Meta Platforms Inc

The Models and Agents are Here; Upgrading to Overweight, $820 PT

▲ **Overweight**
Previous: Neutral

META, META US
Price (09 Sep 26):$653.69

▲ **Price Target (Dec-27):$820.00**
Prior (Dec-27):$640.00

Internet - Large Cap / Mid & Small Cap

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Meta shares are up +20% from their recent lows (vs. SPX -1%), but still down -1% YTD vs. the SPX up +12%. **We believe there's still meaningful upside potential as Meta is in the early stages of releasing frontier models and AI-driven products beyond advertising, notably Muse AI agent and Meta Model API access.** Frontier models are at the core of Meta's product and monetization pipeline over a multi-year period, and its path toward superintelligence. Meta's goal in the summer of 2025 as it began to rebuild MSL was to deliver models at the frontier within a year. We believe the MSL team has essentially delivered with an accelerated pace of model rollouts from Muse Spark 1.1 this past July to more recently Muse Spark 1.3, which is competitive with Claude and GPT models (see Figure 1). We expect Watermelon to unlock additional opportunities for Meta around consumer products, business intelligence, FoA engagement and advertising, and internal operations and efficiency. We have long believed that Meta is well-positioned to deliver consumer-driven AI products to its base of ~4B users, and that scaled distribution is a significant competitive advantage.**Meta's Muse AI agent has strong early traction, reaching as high as #3 in the US app store on its second day (see Figure 2) and early usage running at 10x that of training cohorts.** While monetization is not the near-term priority for Muse, we believe there are meaningful opportunities across a take-rate/commission model and subscriptions, within a TAM potentially in the tens of trillions of dollars. Importantly, Muse is built around security and privacy—an advantage for Meta—which we believe could be a key hurdle for other agents to gain trust and navigate more challenging tasks involving passwords, credit cards, and other personal information. Over time, we expect more agent-to-agent activity, with merchants and enterprises gaining increased intelligence and transaction volume. Muse should become a significant use of Meta's compute as it gains traction, but we also believe there is meaningful opportunity in Meta Model API for developers and enterprises. **Model API access should become increasingly compelling as Meta's models strengthen from Muse Spark 1.3 to Watermelon and beyond, supported by highly competitive pricing which should drive increased volume.** While Meta has been heavily focused on frontier model buildout and AI product development, we believe there is also strong value in its AI infrastructure capacity which will support future compute requirements. Meta has indicated it will maximize compute capacity in 2026 and 2027, with more flexibility in 2028 and beyond. We project 2027 capex of $243B (+70%) and 2028 capex of $284B (+17%), both well above consensus. We believe potential factors influencing 2028 spend could be data center build status and pushback, AI product adoption and monetization, and supply constraints. We currently anticipate greater FCF pressure in 2027 and 2028—in the range of *negative* $65B-$70B each year—but we're also not yet building in new AI product monetization. And importantly, we believe there's still meaningful headroom in core advertising from AI-driven improvements tied to content recommendations and engagement, better ad targeting and retrieval, and AI content creation. **We're upgrading Meta shares to Overweight and raising our price target from $640 (previously based on 18x 2028E GAAP EPS) to $820 based on 23x 2028E GAAP EPS of $35.44, which we believe could prove conservative.**

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	7.17	8.92A	
Q2	8.11	8.83A	
Q3	8.69	8.68	
Q4	9.97	10.04	
FY	33.93	36.46	41.08

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	63	68	77	66	68
Growth	72	66	73	67	38
Momentum	81	49	25	6	20
Quality	16	20	2	10	4
Low Vol	45	38	41	65	28
ESGQ	27	92	92	94	99

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 17 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	-1.0%	10.4%	11.8%	-14.6%
Rel	-12.6%	12.0%	8.4%	-31.9%

Company Data

Shares O/S (mn)	2,566
52-week range ($)	790.80-520.26
Market cap ($ mn)	1,677,369.00
Exchange rate	1.00
Free float (%)	99.9%
3M ADV (mn)	17.87
3M ADV ($ mn)	10,566.9
Volatility (90 Day)	44
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	71|8|0

Key Metrics (FYE Dec)

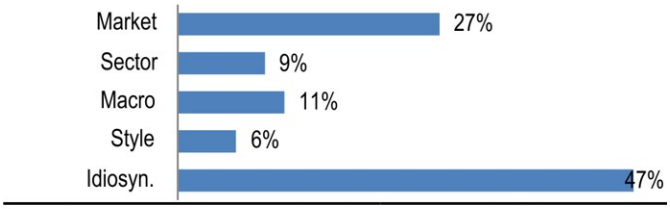
$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	200,966	254,304	305,265	354,427
Adj. EBIT	105,213	117,155	133,009	153,221
Adj. EBITDA	122,684	146,972	182,824	225,705
Adj. net income	87,340	93,615	105,588	118,528
Adj. EPS	33.93	36.46	41.08	46.07
BBG EPS	30.56	34.65	37.74	46.28
Cashflow from operations	115,801	138,076	177,146	222,941
FCFF	47,053	(1,448)	(57,996)	(49,632)
Margins and Growth				
Revenue Growth Y/Y (%)	22.2%	26.5%	20.0%	16.1%
EBIT margin	52.4%	46.1%	43.6%	43.2%
EBIT Growth Y/Y (%)	19.7%	11.4%	13.5%	15.2%
EBITDA margin	61.0%	57.8%	59.9%	63.7%
EBITDA Growth Y/Y (%)	20.0%	19.8%	24.4%	23.5%
Net margin	43.5%	36.8%	34.6%	33.4%
Adj. EPS growth	22.9%	7.5%	12.7%	12.1%
Ratios				
Adj. tax rate	19.0%	19.0%	19.0%	19.0%
Interest cover	105.3	39.9	19.6	16.7
Net debt/Equity	NM	0.1	0.2	0.3
Net debt/EBITDA	NM	0.1	0.5	0.7
ROE	43.7%	35.7%	29.4%	25.2%
Valuation				
FCFF yield	2.8%	(0.1%)	(3.5%)	(3.0%)
Dividend yield	-	-	-	-
EV/Revenue	8.5	7.0	6.1	5.4
EV/EBITDA	13.9	12.0	10.1	8.5
Adj. P/E	19.3	17.9	15.9	14.2

Summary Investment Thesis and Valuation

Investment Thesis

We believe Meta's virtual ownership of the social graph, strong competitive moat, and focus on the user experience position it to become an enduring blue-chip company built for the long term. Meta's reach and engagement continue to drive network effects, and its targeting abilities provide significant value to advertisers. META is delivering significant AI-driven ad ranking & recommendation gains, supporting greater engagement, ROAS, & revenue growth. More recently, we believe the company has laid out a credible path to monetizing its AI driven capex spend via consumer/business agents and model API access. We upgrade our META rating from Neutral to Overweight and increase our December 2027 PT from $640 to $820, based on ~23x our 2028E GAAP EPS of $35.44.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.67	0.60
Sect: Telecom Services	0.31	0.39
Ind: Media	0.31	0.38
Macro:		
Crude Oil	0.15	0.14
Credit Spread	-0.10	-0.12
Economic Surprise	0.12	0.06
Quant Styles:		
Quality	0.33	0.26
Value	-0.29	-0.23
Growth	0.18	0.18

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price h
exact.

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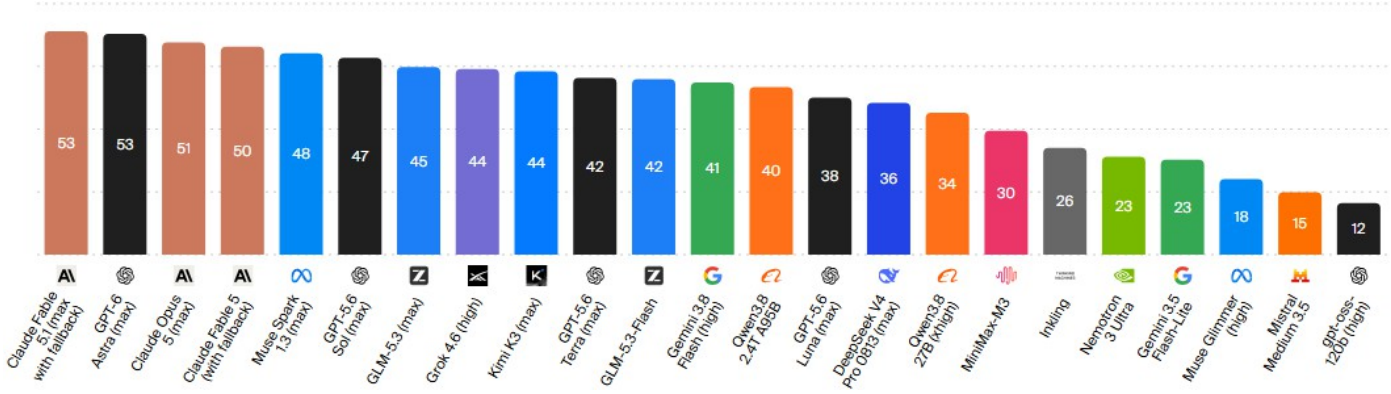
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Frontier Models Unlock The Broader AI Opportunity

MSL reaching the frontier is the critical unlock for Meta's broader AI strategy & enables it to pursue incremental monetization opportunities beyond advertising, including personal superintelligence, business agents, & developer tools. Since the initial release of Muse Spark 1.1 in July, Meta has continued to improve model performance & tighten the competitive gap with leading AI labs. Muse Spark 1.3, Meta's most recent model release, ranks among the frontier across agentic, coding, instruction following, and long-context benchmarks. While the frontier will continue to advance, we believe Meta is well positioned to remain competitive supported by a rapid release cadence, attractive pricing, & a scaling compute footprint. **Watermelon, Meta's next model expected soon, underwent a significantly more advanced pre-training run & should represent another meaningful improvement in intelligence & capabilities. Meta also recently indicated that the next generation of post-Watermelon models are already scaling on its Prometheus GW cluster in Ohio.** We believe Meta is uniquely positioned to translate its improving model quality into scaled, compelling AI products across its massive distribution base of ~4B users & hundreds of millions of businesses.

