US Internet

3Q26 Online Advertising Preview: Near-term Revenue Beats Likely

Equities

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We preview the upcoming 3Q26 earnings results for our advertising-driven companies. We summarized in our previous note "3Q26 Online Advertising Expert Calls Compilation: Beat and Raise Despite Pockets of Weak Demand" (published October 5, 2026) our takeaways from the 8 advertising experts (including one anonymized non-public call) we caught up with this quarter. We recap the key thematic takeaways from our ad expert calls as the following:

- **3Q26 digital budgets beat by 70bps, with strength broadening across Search, social and video**: Budget growth came in at 13.0% YOY vs 12.3% projected, with five of eight experts reporting better-than-expected spend, one broadly in-line, and one below. The world cup was cited as a stronger-than-expected catalyst by some experts, while continued adoption of AI-led automation products supported performance spend.
- **Some pockets of consumer spend struggling:** By vertical, media and entertainment, B2B, gaming performed well, e-commerce / pockets of retail remained resilient, and auto saw some strength (before increases in oil prices). The bottom end and top end of consumer-facing retail, luxury, and leisure / hospitality markets appeared to be struggling. Consumer-facing AI chatbots related ad spend was identified as a new source of budget.
- **2026 outlook moves up 28bps, but 4Q26 budgets point to modest deceleration**: 4Q26 growth is currently expected at 12.8%, down 19bps vs 3Q26. The cause: a smaller end-year budget flush than that seen in the preceding two years offsetting a tailwind from higher ad pricing and incremental political advertising from the US midterms. Notably, only three experts have revised their 4Q26 expectations higher at this point in the year, versus four at the same stage last year, and the magnitude of upward revisions has also been more modest than in 4Q25, suggesting less optimism around year-end budget strength.
- **GOOGL / META outperform, with YouTube the standout**: Google Search / YouTube beat 3Q26 expectations by 110bps / 118bps, respectively, while Meta beat by 60bps. YouTube benefited from CTV, Shorts, Demand Gen, sporting inventory and returning brand dollars, while Search and Meta continued to benefit from AI-led improvements to targeting / creative (PMax, Advantage+) and strength in performance budgets. Meta also benefitted from ROAS improvements and incremental inventory on Reels.

From a cost base perspective, we look at our job postings data set, which finds:

- **Technical and non-technical hiring intent moves up in 2H26 and into 2027:** Latest UBS Evidence Lab job postings data suggests that Google continues to see the largest hiring intent into technical / business critical roles (AI, cloud, engineering) alongside generalist positions. This deviates from Meta which continues to hire into both technical and non-technical positions albeit at a materially slower pace vs a few quarters ago. Otherwise this is perhaps logical given the company's reduction in force in May which cut ~8,000 roles and closed ~6,000 job postings per news headlines. We continue to expect OpEx related headcount to grow for the balance of 2026 given the aforementioned data points serve as a 6-9 month leading indicator and we find no reason to believe that either companies will slow hiring into business critical areas which typically carry higher salaries vs non-technical positions. We also note that the companies continue to hire laterally which may not be reflected in our Evidence Lab dataset.

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 60.**

We have incorporated the aforementioned advertiser feedback in our revenue estimates for 2026, as well as adjusted our cost base to reflect the jobs data set. In summary, this translates into:

- **GOOG/GOOGL:** Benefits from Cloud and Search growth are already reflected, but GOOG's recent commentary leaves the door open for higher CapEx, which would could lead to downward revisions to 2027 / 2028 EPS estimates. As such, we maintain our Neutral rating and leave our multiple unchanged. Overhangs around disruption from ChatGPT ads and more AI integration in Search have waned, but we do not see a catalyst to change direction positively on the horizon either. We increase 2026 and 2027 revenue forecasts 1.7% and 6.8% to reflect improved outlook in our ad checks and a faster ramp in cloud takeup. GAAP EPS moves by -1.9%% and 11%, respectively given 10-Q disclosures.
- **META:** With Meta Business Agents live and Muse usage beginning to ramp, we are now firmly on the path to establishing two new GenAI revenue streams - the first is a more **formal monetization of WhatsApp and Messenger**, while the latter should **position the company to claim share of search advertising budgets**. This, coupled with our ad checks showing that AI automation / recommendation are delivering the strongest incrementality they have YTD, allows us to more firmly underwrite a scenario of expanding digital ad budget share capture by Meta and thus reiterate our Buy rating. With costs already in the model, META should see upward EPS and multiple revision during 2026 and 2027. We increased 2026 & 2027 revenue forecasts by 0.1% and 1.5% to reflect Reels and higher CPMs driving higher revenue growth, while GAAP EPS moves by -9.8% and 7.1%, respectively.
- **TTD:** Taking down 2027 and 2028 revenue estimates by ~12%, as we reflect a weaker budget allocation backdrop as well as ad checks feedback suggesting ongoing attrition to AMZN. The knock-on effect pushes our Adj. EBITDA estimates down 16% and 12%, respectively, despite incremental savings from RIF. We expect 2027 revenues to see some recovery from winning back agency business as well as new sales structure capturing SMB accounts. TTD's current single-digits EV / EBITDA multiple is excessively punitive in our view, and allows us to put a 2.0x skew on the stock and maintain our Buy rating.
- **PINS**: Our 2026 and 2027 Adj. EBITDA forecasts move down by ~2% while our price target remains unchanged at $33. Looking beyond the near term, we continue to believe Pinterest is an emerging AI-driven monetization story. Our latest ad checks were mixed but modestly more constructive than three months ago, with several advertisers citing benefits from better AI algorithms, greater data utilization, CAPI enhancements, and ad product innovation. Coupled with continued Performance+ adoption and management's confidence in durable ROAS improvements, we believe the potential revenue benefits from Pinterest's AI and automation investments remain in front of it, even as limited U.S. MAU growth continues to constrain incremental budget allocations.
- **SNAP**: Ad checks suggest Snap continues to struggle for advertiser prioritization despite an improving digital advertising backdrop, with aggregate budgets growing ~3% in 3Q26 versus ~3.5% expected. Advertisers continue to favor larger scaled platforms for incremental budget allocations, leading us to revise our advertising revenue estimates by -0.2% in 2026 and 1.0% in 2027. We continue to make no assumptions around Specs contributing meaningfully to revenue, with none of our experts citing it as a catalyst for advertiser share gains.
- **AMZN:** We include our Amazon ad checks for completeness given its increasing relevancy as a full-funnel digital ad platform. We make no changes to our model or rating with this note.

Valuation: We have also rolled our price targets forward by one quarter to incorporate 4Q27-3Q28 estimates (vs prior 3Q27-2Q28E). Our updated **GOOGL/GOOG** price target of $380 reflects 26x GAAP diluted EPS of $14.61 for full year ending 3Q28E (vs prior $379 on 26x 3Q27-2Q28E GAAP diluted EPS of $14.64); **META** price target of $884 reflects 29x GAAP diluted EPS of $30.47 for full year ending 3Q28E (vs prior $715 on 25x 3Q27-2Q28E GAAP diluted of $28.59); **TTD** price target of $15 which reflects 8x Adj. EV/EBITDA estimates of $690M for the full year ending 3Q28E (vs prior $16 on 8x 3Q27-2Q28E Adj. EBITDA of $777M); **PINS** price target at $33 (unch'd) reflects 10x EV/ Adj. EBITDA multiple (unch'd) on full year ending 3Q28E Adj. EBITDA of $1.83B; **SNAP** price target at $7 (vs $5.70 prior) reflects 8x (vs 7x prior) EV/EBITDA multiple on

full year ending 3Q28E Adj. EBITDA of $1.8B.

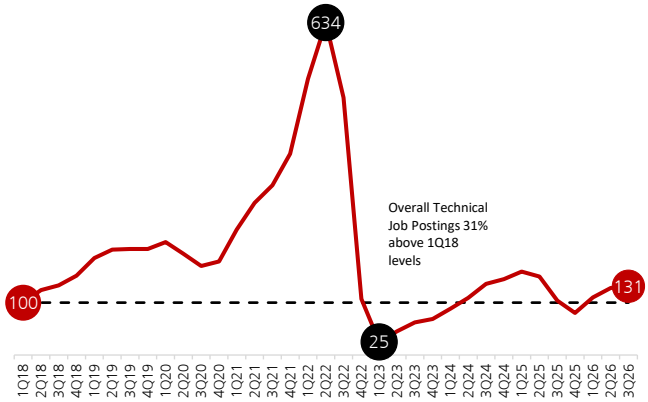
Figure 1: Summary of Ratings, Price Target Changes, and 2027E / 2028E Valuation Metric Changes vs Consensus for U.S. Online Advertising Companies

Ticker	Rating		Price Target		2027E EPS			2028E EPS		
	Prior	New	Prior	New	Prior	New	Street	Prior	New	Street
GOOGL	Neutral	Neutral	$379	$380	$17.22	$19.11	$15.14	$13.52	$13.75	$18.21
META	Buy	Buy	$715	$884	$28.78	$30.81	$33.95	$29.45	$31.08	$39.93

Ticker	Rating		Price Target		2027E EBITDA ($M)			2028E EBITDA ($M)		
	Prior	New	Prior	New	Prior	New	Street	Prior	New	Street
PINS	Buy	Buy	$33	$33	$1,679	$1,635	$1,703	$1,998	$1,946	$1,959
TTD	Buy	Buy	$16	$15	$749	$629	$694	$815	$716	$769
SNAP	Neutral	Neutral	$5.7	$7	$1,640	$1,655	$1,618	$1,861	$1,864	$1,895

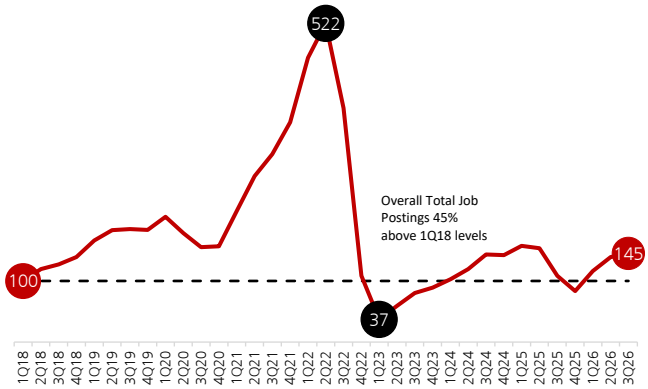
Source: UBS estimates; Visible Alpha Consensus

OUR THESIS IN PICTURES



Per data from UBS Evidence Lab, technical job postings data across the megacaps (Google, Meta, and Amazon) are trending 31% above 1Q18 levels. Aggregated average is pulled higher by Google followed by Amazon and then Meta with the latter tracking to a YOY decline.

We believe our data serves as a 6-9 month leading indicator, which suggests that technical hiring could be on the rise in 2H26 and into 1H27.



Total job posting data (inclusive of non-technical positions) is tracking 45% above 1Q18 levels by higher hiring intent from Amazon and then Google followed by Meta.

Daily Time Spent / User Globally					
Platform	Share			Gain in Share	
	3Q25	2Q26	3Q26	YOY	QOQ
Instagram	21%	23%	23%	1.7%	0.3%
Facebook	15%	14%	14%	-0.8%	0.1%
Snap	6%	6%	6%	0.0%	0.0%
Pinterest	4%	4%	4%	0.1%	0.0%
TikTok	28%	29%	29%	0.3%	0.0%
YouTube	26%	25%	25%	-1.2%	-0.4%

Instagram saw the greatest share gains likely benefiting from strength in e-commerce / retail and continued desire to travel despite the macro turbulence as noted by our ad experts. YouTube saw the greatest share loss as we observed last quarter and we note a similar trend albeit at a more modest pace for Facebook core likely as time spent shifted to Instagram. The other platforms remains essentially unchanged over the same period.

Global MAU					
Platform	Share			Gain in Share	
	3Q25	2Q26	3Q26	YOY	QOQ
Instagram	22%	22%	22%	0.2%	0.1%
Facebook	22%	21%	20%	-1.4%	-0.5%
Snapchat	6%	6%	6%	0.1%	0.0%
Pinterest	6%	6%	6%	0.7%	0.3%
TikTok	18%	18%	19%	0.6%	0.2%
YouTube	26%	26%	26%	-0.1%	-0.1%

Pinterest and TikTok saw the highest MAU growth in the quarter, as the former likely becomes more widely adopted as risk of a US ban has been set aside. Pinterest adoption is likely continuing to come from Rest of World.

Sources: Sensor Tower, UBS, UBS Evidence Lab, UBS Evidence Lab, LinkUp.

Alphabet Inc. - 2027 CapEx Increased, Waiting for Backlog to Follow

We preview Alphabet's (GOOGL/GOOG) 3Q26 results, which it will report on October 28th after market close. We increase our price target to $380 from $379, as we roll valuation parameters by one quarter to 4Q27E-3Q28E, and revise our estimates (including a recalibration for FX changes). Our 2026E, 2027E and 2028E GAAP EPS estimates are now $20.61, $19.11, and $13.75 respectively, vs $21.00, $17.22 and $13.52 prior. This section of the note pertains to shares of both GOOGL and GOOG and valuation for both stocks.

We maintain our Neutral rating, with key points of our investment thesis being:

- ROIC from incremental investments into AI driven products as well as monetization path for AI Overviews still remains to be determined. Although Google claims that AI Overviews is monetizing at the same rate as regular search and feedback from our advertiser checks is improving, we have not seen enough concrete evidence to underwrite it fully.
- Unresolved if not intensifying competition risk from GenAI search products, including Meta's Muse product, as well as threat of share loss to GenAI challengers OpenAI, Perplexity, Grok and others - in the case of the former, the product now has integrations with merchant supply (Shopify, Etsy, Booking, Expedia, among others).
- Potential for mid-term escalation in costs and investments related to GenAI build, with Google likely to spend incrementally more through 2028E to capture share of GenAI demand. There is potential for this to be a longer investment cycle than historically seen in US Internet stocks as well as with Google specifically.

Figure 3: Alphabet Inc. - Annual Dollars of Revenue Growth for Google's Owned and Operated Advertising Properties

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Google Search and Other	12603.5	11690.3	14153.3	17410.9	7801.6	45412.9	22848.2	15660.2	23051.0	26448.0	36244.6	34747.2	37138.6	38578.2	39605.6	41039.0
FX Neutral Growth Rate	*26.9%*	*20.2%*	*20.5%*	*20.9%*	*7.9%*	*43.6%*	*15.3%*	*9.6%*	*15.0%*	*12.3%*	*16.6%*	*14.3%*	*12.6%*	*11.6%*	*10.7%*	*10.0%*
YouTube Ads	1142.6	3033.0	4492.3	2726.6	5074.3	9286.3	1831.1	2739.8	4637.0	4220.0	5035.0	5075.9	5418.4	5757.6	6145.2	6545.7
FX Neutral Growth Rate	*22.2%*	*49.3%*	*50.3%*	*21.3%*	*33.5%*	*47.0%*	*6.3%*	*9.4%*	*17.7%*	*11.6%*	*12.2%*	*11.7%*	*10.8%*	*10.4%*	*10.1%*	*9.8%*
Google Properties	13746.1	14723.4	18645.6	20137.5	12875.9	54699.2	24679.3	18400.0	27688.0	30668.0	41279.6	39823.1	42557.1	44335.8	45750.8	47584.7
Analysis	Stable and near-linear revenue dollar addition for Search and Other pointing to glidepath deceleration				High travel as well as broader economic exposure	Travel & general recovery, Pmax release Nov	Apple privacy; Pmax FY, brand weakness	1H23 recession fears; 2H23 budget recovery	Despite fears, competitors' ad platforms have not launched	Continued automation benefit, offset by tariff fears	Forecasting budget growth in 2026 with benefits from sporting events and elections, followed by stable dollar growth in 2027. Impact of AI integration into Search appears to be driving incrementality although 2026 will provide more clues as to outer year impact of GenAI competitors (including ChatGPT)					

Source: Company data; UBSe

Google only discloses FX neutral growth on a consolidated basis, so we have used our existing estimates for the same on a segment-by-segment basis to derive the dollar growth that we show above. We have elected to use FX neutral growth rates to derive a clearer picture given currency fluctuations.

In the two years prior to the pandemic, Google Search added ~$14B of incremental ad dollars in 2018 and ~$17B in 2019, followed by distortions in incremental dollars during the pandemic years of 2020 and 2021 given expected accelerated growth of not only e-commerce but general online activity. This was followed by another year of outsized growth in 2022 as the release of Performance Max (November 2021) helped to offset ROAS headwinds due to Apple's IDFA deprecation. 2023 trends were sub seasonal partly driven by a post IDFA normalization (i.e. competing platforms recovered from the IDFA loss of signal) as well as persistent fears of a recession following multiple interest rate hikes - Google Search added ~$15B of incremental ad dollars. In 2024, Google Search added ~$23B of incremental dollars, due to a stronger than expected 2H24 digital outlook overall. That incremental dollar addition rate accelerated to ~$26B in 2025 as Google was helped by strong macro and Performance Max / GenAI self-serve products expanding wallet share from existing advertisers / bringing new SMB advertisers into the auction. For 2026, our ad checks are flagging a return in ad spend after a brief lull due to the 2026 Iran conflict. Search continues to lead the pack in terms of budget placement, with ad checks mentioning that further declines in organic traffic are an incentive to spend despite an increase in costs. 2H26 growth rates are also being helped by political spend, as per our checks. Feedback on AI Overviews is beginning to turn more positive, with ad slots more consistently delivering qualified traffic. Lastly, ChatGPT - perhaps the largest near-term threat to Search dominance in a decade - is still

thought of as experimental and limited in efficacy. We are enthused by new Search demos at Google I/0 2026 (read here) and Google Marketing Live (read here) and think this ecosystem could sustain over historical average growth in the mid-term. Therefore, we model Search incremental ad dollar growth at~$36.2B, ~$34.7B, and ~$37.1B for 2026E, 2027E, 2028E, respectively.

YouTube's incremental dollars stood at ~$3B in 2017, ~$4.5B in 2018, and ~$3B in 2019, respectively. COVID distorted trends leading to a sudden uptick in streaming and online video watching habits and incremental ad dollar growth of ~$5B in 2020 and ~ $9B in 2021. Post COVID, YouTube was in 2021-2025 unlocking new revenue streams due to 1) gains of CTV ad budgets with YouTube TV as well as YouTube on the larger screen, 2) expansion of Demand Gen campaigns, 3) and a ramp in YouTube Shorts monetization - with higher engagement, new gen AI products supporting short-form video ad creatives and decent breadth of influencers. Thus, YouTube added incremental dollars of ~$2B in 2022, ~$3B in 2023, ~$5B in 2024, and ~$4B in 2025, respectively. Our current ad checks are implying that both CTV and brand budgets - though with some variance by vertical - have been helped by the 2026 soccer world cup and YouTube remains one of top 3 spots in the CTV space due to its wide audience base and exposure to Sports content. YouTube historically also tends to be a large beneficiary of political spend, with the US gearing up for a hotly contested November midterm election. The direct spend as well as a related increase in inventory cost should suppport 2H26 growth rates. We therefore model ad dollar addition rates for YouTube of~$5B, ~$5.1B, and ~ $5.4Bfor 2026E, 2027E, and 2028E, respectively.

Changes to Estimates

We summarize changes to our estimates for 3Q26, 4Q26, 2026, 2027 and 2028 in the table below – as per our usual practice, we isolate the FX-driven changes versus the fundamental – for more details, please refer to the individual segment explanations below.

Our 3Q26 estimate changes also factor in our ad checks, which suggested that Search and YouTube both outperformed. For 2026, we also factor in improved ad outlook and the upcoming midterm elections, which will boost CPCs/ CPMs across ad platforms. OpenAI is continuing to test its ChatGPT ad product, but a lack of performance and attribution means that advertisers are still using test budgets to fund OpenAI placements and Google budgets remain insulated. For Google Cloud, we keep our above-consensus estimates and add further contract granularity versus our June 3, 2026 note "Stacking the Backlog from the AI Labs, Meta, and Vertex".

As always, we also also leverage 2Q26 10-Q inputs on costs and our UBS Evidence Lab Job Listings tracker to update our cash and noncash costs on an FXN basis. There remains upside bias to 2027E and beyond CapEx, with news reports suggesting Google executives expect AI serving capacity to double every 6 months for the next 4-5 years.

As we have previously noted, Google's recent equity raise does not preclude the company from raising additional debt, in our view this was yet another intentional signal to the markets of what will be rising capital intensity in the near-to-medium term.

Figure 4: Alphabet Inc. - UBS Estimate Revisions

Figures in $M, Except Per Share Amounts	3Q26 Prior	3Q26 FX Only	% Δ	3Q26 Current	% Δ	2026 Prior	2026 FX Only	% Δ	2026 Current	% Δ	2027 Prior	2027 FX Only	% Δ	2027 Current	% Δ	2028 Prior	2028 FX Only	% Δ	2028 Current	% Δ
Google Search and Other	**64,870**	**64,870**	**0.0%**	**65,742**	**1.3%**	259,640	259,455	-0.1%	**260,777**	**0.4%**	**293,820**	**293,174**	**-0.2%**	**295,524**	**0.6%**	**330,604**	**329,873**	**-0.2%**	**332,662**	**0.6%**
YouTube Ads	**11,275**	**11,275**	**0.0%**	**11,592**	**2.8%**	**44,797**	**44,808**	**0.0%**	**45,402**	**1.4%**	**48,493**	**48,542**	**0.1%**	**50,478**	**4.1%**	**52,940**	**52,996**	**0.1%**	**55,896**	**5.6%**
Google Properties	76,145	76,145	0.0%	77,334	1.6%	304,437	304,263	-0.1%	306,179	0.6%	342,312	341,716	-0.2%	346,002	1.1%	383,544	382,869	-0.2%	388,559	1.3%
Google Network Members' Properties	6,705	6,705	0.0%	7,070	5%	29,005	28,992	0.0%	29,286	1.0%	29,189	29,146	-0.1%	29,446	0.9%	29,613	29,567	-0.2%	29,872	0.9%
Google Cloud	**32,733**	**32,733**	**0.0%**	**38,850**	**19%**	**127,811**	**127,811**	**0.0%**	**135,256**	**5.8%**	**233,220**	**233,220**	**0.0%**	**274,832**	**17.8%**	**178,668**	**178,668**	**0.0%**	**190,400**	**6.6%**
Google Other	15,370	15,370	0.0%	15,068	-2.0%	57,112	57,190	0.1%	56,687	-0.7%	62,646	62,954	0.5%	62,677	0.0%	67,049	67,397	0.5%	67,215	0.2%
Other Bets	354	354	0.0%	354	0.0%	1,528	1,528	0.0%	1,528	0.0%	1,576	1,576	0.0%	1,576	0.0%	1,638	1,638	0.0%	1,638	0.0%
Gross Revenue	**131,307**	**131,307**	**0.0%**	**138,676**	**5.6%**	**519,818**	**519,710**	**0.0%**	**528,861**	**1.7%**	**668,945**	**668,613**	**0.0%**	**714,532**	**6.8%**	**660,514**	**660,139**	**-0.1%**	**677,684**	**2.6%**
Traffic Acquisition Costs	16,261	16,261	0.0%	16,718	2.8%	66,086	66,050	-0.1%	66,563	0.7%	72,973	72,850	-0.2%	73,729	1.0%	80,746	80,606	-0.2%	81,719	1.2%
Net Revenue	115,046	115,046	0.0%	121,958	6.0%	453,732	453,659	0.0%	462,298	1.9%	595,972	595,763	0.0%	640,804	7.5%	579,768	579,533	0.0%	595,965	2.8%
GAAP Operating Income	**38,084**	**38,084**	**0.0%**	**42,773**	**12%**	**177,663**	**177,601**	**0.0%**	**183,271**	**3.2%**	**252,457**	**252,278**	**-0.1%**	**282,237**	**11.8%**	**200,540**	**200,359**	**-0.1%**	**205,196**	**2.3%**
Total Expenses	93,223	93,223	0.0%	95,903	2.9%	342,155	342,108	0.0%	345,590	1.0%	416,487	416,335	0.0%	432,296	3.8%	459,974	459,780	0.0%	472,488	2.7%
GAAP Diluted EPS	**$2.68**	**$2.68**	**0.0%**	**$2.25**	**-16%**	**$21.00**	**$21.00**	**0.0%**	**$20.61**	**-1.9%**	**$17.22**	**$17.21**	**-0.1%**	**$19.11**	**11.0%**	**$13.52**	**$13.50**	**-0.1%**	**$13.75**	**1.7%**
Capital Expenditures	55,149	55,149	0.0%	58,244	6%	205,627	205,580	0.0%	209,459	1.9%	353,087	352,908	-0.1%	378,593	7.2%	379,221	379,006	-0.1%	389,072	2.6%

Source: Company data; UBSe (*Note; Total Expenses includes TAC costs)

Google Advertising Revenue Estimates: For 3Q26E, we have changed our FX-neutral YOY growth forecasts for Search and other and YouTube Ads to 18.8% and 14.2%, respectively, while Network stands at 4.1%. For 2026E, we have Search at

16.6% YOY growth, YouTube at 12.2% YOY growth, and Network at 2.9% YOY growth.

Figure 5: Alphabet Inc. - UBS Google Advertising Revenue Estimates

$M unless stated otherwise	1Q26A	2Q26A	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	1Q28E	2Q28E	3Q28E	4Q28E	2028E
Google Search & Other	60039	63191	65742	71364	260336	67608	71455	74950	81511	295524	76297	80501	84373	91491	332662
FX Neutral YOY Growth	*14.8%*	*18.2%*	*18.8%*	*14.6%*	*16.6%*	*14.2%*	*14.4%*	*14.3%*	*14.3%*	*14.3%*	*12.9%*	*12.7%*	*12.6%*	*12.3%*	*12.6%*
YouTube Ads	9883	11055	11592	12872	45402	10974	12199	12945	14360	50478	12151	13506	14336	15904	55896
FX Neutral YOY Growth	*7.9%*	*12.4%*	*14.2%*	*13.7%*	*12.2%*	*12.1%*	*11.4%*	*11.6%*	*11.6%*	*11.7%*	*10.8%*	*10.8%*	*10.8%*	*10.8%*	*10.8%*
Google Properties	**70282**	**74326**	**77334**	**84236**	**306179**	**78582**	**83653**	**87895**	**95871**	**346002**	**88448**	**94007**	**98709**	**107395**	**388559**
FX Neutral YOY Growth	*13.8%*	*17.3%*	*18.1%*	*14.5%*	*15.8%*	*13.9%*	*14.0%*	*13.9%*	*13.9%*	*13.9%*	*12.6%*	*12.4%*	*12.4%*	*12.1%*	*12.4%*
Google Network Members Properties	6971	7303	7070	7942	29286	6953	7304	7151	8037	29446	7053	7411	7258	8150	29872
FX Neutral YOY Growth	*-1.6%*	*7.8%*	*4.1%*	*2.9%*	*2.9%*	*1.2%*	*1.3%*	*1.3%*	*1.2%*	*1.2%*	*1.5%*	*1.5%*	*1.5%*	*1.4%*	*1.5%*
Google Advertising	**77253**	**81629**	**84404**	**92179**	**335465**	**85535**	**90958**	**95046**	**103908**	**375447**	**95501**	**101418**	**105967**	**115545**	**418431**
FX Neutral YOY Growth	*12.4%*	*16.5%*	*17.0%*	*13.5%*	*14.7%*	*12.9%*	*13.0%*	*13.0%*	*12.9%*	*12.9%*	*11.8%*	*11.6%*	*11.6%*	*11.3%*	*11.6%*

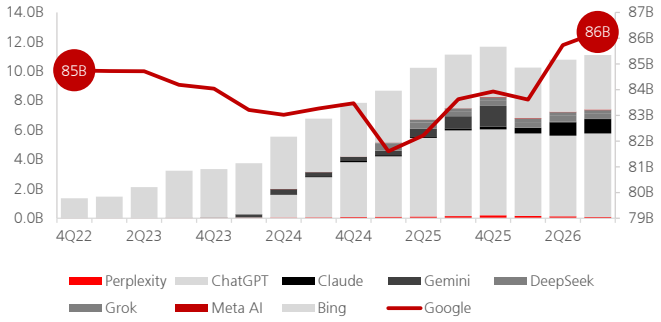
Source: Company data; UBSe

Mapping the GenAI Search Threat: Global Browser and Mobile Web Data

We analyze Similarweb data for site traffic, and looked at three key measures: 1) unique visitors - which serves as the best proxy for monthly active users, 2) visits and 3) total pages - which in our view are proxies for query share. Compared to previous quarters we have broadened out the competitors we are tracking so that the exhaustive list is: ChatGPT, Perplexity, DeepSeek, Grok, MetaAI/Muse and Bing among others. We are also tracking Gemini separately from Google Search to ensure a complete picture.

