on 22-Oct-2026

BERNSTEIN
SOCIETE GENERALE GROUP

21 October 2026

U.S. Internet

Meta Platforms Inc.

Rating

Outperform

Price Target

META **850.00 USD** (800.00 *OLD*)



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Meta 3Q26: Finding its muse, bringing the canvas to life

On this side of earnings, we feel the way we did going in. Fears of accelerated investment tied to Muse success remain; an equity issuance appears increasingly likely to fill the funding game with a new share class; core remains a durable machine now turbocharged with Muse; and early traction of new Muse products and models are encouraging though early. Management spent most of the earnings call painting the picture on how Meta can usher in personal intelligence, and it's inspiring. All that's left for Meta to do is keep painting.

The core remains a stunning Vermeer. Revenues grew +26% Y/Y with 4Q guidance pointing to similar growth as engagement and ad performance continue to grow at an impressively consistent clip. Normally hesitant to offer forward-looking revenue color, management offered "strong" 2027 revenue expectations tied to further deployment of Muse across all parts of the core business.

A muse for Zuckerberg's AI Sistine Chapel. The idea of willing personal intelligence into existence is inspiring, and early Muse adoption is promising - 10M people have downloaded Muse, 2.5M use it daily, and 25% of weekly users have tried agentic shopping. The upside around gaining *any* traction with enterprises, a right-to-win with 500M+ SMBs, and an expanding AI-enabled hardware strategy are all encouraging.

Building AI at the cost of a da Vinci. FY26 CapEx guidance grew by $5B to $135-145B, while management commentary noted that 2027 investment levels would be aggressive. How big and how to fund the gap remain open questions, though comments on potentially pulling forward AI monetization efforts may be key to keeping investors along for the ride.

Investment Implications

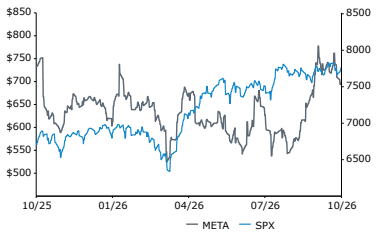
Zuck the AI Van Gogh, misunderstood but a master. **Remain Outperform, PT $850 (+$50)**

Close Date	21 Oct 2026
META Close Price (USD)	697.52
Price Target (USD)	850.00
Upside/(Downside)	22%
52-Week Range	779.82/520.26
SPX	7,757.17
FYE	Dec
Div Yield	0.3%
Market Cap (USD) (B)	1,776.94
EV (USD) (B)	1,806.58

Performance	YTD	1M	6M	12M
Absolute (%)	5.7	(5.9)	4.3	(4.9)
SPX (%)	13.3	(0.1)	9.8	15.2
Relative (%)	(7.6)	(5.8)	(5.5)	(20.0)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Reported EPS	F25A	F26E	F27E
META (USD)	23.49	**28.86**	**33.64**
OLD	--	29.06	33.21

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	200,965	257,476	316,226	25.4%
EBITDA (M)	101,892	109,298	152,775	--
EBIT (M)	83,276	79,561	99,649	--
EBITDA Margin (%)	50.7	42.4	48.3	--
Operating Margin (%)	41.4	30.9	31.5	--

Valuation Metrics	25A	26E	27E
Adjusted P/E (x)	22.2	17.3	15.0
PEG Adjusted (x)	(12.3)	0.8	0.9
EV/FCF (x)	41.4	(95.3)	(30.4)
Reported P/E (x)	29.7	24.2	20.7
EV/Sales (x)	9.0	7.0	5.7
EV/EBITDA (x)	17.7	16.5	11.8
EV/EBIT (x)	21.7	22.7	18.1

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

Meta reported 3Q26 results after the market close.

PORTFOLIO MANAGER'S SUMMARY

When we started in this seat, the ubiquitous investor sentiment was that Google had built the greatest business to ever exist. After another quarter of exceptionally solid revenue growth, 4Q guidance, and intriguing comments on a strong 2027 revenue growth runway, one has to ask - **are we sure it's not Meta with the greatest business ever built?**

The details of all the incredible efforts and progress Meta is seeing across the core business are below in the note so we won't overwhelm the PM summary, but we'll note accelerating revenue growth in North America, growing engagement across Facebook Blue and Instagram, and LLM enhancements to the core ad ranking and recommendation engines are still in the early days with a long runway ahead. Put it all together and revenue growth of 26% Y/Y for the quarter, the high-end of 4Q guidance pointing to an acceleration at 27% Y/Y, and "strong" 2027 revenue growth + potential for Muse monetization ramp comments from management. **We'd expect Street revenue numbers to come up a bit through 2027, and we've done the same.**

We also got some highly anticipated and encouraging early engagement data on Muse: Within a month and a half, Muse saw 10M accounts registered, 2.5M daily users, and better engagement and retention rates than Threads at the same lifecycle stage. Intriguingly, management stated that shopping was the top use case with 25% of weekly users engaging in a purchase with an average transaction spend of $200. As more and more Internet destinations stand up blockers on AI agents, we'd be curious to see how the shopping behavior of this early adopter cohort evolves over the next few quarters. And management fairly noted that the early adopters were also amongst some of the highest ARPU users on Meta's platform and not necessarily representative of the broader population. So **Personal Intelligence success to date is impressive, though remains too early to extrapolate and underwrite**.

We've previously talked about this idea that Meta's been on a year-long+ journey to re-orient the business around AI, which is now Muse. And under this framework, the opportunity set beyond personal intelligence offers many more shots on goal that now fit in with a broader strategy objective: Enterprise offerings were not necessarily on our bingo card as the next-best opportunity, but you can certainly see how efforts to offer Muse for Marketing & Sales functions has an organic channel of entry given the core business and could well land and expand from there. SMBs remain an obvious end market with 500M+ SMBs now with a presence across Meta's family of apps. Business Agents for customer service, ad creative/marketing strategy, and basic business operations feels a natural extension of enabling these SMBs to extract more value from the things they use Meta for already. And the expanding hardware offerings offer another channel from which to get AI and Muse into more people's hands. **The AI story is compelling and may be the cleanest AI story in Internet.**

We have an unstoppable core business and a compelling AI story (not quite a call option, but we get the sentiment). Still, the questions hanging over the stock going into earnings remain coming out of earnings: How much is this all going to cost? And how does Meta fund the gap? On the cost side, operating margins ex-one time legal charges actually beat our estimates by 2 ppts though management did call out the expected step in 3P cloud deals and depreciation costs expected ahead. On the CapEx front, we did see the 2026 range move up by $5B, and more importantly "aggressive" 2027 spending is expected so long as Muse traction continues. If Muse product traction ramp continues, and we start to see monetization ramp as well, then strategic ROIC > 0, and the TAM expansion underwriting continues. On filling a potential funding gap, Meta issued an 8-k announcing a new share class and effective stock split with the stated objective to raise new capital. The new shares offer a way to issue equity without affecting Zuckerberg's voting rights.