Figure 1: Artificial Analysis Intelligence Index



Source: Artificial Analysis.

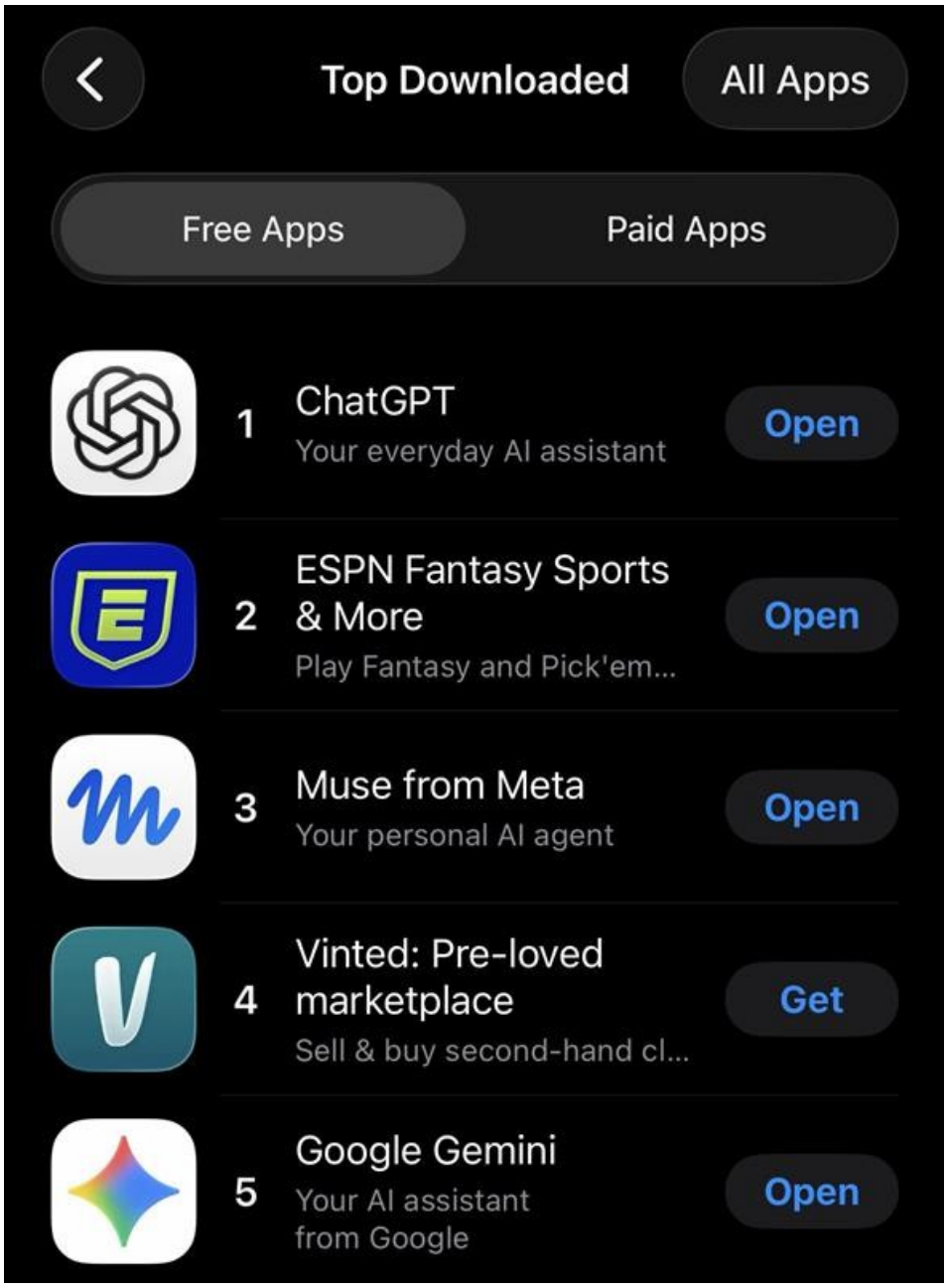
Muse AI Agent an Important Step Toward Superintelligence

Earlier this week, Meta introduced its consumer agent, "Muse," in the U.S. across iOS, Android, and web. Muse will rival Instinct, GrokBot, OpenClaw, etc. as a personal agent to help users achieve goals and improve one's life, health, relationships, personal finances, and more. It operates through its own virtual computer and can browse websites and navigate UIs to perform tasks for users such as online purchases, restaurant bookings, form completion, and email/text communication. Muse is trained to work across Instagram, WhatsApp, Spotify, DoorDash, Etsy, Reddit, Yelp, and Outlook/Gmail, among other apps/platforms. Early on, we believe Meta is focused on building awareness, adoption, and engagement, while learning how people are using the product so the company can quickly iterate and make improvements. Muse is being offered for free (100M weekly Muse tokens), but premium tiers are also being offered for $20/mo (500M weekly Muse tokens) and $100/mo (3B weekly Muse tokens). Since Muse is able to operate across merchant platforms and will eventually include more agent-to-agent interaction, Meta believes that it can make the product free for the vast majority of people and will instead eventually monetize through a take-rate/commission model based on transactions that occur through Muse. Early on, Muse engagement has surpassed internal projections with Muse users running 10x more than testing cohorts

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(here) and Muse reaching the #3 most downloaded free app in the U.S. Apple App Store (see Figure 2). We also believe Meta's emphasis on security, user control, & ease of use should support adoption, particularly as Muse takes action across higher-trust workflows such as commerce, messaging, email, bookings, & personal finance.

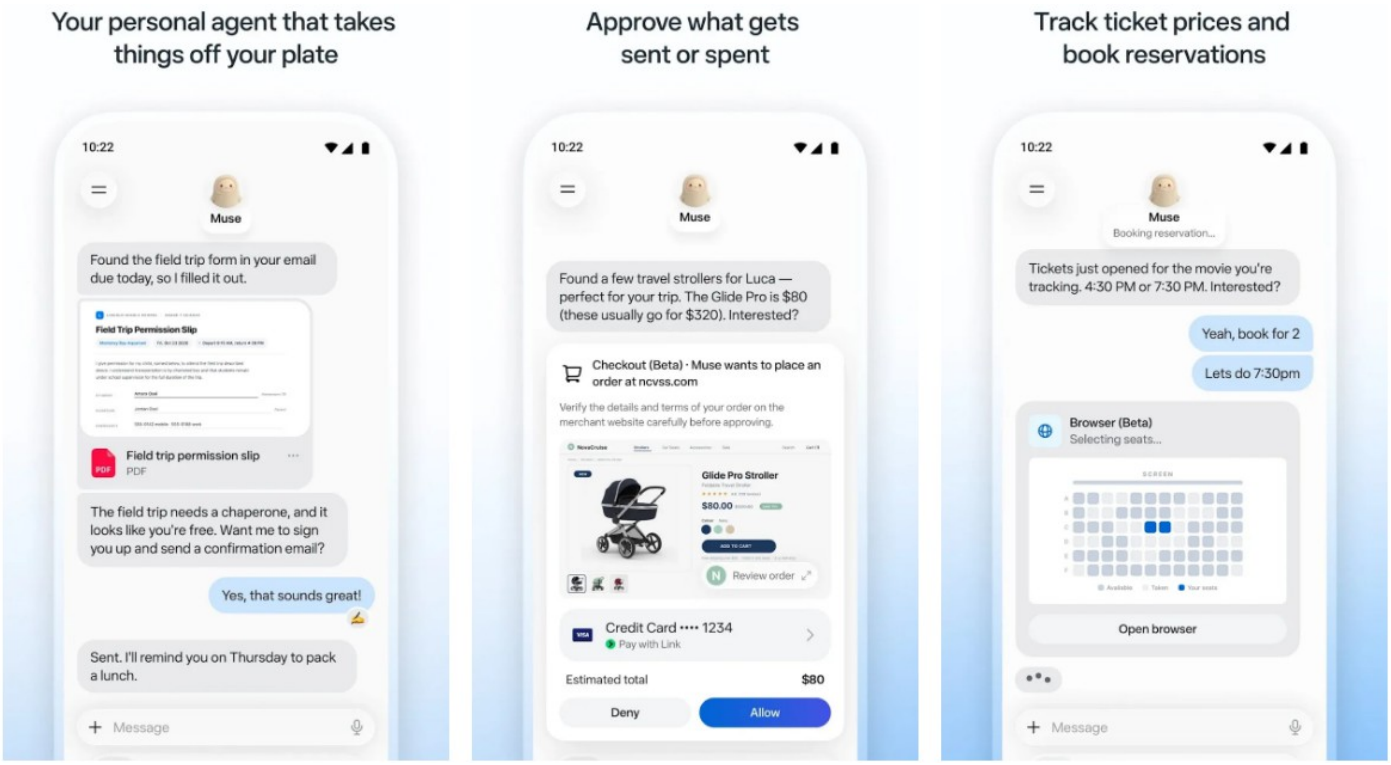
Figure 2: US App Store Rankings - Free Apps, 9/9/26



Source: Apple App Store Rankings as of 9/9.