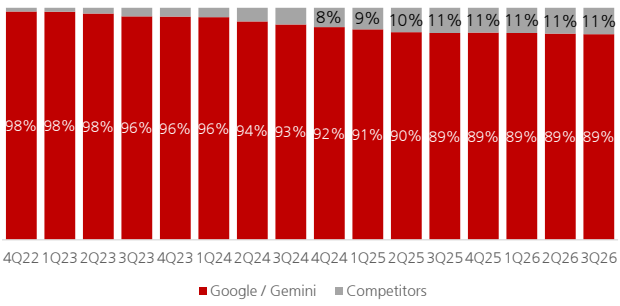
3Q26 data shows that Google's quarterly average unique visitors are trending ~2.6B above year-ago average, whereas Gemini unique visitors are tracking ~780M lower vs its year-ago average. Among the competitors, unique visitor change was inconsequential in comparison (single digit millions) except for Claude, which gained ~830M visitors YOY. Overall, Google's competitors have won only marginal share on a YOY basis, which now shows at almost ~11%.

Figure 6: Average Quarterly Unique Visitors



Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

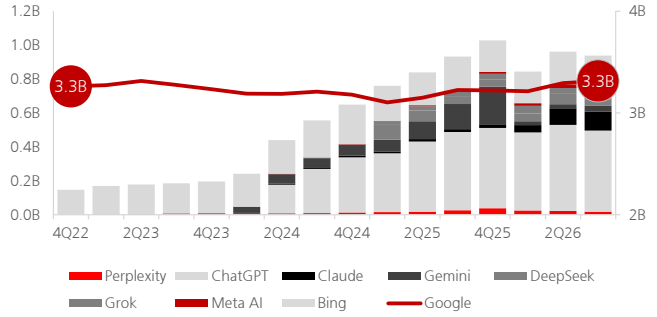
Figure 7: Share of Unique Visitors by Platform



Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

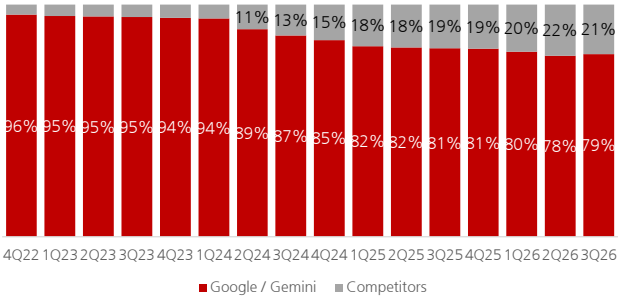
Also, 3Q26 visits to Google and Gemini are trending slightly above and slightly below their respective year-ago averages. There was no consequential changes among the competitors. Also, Google's competitors have won share of visits on a YOY basis to reach ~21% from ~19% a year ago.

Figure 8: Average Quarterly Visits



Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

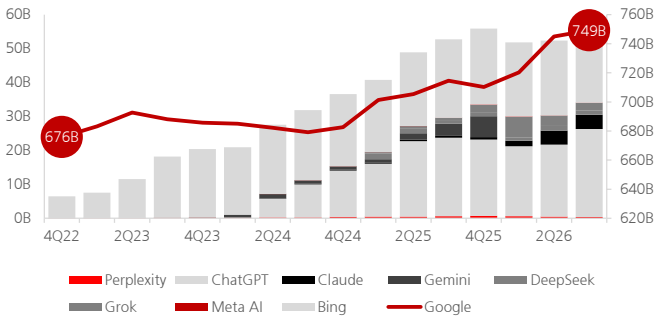
Figure 9: Share of Visits by Platform



Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

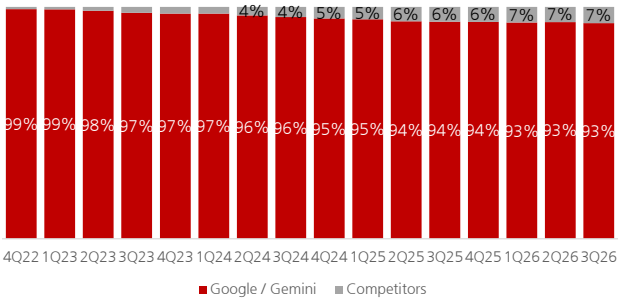
When looking at page views, we see that as per 3Q26 data, Google's and Gemini's quarterly average total is trending ~34.7B above and ~35B below the respective year ago averages, while Claude, ChatGPT and Grok were the key gainers among the competitors - with page views tracking ~3.6B, ~2.8B and ~1.6B ahead of the respective year-ago averages. In terms of share shift, Google share is at ~93% vs ~94% a year ago.

Figure 10: Average Quarterly Total Page Views



Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

Figure 11: Share of Total Page Views by Platform

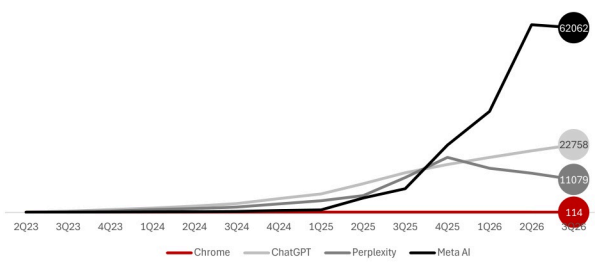


Source: UBS; Similarweb at similarweb.com (*Note: while there are other non GenAI browsers globally with share, we do not include them for this analysis)

While all the data above is related to website searches, below we also showcase findings on app data. We index the data to 3Q23, which was when the ChatGPT app was made available. We note that ChatGPT, Perplexity and Meta MAU's are trending >22,700%, >11,000%, and >62,000% higher than their respective 2Q23 levels as of 3Q26, but Perplexity and Meta AI are seeing some attrition on a QOQ basis. Chrome MAU's are also trending ~14% higher than 2Q23 levels.

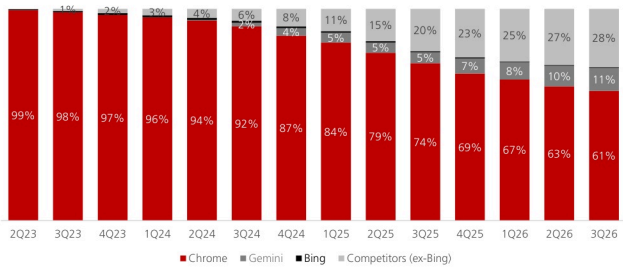
From a share of total market, Chrome and Gemini competitors ex-Bing now account for 28% share as of 3Q26 QTD, up from 27% a quarter ago and 20% a year ago, which suggests a slowdown in share growth rate. Interestingly, Gemini, has gained 11% share with the 6ppt gain on a YOY basis dwarfing the gain from competitors ex-Bing.

Figure 12: MAU Indexed to 100 by Platform



Source: UBS; SensorTower (*Note: this analysis only includes Bing, Perplexity, ChatGPT, Meta AI as rivals to Google Chrome. While there are other non GenAI apps globally with share, we do not include them for this analysis)

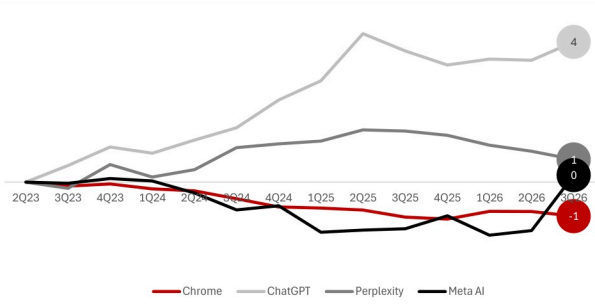
Figure 13: Share of MAU by Platform



Source: UBS; SensorTower (*Note: this analysis only includes Bing, Perplexity, ChatGPT, Meta AI as rivals to Google Chrome. While there are other non GenAI apps globally with share, we do not include them for this analysis)

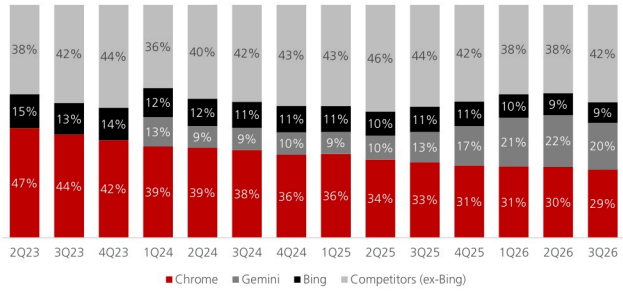
For 3Q26, SensorTower data suggests that ChatGPT and Perplexity sessions / day / user are trending 4 above and 1 above 2Q23 levels, respectively, whereas Chrome sessions / day / user are trending 1 below 2Q23 levels and Meta's are trending flat. In terms of share, Chrome competitors ex-Bing now account for 42% share as of 3Q26, up from 38% a quarter ago and up from 44% a year ago. Gemini has also gained at the expense of Bing and Chrome, with share at 20% as of 3Q26 - down vs 22% in the preceding quarter but up from 13% a year ago.

Figure 14: Change in Sessions / Day / User vs 2Q23 by Platform



Source: UBS; SensorTower (*Note: this analysis only includes Bing, Perplexity, ChatGPT, Meta AI as rivals to Google Chrome. While there are other non GenAI apps globally with share, we do not include them for this analysis)

Figure 15: Share of Sessions / Day / User by Platform



Source: UBS; SensorTower (*Note: this analysis only includes Bing, Perplexity, ChatGPT, Meta AI as rivals to Google Chrome. While there are other non GenAI apps globally with share, we do not include them for this analysis)

Google Other Segment Forecasts: For 3Q26E, our YOY growth forecasts for Subscriptions and YouTube TV are at 33.5% and 7.9% respectively. Our 3Q26E YOY growth forecast for Cloud is 156.3%. For 2026E, we have Subscriptions at 27.4% YOY growth and YouTube TV at 10.3% YOY growth, while Cloud is set at 130.4% YOY growth.

Figure 16: Alphabet Inc. - UBS Google Play, YouTube Subscription, YouTube TV, Cloud, and Other Bets Revenue Estimates

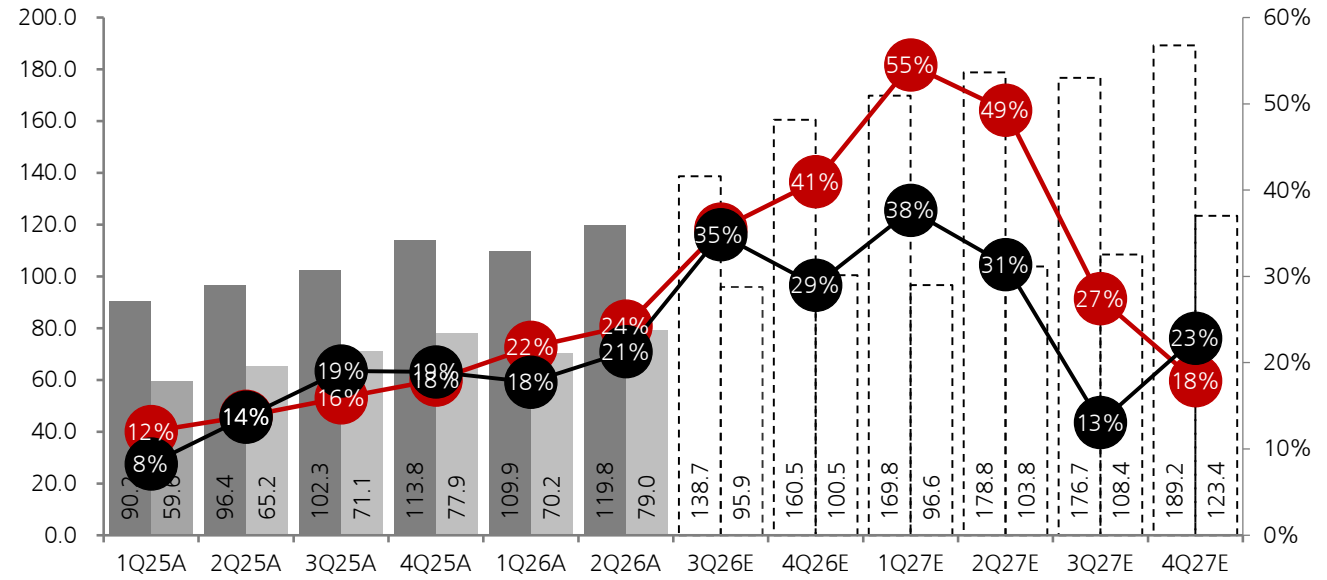
$M unless stated otherwise	1Q26A	2Q26A	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	1Q28E	2Q28E	3Q28E	4Q28E	2028E
Google Play	3000	3000	3884	4429	14313	3424	3447	4436	4965	16272	3839	3864	4974	5567	18244
FX Neutral YOY Growth	*40.7%*	*17.5%*	*13.4%*	*16.4%*	*20.9%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*	*12.1%*
YouTube Subscription	4066	5005	5039	5099	19208	5128	5130	5164	5225	20647	5254	5255	5290	5352	21150
YOY Growth	*8.9%*	*33.6%*	*33.5%*	*33.5%*	*27.4%*	*26.1%*	*2.5%*	*2.5%*	*2.5%*	*7.5%*	*2.5%*	*2.4%*	*2.4%*	*2.4%*	*2.4%*
YouTube TV	2257	2313	2381	2693	9644	2754	2817	2893	2968	11432	3031	3094	3172	3574	12871
YOY Growth	*6.3%*	*5.7%*	*7.9%*	*21.0%*	*10.3%*	*22.0%*	*21.8%*	*21.5%*	*10.2%*	*18.5%*	*10.0%*	*9.8%*	*9.6%*	*20.4%*	*12.6%*
Other	1835	1297	2429	2733	8294	1777	1499	2430	2735	8441	1779	1501	2432	2737	8449
Google Other	**12384**	**12911**	**15068**	**16323**	**56687**	**14501**	**14355**	**16408**	**17414**	**62677**	**15472**	**15330**	**17506**	**18906**	**67215**
Google Cloud	20028	24768	38850	51610	135256	69349	73089	64878	67516	274832	42907	47501	48207	51784	190400
YOY Growth	*63.4%*	*81.8%*	*156.3%*	*192.2%*	*130.4%*	*246.3%*	*195.1%*	*67.0%*	*30.8%*	*103.2%*	*-38.1%*	*-35.0%*	*-25.7%*	*-23.3%*	*-30.7%*
Other Bets	411	382	354	381	1528	425	394	365	393	1576	442	410	379	408	1638
YOY Growth	*-8.7%*	*2.4%*	*2.9%*	*2.9%*	*-0.6%*	*3.3%*	*3.2%*	*3.1%*	*3.1%*	*3.2%*	*4.1%*	*3.9%*	*3.8%*	*3.8%*	*3.9%*

Source: Company data; UBSe

We showcase a trend line for revenue versus total costs below, given investor questions around the company's prospects to durably expand EPS. We forecast total cost growth of 34.9% YOY for 3Q26E, slightly below total revenue growth of 35.5% YOY. On the revenue side, we note improved prospects for YouTube based on our ad checks. On the cost side, Google is in the middle of a CapEx cycle (guided about ~$195B-$205B in

2026) and our UBS Evidence Lab Job Listings tracker suggests prioritized hiring trends focused on technical roles. Both these taken together lead us to model revenue growth roughly in-line with cost growth for 3Q26.

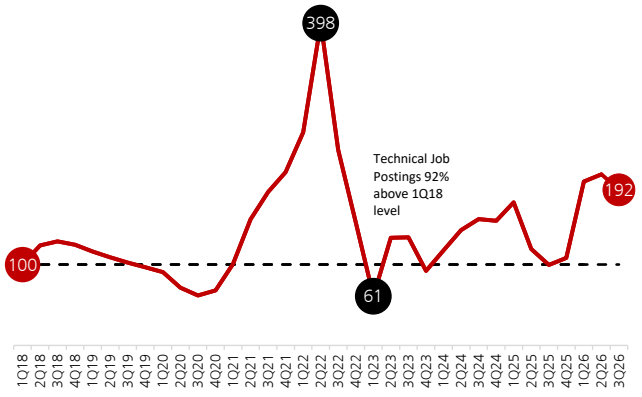
Figure 17: Alphabet Inc. - Quarterly Gross Revenue ($B) and Total Costs ($B) as well as YOY Growth



Source: Company data; UBSe (*Note: we exclude TAC in total costs to get a cleaner view of COGS, Operating Expenses)

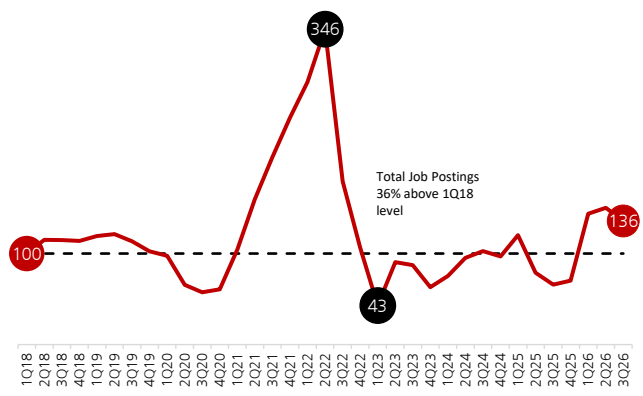
Latest UBS Evidence Lab job postings data suggests that Google continues to prioritize hiring into technical roles while generalist demand has moderated hence bringing down the total average. More specifically, demand for technical roles is 92% above 1Q18 base line but otherwise a deceleration from the 113% that we reported on our 2Q26 preview note. Total job postings for aggregated positions is 36% above the same base case but also a step down from the 53% that we reported last quarter. This continues to line up with management's expectations to hire into key investment areas including AI and Cloud alongside higher marketing headcount towards its new AI products - otherwise it's essentially unchanged from what the company had disclosed over the last few quarters. The most important takeaway from the updated data set is that hiring, particularly for technical roles, likely will remain elevated in 2H26 and 2027. While we should anticipate some seasonal slow down heading into year-end, the company appears to continue hiring into high-demand roles which could drive OpEx and SBC related to payroll / headcount higher.

Figure 18: Alphabet Inc. - Technical Job Listings Indexed 1Q18 to 100



Source: UBS Evidence Lab (based on Computer & Mathematical Jobs)

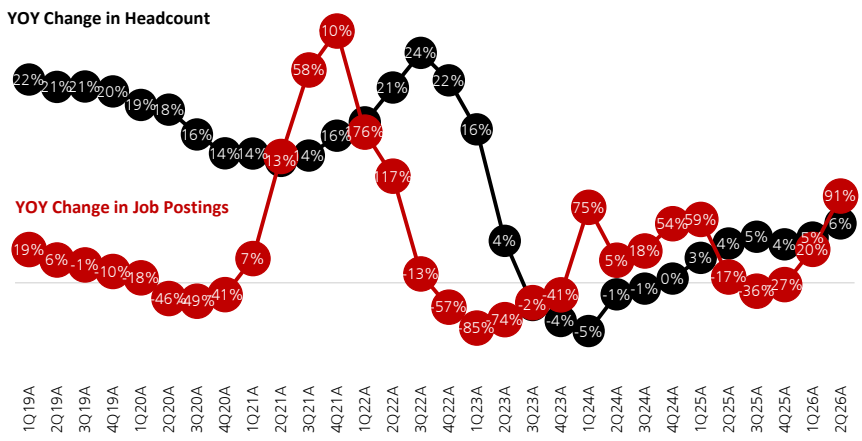
Figure 19: Alphabet Inc. - Total Job Listings Indexed 1Q18 to 100



Source: UBS Evidence Lab, UBS Evidence Lab, LinkUp.

Furthermore, we also compare the year over year change in headcount versus the year over year change in job postings for each company. As these data sets do not offer a view on attrition (or university grad hiring levels), this cannot serve as an absolute barometer of what the headcount change will be. Nevertheless the peaks and valleys - as well as the inflection points (second derivative turns) do remain informative, as we show in the graphic below - with a two to three quarter lag.

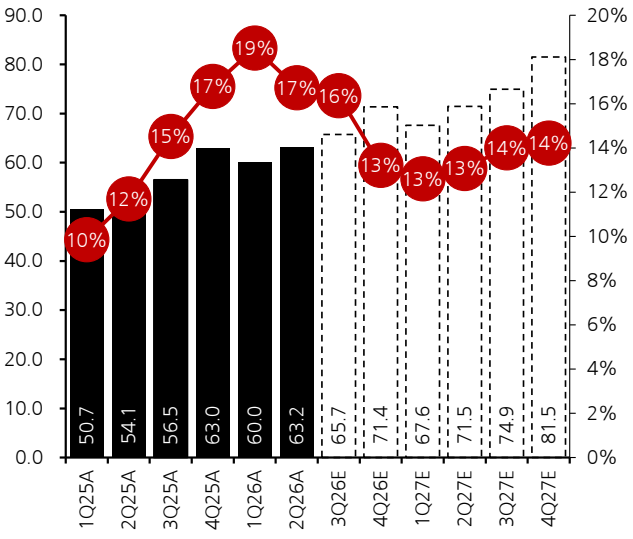
Figure 20: Alphabet, Inc. - YOY Change in Headcount and Job Postings (1Q19-2Q26)



Source: Company disclosures; UBS Evidence Lab

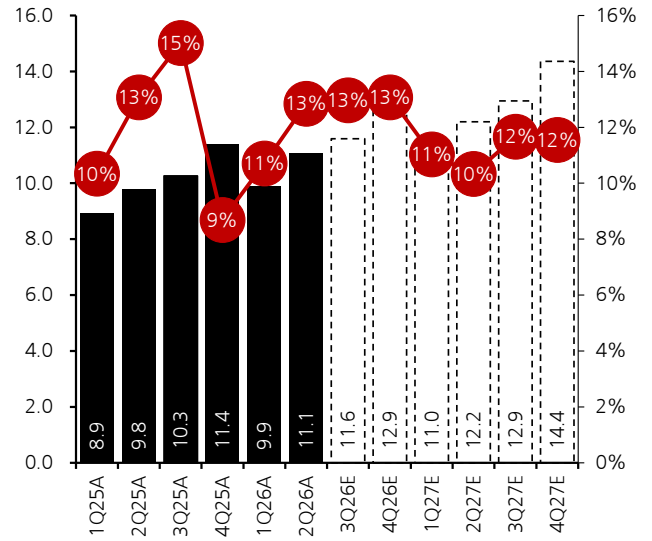
Our quarterly estimates for Google's various revenue segments are as shown below. Our Google Search and Other revenue is at $65.7B for 3Q26E vs. $56.5B in 3Q25, reflecting 16% YOY growth on a FXN basis – and compares to 15% YOY growth for 3Q25. For YouTube Ads we forecast revenue of $11.6B for 3Q26E vs. $10.3B in 3Q25, which reflects 13% YOY growth on a FXN basis, versus 15% growth in 3Q25.

Figure 21: Alphabet Inc. - Quarterly Search & Other Revenue ($B) and YOY FXN Growth



Source: Company data; UBSe

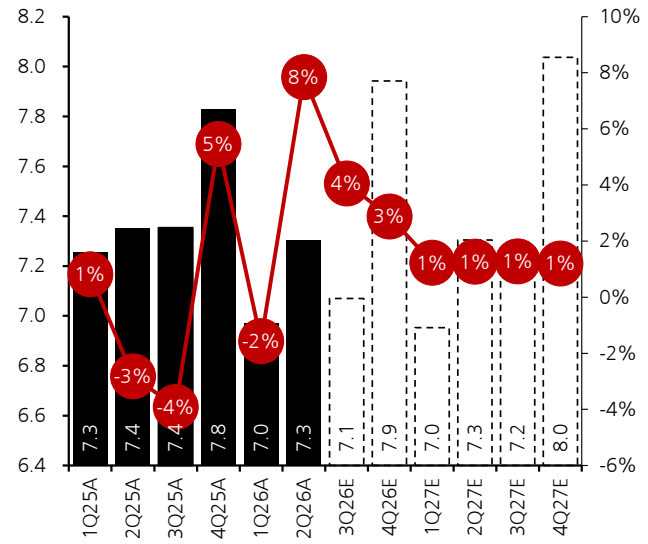
Figure 22: Alphabet Inc. - Quarterly YouTube Ads Revenue ($B) and YOY FXN Growth



Source: Company data; UBSe

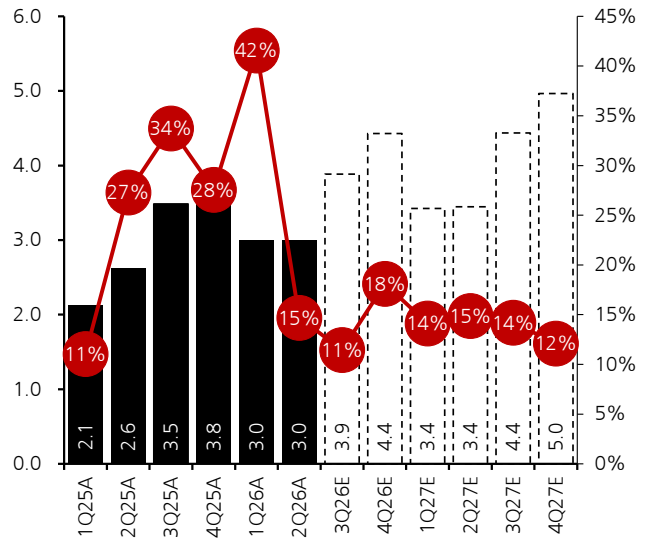
As for Network, we arrive at $7.1B in revenue for 3Q26E versus $7.8B in 3Q25, reflecting an increase of 4% YOY on a FXN basis. For Google Play, we forecast $3.9B in revenue, up ~11% YOY on a FXN basis and compared to 34% growth in 3Q25.

Figure 23: Alphabet Inc. - Quarterly Google Network Revenue ($B) and YOY FXN Growth



Source: Company data; UBSe

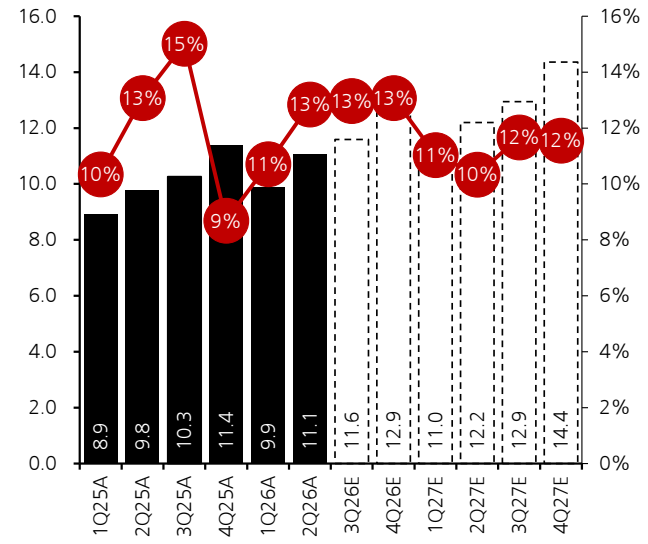
Figure 24: Alphabet Inc. - Quarterly Google Play Revenue ($B) and YOY FXN Growth



Source: Company data; UBSe

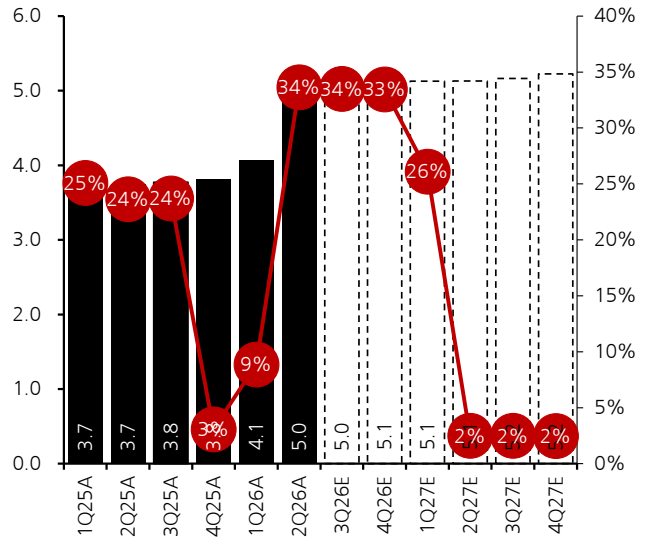
Our YouTube Ads and YouTube Subscription revenue stands at $11.6B and $5B for 3Q26E, respectively, which compares to $10.3B and $3.8B in 3Q25, respectively. This represents growth of ~13% YOY and ~34% YOY, respectively.

