on 20-Oct-2026

BERNSTEIN
SOCIETE GENERALE GROUP

20 October 2026



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U.S. Internet

Meta Platforms Inc.

Rating

Outperform

Price Target

META **800.00 USD**

Meta: From Facebook to Meta to Muse

"If we don't create the thing that kills Facebook, someone else will."

Facebook's little red book is chock-full of insights, but this quote stands out. We liked the Metaverse investment precisely from this angle that *if* the world moved in that direction, Meta would not just survive but lead the next era. Which brings us full circle to Muse. The bull case on Meta is that Mark Zuckerberg will not let the company fail. Period.

AI Thanos. Meta has been accumulating the stones necessary to be an AI player: compute, talent, and a frontier model. Coming out of Connect, our epiphany was Meta re-orienting their business around Muse as the new AI OS, with every product an extension of the AI core. The possibilities across core, hardware, and new products starting with the Muse app and servicing creators, SMBs, advertisers, and even enterprise … are endless.

Some musings for Muse. With Muse at the core, we're less concerned with the Muse Agent monetizing in the near term. Early download and retention trends are promising, though we're careful to underwrite early traction with big TAMs (see previous overzealous sizing of Facebook Shops and the Metaverse). What we can underwrite is (1) strategic ROIC is > 0, (2) investment levels are going up, and (3) Meta has the resources to pivot as market conditions and consumer behavior dictate.

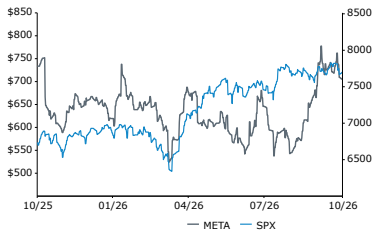
Good vibes > Good numbers? In an AI cycle where every MegaCap has flexed their muscle at some point, perhaps the most obvious conclusion is that these large cap Tech stocks are too good and too entrenched to fail. Going into 3Q26 earnings, **we remain positive on Meta but more cautious on the setup**, given a higher valuation and expectations bar against possible negative estimate revisions for the right reasons.

Close Date	19 Oct 2026
META Close Price (USD)	705.44
Price Target (USD)	800.00
Upside/(Downside)	13%
52-Week Range	779.82/520.26
SPX	7,690.73
FYE	Dec
Div Yield	0.3%
Market Cap (USD) (B)	1,797.11
EV (USD) (B)	1,819.17

Performance	YTD	1M	6M	12M
Absolute (%)	6.9	6.0	2.5	(1.6)
SPX (%)	12.3	0.5	7.9	15.4
Relative (%)	(5.5)	5.4	(5.5)	(17.0)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

We rate Meta Outperform.

Reported EPS	F25A	F26E	F27E
META (USD)	23.49	**29.06**	**33.21**
OLD	--	32.27	36.68

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	200,965	256,392	313,622	24.9%
EBITDA (M)	101,892	109,192	150,579	--
EBIT (M)	83,276	78,034	97,890	--
EBITDA Margin (%)	50.7	42.6	48.0	--
Operating Margin (%)	41.4	30.4	31.2	--

Valuation Metrics	25A	26E	27E
Adjusted P/E (x)	22.5	17.6	15.3
PEG Adjusted (x)	(12.4)	0.7	1.1
EV/FCF (x)	41.7	(106.1)	(30.5)
Reported P/E (x)	30.0	24.3	21.2
EV/Sales (x)	9.1	7.1	5.8
EV/EBITDA (x)	17.9	16.7	12.1
EV/EBIT (x)	21.8	23.3	18.6

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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DETAILS

EXHIBIT 1: **Our 3Q26 earnings cheat sheet: note Meta EBIT estimate includes a $10B legal cost related to the teen media usage settlement**

		META
Expectations Bar / Momentum		HIGH
What should matter most		2027 CapEx & OpEx colors; Muse engagement data
3Q26E Revenues ($M)	Bernstein	64,058
	BERN. Y/Y Growth	25%
	Sell-side Consensus	63,312
	BERN vs. Consensus	1%
	Implied / guidance	+19-25%
3Q26E DAU or MAU (M)*	Bernstein	3,646
	Sell-side Consensus	3,664
	BERN vs. Consensus	0%
	Implied / guidance	
3Q26E EBIT or EBITDA ($M)**	Bernstein	11,338
	Sell-side Consensus	19,016
	BERN vs. Consensus	-40%
Upside Potential		MODERATE
Downside Potential		HIGH

META is using GAAP EBIT
Source: Bloomberg, Company reports, Bernstein estimates and analysis

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EXHIBIT 2: **Our Meta estimate changes; note 3Q26 result includes a $10B legal cost related to the teen media usage settlement**

Meta

Revenue ($M)	3Q26E	4Q26E	FY2026E	FY2027E
Old Estimates	64,058	75,207	256,376	312,754
New Estimates	64,058	75,223	256,392	313,622
New vs. Old	–	0.0%	0.0%	0.3%
Consensus	63,312	73,563	254,245	306,375
New Estimates	64,058	75,223	256,392	313,622
New vs. Consensus	1.2%	2.3%	0.8%	2.4%

EBIT ($M)	3Q26E	4Q26E	FY2026E	FY2027E
Old Estimates	20,691	25,044	87,381	107,861
New Estimates	11,338	25,049	78,034	97,890
New vs. Old	(45.2%)	0.0%	(10.7%)	(9.2%)
Consensus	19,016	24,937	85,007	103,940
New Estimates	11,338	25,049	78,034	97,890
New vs. Consensus	(40.4%)	0.4%	(8.2%)	(5.8%)

EPS ($)	3Q26E	4Q26E	FY2026E	FY2027E
Old Estimates	7.11	8.54	32.27	36.68
New Estimates	3.95	8.49	29.06	33.21
New vs. Old	(44.4%)	(0.6%)	(9.9%)	(9.5%)
Consensus	3.56	8.25	30.61	33.87
New	3.95	8.49	29.06	33.21
New vs. Consensus	10.9%	3.0%	(5.1%)	(2.0%)

FCF	3Q26E	4Q26E	FY2026E	FY2027E
Old	-13,339	-8,763	-8,932	-46,961
New	-13,756	-16,563	-17,149	-59,684
Difference	3.1%	89.0%	92.0%	27.1%
Consensus	-8,953	-11,983	-7,314	-33,418
New	-13,756	-16,563	-17,149	-59,684
Difference	53.7%	38.2%	134.5%	78.6%

CapEx	3Q26E	4Q26E	FY2026E	FY2027E
Old	41,958	49,260	140,331	224,088
New	41,958	49,271	140,342	230,512
Difference	–	0.0%	0.0%	2.9%
Consensus	41,011	49,771	139,793	201,640
New	41,958	49,271	140,342	230,512
Difference	2.3%	(1.0%)	0.4%	14.3%

Source: Bloomberg, Company reports, Bernstein estimates and analysis

Positive on Meta long term, near-term setup looks more challenging. The vibes around Meta are about as good as we've seen it in a very long time, but with it comes an elevated expectations bar, higher multiple, and potentially negative near-term

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estimate revisions as the company correctly takes the opportunity to ramp up AI investments against recent traction. What keeps us constructive long-term is the re-orientation of the business around Muse and all the known unknowns we expect it to unlock going forward.