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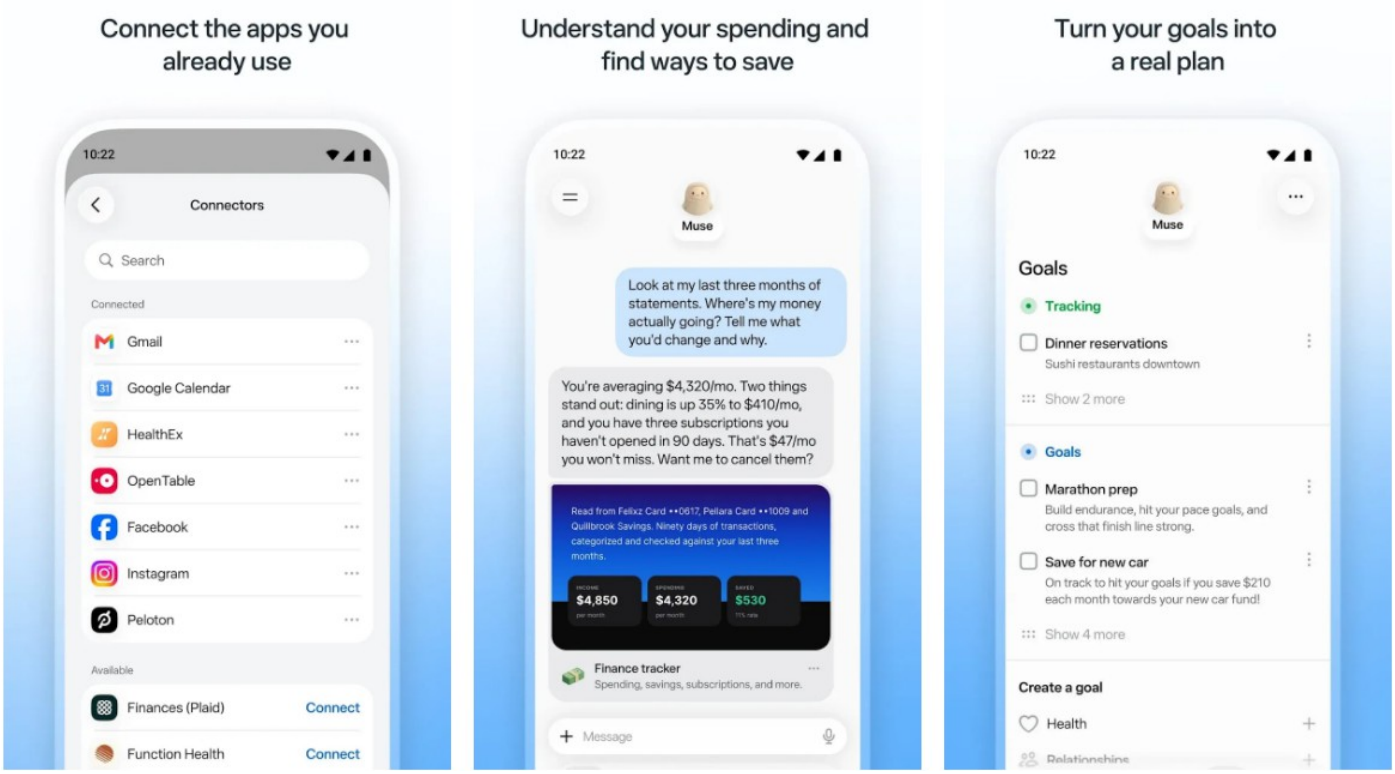
Figure 3: Muse Personal AI Agent Use Cases & Task Flow



Source: Meta.

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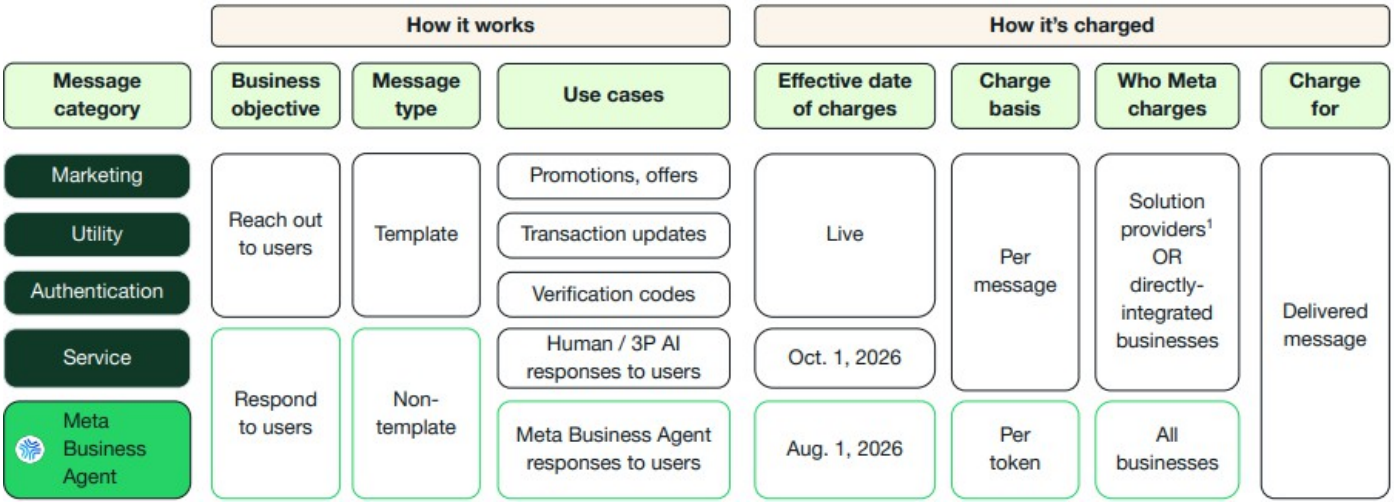
Figure 4: Muse Personal AI Agent Product Examples



Source: Meta.

In addition to Muse, Meta also currently offers its Meta Business Agent and Meta Business Agent Platform. The Meta Business Agent is a plug-and-play tool, accessible via subscription, that can answer questions, recommend products, book appointments, qualify leads, etc. More than 1M businesses were using Meta Business Agent on WhatsApp and Messenger every week as of 2Q26. The Meta Business Agent Platform, on the other hand, is an API-based enterprise layer to build, customize, and more deeply configure agents. As such, it can connect to hundreds of systems like Shopify, Zendesk, and Shopee giving Business Agents the ability to take action on behalf of the business. T oken-based billing officially launched for API/Platform enterprise users on 8/1 with 1M tokens costing $2 and one message consuming 20-25k tokens (4-5 cents per message). **Management has also indicated the potential to further evolve monetization of Business Agents into an outcome-based auction system, similar to the current ads business. We expect Meta to leverage its existing relationships with hundreds of millions of advertisers & small businesses already using its platforms to drive greater adoption over time, especially as Muse models continue to improve & agents become more capable.**

Figure 5: Meta Business Agent Platform Pricing



Source: Meta.

Meta Model API for Developers and Enterprises

Meta recently released the Meta Model API & Muse Code, two developer-focused products that represent an additional path to directly monetize its models beyond the core ads business. The Meta Model API provides self-serve access to Muse Spark for developers & enterprises building agentic & multi-modal workflows, while Muse Code, Meta's coding agent product, recently moved into GA & is built to handle bigger, more complex engineering tasks. Muse Spark 1.3 is priced at $1.25/$4.25 per M input/output tokens, with a lower price contributor version (used to improve Meta's products) at $0.10/$0.20 per M input/output tokens. Meta also rolled out subscription tiers for Muse Code with $5/month, $15/month, & $50/month offerings. **We believe Meta is focused on pricing competitively vs peers in order to drive adoption, build developer mindshare, & increase usage across agentic workflows where token consumption can scale quickly.** Early engagement data from OpenCode appears encouraging, with Muse Spark 1.3 contributor ranking #1 in market share & processing 31T tokens across 212k unique users since release. While there is a wide range of potential pricing outcomes depending on mix, discounts, cached tokens, & standard vs contributor usage, we believe the strong early engagement highlights the potential for Meta's developer products to scale quickly & continue to gain share as the model quality improves.

Meta AI and Meta One Subscriptions

Meta AI is an AI assistant available in the Meta AI app, and across WhatsApp, Instagram, Messenger, and Facebook that competes with other leading chatbots (ChatGPT, Claude, Grok, Gemini, etc). Meta AI is free to use, but Meta has started to test usage limits on more compute intensive features. When users hit their daily/monthly limit, they will have the option to purchase a Meta One subscription to unlock more usage before their free limit resets.

In addition to increased Meta AI limits, Meta One offers both personal and business/creator subscriptions that add extra features across different eligible Meta platforms, including Instagram, Facebook, Messenger, Meta AI, and WhatsApp. The personal plans include Meta One Core ($7.99/mo) and Meta One Premium ($19.99/mo). Meta One personal plans are intended to monetize engagement of power users via more

personalized features (Instagram Plus, Facebook Plus, and WhatsApp Plus), and increase daily usage limits of Meta AI among other benefits. **We view the personal plans as similar to other premium subscriptions (X, Snapchat, gaming related) and consumer LLM subscriptions (Chat GPT, Grok, Claude) and would expect to see similar payer penetration rates of LSD% to MSD% over time.** In addition to the high margin subscription opportunity (see Figure 7), we note that the Meta AI advertising opportunity could also be substantial as seen by OpenAI's ad business already reaching a $1B ARR in its first 200 days, especially given Meta's existing advertising scale & capabilities. We believe Meta AI could eventually become a new medium for delivering ads and increased usage of Meta AI will also improve contextual data ingestion which can enhance targeting and ad performance across Facebook, Instagram, and WhatsApp.