Figure 25: Alphabet Inc. - Quarterly YouTube Ads Revenue ($B) and YOY Growth



Source: Company data; UBSe

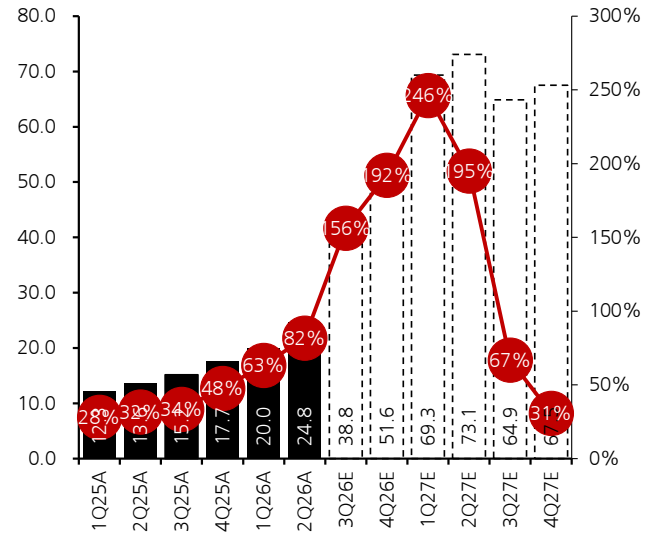
Figure 26: Alphabet Inc. - Quarterly YouTube Subscription Revenue ($B) and YOY Growth



Source: Company data; UBSe

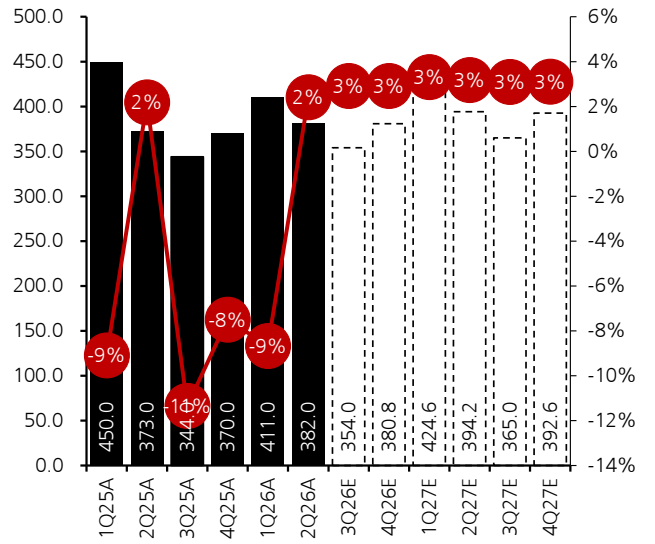
Google Cloud revenue, which includes Workspace, is forecasted to grow ~56% YOY to $38.8B for 3Q26E, compared to $15.2B in 3Q25. Other Bets is projected to finish at ~ $354M in 3Q26E vs $344M in 3Q25, representing growth of ~3% YOY.

Figure 27: Alphabet Inc. - Quarterly Google Cloud Revenue ($B) and YOY Growth



Source: Company data; UBSe

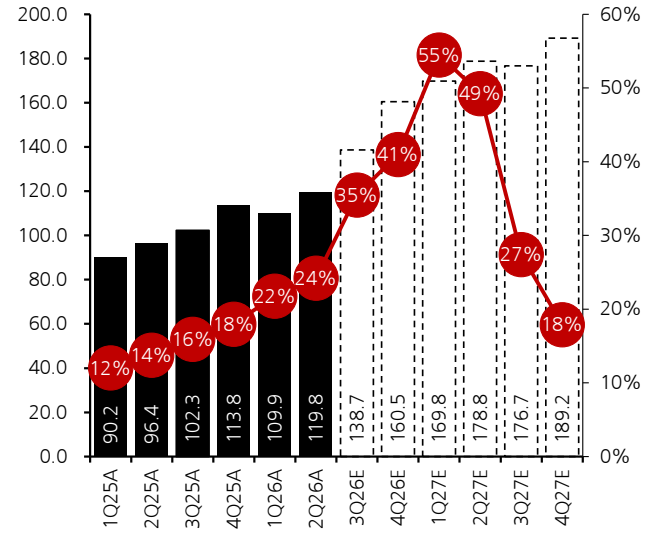
Figure 28: Alphabet Inc. - Quarterly Other Bets Revenue ($M) and YOY Growth



Source: Company data; UBSe

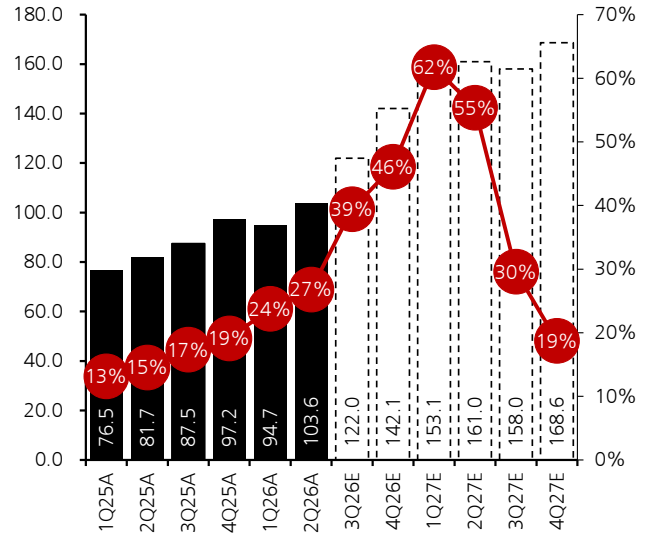
All of the above adds up to Gross Revenue of $138.7B for 3Q26E, up ~35% YOY while Net Revenue stands at $122B, up ~39% YOY.

Figure 29: Alphabet Inc. - Quarterly Gross Revenue ($B) and YOY Growth



Source: Company data; UBSe

Figure 30: Alphabet Inc. - Quarterly Net Revenue ($B) and YOY Growth



Source: Company data; UBSe

Our estimates versus consensus for revenue, operating income, GAAP EPS are as shown below for 3Q26E, 4Q26E, 2026E, 2027E and 2028E. We also show our estimates versus consensus for key Alphabet metrics: total expenses and CapEx.

Figure 31: Alphabet Inc. - UBS vs. Consensus Estimates

Figures in $M, Except Per Share Amounts	3Q26			4Q26			2026			2027			2028		
	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff
Google Search and Other	65,742	64,912	1.3%	71,364	71,495	-0.2%	260,777	260,001	0.3%	295,524	292,473	1.0%	332,662	324,255	2.6%
YouTube Ads	11,592	11,443	1.3%	12,872	12,845	0.2%	45,402	45,228	0.4%	50,478	50,086	0.8%	55,896	54,989	1.7%
Cloud	38,850	28,461	36.5%	51,610	33,145	55.7%	135,256	106,375	27.1%	274,832	176,895	55.4%	190,400	249,002	-23.5%
Gross Revenue	**138,676**	**127,192**	**9.0%**	**160,493**	**141,282**	**13.6%**	**528,861**	**498,175**	**6.2%**	**714,532**	**613,386**	**16.5%**	**677,684**	**730,656**	**-7.2%**
Total Expenses	**95,903**	**83,972**	**14.2%**	**100,461**	**93,133**	**7.9%**	**345,590**	**326,060**	**6.0%**	**432,296**	**394,384**	**9.6%**	**472,488**	**464,639**	**1.7%**
Operating Income	**42,773**	**43,220**	**-1.0%**	**60,032**	**48,149**	**24.7%**	**183,271**	**172,115**	**6.5%**	**282,237**	**219,002**	**28.9%**	**205,196**	**266,017**	**-22.9%**
Diluted EPS	**$2.25**	**$2.98**	**-24.4%**	**$4.13**	**$3.32**	**24.3%**	**$20.61**	**$20.52**	**0.4%**	**$19.11**	**$15.03**	**27.2%**	**$13.75**	**$17.95**	**-23.4%**
Capital Expenditures	58,244	55,974	4.1%	70,617	65,303	8.1%	209,459	201,939	3.7%	378,593	304,285	24.4%	389,072	345,937	12.5%
							34.7%	34.5%		39.5%	35.7%		30.3%	36.4%	

Source: Company data; UBSe (*Note; Total Expenses includes TAC costs)

Data Points from our Channel Checks

Our ad checks suggest better than expected outcome for digital ad market growth in 3Q26, with both Google and YouTube exceeding projections.

For 2026, spend is rebounding as advertisers came back into the market after the pause following the onset of the conflict in the Middle East, with larger revisions to YouTube than Google Search. YouTube is benefitting from the US midterm election, but is also seeing some paused CTV and brand budgets return. While OpenAI continues broadening out its test of ChatGPT ads, advertisers tell us performance is mixed, and the potential for larger scale monetization may be an end-2027 event and hence the more intense competition for ad dollars likely ramping into 2028. This timeline is unchanged from what we have heard when the ads were first introduced in February 2026.

As part of our 3Q26 ad checks, we caught up with 8 experts with visibility into a cumulative $9B+ in digital advertising spend. We note that these checks are skewed heavily towards the U.S. market and also with comparatively larger advertisers, which could in particular cause some distortion to views on Search given the global reach of the Google platform. Our checks also do not cover the long tail of SMB advertisers that Google appears to be increasingly bringing into the fold with its GenAI turnkey advertising products, and therefore there appears to be a larger delta between the feedback captured by our ad checks and true in quarter performance.

We present the simple average (not weighted) emerging from their 3Q26 spend as well as their projections for 4Q26 and 2026. We also note that in some cases, these advertisers present us with the aggregated Google Search and YouTube budget growth versus on a platform-separated basis, so these averages may not always neatly align:

Figure 32: Alphabet Inc. - 3Q26, 4Q26, 2026 YOY Ad Budget Growth Estimates from Ad Checks

	3Q26E	3Q26A	Δ bps	3Q26A	4Q26E	Δ bps	Old 2026E	2026E	Δ bps
Total Digital	**12.3%**	**13.0%**	**70**	**13.0%**	**12.8%**	**-19**	**12.8%**	**13.1%**	**28**
GOOGL	**9.6%**	**10.4%**	**75**	**10.4%**	**9.6%**	**-75**	**10.5%**	**9.7%**	**-82**
Search	10.0%	10.4%	41	10.4%	10.3%	-14	10.5%	10.5%	0
YouTube	12.4%	13.5%	118	13.5%	13.6%	9	12.6%	13.3%	65

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant

- **Expert 1** has visibility into ~$1B of search / social / retail media / CTV / programmatic budgets, which skew 65% DR / 35% brand
- **Expert 2** has visibility into ~$800M of traditional and digital ad spend
- **Expert 3** oversees ~$790M in digital ad budgets, across the retail/e-commerce, finance, healthcare, and CPG verticals.
- **Expert 4** responsible for ~$800M digital ad budget and notably early adopters for new ad products focused within retail/e-commerce in the US, Canada, and UK
- **Expert 5** has visibility into ~$950M of digital budgets across US, Europe and Asia. Their spend is 60% DR / 40% brand, distributed across verticals including pharmaceuticals, travel, B2B, e-commerce
- **Expert 6** has visibility into ~$720M of search / social / CTV / print / radio budgets, which skew 40% brand / 60% DR. Their spend is across US, Europe (incl. UK) and

South Asia, with the portfolio overweighted to large and CPG clients

- **Expert 7** is responsible for ~$2.5B of North American social / search / CTV and other digital budgets across verticals including tech, travel, entertainment, healthcare, and retail
- **Expert 8** has sight into ~$950M of digital marketing including both US and Europe with an industry focus on e-commerce, pharmaceuticals, travel, and B2B clients with no exposure to auto.

Note that we have modestly amended the below advertiser quotes to improve readability. We strove to preserve the original tone of the comments as much as possible.

3Q26 Budget Growth

Expert 1:

- "Google Search budget growth is coming in closer to 9.0% YOY in 2Q26 versus expectations for 7.5% YOY. YouTube budget growth is trending towards 19.25% YOY compared to projections for 17% YOY or thereabouts."

Expert 2:

- "So Google will finish up the quarter at 8.1% YOY budget growth compared to our projection of 6.8% YOY."
- "For 3Q26, we were expecting 4.4% YOY for Search, and 11.9% YOY for YouTube. In actuality, we landed at 5.1% YOY growth for Search, and 17.1% YOY growth for YouTube. "

Expert 3:

- "Google Search budget growth came in at 9.2% YOY in 3Q26 compared to our estimate of 9.3% YOY."
- "YouTube budgets came in at 10.5% YOY in 3Q26 compared to our estimate of 9.8i% YOY."

Expert 4:

- "Google Search budgets grew 24% YOY in 3Q26 versus our expectations for 25% YOY growth, and YouTube budgets grew 19% YOY, above our projection for 18% YOY."

Expert 5:

- "For Google Search budgets, we're up 5.5% YOY. This is higher than the around 4.0% YOY growth we had forecast."
- "YouTube budget growth is going to land at 4.7% YOY growth. We had projected budgets to be up 5% YOY."

Expert 6:

- "Aggregate basis Google saw 12.6% YOY budget growth in 3Q26. This was slightly above our expectation of 12.4% YOY growth."

Expert 7:

- "In 3Q26, Google Search budgets outpaced and were up 9.5% YOY compared to our estimate for 4.0% YOY"
- "YouTube budgets for 3Q26 came in at 14% YOY, which was also above the 13% YOY estimate."

Expert 8:

- "For 3Q26, Search growth of 8% YOY in the US was worse than our 9% YOY projection, and growth of 9% YOY in Europe was in line with our projection. YouTube US budget growth came in at 10% YOY - in line with our expectations, and Europe growth came in at 7.5% YOY, below the 8% YOY growth we had expected."

2026 Budget Growth

Expert 1:

- "So in 2026, Search budgets could grow 9% YOY. This expectation is unchanged."
- "YouTube should see budget growth of 18.0o% YOY in 2026 compared to our prior projection for 17.5% YOY in 2026."

Expert 2:

- "Our projection for 2026 for Search has moved up to 4.7% YOY from 4.6% YOY prior and for YouTube we now expect 14.5% YOY growth compared to 12.0% YOY earlier."

Expert 3:

- "Google Search growth in 2026 should be around 9.3% YOY, slightly worse than the 9.4% YOY we expected earlier."
- "2026 YouTube growth expectations are raised to 11.2% YOY from 10.0% YOY."

Expert 4:

- "For 2026, we expect Google Search budgets to grow 25% YOY, which is slightly worse than the 26% YOY we expected earlier. Also, we expect YouTube budgets to grow 22% YOY compared to our previous expectation of 21% YOY."

Expert 5:

- "For 2026, we feel Google Search budget growth should be about 6.1% YOY, rather than the 5.9% YOY growth we discussed before. YouTube budget growth will be 4.5% YOY, versus our previous expected of 4.8% YOY growth."

Expert 6:

- "For 2026, we now expect 9.55% YOY budget growth rather than 9.3% YOY for Search and 15.0% YOY growth rather than 14.75% YOY for YouTube."

Expert 7:

- "We now think Search growth will be 11.0% YOY instead of 10.5% YOY, and YouTube growth will be 13% YOY."

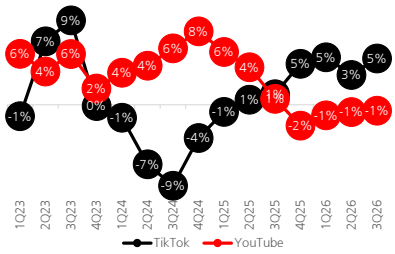
Expert 8:

- "We have made no changes to our forecasts for Search for 2026. We think Search will grow 10.5% YOY in the US and 9.3% YOY in Europe."
- "We are expected 8.5% YOY growth for YouTube in the US previously and that's unchanged. Europe projection for YouTube is also unchanged at 7.5% YOY."

Key Takeaways from Sensor Tower Data

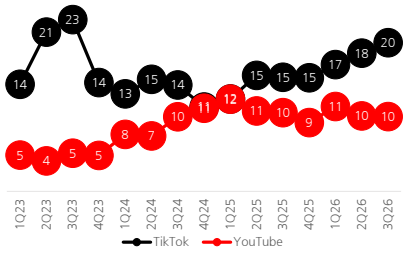
We note that in 3Q26, YouTube saw a 1% YOY decline in daily time spent per user globally, which contrasted TikTok's 5% YOY growth. Overall this meant that an average global user now spend 12 daily minutes less on YouTube than TikTok. Since 1Q20, YouTube has gained 10 minutes of daily engagement per global user, below TikTok's 20 minutes gain. On an absolute basis, 2Q26 daily time spent was at 83 minutes per user for YouTube and 95 minutes per user on TikTok, as per Sensor Tower data.

Figure 33: Alphabet Inc. - Daily Time Spent per User - YOY Growth



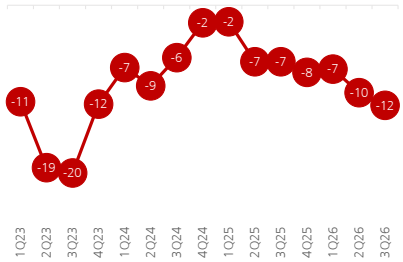
Source: UBS; Sensor Tower

Figure 34: Alphabet Inc. - Daily Time Spent per User - Incremental Time Indexed to 1Q20



Source: UBS; Sensor Tower

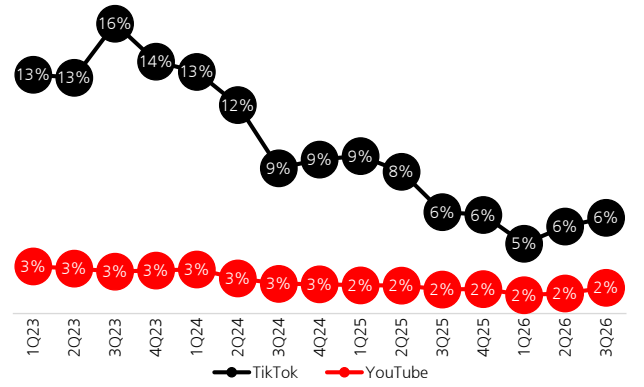
Figure 35: Alphabet Inc. -Daily Time Spent per User - Delta versus TikTok



Source: UBS; Sensor Tower

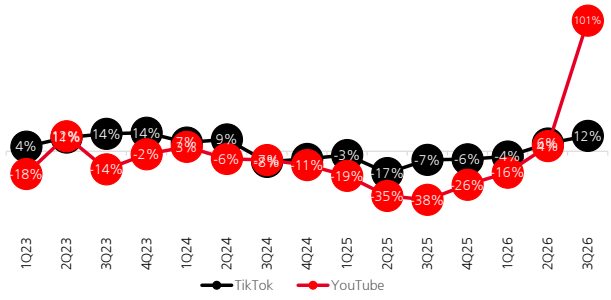
In 3Q26, YouTube saw 2% YOY growth in global monthly active users compared to 6% YOY growth for TikTok, per Sensor Tower data. YouTube saw a 101% YOY increase in global downloads compared to TikTok's increase of 12% YOY. We note that the sharp uptick in YouTube downloads primarily stems from a sharp rise in Google Play Top Free rankings across multiple countries beginning in mid-July, which historically correlates with higher download volumes. Sensor Tower believes the surge may reflect a Google Play ranking or measurement change affecting certain pre-installed Google apps, rather than a true acceleration in user adoption, as its separate active-user panel did not show a corresponding increase.

Figure 36: Alphabet Inc. - Global Monthly Active Users (MAU) - YOY Growth



Source: UBS; Sensor Tower

Figure 37: Alphabet Inc - Global Downloads - YOY Growth



Source: UBS; Sensor Tower

Valuation

We roll our valuation period forward by one quarter to full year ending 3Q28E (vs 3Q27E-2Q28E prior). Our price target increases to $380 from $379, based on 26x (unchanged) our revised 4Q27E-3Q28E GAAP EPS of $14.61.

Our 26x multiple is in line Google's 2H25 multiple. The 26x multiple is fair in our opinion as it accounts for better mid-term trend lines as GenAI search competitors are taking longer to turn on the monetization. Additionally, it factors in signs that Google is turning GCP/cloud into a third consequential franchise in its business following its deal with OpenAI as well as the expansion of its Anthropic partnership. The earlier monetization of cloud GenAI investment vs Search chatbot / AI Mode / Gemini app also allows us to underwrite better mid-term EPS trendline.

This note pertains to shares of both GOOGL and GOOG and valuation for both stocks.

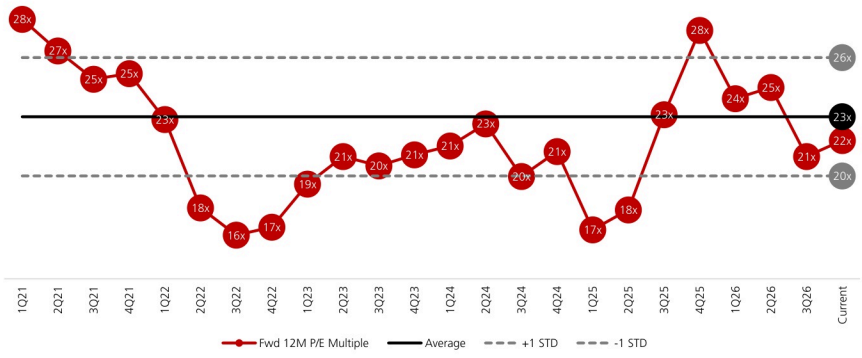
Figure 38: Alphabet Inc. - Valuation

Current Valuation ($B)	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
Current EV												
Current Share Price										$354	10.12.2026	
(x) Diluted Shares Outstanding										12	as of 2Q26	
(=) Market Capitalization										4353		
(-) Cash & Cash Equivalents										(56)	as of 2Q26	
(+) Debt										98	as of 2Q26	
(=) Enterprise Value										4396		
EV/Revenue	9.9x	9.1x	8.3x	7.5x	6.8x	6.4x	6.2x	6.3x	6.4x	6.5x	6.5x	6.3x
EV/GAAP EBIT	29.8x	27.6x	24.0x	20.3x	17.5x	15.9x	15.6x	17.0x	18.8x	20.2x	21.4x	20.5x
EV/GAAP EBITDA	18.0x	18.6x	17.3x	17.4x	21.5x	18.8x	18.4x	20.1x	22.2x	24.0x	25.4x	24.5x
P/E - GAAP Diluted	17.8x	18.3x	17.2x	17.3x	21.5x	18.8x	18.5x	20.3x	22.4x	24.2x	25.7x	24.8x
P/E - GAAP Diluted - Consensus	17.8x	17.7x	17.2x	18.8x	26.5x	25.0x	23.6x	22.7x	22.0x	21.2x	20.3x	19.7x
P/FCF	81.1x	152.0x	1,045.6x	191.2x	185.3x	978.0x	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
P/E - Google Services Revenue	1.0x	0.9x	0.9x	0.9x	0.9x	0.8x	0.8x	0.8x	0.8x	0.7x	0.7x	0.7x
PEG Ratio	0.06x	(0.85)x	0.37x	(5.59)x	(0.49)x	0.18x	2.45x	(0.60)x	(0.69)x	(0.94)x	(1.33)x	1.55x
Earnings Yield	2.6%	0.6%	1.2%	1.4%	1.4%	1.3%	1.3%	0.9%	1.0%	1.0%	1.01%	1.08%
FCF Yield	1.2%	0.7%	0.1%	0.5%	0.5%	0.1%	(0.1)%	(1.3)%	(1.6)%	(1.7)%	(1.61)%	(1.25)%

Valuation Methodology	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
Price to GAAP EPS (Diluted)												
GAAP EPS	$9.11	$2.25	$4.13	$4.96	$5.09	$4.62	$4.44	$3.29	$3.45	$3.43	$3.58	$3.82
(x) Target Multiple	26x	26x	26x	26x	26x	26x	26x	26x	26x	26x	26x	26x
(=) Price per Share	$237	$59	$107	$129	$132	$120	$115	$86	$90	$89	$93	$99
Price Target										$380		
Upside (Downside) from Current Price										7%		
Target Implied P/E/G										(1.2)x		

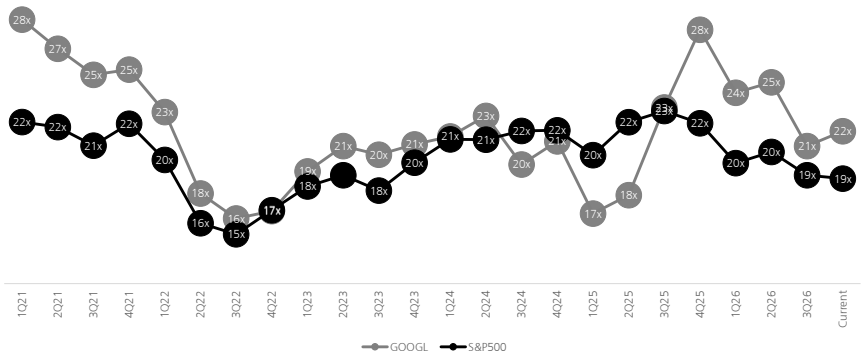
Source: Company data; Visible Alpha Consensus; UBSe

Figure 39: Alphabet Inc. - 12 Month Forward P/E Trading Multiple versus Long Term Average



Source: FactSet

Figure 40: Alphabet Inc. - 12 Month Forward P/E Trading Multiple versus S&P 500



Source: FactSet

Upside / Downside Scenarios

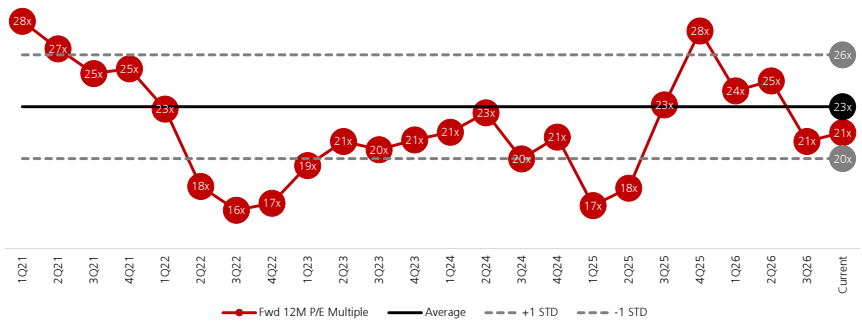
For Google, our upside / downside scenarios imply a skew of 1.4x.

Upside Case ($488): Our upside scenario assumes Alphabet sees an acceleration in 2.25-YR revenue CAGR growth to 26% vs 21% in our base case. We estimate 4Q27-3Q28 operating margin of 34% vs 32% in our base case. This implies 4Q27-3Q28 EPS of $17.13, which on a 29x P/E multiple equates to a valuation of $488.

Base Case ($380): Our base scenario assumes Alphabet sees 2.25-YR revenue CAGR growth of 21%. We estimate 4Q27-3Q28 operating margin of 32%. This implies 4Q27-3Q28 EPS of $14.61, which on a 26x P/E multiple equates to a valuation of $380.

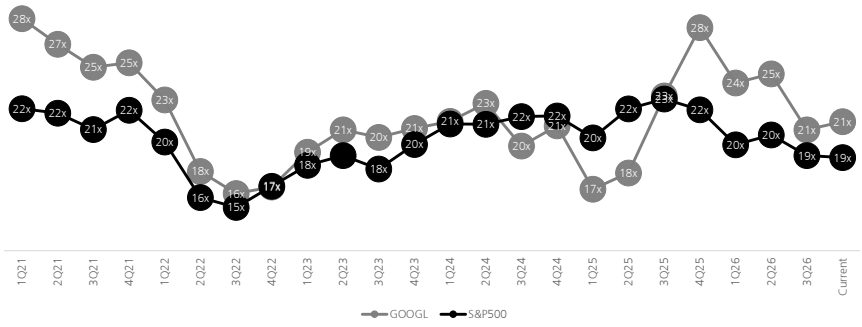
Downside Case ($259): Our downside scenario assumes Alphabet sees a deceleration in 2.25-YR revenue CAGR growth to 15% vs 21% in our base case. We estimate 4Q27-3Q28 operating margin of 30% vs 32% in our base case. This implies 4Q27-3Q28 EPS of $12.34, which on a 21x P/E multiple equates to a valuation of $259.

Figure 41: Alphabet Inc. - Upside / Downside Skew



Source: UBS estimates

Figure 42: Alphabet Inc. - Scenario Analysis Key Assumptions



Source: UBSe

Meta Platforms, Inc. - GenAI Monetization to Step Up

We preview Meta's 3Q26 results. We increase our price target to $884 from $715, as we roll our valuation parameters forward by one quarter to use 4Q27E-3Q28E, and revise our estimates (including a recalibration for FX changes). Our 2026E, 2027E and 2028E GAAP EPS estimates are now $29.28, $30.81, and $31.08 respectively versus prior $32.48, $28.78 and $29.45.

