First Read

Meta Platforms

META 3Q26 First Read

Key Takeaway: Establishment of new class of shares in Jan '27 and lack of OpEx/ CapEx guidance for upcoming year defers potential new financing into 1H27. Fundamentally, 3Q26 revenue beat (2% ahead of St) and better 4Q26 revenue guide (midpoint ~1% above St) suggests EPS compression is abating. In short, 3Q26 report adds to the case of positive EPS revisions going forward.

How did META guide - 4Q26 Revenue Guide ahead of Consensus

- 2026:
  - Total Expense guided raised to to $175B-$179B from $165B-$169B earlier vs Street at ~$171B and UBSe at ~$174B - as it incorporates $9.9B in fines - as expected
  - Capital Expenditure guidance range only increased at bottom end so that new range is $135B-$145B vs $130B-$145B earlier. This compares to Street at ~ $140B and UBSe at ~$145B
  - Co continues to expect 2026 Operating Income above 2025 levels
- 4Q26:
  - Revenues of $73.0B-$76.0B, which at midpoint of $74.5B is above consensus $73.6B and marginally above UBSe $74.4B
    - Guidance assumes 1% FX headwind to YOY growth
- 2027:
  - Guidance that co is positioned to "sustain strong" revenue growth throughout 2027
  - No CapEx / OpEx guidance - contrary to investor expectations
  - Board of Directors has approved the establishment of a new class of publicly listed, non-voting Class C common stock, with an effective date in January 2027

Key takes from 3Q26 results - Beat on revenue; EPS miss likely due to fine

- 3Q26 Revenue of $64.6B (vs guide $61.0B-$64.0B) came in above consensus $63.3B and above UBSe $63.8B
- 3Q26 Advertising Revenue of $63.1B came in above consensus $61.7B and above UBSe $62.1B
- 3Q26 Advertising Revenues FXN growth of 26% YOY came in above consensus 24% YOY
- 3Q26 Operating Income of $13.0B (margin 20.1%) came in below consensus

Equities

Americas
Internet Services

12-month rating	**Buy**
12m price target	**US$884.00**
Price (20 Oct 2026)	**US$694.25**

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

Trading data and key metrics

52-wk range	US$777.59-525.72
Market cap.	US$1,781b
Shares o/s	2,566m (COM)
Free float	50%
Avg. daily volume ('000)	18,814
Avg. daily value (m)	US$12,254.4
Common s/h equity (12/26E)	US$316b
P/BV (12/26E)	5.6x
Net debt to EBITDA (12/26E)	0.2x

EPS (UBS, diluted) (USD)

	12/26E	
	UBS	**Cons.**
Q1	10.44	10.44
Q2	6.18	6.18
Q3E	3.72	5.75
Q4E	8.94	8.28
12/26E	29.28	30.67
12/27E	30.83	33.79
12/28E	31.12	39.19

Stephen Ju
Analyst
stephen.ju@ubs.com
+1-212-882 5192

Esha Vaish
Analyst
esha.vaish@ubs.com
+1-212-713 3328

Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	134,901	164,500	200,965	255,312	314,272	375,609	438,486	506,236
EBIT (UBS)	64,391	87,692	120,248	121,194	136,362	151,670	165,458	183,988
Net earnings (UBS)	39,097	62,360	60,476	75,657	82,317	85,915	88,024	95,630
EPS (UBS, diluted) (US$)	14.87	23.86	23.49	29.28	30.83	31.12	30.83	32.39
DPS (net) (US$)	0.00	2.00	2.10	2.10	2.10	2.10	2.10	2.10
Net (debt) / cash	29,792	30,697	(92)	(35,543)	(120,943)	(239,523)	(3	

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E
EBIT (UBS) margin %	47.7	53.3	59.8	47.5	43.4	40.4
ROIC (EBIT) %	55.1	63.7	65.1	42.6	30.3	22.8
EV/EBITDA (UBS core) x	8.6	12.3	12.2	12.0	10.1	8.8
P/E (UBS, diluted) x	17.6	21.3	28.5	23.7	22.5	22.3
Equity FCF (UBS) yield %	6.4	4.1	2.7	0.0	(4.8)	(5.8)
Dividend yield (net) %	0.0	0.4	0.3	0.3	0.3	0.3

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha
price of US$ 694.25 on 20-Oct-2026

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INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.



$16.2B (margin 25.6%) and above UBSe $11.4B (margin 17.9%)

- 3Q26 GAAP diluted EPS $3.83 and below consensus $5.29 and above UBSe $3.72. Results included a $9.9B fine that we believe was not accounted for fully in consensus.

Forecast returns

Forecast price appreciation	27.3%
Forecast dividend yield	0.3%
Forecast stock return	27.6%
Market return assumption	9.8%
Forecast excess return	17.9%

Company Description

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

Valuation Method and Risk Statement

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

Quantitative Research Review

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

Meta Platforms

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