Figure 6: Meta One Personal and Business/Creator Plan Offerings

Meta One Personal		Meta One Business/Creator	
Core ($7.99/mo)	• Access to Facebook Plus, Instragram Plus, and WhatsApp Plus benefits • More AI usage across eligible Meta technologies	**Essential ($14.99/mo)**	• Presence/protection (verified badge, impersonation protection, enhanced linksheet) • More AI usage across eligible Meta technologies • Access to Facebook Plus, Instragram Plus, and WhatsApp Plus benefits
		Advanced ($49.99/mo)	• Benefits from the Meta One Essential Plan • Audience growth (featured in feed, optimized search, bold follow button, follow invites) • Scale operation with shared access up to 4 people • Optimized positing schedules up to a year in advance • Drive real outcomes (link in posts/reels, enhanced profile) • Advanced insights, even more AI usage, premium support, and original content credit
Premium ($19.99/mo)	• Benefits from the Meta One Core Plan • Expanded AI usage across eligible Meta technologies	**Expert ($149.99/mo)**	• Benefits from the Meta One Advanced Plan • Scale operation with shared access up to 8 people • Custom chat themes • Drive real outcomes in additional posts per months (link in posts/reels, enhanced profile) • Even more AI usage, more premium support, and more original content credit
		Max ($499.99/mo)	• Benefits from the Meta One Expert Plan • Scale operation with shared access up to 30 people • Personalized content strategy advice with Meta advisors • Drive real outcomes in additional posts per months (link in posts/reels, enhanced profile) • Even more AI usage, unlimited premium support, and more original content credit

Source: Meta.

Figure 7: Illustrative Meta AI and Meta One Personal Opportunity

Revenue and GAAP EPS										
		Penetration Rate								
ARPU (annual)		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
	$168	$3,270M	$6,540M	$9,810M	$13,080M	$16,350M	$19,620M	$22,891M	$26,161M	$29,431M	$32,701M
	$182	$3,543M	$7,085M	$10,628M	$14,170M	$17,713M	$21,255M	$24,798M	$28,341M	$31,883M	$35,426M
	$197	$3,835M	$7,669M	$11,504M	$15,338M	$19,173M	$23,007M	$26,842M	$30,676M	$34,511M	$38,345M
	$211	$4,107M	$8,214M	$12,321M	$16,428M	$20,535M	$24,642M	$28,749M	$32,856M	$36,963M	$41,071M
	$225	$4,380M	$8,759M	$13,139M	$17,518M	$21,898M	$26,277M	$30,657M	$35,036M	$39,416M	$43,796M
		Penetration Rate								
ARPU (annual)		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
	$168	$0.76	$1.53	$2.29	$3.05	$3.81	$4.58	$5.34	$6.10	$6.86	$7.63
	$182	$0.83	$1.65	$2.48	$3.30	$4.13	$4.96	$5.78	$6.61	$7.44	$8.26
	$197	$0.89	$1.79	$2.68	$3.58	$4.47	$5.37	$6.26	$7.15	$8.05	$8.94
	$211	$0.96	$1.92	$2.87	$3.83	$4.79	$5.75	$6.71	$7.66	$8.62	$9.58
	$225	$1.02	$2.04	$3.06	$4.09	$5.11	$6.13	$7.15	$8.17	$9.19	$10.21

Source: J.P. Morgan estimates. Note: EPS sensitivity uses JPMe 2028 DAPs, S/O, and assumes an OI margin of 60%. ARPU assumes a 50-90% mix of Meta One Core.

The business/creator subscriptions include Meta One Essential ($14.99/mo), Meta One Advanced ($49.99/mo), Meta One Expert ($149.99/mo), and Meta One Max ($499.99/mo). We outline the features of each plan in Figure 6. **We view the Meta One offering for businesses/creators to be the most compelling, with over 200M businesses using Meta's free and paid tools and tens of millions of professional content creators/influencers using Meta's platforms.**

Figure 8: Illustrative Meta AI and Meta One Business/Creator Opportunity

2028 Revenue and GAAP EPS										
		Penetration Rate								
ARPU (annual)		2%	4%	6%	8%	10%	12%	14%	16%	18%	20%
	$300	$1,500M	$3,000M	$4,500M	$6,000M	$7,500M	$9,000M	$10,500M	$12,000M	$13,500M	$15,000M
	$600	$3,000M	$6,000M	$9,000M	$12,000M	$15,000M	$18,000M	$21,000M	$24,000M	$27,000M	$30,000M
	$900	$4,500M	$9,000M	$13,500M	$18,000M	$22,500M	$27,000M	$31,500M	$36,000M	$40,500M	$45,000M
	$1,200	$6,000M	$12,000M	$18,000M	$24,000M	$30,000M	$36,000M	$42,000M	$48,000M	$54,000M	$60,000M
	$1,500	$7,500M	$15,000M	$22,500M	$30,000M	$37,500M	$45,000M	$52,500M	$60,000M	$67,500M	$75,000M
		Penetration Rate								
ARPU (annual)		2%	4%	6%	8%	10%	12%	14%	16%	18%	20%
	$300	$0.35	$0.70	$1.05	$1.40	$1.75	$2.10	$2.45	$2.80	$3.15	$3.50
	$600	$0.70	$1.40	$2.10	$2.80	$3.50	$4.20	$4.90	$5.60	$6.30	$7.00
	$900	$1.05	$2.10	$3.15	$4.20	$5.25	$6.30	$7.35	$8.40	$9.45	$10.50
	$1,200	$1.40	$2.80	$4.20	$5.60	$7.00	$8.40	$9.80	$11.20	$12.59	$13.99
	$1,500	$1.75	$3.50	$5.25	$7.00	$8.75	$10.50	$12.24	$13.99	$15.74	$17.49

Source: J.P. Morgan estimates. Note: EPS sensitivity uses JPMe 2028 S/O and assumes an OI margin of 60%.

Wearables Remain A Longer Term Bet; Expecting To Learn More At Meta Connect

Meta continues to believe that AI Glasses are the ideal form factor for the future of personal computing. In our view, glasses becoming the core form factor for utilizing AI remains very early days and mass adoption is likely years away. That being said, within the Smart Glasses space, Meta has a commanding ~70% share (per IDC) with the rest of the competitive field fragmented today and competition from Snap Specs (launching on

9/16) and the Warby Parker + Google partnership still early. Looking forward, we expect additional announcements on the Meta glasses line-up at Meta Connect on 9/23-9/24. We expect Meta to continue to iterate on wearables more broadly as it's reportedly testing an AI pendant in the next year.

Raw Compute Deals Offer Short-Term Optionality As Capacity Scales

Meta is focused on maximizing compute capacity in 2026 & 2027, with reports suggesting that the company plans to reach 7GW of compute in 2026 & doubling capacity to 14GW in 2027. We continue to expect the majority of this capacity to be directed toward Meta's highest-ROI internal use cases, including ads & engagement optimization across FoA, training frontier models, and delivering an expanding set of AI products to consumers & businesses. That said, Meta has previously suggested that capacity rental deals could prove highly accretive & has framed the potential to build a broader hyperscaler offering as a backstop if Meta overbuilds capacity relative to its own internal needs. Recent SpaceX compute contracts with Anthropic, Google, & others suggest premium pricing in the ~$30-$50 per watt range versus industry average neocloud rates closer to $10-$20 per watt. These premiums likely reflect current industry supply constraints, but may also be influenced by shorter-duration contracts, compute density, networking architecture, location, and other factors. Additionally, while the reported scale of the company's planned capacity should allow it to pursue both internal & external monetization opportunities, we believe Meta's stronger models & AI products raise the bar for diverting compute away from internal use cases, and any potential deal would likely require contractual flexibility similar to SpaceX's 90-day out clauses to ensure Meta can reclaim capacity as needed.