We maintain our Buy rating, with key points of our investment thesis being:

- Business Agents - which were recently launched - enabling increased utilization and revenue from messaging ads
- Consumer-facing Muse allowing Meta to begin offering Search ads in the mid-to-longer term
- Influencer-facing chatbots deepening engagement across Meta platforms, thus allowing Meta to deliver more ads across its monetized surfaces (similar to the phenomenon seen with Reels)
- Gen AI leveling up Meta's ability to deliver creative and placement automation through Advantage+, allowing it to gain incremental budgets from large advertisers and broaden out to the long-tail of SMB advertisers
- And although this is likely more of a contingency if any (or all of the above are not playing out as well) - the potential direct sale of excess compute capacity or sale of model access in a supply-constrained environment

Figure 43: Meta Platforms, Inc. - Annual Dollars of Revenue Growth

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Total Ad Revenue Dollar Growth	10,077	12,636	14,779	16,504	14,628	29,459	4,597	18,183	28,684	35,542	52,367	55,983	56,728	55,760	56,941
FX Neutral Growth Rate	*59.0%*	*47.0%*	*37.0%*	*30.0%*	*21.0%*	*35.0%*	*4.0%*	*16.0%*	*22.0%*	*22.2%*	*30.0%*	*25.6%*	*18.6%*	*15.4%*	*13.7%*
Analysis	Near-linear revenue dollar addition for core Facebook, supplemented by ramping monetization for Instagram				High retail/e-comm exposure offsets weakness in other verticals	Ongoing strength in retail/e-comm, general recovery	Apple privacy change; disclosed $10b revenue hit	1H23 recession fears; 2H23 benefits from A+ rollout	Reels ad load ramp, Advantage + expansion are key drivers	Reels, Advantage +, expanding user engagement and China tailwind continued	Projecting accelerating growth for 2026, with GenAI enabling new Advantage+ features and Reels expanding inventory. 2026 Iran conflict and US midterm elections are impacting growth.				

Source: Company data; UBSe

Prior to the pandemic, Meta was adding ~$14B of incremental ad dollars in 2018 and ~$16B in 2019, and we understandably see distortions in incremental ad dollars during the pandemic years of 2020 and 2021. Additionally, 2022 was an abnormally low growth year for Meta, as the platform took an outsized hit from Apple's privacy changes. In 2023, Meta added ~$18B of incremental ad dollars as it saw benefit from multiple factors, including ramping Click to Message on WhatsApp and Messenger, rising adoption of Advantage+, as well as revenue growth in Reels.

Through 2024, Meta was still seeing budget gains from at least two of these three vectors - Advantage+ expansion - to new verticals and as Meta introduced more automated ad creative tools (especially useful for its long-tail SMB client base) - and Reels adoption - with all short-form video formats gaining through the year but Reels in particular grabbing share due to high engagement levels. Furthermore, Meta continued to see broad-based adoption from China marketers targeting international consumers (not just in e-commerce but also in gaming/entertainment). Given these tailwinds, it was not surprising that Meta added ~$29B of incremental ad dollars in 2024 and ~$36B in 2025.

Our checks suggest 3Q26 digital budget growth was above expectations with Meta continuing to deliver strong ROAS and recording an outperformance. We noted the most enthusiasm around Meta's AI automation and creatives suite (Advantage+) of any point in 2026 YTD. This suggests to us that Meta's Muse Spark-driven ad models are driving greater incrementality than thought. We also noted positive feedback around Reels, with advertisers noting both an uptick in inventory and performance.

For 2026, our ad checks suggest that digital budgets appear to be holding up, although more benefit is starting to come through due to price/auction rather than impressions growth. This is an uncomfortable signal, but we note that monetization ramps at Threads and WhatsApp is not part of the estimates.

Feedback on incrementality from Meta Business Agents and the surrounding suite of products was mixed, though given that the product is in early stages of rollout we are not surprised. We note that early feedback around Reels and Advantage+ was mixed, but now both are widely considered to be incremental. The bullish advertisers see agents unlock incremental sales and therefore allowing Meta to capture incremental performance budgets, whereas the bearish advertisers are of the view that consumer behavior to support sales is not quite there in developed markets.

Net/net, for 2026E, 2027E, and 2028E, we model at incremental dollar growth of ~$53.4B, ~$56B, and ~$56.7B, respectively. Our 2027E and 2028E estimates have upward bias as Meta gets going on GenAI monetization. The company recently showcased and made available Business Agents - a much promised monetization vector that has allowed investors to underwrite CapEx from 2024 until now. This is the beginnings of what should be more aggressive monetization of WhatsApp and messenger. Additionally, Meta is set to drive what should be growing usage of Muse, with the app becoming the top downloaded free app on Meta and the company flagging commercial behavior on the app. While the product direction had always been there with MetaAI, the Muse's release allows investor to once again underwrite the prospects for the company to capture search advertising dollars. We note that we have no specific estimates in our model related to either of these vectors as of yet.

During our meetings with investors, it became clear to us that there seems to be an ongoing expectation that Meta will be selling some of its cloud capacity to external parties. We believe that that is a scenario which may happen only so far as Meta fails to scale business AI and/or Muse. Hence from a sequence-of-events perspective, what investors may anticipate as meaningful cloud revenue may only arrive on the other side of what may be meaningful changes to the strategy, long-term growth rate, and likely multiple compression. We view any potential sales of cloud capacity as an insurance policy.

Changes to Estimates

We summarize changes to our estimates for 3Q26, 4Q26, 2026, 2027 and 2028 in the table below – as per our usual practice, we isolate the FX-driven changes versus the fundamental.

Our revenue estimate revisions factor in our ad checks which suggest better 3Q26 growth, where Meta continued to attract budgets by deliver strong ROAS. We noted the most enthusiasm around Meta's AI automation and creatives suite (Advantage+) of any point in 2026 YTD. This suggests to us that Meta's Muse Spark-driven ad models are driving greater incrementality than thought. We also noted positive feedback around Reels, with advertisers noting both an uptick in inventory and performance.

On the cost side, we update D&A and useful life of assets from 3Q26 10-Q inputs. We also alter our cost base to account for UBS Evidence Lab Job Listings data. We have also accounted for the incremental ~$10 billion in legal expense accrual related to the recently-announced settlement with Attorneys General.

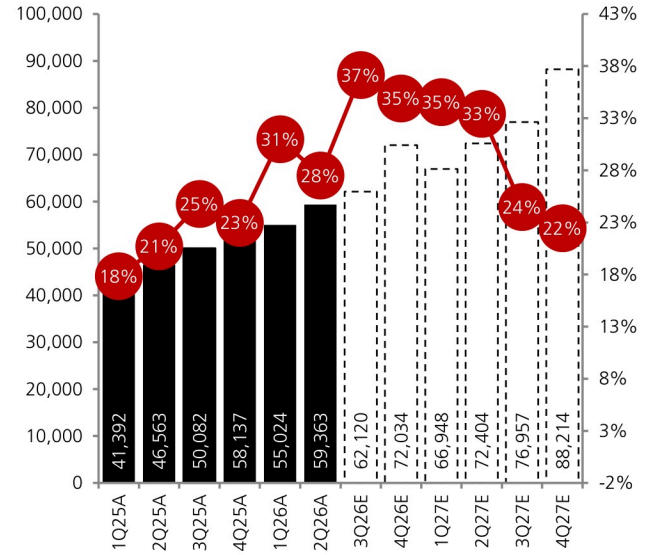
Figure 44: Meta Platforms, Inc. - UBS Estimate Revisions

Figures in $M, Except Per Share Amounts	3Q26 Prior	3Q26 FX Only	% Δ	3Q26 Current	% Δ	4Q26 Prior	4Q26 FX Only	% Δ	4Q26 Current	% Δ	2026 Prior	2026 FX Only	% Δ	2026 Current	% Δ	2027 Prior	2027 FX Only	% Δ	2027 Current	% Δ	2028 Prior	2028 FX Only	% Δ	2028 Current	% Δ
Advertising	**62,239**	**62,239**	**0.0%**	**62,120**	**-0.2%**	**71,929**	**71,929**	**0.0%**	**72,034**	**0.1%**	**248,555**	**248,555**	**0.0%**	**248,541**	**0.0%**	**301,268**	**301,268**	**0.0%**	**304,524**	**1.1%**	**361,341**	**361,341**	**0.0%**	**361,252**	**0.0%**
Other Revenue	1,544	1,549	0.3%	1,646	6.6%	2,275	2,275	0.0%	2,400	5.5%	6,543	6,549	0.1%	6,771	3.5%	8,246	8,249	0.0%	9,748	18.2%	10,347	10,351	0.0%	14,357	38.7%
Total Revenue	**63,783**	**63,788**	**0.0%**	**63,765**	**0.0%**	**74,204**	**74,205**	**0.0%**	**74,434**	**0.3%**	**255,099**	**255,105**	**0.0%**	**255,312**	**0.1%**	**309,514**	**309,517**	**0.0%**	**314,272**	**1.5%**	**371,688**	**371,691**	**0.0%**	**375,609**	**1.1%**
Cost of Goods Sold	13,218	13,218	0.0%	12,717	-3.8%	15,986	15,986	0.0%	15,112	-5.5%	50,751	50,752	0.0%	49,377	-2.7%	80,551	80,552	0.0%	78,186	-2.9%	110,493	110,494	0.0%	108,232	-2.0%
Gross Profit	50,565	50,570	0.0%	51,049	1.0%	58,218	58,219	0.0%	59,322	1.9%	204,347	204,352	0.0%	205,935	0.8%	228,963	228,965	0.0%	236,086	3.1%	261,195	261,197	0.0%	267,377	2.4%
Total Expenses	**42,167**	**42,169**	**0.0%**	**52,357**	**24.2%**	**46,975**	**46,975**	**0.0%**	**47,052**	**0.2%**	**164,607**	**164,609**	**0.0%**	**174,874**	**6.2%**	**214,423**	**214,424**	**0.0%**	**213,753**	**-0.3%**	**265,223**	**265,225**	**0.0%**	**264,688**	**-0.2%**
Operating Income	21,616	21,619	0.0%	11,409	-47.2%	27,229	27,230	0.0%	27,382	0.6%	90,492	90,496	0.0%	80,437	-11.1%	95,091	95,093	0.0%	100,519	5.7%	106,465	106,467	0.0%	110,921	4.2%
Net Income	18,284	18,287	0.0%	9,654	-47.2%	23,026	23,027	0.0%	23,383	1.5%	83,931	83,935	0.0%	75,657	-9.9%	76,825	76,826	0.0%	82,317	7.1%	81,385	81,386	0.0%	85,915	5.6%
Shares Oustanding	2,592	2,592	0.0%	2,593	0.0%	2,614	2,614	0.0%	2,615	0.0%	2,584	2,584	0.0%	2,584	0.0%	2,669	2,669	0.0%	2,670	0.0%	2,762	2,762	0.0%	2,761	0.0%
GAAP Diluted EPS	**$7.05**	**$7.05**	**0.0%**	**$3.72**	**-47.2%**	**$8.81**	**$8.81**	**0.0%**	**$8.94**	**1.5%**	**$32.48**	**$32.48**	**0.0%**	**$29.28**	**-9.8%**	**$28.78**	**$28.78**	**0.0%**	**$30.81**	**7.1%**	**$29.45**	**$29.45**	**0.0%**	**$31.08**	**5.5%**
Capex	42,734	42,738	0.0%	43,169	1.0%	52,833	52,834	0.0%	52,699	-0.3%	144,681	144,685	0.0%	144,982	0.2%	244,932	244,935	0.0%	248,622	1.5%	293,634	293,636	0.0%	296,731	1.1%
Buybacks	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%

Source: Company data; UBSe

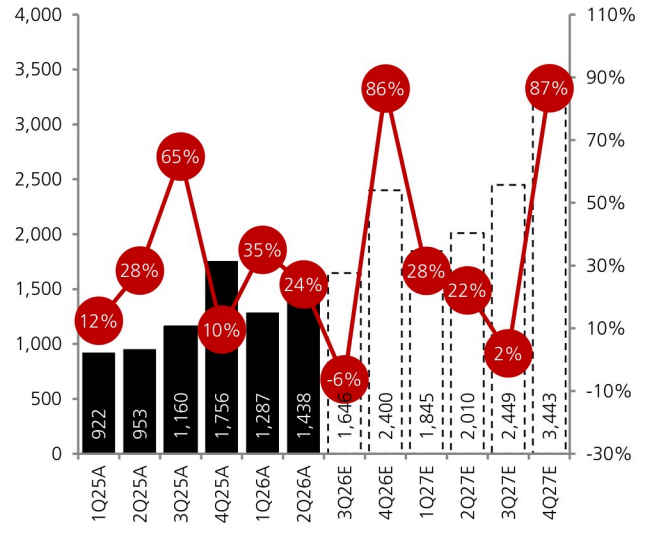
Our advertising revenue estimate for 3Q26 now contemplates 37% YOY growth to ~ $62.1B, which compares to $50.1B in 3Q25. Our other revenue estimate, which includes Quest, is now $1.6B, a growth of -6% YOY versus $1.2B in the year ago quarter.

Figure 45: Meta Platforms, Inc. - Quarterly Ad Revenue ($M) and YOY FXN Growth



Source: Company data; UBSe

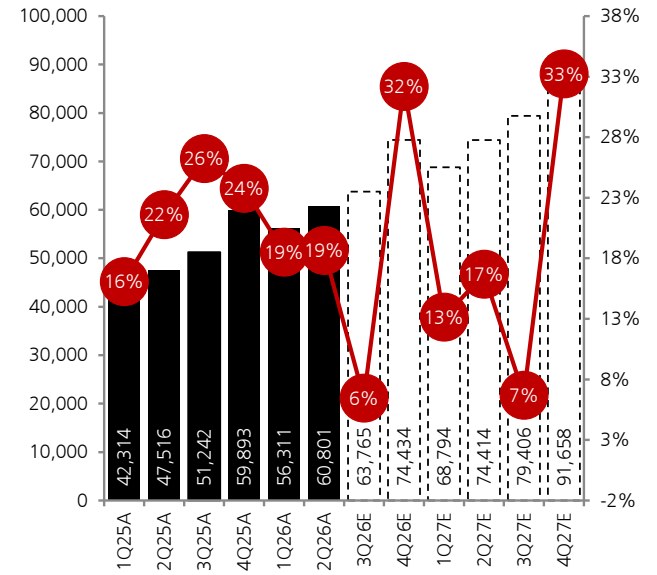
Figure 46: Meta Platforms, Inc. - Quarterly Other Revenue ($M) and YOY Growth



Source: Company data; UBSe

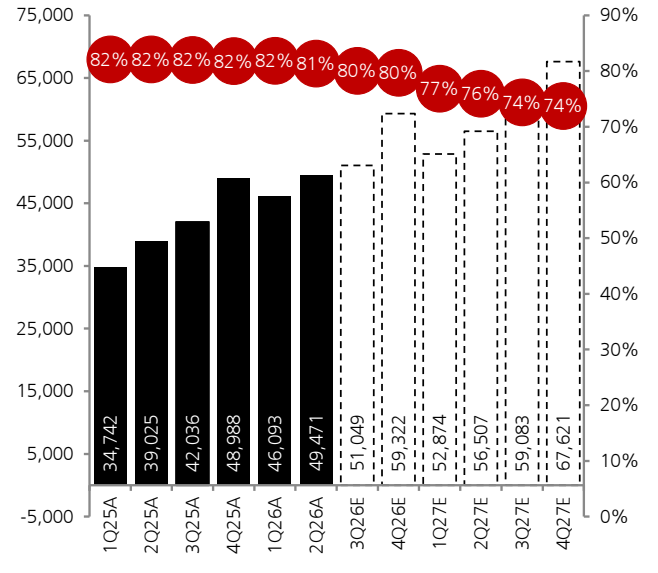
Our 3Q26E revenue and gross profit estimates on a consolidated basis are as shown below. We model total revenue of $63.8B versus $51.2B in the year ago quarter, and guidance range $61B-$64B. For gross profit, we are at $51.0B versus $42.0B in 3Q25.

Figure 47: Meta Platforms, Inc. - Quarterly Total Revenue ($M) and YOY Growth



Source: Company data; UBSe

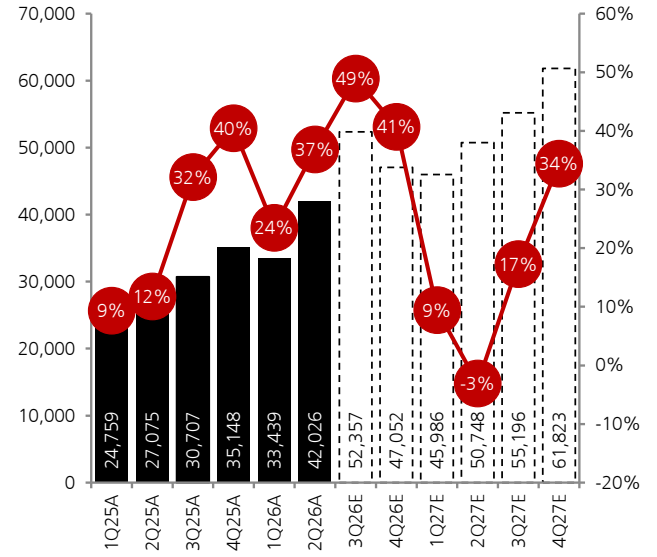
Figure 48: Meta Platforms, Inc. - Quarterly Gross Profit ($M) and Margin



Source: Company data; UBSe

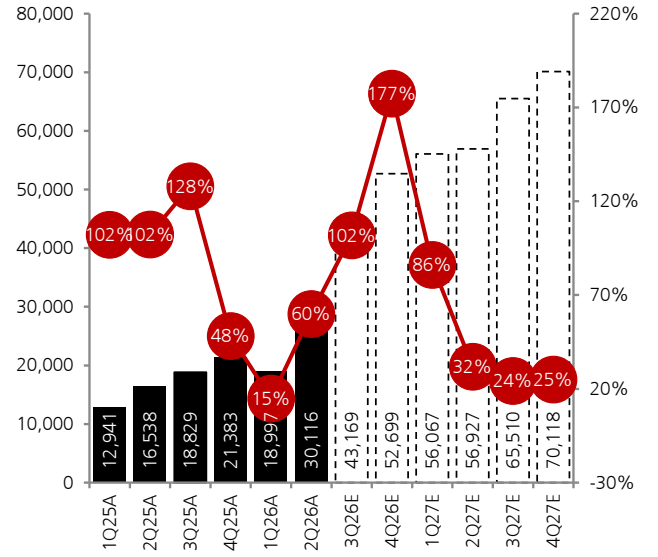
Our quarterly total expenses and CapEx estimates are as shown below. UBSe for 3Q26E for total expenses and CapEx are $52.4B (49% YOY growth) and $43.2B (102% YOY growth), respectively. Our 2026E total expenses of $174.9B is above the company's guidance range of $165B-$169B as we factor in the $10B legal expenses accrued in 3Q26. Our 2026E CapEx of ~$145B is at the high-end of the company guidance of $130B-$145B.

Figure 49: Meta Platforms, Inc. - Quarterly Total Expenses ($M) and YOY Growth



Source: Company data; UBSe

Figure 50: Meta Platforms, Inc. - Quarterly Capital Expenditure ($M) and YOY Growth

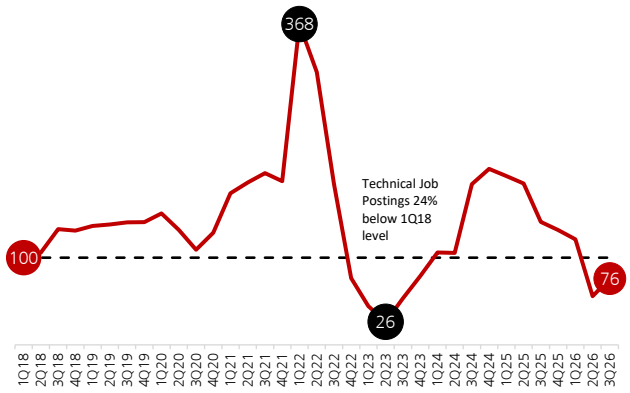


Source: Company data; UBSe

Following the elimination of ~8,000 roles in late May 2026, our UBS Evidence Lab job postings data suggests that Meta continues to hire across the board albeit at a materially slower pace vs recent historical levels in our dataset. Unsurprisingly, it also continues to prioritize hiring into technical roles over generalist ones. News headlines at the time of its recent RIF also reported that it included the elimination of 6,000 open roles which we believe did not preclude non-technical positions as suggested by Figure 52. Technical job

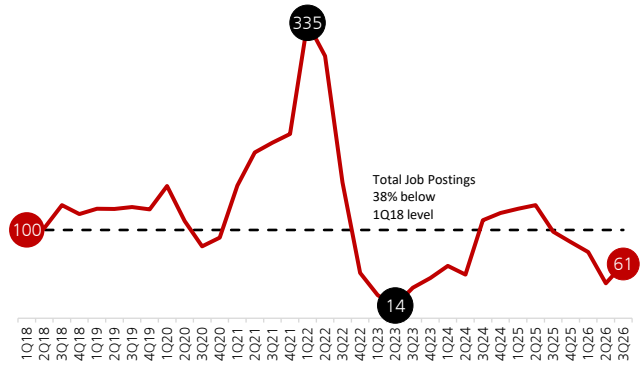
listings is trending 24% below our 1Q18 base case while total jobs is tracking 38% under the same level. As we take these data points in the aggregate, this suggests to us that any incremental step up in related payroll OpEx should remain controlled through to the end of the year and potentially 1H27 given the data set serves as a 6-9 month leading indicator.

Figure 51: Meta Platforms, Inc. - Technical Job Listings Indexed 1Q18 to 100



Source: UBS Evidence Lab (based on Computer & Mathematical Jobs)

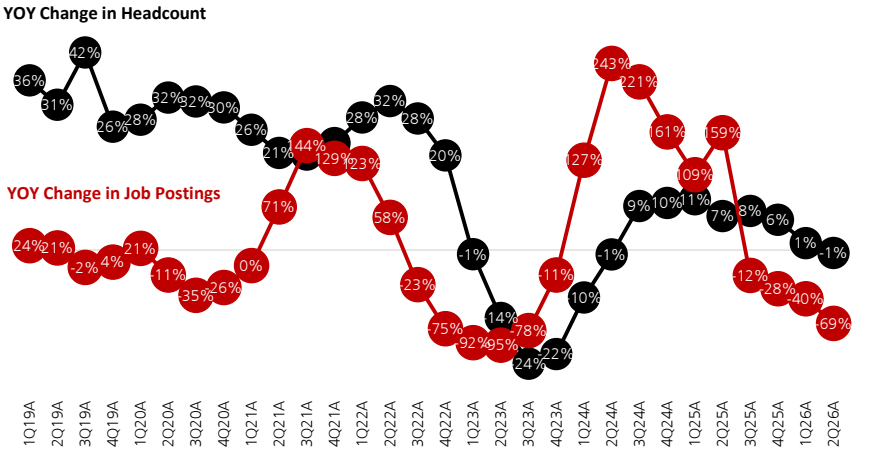
Figure 52: Meta Platforms, Inc. - Total Job Listings Indexed 1Q18 to 100



Source: UBS Evidence Lab

We also compare the year over year change in headcount versus the year over year change in job postings for Meta. As these data sets do not offer a view on attrition (or university grad hiring levels), we disclaim that it cannot serve as an absolute barometer of what headcount change will be. Nevertheless the peaks and valleys - as well as the inflection points (second derivative turns) do remain informative, as we show in the graphic below - with a two to three quarter lag. Given this rationale, we believe the sudden drop in job postings as an indicator of hiring intent in 3Q25 likely reflects the company's aforementioned RIF which was announced in April 2026.

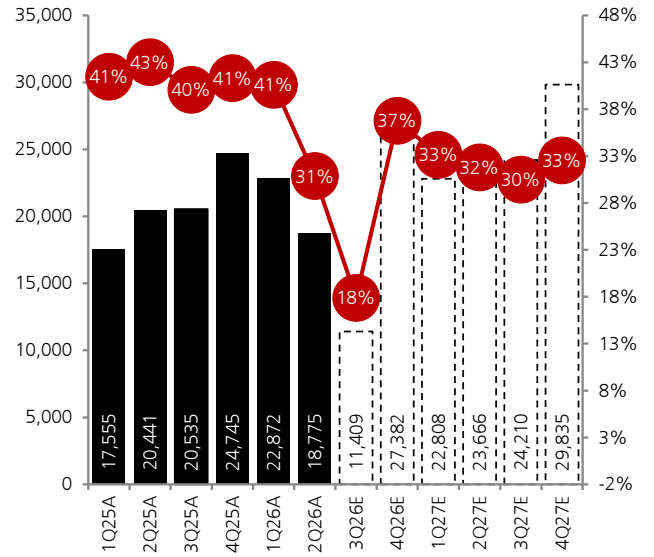
Figure 53: Meta Platforms, Inc. – YOY Change in Headcount and Job Postings (1Q19-2Q26)



Source: Company disclosures; UBS Evidence Lab

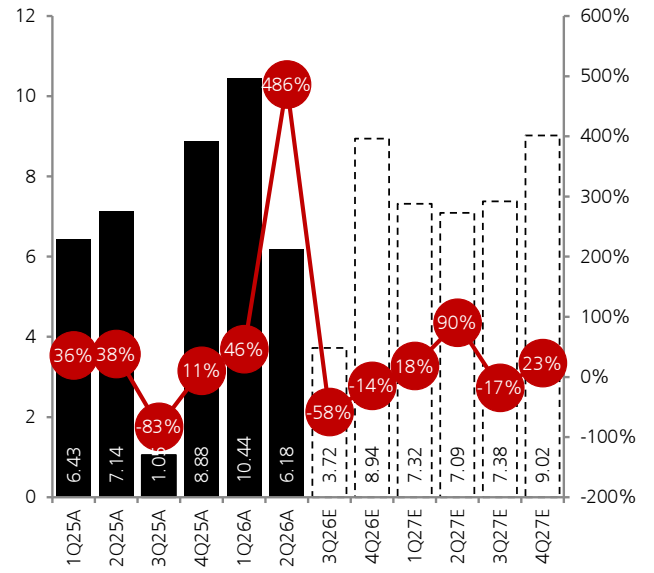
Lastly, our 3Q26E operating income and EPS estimates are as shown below. UBSe for operating income and EPS are now $11.4B and $3.72 respectively, versus $20.5B and $1.05 in the year ago quarter. 3Q25 EPS excluding one-off tax impact would have been $7.25.

Figure 54: Meta Platforms, Inc. - Quarterly Operating Income ($M) and Margin



Source: Company data; UBSe

Figure 55: Meta Platforms, Inc. - Quarterly EPS ($) and YOY Growth



Source: Company data; UBSe

Our estimates versus consensus for revenue, operating income, EPS are as shown below for 3Q26E, 4Q26E, 2026E, 2027E and 2028E. We also show our estimates versus consensus for key Meta metrics: total expenses, CapEx and buybacks.

Figure 56: Meta Platforms, Inc. - UBS vs. Consensus Estimates

Figures in $M, Except Per Share Amounts	3Q26			4Q26			2026			2027			2028		
	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff
Advertising	**62,120**	**61,674**	0.7%	**72,034**	**71,221**	1.1%	**248,541**	**247,272**	0.5%	**304,524**	**295,891**	2.9%	**361,252**	**348,101**	3.8%
Other Revenue	1,646	1,637	0.5%	2,400	2,386	0.6%	6,771	6,747	0.4%	9,748	9,993	-2.5%	14,357	15,455	-7.1%
Revenue	**63,765**	**63,311**	**0.7%**	**74,434**	**73,608**	**1.1%**	**255,312**	**254,019**	**0.5%**	**314,272**	**305,884**	**2.7%**	**375,609**	**363,556**	**3.3%**
Cost of Goods Sold	12,717	12,937	-1.7%	15,112	15,228	-0.8%	49,377	49,749	-0.7%	78,186	66,011	18.4%	108,232	83,694	29.3%
Gross Profit	51,049	50,374	1.3%	59,322	58,380	1.6%	205,935	204,270	0.8%	236,086	239,873	-1.6%	267,377	279,862	-4.5%
Total Expenses	**52,357**	**44,539**	**17.6%**	**47,052**	**48,544**	**-3.1%**	**174,874**	**168,268**	**3.9%**	**213,753**	**202,483**	**5.6%**	**264,688**	**239,650**	**10.4%**
Operating Income	11,409	18,772	-39.2%	27,382	25,064	9.2%	80,437	85,751	-6.2%	100,519	103,402	-2.8%	110,921	123,906	-10.5%
Net Income	9,654	15,830	-39.0%	23,383	21,094	10.8%	75,657	79,782	-5.2%	82,317	87,971	-6.4%	85,915	104,273	-17.6%
Shares Oustanding	2,593	2,571	0.8%	2,615	2,576	1.5%	2,584	2,569	0.6%	2,670	2,590	3.1%	2,761	2,617	5.5%
GAAP Diluted EPS	**$3.72**	**$6.14**	**-39.4%**	**$8.94**	**$8.19**	**9.2%**	**$29.28**	**$31.05**	**-5.7%**	**$30.81**	**$33.97**	**-9.3%**	**$31.08**	**$39.87**	**-22.0%**
Capex	43,169	41,533	3.9%	52,699	49,074	7.4%	144,982	139,633	3.8%	248,622	193,673	28.4%	296,731	213,278	39.1%
Buybacks	0	3,250	-100.0%	0	3,250	-100.0%	0	11,864	-100.0%	0	12,208	-100.0%	0	14,981	-100.0%

Source: Company data; UBSe

Data Points from our Channel Checks

Our ad checks suggest 3Q26 digital budget growth was above expectations with Meta continuing to deliver strong ROAS and recording an outperformance. We noted the most enthusiasm around Meta's AI automation and creatives suite (Advantage+) of any point in 2026 YTD. This suggests to us that Meta's Muse Spark-driven ad models are driving greater incrementality than thought. We also noted positive feedback around Reels, with advertisers noting both an uptick in inventory and performance.