We continue to expect Meta to exceed its strong 3Q26 revenue guidance, supported by resilient US consumer demand, though tougher 4Q comps and potential FX headwinds could weigh on forward guidance. 2026 OpEx moves up, though mostly tied to the one-time legal settlement with modest step up in Muse operating costs (a good thing). More importantly, 2027 OpEx could edge higher as Meta's Muse investments ramp across a broader range of expected product ramps, third-party cloud deals ramp, and an expected concentrated marketing effort. CapEx also ramps alongside elevated compute needs for Muse and other AI initiatives continue to scale with higher input costs across compute.

Meta's AI initiatives across business messaging, business agents, subscriptions, and Muse, are all very early on the adoption curve where monetization is never the expectation, yet we could see a noticeable contribution to the smaller Other Revenue growth in 2027, which gives the bulls something tangible to get excited about. We're believers in consumer agents on the productivity front, though note changing commercial behavior has historically been a long and slow adoption curve. We take a cautious view on some of the newer TAM expansion conversations as we've seen early adoption in Facebook Shops and the Metaverse less indicative of long-term potential.

THOUGHTS INTO THE PRINT

- **3Q revenue checks remain strong, although the setup gets tougher in 4Q.** Meta's digital advertising engine continues to fire on all cylinders, benefiting from AI-driven improvements across both targeting and ad creative. We continue to expect Meta to exceed its already robust 3Q26 revenue guidance of $61-64B (+19-25% Y/Y) despite a roughly -1% FX headwind. However, the bar rises in 4Q, with the company facing a difficult +24% Y/Y comp from 4Q25 while FX pressures are expected to persist. Strong fundamentals remain intact, but the combination of tougher comps and ongoing currency headwinds could make 4Q guidance more challenging.

- **A solid run since Muse's launch brings Meta, Google, Amazon to valuation parity** (Exhibit 3)**!** Meta has re-rated sharply as Muse's breakout success rekindled hopes of an "iPhone moment" for consumer AI. It is far too early to declare victory, but the initial signals are difficult to dismiss: Muse reached #1 on the U.S. App Store within days and is tracking ahead of ChatGPT's early download trajectory. For Amazon, Muse has reignited the debate around agentic commerce and who ultimately owns the purchase journey. For Google, it reinforces one of the market's biggest concerns: whether AI accelerates pressure on Search. If Muse evolves from a discovery platform into a decision-making layer, Meta could move closer to the highest-value part of the consumer funnel where purchase intent is formed and transactions begin.

- **Investment & funding debates remain front and center.** Last quarter, Meta raised the low end of its 2026 capex range by $5B to $130B while leaving the $145B high end unchanged, suggesting that spending is likely tracking toward the upper end of the range. Looking ahead, the bigger focus is 2027. Meta has consistently suggested investment levels will remain elevated as it continues to ensure sufficient AI capacity, investments continue on Muse marketing, and investors are increasingly bracing for another step higher in AI spending next year.

    - **Has Muse earned Meta a license to spend? Equity issuance on the table?** Muse's early traction gives Meta something it has largely lacked throughout this capex cycle: visible evidence that AI investments are translating into consumer demand and the company can now point to a consumer AI product showing tangible signs of breakout adoption. Investors are increasingly asking whether management has found the proof point needed to justify an even larger AI investment cycle? Following the stock's strong re-rating, equity issuance is starting to enter the conversation as another means to fund ambitious infra plans.

    - **Model progress continues alongside the consumer product story.** Last week, Meta unveiled Muse Wonder, which the company says delivers state-of-the-art performance on select tasks, reinforcing that Meta remains firmly in the race to push the AI frontier. At the same time, a key debate persists: do today's even most valuable consumer AI use cases actually require the most advanced models? Regardless, Meta has already indicated that Muse Wonder will soon power experiences within Muse, suggesting a path to stronger product capabilities and user engagement, albeit likely alongside higher inference and operating costs.

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- Importantly, there are signs Meta is watching ROI on its AI investments. Meta has noted that it is receiving offers for compute at a "significant premium" to its acquisition cost, underscoring the scarcity value of AI infrastructure. As Meta builds one of the largest AI capacity footprints in the world, leasing excess compute or providing model access to third parties could create an incremental monetization lever.

- **Looking for AI monetization beyond the core? Follow "Other Revenue."** Meta's favorite catch-all bucket just crossed the $1B quarterly mark for the first time in 2Q26, growing 73% Y/Y. Small relative to Meta's ~$60B revenue base, yes, but strategically important. The bucket already includes business messaging, subscriptions, and payments, exactly the areas where AI agents are beginning to show up. As Meta rolls out AI-powered business agents alongside subscription and usage-based pricing models, "Other Revenue" could become one of the clearest indicators that AI is starting to generate real returns. Can we start seeing triple-digit growth soon as the new norm?

ESTIMATE CHANGES

- We adjust our Other Revenue estimates upwards to reflect Meta's multiple initiatives including pricing changes for business messaging, business agents, and new subscription services alongside modest Muse monetization expectations going forward.

- We moderately brought up 2027 R&D expenses, cost of revenue, and CapEx to reflect Meta's continued AI investment and costs associated with supporting a successful early Muse launch, including 3rd party cloud deals, etc.

- We moderately brought up our 4Q26 & 2027 marketing expenses to reflect Meta's noticeable marketing push behind Muse.

- We included the one-time $10B legal settlement cost related to teen media usage in 3Q26 estimates, causing the EBIT & EPS number to go down significantly.