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Model Pages

Figure 9: Meta Platforms Income Statement

$ in millions, except per share data

	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Revenue	**164,501**	**42,314**	**47,516**	**51,242**	**59,893**	**200,966**	**56,311**	**60,801**	**63,557**	**73,635**	**254,304**	**305,265**	**354,427**
Cost of Revenue	29,076	7,301	8,213	8,917	10,619	35,050	9,945	10,796	11,695	13,770	46,205	56,474	66,632
Gross Profit	**135,425**	**35,013**	**39,303**	**42,325**	**49,274**	**165,916**	**46,366**	**50,005**	**51,863**	**59,865**	**208,099**	**248,791**	**287,795**
Operating Expenses:													
Marketing and Sales	10,267	2,521	2,745	2,613	3,186	11,065	2,698	2,896	3,051	3,682	12,327	14,347	16,658
Research and Development	29,935	8,723	8,862	10,330	11,972	39,887	12,367	14,422	18,940	21,354	67,083	90,969	105,974
General and Administrative	8,763	2,067	2,421	3,292	3,480	11,260	2,404	5,074	2,733	2,945	13,156	12,211	13,823
Stock-based Compensation	16,690	4,147	4,834	5,555	5,890	20,427	6,025	7,658	6,864	6,922	27,469	32,969	37,924
Restructuring Costs	389	0	0	0	0	0	0	1,180	0	0	1,180	0	0
Total Operating Expenses	**66,044**	**17,458**	**18,862**	**21,790**	**24,528**	**82,639**	**23,494**	**31,230**	**31,588**	**34,903**	**121,215**	**150,496**	**174,378**
Total GAAP Expenses (COGS + Opex)	**95,121**	**24,759**	**27,075**	**30,707**	**35,148**	**117,690**	**33,439**	**42,026**	**43,283**	**48,672**	**167,420**	**206,970**	**241,011**
Operating Income	**69,380**	**17,555**	**20,441**	**20,535**	**24,745**	**83,276**	**22,872**	**18,775**	**20,275**	**24,962**	**86,884**	**98,295**	**113,417**
Non-GAAP Operating Income	**87,868**	**22,121**	**25,646**	**26,464**	**30,981**	**105,214**	**29,353**	**28,010**	**27,539**	**32,252**	**117,155**	**133,009**	**153,221**
Interest Expense	(715)	(240)	(241)	(227)	(457)	(1,165)	(562)	(920)	(920)	(1,279)	(3,681)	(9,317)	(13,547)
Other income (expense), net	1,283	827	93	1,128	609	2,656	(1,120)	(19)	(19)	(377)	(1,535)	(2,602)	(6,832)
Pre-tax Income	**70,663**	**18,382**	**20,534**	**21,663**	**25,354**	**85,932**	**21,752**	**18,756**	**20,256**	**24,585**	**85,349**	**95,694**	**106,585**
Income Taxes	8,304	1,738	2,197	18,954	2,586	25,475	(5,021)	2,908	3,241	3,934	5,062	13,828	15,402
Effective Tax Rate	12%	9%	11%	87%	10%	30%	-23%	16%	16%	16%	6%	14%	14%
GAAP Net Income	**62,360**	**16,644**	**18,337**	**2,709**	**22,768**	**60,458**	**26,773**	**15,848**	**17,015**	**20,651**	**80,287**	**81,866**	**91,183**
GAAP Basic EPS	**$24.61**	**$6.59**	**$7.28**	**$1.08**	**$9.02**	**$23.98**	**$10.57**	**$6.23**	**$6.68**	**$8.10**	**$31.58**	**$32.16**	**$35.79**
GAAP Diluted EPS	**$23.86**	**$6.43**	**$7.14**	**$1.05**	**$8.88**	**$23.49**	**$10.44**	**$6.18**	**$6.62**	**$8.03**	**$31.27**	**$31.85**	**$35.44**
Basic Shares Out	2,534	2,527	2,518	2,517	2,525	2,521	2,534	2,543	2,546	2,548	2,543	2,545	2,548
Diluted Shares Out	2,614	2,590	2,570	2,572	2,565	2,574	2,564	2,566	2,569	2,571	2,567	2,570	2,573
Adjusted EBITDA Reconciliation:													
Operating Income	69,380	17,555	20,441	20,535	24,745	83,276	22,872	18,775	20,275	24,962	86,884	98,295	113,417
Stock-based compensation	16,690	4,147	4,834	5,555	5,890	20,427	6,025	7,658	6,864	6,922	27,469	32,969	37,924
Payroll Tax Related to SBC, Other	707	161	72	72	61	365	185	1,263	83	70	1,600	483	556
Depreciation and Amortization	15,498	3,900	4,342	4,963	5,411	18,616	5,999	6,356	8,803	9,861	31,019	51,077	73,809
Adjusted EBITDA	**102,275**	**25,763**	**29,689**	**31,125**	**36,107**	**122,684**	**35,081**	**34,052**	**36,025**	**41,815**	**146,972**	**182,824**	**225,705**

Source: Company reports and J.P. Morgan estimates.

Figure 10: Meta Platforms Income Statement (Cont'd)

$ in millions, except per share data

Y/Y Growth	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Revenue	***21.9%***	***16.1%***	***21.6%***	***26.2%***	***23.8%***	***22.2%***	***33.1%***	***28.0%***	***24.0%***	***22.9%***	***26.5%***	***20.0%***	***16.1%***
Revenue FXN	***22.6%***	***19.5%***	***21.8%***	***25.2%***	***22.8%***	***22.4%***	***28.9%***	***26.5%***	***25.0%***	***23.6%***	***25.8%***	***20.0%***	***16.1%***
Cost of Revenue	*15.1%*	*14.1%*	*17.0%*	*25.5%*	*24.2%*	*20.5%*	*36.2%*	*31.4%*	*31.1%*	*29.7%*	*31.8%*	*22.2%*	*18.0%*
Gross Profit	***23.5%***	***16.5%***	***22.6%***	***26.4%***	***23.7%***	***22.5%***	***32.4%***	***27.2%***	***22.5%***	***21.5%***	***25.4%***	***19.6%***	***15.7%***
Marketing and Sales	*-3.6%*	*9.5%*	*13.1%*	*2.0%*	*7.1%*	*7.8%*	*7.0%*	*5.5%*	*16.8%*	*15.6%*	*11.4%*	*16.4%*	*16.1%*
Research and Development	*19.5%*	*26.3%*	*31.7%*	*34.4%*	*39.0%*	*33.2%*	*41.8%*	*62.7%*	*83.4%*	*78.4%*	*68.2%*	*35.6%*	*16.5%*
General and Administrative	*-9.7%*	*-35.8%*	*-28.6%*	*102.5%*	*561.6%*	*28.5%*	*16.3%*	*109.6%*	*-17.0%*	*-15.4%*	*16.8%*	*-7.2%*	*13.2%*
Stock-based Compensation	*19.0%*	*16.4%*	*4.7%*	*30.7%*	*38.2%*	*22.4%*	*45.3%*	*58.4%*	*23.6%*	*17.5%*	*34.5%*	*20.0%*	*15.0%*
Total Operating Expenses	***5.0%***	***7.5%***	***9.6%***	***35.1%***	***48.9%***	***25.1%***	***34.6%***	***65.6%***	***45.0%***	***42.3%***	***46.7%***	***24.2%***	***15.9%***
Total GAAP Expenses	***7.9%***	***9.4%***	***11.8%***	***32.1%***	***40.5%***	***23.7%***	***35.1%***	***55.2%***	***41.0%***	***38.5%***	***42.3%***	***23.6%***	***16.4%***
Operating Income	***48.4%***	***27.0%***	***37.7%***	***18.4%***	***5.9%***	***20.0%***	***30.3%***	***-8.2%***	***-1.3%***	***0.9%***	***4.3%***	***13.1%***	***15.4%***
GAAP Net Income	*59.5%*	*34.6%*	*36.2%*	*-82.7%*	*9.3%*	*-3.1%*	*60.9%*	*-13.6%*	*528.1%*	*-9.3%*	*32.8%*	*2.0%*	*11.4%*
GAAP EPS	***60.4%***	***36.4%***	***38.3%***	***-82.5%***	***10.7%***	***-1.5%***	***62.5%***	***-13.4%***	***528.9%***	***-9.5%***	***33.1%***	***1.9%***	***11.3%***
Adjusted EBITDA	***31.9%***	***21.9%***	***27.9%***	***21.1%***	***12.0%***	***20.0%***	***36.2%***	***14.7%***	***15.7%***	***15.8%***	***19.8%***	***24.4%***	***23.5%***

% of Revenues	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Cost of Revenue	17.7%	17.3%	17.3%	17.4%	17.7%	17.4%	17.7%	17.8%	18.4%	18.7%	18.2%	18.5%	18.8%
Marketing and Sales	6.2%	6.0%	5.8%	5.1%	5.3%	5.5%	4.8%	4.8%	4.8%	5.0%	4.8%	4.7%	4.7%
Research and Development	18.2%	20.6%	18.7%	20.2%	20.0%	19.8%	22.0%	23.7%	29.8%	29.0%	26.4%	29.8%	29.9%
General and Administrative	5.3%	4.9%	5.1%	6.4%	5.8%	5.6%	4.3%	8.3%	4.3%	4.0%	5.2%	4.0%	3.9%
Stock-based Compensation	10.1%	9.8%	10.2%	10.8%	9.8%	10.2%	10.7%	12.6%	10.8%	9.4%	10.8%	10.8%	10.7%
Total GAAP Operating Expenses	**40.1%**	**41.3%**	**39.7%**	**42.5%**	**41.0%**	**41.1%**	**41.7%**	**51.4%**	**49.7%**	**47.4%**	**47.7%**	**49.3%**	**49.2%**

Margins	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Gross Margin	82.3%	82.7%	82.7%	82.6%	82.3%	82.6%	82.3%	82.2%	81.6%	81.3%	81.8%	81.5%	81.2%
GAAP Operating margin	**42.2%**	**41.5%**	**43.0%**	**40.1%**	**41.3%**	**41.4%**	**40.6%**	**30.9%**	**31.9%**	**33.9%**	**34.2%**	**32.2%**	**32.0%**
Adjusted EBITDA Margin	**62.2%**	**60.9%**	**62.5%**	**60.7%**	**60.3%**	**61.0%**	**62.3%**	**56.0%**	**56.7%**	**56.8%**	**57.8%**	**59.9%**	**63.7%**
Incremental Adjusted EBITDA Margin	**83.5%**	**78.9%**	**76.8%**	**50.9%**	**33.7%**	**56.0%**	**66.6%**	**32.8%**	**39.8%**	**41.5%**	**45.5%**	**70.4%**	**87.2%**

Source: Company reports and J.P. Morgan estimates.