For 2026, our ad checks suggest that digital budgets appear to be holding up, although more benefit is starting to come through due to price/auction rather than impressions growth. This is an uncomfortable signal, but we note that monetization ramps at Threads and WhatsApp is not part of the estimates.

Feedback on incrementality from Meta Business Agents and the surrounding suite of products was mixed, though given that the product is in early stages of rollout we are not surprised. We note that early feedback around Reels and Advantage+ was mixed,

but now both are widely considered to be incremental. The bullish advertisers see agents unlock incremental sales and therefore allowing Meta to capture incremental performance budgets, whereas the bearish advertisers are of the view that consumer behavior to support sales is not quite there in developed markets.

We note that projections versus actuals for Facebook and Instagram as separate pieces of the pie do not match out given some budgets are flowing through Advantage+ as well as the different number of experts providing group versus platform-level data. This in part is distorting advertisers' ability to accurately compare Facebook and Instagram underlying growth rates, and therefore we discount them to a greater degree here. We note that our US centric checks do not necessarily capture Chinese advertiser marketing budgets, which at least in the US have anecdotally picked back up after a pause post changes in the de minimis policy.

As part of our 3Q26 ad checks, we caught up with 8 experts with visibility into a cumulative $9B+ in digital advertising spend. We note that these checks are skewed heavily towards the U.S. market and also with comparatively larger advertisers. We present the simple average (not weighted) emerging from their 3Q26 spend as well as their projections for 4Q26 and 2026:

Figure 57: Meta Platforms, Inc. - 3Q26, 4Q26, 2026 YOY Ad Budget Growth Estimates from Ad Checks

	3Q26E	3Q26A	Δ bps	3Q26A	4Q26E	Δ bps	Old 2026E	2026E	Δ bps
Total Digital	**12.3%**	**13.0%**	**70**	**13.0%**	**12.8%**	**-19**	**12.8%**	**13.1%**	**28**
META	**11.9%**	**12.5%**	**60**	**12.5%**	**12.7%**	**25**	**12.1%**	**12.7%**	**57**
Facebook	7.6%	7.7%	9	7.7%	7.8%	6	7.6%	7.6%	2
Instagram	10.8%	11.6%	78	11.6%	10.8%	-79	11.1%	11.4%	32

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant

- **Expert 1** has visibility into ~$1B of search / social / retail media / CTV / programmatic budgets, which skew 65% DR / 35% brand
- **Expert 2** has visibility into ~$800M of traditional and digital ad spend
- **Expert 3** oversees ~$790M in digital ad budgets, across the retail/e-commerce, finance, healthcare, and CPG verticals.
- **Expert 4** responsible for ~$800M digital ad budget and notably early adopters for new ad products focused within retail/e-commerce in the US, Canada, and UK
- **Expert 5** has visibility into ~$950M of digital budgets across US, Europe and Asia. Their spend is 60% DR / 40% brand, distributed across verticals including pharmaceuticals, travel, B2B, e-commerce
- **Expert 6** has visibility into ~$720M of search / social / CTV / print / radio budgets, which skew 40% brand / 60% DR. Their spend is across US, Europe (incl. UK) and South Asia, with the portfolio overweighted to large and CPG clients
- **Expert 7** is responsible for ~$2.5B of North American social / search / CTV and other digital budgets across verticals including tech, travel, entertainment, healthcare, and retail
- **Expert 8** has sight into ~$950M of digital marketing including both US and Europe with an industry focus on e-commerce, pharmaceuticals, travel, and B2B clients with no exposure to auto.

Note that we have modestly amended the below advertiser quotes to improve readability. We strove to preserve the original tone of the comments as much as possible.

3Q26 Budget Growth

Expert 1:

- "Meta 3Q26 budget growth is heading towards 13.8% YOY compared to our expectation of 12.3% YOY growth."

Expert 2:

- "3Q26 budget growth is trending to 8.1% YOY, ahead of our projection of 6.0% YOY."

Expert 3:

- "For 3Q26, core Blue growth is trending ahead of we're slated and is expected to land at 11.7% YOY growth compared to our projection of 11.4%. Instagram is also coming in ahead, and we'll be at 15.5% YOY growth by the end of the quarter compared to our expectation for 13.8% YOY growth."

Expert 4:

- "Meta performed slightly better than we had thought. For 3Q26, budgets grew 29% YOY compared to our previous forecast for 28% YOY."

Expert 5:

- "Budgets were up 3.0% YOY in 3Q26 and that was slightly below our expectation of 3.4% YOY growth."

Expert 6:

- "In 3Q26 we were expecting growth of 13.8% YOY and Meta beat that number and budgets grow 13.6% YOY."

Expert 7:

- "Meta's 3Q26 growth of 10.5% YOY was better than our expectation of 10.0% YOY."

Expert 8:

- "In 3Q26, Meta slightly underperformed our expectations. For the US, growth came in at 10% YOY - in line with our forecast. European budgets grew 9% YOY and this was worse than the 10% YOY growth we had expected."

2026 Budget Growth

Expert 1:

- "Our 2026 budget growth expectation is increased to 12.5% YOY from 12% YOY."

Expert 2:

- "We are projecting 2026 budget growth of 7.4% YOY compared to our previous expectation of 6.5% YOY."

Expert 3:

- "For 2026, we have raised our Instagram growth expectation to 14.8% YOY from 14.5% YOY, but we're leaving our Facebook budget growth expectation unchanged at 10.5% YOY.

Expert 4:

- "We have raised our Meta budget growth expectations to 32% YOY from 30% YOY."

Expert 5:

- "We have not changed our prior 2026 growth expectation of 4.0% for Meta."

Expert 6:

- "Our full year expectation has been increased to 13.1% YOY from 12.8% YOY earlier."

Expert 7:

- "Our forecast for 2026 is increased to 10.5% YOY from 10% YOY."

Expert 8:

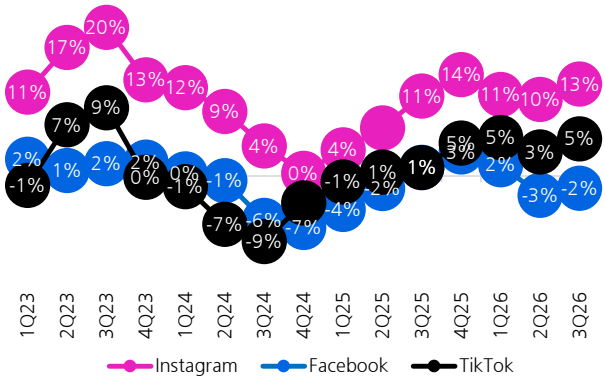
- "We are expecting Meta to show US budget growth of 10% YOY and Europe budget growth of 9.0% YOY in 2026. Our previous expectation was for 10% YOY

and 9.25% YOY growth, respectively."

Key Takeaways from Sensor Tower Data

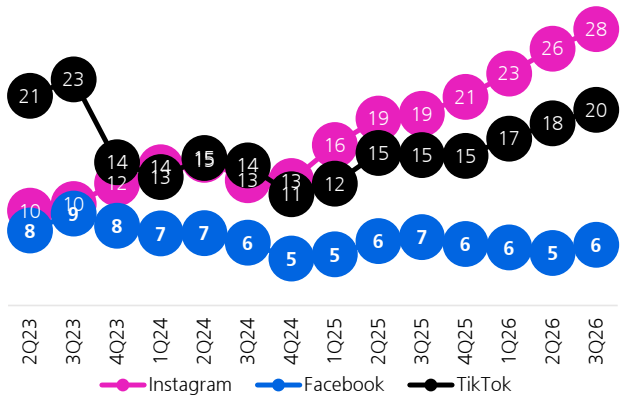
3Q26 daily time spent per user data points look positive for Instagram, Facebook and TikTok. Instagram saw a 13% YOY increase in daily time spent per average global user on the platform, Facebook was a -2% decrease, and TikTok saw a 5% increase. Instagram, Facebook and TikTok gaining YOY time spent suggests that we might not have reached the peak of short-form video watch time. Indexed to 1Q20 (pre Reels launch), Instagram and Facebook daily time spent per global user is up 28 minutes and 6 minutes per user, respectively. Instagram's addition outpaces TikTok's 20 minutes increase over the same time.

Figure 58: Meta Platforms, Inc. - Daily Time Spent per User - YOY Growth



Source: UBS; Sensor Tower

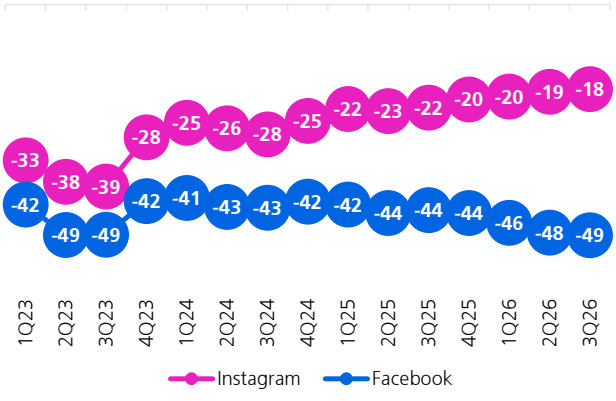
Figure 59: Meta Platforms, Inc. - Daily Time Spent Per User - Incremental Time Indexed to 1Q20 (pre Reels launch)



Source: UBS; Sensor Tower

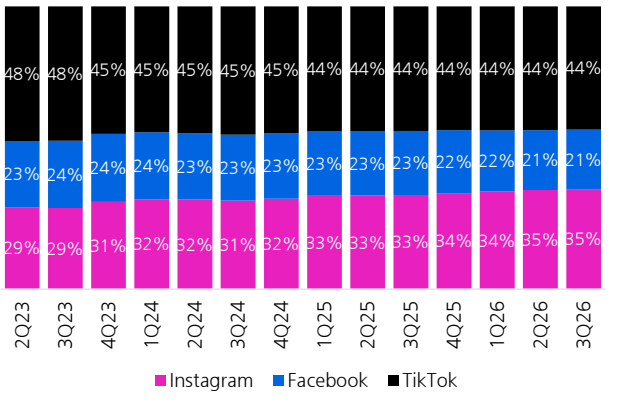
We see that Instagram has gained ground when it comes to closing daily time spent per global user gap vs TikTok YOY, and that gap is at 18 minutes in 3Q26 versus 22 minutes a year ago. Also, Facebook's gap has widened from 44 minutes in 3Q25 to 49 minutes as of 3Q26 . On a YOY basis, Facebook have slightly lower share of daily time spent per user cumulatively across the three platforms. Instagram's share was at 35% in 3Q26 whereas Facebook share was at 21%, and TikTok's share moved to 44%.

Figure 60: Meta Platforms, Inc. - Daily Time Spent per User - Delta versus TikTok



Source: UBS; Sensor Tower

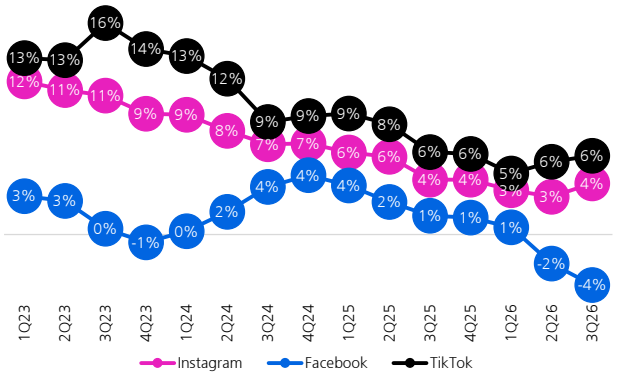
Figure 61: Meta Platforms, Inc. - Daily Time Spent per User - Time Share



Source: UBS; Sensor Tower

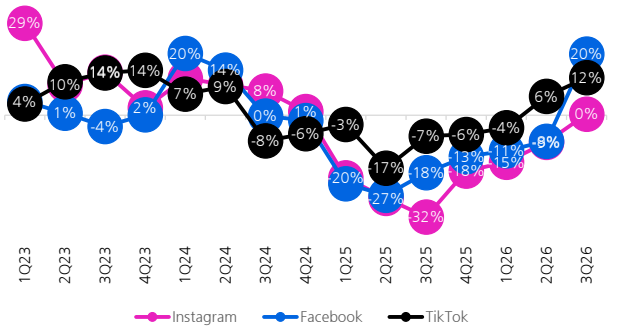
In 3Q26 , Instagram saw 4% YOY growth in global monthly active users and Facebook saw a 4% YOY decrease. These compare to 6% YOY growth for TikTok, as per Sensor Tower data. Also, Instagram and Facebook saw 0% and 20% YOY increases in global downloads, whereas TikTok saw a 12% YOY increase.

Figure 62: Meta Platforms, Inc. - Global Monthly Active Users (MAU) - YOY Growth



Source: UBS; Sensor Tower

Figure 63: Meta Platforms Inc. - Global Downloads - YOY Growth



Source: UBS; Sensor Tower

New GenAI Revenue Streams

Since 2023, we have been making the case that Meta will be one of the companies to aggressively monetize GenAI. The company had previously articulated 5 different streams:

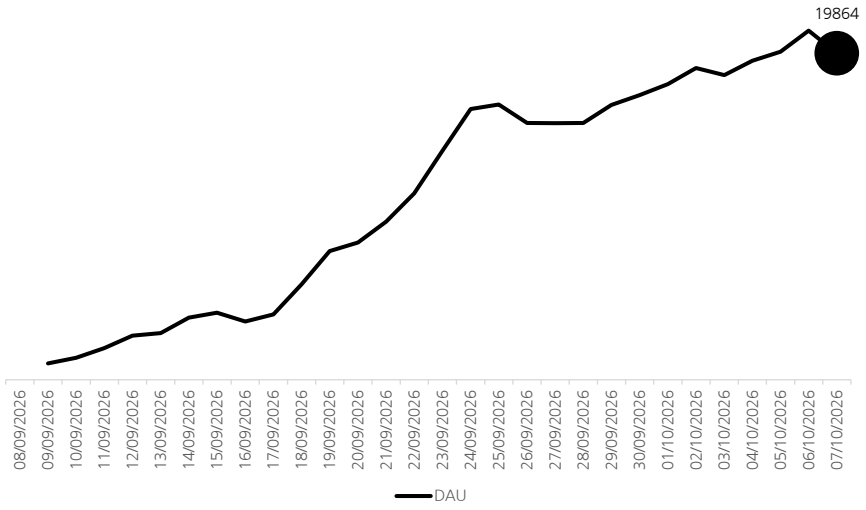
- Business AI chatbots enabling increased utilization and increased per conversation revenue from messaging ads - in other words steps to monetize WhatsApp and Messenger
- Consumer-facing Meta AI chatbots allowing Meta to begin offering Search ads – in effect replicating a revenue stream that both TikTok and Snap (vis-a-vis its My AI chatbot) have been showcasing
- Influencer-facing chatbots deepening engagement across Meta platforms, thus allowing Meta to deliver more ads across its monetized surfaces (similar to the phenomenon seen with Reels)
- Gen AI leveling up Meta's ability to deliver creative and placement automation through Advantage+, allowing it to gain incremental budgets from large advertisers and broaden out to the long-tail of SMB advertisers
- Glasses / hardware

From 2H25 to1H26, there were questions about Meta's ability to deliver these streams given a reshuffle of Meta's AI team / AI leadership, news articles suggesting that Meta's development of frontier models was hitting bumps, and delays in rollout of Meta Business Agents and stalled growth for Meta AI chatbots - the predecessor product to Meta's consumer-facing Muse GenAI chatbot app. We have long argued that these fears were overblown and now several proof points have emerged to support our view: 1) Muse Spark - a new frontier model series - has been announced with the first in model of the series already public and performing decently on benchmarks as a personal agent, 2) Meta Business Agents have become generally available and infrastructure to support advertisers being released, 3) Muse - the upgraded version of Meta AI - has rolled out and is seeing strong adoption and positive feedback from tech testers and investors alike, and 4) ad checks anecdotally suggest the strongest enthusiasm around Meta's automated creatives and placement ad products of any point YTD.

We also believe that the company will take steps to offer what should be periodic disclosure of Muse MAU/DAU user base, which will have investors increasingly willing to underwrite potential search revenue generation similar to what is anticipated for the other consumer-facing LLMs over time. We note that in Meta's case, it already has the advertiser relationships and the management team has been adept at driving new product adoption among the user base (Stories, Reels, etc.). This should be supported by what should be continued outsized growth within the Other revenue line within FOA - which contains business AI - as a monetization proofpoint.

SensorTower data so far shows that since its launch, Muse DAU have increased by >19,700 to reach almost 2M. We note that Day-over-day trends have begun to show negative growth and could reignite fears that Muse growth stalls - just like was noted with Meta AI. We submit that strong growth across Gemini, Claude and ChatGPT over a 12M horizon suggests that people are still experimenting with multiple chatbots and as such Meta's >3B MAU are likely to at least give Muse a try as it makes it place on leaderboards. Short of it, it is too early to extrapolate a single negative data point.

Figure 64: Muse - DAU Indexed to 100 as of September 8, 2026



Source: UBS Research; SensorTower data

We have long argued that Operating Expenses and Capital Expenditures to drive these new revenue streams are already in the model while none of the revenue is reflected. Using Reels as an example - which Meta as of 4Q25 disclosed is a $50B revenue run rate business - we make the case that Meta could make $100B in incremental revenues by 2030 (across one existing surface in WhatsApp + Messenger, and the other through Search), which translates to ~$12.82 in incremental diluted GAAP EPS assuming a 15% tax rate and using 2027 consensus diluted shares. Discounted back, it implies Meta price target of $943 or 28x multiple on consensus 2027 diluted GAAP EPS. The implicit incremental margin for these two revenue streams in our assumption is ~40%, which we would argue is conservative.

Figure 65: Potential Earnings and Valuation Upside from Monetizing Chatbots

Figures in $M, unless stated othherwise	2027	2028	2029	2030	Comments
Incremental Revenue Sources:					
Business Agents Monetization				50000	UBSe
Muse AI Search Ads				50000	UBSe
Total Incremental Revenue				100000	
(-) Associated COGS (at 20% of Revenue)				20000	Based on compuute expenses and incremental platform service costs
(-) Associated Operating Expenses (at 40% of Revenue)				40000	Based on Meta overall OpEx
Incremental Operating Income				40000	
-Taxes				6000	
Tax Rate				15%	*UBSe; based on US tax rate*
Incremental Net Income				34000	
(/) 2029 Shares Outstanding				2652	VisibleAlpha Consensus
Incremental Potential EPS				$12.82	
GAAP EPS Multiple				25	UBSe
Incremental Value per Share				$320.51	
Discount Rate				20%	
Present Value		$222.58	$267.09	$320.51	
(+) Meta Current Share Price		$720.66			
Implied Present Value with Incremental Streams		$943.24			
(/) Diluted EPS		33.98			
Implied Multiple		28x			

Source: UBSe; Visible Alpha Consensus

During our meetings with investors, it became clear to us that there seems to be an ongoing expectation that Meta will be selling some of its cloud capacity to external parties. We believe that that is a scenario which may happen only so far as Meta fails to scale business AI and/or Muse. Hence from a sequence-of-events perspective, what investors may anticipate as meaningful cloud revenue may only arrive on the other side of what may be changes to the strategy, long-term growth rate, and likely multiple compression. We view it as essentially an insurance/hedging policy.

However, below we analyze the potential revenue, EPS and valuation upside Meta could see if it were to sell compute. We find that Meta could make $50B in incremental revenues by 2030, translating into $14.41 in incremental diluted GAAP EPS assuming a 15% tax rate and using 2027 consensus diluted shares. Discounted back, it implies Meta price target of $971 or 29x multiple on consensus 2027 diluted GAAP EPS.

Figure 66: Potential Earnings and Valuation Upside from Compute Sale

Figures in $M, unless stated otherwise	2027	2028	2029	2030	Comments
Incremental Revenue Sources:					
Gigawatts of Compute Capacity Sold				1	UBSe; we are assuming Meta buys 2GW of surplus capacity in 2028
(x) Revenue / GW				50000	UBSe; based on checks with technical experts
Total Incremental Revenue from Cloud Capacity Sale				50000	
(-) Incremental Cost				0	UBSe; as our model already accounts for the CapEx
Incremental Operating Income				50000	
-Taxes				7500	
Tax Rate				*15%*	*UBSe; based on US tax rate*
Incremental Net Income				42500	
(/) 2029 Shares Outstanding				2652	VisibleAlpha Consensus
Incremental Potential EPS				$14.41	
GAAP EPS Multiple				25	UBSe
Incremental Value per Share				$360.25	
Discount Rate				20%	
Present Value		$250.17	$300.21	$360.25	
(+) Meta Current Share Price		$720.66			
Implied Present Value with Incremental Streams		$970.83			
(/) Diluted EPS		33.98			
Implied Multiple		29x			

Source: UBSe; Visible Alpha Consensus

Taking both of the above analysis in tandem, we see that Meta could justify a 29x average multiple should either of these revenue pathways materialize. Since we see monetization of chatbots as Meta's base growth, and compute sale as a likely articulated backup scenario, we believe that one of the two cases will transpire. Either way, the analysis suggests that our former 25x multiple is not crediting with upcoming revenue growth.

Valuation

We roll our valuation period forward by one quarter to full year ending 3Q28E (vs 3Q27E-2Q28E prior). Our price target increases to $884 from $715, based on 29x (vs 25x earlier) our revised 4Q27E-3Q28E GAAP EPS of $30.47.

Our 29x multiple is derived from the analysis showcased above, whereas the prior 25x multiple is line with 2Q25-4Q25 average trading multiple. Our 25x multiple reflected substantial upward revision in cost expectations for 2027 / 2028. But we think a 4x increase to 29x is now prudent as we have begun to see proof points around new revenue streams with Business Agents now generally available and Muse live and growing usage. We now see Meta as more firmly on the path to monetize its AI spend, and thus fundamentally change its revenue base, EPS growth level, and FCF profile.

Figure 67: Meta Platforms, Inc. - Valuation

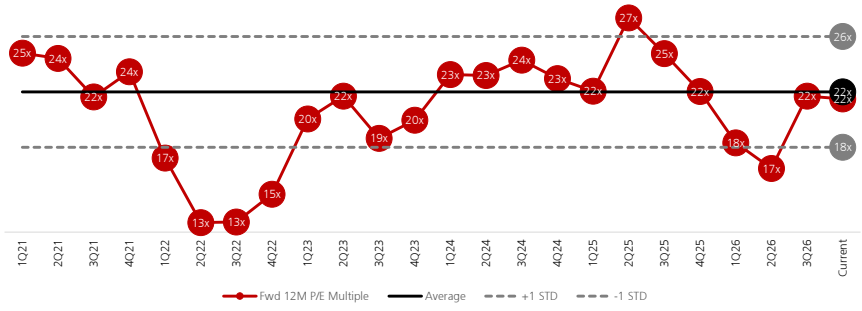
Current Valuation	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
Current EV												
Current share price										$763	10.13.26	
(x) Diluted Shares Outstanding										2566	as of 2Q26A	
(=) Market Capitalization										1959		
(-) Cash										(90)	as of 2Q26A	
(+) Debt										84	as of 2Q26A	
(=) Enterprise Value										1952		
EV/Revenue	8.6x	8.1x	7.6x	7.3x	6.9x	6.6x	6.2x	6.0x	5.7x	5.5x	5.2x	5.0x
EV/EBITDA	22.5x	25.1x	24.3x	24.3x	22.9x	19.9x	19.4x	19.2x	18.8x	18.3x	17.6x	17.6x
P/E - GAAP	28.7x	26.1x	26.1x	29.2x	28.2x	24.8x	24.8x	25.3x	25.2x	25.0x	24.6x	25.1x
vs Consensus; P/E GAAP	23.5x	23.9x	23.9x	26.1x	25.4x	23.7x	22.3x	21.4x	20.7x	19.9x	19.0x	18.2x
Forward Growth in EPS	2.0%	5.2%	5.2%	15.1%	11.9%	-0.8%	0.9%	1.1%	-1.1%	-1.5%	-1.0%	0.7%
PEG Ratio	14.63x	5.07x	5.00x	1.93x	2.37x	(29.33)x	28.13x	23.76x	(23.27)x	(16.19)x	(24.67)x	38.33x
Price to Ads Business EPS	8.8x	8.4x	7.9x	7.6x	7.3x	7.0x	6.7x	6.5x	6.3x	6.1x	5.8x	5.7x
Earnings Yield	3.5%	3.8%	3.8%	3.4%	3.5%	4.0%	4.0%	3.9%	4.0%	4.0%	4.1%	4.0%
FCF Yield	2.1%	1.5%	(0.0)%	(1.4)%	(2.6)%	(3.7)%	(4.2)%	(4.3)%	(4.5)%	(4.6)%	(4.9)%	(4.6)%

Valuation Methodology	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
GAAP P/E Multiple												
Diluted GAAP EPS	$6.18	$3.72	$8.94	$7.32	$7.09	$7.38	$9.02	$6.62	$7.28	$7.55	$9.63	$5.98
(x) Target multiple	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x
(=) Price per share	$179	$108	$259	$212	$206	$214	$262	$192	$211	$219	$279	$173

Price Target										$884		
Current price										$763		
Upside/downside										*15.8%*		
Implied P/E on Family of Apps EPS										*7.0x*		

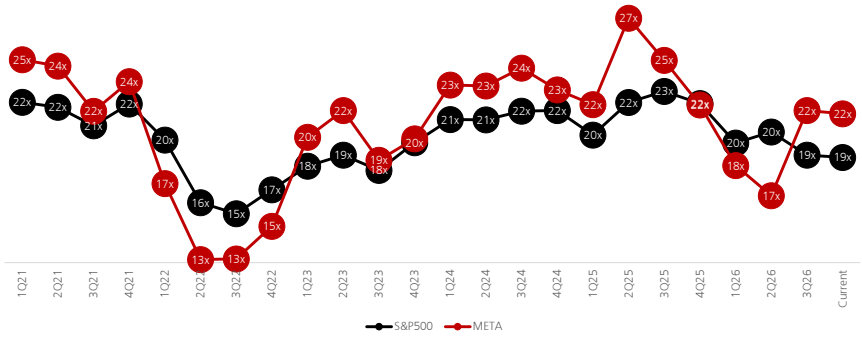
Source: Company data; Visible Alpha Consensus; UBSe

Figure 68: Meta Platforms, Inc. - 12 Month Forward P/E Trading Multiple versus Long Term Average



Source: FactSet

Figure 69: Meta Platforms, Inc. - 12 Month Forward P/E Trading Multiple versus S&P 500



Source: FactSet

Upside / Downside Case

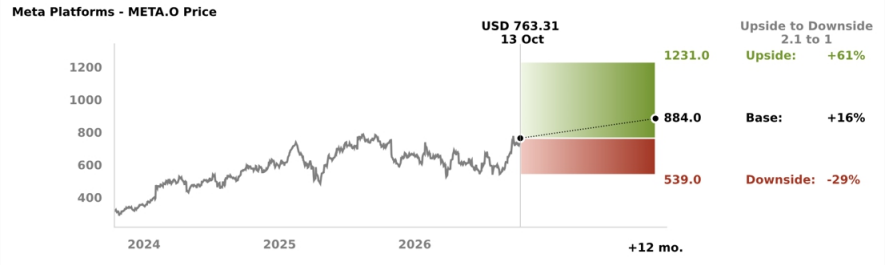
For Meta, our upside / downside scenarios imply a skew of 2.1x.

Upside Case ($1,231): Our upside scenario assumes Meta sees an acceleration in 2.25-YR revenue CAGR growth to 30% vs 25% in our base case. We estimate 4Q27-3Q28 operating margin of 34% vs 30% in our base case. This implies 4Q27-3Q28E EPS of $41.02, which on a 30x P/E multiple equates to a valuation of $1,231.

Base Case ($884): Our base scenario assumes Meta sees 2.25-YR revenue CAGR growth of 25%. We estimate 4Q27-3Q28 operating margin of 30%. This implies 4Q27-3Q28E EPS of $30.47, which on a 29x P/E multiple equates to a valuation of $884.

Downside Case ($539): Our downside scenario assumes Meta sees a deceleration in 2.25-YR revenue CAGR growth to 15% vs 25% in our base case. We estimate 4Q27-3Q28 operating margin of 25% vs 30% in our base case. This implies 4Q27-3Q28E EPS of $21.57, which on an 25x P/E multiple equates to a valuation of $539.

Figure 70: Meta Platforms, Inc. - Upside / Downside Skew



Source: UBS Research

Figure 71: Meta Platforms, Inc. - Scenario Analysis Key Assumptions

Scenario	Implied Price Per Share	Revenue CAGR	Operating Margin	Implied EPS	Applied Multiple
Upside	$1,231	30%	34%	$41.02	30x
Base	$884	25%	30%	$30.47	29x
Downside	$539	15%	25%	$21.57	25x

Source: UBSe

The Trade Desk, Inc. - Reflecting a Tough Operating Environment

We preview The Trade Desk's 3Q26 results. We decrease our price target to $15 from $16, as we roll our valuation parameters forward by one quarter to use 4Q27E-3Q28E, revise down our estimates. Our 2026E, 2027E and 2028E Adjusted EBITDA estimates are now $806M, $629M, and $716M, respectively, versus prior $801M, $749M, and $815M.

