Meta Platforms

Here Comes More AI Revenue

Equities

Americas

Internet Services

12-month rating	**Buy**
12m price target	**US$892.00**
	Prior : US$884.00
Price (21 Oct 2026)	**US$712.29**

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

Trading data and key metrics

52-wk range	US$777.59-525.72
Market cap.	US$1,833b
Shares o/s	2,573m (COM)
Free float	50%
Avg. daily volume ('000)	18,819
Avg. daily value (m)	US$12,284.6
Common s/h equity (12/26E)	US$301b
P/BV (12/26E)	6.0x
Net debt to EBITDA (12/26E)	0.3x

EPS (UBS, diluted) (USD)

	12/26E			
	From	To	% ch	Cons.
Q1	10.44	10.44	0	10.44
Q2	6.18	6.18	0	6.18
Q3	3.72	3.83	3	5.75
Q4E	8.94	8.59	-4	8.28
12/26E	29.28	29.05	-1	30.67
12/27E	30.83	32.04	4	33.79
12/28E	31.12	31.15	0	39.19

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Key Takeaways

In our view, Meta is entering a CapEx harvest cycle, with three years of investment in frontier AI models beginning to translate into both stronger near-term advertising performance and accelerating adoption of AI products. We believe Meta can further improve ad targeting and content recommendations through optimized versions of its Muse model, creating upside to our 2027 and 2028 revenue forecasts. In addition, management's intention to monetize Muse faster than the historical ~4-year product dev cycle suggests the step-up in topline growth could materialize earlier. We increase our 2027 / 2028 revenue estimates by just ~1% / ~2% following the print - leaving room for further adoption-led monetization upside to our forecasts. With no additional cost guidance provided for 2027 and beyond, we also leave our above-consensus 2027 / 2028 total expense estimates largely unchanged. Our revised price target of $892 implies about 25% upside (vs aftermarket price). We maintain our Buy rating.

Upside Case

Bulls will argue: 1) the 3Q26 revenue beat and 4Q26 guidance above expectations ($64.6B/$74.5B vs. St $63.3B/$73.6B, respectively) provide a mid-term revenue cushion to absorb incremental CapEx required to scale AI chatbots; 2) mgmt. commentary around faster monetization of Business AI and Muse, relative to the historical 4-year product-to-revenue cycle, creates upside potential for 2027-29 revenue; 3) disclosure of 10M users of Muse personal agents across the US and Canada points to strong product-market fit; and 4) continued opportunities for cost optimization, particularly around Muse inference and Reality Labs, could provide additional EPS support in 2027. Quantitatively, our upside scenario is $1206/share (69% upside potential) - 2-Year revenue CAGR of 30%, and 4Q27-3Q28E operating margin of 34%, implying 4Q27-3Q28E EPS of $40.20, on a 30x P/E multiple.

Downside Case

Bears will argue: 1) the likelihood of an equity raise increases with introduction of Class C shares; 2) the absence of OpEx/CapEx framework for 2027 leaves room for a higher-than-expected cost trajectory; and 3) slowing impression growth on a QOQ basis slightly negative for ad growth sustainability. Quantitatively, our downside scenario is $539/share (24% downside potential) - 2-Year revenue CAGR of 15%, and 4Q27-3Q28E operating margin of 25%, implying 4Q27-3Q28E EPS of $421.56, on a 25x P/E multiple.

Valuation

We increase our price target to $892 (from $884) on 29x (unchanged) our full year ending 3Q2E GAAP diluted EPS of $30.77 (earlier $30.47). Please note that the EPS shown on the front cover is UBS-adj. EPS and differs from company disclosed GAAP diluted EPS.