So what to do with the stock here. We remain long-term Meta bulls. There's so much to like about the direction of the company, their second-to-none execution, and their willingness to continuously find ways to not just survive but thrive. We're comfortable holding the stock here with duration. However, the near-term catalyst path has a more balanced upside/downside risk/reward setup: slowdowns in early Muse success or lack of traction with new products and customers will get scrutinized; Competitive consumer agentic products are likely and could see their own spike in adoption; We have yet to get the 2027 investment levels which with or without Muse traction could drive negative estimate revisions; And we're still waiting on the potential equity issuance which could either be the clearing event the stock needs for the next leg of growth, or a peak as we saw with Google earlier this year. Still, we take up our revenue estimates to reflect the confidence an we've seen on the ad front, and near-term trading dynamics aside, we remain long-term Meta bulls.

We remain Outperform on Meta, with a PT of $850/share (up from $800), implying 25x 2027E P/E. We va 50/50 combination of a 2027E EV/Sales multiple of 7.7x (+1x) and a DCF using a WACC of 10% and a terminal



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3.5%. We assign a higher multiple to reflect better-than-expected revenue growth and early signs of returns on AI investments. We continue to view Meta primarily as a digital advertising business and benchmark its valuation against comparable peers in the sector.

RESULTS

Another quarter, and another demonstration of the incredible strength of the core business turbocharged by AI. Following +28% Y/Y revenue growth last quarter, revenue of $65B grew +26% Y/Y. Meta's digital advertising engine remains exceptionally strong, benefiting from AI-driven improvements across targeting, recommendations, ranking, and creative generation that are helping drive stronger engagement, improved advertiser ROI, and sustained advertising momentum.

- **Advertising momentum remained exceptionally strong,** with revenue increasing +26% Y/Y to $63B, following +27% Y/Y growth last quarter. Importantly, growth continued to be driven by both engagement and monetization: Ad impressions grew +10% Y/Y (vs. +14% Y/Y in 2Q26), while ad pricing increased +14% Y/Y (vs. +12% Y/Y in 2Q26).

- **An unparalleled distribution advantage.** With billions of users engaging across Facebook, Instagram, WhatsApp, Messenger, and Threads, Meta remains one of the few companies uniquely positioned to get new products into the hands of people almost instantly. Users and time spent continued to trend higher. Following DAP growth to 3.56B in 2Q26 (+3% Y/Y), DAP reached 3.64B in 3Q26 again increasing +3% Y/Y.

- **Other Revenue remains the clearest window into Meta's emerging AI monetization efforts.** After surpassing the $1B quarterly run-rate for the first time in 2Q26 and growing +73% Y/Y, Other Revenue landed at $1.1B in 3Q26 growing +59% Y/Y and driven primarily by WhatsApp paid messaging and subscriptions. Small in the context of Meta's overall revenue base, but increasingly important strategically. The bucket already includes many of the areas where AI is most likely to monetize first, including business messaging, subscriptions, payments, and AI-powered business tools. As Meta rolls out AI agents and new commercial offerings, Other Revenue may become one of the earliest places where investors can track whether AI is beginning to contribute meaningful incremental revenue.

- **Meta's AI-powered flywheel continues to spin faster.** AI is improving every layer of the advertising stack, from content recommendations that drive engagement to targeting, ranking, delivery, and creative tools that improve advertiser performance. More relevant content drives higher time spent, higher engagement creates more monetization opportunities, and stronger advertiser ROI fuels incremental ad demand. The result is a powerful flywheel of rising engagement and improving monetization that remains one of the strongest growth engines in Internet.

  - **Engagement remains one of Meta's most important AI wins.** AI powered improvements across retrieval, ranking, personalization, and content understanding continue to drive meaningful gains in user engagement across Meta's platforms. Instagram time spent reached all-time highs and grew at a double-digit rate in 3Q, while Facebook Reels also delivered double-digit growth in watch time. Threads continues to scale rapidly, with time spent per user growing more than 20% Y/Y. WhatsApp is hitting all-time highs in messaging and is becoming an increasingly important platform for agents.

  - **Monetization efficiency continues to improve.** Last quarter's launch of Meta Generative Recommender is already showing results, driving nearly a 2% increase in conversions across targeted Facebook Feed segments through generative retrieval. Meanwhile, expansion of the GEM ads ranking model drove a 1.7% increase in offsite conversion performance and a 9.6% increase in app ad conversions, while continued improvements to Andromeda contributed an additional 1.4% lift in conversions on Facebook. Beyond ad delivery itself, Meta AI Business Assistant is beginning to automate more of the campaign workflow, with adopters generating nearly 5% more conversions at the same cost per conversion while increasing advertising spend by 9% relative to similar advertisers.

  - **Creative tools are also scaling rapidly,** with nearly 10M advertisers now using at least one GenAI ad product. Momentum remains particularly strong in video creation, where adoption of Meta's video-generation tools increased 25% Q/Q, helped by new capabilities that can generate ready-made videos from a single image in just seconds. At the same time, Meta continues to deepen the connection between creators and advertisers. Partnership Ads grew more than 97% Y/Y and surpassed a $15B annual revenue run-rate, while the global rollout of Creator Marketing Hub gives advertisers access to more than 10 million creators through a unified workflow for creator discovery, content management, and

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campaign activation.

- **4Q guidance points to healthy growth despite tougher comps and FX headwinds.** Meta guided 4Q26 revenue to $73B-$76B, implying 22%-27% Y/Y growth, while incorporating an approximate 1% FX headwind and lapping a difficult +24% Y/Y growth comp from 4Q25.

