Global Research
29 July 2026

First Read

Meta Platforms

META 2Q26 First Read

Key Takeaway: Raising low end of 2026 CapEx / OpEx guide combined with lacklustre 3Q26 revenue guide (midpoint ~$600M below St) suggests EPS compression. Although investors were already expecting some EPS compression for 2027, the 2Q26 report will do little to help improve that outlook given higher cost pressure and slight pare back on revenue.

How did META guide - 3Q26 Revenue Guide slightly short of expectations

- Guided 3Q26 Revenues of $61B-$64B, which at midpoint of $62.5B is slightly below consensus $63.1B and below UBSe $63.9B
  - Guidance assumes 1% FX headwind to YOY growth
- 2026 Total Expense guided raised at low end to $165B-$169B from $162B-$169B earlier vs Street at ~$162B and UBSe at ~$162B - as it incorporates $2.4B in fines
- 2026 Capital Expenditure low end of guidance raised to $130B-$145B from $125B-$145B earlier and vs Street/UBSe at ~$137B/~$146B
- Co continues to expect 2026 Operating Income above 2025 levels

Key takes from 2Q26 results - Revenue beats but EPS misses on one time

- 2Q26 Revenue of $60.8B (vs guide $58.0B-$61.0B) came in slightly above consensus $60.3B and slightly above UBSe $60.4B
- 2Q26 Advertising Revenue of $59.4B came in above consensus $58.9B and above UBSe $59.1B
- 2Q26 Advertising Revenues FXN growth of 26% YOY came in above consensus 25% YOY
- 2Q26 Operating Income of $18.8B (margin 31%) came in below consensus $21.5B (margin 35.7%) and below UBSe $23.0B (margin 38.0%). Adjusting for $2.4B legal charge and $1.18B severance related expenses, implies operating income of $22.4B (margin 36.8%) and above consensus.
- 2Q26 GAAP diluted EPS given one-time charges consequently $6.18 and below consensus $7.19 and UBSe $7.70

Equities

Americas
Internet Services

12-month rating	**Buy**
12m price target	**US$766.00**
Price (29 Jul 2026)	**US$588.68**

RIC: META.O **BBG:** META US

Trading data and key metrics

52-wk range	US$790.00-525.72
Market cap.	US$1,509b
Shares o/s	2,564m (COM)
Free float	50%
Avg. daily volume ('000)	17,949
Avg. daily value (m)	US$10,925.7
Common s/h equity (12/26E)	US$323b
P/BV (12/26E)	4.7x
Net debt to EBITDA (12/26E)	0.1x

EPS (UBS, diluted) (USD)

	12/26E	
	UBS	Cons.
Q1	10.44	10.44
Q2E	7.70	7.22
Q3E	7.03	7.04
Q4E	8.76	8.49
12/26E	33.92	32.91
12/27E	30.20	34.89
12/28E	32.13	39.82

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Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	134,901	164,500	200,965	254,913	310,209	372,310	437,378	504,653
EBIT (UBS)	64,391	87,692	120,248	122,737	132,073	150,523	166,007	182,297
Net earnings (UBS)	39,097	62,360	60,476	87,669	80,562	88,677	94,989	102,929
EPS (UBS, diluted) (US$)	14.87	23.86	23.49	33.92	30.20	32.13	33.25	34.82
DPS (net) (US$)	0.00	2.00	2.10	2.10	2.10	2.10	2.10	2.10
Net (debt) / cash	29,792	30,697	(92)	(14,086)	(83,268)	(131,271)	(1[illegible]	[illegible]

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	[illegible]	[illegible]
EBIT (UBS) margin %	47.7	53.3	59.8	48.1	42.6	40.4	[illegible]	[illegible]
ROIC (EBIT) %	55.1	63.7	65.1	44.3	30.9	25.0	[illegible]	[illegible]
EV/EBITDA (UBS core) x	8.6	12.3	12.2	9.8	8.4	7.1	[illegible]	[illegible]
P/E (UBS, diluted) x	17.6	21.3	28.5	17.5	19.7	18.5	[illegible]	[illegible]
Equity FCF (UBS) yield %	6.4	4.1	2.7	0.2	(4.3)	(2.7)	[illegible]	[illegible]
Dividend yield (net) %	0.0	0.4	0.3	0.4	0.4	0.4	[illegible]	[illegible]

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha[illegible] price of US$ 583.96 on 29-Jul-2026 16:35:11 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLO[illegible] INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 4.**

Forecast returns

Forecast price appreciation	30.1%
Forecast dividend yield	0.4%
Forecast stock return	30.5%
Market return assumption	9.3%
Forecast excess return	21.2%

Company Description

Meta Platforms Inc. operates a number of platforms, including Facebook, Instagram, and WhatsApp, that allow users to engage and communicate with one another via social media/messaging, as well as Facebook Reality Labs, focused on building out AR/VR capabilities.

Valuation Method and Risk Statement

Our valuation is based on a multiple of GAAP EPS. Key risks to the downside include: (1) a pullback in advertising more broadly; (2) impacts from iOS changes related to ad targeting and measurement; (3) changes to the regulatory landscape and how antitrust laws are interpreted; (4) headwinds related to user growth and engagement associated with competitor platforms like TikTok; (5) engagement shifts to lower monetizing portions of the app (e.g. Reels) and uncertainty around the long-term monetization potential of new formats; (6) heavy investment into Reality Labs with an uncertain outcome and lack of a product/market fit today.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Meta Platforms

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	