Highlights (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	134,901	164,500	200,965	256,163	317,281	379,192	440,611	503,668
EBIT (UBS)	64,391	87,692	120,248	120,376	137,466	150,685	158,933	170,508
Net earnings (UBS)	39,097	62,360	60,476	74,868	85,123	85,416	82,858	83,095
EPS (UBS, diluted) (US$)	14.87	23.86	23.49	29.05	32.04	31.15	29.28	28.46
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)	(42,657)	(132,462)	(257,069)	(371,166)	(463,017)
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	47.7	53.3	59.8	47.0	43.3	39.7	36.1	33.9
ROIC (EBIT) %	55.1	63.7	65.1	42.9	30.9	22.6	17.6	15.1
EV/EBITDA (UBS core) x	8.6	12.3	12.2	12.5	10.4	9.2	8.6	7.6
P/E (UBS, diluted) x	17.6	21.3	28.5	24.5	22.2	22.9	24.3	25.0
Equity FCF (UBS) yield %	6.4	4.1	2.7	(0.9)	(5.4)	(6.6)	(5.6)	(4.5)
Dividend yield (net) %	0.0	0.4	0.3	0.3	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 that year, (E): based on a share price of US$ 712.29 on 21-Oct-2026 19:19:28 EDT

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Investment Case: Here Comes More AI Revenue

Meta reported 3Q26 Revenue and GAAP diluted EPS of $64.6B and $3.83 versus UBSe $63.8B and $3.72 and consensus $63.3B and $5.29, respectively. EPS was impacted by $10B of legal related charge. We view this as a one time and stripping out the impact results in an EPS beat vs UBSe. As we flow through the reported results and make changes to our estimates, our GAAP diluted EPS for 2026E, 2027E, and 2028E are now $29.04, $32.01 and $31.11 versus prior $29.28, $30.81, and $31.08, respectively. Our price target is now $892 versus $884 prior.

Meta delivered a slight beat on 3Q26 revenue, with the company noting ad impressions increased 10% YOY, which is lower than the 18% in 2Q26 and 14% in 3Q25. However, stronger than anticipated ad pricing, which was expected as US midterm election spend has begun to ramp - more than offset the slowdown. As our ad checks had implied the most enthusiasm around Advantage+ delivered incrementality at any point YTD, we expect both impressions and ad pricing could be strong growth drivers in 2027.

Meta guided 4Q26 revenue at $73B-$76B, which at midpoint of $74.5B is slightly above our pre-earnings estimate of $74.4B and above pre-earnings consensus of $73.6B. Our 2026, 2027 and 2028 revenue estimates are now $256.2B, $317.3B and $379.2B versus prior $248.5B, $304.5B, and $361.3B, respectively.

On the cost side, management guided 2026 CapEx at $135B-$145B (versus previously $130B-$145B) and 2026 Total Expense at $175B-$179B (versus previously $165B-$169B) to incorporate a $9.9B legal fine that was previously disclosed. We had comparable pre-earnings estimates of ~$145B and ~$175B, respectively. To reflect this, our 2026, 2027, and 2028 total expense estimates are now $175.4B, $213.1B and $266.2B versus prior $174.8B, $213.7B, and $264.7B, respectively.

Net/net, our 2025, 2026, and 2027 GAAP diluted EPS estimates are now are now $29.04, $32.01 and $31.11 versus prior $29.28, $30.81, and $31.08, respectively. Applying an unchanged P/E multiple of 29x to our 4Q27-3Q28E GAAP diluted EPS, our price target moves to $892 from $884.

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

- Business AI - which was recently launched - enabling increased utilization and revenue from messaging ads - monetization of WhatsApp and Messenger
- Search advertising - within MetaAI / Muse, alongside greater capture of consumer purchase intent data, which should drive overall improvement of advertising ROAS
- 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

Changes to Estimates

4Q26 revenue guidance range is $73B-$76B which factors in 1% FX headwind. As such, our 4Q26E Revenue is $74.5B. Changes to our 4Q26E, 2026E, 1Q27E, 2027E and 2028E financial and operating metrics are as summarized below:

Figure 1: Meta Platforms, Inc. - Summary Changes

Figures in $M, Except Per Share Amounts	4Q26 Prior	4Q26 Current	% Δ	2026 Prior	2026 Current	% Δ	1Q27 Prior	1Q27 Current	% Δ	2027 Prior	2027 Current	% Δ	2028 Prior	2028 Current	% Δ
Advertising Revenue	**72,034**	**72,158**	**0.2%**	**248,541**	**249,606**	**0.4%**	**66,948**	**68,207**	**1.9%**	**304,524**	**308,561**	**1.3%**	**361,252**	**367,131**	**1.6%**
Other Revenue	2,400	2,293	-4.5%	6,771	6,558	-3.2%	1,845	1,747	-5.3%	9,748	8,720	-10.5%	14,357	12,062	-16.0%
Total Revenue	**74,434**	**74,450**	**0.0%**	**255,312**	**256,163**	**0.3%**	**68,794**	**69,955**	**1.7%**	**314,272**	**317,281**	**1.0%**	**375,609**	**379,192**	**1.0%**
Cost of Goods Sold	15,112	15,947	5.5%	49,377	50,864	3.0%	15,920	16,998	6.8%	78,186	81,904	4.8%	108,232	112,615	4.1%
Gross Profit	59,322	58,504	-1.4%	205,935	205,300	-0.3%	52,874	52,957	0.2%	236,086	235,377	-0.3%	267,377	266,577	-0.3%
Total Expenses	**47,052**	**48,349**	**2.8%**	**174,874**	**175,427**	**0.3%**	**45,986**	**46,712**	**1.6%**	**213,753**	**213,114**	**-0.3%**	**264,688**	**266,213**	**0.6%**
Operating Income	27,382	26,101	-4.7%	80,437	80,736	0.4%	22,808	23,243	1.9%	100,519	104,167	3.6%	110,921	112,979	1.9%
Net Income	23,383	22,387	-4.3%	75,657	74,868	-1.0%	19,294	19,645	1.8%	82,317	85,123	3.4%	85,915	85,416	-0.6%
Shares Outstanding	2,615	2,605	-0.3%	2,584	2,577	-0.3%	2,636	2,626	-0.4%	2,670	2,657	-0.5%	2,761	2,742	-0.7%
GAAP Diluted EPS	**$8.94**	**$8.59**	**-3.9%**	**$29.28**	**$29.04**	**-0.8%**	**$7.32**	**$7.48**	**2.2%**	**$30.81**	**$32.01**	**3.9%**	**$31.08**	**$31.11**	**0.1%**
Capex	**52,699**	**62,166**	**18.0%**	**144,982**	**145,221**	**0.2%**	**56,067**	**57,013**	**1.7%**	**248,622**	**251,023**	**1.0%**	**296,731**	**299,562**	**1.0%**
Buyback	0	0	**N.A.**	0	0	**N.A.**	0	0	**N.A.**	0	0	**N.A.**	0	0	**N.A.**

Source: UBS estimates and Visible Alpha Consensus

3Q26 Reported Results

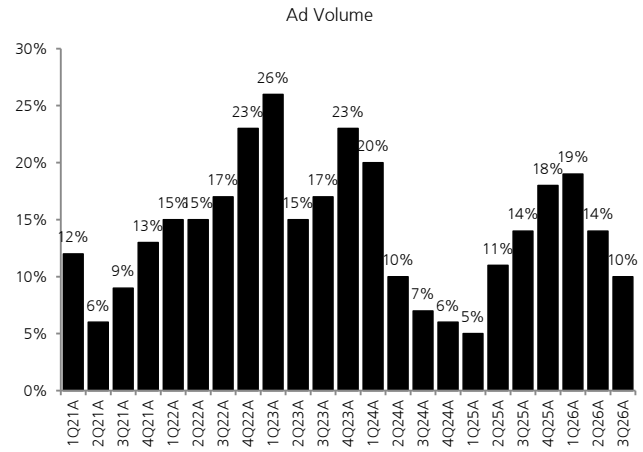
Meta's revenue for 3Q26 amounted to $64.6B. This was above our pre-earnings estimate of $63.8B and above pre-earnings consensus of $63.3B.