EXHIBIT 3: **Meta, Google, Amazon converging on 1-year blended-forward P/E?**

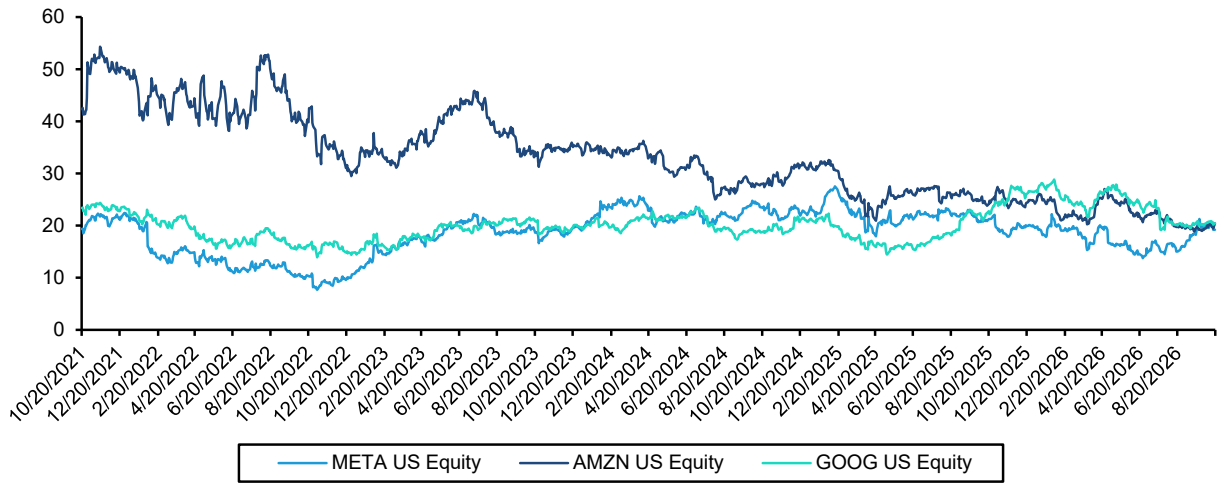
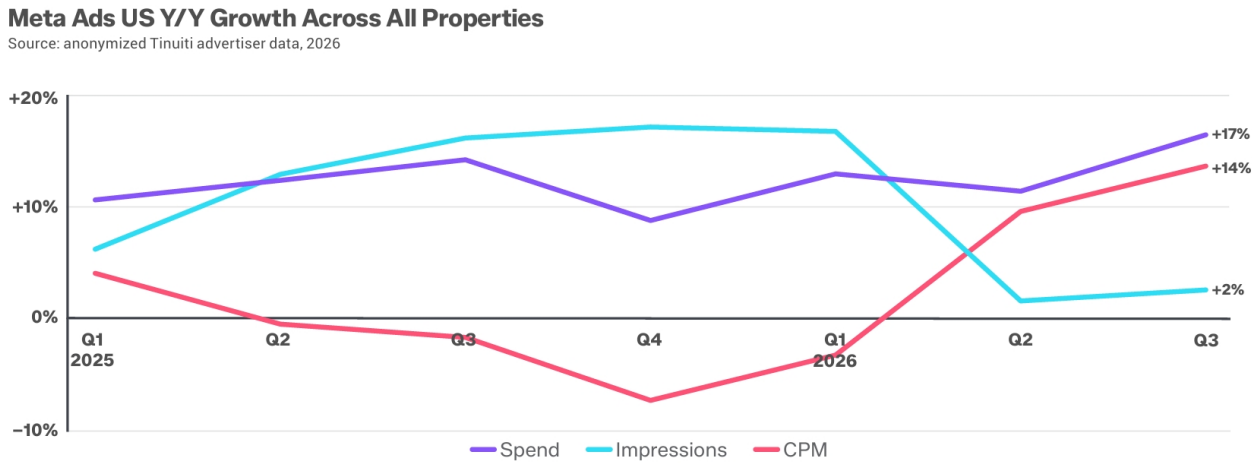


Chart shows BEst P/E ratio 1BF from Bloomberg
Source: Bloomberg; Bernstein analysis

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EXHIBIT 4: **Tinuiti data shows acceleration for Meta US ad growth to 17% in 3Q vs. 11% in 2Q, with impressions +2% Y/Y, CPM +14% Y/Y**



Source: Tinuiti, Bernstein analysis

EXHIBIT 5: **Meta rarely over-shoots the mid point of their expense guidance**

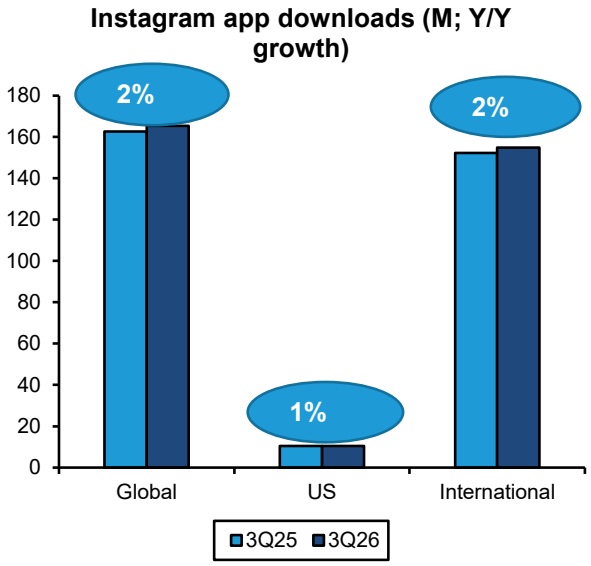
First expense guidance vs. actuals

	First expense guidance ($B)	Actual expenses ($B)	Actual vs Mid-point
FY18	30-33	30.9	Lower
FY19	43-46	46.7	Higher
FY20	54-59	53.2	Lower
FY21	68-73	71.2	Higher
FY22	91-97	87.7	Lower
FY23	96-101	88.2	Lower
FY24	94-99	95.1	Lower
FY25	114-119	117.7	Higher
FY26	162-169		