Figure 11: Meta Platforms Segment Summary: Revenue Build

$ in millions, except per share data

Revenue Summary	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Advertising Revenue	**160,633**	**41,392**	**46,563**	**50,082**	**58,137**	**196,174**	**55,024**	**59,363**	**61,950**	**71,392**	**247,730**	**297,031**	**344,340**
Y/Y Growth	*21.7%*	*16.2%*	*21.5%*	*25.6%*	*24.3%*	*22.1%*	*32.9%*	*27.5%*	*23.7%*	*22.8%*	*26.3%*	*19.9%*	*15.9%*
Q/Q Growth		*-11.5%*	*12.5%*	*7.6%*	*16.1%*		*-5.4%*	*7.9%*	*4.4%*	*15.2%*			
% of Total Revenues	97.6%	97.8%	98.0%	97.7%	97.1%	97.6%	97.7%	97.6%	97.5%	97.0%	97.4%	97.3%	97.2%
FXN Y/Y Growth	***22.4%***	***19.6%***	***21.7%***	***24.5%***	***23.3%***	***22.4%***	***28.7%***	***26.0%***	***24.6%***	***23.5%***	***25.5%***	***19.9%***	***15.9%***
Other Revenue	**1,722**	**510**	**583**	**690**	**801**	**2,584**	**885**	**1,007**	**1,104**	**1,202**	**4,198**	**5,667**	**7,367**
Y/Y Growth	*62.8%*	*34.2%*	*49.9%*	*59.0%*	*54.3%*	*50.1%*	*73.5%*	*72.7%*	*60.0%*	*50.0%*	*62.4%*	*35.0%*	*30.0%*
Q/Q Growth		*-1.7%*	*14.3%*	*18.4%*	*16.1%*		*10.5%*	*13.8%*	*9.6%*	*8.8%*			
% of Total Revenues	1.0%	1.2%	1.2%	1.3%	1.3%	1.3%	1.6%	1.7%	1.7%	1.6%	1.7%	1.9%	2.1%
Family of Apps Revenue	**162,355**	**41,902**	**47,146**	**50,772**	**58,938**	**198,758**	**55,909**	**60,370**	**63,054**	**72,594**	**251,927**	**302,698**	**351,706**
Y/Y Growth	*22.1%*	*16.3%*	*21.8%*	*25.9%*	*24.6%*	*22.4%*	*33.4%*	*28.0%*	*24.2%*	*23.2%*	*26.8%*	*20.2%*	*16.2%*
Q/Q Growth		*-11.4%*	*12.5%*	*7.7%*	*16.1%*	*237.2%*	*-5.1%*	*8.0%*	*4.4%*	*15.1%*	*247.0%*		
% of Total Revenues	98.7%	99.0%	99.2%	99.1%	98.4%	98.9%	99.3%	99.3%	99.2%	98.6%	99.1%	99.2%	99.2%
Reality Labs	**2,146**	**412**	**370**	**470**	**955**	**2,207**	**402**	**431**	**503**	**1,041**	**2,377**	**2,567**	**2,721**
Y/Y Growth	*13.2%*	*-6.4%*	*4.8%*	*74.1%*	*-11.8%*	*2.8%*	*-2.4%*	*16.5%*	*7.0%*	*9.0%*	*7.7%*	*8.0%*	*6.0%*
Q/Q Growth		*-62.0%*	*-10.2%*	*27.0%*	*103.2%*	*131.1%*	*-57.9%*	*7.2%*	*16.7%*	*107.0%*	*128.3%*		
% of Total Revenues	1.3%	1.0%	0.8%	0.9%	1.6%	1.1%	0.7%	0.7%	0.8%	1.4%	0.9%	0.8%	0.8%
Total Revenue	**164,501**	**42,314**	**47,516**	**51,242**	**59,893**	**200,966**	**56,311**	**60,801**	**63,557**	**73,635**	**254,304**	**305,265**	**354,427**
Y/Y Growth	*21.9%*	*16.1%*	*21.6%*	*26.2%*	*23.8%*	*22.2%*	*33.1%*	*28.0%*	*24.0%*	*22.9%*	*26.5%*	*20.0%*	*16.1%*
Q/Q Growth		*-12.5%*	*12.3%*	*7.8%*	*16.9%*		*-6.0%*	*8.0%*	*4.5%*	*15.9%*			
FXN Y/Y Growth	***22.6%***	***19.5%***	***21.8%***	***25.2%***	***22.8%***	***22.4%***	***28.9%***	***26.5%***	***25.0%***	***23.6%***	***25.8%***	***20.0%***	***16.1%***
Seasonality	100.0%	21.1%	23.6%	25.5%	29.8%	100.0%	22.1%	23.9%	25.0%	29.0%	100.0%		

Source: Company reports and J.P. Morgan estimates.

Figure 12: Meta Platforms Segment Summary: Operating Income Build

$ in millions, except per share data

Operating Income Build	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Family of Apps													
Family of Apps Revenue	**162,355**	**41,902**	**47,146**	**50,772**	**58,938**	**198,758**	**55,909**	**60,370**	**63,054**	**72,594**	**251,927**	**302,698**	**351,706**
Y/Y Growth	*22.1%*	*16.3%*	*21.8%*	*25.9%*	*24.6%*	*22.4%*	*33.4%*	*28.0%*	*24.2%*	*23.2%*	*26.8%*	*20.2%*	*16.2%*
% of Total Revenue	98.7%	99.0%	99.2%	99.1%	98.4%	98.9%	99.3%	99.3%	99.2%	98.6%	99.1%	99.2%	99.2%
Family of Apps Costs & Expenses	**75,245**	**20,137**	**22,175**	**25,805**	**28,172**	**96,289**	**29,009**	**36,976**	**37,675**	**41,695**	**145,355**	**186,054**	**221,405**
Y/Y Growth	*7.3%*	*9.7%*	*14.4%*	*39.2%*	*48.5%*	*28.0%*	*44.1%*	*66.7%*	*46.0%*	*48.0%*	*51.0%*	*28.0%*	*19.0%*
% of Total Costs & Expenses	79.1%	81.3%	81.9%	84.0%	80.2%	81.8%	86.8%	88.0%	87.0%	85.7%	86.8%	89.9%	91.9%
Family of Apps Operating Income	**87,109**	**21,765**	**24,971**	**24,967**	**30,766**	**102,469**	**26,900**	**23,394**	**25,379**	**30,899**	**106,572**	**116,644**	**130,302**
Y/Y Growth	*38.6%*	*23.2%*	*29.1%*	*14.6%*	*8.6%*	*17.6%*	*23.6%*	*-6.3%*	*1.7%*	*0.4%*	*4.0%*	*9.5%*	*11.7%*
% Margin	53.7%	51.9%	53.0%	49.2%	52.2%	51.6%	48.1%	38.8%	40.2%	42.6%	42.3%	38.5%	37.0%
% of Total Operating Income	125.6%	124.0%	122.2%	121.6%	124.3%	123.0%	117.6%	124.6%	125.2%	123.8%	122.7%	118.7%	114.9%
Reality Labs													
Reality Labs Revenue	**2,146**	**412**	**370**	**470**	**955**	**2,207**	**402**	**431**	**503**	**1,041**	**2,377**	**2,567**	**2,721**
Y/Y Growth	*13.2%*	*-6.4%*	*4.8%*	*74.1%*	*-11.8%*	*2.8%*	*-2.4%*	*16.5%*	*7.0%*	*9.0%*	*7.7%*	*8.0%*	*6.0%*
% of Total Revenue	1.3%	1.0%	0.8%	0.9%	1.6%	1.1%	0.7%	0.7%	0.8%	1.4%	0.9%	0.8%	0.8%
Reality Labs Costs & Expenses	**19,875**	**4,622**	**4,900**	**4,902**	**6,976**	**21,400**	**4,430**	**5,050**	**5,607**	**6,978**	**22,065**	**20,915**	**19,606**
Y/Y Growth	*10.3%*	*7.8%*	*1.2%*	*4.3%*	*15.3%*	*7.7%*	*-4.2%*	*3.1%*	*14.4%*	*0.0%*	*3.1%*	*-5.2%*	*-6.3%*
% of Total Costs & Expenses	20.9%	18.7%	18.1%	16.0%	19.8%	18.2%	13.2%	12.0%	13.0%	14.3%	13.2%	10.1%	8.1%
Reality Labs Operating Income	**(17,729)**	**(4,210)**	**(4,530)**	**(4,432)**	**(6,021)**	**(19,193)**	**(4,028)**	**(4,619)**	**(5,104)**	**(5,937)**	**(19,688)**	**(18,349)**	**(16,885)**
Y/Y Growth	*-10.0%*	*-9.5%*	*-0.9%*	*-0.1%*	*-21.2%*	*-8.3%*	*4.3%*	*-2.0%*	*-15.2%*	*1.4%*	*-2.6%*	*6.8%*	*8.0%*
% Margin	-826.1%	-1021.8%	-1224.3%	-943.0%	-630.5%	-869.6%	-1002.0%	-1071.7%	-1015.0%	-570.3%	-828.3%	-714.8%	-620.5%
% of Total Operating Income	-25.6%	-24.0%	-22.2%	-21.6%	-24.3%	-23.0%	-17.6%	-24.6%	-25.2%	-23.8%	-22.7%	-18.7%	-14.9%
Total Company													
Total Revenue	**164,501**	**42,314**	**47,516**	**51,242**	**59,893**	**200,966**	**56,311**	**60,801**	**63,557**	**73,635**	**254,304**	**305,265**	**354,427**
Y/Y Growth	*21.9%*	*16.1%*	*21.6%*	*26.2%*	*23.8%*	*22.2%*	*33.1%*	*28.0%*	*24.0%*	*22.9%*	*26.5%*	*20.0%*	*16.1%*
Total Costs & Expenses	**95,121**	**24,759**	**27,075**	**30,707**	**35,148**	**117,690**	**33,439**	**42,026**	**43,283**	**48,672**	**167,420**	**206,970**	**241,011**
Y/Y Growth	*7.9%*	*9.4%*	*11.8%*	*32.1%*	*40.5%*	*23.7%*	*35.1%*	*55.2%*	*41.0%*	*38.5%*	*42.3%*	*23.6%*	*16.4%*
Total Operating Income	**69,380**	**17,555**	**20,441**	**20,535**	**24,745**	**83,276**	**22,872**	**18,775**	**20,275**	**24,962**	**86,884**	**98,295**	**113,417**
Y/Y Growth	*48.4%*	*27.0%*	*37.7%*	*18.4%*	*5.9%*	*20.0%*	*30.3%*	*-8.2%*	*-1.3%*	*0.9%*	*4.3%*	*13.1%*	*15.4%*
% Margin	42.2%	41.5%	43.0%	40.1%	41.3%	41.4%	40.6%	30.9%	31.9%	33.9%	34.2%	32.2%	32.0%

Source: Company reports and J.P. Morgan estimates.