Figure 2: Meta Platforms, Inc. - Financial Results vs. UBSe

(Figures in $M, unless stated otherwise)	3Q26E	3Q26A	% Δ	
Advertising Revenue	62,120	63,061	1.5%	vs consensus $61.7B; driven by both impression and pricing growth with
Other Revenues (incl. Reality Labs)	1,646	1,540	-6.4%	unlocks from frontier AI model usage
Consolidated Revenue	**63,765**	**64,601**	1.3%	vs consensus $63.3B
Cost of Revenue	12,717	13,369	5.1%	Meta integrating frontier model into core content recommendation and
Gross Profit	51,049	51,232	0.4%	ad services
Marketing and Sales	4,004	3,333	-16.7%	
Research and Development	22,390	20,054	-10.4%	
General and Administrative	13,246	14,857	12.2%	
Other	0	0	0.0%	
Total Operating Expenses	39,640	38,244	-3.5%	vs consensus $34.2B
Reported Income from Operations	**11,409**	**12,988**	13.8%	vs consensus $16.2B; impacted by $9.9B legal charge
Other Income (Expense)	-183	13	-107.1%	
Pretax Income	11,225	13,001	15.8%	
Income Tax (Benefit)	1,572	3,141	99.9%	
Net Income Attributable to Common	**9,654**	**9,860**	2.1%	vs consensus $13.7B
Diluted Shares Outstanding	2,593	2,573	-0.8%	
Diluted EPS	$3.72	$3.83	2.9%	vs consensus $5.29
Capex	**43,169**	**33,942**	-21.4%	vs consensus $41.6B

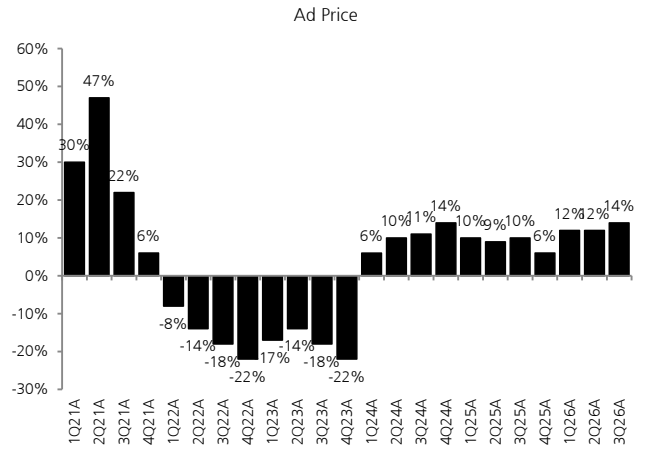
Source: Company data; UBS estimates

Figure 3: Meta Platforms, Inc. - Number of Ad Impressions YOY Growth



Source: Company data; UBS

Figure 4: Meta Platforms, Inc. - Price Per Ad YOY Growth



Source: Company data; UBS

Valuation – Price Target to $892 (from $884) and skew of 2.8x

Our price target moves to $892 (from $884) and is based on 29x (unchanged) our revised full year ending 3Q28 GAAP diluted EPS estimate of $30.77 (versus $30.47 prior).

Our 29x multiple is derived from the analysis published on October 14 (here) whereby we showed that whether Meta monetized its capex via AI chatbots or via compute sale, its forward earnings implied a 28x-29x multiple was deserved. 29x is 2SD above Meta's long-term trading average GAAP diluted EPS multiple. Our 29x multiple reflects substantial cost expectations for 2027 / 2028, but balances that with prospects for new incremental revenue streams being unlocked as we have begun to see proof points 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 5: Meta Platforms, Inc. - Valuation