Source: Company reports and Bernstein analysis

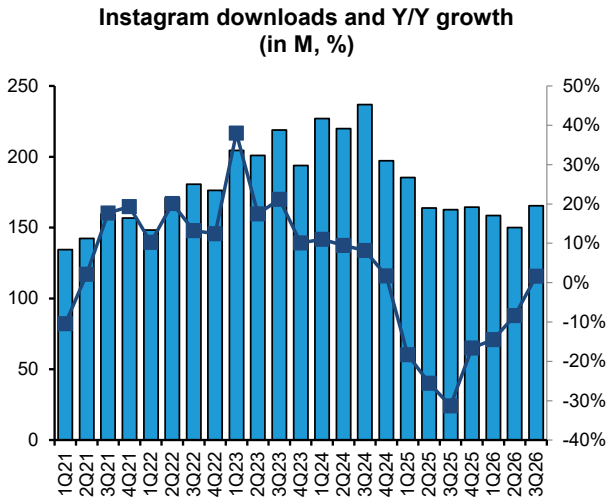
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EXHIBIT 6: **Instagram downloads grew 2% Y/Y in ROW, and grew 1% in the US**



Source: Sensortower, Bernstein analysis

EXHIBIT 7: **Global Instagram downloads were up both Y/Y and Q/Q**



Source: Sensortower, Bernstein analysis

META ORIENTS AROUND MUSE

- **Last year before Google I/O, we argued that Google's AI strategy should be organized around Gemini.** Not as another product, but as the company's operating system. The idea was simple: every surface, from Search and devices to assistants and new features, should become an extension of a common AI core. Gemini would sit at the center of Google, serving as the fulcrum around which products, experiences, and ultimately the organization itself are built.

- **Instead, Meta gave us the clearest version of that vision at Connect.** Muse is no longer being positioned as just a model or another app. It's becoming the intelligence layer at the center of Meta's ecosystem. Glasses, VR, companion devices, the standalone Muse app, and integrations across Meta's family of apps all feel like different endpoints for the same assistant. **The hardware is the vessel; Muse is the product.** Viewed through that lens, the devices start to matter less than the assistant itself. That's an important shift. Last year often felt like a search for the device consumers would adopt. This year feels more like Meta saying the assistant comes first, and users can access it however they want. Rather than forcing consumers toward a specific form factor, Meta is building the intelligence layer and letting the hardware follow.

- After Connect, we think the stars are aligning for Meta to tie all the pieces of its Muse strategy together to resonate with (1) consumers that want to use the products (and understand why), (2) developers that are inspired to build, and (3) investors that have long been waiting for reasons to buy back in:

  - **Muse for customers: The Muse flywheel has kicked off.** The app is already off to a strong start, consistently ranking at the top of the download charts, but what's more interesting is how quickly its capabilities are expanding. Real-time voice, customizable personalities, avatars, email, computer use, and a growing roster of commerce and productivity integrations all push Muse beyond the traditional chatbot experience. What started with dozens of launch partners and access to the Shopify catalog is now expanding to retailers such as Walmart, Best Buy, Sephora, Ulta, Wayfair, Gap, American Eagle, DICK'S Sporting Goods and Fanatics, alongside payments through Shop Pay and PayPal, travel through Expedia, grocery delivery through Instacart, and productivity tools including Notion, GitHub, Box and Granola. The list should keep expanding, even as Amazon stays on the sidelines. Notably, the hardware strategy now fits neatly into a 'use Muse however you want' framework.

  - **Muse is for developers: the goal isn't simply to have the best model.** What's key to win over developers is high innovation velocity and accessibility i.e. to move new innovation into developers' hands as quickly as possible and make those capabilities available wherever developers want to build. Adoption follows accessibility, and Meta is focused on removing every point of friction between developers and users.

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- **Muse is for investors: An AI ROI story in the making.** If nothing else, the ROIC on consumer AI investment now sits at something greater than zero, which was a long-standing investor fear tied to perpetual Metaverse spending and losses. Meta's AI investments are among the largest in the industry, yet unlike hyperscalers, it cannot lean on cloud demand to demonstrate returns. Muse offers a consumer-facing revenue stream that can help demonstrate some tangible returns on that spend. Even if monetization starts small (and it likely will; competing in the consumer arena is a game of patience), investors can at least begin to connect AI investment with measurable outcomes: *X million subscribers, Y billion in GMV, Z % growth in app downloads and engagement….*signs of a growing consumer AI business that help.

EXHIBIT 8: **Muse is now the centerpiece of Meta's strategy across devices, services, and experiences**



Source: Meta Muse

LATEST UPDATES ON MUSE METRICS

- **Muse's early adoption has been impressive.** Meta launched Muse on **September 8, 2026**, introducing the standalone consumer AI agent designed to move beyond traditional chat interfaces and help users complete tasks on their behalf. Within 10 days of launch, Muse climbed to #1 on the U.S. App Store, overtaking ChatGPT on **September 17**, highlighting strong early consumer interest. If we look at downloads number after release date, Muse is already trending higher than when the ChatGPT app was released on May 18th 2023.

- **How fast can Muse take off? Consumer adoption speed is hard to predict.** While the momentum is strong, history suggests that meaningful behavioral change is often slower and less predictable than adoption curves imply.

  - For example, after more than 20+ years of growth, e-commerce still accounts for <20% of total U.S. retail sales, whereas smartphone adoption rose much more rapidly and now exceeds 80% of the U.S. population.

  - ChatGPT illustrates a similar dynamic: despite one of the fastest adoption curves in consumer technology years after launch, it remains primarily a **useful but relatively narrow productivity tool,** with commercia concentrated in a limited set of applications. For example, its push into agentic commerce appears to have limited success to date, as the company has been scaling back its Instant Checkout offering.

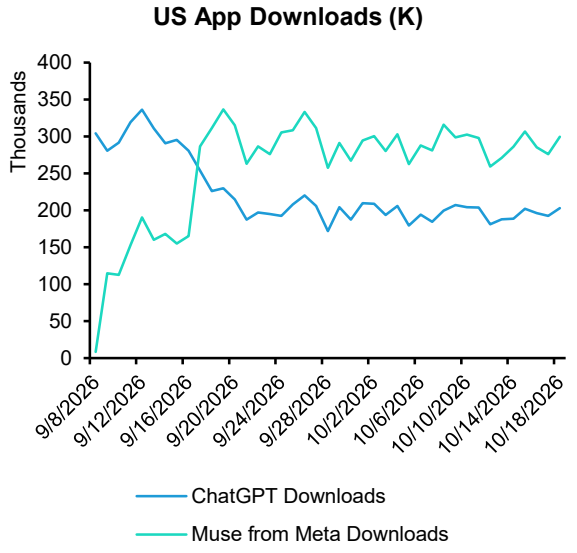
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- Compared with TikTok, ChatGPT achieved scale faster, but user **engagement appears to be maturing already**, with time spent hovering around 15-20 minutes per user per day vs. ~90 minutes for TikTok. As a result, TikTok arguably occupies a much larger role in consumers' daily lives and has demonstrated greater commercial success, generating substantially higher consumer revenue today and roughly twice the annual revenue per daily active user of ChatGPT.