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J.P.Morgan

Figure 13: Meta Platforms Revenue Summary

$ in millions, except per share data

Revenue per MAU (ARPU) Build	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
US & Canada	$263.62	$67.59	$73.64	$78.34	$95.20	$315.36	$86.49	$95.84	$99.61	$120.71	$403.53	$484.04	$565.99
Europe	$94.57	$23.54	$28.01	$29.66	$34.96	$116.09	$32.62	$34.41	$36.53	$42.77	$146.44	$177.21	$205.16
Asia	$23.66	$5.95	$6.54	$7.12	$7.71	$27.43	$7.47	$7.59	$8.22	$8.74	$32.10	$36.60	$40.49
Rest of World	$20.13	$5.29	$5.85	$6.45	$7.15	$24.82	$7.17	$7.78	$7.36	$7.92	$30.24	$35.07	$39.65
Total ARPU	**$52.97**	**$13.39**	**$14.90**	**$15.95**	**$18.55**	**$62.99**	**$17.36**	**$18.64**	**$19.36**	**$22.33**	**$77.83**	**$91.80**	**$105.17**
ARPU Y/Y Growth:													
US & Canada	*15.8%*	*16.2%*	*19.2%*	*21.7%*	*19.8%*	*19.6%*	*28.0%*	*30.1%*	*27.1%*	*26.8%*	*28.0%*	*20.0%*	*16.9%*
Europe	*24.8%*	*13.5%*	*23.6%*	*28.6%*	*25.3%*	*22.8%*	*38.6%*	*22.9%*	*23.2%*	*22.3%*	*26.1%*	*21.0%*	*15.8%*
Asia	*17.8%*	*9.3%*	*14.7%*	*20.7%*	*16.9%*	*15.9%*	*25.5%*	*16.1%*	*15.4%*	*13.4%*	*17.0%*	*14.0%*	*10.6%*
Rest of World	*26.8%*	*15.9%*	*19.7%*	*27.2%*	*27.9%*	*23.3%*	*35.6%*	*32.9%*	*14.0%*	*10.8%*	*21.8%*	*16.0%*	*13.1%*
Total ARPU	***18.4%***	***13.0%***	***18.2%***	***22.5%***	***20.2%***	***18.9%***	***29.7%***	***25.1%***	***21.4%***	***20.4%***	***23.6%***	***18.0%***	***14.6%***
ARPU Q/Q Growth:													
US & Canada		*-14.9%*	*8.9%*	*6.4%*	*21.5%*		*-9.2%*	*10.8%*	*3.9%*	*21.2%*			
Europe		*-15.7%*	*19.0%*	*5.9%*	*17.9%*		*-6.7%*	*5.5%*	*6.2%*	*17.1%*			
Asia		*-9.7%*	*9.8%*	*8.9%*	*8.2%*		*-3.1%*	*1.6%*	*8.3%*	*6.4%*			
Rest of World		*-5.4%*	*10.6%*	*10.2%*	*10.8%*		*0.3%*	*8.5%*	*-5.5%*	*7.7%*			
Total ARPU		***-13.2%***	***11.3%***	***7.1%***	***16.3%***		***-6.4%***	***7.4%***	***3.9%***	***15.4%***			

Family Avg. Revenue per Person (ARPP)	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
Family ARPP (Daily)	**$49.63**	**$12.36**	**$13.65**	**$14.46**	**$16.56**	**$57.03**	**$15.66**	**$16.86**	**$17.38**	**$19.75**	**$69.38**	**$80.76**	**$91.42**
Y/Y Growth	*15.5%*	*10.3%*	*14.7%*	*17.7%*	*16.2%*	*14.9%*	*26.7%*	*23.6%*	*20.1%*	*19.3%*	*21.7%*	*16.4%*	*13.2%*
Q/Q Growth		*-13.2%*	*10.4%*	*6.0%*	*14.5%*		*-5.4%*	*7.7%*	*3.1%*	*13.6%*			
Family ARPP (Monthly)	**$39.85**	**$9.94**	**$11.00**	**$11.69**	**$13.40**	**$46.29**	**$12.57**	**$13.43**	**$13.89**	**$15.86**	**$55.89**	**$65.05**	**$73.92**
Y/Y Growth	*15.6%*	*10.6%*	*15.1%*	*18.9%*	*17.5%*	*16.2%*	*26.5%*	*22.1%*	*18.8%*	*18.3%*	*20.7%*	*16.4%*	*13.6%*
Q/Q Growth		*-12.8%*	*10.7%*	*6.3%*	*14.6%*		*-6.2%*	*6.8%*	*3.5%*	*14.1%*			

Revenue Based on User Location	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
US & Canada	72,063	18,605	20,371	21,751	26,472	87,199	24,079	26,816	28,015	33,950	112,861	136,561	160,760
Europe	38,778	9,680	11,532	12,268	14,480	47,960	13,500	14,296	15,263	17,892	60,950	74,420	86,804
Asia	32,834	8,439	9,366	10,272	11,182	39,259	10,914	11,164	12,155	12,988	47,221	54,908	61,607
Rest of World	20,825	5,590	6,247	6,951	7,759	26,547	7,818	8,525	8,125	8,805	33,273	39,375	45,257
Total Revenue	**164,501**	**42,314**	**47,516**	**51,242**	**59,893**	**200,966**	**56,311**	**60,801**	**63,557**	**73,635**	**254,304**	**305,265**	**354,427**
Revenue Split by Region:													
US & Canada	43.8%	44.0%	42.9%	42.4%	44.2%	43.4%	42.8%	44.1%	44.1%	46.1%	44.4%	44.7%	45.4%
Europe	23.6%	22.9%	24.3%	23.9%	24.2%	23.9%	24.0%	23.5%	24.0%	24.3%	24.0%	24.4%	24.5%
Asia	20.0%	19.9%	19.7%	20.0%	18.7%	19.5%	19.4%	18.4%	19.1%	17.6%	18.6%	18.0%	17.4%
Rest of World	12.7%	13.2%	13.1%	13.6%	13.0%	13.2%	13.9%	14.0%	12.8%	12.0%	13.1%	12.9%	12.8%
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Revenue Y/Y Growth:													
US & Canada	*17.7%*	*17.6%*	*20.9%*	*23.5%*	*21.5%*	*21.0%*	*29.4%*	*31.6%*	*28.8%*	*28.3%*	*29.4%*	*21.0%*	*17.7%*
Europe	*25.6%*	*14.1%*	*24.0%*	*29.2%*	*25.9%*	*23.7%*	*39.5%*	*24.0%*	*24.4%*	*23.6%*	*27.1%*	*22.1%*	*16.6%*
Asia	*22.0%*	*12.8%*	*18.7%*	*25.0%*	*21.0%*	*19.6%*	*29.3%*	*19.2%*	*18.3%*	*16.2%*	*20.3%*	*16.3%*	*12.2%*
Rest of World	*31.3%*	*19.8%*	*24.0%*	*31.9%*	*32.5%*	*27.5%*	*39.9%*	*36.5%*	*16.9%*	*13.5%*	*25.3%*	*18.3%*	*14.9%*
Total Revenue	***21.9%***	***16.1%***	***21.6%***	***26.2%***	***23.8%***	***22.2%***	***33.1%***	***28.0%***	***24.0%***	***22.9%***	***26.5%***	***20.0%***	***16.1%***

Revenue Based on Customer Address	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26A	2Q26A	3Q26E	4Q26E	2026E	2027E	2028E
US & Canada	63,207	16,869	18,454	19,708	23,835	78,866	21,267	23,068	24,635	29,794	98,763	112,590	126,101
Europe	38,361	9,621	11,128	11,566	14,254	46,569	13,240	14,244	14,573	17,675	59,732	69,289	78,990
Asia	45,009	11,239	12,858	14,304	15,416	53,817	15,445	16,073	16,879	17,728	66,125	74,060	82,206
Rest of World	17,924	4,585	5,076	5,664	6,389	21,714	6,359	7,417	7,471	8,438	29,684	49,326	67,131
Total Revenue	**164,501**	**42,314**	**47,516**	**51,242**	**59,893**	**200,966**	**56,311**	**60,801**	**63,557**	**73,635**	**254,304**	**305,265**	**354,427**
Revenue Split by Region:													
US & Canada	38.4%	39.9%	38.8%	38.5%	39.8%	39.2%	37.8%	37.9%	38.8%	40.5%	38.8%	36.9%	35.6%
Europe	23.3%	22.7%	23.4%	22.6%	23.8%	23.2%	23.5%	23.4%	22.9%	24.0%	23.5%	22.7%	22.3%
Asia	27.4%	26.6%	27.1%	27.9%	25.7%	26.8%	27.4%	26.4%	26.6%	24.1%	26.0%	24.3%	23.2%
Rest of World	10.9%	10.8%	10.7%	11.1%	10.7%	10.8%	11.3%	12.2%	11.8%	11.5%	11.7%	16.2%	18.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue Y/Y Growth:													
US & Canada	*19.5%*	*23.6%*	*26.1%*	*26.2%*	*23.5%*	*24.8%*	*26.1%*	*25.0%*	*25.0%*	*25.0%*	*25.2%*	*14.0%*	*12.0%*
Europe	*22.9%*	*14.5%*	*21.6%*	*25.6%*	*22.9%*	*21.4%*	*37.6%*	*28.0%*	*26.0%*	*24.0%*	*28.3%*	*16.0%*	*14.0%*
Asia	*24.5%*	*9.0%*	*17.2%*	*27.2%*	*23.5%*	*19.6%*	*37.4%*	*25.0%*	*18.0%*	*15.0%*	*22.9%*	*12.0%*	*11.0%*
Rest of World	*22.3%*	*12.0%*	*17.7%*	*25.3%*	*27.8%*	*21.1%*	*38.7%*	*46.1%*	*31.9%*	*32.1%*	*36.7%*	*66.2%*	*36.1%*
Total	***21.9%***	***16.1%***	***21.6%***	***26.2%***	***23.8%***	***22.2%***	***33.1%***	***28.0%***	***24.0%***	***22.9%***	***26.5%***	***20.0%***	***16.1%***