  - On the expense side, management raised the full-year outlook to reflect the $9.9B legal-related charge recognized in 3Q and now expects FY26 total expenses of $175B-$179B (compared with prior range of $165B-$169B). Excluding the 3Q legal charge, Meta continues to expect 2026 operating income to be above 2025.

  - Reality Labs losses are expected to decline compared to 2025 to a range of $18B-$19B in 2026. Meta expects losses to narrow next year to ~$15B.

  - Meta continues to see scrutiny on youth-related issues in several markets and has a number of youth-related trials scheduled in the coming months in the U.S.

Model is in a good place → more products are coming

- **Frontier club membership.** With the launch of Muse Wonder, Meta has shown that it belongs among the small group of companies pushing the AI frontier. Management noted that engagement per user on Meta AI has more than doubled since April following the rollout of its latest Muse models, and Muse Wonder can drive improvements in engagement, quality, and retention. The company continues to invest aggressively at both ends of the spectrum, pushing toward larger and more capable frontier models while simultaneously distilling those advances into smaller, cheaper, and more efficient models optimized for personal agents.

- **Muse, the beating heart of Meta.** Muse is now at the center of Meta's ecosystem, with products, services, and hardware increasingly serving as distribution endpoints for a common AI layer. The hardware is the vessel; Muse is the product. As Muse becomes embedded across apps, glasses, creator tools, advertising products, business agents, and future enterprise offerings, the opportunity extends far beyond a standalone AI assistant.

  - **Impressive early traction.** Muse appears to be off to a strong start. In just six weeks, more than 10M users have set up personal agents and ~25% of users are engaging daily. Perhaps most encouraging, retention is improving over time rather than fading at least for the earliest users. Adoption is also proving broad-based, with shopping, personal productivity, and creativity emerging as the leading use cases. Shopping stands out in particular, with more than 25% of weekly active users engaging in commerce and average purchase values exceeding $200. Meta points out that current adoption levels are more than twice what Threads achieved at a comparable stage.

  - **Path to monetization.** Meta outlined a monetization framework spanning commerce, subscriptions, business services, and advertising. The core Muse experience will remain free to maximize adoption, while Meta participates in transactions through commerce fees, monetizes power users through premium AI subscriptions, and charges businesses for advanced capabilities, automation, and workflow tools. Over time, Muse may also become increasingly integrated into Meta's advertising ecosystem, helping businesses create content, improve personalization, and drive better campaign outcomes. The SMB opportunity could be enormous, with 500M+ businesses already on Meta's platforms and Muse positioning the company to monetize far more than ads through commerce, automation, transactions, and business services.

  - **Scaling with improving economics.** Muse is compute-intensive, and serving costs will rise as adoption grows. However, Meta expects compute efficiency to improve by more than 10x over the next year through model improvements, inference optimization, and better infrastructure utilization. If achieved, expanding usage and improving unit economics could become another powerful Meta flywheel.

- **Subscriptions are under-appreciated.** In September, Meta expanded Meta One globally, establishing a unified subscription offering spanning consumers, creators, and businesses. The service now bundles more than 50 premium features across Instagram, Facebook, and WhatsApp, including access to Meta AI and Meta Business Agent, and has

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already surpassed 15M subscriptions and trials. While Meta's core experiences will remain free, Meta One provides an early framework for monetizing power users through premium features, enhanced AI capabilities, and higher usage limits.

- **Meta's velocity advantage.** The company is shipping products at a pace rarely seen at this scale, with Edits already surpassing 50M actives, new applications such as Forum and Seller scaling quickly, Muse going from whiteboard concept to product in roughly eight months, and Muse Charm expected to move from concept to hardware launch in less than a year. Not every initiative needs to be a hit. The combination of rapid product iteration, massive distribution, and growing AI capabilities means Meta can take more shots on goal than almost anyone else. It only takes one breakout success to unlock an entirely new growth vector.

Expenses, CAPEX, profitability, and FCF

- **Capex range tightened for FY 26.** Meta raised the low end of its FY26 CapEx guidance by $5B to $135B-$145B, signaling spending is trending toward the upper end of prior expectations. Looking ahead, however, investor attention is increasingly focused on 2027. Management noted that budget and capacity plans for next year remain under development, but signaled that they will invest "aggressively" across AI infrastructure and product initiatives. We continue to expect investment levels to remain elevated as Meta expands AI infrastructure, supports growing demand for inference and training capacity, and continues investing behind Muse and other AI products.
- 3Q GAAP operating income was $13B, down 37% Y/Y and representing a 20% operating margin. Excluding the legal settlement charge recorded during the quarter, operating income would have increased 11% Y/Y.
    - Total expenses rose 68% Y/Y to $51.6B, including a $9.9B legal settlement charge. Excluding the legal impact, expense growth was largely driven by Meta's ongoing AI buildout, with higher cloud spending, data center costs, depreciation, and third-party AI-related expenses reflecting the company's continued push to expand compute capacity.
- **New Class C shares pave the way for an effective 2-for-1 stock split.** Meta plans to introduce a publicly listed, non-voting Class C common stock in January 2027 and distribute one Class C share for every outstanding Class A and Class B share. The transaction is expected to have the economic effect of a two-for-one stock split, while leaving shareholders' voting power unchanged.
- Cash flow from operating activities was $32.79B and FCF was -$2.12B.
- Meta ended Q3 with 66,775 employees, down -15% Y/Y and -12% from Q2 following the May 2026 headcount reduction.

Estimate and PT revisions:

- **Revenues:** We modestly raise our Ad Revenue estimates for 4Q26 and FY27, reflecting strong results and management's guidance and confidence. We also modestly adjust the ad revenue geographic mix to reflect the latest trends. We modestly adjust the cadence of Other Revenue to account for additional ramp-up time. We lower our Reality Labs estimates modestly due to weaker-than-expected performance.
- **Margins:** We largely maintain our FY26 and FY27 total expense and margin profile. We adjust Reality Labs losses to align with management guidance.
- **EPS:** We largely maintain our FY26 EPS estimates. We modestly raise our FY27 EPS estimates, driven by higher revenue growth. We have not factored in the Class C share issuance, as it will only occur in 2027.
- **CapEx: We largely maintain our CapEx estimates for 2026 and beyond.**
- **We remain Outperform on Meta, with a PT of $850/share (up from $800),** implying 25x 2027E P/E. We value Meta using a 50/50 combination of a 2027E EV/Sales multiple of 7.7x (+1x) and a DCF using a WACC of 10% and a terminal growth rate of 3.5%. We assign a higher multiple to reflect better-than-expected revenue growth and early signs of returns on AI investments. We continue to view Meta primarily as a digital advertising business and benchmark its valuation against comparable peers in the sector.