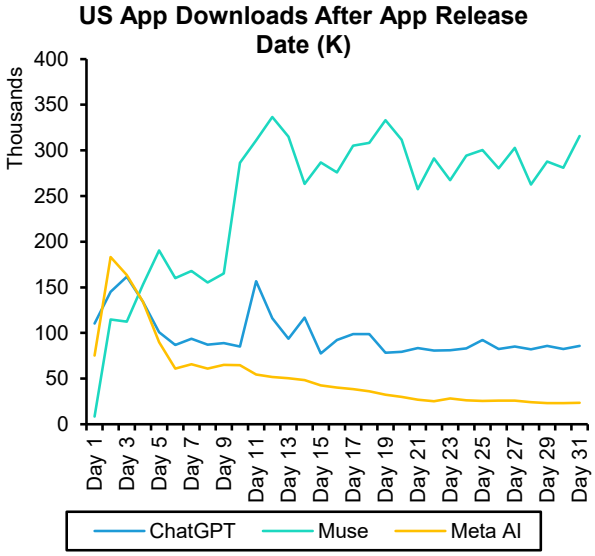
- **Product ease of use and compelling use cases can meaningfully accelerate consumer adoption and reshape competitive dynamics.** History shows that superior **technology alone is often not enough; the winning product is frequently the one that makes the experience easier, more intuitive,** or more immediately valuable to users. Facebook displaced MySpace by offering a cleaner, simpler, and more utility-driven social networking experience, while Gemini gained significant consumer mindshare last year through the viral success of its Nano Banana image-editing capabilities. Muse could represent a similar inflection point. If it can unlock a consumer use case that is meaningfully easier, more engaging, or uniquely differentiated from ChatGPT and other AI chatbots, it may be able to break out from the pack and accelerate mainstream adoption.

EXHIBIT 9: **Muse has overtaken ChatGPT as the most downloaded app in the US on Sept. 17th and sustained since**



Source: Sensor Tower, Bernstein analysis

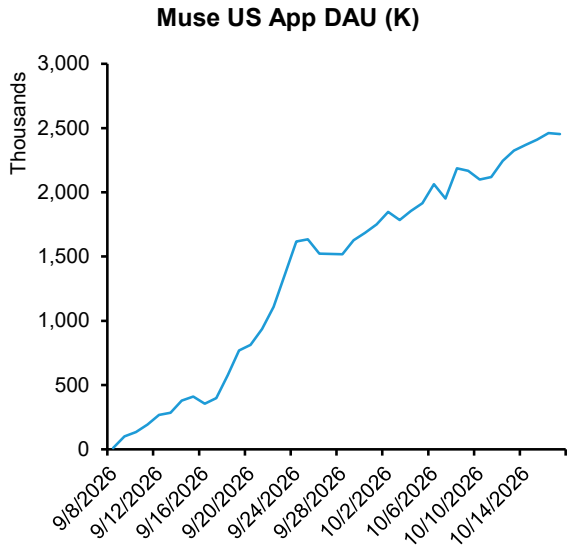
EXHIBIT 10: **For downloads number after release date, Muse is already trending higher than when ChatGPT app was first released, and is also better than the Meta AI app**



ChatGPT app released on May 18th 2023, Meta AI on Apr. 29th 2025, Muse on Sept. 8th 2026
Source: Sensor Tower, Bernstein analysis

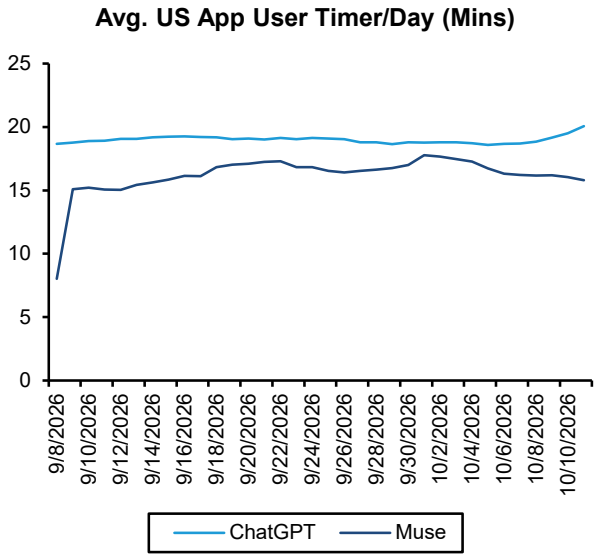
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EXHIBIT 11: **Per Sensor Tower data, Muse US DAU is around ~2.5M now**



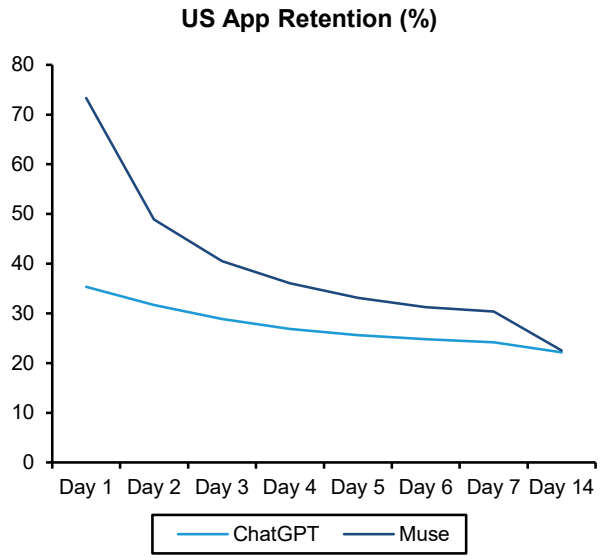
Source: Sensor Tower, Bernstein analysis