Source: Company reports and J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Meta Platforms Inc *(Overweight; Price Target: $820.00)*

Investment Thesis
We believe Meta's virtual ownership of the social graph, strong competitive moat, and focus on the user experience position it to become an enduring blue-chip company built for the long term. Meta's reach and engagement continue to drive network effects, and its targeting abilities provide significant value to advertisers. META is delivering significant AI-driven ad ranking & recommendation gains, supporting greater engagement, ROAS, & revenue growth. More recently, we believe the company has laid out a credible path to monetizing its AI driven capex spend via consumer/business agents and model API access. We upgrade our META rating from Neutral to Overweight and increase our December 2027 PT from $640 to $820, based on ~23x our 2028E GAAP EPS of $35.44.

Valuation
We increase our December 2027 PT from $640 to $820, based on ~23x our 2028E GAAP EPS of $35.44, further supported by our DCF model. We apply a premium to the SPX (16x) as we have greater confidence in Meta's strong top-line growth, ongoing cost efficiencies, and path to monetizing its AI initiatives. We use this valuation approach as we believe it appropriately balances Meta's valuation relative to its growth and industry peers.

Risks to Rating and Price Target
Downside risks include: 1) AI investments are heavy & monetization lags, which weighs on GAAP OI, GAAP EPS, & FCF; **2)** slower than expected revenue growth limits AI monetization upside; **3)** AI product & model launches do not resonate, weighing on engagement, revenue, & margins; **4)** competition for online and mobile ad dollars from Google, TikTok, OpenAI, and other online advertising companies; & **5)** the core ad business could be negatively impacted by litigation-related product changes

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Meta Platforms Inc: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**164,501**	**200,966**	**254,304**	**305,265**	**354,427**
COGS	(29,076)	(35,050)	(46,205)	(56,474)	(66,632)
Gross profit	**135,425**	**165,916**	**208,099**	**248,791**	**287,795**
SG&A	(19,030)	(22,325)	(25,483)	(26,558)	(30,481)
Adj. EBITDA	**102,275**	**122,684**	**146,972**	**182,824**	**225,705**
D&A	(15,498)	(18,616)	(31,019)	(51,077)	(73,809)
Adj. EBIT	**87,867**	**105,213**	**117,155**	**133,009**	**153,221**
Net Interest	(715)	(1,165)	(3,681)	(9,317)	(13,547)
Adj. PBT	**89,151**	**107,870**	**115,619**	**130,407**	**146,389**
Tax	(8,304)	(25,475)	(5,062)	(13,828)	(15,402)
Minority Interest	0	0	0	0	0
Adj. Net Income	**72,183**	**87,340**	**93,615**	**105,588**	**118,528**
Reported EPS	23.86	23.49	31.27	31.85	35.44
Adj. EPS	**27.61**	**33.93**	**36.46**	**41.08**	**46.07**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	2,614	2,574	2,567	2,570	2,573

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	43,889	35,873	15,495	11,882	14,453
Accounts receivable	16,994	19,769	19,881	19,842	17,721
Inventories	-	-	-	-	-
Other current assets	39,162	53,080	88,261	88,261	88,261
Current assets	**100,045**	**108,722**	**123,637**	**119,986**	**120,435**
PP&E	121,346	176,400	300,451	492,060	701,793
LT investments	-	-	-	-	-
Other non current assets	54,663	80,899	98,757	98,757	98,757
Total assets	**276,054**	**366,021**	**522,845**	**710,803**	**920,985**
Short term borrowings	0	0	2,750	1,500	1,000
Payables	7,687	8,894	15,463	18,316	24,810
Other short term liabilities	25,909	32,942	42,924	51,267	62,678
Current liabilities	**33,596**	**41,836**	**61,137**	**71,083**	**88,488**
Long-term debt	28,826	58,744	105,914	179,414	253,414
Other long term liabilities	30,995	48,198	48,692	48,692	48,692
Total liabilities	**93,417**	**148,778**	**215,743**	**299,189**	**390,594**
Shareholders' equity	182,637	217,243	307,102	411,613	530,392
Minority interests	-	-	-	-	-
Total liabilities & equity	**276,054**	**366,021**	**522,845**	**710,803**	**920,985**
BVPS	**69.87**	**84.40**	**119.61**	**160.16**	**206.17**
y/y Growth	*19.9%*	*20.8%*	*41.7%*	*33.9%*	*28.7%*
Net debt/(cash)	(48,989)	(22,848)	18,371	94,234	165,163
Cash flow from operating activities	**91,328**	**115,801**	**138,076**	**177,146**	**222,941**
o/w Depreciation & amortization	15,498	18,616	31,019	51,077	73,809
o/w Changes in working capital	1,050	(885)	(3,380)	11,235	20,025
Cash flow from investing activities	**(47,150)**	**(102,003)**	**(177,672)**	**(243,886)**	**(284,742)**
o/w Capital expenditure	(37,256)	(69,691)	(142,504)	(242,686)	(283,542)
as % of sales	*22.6%*	*34.7%*	*56.0%*	*79.5%*	*80.0%*
Cash flow from financing activities	**(40,781)**	**(20,370)**	**29,793**	**63,127**	**64,371**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	10,432	29,906	49,910	72,250	73,500
Net change in cash	**2,611**	**(6,337)**	**(9,803)**	**(3,613)**	**2,571**
Adj. Free cash flow to firm	**54,651**	**47,053**	**(1,448)**	**(57,996)**	**(49,632)**
y/y Growth	*23.0%*	*(13.9%)*	*(103.1%)*	*3906.6%*	*(14.4%)*

Income Statement - Quarterly	1Q26A	2Q26A	3Q26E	4Q26E
Revenue	**56,311A**	**60,801A**	**63,557**	**73,635**
COGS	(9,945)A	(10,796)A	(11,695)	(13,770)
Gross profit	**46,366A**	**50,005A**	**51,863**	**59,865**
SG&A	(5,102)A	(7,970)A	(5,784)	(6,627)
Adj. EBITDA	**35,081A**	**34,052A**	**36,025**	**41,815**
D&A	(5,999)A	(6,356)A	(8,803)	(9,861)
Adj. EBIT	**29,353A**	**28,010A**	**27,539**	**32,252**
Net Interest	(562)A	(920)A	(920)	(1,279)
Adj. PBT	**28,233A**	**27,991A**	**27,520**	**31,875**
Tax	5,021A	(2,908)A	(3,241)	(3,934)
Minority Interest	0A	0A	0	0
Adj. Net Income	**22,860A**	**22,664A**	**22,283**	**25,808**
Reported EPS	10.44A	6.18A	6.62	8.03
Adj. EPS	**8.92A**	**8.83A**	**8.68**	**10.04**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	2,564A	2,566A	2,569	2,571

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	82.3%	82.6%	81.8%	81.5%	81.2%
EBITDA margin	62.2%	61.0%	57.8%	59.9%	63.7%
EBIT margin	53.4%	52.4%	46.1%	43.6%	43.2%
Net profit margin	43.9%	43.5%	36.8%	34.6%	33.4%
ROE	43.0%	43.7%	35.7%	29.4%	25.2%
ROA	28.5%	27.2%	21.1%	17.1%	14.5%
ROCE	37.1%	35.0%	27.4%	21.4%	18.0%
SG&A/Sales	11.6%	11.1%	10.0%	8.7%	8.6%
Net debt/equity	NM	NM	0.1	0.2	0.3
P/E (x)	23.7	19.3	17.9	15.9	14.2
P/BV (x)	9.4	7.7	5.5	4.1	3.2
EV/EBITDA (x)	16.6	13.9	12.0	10.1	8.5
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.7	0.6	0.6	0.5	0.4
Interest cover (x)	143.0	105.3	39.9	19.6	16.7
Operating leverage	138.3%	89.1%	42.8%	67.5%	94.4%
Revenue y/y Growth	21.9%	22.2%	26.5%	20.0%	16.1%
EBITDA y/y Growth	31.9%	20.0%	19.8%	24.4%	23.5%
Tax rate	19.0%	19.0%	19.0%	19.0%	19.0%
Adj. Net Income y/y Growth	30.9%	21.0%	7.2%	12.8%	12.3%
EPS y/y Growth	31.6%	22.9%	7.5%	12.7%	12.1%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which