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EXHIBIT 1: **Meta estimates revisions**

META: Bernstein estimate revisions

		New	Old	New vs. old	New Growth Y/Y	Consensus	New v Consensus
Total revenue	**3Q26**	64,601	64,058	0.8%	26%	63,332	2%
	4Q26	75,763	75,223	0.7%	26%	73,574	3%
	FY26	257,476	256,392	0.4%	28%	254,258	1%
	FY27	316,226	313,622	0.8%	23%	306,447	3%
DAP	**3Q26**	3,640	3,646	-0.2%	3%	3,664	-1%
	4Q26	3,687	3,687	0.0%	3%	3,705	0%
	FY26	3,687	3,687	0.0%	3%	3,676	0%
	FY27	3,838	3,838	0.0%	4%	3,788	1%
EPS	**3Q26**	3.83	3.95	-3.1%	264%	3.59	7%
	4Q26	8.41	8.49	-1.0%	-5%	8.24	2%
	FY26	28.86	29.06	-0.7%	23%	30.49	-5%
	FY27	33.64	33.21	1.3%	17%	33.83	-1%
EBIT margin ex one-time cost	**3Q26**	35%	33%	2.1%			
	4Q26	33%	33%	-0.4%			
	FY26	36%	36%	0.4%			
	FY27	32%	31%	0.3%			
Capex	**3Q26**	33,942	41,958	-19.1%	80%	41,011	-17%
	4Q26	57,428	49,271	16.6%	169%	49,771	15%
	FY26	140,483	140,342	0.1%	102%	139,866	0%
	FY27	230,213	230,512	-0.1%	64%	201,858	14%
Total expense	**3Q26**	51,613	52,720	-2.1%	68%		
	4Q26	50,837	50,173	1.3%	45%		
	FY26	177,915	178,358	-0.2%	51%		
	FY27	216,577	215,732	0.4%	22%		

Source: Company report, Bloomberg and Bernstein analysis and estimates

EXHIBIT 2: **Meta 3Q26: EBIT is impacted by one-time legal charge**

META 3Q26 vs. Expectations ($M)

	3Q26A	Y/Y growth	Bernstein	Beat/Miss	Consensus	Beat/Miss
Family DAP	3,640	3%	3,646	0%	3,664	-1%
Revenue	**64,601**	**26%**	**64,058**	**1%**	**63,331**	**2%**
FoA	64,158	26%	63,494	1%	62,750	2%
Advertising	63,061	26%	62,217	1%	61,652	2%
Other	1,097	59%	1,277	-14%	1,098	0%
Reality Labs	443	-6%	564	-21%	518	-14%
Total Expenses	51,613	68%	52,720	2%	42,485	-21%
EBIT	**12,988**	-37%	**11,338**	**15%**	**20,846**	**-38%**
EBIT Margin (%)	20%	**-20ppt**	18%	**2ppt**	33%	**-13ppt**
EBIT Margin ex restructuring						
Net Income	**9,860**	264%	**10,131**	**-3%**	**9,190**	**7%**
Diluted EPS	**3.83**	264%	**3.95**	**-3%**	**3.57**	**7%**

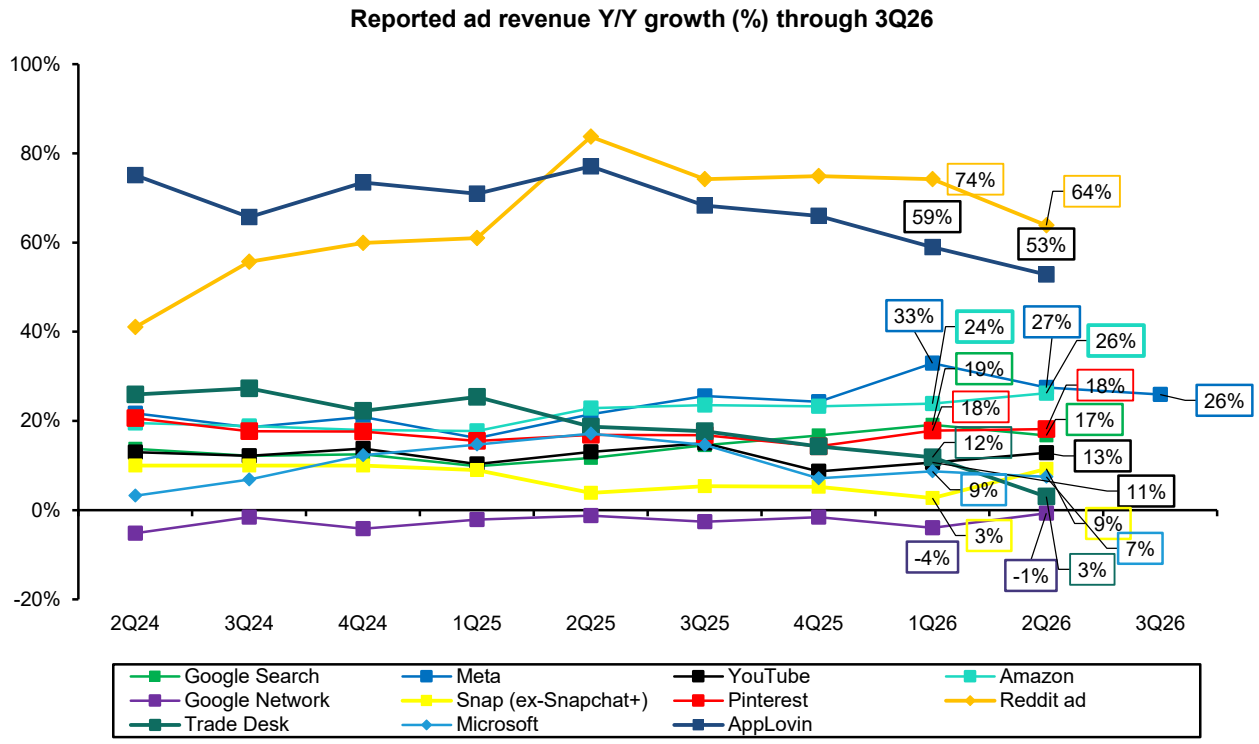
For 4Q26	**$M**	**4Q26 Y/Y**	
Midpoint revenue	74,500	24%	With 1% FX headwind
Revenue guidance	Bottom end	Top end	
	73,000	76,000	
Growth	22%	27%	

