Meta Platforms Inc. (META): Q3 '26 Earnings First Take

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We expect investors to have an initial positive reaction to META's Q3 '26 earnings report on the back of a revenue beat with the result exceeding the high end of its guided range (with reported Advertising revenues +26% YoY). The profitability in the reported was impact by a ~$9.9bn one-time accrual related to the agreement between the company and a group of US State Attorneys General to resolve litigation related to teen mental health and social media – absent this charge, profitability exceeded GSe/Visible Alpha Street estimates. Among the topics in the release, we expect investor attention to be focused on (a) the advertising revenue run rate (both as an absolute $ amount and growth rate) as Meta management continues to outline how the application of AI compute to its core operations is acting as a sustained tailwind to the core business; (b) the reduced headcount reported in the quarter (full-time employees down ~12% QoQ / ~15% YoY); & (c) the framing of a YoY reduction in Reality Labs losses in 2026 and initial guidance for further reduction in losses in 2027. Looking beyond this year, Meta mgmt expressed positive qualitative framing of the scaling of their AI efforts (including the ability to impact core operations) but framed continued elevated investments going forward (without a direct quantification). On the earnings call, we think how the mgmt team addresses the early reads and operating momentum from Muse, the scope of the market opportunity across AI applied to SMBs and large enterprises & how to think about sustained/continued strength in the core advertising revenue is likely to be the key area of focus. In addition, we expect further questions to try to frame and triangulate the qualitative comments about 2027 investment levels. Lastly, the creation of a new class of non-voting stock and what it might mean for capital raising activities could also be a focal area.

Actuals vs. Estimates: Meta reported Q3 total revenues of $64.60bn (vs. GSe $63.70bn, Visible Alpha Street $63.47bn & guide of $61.0-64.0bn), an increase of +26% YoY, including Family of Apps revenues of $64.16bn (+26% YoY) and Reality Labs revenues of $443mm ((6)% YoY). Within Family of Apps, Meta reported total advertising revenues of $63.06bn (+26% YoY or +26% YoY FXN vs. GSe +23.7% YoY), including by region as follows: US & Canada $28.44bn; Europe $14.23bn, Asia $11.53bn & Rest of World $8.86bn. Q3 total daily active people were 3.64bn. Q3 GAAP operating income was $12.99bn (vs. GSe $19.38bn & Street $17.67bn) for a 20% consolidated GAAP operating income margin. By segment, Q3 GAAP operating income was as follows: Family of Apps $17.12bn (27% margin) & Reality Labs $(4.13)bn. Q3 GAAP EPS was $3.83, compared to GSe of $6.49 and Street $5.77.

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Guidance vs. Street: Meta guided Q4'26 total revenues to $73.0-76.0bn (compared to GSe $74.59bn & Street $73.60bn) including FX being a ~100bps headwind to YoY growth. In addition, Meta guided FY2026 total GAAP expenses of $175.0-179.0bn (vs. GSe $168.47bn, Street $169.29bn and prior guide $165-169bn) and FY2026 total capex to $135.0-145.0bn (vs. GSe $142.94bn, Street $139.74bn and prior guide $130-145bn).

Valuation: Our $860, 12-month price target is based on an equal blend of (1) EV/GAAP EBIT applied to our NTM + 1 year estimates and (2) a modified DCF using EV/FCF-SBC multiple applied to our NTM + 4 years estimates discounted back 3 years.

Risks to our Buy rating include: Competition for user growth, engagement & ad dollars; large investments in long-tailed initiatives depress margins for longer than GSe; no/low levels of incremental S/H returns; regulatory scrutiny & industry practices; & inability to monetize upside optionality opportunities.

META	12m Price Target: **$860.00**	Price: **$694.25**	Upside: **23.9%**

Buy

Market cap: $1.8tr
Enterprise value: $1.8tr
3m ADTV: $12.3bn
United States
Americas Internet
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	200,965.0	255,408.6	312,623.3	373,205.0
EBITDA ($ mn)	101,892.0	123,753.0	159,121.3	215,972.3
EBIT ($ mn)	83,276.0	86,938.3	92,379.9	117,431.5
EPS ($)	23.49	31.67	32.26	37.48
P/E (X)	28.5	21.9	21.5	18.5
EV/EBITDA (X)	16.8	14.4	11.6	8.8
FCF yield (%)	2.7	0.8	(1.3)	0.1
Dividend yield (%)	0.3	0.3	0.3	0.3
Net debt/EBITDA (X)	0.2	0.1	0.4	0.4

	6/26	9/26E	12/26E	3/27E
EPS ($)	6.18	6.49	8.57	8.24

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 20 Oct 2026 close.