We maintain our Buy rating, as we believe most of the recent pain from the loss of confidence from agency partners, budget attrition from open web, and tougher operating environment for larger verticals like CPG are reflected in the multiple - which has derated from >20x historically to mid-teens in 2H25 to now single-digits during 2026 YTD - as investors price in the prospects of gross billings and/or take rate compression given the competitive threat from the Amazon DSP.

With June-fiscal-year-end advertisers having already made downward budget allocation decisions for 2H26 and 2027 and December-fiscal-year-end customers running through the same calculation, we believe estimates for TTD have begun the process of finding a trough. As 1H27 still faces tougher comparisons, 2H27 presents the first opportunity for the company to start recovering revenue growth - and with OpEx following the recent reduction in force now behind us, the possibility remains for TTD to rerate following what should be acceleration and margin expansion.

Looking longer term, the key points of our investment thesis remain:

- Several partnerships with key connected TV (CTV) partners, including Netflix, as well as retail media players, including Walmart, allowing the Trade Desk to participate in two faster-than-average growing buckets of digital advertising - streaming TV (as linear TV dollars move online) and retail media network spend (as trade budgets / promo dollars go digital)
- Key relationships with large CPG and brand advertisers, with scope to increase wallet share through new regional management structure and restructured go to market playbook
- Ongoing opportunity to increase wallet share with SMB tail of advertisers through AI-driven platform improvements and better audience targeting / attribution tools

Changes to Estimates

We alter our estimates to reflect our 3Q26 and 2026 ad checks - which indicated ongoing deterioration for TTD - as open web continues to lose budgets and TTD's fee structure comes under greater scrutiny given lower fees on comparable offerings from the Amazon DSP. AMZN DSP has over the course of the year not only closed the gap in CTV inventory - where TTD was previously winning out given lack of exposure beyond Prime, but also managed to frontrun TTD in securing hot, upcoming ventures - e.g. ChatGPT chatbot ad inventory. Our downward estimate revisions more than offset benefits from a sharper ramp in political spend around the US midterm elections (similar to a general election).

We also alter our cost base post 2Q26 10-Q inputs. We also account for TTD's recent job cuts, which spanned 15% of its workforce and by our estimates result in $150M of annualized savings. We summarize changes to our estimates for 3Q26 , 4Q26, 2026, 2027 and 2028 in the table below:

Figure 72: The Trade Desk, Inc. - UBS Estimate Changes

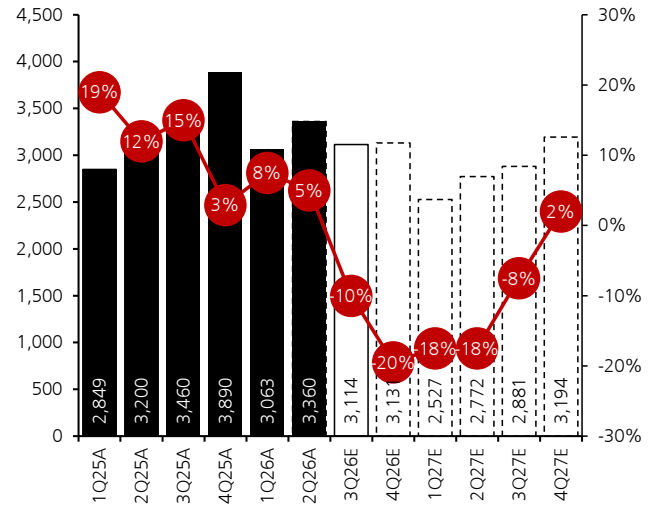
(Figures in $M, Except Per Share Amounts)	3Q26 Prior	3Q26 Current	% Δ	4Q26 Prior	4Q26 Current	% Δ	2026 Prior	2026 Current	% Δ	2027 Prior	2027 Current	% Δ	2028 Prior	2028 Current	% Δ
Total Revenue	**650**	**650**	**0.0%**	**670**	**666**	**-0.6%**	**2,724**	**2,720**	**-0.2%**	**2,781**	**2,454**	**-11.8%**	**2,990**	**2,644**	**-11.6%**
GAAP Operating Income	14	14	0.0%	57	62	9.3%	239	244	2.2%	204	69	-66.4%	297	133	-55.1%
Adjusted EBITDA	**159**	**159**	**0.0%**	**195**	**200**	**2.7%**	**801**	**806**	**0.7%**	**749**	**629**	**-16.0%**	**815**	**716**	**-12.2%**
Free Cash Flow	299	299	0.0%	88	94	6.0%	835	840	0.6%	424	453	7.0%	494	477	-3.4%

Source: Company data; UBSe

Our quarterly projections for Gross Spend (a key performance indicator that is only disclosed annually) as well as Revenue, Operating Income and Adjusted EBITDA are shown below.

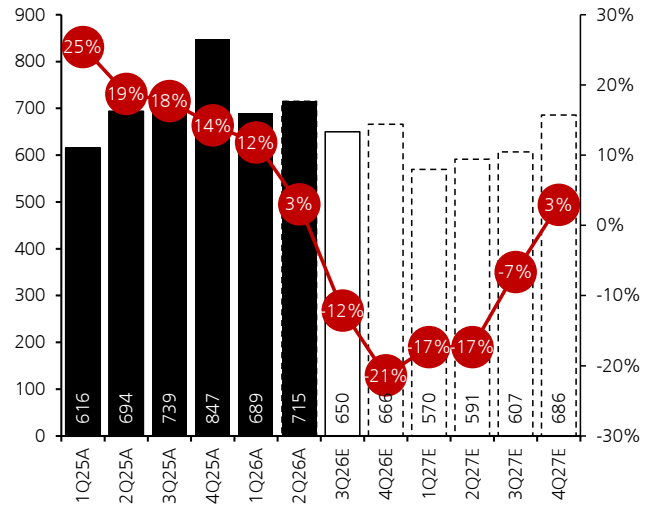
We estimate gross spend will be $3.1B in 3Q26 versus $3.4B estimated in 2Q26 and $3.5B estimated for 3Q25. We project revenue of $650M in 3Q26 versus $715M in 2Q26 and $739M in 3Q25.

Figure 73: The Trade Desk, Inc. - Quarterly Gross Spend ($M) and YOY Growth



Source: Company data; UBSe

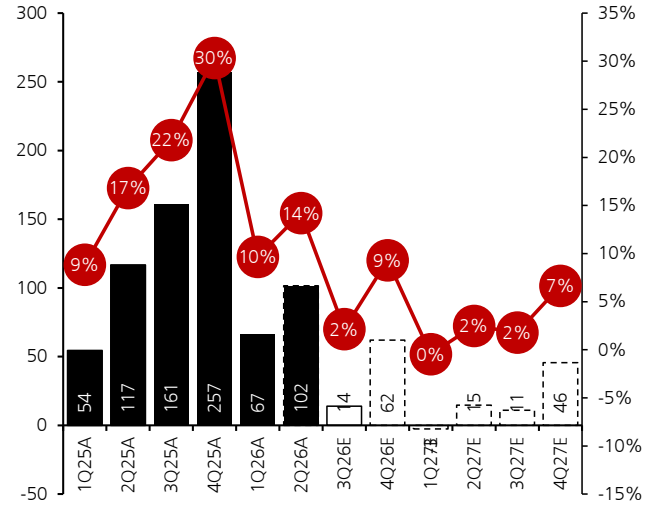
Figure 74: The Trade Desk, Inc. - Quarterly Revenue ($M) and YOY Growth



Source: Company data; UBSe

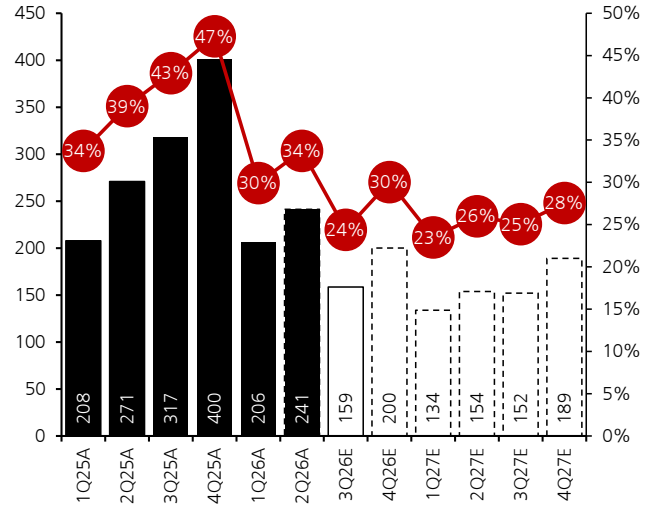
Lastly, our 3Q26E operating income and Adjusted EBITDA estimates are as shown below. UBSe for operating income and Adjusted EBITDA are now $14M and $159M, respectively, versus $161M and $317M in the year ago quarter.

Figure 75: The Trade Desk, Inc. - Quarterly Operating Income ($M) and Margin



Source: Company data; UBSe

Figure 76: The Trade Desk, Inc. - Quarterly Adjusted EBITDA ($M) and Margin



Source: Company data; UBSe

Our estimates versus consensus for revenue, operating income, Adjusted EBITDA are as shown below for 3Q26E, 4Q26E, 2026E, 2027E and 2028E.

Figure 77: The Trade Desk, Inc. - UBS vs. Consensus Estimates

(Figures in $M, Except Per Share Amounts)	3Q26			2026			2027			2028		
	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff	UBS	Consensus	% Diff
Total Revenue	650	651	-0.2%	2,720	2,747	-1.0%	2,454	2,604	-5.8%	2,644	2,735	-3.3%
GAAP Operating Income	14	19	-26.5%	244	256	-4.5%	69	149	-54.0%	133	218	-38.8%
Adjusted EBITDA	159	163	-2.7%	806	813	-0.9%	629	694	-9.3%	716	769	-6.9%
Free Cash Flow	299	248	20.6%	840	760	10.5%	453	450	0.8%	477	557	-14.4%

Source: Company data; UBSe

Data Points from Our Channel Checks

Feedback from our recent ad budget checks was worse than expected for both 3Q26 and 2026. The main reasons was because open web continues to lose budgets and TTD's fee structure comes under greater scrutiny given lower fees on comparable offerings from the Amazon DSP.

As part of our 3Q26 ad checks, we caught up with 8 experts with visibility into a cumulative $9B+ in digital advertising spend. We present the simple average (not weighted) emerging from their 3Q26 spend as well as their projections for 4Q26 and 2026:

Figure 78: The Trade Desk, Inc. - 3Q26, 4Q26 and 2026 YOY Ad Budget Growth Estimates from Ad Checks

	2Q26A	3Q26A	Δ bps	3Q26E	3Q26A	Δ bps	3Q26A	4Q26E	Δ bps
Total Digital	12.9%	13.0%	5	12.3%	13.0%	70	13.0%	12.8%	-19
TTD	5.4%	3.8%	-164	5.9%	3.8%	-218	3.8%	-0.7%	-448

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant

- **Expert 1** has visibility into ~$1B of search / social / retail media / CTV / programmatic budgets, which skew 65% DR / 35% brand
- **Expert 2** oversees ~$790M in digital ad budgets, across the retail/e-commerce, finance, healthcare, and CPG verticals.
- **Expert 3** responsible for ~$800M digital ad budget and notably early adopters for new ad products focused within retail/e-commerce in the US, Canada, and UK
- **Expert 4** has visibility into ~$950M of digital budgets across US, Europe and Asia. Their spend is 60% DR / 40% brand, distributed across verticals including pharmaceuticals, travel, B2B, e-commerce
- **Expert 5** has visibility into ~$720M of search / social / CTV / print / radio budgets, which skew 40% brand / 60% DR. Their spend is across US, Europe (incl. UK) and South Asia, with the portfolio overweighted to large and CPG clients
- **Expert 6** is responsible for ~$2.5B of North American social / search / CTV and other digital budgets across verticals including tech, travel, entertainment, healthcare, and retail
- **Expert 7** has sight into ~$950M of digital marketing including both US and Europe with an industry focus on e-commerce, pharmaceuticals, travel, and B2B clients with no exposure to auto.

Note that we have modestly amended the below advertiser quotes to improve readability. We strove to preserve the original tone of the comments as much as possible.

3Q26 Budget Growth

Expert 1:

- "We're not seeing too much at The Trade Desk, unfortunately. Budget growth in 3Q26 landed down 6.5% YOY versus our expectation that budgets would be down 5% YOY."

Expert 2:

- "We are trending towards 3Q26 budget growth of 5% YOY versus our estimate of 7% YOY."

Expert 3:

- "In 3Q26, TTD's CTV budgets grew 15.1% YOY versus our expectation of 17.3% YOY."

Expert 4:

- "For 3Q26, we are set to see budgets decline 1% YOY for TTD. This is below the 3% YOY growth we had projected."

Expert 5:

- "3Q26 budget growth was flat, which is worse than our estimate that budgets would be up 1% YOY."

Expert 6:

- "Budget growth came in at 23.5% YOY, which was slightly below of the 25.75% YOY we had expected."

Expert 7:

- "3Q26 budget growth was flat for TTD, which was below our expectation for 2.75% growth."

Expert 8:

- "Budget growth was 6% YOY in the United States in 3Q26, and 5% YOY in Europe. This compares to our expectation of 7% YOY for US and 7% YOY for Europe."

2026 Budget Growth

Expert 1:

- "For 2026, we expect budgets to be down at least 6.25% YOY, and that is an optimistic target. Previously we had expected budgets to be down low single digit, so down 5.5% YOY."

Expert 2:

- "We are projecting 2026 budget growth of 4.2% YOY, down from our previous estimate for 7.0% YOY."

Expert 3:

- "We expect TTD's CTV business to grow budgets 14.56% YOY in 2026 compared to our projection for 15.7% YOY earlier."

Expert 4:

- "For 2026, we expect budgets to be flat YOY versus our previous expectation of 5% YOY growth."

Expert 5:

- "We are projecting that budget growth will be flat in 2026, instead of up 0.5% YOY."

Expert 6:

- "Our 2026 expectation is for 23.1% YOY budget growth, down from the 25% YOY budget growth we had expected before."

Expert 7:

- "We expect 2026 budgets to be flat versus 2025 instead of up 2.75%."

Expert 8:

- "We expect budgets in the US to grow 6.5% YOY - which has been cut from 7.5% YOY expected earlier, and Europe budgets to grow 5.0% YOY compared to 6.8% YOY growth expected earlier."

Valuation

We roll our valuation period forward by one quarter to full year ending 3Q28E (vs 3Q27E-2Q28E prior). Our price target changes to $15 from $16, based on 8x (unchanged) our revised 4Q27E-3Q28E Adjusted EBITDA of $690M.

Our current 8x multiple is in line with 4Q25 to current average trading multiple. We think the 8x multiple is fair given TTD is facing prolonged pressure on portions of open web ad budgets - an area of the market TTD has exposure to, as well as greater competitive intensity from Amazon - which through Prime and a more focused push with its DSP product is now showing higher overlap with the Trade Desk's ad market segments.

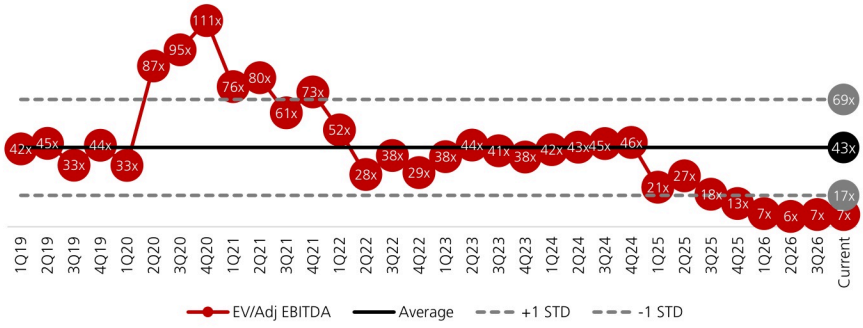
Figure 79: The Trade Desk, Inc. - Valuation

Current Valuation ($B)	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
Current EV												
Current Share Price										$12	10.13.2026	
(x) Diluted Shares Outstanding										489	as of 2Q26A	
(=) Market Capitalization										5988		
(-) Cash & Cash Equivalents										(1485)	as of 2Q26A	
(+) Debt										0	as of 2Q26A	
(=) Enterprise Value										4502		
EV/Gross Spend	0.3x	0.3x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x
EV/Revenue	1.5x	1.6x	1.7x	1.7x	1.8x	1.8x	1.8x	1.8x	1.8x	1.7x	1.7x	1.7x
EV/Rev/Growth	0.5x	(0.1)x	(0.1)x	(0.1)x	(0.1)x	(0.3)x	0.6x	0.2x	0.2x	0.2x	0.2x	0.2x
EV/EBITDA	3.9x	4.5x	5.6x	6.1x	7.0x	7.0x	7.2x	6.9x	6.7x	6.5x	6.3x	6.2x
P/E Multiple - GAAP	14.5x	19.2x	36.4x	45.4x	71.0x	68.0x	68.7x	62.2x	56.7x	51.3x	45.9x	44.7x
PEG Ratio	(0.6)x	(0.2)x	(0.5)x	(0.6)x	(1.0)x	2.5x	(32.9)x	0.6x	1.2x	0.8x	1.4x	2.2x
P/FCF	6.9x	5.9x	7.3x	10.4x	9.6x	13.5x	13.2x	13.6x	13.2x	12.8x	12.5x	12.5x
FCF Multiple/Growth	0.30x	0.06x	(0.11)x	(0.12)x	0.28x	(0.22)x	1.05x	(0.42)x	1.91x	1.23x	0.94x	7.33x

Valuation Methodology	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
EV/EBITDA												
EBITDA (Ending in Stated Quarter)	1165	1006	806	734	646	640	629	648	668	690	716	730
(x) Target Multiple	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x
Implied EV /Adjusted EBITDA / YOY Growth	(0.7)x	(0.2)x	(0.2)x	(0.2)x	(0.2)x	(1.9)x	(1.5)x	0.5x	0.6x	0.6x	0.6x	0.9x
(=) Enterprise Value	9321	8050	6448	5870	5170	5118	5030	5187	5345	5522	5726	5836
(-) Net Cash (Debt) (T - 1)	(1687)	(1445)	(1303)	(1406)	(1485)	(1662)	(1629)	(1547)	(1612)	(1603)	(1583)	(1487)
(=) Equity Value	11009	9495	7751	7276	6656	6780	6659	6734	6957	7124	7309	7323
(/) Diluted Shares (T - 1)	505	495	490	487	489	489	488	488	487	487	487	486
(=) Price per share	$22	$19	$16	$15	$14	$14	$14	$14	$14	$15	$15	$15
Price Target										$15		
Upside (Downside) from Current Price										22%		
EV/EBITDA										8x		
EV/EBITDA/Growth										0.6x		
EV/Revenue										2x		
EV/Revenue/Growth										0.3x		

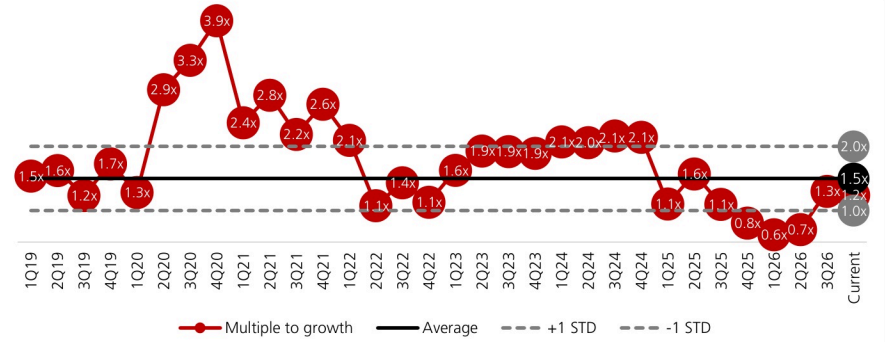
Source: Company data; Visible Alpha Consensus; UBSe

Figure 80: The Trade Desk, Inc. - 12 Month Forward EV / Adjusted EBITDA Trading Multiple versus Long Term Average



Source: FactSet

Figure 81: The Trade Desk, Inc. - 12 Month Forward EV / Adjusted EBITDA / Growth Trading Multiple versus Long Term Average



Source: FactSet

Upside / Downside Case

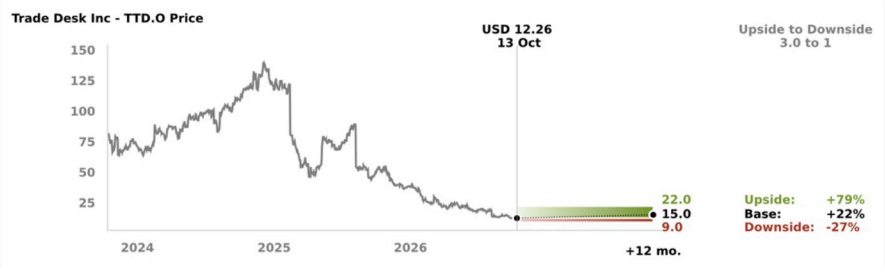
For TTD, our upside / downside scenarios imply a skew of 3.0x.

Upside Case ($22): Our upside scenario assumes TTD sees an acceleration in 2.25-YR revenue CAGR growth to 2% vs -6% in our base case. We estimate 4Q27-3Q28 Adjusted EBITDA margin of 33% vs 27% in our base case. This implies 4Q27E-3Q28E Adjusted EBITDA of $1,031M, which on a 9x EV/Adjusted EBITDA multiple equates to a valuation of $22.

Base Case ($15): Our base scenario assumes TTD sees 2.25-YR revenue CAGR growth of -6%. We estimate 4Q27-3Q28 Adjusted EBITDA of 27%. This implies 4Q27E-3Q28E Adjusted EBITDA of $690M, which on a 8x EV/Adjusted EBITDA multiple equates to a valuation of $15.

Downside Case ($9): Our downside scenario assumes TTD sees an deceleration in 2.25-YR revenue CAGR growth to -9% vs -6% in our base case. We estimate 4Q27-3Q28 Adjusted EBITDA margin of 21% vs 27% in our base case. This implies 4Q27E-3Q28E Adjusted EBITDA of $511M, which on a 5x EV/Adjusted EBITDA multiple equates to a valuation of $9.

Figure 82: The Trade Desk, Inc. - Upside / Downside Skew



Source: UBS Research

Figure 83: The Trade Desk, Inc. - Scenario Analysis Key Assumptions

Scenario	Implied Price Per Share	Revenue CAGR	EBITDA Margin	Implied EBITDA ($M)	Applied Multiple
Upside	$22	2%	33%	$1,031	9x
Base	$15	-6%	27%	$690	8x
Downside	$9	-9%	21%	$511	5x

Source: UBSe

Pinterest, Inc. - Waiting for Broader Distribution of AI Products

We preview Pinterest's 3Q26 results. We maintain our Buy rating and our $33 price target as we revise down our 2026 and 2027 Adj. EBITDA estimates by ~2% and roll forward our valuation parameters to 3Q28 (prev 2Q28).

Feedback from our most recent ad expert checks, was understandably mixed but at the same time, they were modestly more constructive than three months ago. Aggregate budget growth came in at 8.5% YOY in 3Q26, approximately 2bps above expectations offered three months ago, with several experts highlighting benefits from better AI algorithms, greater data utilization, improvements to Pinterest's CAPI, and innovation across ad products. That said, the revised 2026 budget forecast is coming in roughly 17bps below prior expectations, while some experts continued to highlight limited US MAU growth as a constraint on incremental budget allocation.

We believe Pinterest's updated AI-driven ad platform - which we (as well as the company) will loosely refer to as "measurement sources of truth" - and its broader distribution to additional advertisers will eventually set it up to capture incremental budget share. As it is only in the hands of a small group of larger advertisers and further as there is an underlying sales cycle, we expect industry feedback within our ad checks to continue to be mixed. That said, in our view, Pinterest continues to represent an emerging AI-driven product development and monetization story.

We maintain our Buy rating, with key points of our investment thesis being:

- Pinterest is shifting out of "experimental" spend and into true performance budgets (i.e. always on)
- We continue to believe the uplift from the Google and Amazon partnerships remains underappreciated, especially as these partnerships begin to scale and advertisers onboard incremental dollars
- International monetization efforts (ex GOOG) present additional optionality in 2027 as the company adds to its frontline sales presence in international markets.