FY26	Bottom end	Top end	Average	Previous
Expenses	175,000	179,000	177,000	167,000
CAPEX	135,000	145,000	140,000	137,500

Source: Company reports, Bloomberg, Bernstein estimates and analysis

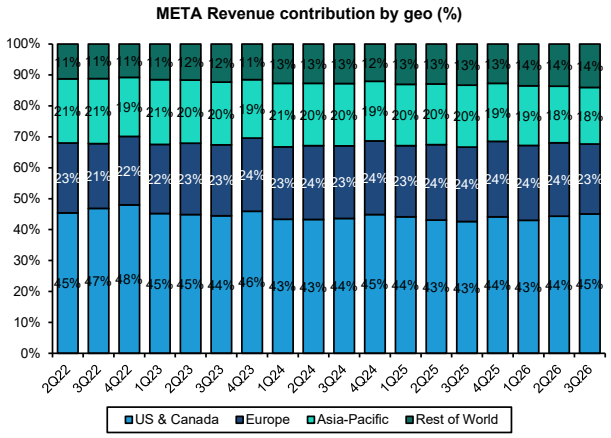
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EXHIBIT 3: **Digital ads growth (%)**



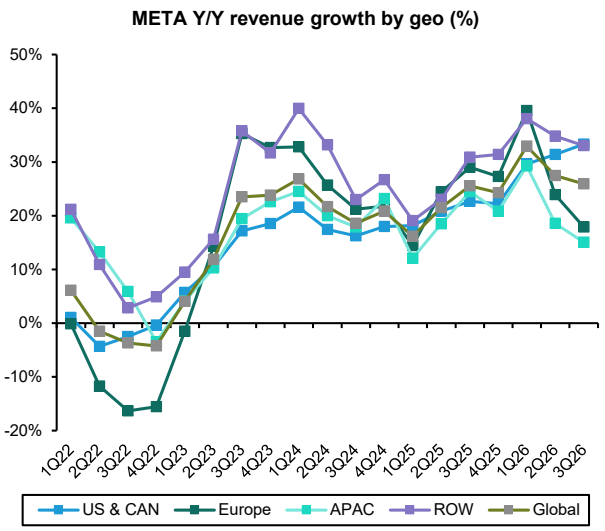
Google, Meta, Amazon, Snapchat, Pinterest; AppLovin excludes IAP
Source: Company reports, Bernstein analysis

EXHIBIT 4: **Revenue contribution by geography**



Source: Company filings and Bernstein analysis

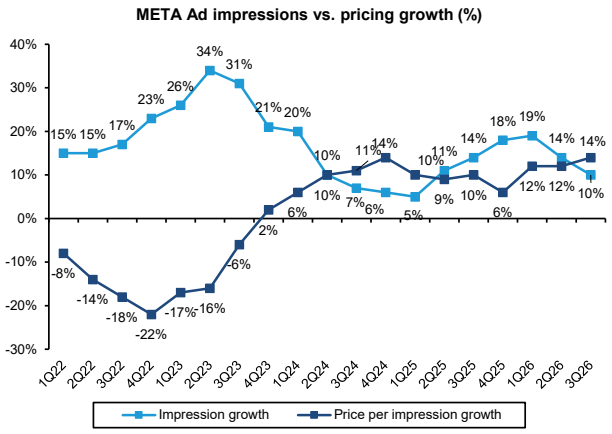
EXHIBIT 5: **Y/Y Revenue growth by geography**



Source: Company filings and Bernstein analysis

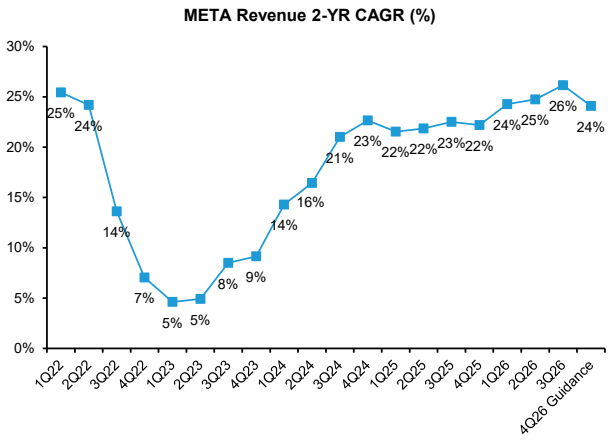
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EXHIBIT 6: **Ad impressions vs. pricing**



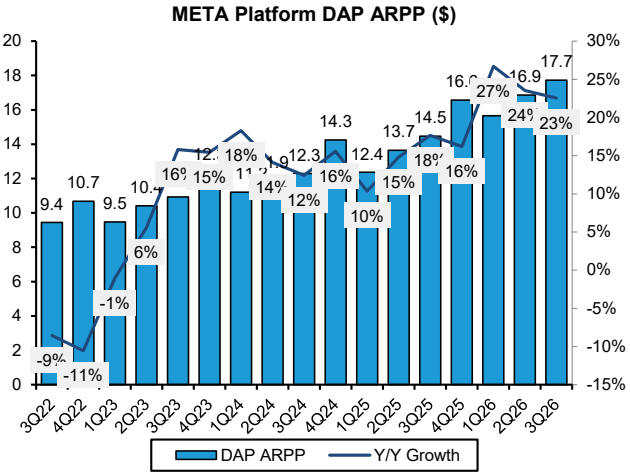
Source: Company filings and Bernstein analysis