Current Valuation	2Q26A	3Q26A	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
Current EV												
Current share price										$712	10.21.2026	
(x) Diluted Shares Outstanding										2573	as of 3Q26A	
(=) Market Capitalization										1833		
(-) Cash										(82)	as of 3Q26A	
(+) Debt										81	as of 3Q26A	
(=) Enterprise Value										1831		
EV/Revenue	8.0x	7.6x	7.1x	6.8x	6.4x	6.1x	5.8x	5.5x	5.3x	5.1x	4.8x	4.7x
EV/EBITDA	21.1x	23.1x	22.7x	22.6x	21.0x	18.3x	17.6x	17.4x	17.2x	16.8x	16.2x	16.3x
P/E - GAAP	26.8x	24.3x	24.5x	27.3x	26.0x	22.6x	22.2x	23.0x	23.1x	23.1x	22.9x	23.4x
vs Consensus; P/E GAAP	21.9x	22.9x	22.9x	25.1x	24.4x	22.2x	20.9x	20.1x	19.3x	18.6x	17.7x	16.9x
Forward Growth in EPS	3.0%	7.3%	10.2%	18.6%	12.8%	-2.3%	-2.8%	-1.8%	-4.1%	-5.8%	-6.1%	-6.2%
PEG Ratio	9.03x	3.32x	2.40x	1.47x	2.04x	(10.05)x	(7.87)x	(13.07)x	(5.57)x	(3.99)x	(3.78)x	(3.78)x
Price to Ads Business EPS	8.2x	7.8x	7.4x	7.0x	6.7x	6.4x	6.1x	5.9x	5.8x	5.5x	5.3x	5.2x
Earnings Yield	3.7%	4.1%	4.1%	3.7%	3.8%	4.4%	4.5%	4.3%	4.3%	4.3%	4.4%	4.3%
FCF Yield	2.2%	1.6%	(0.8)%	(2.5)%	(4.1)%	(5.5)%	(5.2)%	(5.3)%	(5.6)%	(5.8)%	(6.1)%	(5.9)%

Valuation Methodology	2Q26A	3Q26A	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	1Q29E
GAAP P/E Multiple												
Diluted GAAP EPS	$6.18	$3.83	$8.59	$7.48	$7.44	$7.97	$9.13	$6.39	$7.36	$7.90	$9.47	$5.65
(x) Target multiple	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x	29x
(=) Price per share	$179	$111	$249	$217	$216	$231	$265	$185	$213	$229	$275	$164

Price Target										$892		
Current price										$712		
Upside/downside										*25.2%*		
Implied P/E on Family of Apps EPS										*6.9x*		

Source: Company data; Visible Alpha Consensus; UBS estimates; Priced as of 21 October aftermarket

Upside / Downside Case

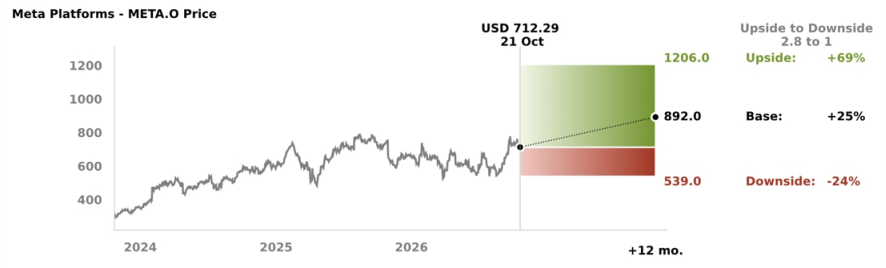
For Meta, our upside / downside scenarios imply a skew of 2.8x

Upside Case ($1206): Our upside scenario assumes Meta sees an acceleration in 2-Year revenue CAGR to 30% vs 22% in our base case. We estimate 4Q27-3Q28 operating margin of 34% vs 30% in our base case. This implies 4Q27-3Q28 GAAP diluted EPS of $40.20, which on a 30x P/E multiple equates to a valuation of $1206.

Base Case ($892): Our base scenario assumes Meta sees a 2-Year revenue CAGR of 22%. We estimate 4Q27-3Q28 operating margin of 30%. This implies 4Q27-3Q28 GAAP diluted EPS of $30.77, which on a 29x P/E multiple equates to a valuation of $892, our price target.

Downside Case ($539): Our upside scenario assumes Meta sees an deceleration in 2-Year revenue CAGR to 15% vs 22% in our base case. We estimate 4Q27-3Q28 operating margin of 35% vs 30% in our base case. This implies 4Q27-3Q28 GAAP diluted EPS of $21.56, which on a 25x P/E multiple equates to a valuation of $539.