Figure 84: Pinterest, Inc. - Annual Dollars of Revenue Growth

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E
Pinterest Advertising Revenue ($M)	299.0	472.9	755.9	1142.8	1692.7	2578.0	2802.6	3055.1	3646.2	4221.8	4865.7	5454.3	6098.5	6795.6
YOY Growth Rate		*58.1%*	*59.9%*	*51.2%*	*48.1%*	*52.3%*	*8.7%*	*9.0%*	*19.3%*	*15.8%*	*15.3%*	*12.1%*	*11.8%*	*11.4%*
Incremental Ad Dollars (YOY)		173.9	283.1	386.8	549.9	885.4	224.5	252.5	591.1	575.6	643.9	588.6	644.3	697.0
Analysis		Pinterest's incremental YOY revenue addition increases each year by a stable amount (~$100 million)			COVID tailwinds related to increased engagement and time spent		Apple privacy; brand weakness	Interest rate hikes, recession fears weigh on ad budgets	Lapping of cyclical headwinds which compressed underlying growth		Early innings of new product dev cycle which could pull ad dollars higher driven by SMBs but we do not preclude potential for share donation to TikTok and higher ROAS platforms			

Source: Company data; UBSe

Changes to Estimates

We have summarized our 3Q26, 2026, 2027, and 2028 estimate changes below:

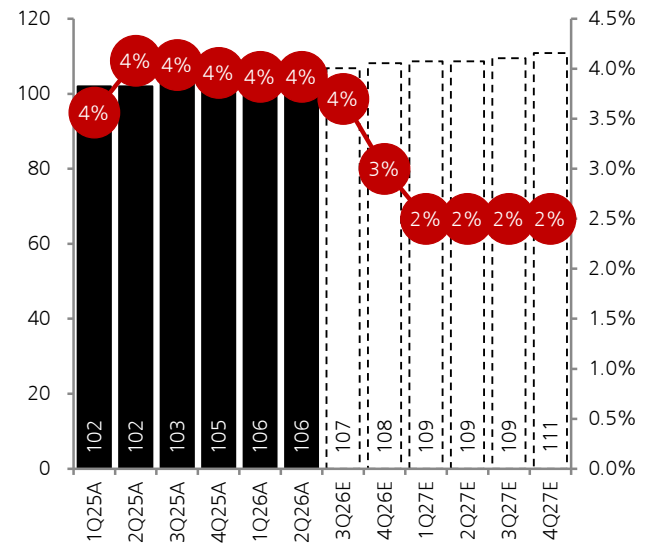
Figure 85: Pinterest, Inc. - UBS Estimate Revisions

In $M except per share	3Q26 Prior	3Q26 Current	% Δ	2026 Prior	2026 Current	% Δ	2027 Prior	2027 Current	% Δ	2028 Prior	2028 Current	% Δ
US / Can MAUs (M)	106.9	106.8	-0.1%	107.2	108.2	0.9%	108.4	110.9	2.2%	109.6	113.3	3.5%
US / Can ARPU	$8.42	$8.42	0.0%	$33.95	$33.81	-0.4%	$36.67	$36.11	-1.5%	$39.59	$38.49	-2.8%
US / Can Revenue	896.0	896.0	0.0%	3602.9	3602.9	0.0%	3954.4	3954.4	0.0%	4315.2	4315.2	0.0%
Europe MAUs (M)	159.3	159.3	0.0%	160.8	164.3	2.2%	166.7	170.9	2.5%	173.1	177.0	2.3%
Europe ARPU	$1.36	$1.34	-1.5%	$5.56	$5.45	-2.0%	$6.33	$6.07	-4.2%	$7.08	$6.78	-4.2%
Europe Revenue	214.7	211.4	-1.5%	886.6	878.7	-0.9%	1037.0	1017.2	-1.9%	1203.0	1179.9	-1.9%
ROW MAUs (M)	383.9	388.6	1.2%	394.3	396.9	0.7%	425.0	428.7	0.9%	453.1	457.0	0.9%
ROW ARPU	$0.25	$0.25	0.0%	$1.03	$1.02	-0.5%	$1.19	$1.17	-1.6%	$1.39	$1.36	-1.7%
ROW Revenue	94.4	94.9	0.6%	385.5	384.8	-0.2%	487.1	482.8	-0.9%	608.8	603.5	-0.9%
Revenue	1205.1	1202.4	-0.2%	4874.2	4865.7	-0.2%	5478.5	5454.3	-0.4%	6127.0	6098.5	-0.5%
Adjusted EBITDA	349.7	346.2	-1.0%	1448.6	1437.1	-0.8%	1679.5	1635.0	-2.6%	1998.5	1945.7	-2.6%

Source: Company data; UBSe

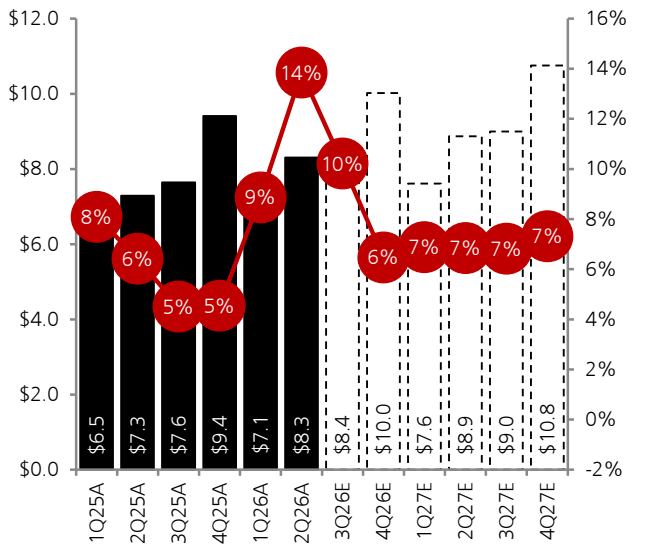
Our quarterly key performance indicators and year over year growth for US/Can MAUs (Monthly Active Users), US/Can ARPU (Average Revenue Per User), Europe MAUs, Europe ARPU, US/Can Revenue, Europe Revenue, Global Revenue and Adjusted EBITDA are shown below:

Figure 86: Pinterest, Inc. – US & Canada MAUs and YOY Growth



Source: Company data; UBSe

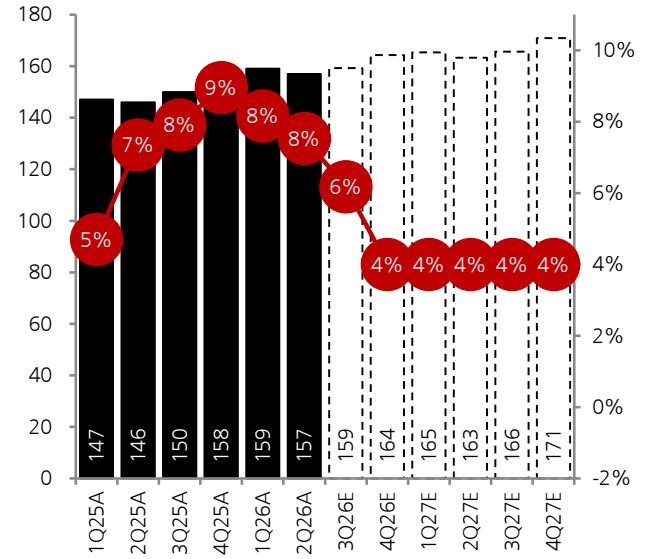
Figure 87: Pinterest, Inc. – US & Canada ARPU and YOY Growth



Source: Company data; UBSe

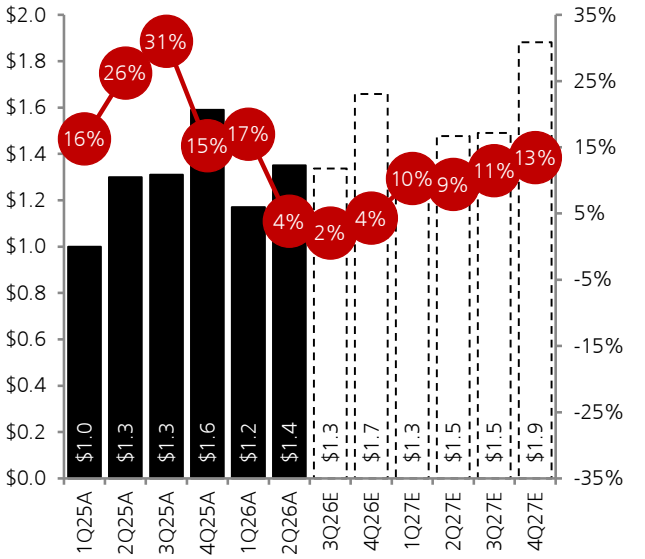
We forecast US/Can MAUs of 107M in 3Q26 versus 103M in 3Q25 and 106M in 2Q26. We believe US/Can ARPU will be $8.40 in 3Q26 compared to $7.60 in 3Q25 and $8.30 in 2Q26.

Figure 88: Pinterest, Inc. – Europe MAUs and YOY Growth



Source: Company data; UBSe

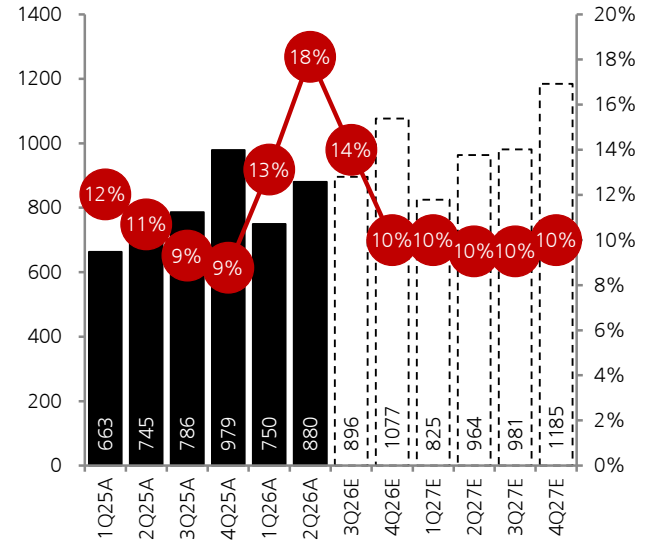
Figure 89: Pinterest, Inc. – Europe ARPU and YOY Growth



Source: Company data; UBSe

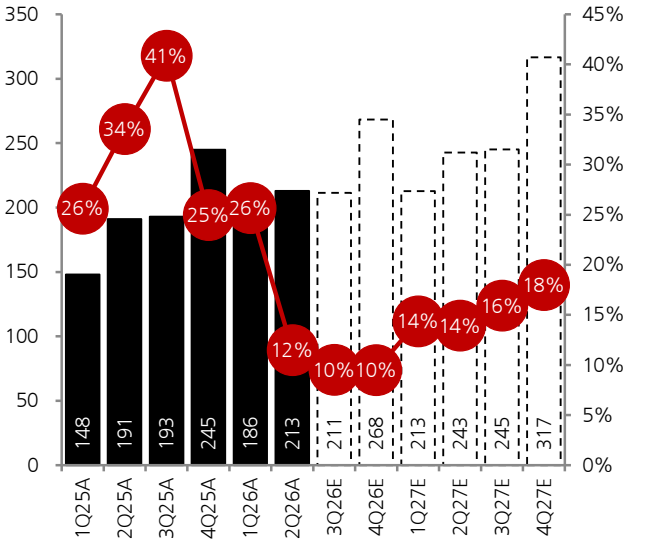
We estimate Europe MAUs of 159M in 3Q26 versus 150M in 3Q25 and 157M in 2Q26.
For Europe ARPU, we expect $1.30 in 3Q26 versus $1.40 in 2Q26 and $1.30 in 3Q25.

Figure 90: Pinterest, Inc. – US & Canada Revenue and YOY Growth



Source: Company data; UBSe

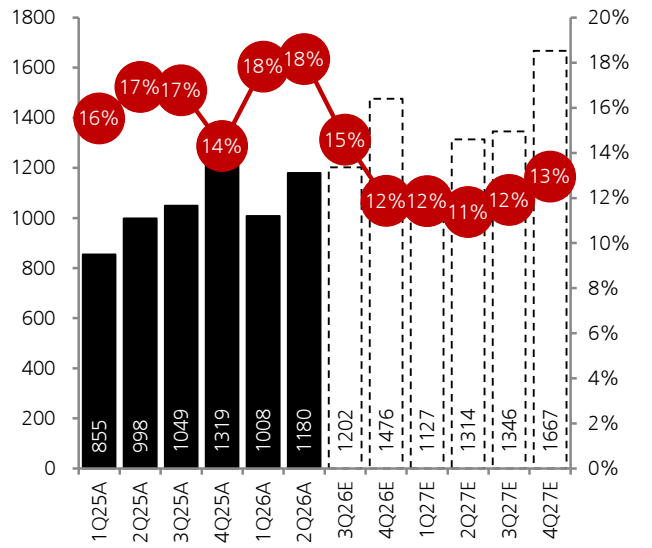
Figure 91: Pinterest, Inc. – Europe Revenue and YOY Growth



Source: Company data; UBSe

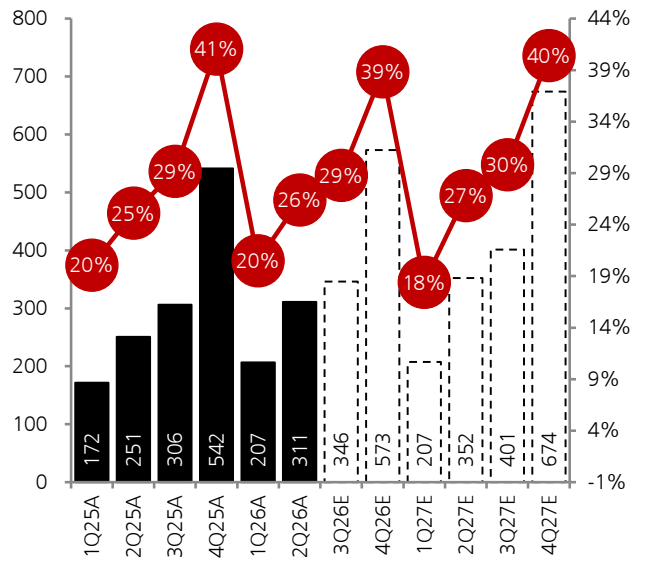
We forecast US/Can revenue of $896M in 3Q26 versus $880M in 2Q26 and $786M in 3Q25. We expect Europe revenue to be $211M in 3Q26 versus $213M in 2Q26 and $193M in 3Q25.

Figure 92: Pinterest, Inc. - Global Revenue and YOY Growth



Source: Company data; UBSe

Figure 93: Pinterest, Inc. - Adjusted EBITDA and Adjusted EBITDA Margins



Source: Company data; UBSe

We estimate Global Revenue will be $1202M in 3Q26 versus $1180M in 1Q26 and $1049M in 3Q25. We expect Adj. EBITDA of $346M in 3Q26 versus $306M in 3Q25 and $311M in 2Q26.

Data Points from our Channel Checks

Our latest series of checks give us reason to believe that advertiser sentiment around Pinterest has improved modestly relative to three months ago. While Pinterest remains a relatively small destination within most advertisers' social media budgets, several experts pointed to improving platform performance driven by enhancements to AI-based targeting and optimization, greater utilization of advertiser data, improvements to Pinterest's Conversions API (CAPI), and continued innovation across ad formats. These improvements appear to be translating into better advertiser outcomes and supporting incremental budget growth. Importantly, Pinterest continues to benefit from its differentiated position within social media and ability to reach highly commercial audiences, particularly around shopping and discovery use cases. While advertisers continue to cite audience scale as a factor limiting the magnitude of budget increases, we did not come away from our conversations with the impression that these long standing concerns are becoming more acute. Rather, feedback suggests that continued improvements in performance and measurement are helping Pinterest strengthen its value proposition and remain an important part of advertisers' social media mix.

Aggregate budget growth came in at 8.5% YOY in 3Q26, approximately 2bps above expectations offered three months ago. The revised 2026 budget forecast is now tracking roughly 17bps below prior expectations, though this was driven largely by a handful of more cautious advertisers and masks what we believe was otherwise a constructive set of checks. While feedback remained somewhat mixed across advertisers and verticals, the balance of qualitative commentary skewed positive, with several experts highlighting improvements in AI-driven targeting, measurement capabilities, CAPI functionality, and ad products. We view this as further evidence that the company's investments in AI, measurement, and lower-funnel advertising capabilities continue to gain traction with advertisers. Although macroeconomic uncertainty and the competitive nature of digital advertising budgets remain considerations, our latest checks suggest Pinterest is continuing to make incremental progress in improving advertiser outcomes and strengthening its position within advertisers' social media allocations.

As part of our 3Q26 ad checks, we caught up with 8 experts with visibility into a cumulative $9B+ in digital advertising spend. We note that these checks are skewed

heavily towards the U.S. market and also with comparatively larger advertisers which may not be the clearest read through on Pinterest's growth prospects given its focus on scaling its SMB advertisers and international markets. We present the simple average (not weighted) emerging from their 3Q26 spend as well as their latest 2026 projections.

Figure 94: Pinterest, Inc. - 3Q26 Ad Budget Growth (YOY) Estimates from Ad Checks

	3Q26E	3Q26A	Δ bps	3Q26A	4Q26E	Δ bps	Old 2026E	2026E	Δ bps
Total Digital	12.3%	13.0%	70	13.0%	12.8%	-19	12.8%	13.1%	28
PINS	8.5%	8.5%	2	8.5%	6.7%	-176	9.1%	8.9%	-17

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant

- **Expert 1** has visibility into ~$1B of search / social / retail media / CTV / programmatic budgets, which skew 65% DR / 35% brand
- **Expert 2** oversees ~$790M in digital ad budgets, across the retail/e-commerce, finance, healthcare, and CPG verticals.
- **Expert 3** responsible for ~$800M digital ad budget and notably early adopters for new ad products focused within retail/e-commerce in the US, Canada, and UK
- **Expert 4** has visibility into ~$950M of digital budgets across US, Europe and Asia. Their spend is 60% DR / 40% brand, distributed across verticals including pharmaceuticals, travel, B2B, e-commerce
- **Expert 5** has visibility into ~$720M of search / social / CTV / print / radio budgets, which skew 40% brand / 60% DR. Their spend is across US, Europe (incl. UK) and South Asia, with the portfolio overweighted to large and CPG clients
- **Expert 6** is responsible for ~$2.5B of North American social / search / CTV and other digital budgets across verticals including tech, travel, entertainment, healthcare, and retail
- **Expert 7** has sight into ~$950M of digital marketing including both US and Europe with an industry focus on e-commerce, pharmaceuticals, travel, and B2B clients with no exposure to auto.

Note that we have modestly amended the below advertiser quotes to improve readability. We strove to preserve the original tone of the comments as much as possible.

3Q26 Budget Growth

Expert 1:

- "Budget growth came in at -5% YOY versus -3.5% anticipated."
- "Advertisers are either allocating spend toward newer formats (AI products, ChatGPT, creators, etc.) or continuing to favor well-established larger platforms such as Meta, Google, and Amazon, at the expense of the smaller players."

Expert 2:

- "We're now landing at +6.4% YOY versus the +5% we were forecasting previously."
- "Some improvements Pinterest made to its CAPI and innovation across ad products helped growth this quarter."

Expert 3:

- "3Q26 budgets landed at 8.4% YOY versus 8.6% expected."

Expert 4:

- "Growth expectations were revised up to 18% YOY from 16% previously."
- "The improvement was driven by better AI algorithms and more data usage."

Expert 5:

- "3Q26 growth came in at 2.5% YOY versus 2%-3% anticipated."

- "An ongoing issue with the platform is the relative lack of a male audience, holding back greater budget allocation despite new AI tools delivering performance improvements."

Expert 7:

- "3Q26 growth is tracking at 11% / 10% in the U.S. / Europe versus 10% / 9% expected."
- "The platform remains part of our social allocation given its exposure to an affluent female audience base."
- "The lack of U.S. MAU growth is holding back our ability to allocate incremental dollars."

2026 Budget Growth

Expert 1:

- "2026 outlook was revised to -4.5% from -3.5% earlier.

Expert 2:

- "2026 budgets were raised to 6.3% from 5.5% prior."

Expert 3:

- "2026 budgets were trimmed back to 7.9%-8.2% from 8.2% earlier."

Expert 4:

- "2026 is now tracking to 20% YOY versus 19% previously."
- "Better AI algorithms and more data usage continue to benefit the platform."

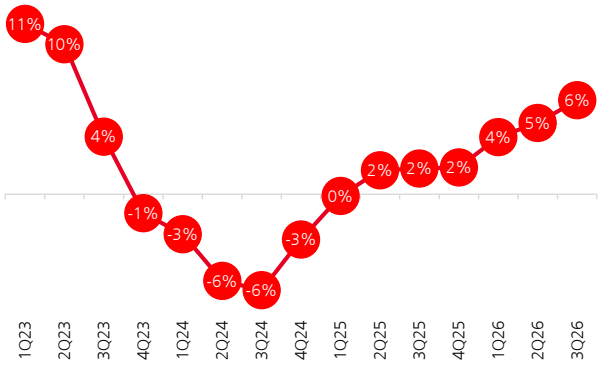
Expert 5:

- "2026 outlook was trimmed back to 2.5%, the lower end of the previous 2.5%-3% projection."

Key Takeaways from Sensor Tower Data

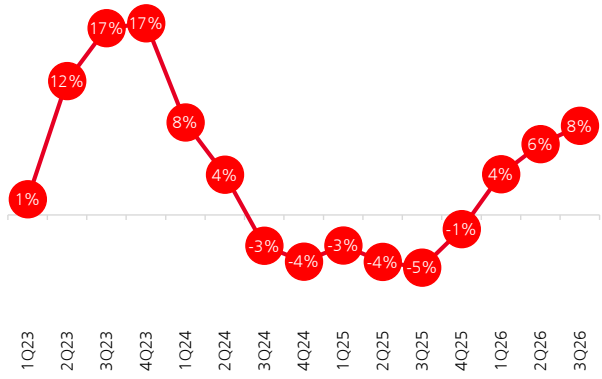
In 3Q26, Pinterest daily time spent increased 6% vs the prior year and a 1pt acceleration from the prior quarter. On a 2-year growth basis, daily time spent was up 8% YOY and a sequential acceleration of 2pts. On an absolute basis, approximate daily time spent in the quarter is unchanged at ~12 min / user as it has been for the last three years per the dataset.

Figure 95: Pinterest, Inc. - Daily Time Spent per User - YOY Growth



Source: UBS; Sensor Tower (iOS only)

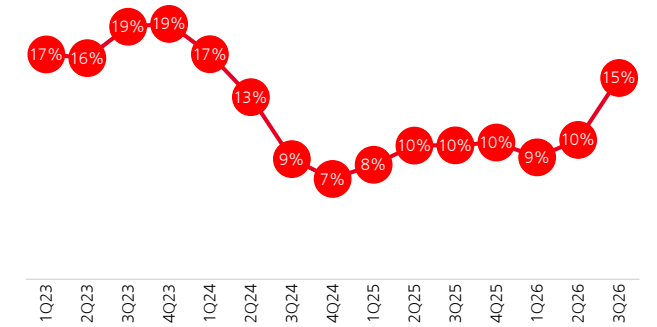
Figure 96: Pinterest, Inc. - Daily Time Spent per User - 2-Year Growth



Source: UBS; Sensor Tower (iOS only)

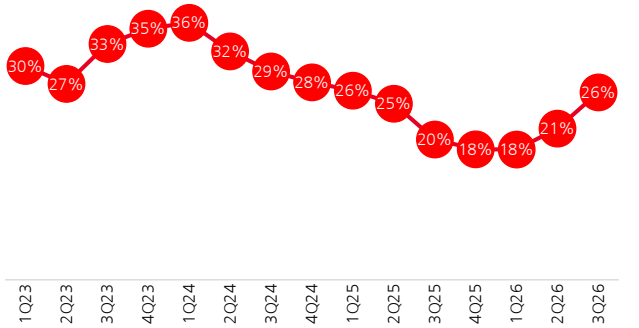
Per Sensor Tower data, Pinterest saw a 15% YOY growth in global monthly active users in 3Q26 and a 5pt acceleration from 2Q26. On a 2-year basis, Pinterest's monthly active users grew 26% accelerating 5pts from the prior quarter.

Figure 97: Pinterest, Inc. - Global Monthly Active Users (MAU) - YOY Growth



Source: UBS; Sensor Tower

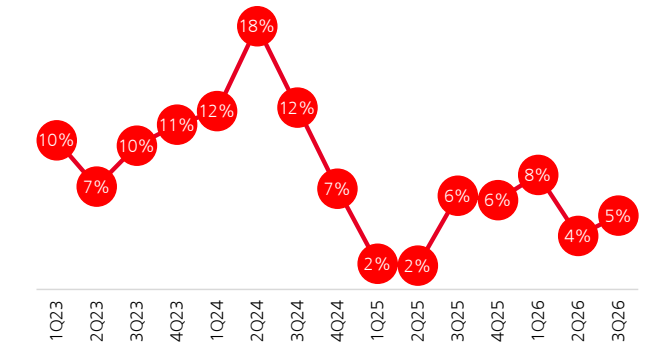
Figure 98: Pinterest, Inc. - Global Monthly Active Users (MAU) - 2-Year Growth



Source: UBS; Sensor Tower

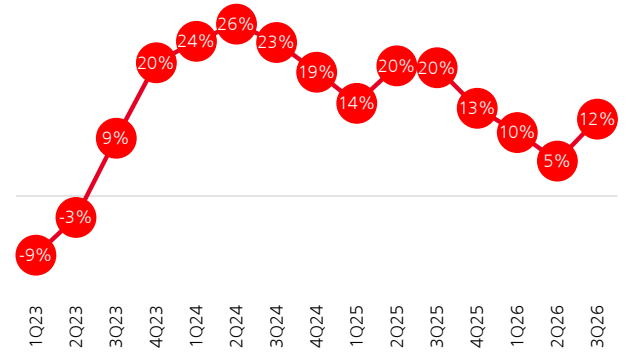
The data suggests that Pinterest saw 5% growth in global downloads in 3Q26 and a 1pt acceleration from the prior quarter. On a two-year basis, global downloads grew 12% and a sequential acceleration of 7pts.

Figure 99: Pinterest, Inc. - Global Downloads - YOY Growth



Source: UBS; Sensor Tower

Figure 100: Pinterest, Inc. - Global Downloads - 2-Year Growth



Source: UBS; Sensor Tower

Valuation

We maintain our price target of $33 as we value PINS shares on an EV to Adjusted EBITDA basis and apply a 10x (unchanged) multiple on our updated 4Q27-3Q28 Adj EBITDA estimate of $1.83B.

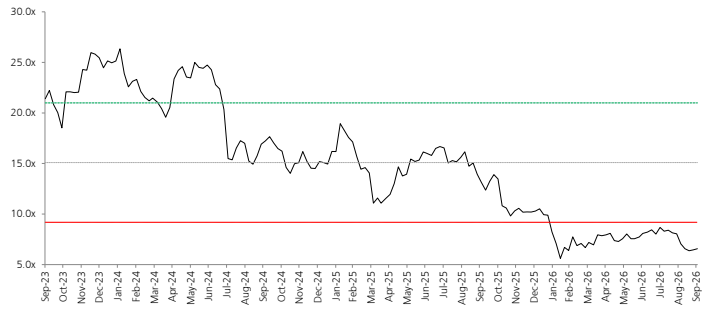
While our applied 10x multiple is below the 3-Yr average of 15x, we believe that it is appropriately conservative for now given potential headwinds to growth including the pending recovery of the CPG (food and beverage) budgets, ad checks suggesting potential share loss, and management's revenue guide which at the midpoint implies growth of 15% year over year. In our opinion, the prospects of a multiple re-rating is contingent on Pinterest's ability to sustain revenue growth in the high teens at a minimum.

Figure 101: Pinterest, Inc. - Valuation

	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E
Current EV											
Current Share Price										$22	10/13/26
(x) Diluted Shares Outstanding										573	as of 2Q26A
(=) Market Capitalization										12810	
(-) Cash										(1275)	as of 2Q26A
(+) Debt										981	as of 2Q26A
(=) Enterprise Value										12516	
EV/Revenue	**2.7x**	**2.7x**	**2.6x**	**2.5x**	**2.4x**	**2.4x**	**2.3x**	**2.2x**	**2.2x**	**2.1x**	**2.1x**
EV/Revenue/Growth	**0.15x**	**0.18x**	**0.22x**	**0.21x**	**0.21x**	**0.20x**	**0.18x**	**0.19x**	**0.19x**	**0.18x**	**0.17x**
EV/Adj. EBITDA	**9.2x**	**8.9x**	**8.7x**	**8.7x**	**8.5x**	**8.2x**	**7.7x**	**7.4x**	**7.1x**	**6.8x**	**6.4x**
P/E - GAAP	**65.2x**	**79.5x**	**71.4x**	**71.0x**	**48.9x**	**44.1x**	**36.4x**	**32.9x**	**29.3x**	**26.4x**	**23.8x**
Valuation Methodology											
EV to EBITDA Multiple											
Adj EBITDA	**311**	**346**	**573**	**207**	**352**	**401**	**674**	**257**	**421**	**477**	**790**
(x) Target Multiple	10x	10x	10x	10x	10x	10x	10x	10x	10x	10x	10x
(=) Enterprise Value	**3035**	**3375**	**5588**	**2023**	**3434**	**3913**	**6571**	**2509**	**4105**	**4655**	**7702**
(-) Net Debt (Cash) (T-1)	(294)	(436)	(761)	(948)	(970)	(1140)	(1400)	(1702)	(1975)	(2413)	(2944)
(=) Equity Value	**13607**	**14140**	**14773**	**14968**	**15390**	**16097**	**17342**	**18130**	**19074**	**20253**	**21914**
(/) Diluted Shares Outstanding (T-1)	690	695	677	646	573	582	592	601	606	611	616
(=) Price per Share										**$33**	
Target Price										**$33**	
									Current price	*$22*	
									Upside/downside from current	*48%*	

Source: Company data; UBS

Figure 102: Pinterest, Inc. - 12 Month Forward EV/EBITDA Trading Multiple vs Historical Average



Source: FactSet; UBS

Upside / Downside Scenarios

For Pinterest, our upside / downside scenarios imply a skew of 2.5x.

Upside Case ($45): Our upside scenario assumes Pinterest sees a 2.25-YR revenue CAGR to 16%. We estimate 4Q27-3Q28 Adjusted EBITDA margin of 36%. This implies a 4Q27-3Q28 Adjusted EBITDA estimate of $2.26B which on a 11x EV/EBITDA multiple suggests a valuation of $45.

Base Case ($33): Our base case assumes Pinterest sees a 2.25-YR revenue CAGR to 14%. We estimate 4Q27-3Q28 Adjusted EBITDA margin of 31%. This implies 4Q27-3Q28 Adjusted EBITDA estimate of $1.83B, which on a 10x EV/EBITDA multiple equates to a valuation of $33.

Downside Case ($13): Our downside scenario assumes Pinterest sees a 2.25-YR revenue CAGR to 6%. We estimate 4Q27-3Q28 Adjusted EBITDA margin of 21%. This implies 4Q27-3Q28 Adjusted EBITDA estimate of $1.05B, which on a 5x V/EBITDA multiple equates to a valuation of $13.

Figure 103: Pinterest, Inc. - Upside / Downside Skew



Source: UBS Research

Figure 104: Pinterest, Inc. - Scenario Analysis Key Assumptions

Scenario	Implied Price per Share	Implied Revenue 4Q27-3Q28	Revenue CAGR	Implied Adj. EBITDA 4Q27-3Q28	Adj. EBITDA Margin	Applied Multiple
Upside	$45	$6,362	16%	$2,258	36%	11x
Base	$33	$5,898	14%	$1,830	31%	10x
Downside	$13	$5,139	6%	$1,053	21%	5x

Source: UBS estimates

Snap Inc. - No Signs it is Breaking Into Larger Budget Pools

We preview Snap's 3Q26 results which it will report on November 4. We maintain our Neutral rating and increase our price target to $7 (from $5.70) as we revisit our advertising assumptions following our latest series of channel checks. We also roll forward our valuation parameters to 12-months ending 3Q28E (from 2Q28E).

Our most recent series of ad checks suggest that while the broader digital advertising environment remained healthy throughout 3Q26, Snap continues to struggle for advertiser prioritization. Across our expert base, digital budgets benefited from world cup-related spending, chatbot-related advertising activity, improving AI-driven automation tools and, in some cases, early political advertising demand. That said, aggregate Snap budgets within our checks grew ~1.5% in 3Q26 versus ~2.1% expected entering the quarter, with three of six experts reporting weaker-than-expected performance. Advertisers continue to favor larger scaled platforms such as Meta, Google and Amazon for incremental budget allocations given their stronger reach, measurement capabilities, commerce integrations and AI-led advertising tools. While one expert increased both 3Q26 and 2026 Snap growth expectations, the majority of feedback continues to suggest Snap remains a secondary destination for advertiser dollars. Our advertising revenue estimates hence now stand at $5.47B in 2026 and $5.95B in 2027 versus prior $5.48B and $5.89B, respectively.