EXHIBIT 7: **META Ad revenue 2-YR CAGR**



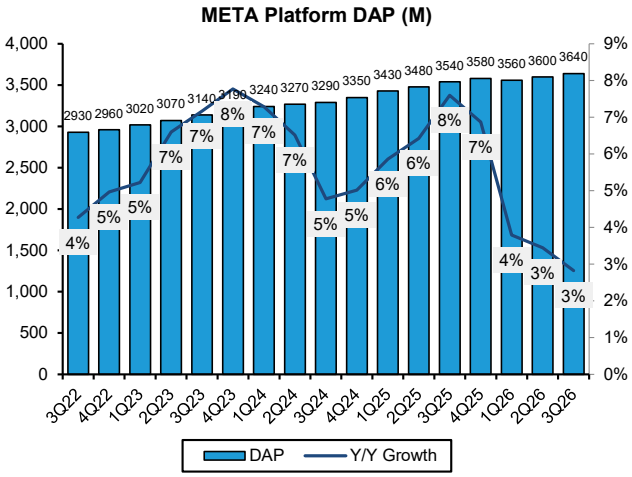
Source: Company filings, Bernstein analysis

EXHIBIT 8: **Meta's ARPP**



Source: Company reports and Bernstein analysis

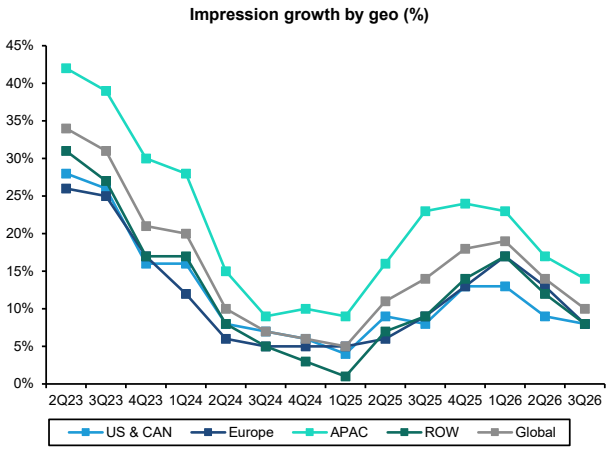
EXHIBIT 9: **Meta's DAP**



Source: Company reports and Bernstein analysis

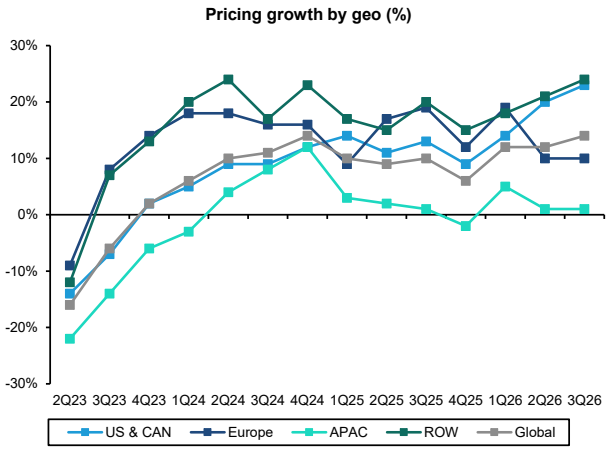
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EXHIBIT 10: **Impression Y/Y growth**



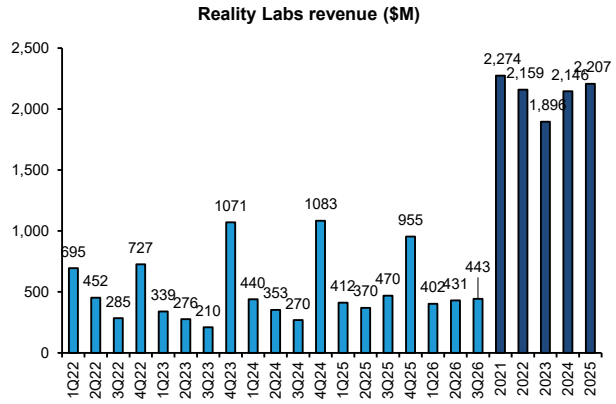
Source: Company filings and Bernstein analysis

EXHIBIT 11: **Pricing Y/Y growth**



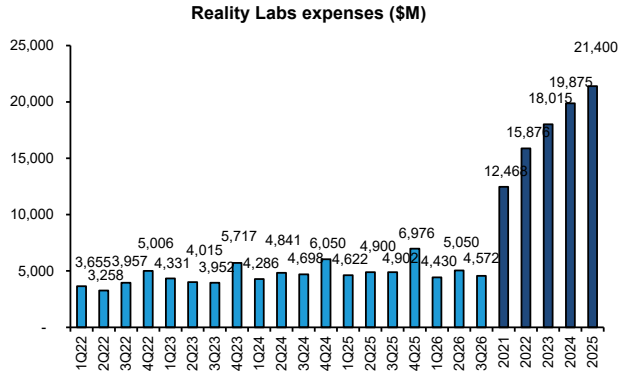
Source: Company filings and Bernstein analysis

EXHIBIT 12: **Reality Labs revenue**



Source: Company filings and Bernstein analysis

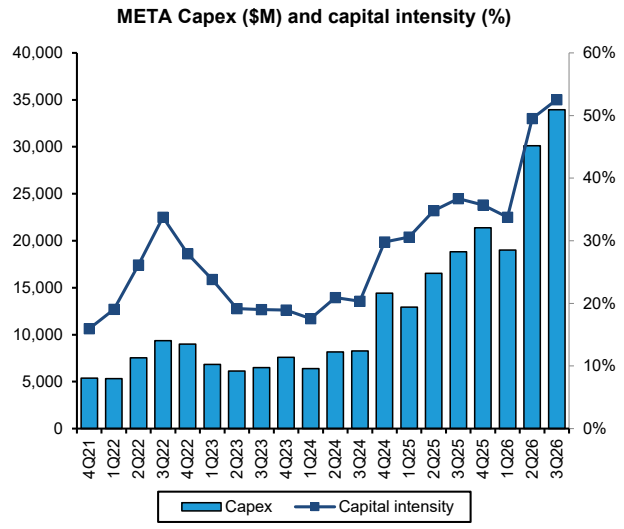
EXHIBIT 13: **Reality Labs expenses**



Source: Company filings and Bernstein analysis

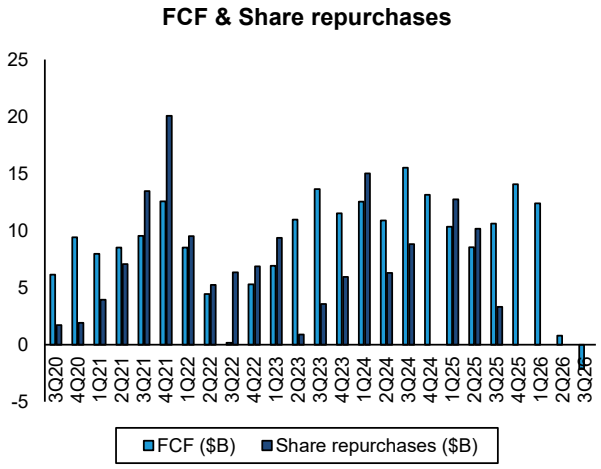
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EXHIBIT 14: **Meta Capex ($M) & Capital Intensity (%)**