Figure 6: Meta Platforms, Inc. - Upside / Downside Skew



Source: UBS estimates

Figure 7: Meta Platforms, Inc. - Scenario Analysis Key Assumptions

Scenario	Implied Price Per Share	Revenue CAGR	Operating Margin	Implied EPS	Applied Multiple
Upside	$1,206	30%	34%	$40.20	30x
Base	$892	22%	30%	$30.77	29x
Downside	$539	15%	25%	$21.56	25x

Source: UBS estimates



Meta Platforms (META.O)

Income Statement (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**134,901**	**164,500**	**200,965**	**256,163**	*27.5*	**317,281**	*23.9*	**379,192**	**440,611**	**503,668**
Gross profit	108,943	134,338	164,791	205,300	*24.6*	235,377	*14.7*	266,577	294,941	327,510
EBITDA (UBS)	**75,407**	**102,982**	**138,248**	**147,001**	*6.3*	**183,248**	*24.7*	**219,515**	**250,807**	**283,977**
Depreciation & amortisation	(11,016)	(15,290)	(18,000)	(26,625)	*-47.9*	(45,782)	*-71.9*	(68,830)	(91,874)	(113,469)
EBIT (UBS)	**64,391**	**87,692**	**120,248**	**120,376**	*0.1*	**137,466**	*14.2*	**150,685**	**158,933**	**170,508**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	(17,640)	(18,312)	(36,972)	(39,640)	*-7.2*	(33,299)	*16.0*	(37,707)	(42,437)	(47,239)
Net interest	677	1,284	2,657	(1,195)	-	(5,186)	*-333.9*	(13,658)	(20,150)	(26,647)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**47,428**	**70,664**	**85,933**	**79,541**	*-7.4*	**98,981**	*24.4*	**99,321**	**96,347**	**96,622**
Tax	(8,331)	(8,304)	(25,457)	(4,672)	*81.6*	(13,857)	*-196.6*	(13,905)	(13,489)	(13,527)
Profit after tax	**39,097**	**62,360**	**60,476**	**74,868**	*23.8*	**85,123**	*13.7*	**85,416**	**82,858**	**83,095**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**39,097**	**62,360**	**60,476**	**74,868**	*23.8*	**85,123**	*13.7*	**85,416**	**82,858**	**83,095**
Net earnings (UBS)	**39,097**	**62,360**	**60,476**	**74,868**	*23.8*	**85,123**	*13.7*	**85,416**	**82,858**	**83,095**
Tax rate (%)	17.6	11.8	29.6	5.9	*-80.2*	14.0	*138.3*	14.0	14.0	14.0

Per Share (US$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	14.87	23.86	23.49	29.05	*23.7*	32.04	*10.3*	31.15	29.28	28.46
EPS (local GAAP, diluted)	14.87	23.86	23.49	29.05	*23.7*	32.04	*10.3*	31.15	29.28	28.46
EPS (UBS, basic)	15.19	24.61	23.98	29.33	*22.3*	32.32	*10.2*	31.41	29.52	28.68
DPS (net) (US$)	0.00	2.00	2.10	2.10	*0.0*	2.10	*0.0*	2.10	2.10	2.10
Cash EPS (UBS, diluted) [1]	19.06	29.71	30.48	39.38	*29.2*	49.27	*25.1*	56.25	61.74	67.31
Book value per share	59.69	70.25	84.70	117.82	*39.1*	156.62	*32.9*	194.81	231.24	266.95
Average shares (diluted)	2,629	2,614	2,574	2,577	*0.1*	2,657	*3.1*	2,742	2,830	2,920