EXHIBIT 12: **Muse's daily user time is ~16 mins, vs. ~19 mins for ChatGPT**



Source: Sensor Tower, Bernstein analysis

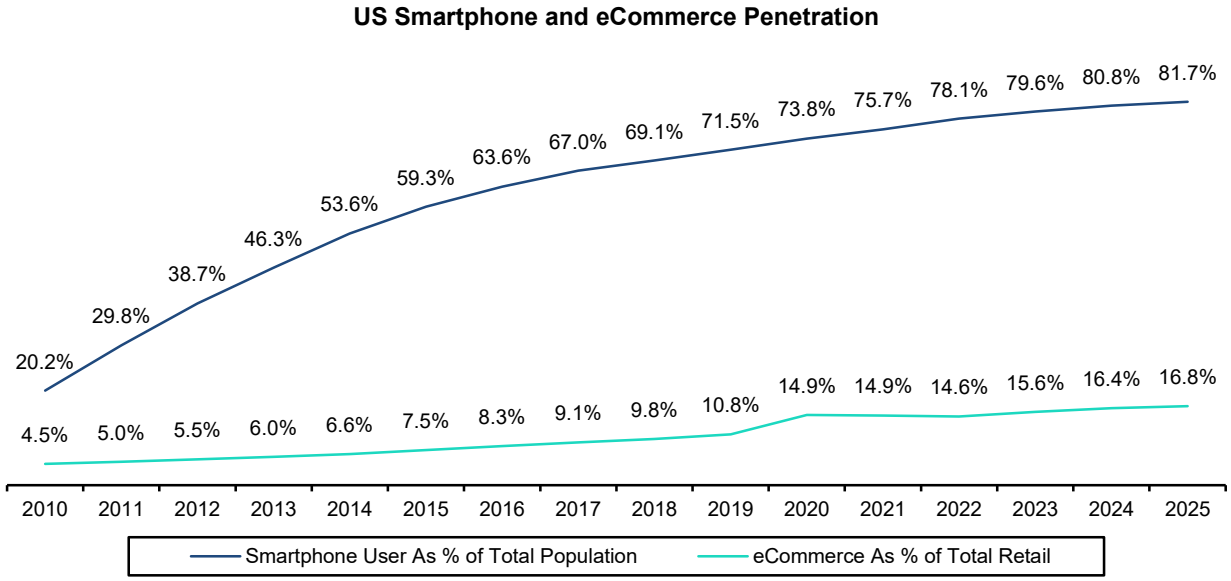
EXHIBIT 13: **Muse's user retention curve is so far better than ChatGPT**



Source: Sensor Tower, Bernstein analysis

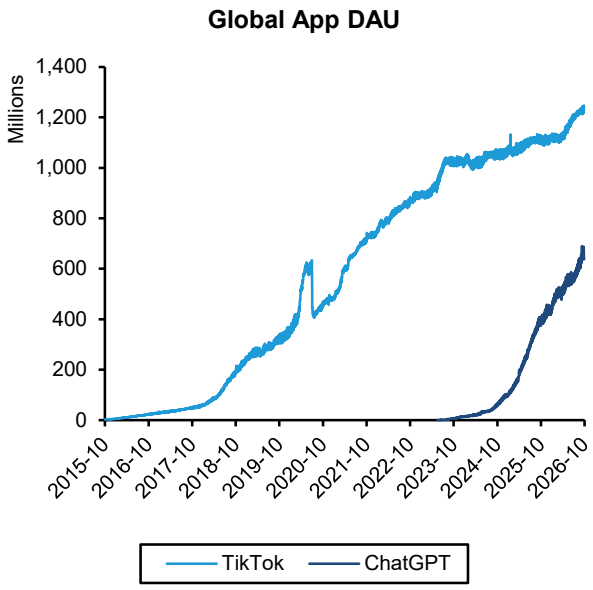
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EXHIBIT 14: **Smartphone adoption has progressed at a significantly faster pace than eCommerce adoption**



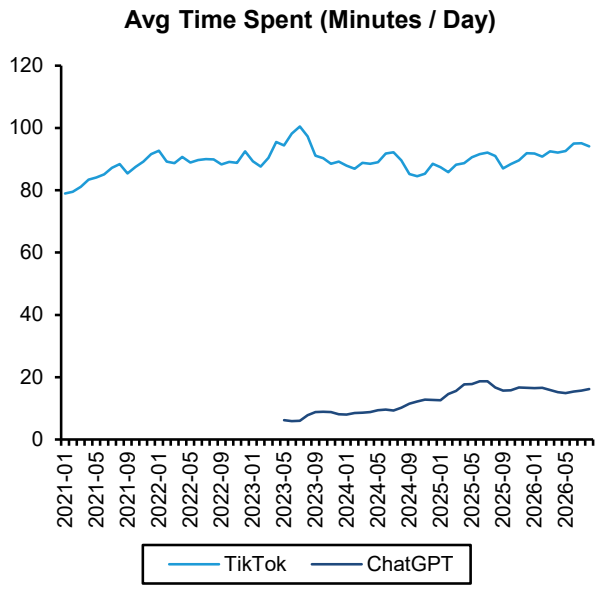
Source: eMarketer, Bernstein analysis and estimates

EXHIBIT 15: **If we look at ChatGPT's adoption curve, it's growing faster than TikTok**



Source: Sensor Tower, Bernstein analysis

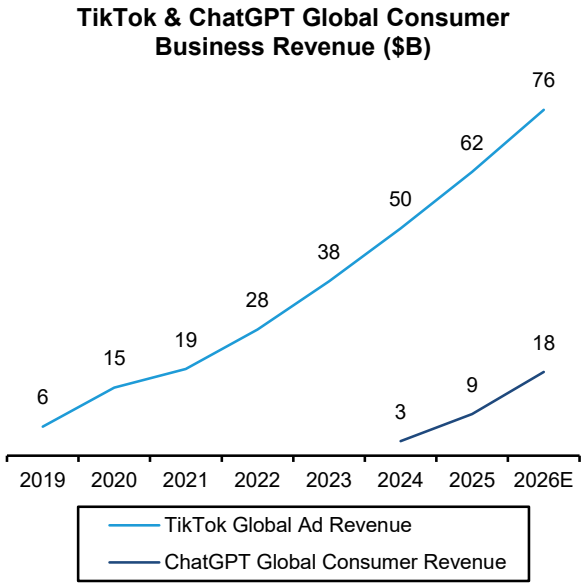
EXHIBIT 16: **However, ChatGPT's user engagement appears to be moderating, with time spent per user showing signs of flattening and remaining well below TikTok's levels**