As a reminder, we continue to make no assumptions around Specs contributing meaningfully to revenue. Importantly, none of our experts cited Specs as a catalyst for incremental advertiser spending or a factor influencing budget allocation decisions. Our 2027E and 2028E Adj. EBITDA now stands at $1.66B and $1.86B versus prior $1.64B and $1.86B, respectively.

We maintain our Neutral rating, with key points of our investment thesis being:

- As we enter the third year of Snap's January 2023 replatforming, we continue to hope to gather consistent signals of improving advertiser feedback of greater willingness to rotate budgets back in. Our latest ad checks suggests that advertisers are still allocating dollars to the platform but the optionality for greater share loss remains on the table.
- We believe that Snap's efforts to improve performance in its lower funnel business should result in accelerating revenue growth as advertisers see results in the new system and spend incrementally. That said, the timing and magnitude of this ramp-up remains unclear, and thus we remain on the sidelines for SNAP until we see further evidence on that progress.

Figure 105: Snap, Inc. – Annual Dollars of Revenue Growth

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E
Snapchat Advertising Revenue ($M)	399.9	804.0	1180.4	1715.5	2506.6	4117.0	4571.2	4426.1	4912.6	5186.1	5492.7	5952.1	6413.3	6958.6
YOY Growth Rate		*101.0%*	*46.8%*	*45.3%*	*46.1%*	*64.2%*	*11.0%*	*-3.2%*	*11.0%*	*5.6%*	*5.9%*	*8.4%*	*7.7%*	*8.5%*
Incremental Ad Dollars (YOY)		404.1	376.4	535.1	791.1	1610.4	454.1	(145.0)	486.5	273.5	306.6	459.4	461.3	545.2
Analysis	Snap's incremental YOY ad revenue addition is relatively stable at ~$400M-$500M per year				COVID tailwinds related to increased engagement and time spent		Apple privacy; brand weakness	Ad budget softness; SNAP replatforms its ad system	Ongoing headwinds from replatform; brand softness	Tariff headwind & share loss to TikTok	Projecting incremental nominal ad dollar growth for 2026 before recovery in 2027 as advertisers continue to rotate budgets to TikTok and higher ROAS platforms while user growth headwinds persist			

Source: Company data; UBSe

Changes to Estimates

We have summarized our 3Q26, 2026, 2027, and 2028 estimate changes below:

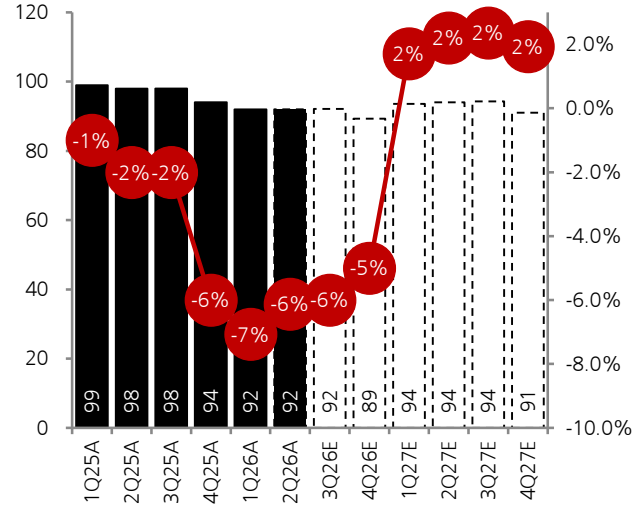
Figure 106: Snap Inc. – UBS Estimate Revisions

In $M except per share	3Q26 Prior	3Q26 Current	% Δ	2026 Prior	2026 Current	% Δ	2027 Prior	2027 Current	% Δ	2028 Prior	2028 Current	% Δ
Advertising Revenue	1414.9	1401.2	-1.0%	5483.3	5472.5	-0.2%	5895.4	5952.1	1.0%	6326.4	6413.3	1.4%
Other Revenue	324.9	332.5	2.3%	1270.2	1301.2	2.4%	1550.7	1585.4	2.2%	1682.4	1704.0	1.3%
Total Revenue	1739.7	1733.6	-0.4%	6753.5	6773.7	0.3%	7446.2	7537.4	1.2%	8008.8	8117.3	1.4%
Adjusted EBITDA	350.3	336.4	-3.9%	1280.6	1282.7	0.2%	1639.6	1655.1	0.9%	1861.1	1863.9	0.2%
Adjusted EPS	$0.15	$0.14	-4.6%	$0.54	$0.54	-0.5%	$0.65	$0.65	-0.3%	$0.71	$0.70	-1.1%

Source: Company data; UBSe

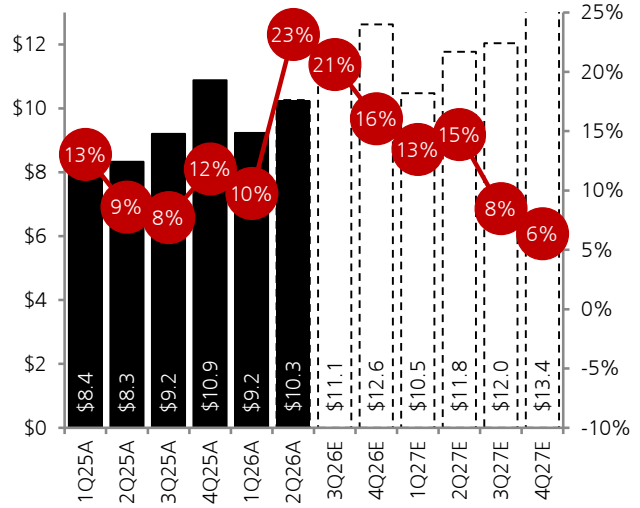
Our quarterly projections for North American DAUs, North American ARPU, European DAUs, European ARPU, Total Revenue, and Non-GAAP Cost of Revenue per User are as shown below:

Figure 107: Quarterly North American DAUs and YOY Growth



Source: Company data; UBSe

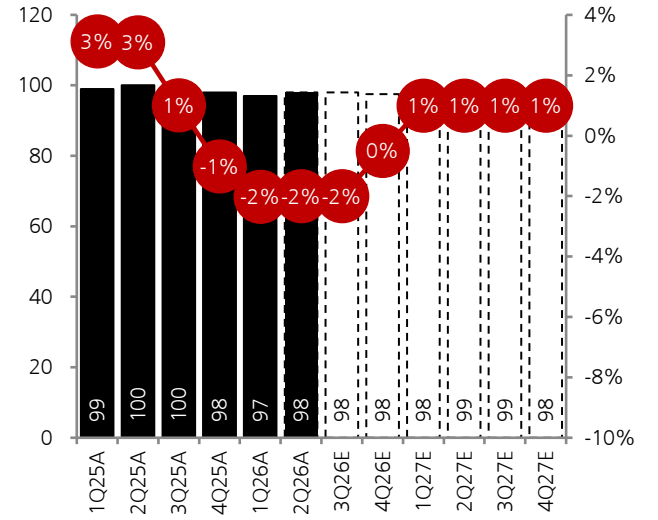
Figure 108: Snap Inc. – Quarterly North American ARPU and YOY Growth



Source: Company data; UBSe

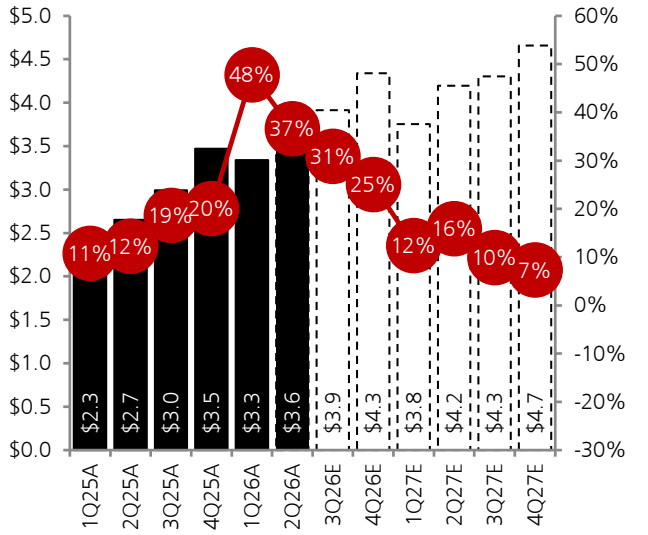
We forecast North American Daily Active Users will reach 92M in 3Q26 versus 98M in 3Q25 and 92M in 2Q26. We project North America Average Revenue per User of $11.1 in 3Q26 compared to $9.2 in 3Q25 and $10.3in 2Q26.

Figure 109: Snap Inc. – Quarterly European DAUs and YOY Growth



Source: Company data; UBSe

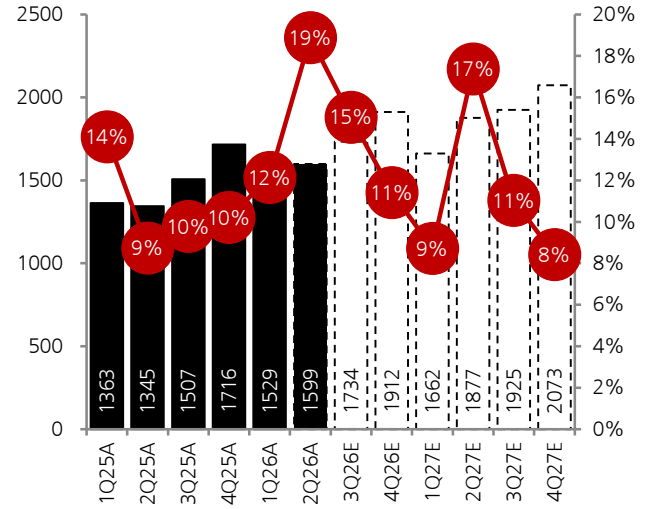
Figure 110: Snap Inc. – Quarterly European ARPU and YOY Growth



Source: Company data; UBSe

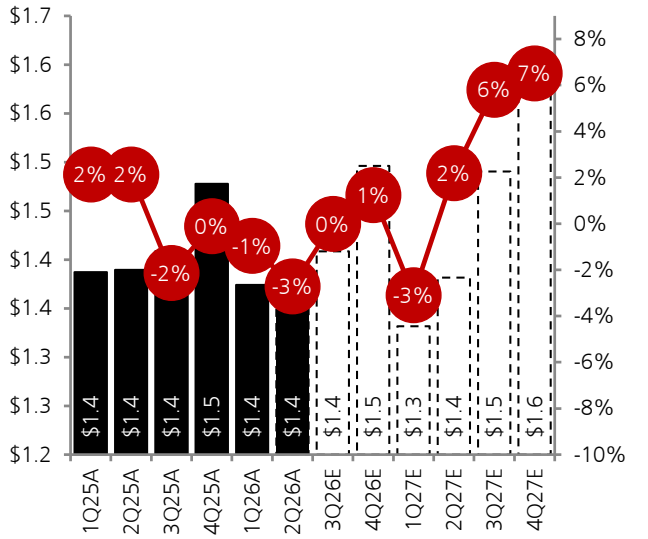
We forecast European Daily Active Users will reach 98M in 3Q26 versus 100M in 3Q25 and 98M in 2Q26. We project European Average Revenue per User $3.9 in 3Q26 compared to $3.0 in 3Q25 and $3.6 in 2Q26.

Figure 111: Snap Inc. – Quarterly Total Revenue and YOY Growth



Source: Company data; UBSe

Figure 112: Snap Inc. – Quarterly Non-GAAP Cost of Revenue per User and YOY Growth



Source: Company data; UBSe

We project total revenue of $1.73B in 3Q26 versus $1.51B in 3Q25 and $1.60B in 2Q26. Our estimate for Non-GAAP Cost of Revenue per User is $1.4 in 3Q26 compared to $1.4 in 3Q25 and and $1.4in 2Q26.

Data Points from our Channel Checks

Our latest ad checks continue to suggest that Snap remains structurally challenged within advertiser budgets, although the degree of negativity appears somewhat less severe than earlier in the year. Across our discussions, advertisers continue to view Snap as a secondary budget allocation destination relative to larger scaled platforms such as Meta, Google, and Amazon, with several experts noting that budgets remain

concentrated on destinations offering superior reach, measurement, automation, and demonstrable ROAS. While one expert reported notably stronger performance driven by healthy spending across gaming and broader performance advertising, the majority of our experts either saw growth tracking below expectations or continue to view Snap as a lower-priority destination within social budgets. Consistent with prior quarters, feedback suggests that advertisers remain willing to test emerging formats and platforms, but incremental dollars continue to skew toward larger ecosystems where AI-driven tools, commerce integrations, and performance optimization capabilities are more mature.

Several of the longer-standing concerns we have highlighted previously also remain evident in our latest checks, including: 1) limited audience reach given Snap's younger demographic skew, 2) ongoing challenges in deepening engagement and utility, particularly in developed markets, 3) continued preference among advertisers for scaled performance-oriented platforms, and 4) a lack of meaningful advertiser enthusiasm around newer product initiatives relative to competing offerings. While checks suggest Snap's ad business is stabilizing, there was little indication that it is meaningfully regaining share within advertiser budgets. In fact, one expert explicitly characterized Snap as a less compelling destination relative to other social platforms, while others noted that budget decisions continue to favor Meta, Google, Amazon and, increasingly, alternative performance channels.

Aggregate Snap budgets grew approximately 3.0% in 3Q26, below the ~3.5% expected entering the quarter. Looking ahead, our aggregate 2026 budget growth outlook now stands at approximately 3.1% versus 3.4% previously, representing a modest 24bps downward revision, reflecting continued concerns around advertiser prioritization despite some evidence of stabilization in spending trends.

As part of our 3Q26 ad checks, we caught up with 8 experts with visibility into a cumulative $9B+ in digital advertising spend. We note that these checks remain skewed toward the U.S. market and larger advertisers. We present the simple average (not weighted) emerging from their 3Q26 spend trends as well as their latest 2026 projections.

Figure 113: Snap Inc. - 3Q26 Ad Budget Growth (YOY) Estimates from Ad Checks

	3Q26E	3Q26A	Δ bps	3Q26A	4Q26E	Δ bps	Old 2026E	2026E	Δ bps
Total Digital	12.3%	13.0%	70	13.0%	12.8%	-19	12.8%	13.1%	28
SNAP	3.5%	3.0%	-50	3.0%	1.8%	-113	3.4%	3.1%	-24

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant

- **Expert 1** has visibility into ~$1B of search / social / retail media / CTV / programmatic budgets, which skew 65% DR / 35% brand
- **Expert 2** oversees ~$790M in digital ad budgets, across the retail/e-commerce, finance, healthcare, and CPG verticals.
- **Expert 3** responsible for ~$800M digital ad budget and notably early adopters for new ad products focused within retail/e-commerce in the US, Canada, and UK
- **Expert 4** has visibility into ~$950M of digital budgets across US, Europe and Asia. Their spend is 60% DR / 40% brand, distributed across verticals including pharmaceuticals, travel, B2B, e-commerce
- **Expert 5** has visibility into ~$720M of search / social / CTV / print / radio budgets, which skew 40% brand / 60% DR. Their spend is across US, Europe (incl. UK) and South Asia, with the portfolio overweighted to large and CPG clients
- **Expert 6** is responsible for ~$2.5B of North American social / search / CTV and other digital budgets across verticals including tech, travel, entertainment, healthcare, and retail
- **Expert 7** has sight into ~$950M of digital marketing including both US and Europe with an industry focus on e-commerce, pharmaceuticals, travel, and B2B clients with no exposure to auto.

Note that we have modestly amended the below advertiser quotes to improve readability. We strove to preserve the original tone of the comments as much as possible.

3Q26 Budget Growth

Expert 1:

- "3Q26 ended up at -5% to -5.5% YOY versus expectations of approximately -5%."

Expert 2:

- "3Q26 missed with budgets down -4.4% YOY instead of growing +1% YOY as expected."

Expert 3:

- "3Q26 budgets reached +5.58% YOY, in line with expectations."

Expert 4:

- "3Q26 growth came in at +11% YOY versus +9% projected."

Expert 5:

- "3Q26 was slightly better with budgets down -1.5% YOY versus -2% projected."

Expert 7:

- "3Q26 growth came in below expected, with U.S. budgets landing at +4.0% YOY (vs. +4.5% expected) and Europe at +3.5% YOY (vs. +4.0% expected)."
- "SNAP remains a less-compelling place to invest time versus others within social."

2026 Budget Growth

Expert 2:

- "2026 expectations are now for budgets to decline -3.2% YOY instead of growing +1% YOY previously."

Expert 4:

- "2026 forecast was raised to +12% YOY from +9% previously."

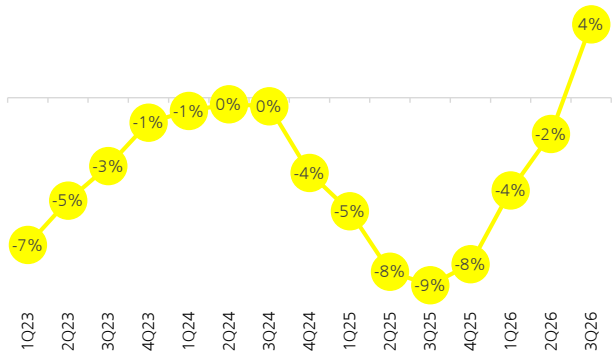
Expert 7:

- "2026 expectations now stand at +4% growth for both the U.S. and Europe versus +4.5% previously."

Key Takeaways from Sensor Tower Data

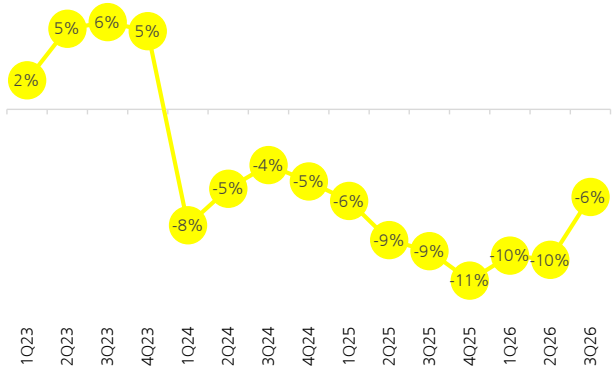
Latest data suggests that Snapchat's daily time spent per user increased 4% YOY which is a 6pt improvement from the prior quarter. On a 2-year stack, daily time spent per user declined -6% across the platform and a sequential 4pt increase. On an absolute basis, daily time spent increased 1pt to 19 min / user.

Figure 114: Snap Inc. – Daily Time Spent per User - YOY Growth



Source: UBS; Sensor Tower

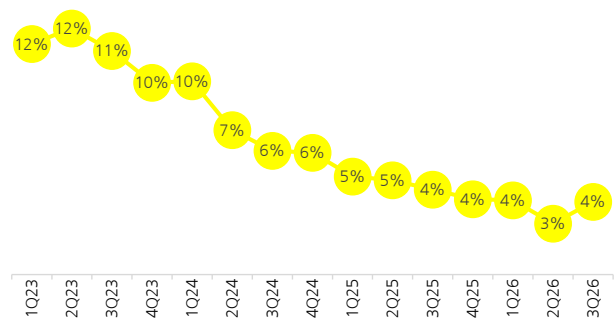
Figure 115: Snap Inc. – Daily Time Spent per User - 2-Year Growth



Source: UBS; Sensor Tower

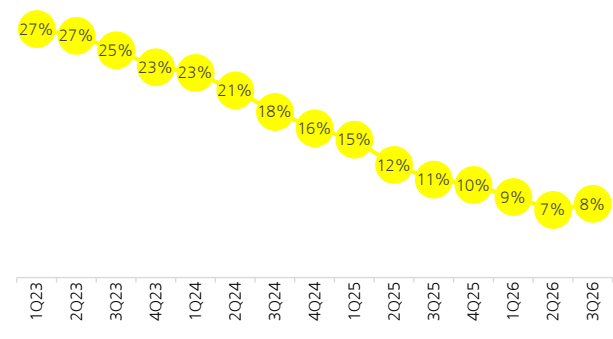
Global MAUs on Snapchat grew 4% YOY and a 1pt acceleration when compared to the prior quarter. On a 2-year stack, global MAUs grew 8% which was a 1pt increase from the 7% reported in 2Q26.

Figure 116: Snap Inc. – Global Monthly Active Users (MAU) - YOY Growth



Source: UBS; Sensor Tower

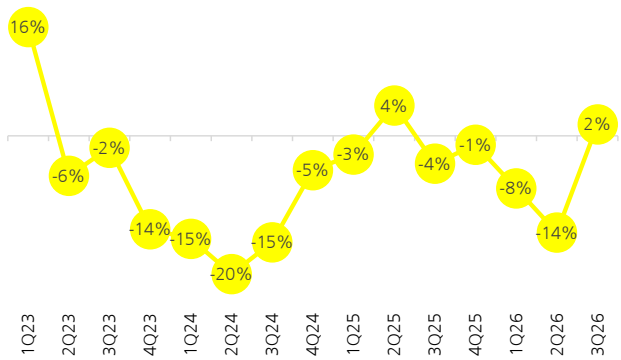
Figure 117: Snap Inc. – Global Monthly Active Users (MAU) - 2-Year Growth



Source: UBS; Sensor Tower

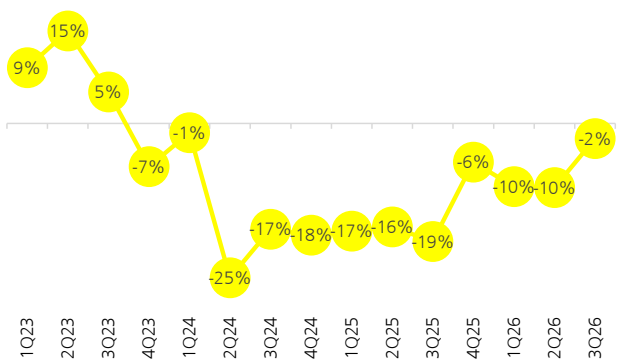
Global downloads increased 2% YOY in 3Q26 given comparisons from the prior year. On a 2-year basis, global downloads declined 2% or a 8 pt acceleration from 2Q26.

Figure 118: Snap Inc. – Global Downloads - YOY Growth



Source: UBS; Sensor Tower

Figure 119: Snap Inc. – Global Downloads - 2-Year Growth



Source: UBS; Sensor Tower

Valuation

We slightly increase our price target to $7 (from $5.70) on an EV / Adj. EBITDA methodology as we apply a 8x (prior 7x) multiple on our 4Q27-3Q28 Adj. EBITDA estimate of $1.8B. As a reminder that we revised our valuation methodology on our 1Q26 preview note as this is consistent with other SMID Cap Internet advertising companies within our coverage (at the time from EV/Sales).

We believe that our 8x multiple is appropriate given that the stock has derated since the start of the year but otherwise in-line with its last 12-months historical trading range of 6x-27x. Additionally, the slight uptick in our target multiple stems from better than expected intra-quarter MAU growth, slightly easing our LT top of funnel concerns.

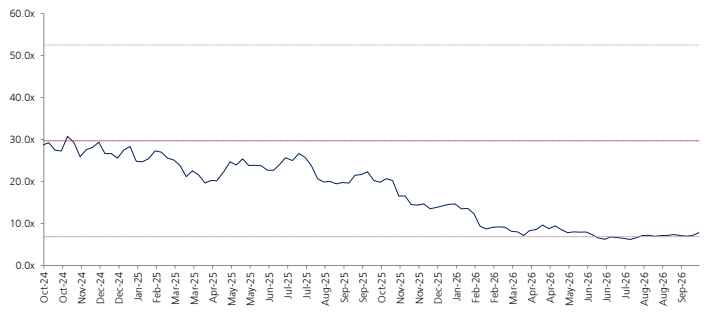
That said, our most recent ad checks once again suggest that advertiser sentiment around the platform continues to lean progressively more negative on the basis of: 1) lack of advertiser reach given the user cohort skews younger, 2) risk of share donation to TikTok and other higher ROAS platforms, and 3) lack of incremental signals that Snap is successfully defending its budgets and reaccelerating revenue.

Figure 120: Snap Inc. - Valuation

Current Valuation ($M)	1Q25A	2Q25A	3Q25A	4Q25A	1Q26A	2Q26A	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E
Current EV																
Current Share Price															$6.49	10.13.26
(x) Diluted Shares Outstanding															1919	as of 2Q26A
(=) Market Capitalization															12455	
(-) Cash															(2660)	as of 2Q26A
(+) Debt															3381	as of 2Q26A
(=) Enterprise Value															13177	
EV/Revenue	2.4x	2.3x	2.3x	2.2x	2.2x	2.1x	2.0x	1.9x	1.9x	1.8x	1.8x	1.7x	1.7x	1.7x	1.7x	1.6x
EV/Revenue/Growth	0.17x	0.27x	0.23x	0.22x	0.18x	0.11x	0.13x	0.17x	0.22x	0.11x	0.16x	0.21x	0.23x	0.21x	0.21x	0.21x
EV/Adj. EBITDA	23.1x	23.6x	21.7x	19.1x	16.2x	12.9x	11.2x	10.3x	9.8x	8.5x	8.1x	8.0x	7.8x	7.6x	7.3x	7.1x
Valuation Methodology																
EV to Adj. EBITDA Multiple																
Total Adj. EBITDA	108	41	182	358	233	250	336	463	291	453	415	496	317	507	475	565
(x) Target Multiple	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x	8x
(=) Enterprise Value	867	330	1456	2862	1867	1997	2692	3706	2325	3621	3323	3972	2537	4054	3797	4524
(-) Net Debt (Cash) (T-1)	390	557	449	268	406	683	545	596	713	875	805	610	73	(23)	(392)	(690)
(=) Equity Value	477	(227)	1007	2594	1461	1314	2147	3110	1613	2746	2518	3361	2464	4077	4189	5213
(/) Diluted Shares Outstanding (T-1)	1787	1798	1810	1833	1807	1834	1861	1720	1854	1919	1960	2002	2048	2093	2144	2195
Target Price															$7	
														Current price	*$6*	
														Upside/downside	*6%*	
Implied Multiples on Price Target																
Implied EV/EBITDA	24.3x	24.9x	22.8x	20.1x	17.1x	13.6x	11.8x	10.8x	10.4x	9.0x	8.6x	8.4x	8.3x	8.0x	7.7x	7.4x
Implied EV/Revenue	2.5x	2.5x	2.4x	2.3x	2.3x	2.2x	2.1x	2.0x	2.0x	1.9x	1.9x	1.8x	1.8x	1.8x	1.7x	1.7x
Implied EV/Revenue/Growth	0.18x	0.28x	0.25x	0.23x	0.19x	0.12x	0.14x	0.18x	0.23x	0.11x	0.17x	0.22x	0.24x	0.22x	0.22x	0.23x

Source: Company data; UBSe

Figure 121: Snap Inc. - 12 Month Forward EV/EBITDA Trading Multiple vs Historical Average



Source: FactSet, UBS

Upside / Downside Scenarios

For SNAP, our upside / downside scenarios imply a skew of 1x.

Upside Case ($9): Our upside scenario assumes SNAP sees an acceleration in 2.25-YR revenue CAGR to 12% and we apply a margin assumption of 24% to derive an Adj. EBITDA estimate of $1.9B which on a 10x EV/EBITDA multiple equates to a valuation of $9.

Base Case ($7): Our base case assumes SNAP sees an acceleration in 2.25-YR revenue CAGR to 9% and we apply a margin assumption of 23% to derive an Adj. EBITDA estimate of $1.8B which on a 8x EV/EBITDA multiple equates to a valuation of $7.

Downside Case ($4): Our downside scenario assumes SNAP sees a deceleration in 2.25-YR revenue CAGR to 5% and we apply a margin assumption of 22% to derive an Adj. EBITDA estimate of $1.6B which on a 5x EV/EBITDA multiple equates to a valuation of $4.

Figure 122: Snap Inc. - Upside / Downside Skew



Source: UBS estimates

Figure 123: Snap Inc. - Scenario Analysis Key Assumptions

Scenario	Implied Valuation	Revenue 2.25-YR CAGR	Implied Revenue (4Q27E-3Q28E)	Multiple
Upside	$9	12%	$8,196	10x
Base	$7	9%	$7,961	8x
Downside	$4	5%	$7,088	5x

Source: UBS estimates

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Source: UBS. Rating allocations are as of 30 September 2026.
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Company Name	Reuters	12-month rating	Price	Price date
Alphabet Inc.[13,16,28]	GOOG.O	Neutral	US$349.52	13 Oct 2026
Alphabet Inc. - Class A[13,16,28]	GOOGL.O	Neutral	US$353.78	13 Oct 2026
Amazon.com[16,28]	AMZN.O	Buy	US$258.58	13 Oct 2026
Meta Platforms[16,28]	META.O	Buy	US$762.50	13 Oct 2026
Pinterest Inc[16,28,20]	PINS.N	Buy (CBE)	US$22.37	13 Oct 2026
Snap Inc[4,16,6,28,20]	SNAP.N	Neutral (CBE)	US$6.49	13 Oct 2026
Trade Desk Inc[16,28]	TTD.O	Buy	US$12.17	13 Oct 2026

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