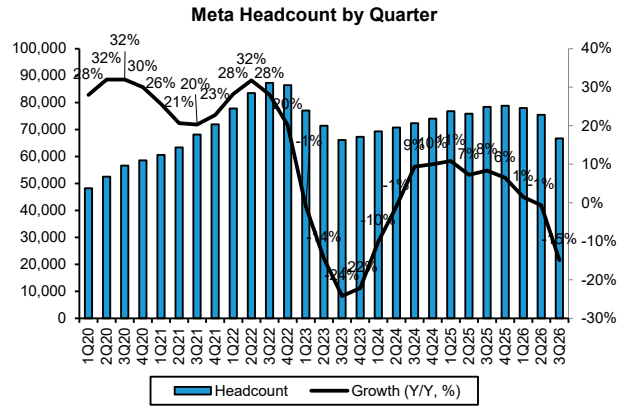
Source: Company reports and Bernstein analysis

EXHIBIT 15: **Meta FCF and share repurchase**



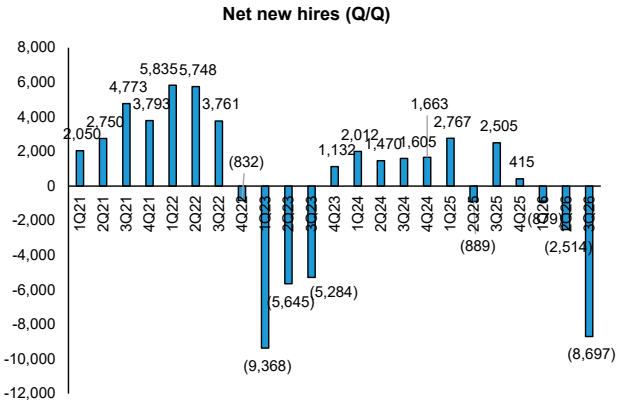
Source: Company reports, Bernstein analysis

EXHIBIT 16: **Meta's headcount**



Source: Company reports, Bernstein analysis

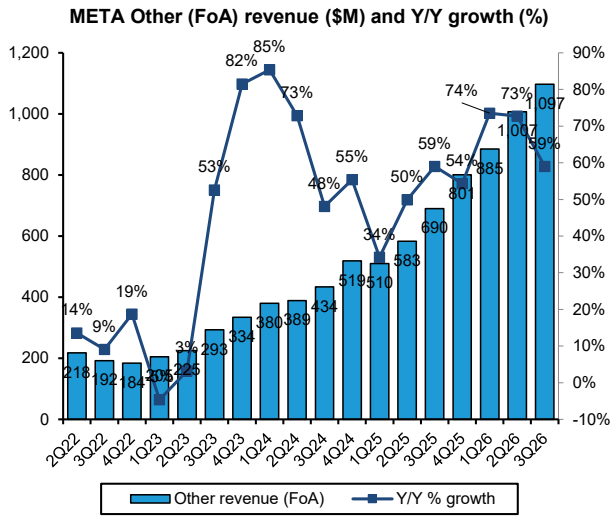
EXHIBIT 17: **Headcount Q/Q change**



Source: Company reports, Bernstein analysis

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EXHIBIT 18: **Meta other revenue**