Balance Sheet (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	65,403	77,815	81,592	51,067	*-37.4*	17,454	*-65.8*	14,869	5,481	13,807
Other current assets	19,962	22,230	27,130	41,721	*53.8*	53,316	*27.8*	64,961	77,217	89,211
Total current assets	**85,365**	**100,045**	**108,722**	**92,788**	*-14.7*	**70,770**	*-23.7*	**79,830**	**82,697**	**103,018**
Net tangible fixed assets	96,587	121,346	176,400	307,243	*74.2*	512,484	*66.8*	743,216	955,364	1,151,650
Net intangible fixed assets	20,654	20,654	24,534	23,384	*-4.7*	23,255	*-0.6*	23,235	23,235	23,235
Investments / other assets	27,017	34,009	56,365	85,857	*52.3*	82,620	*-3.8*	79,563	93,671	106,666
Total assets	**229,623**	**276,054**	**366,021**	**509,272**	*39.1*	**689,129**	*35.3*	**925,844**	**1,154,967**	**1,384,569**
Trade payables & other ST liabilities	31,960	33,596	41,836	80,894	*93.4*	92,797	*14.7*	90,298	95,311	100,487
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	**31,960**	**33,596**	**41,836**	**80,894**	*93.4*	**92,797**	*14.7*	**90,298**	**95,311**	**100,487**
Long term debt	35,611	47,118	81,684	93,724	*14.7*	149,916	*60.0*	271,938	376,647	476,823
Other long term liabilities	8,884	12,703	25,258	33,866	*34.1*	33,866	*0.0*	33,866	33,866	33,866
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**76,455**	**93,417**	**148,778**	**208,484**	*40.1*	**276,579**	*32.7*	**396,102**	**505,825**	**611,177**
Common s/h equity	**153,168**	**182,637**	**217,243**	**300,788**	*38.5*	**412,550**	*37.2*	**529,742**	**649,142**	**773,392**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**229,623**	**276,054**	**366,021**	**509,272**	*39.1*	**689,129**	*35.3*	**925,844**	**1,154,967**	**1,384,569**

Cash Flow (US$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	39,097	62,360	60,476	74,868	*23.8*	85,123	*13.7*	85,416	82,858	83,095
Depreciation & amortisation	11,016	15,290	18,000	26,625	*47.9*	45,782	*71.9*	68,830	91,874	113,469
Net change in working capital	3,837	1,050	(885)	(3,715)	*-319.8*	(1,544)	*58.4*	(1,597)	(4,672)	(4,670)
Other operating	17,163	12,628	38,209	31,485	*-17.6*	22,331	*-29.1*	26,739	31,469	36,271
Operating cash flow	**71,113**	**91,328**	**115,800**	**129,264**	*11.6*	**151,692**	*17.4*	**179,387**	**201,529**	**228,166**
Tangible capital expenditure	(27,184)	(37,256)	(69,691)	(145,221)	*-108.4*	(251,023)	*-72.9*	(299,562)	(304,022)	(309,756)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(629)	(270)	(5,004)	(1,390)	*72.2*	(1,000)	*28.0*	(200)	0	0
Other investing	3,318	(9,624)	(27,308)	41,113	-	0	-	0	0	0
Investing cash flow	**(24,495)**	**(47,150)**	**(102,003)**	**(105,498)**	*-3.4*	**(252,023)**	*-138.9*	**(299,762)**	**(304,022)**	**(309,756)**
Equity dividends paid	0	(5,071)	(5,324)	(5,416)	*-1.7*	(5,532)	*-2.1*	(5,710)	(5,895)	(6,084)
Share issues / (buybacks)	(26,786)	(43,896)	(44,648)	(12,768)	*71.4*	0	-	0	0	0
Other financing	(682)	(1,003)	0	0	-	0	-	0	0	0
Change in debt & pref shares	7,968	9,189	29,906	24,910	*-16.7*	72,250	*190.0*	123,500	99,000	96,000
Financing cash flow	**(19,500)**	**(40,781)**	**(20,066)**	**6,726**	-	**66,718**	*NM*	**117,790**	**93,105**	**89,916**
Cash flow inc/(dec) in cash	**27,118**	**3,397**	**(6,269)**	**30,492**	-	**(33,612)**	-	**(2,585)**	**(9,388)**	**8,326**
FX / non cash items	(2,453)	9,015	10,046	(61,017)	-	0	*100.0*	0	0	0
Balance sheet inc/(dec) in cash	**24,665**	**12,412**	**3,777**	**(30,525)**	-	**(33,612)**	*-10.1*	**(2,585)**	**(9,388)**	**8,326**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Meta Platforms (META.O)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	17.6	21.3	28.5	24.5	22.2	22.9	24.3	25.0
P/E (UBS, diluted)	17.6	21.3	28.5	24.5	22.2	22.9	24.3	25.0
P/CEPS	13.4	16.6	21.5	17.9	14.3	12.6	11.4	10.5
Equity FCF (UBS) yield %	6.4	4.1	2.7	(0.9)	(5.4)	(6.6)	(5.6)	(4.5)
Dividend yield (net) %	0.0	0.4	0.3	0.3	0.3	0.3	0.3	0.3
P/BV	4.4	7.2	7.9	6.0	4.5	3.7	3.1	2.7
EV/revenues (core)	4.8	7.7	8.4	7.2	6.0	5.3	4.9	4.3
EV/EBITDA (UBS core)	8.6	12.3	12.2	12.5	10.4	9.2	8.6	7.6
EV/EBIT (core)	10.1	14.4	14.0	15.2	13.9	13.4	13.5	12.6
EV/OpFCF (core)	15.7	18.3	32.2	>100	NM	NM	NM	NM
EV/op. invested capital	5.6	9.2	9.1	6.5	4.3	3.0	2.4	1.9