Source: Sensor Tower, Bernstein analysis

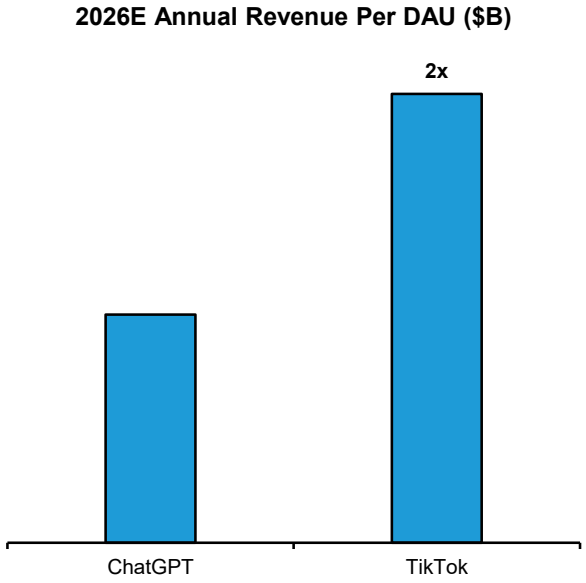
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EXHIBIT 17: **And ChatGPT's consumer revenue scale is still much smaller vs. TikTok**



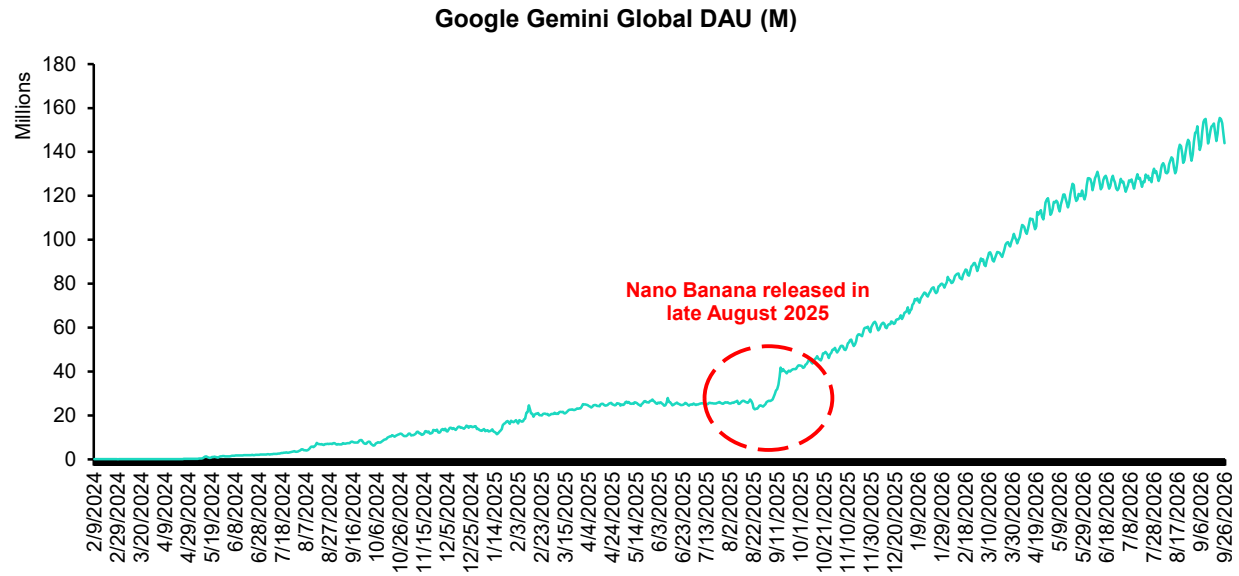
Source: eMarketer, The Information, Bernstein estimates and analysis

EXHIBIT 18: **We estimate TikTok ARPU is 2x of ChatGPT**



Source: eMarketer, The Information, Bernstein estimates and analysis

EXHIBIT 19: **Google Gemini user number had a big inflection post the launch of its Nano Banana image editing feature**



Source: Sensor Tower, Bernstein analysis

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APPENDIX - FINANCIAL FORECASTS

