internet

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/24/2026)
Brian Nowak, CFA		
Airbnb Inc (ABNB.O)	U (12/06/2022)	$141.10

Alphabet Inc. (GOOGL.O)	O (08/11/2015)	$319.74
Amazon.com Inc (AMZN.O)	O (04/24/2015)	$232.11
Booking Holdings Inc (BKNG.O)	O (02/23/2026)	$177.46
DoorDash Inc (DASH.O)	O (02/21/2024)	$172.91
Expedia Inc. (EXPE.O)	E (01/09/2019)	$259.94
Instacart (CART.O)	E (01/29/2024)	$42.21
Lyft Inc (LYFT.O)	E (10/24/2019)	$14.20
Meta Platforms Inc (META.O)	O (03/20/2023)	$595.19
Pinterest Inc (PINS.N)	O (07/20/2025)	$22.13
Reddit Inc (RDDT.N)	O (12/08/2024)	$168.73
Snap Inc. (SNAP.N)	E (07/22/2024)	$4.35
Uber Technologies Inc (UBER.N)	++	$65.94
Matthew Cost		
AppLovin Corp (APP.O)	O (04/10/2025)	$391.98
Compass, Inc. (COMP.N)	E (01/12/2026)	$11.07
Criteo SA (CRTO.O)	E (01/26/2016)	$20.44
DoubleVerify Holdings Inc (DV.N)	E (06/25/2024)	$10.56
Electronic Arts Inc (EA.O)	E (08/04/2021)	$209.06
Liftoff Mobile Inc. (LFTO.O)	E (06/29/2026)	$22.14
MNTN Inc (MNTN.N)	E (06/16/2025)	$8.58
Opendoor Technologies Inc (OPEN.O)	E (07/24/2023)	$3.84
Playtika Holding Corp (PLTK.O)	E (11/27/2022)	$3.68
Roblox Corporation (RBLX.N)	O (11/04/2024)	$47.55
Take-Two Interactive Software (TTWO.O)	O (02/01/2018)	$231.65
Trade Desk Inc (TTD.O)	E (09/10/2025)	$17.29
Unity Software Inc (U.N)	O (09/02/2024)	$28.62
Webtoon Entertainment Inc (WBTN.O)	E (07/22/2024)	$9.00
Yelp Inc (YELP.N)	U (01/10/2019)	$25.10
Zillow Group Inc (Z.O)	E (04/18/2018)	$30.76
Nathan Feather		
Bumble Inc. (BMBL.O)	E (03/08/2021)	$2.81
Chewy Inc (CHWY.N)	O (10/31/2023)	$20.86
Duolingo Inc (DUOL.O)	E (02/27/2026)	$122.24
eBay Inc (EBAY.O)	O (04/18/2024)	$109.39
Etsy Inc (ETSY.N)	E (07/20/2025)	$80.62
FIGS, Inc. (FIGS.N)	E (02/29/2024)	$9.51
Grindr Inc. (GRND.N)	O (07/01/2026)	$14.85
Match Group Inc (MTCH.O)	E (04/18/2024)	$37.91
Peloton Interactive, Inc. (PTON.O)	E (03/14/2022)	$6.08
Revolve Group Inc (RVLV.N)	E (10/20/2024)	$24.99
WW International Inc (WW.O)	E (08/01/2025)	$13.34

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.