Source: Company reports and Bernstein analysis

on 22-Oct-2026

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 19: **Our META model**

in millions except per share and percentage data

META	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	FY2025	FY2026E	FY2027E	FY2028E
GAAP INCOME STATEMENT												
Revenue	**42,314**	**47,516**	**51,242**	**59,893**	**56,311**	**60,801**	**64,601**	**75,763**	**200,965**	**257,476**	**316,226**	**369,358**
Cost of Revenue	7,572	8,491	9,206	10,905	10,218	11,330	13,369	14,698	36,174	49,615	64,255	69,853
Research and Development	12,150	12,942	15,144	17,136	17,699	21,656	20,054	25,987	57,372	85,396	110,862	124,367
Sales and Marketing	2,757	2,979	2,845	3,410	2,908	3,431	3,333	5,303	11,991	14,975	21,529	26,224
General and Administrative	2,280	2,663	3,512	3,697	2,614	5,609	14,857	4,849	12,152	27,929	19,930	21,053
Total Expenses	**24,759**	**27,075**	**30,707**	**35,148**	**33,439**	**42,026**	**51,613**	**50,837**	**117,689**	**177,915**	**216,577**	**241,498**
EBIT	**17,555**	**20,441**	**20,535**	**24,745**	**22,872**	**18,775**	**12,988**	**24,926**	**83,276**	**79,561**	**99,649**	**127,860**
D&A	3,900	4,342	4,963	5,411	5,999	6,356	7,154	10,228	18,616	29,737	53,126	59,097
EBITDA (incl. SBC)	**21,455**	**24,783**	**25,498**	**30,156**	**28,871**	**25,131**	**20,142**	**35,154**	**101,892**	**109,298**	**152,775**	**186,957**
EBIT ex one-off item	*17,555*	*20,441*	*20,535*	*24,745*	22,872	22,375	22,888	24,926	*83,276*	*93,061*	*99,649*	*127,860*
Other Income (Expenses)	827	93	1,128	609	(1,120)	(19)	13	507	2,657	(619)	2,134	(1,337)
Net Income	**16,644**	**18,337**	**2,709**	**22,768**	**26,773**	**15,848**	**9,860**	**21,618**	**60,458**	**74,099**	**86,516**	**106,988**
Weight Avg. Diluted Shares	2,590	2,570	2,572	2,565	2,564	2,566	2,573	2,572	2,574	2,569	2,572	2,572
GAAP EPS	**6.43**	**7.14**	**1.05**	**8.88**	**10.44**	**6.18**	**3.83**	**8.41**	**23.49**	**28.86**	**33.64**	**41.60**
GAAP Margins:												
Gross Margin	82%	82%	82%	82%	82%	81%	79%	81%	82%	81%	80%	81%
EBIT Margin	41%	43%	40%	41%	41%	31%	20%	33%	41%	31%	32%	35%
EBITDA Margin	51%	52%	50%	50%	51%	41%	31%	46%	51%	42%	48%	51%
EBIT Margin ex one-off item	41%	43%	40%	41%	41%	37%	35%	33%	41%	36%	32%	35%
Y/Y Growth (GAAP):												
Revenue	16%	22%	26%	24%	33%	28%	26%	26%	22%	28%	23%	17%
EBITDA	25%	34%	19%	8%	35%	1%	-21%	17%	20%	7%	40%	22%
EPS	36%	38%	-83%	11%	62%	-13%	264%	-5%	-2%	23%	17%	24%
NON-GAAP METRICS												
Adjusted EBITDA (ex-SBC)	25,602	29,617	31,053	36,047	34,896	32,732	27,505	42,811	122,319	137,944	185,792	224,926
Adjusted EBITDA Margin	61%	62%	61%	60%	62%	54%	43%	57%	61%	54%	59%	61%
Non-GAAP Net Income	20,791	23,171	8,264	28,659	32,798	23,449	17,791	29,275	80,885	103,312	119,532	144,957
Non-GAAP EPS	**8.03**	**9.02**	**3.21**	**11.17**	**12.79**	**9.14**	**6.91**	**11.38**	**31.42**	**40.22**	**46.47**	**56.36**
KEY METRICS												
DAP	**3,430**	**3,480**	**3,540**	**3,580**	**3,560**	**3,600**	**3,640**	**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**	**17.72**	**20.55**	**16.6**	**20.5**	**24.2**	**27.2**
BALANCE SHEET & CASH FLOW												
Cash + Marketable Securities	70,230	47,071	44,448	81,592	81,180	90,260	82,449	63,341	81,592	63,341	50,077	7,215
All Other	209,983	247,673	259,396	284,429	314,070	359,696	396,387	445,529	284,429	445,529	633,455	816,591
Total Assets	**280,213**	**294,744**	**303,844**	**366,021**	**395,250**	**449,956**	**478,836**	**508,871**	**366,021**	**508,871**	**683,532**	**823,806**
Capex	12,941	16,538	18,829	21,383	18,997	30,116	33,942	57,428	69,691	140,483	230,213	232,696
Capital intensity	31%	35%	37%	36%	34%	50%	53%	76%	35%	55%	73%	63%
FCF	10,334	8,549	10,625	14,077	12,386	784	(2,120)	(30,009)	43,585	(18,959)	(59,344)	(33,941)
FCF/Share	**3.99**	**3.33**	**4.13**	**5.49**	**4.83**	**0.31**	**(0.82)**	**(11.67)**	**16.94**	**(7.36)**	**(23.07)**	**(13.20)**

Source: Company reports, Bernstein estimates and analysis

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BERNSTEIN TICKER TABLE

			21 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	697.52	**850.00**	(20.0)%	USD	23.49	**28.86**	**33.64**	29.7	24.2	20.7
OLD				800.00				29.06	33.21			
SPX			7,757.17									

PRICE TARGET CHANGE / 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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VALUATION METHODOLOGY

Meta Platforms Inc.

We value Meta on a Price Target of $850 using a 50/50 combination of 2027e EV/Sales multiple of 7.7x, 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

EQUITY RATINGS DEFINITIONS

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The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

The Bernstein brand has three categories of ratings:

- Outperform: Stock will outpace the market index by more than 15 pp
- Market-Perform: Stock will perform in line with the market index to within +/-15 pp
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Bernstein brand stock ratings are based on a 12-month time horizon.

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The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Return Index (E600IN) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the Bloomberg Japan Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to the sector (not the market).

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Coverage Suspended: Coverage of a company under the Autonomous research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

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- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Underperform (UP): The total return of the preferred instrument is expected to underperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous preferred stock ratings are based on a 6-month time horizon.

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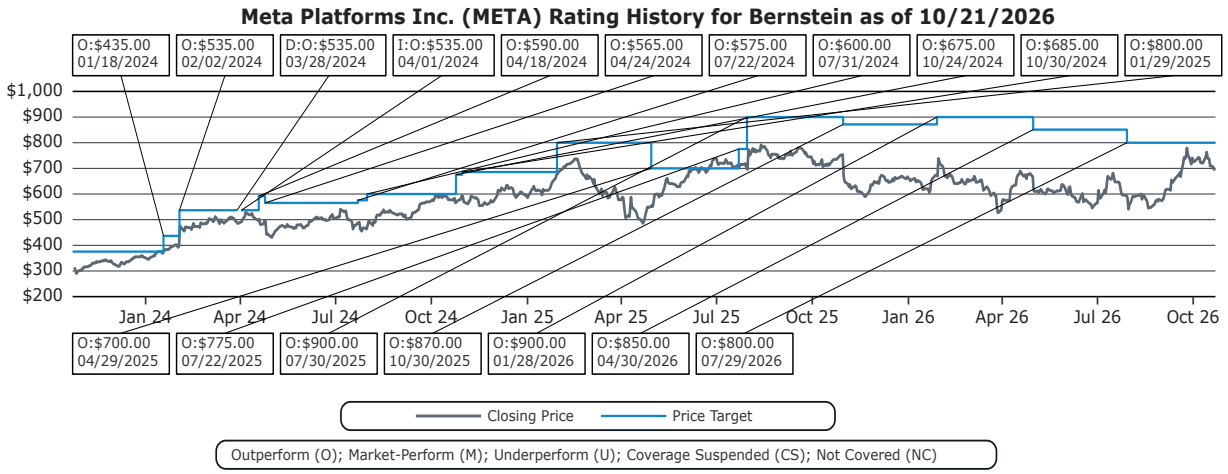
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Outperform	BUY	52.3%	14.2%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.6%	16.1%
Underperform	SELL	12.1%	13.6%

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All price target and closing price data in the chart(s) above are denominated in the currency noted in the Ticker Table of this report.

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