EXHIBIT 20: **Our META model**

in millions except per share and percentage data

META	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	FY2025	FY2026E	FY2027E	FY2028E
GAAP INCOME STATEMENT												
Revenue	**42,314**	**47,516**	**51,242**	**59,893**	**56,311**	**60,801**	**64,058**	**75,223**	**200,965**	**256,392**	**313,622**	**366,947**
Cost of Revenue	7,572	8,491	9,206	10,905	10,218	11,330	12,171	14,292	36,174	48,011	63,724	69,395
Research and Development	12,150	12,942	15,144	17,136	17,699	21,656	22,356	25,801	57,372	87,513	110,889	123,550
Sales and Marketing	2,757	2,979	2,845	3,410	2,908	3,431	4,100	5,266	11,991	15,704	21,354	26,053
General and Administrative	2,280	2,663	3,512	3,697	2,614	5,609	14,093	4,814	12,152	27,130	19,764	20,916
Total Expenses	**24,759**	**27,075**	**30,707**	**35,148**	**33,439**	**42,026**	**52,720**	**50,173**	**117,689**	**178,358**	**215,732**	**239,914**
EBIT	**17,555**	**20,441**	**20,535**	**24,745**	**22,872**	**18,775**	**11,338**	**25,049**	**83,276**	**78,034**	**97,890**	**127,033**
D&A	3,900	4,342	4,963	5,411	5,999	6,356	8,648	10,155	18,616	31,158	52,688	58,712
EBITDA (incl. SBC)	**21,455**	**24,783**	**25,498**	**30,156**	**28,871**	**25,131**	**19,986**	**35,204**	**101,892**	**109,192**	**150,579**	**185,745**
EBIT ex one-off item	*17,555*	*20,441*	*20,535*	*24,745*	22,872	22,375	11,338	25,049	*83,276*	*81,634*	*97,890*	*127,033*
Other Income (Expenses)	827	93	1,128	609	(1,120)	(19)	581	557	2,657	(1)	2,244	(1,358)
Net Income	**16,644**	**18,337**	**2,709**	**22,768**	**26,773**	**15,848**	**10,131**	**21,765**	**60,458**	**74,517**	**85,114**	**106,271**
Weight Avg. Diluted Shares	2,590	2,570	2,572	2,565	2,564	2,566	2,563	2,563	2,574	2,564	2,563	2,563
GAAP EPS	**6.43**	**7.14**	**1.05**	**8.88**	**10.44**	**6.18**	**3.95**	**8.49**	**23.49**	**29.06**	**33.21**	**41.46**
GAAP Margins:												
Gross Margin	82%	82%	82%	82%	82%	81%	81%	81%	82%	81%	80%	81%
EBIT Margin	41%	43%	40%	41%	41%	31%	18%	33%	41%	30%	31%	35%
EBITDA Margin	51%	52%	50%	50%	51%	41%	31%	47%	51%	43%	48%	51%
EBIT Margin ex one-off item	41%	43%	40%	41%	41%	37%	18%	33%	41%	32%	31%	35%
Y/Y Growth (GAAP):												
Revenue	16%	22%	26%	24%	33%	28%	25%	26%	22%	28%	22%	17%
EBITDA	25%	34%	19%	8%	35%	1%	-22%	17%	20%	7%	38%	23%
EPS	36%	38%	-83%	11%	62%	-13%	275%	-4%	-2%	24%	14%	25%
NON-GAAP METRICS												
Adjusted EBITDA (ex-SBC)	25,602	29,617	31,053	36,047	34,896	32,732	27,208	42,861	122,319	137,697	183,433	223,526
Adjusted EBITDA Margin	61%	62%	61%	60%	62%	54%	42%	57%	61%	54%	58%	61%
Non-GAAP Net Income	20,791	23,171	8,264	28,659	32,798	23,449	17,353	29,422	80,885	103,022	117,968	144,053
Non-GAAP EPS	**8.03**	**9.02**	**3.21**	**11.17**	**12.79**	**9.14**	**6.77**	**11.48**	**31.42**	**40.18**	**46.03**	**56.20**
KEY METRICS												
DAP	**3,430**	**3,480**	**3,540**	**3,580**	**3,560**	**3,600**	**3,646**	**3,687**	**3,580**	**3,687**	**3,838**	**3,988**
DAP Growth (Y/Y, %)	6%	6%	8%	7%	4%	3%	3%	3%	7%	3%	4%	4%
ARPP	**12.4**	**13.7**	**14.5**	**16.6**	**15.66**	**16.86**	**17.57**	**20.40**	**16.6**	**20.4**	**24.0**	**27.0**
BALANCE SHEET & CASH FLOW												
Cash + Marketable Securities	70,230	47,071	44,448	81,592	81,180	90,260	88,084	69,292	81,592	69,292	50,690	9,093
All Other	209,983	247,673	259,396	284,429	314,070	359,696	397,623	438,330	284,429	438,330	627,244	809,230
Total Assets	**280,213**	**294,744**	**303,844**	**366,021**	**395,250**	**449,956**	**485,707**	**507,621**	**366,021**	**507,621**	**677,934**	**818,323**
Capex	12,941	16,538	18,829	21,383	18,997	30,116	41,958	49,271	69,691	140,342	230,512	231,177
Capital intensity	31%	35%	37%	36%	34%	50%	66%	66%	35%	55%	74%	63%
FCF	10,334	8,549	10,625	14,077	12,386	784	(13,756)	(16,563)	43,585	(17,149)	(59,684)	(32,680)
FCF/Share	**3.99**	**3.33**	**4.13**	**5.49**	**4.83**	**0.31**	**(5.37)**	**(6.46)**	**16.94**	**(6.69)**	**(23.29)**	**(12.75)**

Source: Company reports, Bernstein estimates and analysis

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BERNSTEIN TICKER TABLE

			19 Oct 2026		TTM	Reported EPS				Reported P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
META (Meta)	O	USD	705.44	800.00	(17.0)%	USD	23.49	**29.06**	**33.21**	30.0	24.3	21.2
OLD								32.27	36.68			
SPX			7,690.73									

ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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Meta Platforms Inc.

We value Meta on a Price Target of $800 using a 50/50 combination of 2027e EV/Sales multiple of 6.7x, and a DCF using a WACC of 10% and a terminal growth of 3.5%. We consider Meta primarily a digital advertising business and benchmark valuation to comparable peers in this industry set.

RISKS

Meta Platforms Inc.

Downside risk to our target price:
• Meta is currently under investigation in multiple regulatory proceedings now mostly focused on teen-protection and anti-trust domestically and abroad.
• Signs that we’re reaching maturity in digital ads, increased competition as alternatives emerge with compelling ad ROIs, or further privacy related changes (e.g., Cookie depreciation) could all put press on Meta's revenue outlook resulting in compressing revenue growth and de-rating.
• Meta's metaverse aspirations could lead to margin headwinds and potentially minimal ROIC, which could negatively affect both estimates and multiples.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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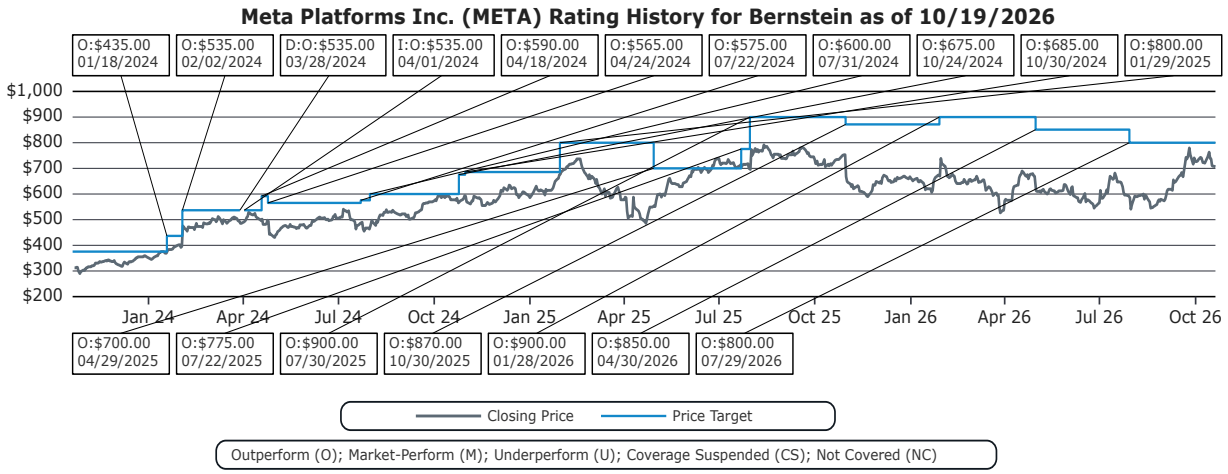
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Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.6%	16.1%
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