Enterprise value (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	690,494	1,311,876	1,721,118	1,832,722	1,832,722	1,832,722	1,832,722	1,832,722
Net debt (cash)	(38,917)	(48,004)	(35,919)	2,133	74,560	179,566	314,118	314,118
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**651,578**	**1,263,873**	**1,685,199**	**1,834,855**	**1,907,283**	**2,012,288**	**2,146,840**	**2,146,840**
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	**651,578**	**1,263,873**	**1,685,199**	**1,834,855**	**1,907,283**	**2,012,288**	**2,146,840**	**2,146,840**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	15.7	21.9	22.2	27.5	23.9	19.5	16.2	14.3
EBITDA (UBS)	39.0	36.6	34.2	6.3	24.7	19.8	14.3	13.2
EBIT (UBS)	40.8	36.2	37.1	0.1	14.2	9.6	5.5	7.3
EPS (UBS, diluted)	73.2	60.4	(1.5)	23.7	10.3	(2.8)	(6.0)	(2.8)
Net DPS	-	-	4.9	0.0	0.0	0.0	0.0	0.0

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	NM	NM	NM	NM	74.2	70.3	66.9	65.0
EBITDA margin	55.9	62.6	68.8	57.4	57.8	57.9	56.9	56.4
EBIT (UBS) margin	47.7	53.3	59.8	47.0	43.3	39.7	36.1	33.9
Net earnings (UBS) margin	29.0	37.9	30.1	29.2	26.8	22.5	18.8	16.5
ROIC (EBIT)	55.1	63.7	65.1	42.9	30.9	22.6	17.6	15.1
ROIC post tax	45.5	56.2	45.8	40.4	26.6	19.5	15.1	13.0
ROE (UBS)	28.0	37.1	30.2	28.9	23.9	18.1	14.1	11.7

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	(0.4)	(0.3)	0.0	0.3	0.7	1.2	1.5	1.6
Net debt / total equity %	(19.5)	(16.8)	0.0	14.2	32.1	48.5	57.2	59.9
Net debt / (net debt + total equity) %	(24.1)	(20.2)	0.0	12.4	24.3	32.7	36.4	37.4
Net debt/EV %	(3.5)	(2.4)	(0.9)	1.2	4.6	9.7	14.6	19.4
Capex / depreciation %	NM	NM	NM	NM	NM	NM	NM	NM
Capex / revenue %	20.2	22.6	NM	NM	NM	NM	NM	NM
EBIT / net interest	-	-	-	NM	26.5	11.0	7.9	6.4
Dividend cover (UBS)	-	12.3	11.4	14.0	15.4	15.0	14.1	13.7
Div. payout ratio (UBS) %	-	8.1	8.8	7.2	6.5	6.7	7.1	7.3

Revenues by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	134,901	164,500	200,965	256,163	317,281	379,192	440,611	503,668
Total	**134,901**	**164,500**	**200,965**	**256,163**	**317,281**	**379,192**	**440,611**	**503,668**

EBIT (UBS) by division (US$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	64,391	87,692	120,248	120,376	137,466	150,685	158,933	170,508
Total	**64,391**	**87,692**	**120,248**	**120,376**	**137,466**	**150,685**	**158,933**	**170,508**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	25.2%
Forecast dividend yield	0.3%
Forecast stock return	25.5%
Market return assumption	9.8%
Forecast excess return	15.7%

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)	3
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)	4
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)	1
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?	