# Meta Platforms Inc. (META)

## Q2'26 Review: Core Business Provides Evidence of Near-Term ROIC but Lack of Visibility into Long-Term Compute Spend Persists

| META | 12m Price Target: **$725.00** | Price: **$585.61** | Upside: **23.8%** |
|---|---|---|---|

**BUY**

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With its Q2'26 earnings report, META mgmt framed a few key narratives: 1) the AI driven compute investments that the company is making continue to demonstrate healthy returns (in terms of YTD revenue growth & solid Q3 revenue guidance) in the form of engagement, recommendations, ad performance and monetization across the core Family of Apps properties; 2) AI agents are likely a more visible extension outside the core that could be a pathway to scaling AI efforts, with management framing various opportunities (personalized consumer AI agents, AI tools for its existing advertiser, creator & SMB partners, etc.) that provide a runway toward future revenue opportunities across subscriptions, usage-based pricing & outcome-based business models; 3) a wide range of opportunities being framed with respect to broader enterprise AI opportunities across foundational models (APIs), tools to build/scale operations ("business in a box") and direct monetization of compute (e.g. cloud licensing deals), albeit with investor questions likely to remain around the scale of investments to build those operations and path to monetization; 4) infrastructure investments remain elevated and targeted over the medium-term, but with lack of visibility or framing into longer-term capital plans – as a result of management's qualitative framing of the market opportunities and the sustained capacity supply/demand imbalances, we raise our cumulative 2027-28 capex estimates by ~14%.

In our opinion, META's messaging was that while core advertising remains a healthy & early avenue to provide signal of return against levels of spend in AI broadly, management also remains excited (albeit without specifics) on additional future monetization opportunities from AI (with levels of spend across opex/capex needed to support those long-term revenue and operating income drivers). Most notably, management emphasized placing a greater value on building/scaling compute near-term rather than over the long-term, which we interpret as more upward pressure on absolute $ opex/capex growth in '26/'27 before growth moderates in the

### Key Data

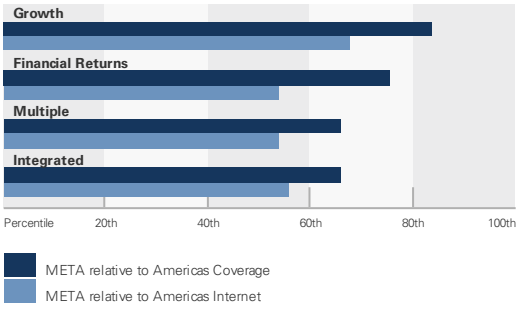
Market cap: $1.5tr
Enterprise value: $1.5tr
3m ADTV: $11.1bn
United States
Americas Internet
M&A Rank: 3

### GS Forecast

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| **Revenue ($ mn) New** | **200,965.0** | **255,408.6** | **310,507.3** | **370,836.7** |
| Revenue ($ mn) Old | 200,965.0 | 255,175.6 | 306,410.5 | 357,336.1 |
| EBITDA ($ mn) | 101,892.0 | 123,753.0 | 156,691.6 | 215,616.3 |
| EBIT ($ mn) | 83,276.0 | 86,938.3 | 89,950.2 | 118,608.1 |
| **EPS ($) New** | **23.49** | **31.65** | **31.39** | **37.83** |
| EPS ($) Old | 23.49 | 33.28 | 35.69 | 39.04 |
| P/E (X) | 28.5 | 18.5 | 18.7 | 15.5 |
| Dividend yield (%) | 0.3 | 0.4 | 0.4 | 0.4 |
| Net debt/EBITDA (X) | 0.2 | 0.1 | 0.4 | 0.3 |

| | 6/26 | 9/26E | 12/26E | 3/27E |
|---|---|---|---|---|
| EPS ($) | 6.18 | 6.48 | 8.56 | 8.15 |

### GS Factor Profile




Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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BUY

# Meta Platforms Inc. (META)

Rating since Sep 12, 2021

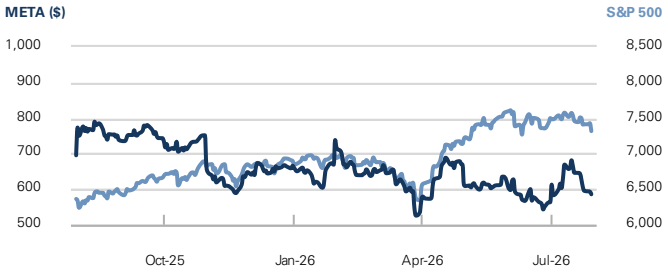
## Ratios & Valuation

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| P/E (X) | 28.5 | 18.5 | 18.7 | 15.5 |
| EV/EBITDA (X) | 16.8 | 12.2 | 10.1 | 7.5 |
| EV/sales (X) | 8.5 | 5.9 | 5.1 | 4.4 |
| FCF yield (%) | 2.7 | 0.9 | (1.7) | 0.8 |
| EV/DACF (X) | 15.1 | 10.4 | 9.5 | 7.3 |
| CROCI (%) | 36.5 | 34.7 | 29.5 | 28.8 |
| ROE (%) | 30.2 | 31.3 | 23.7 | 22.6 |
| Net debt/EBITDA (X) | 0.2 | 0.1 | 0.4 | 0.3 |
| Net debt/equity (%) | 10.5 | 3.7 | 15.1 | 15.0 |
| Interest cover (X) | 71.5 | 27.6 | 26.9 | 35.4 |
| Inventory days | NM | NM | NM | NM |
| Receivable days | 33.4 | 32.0 | 30.2 | 26.0 |
| Days payable outstanding | 83.7 | 78.6 | 76.7 | 81.1 |

## Growth & Margins (%)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue growth | 22.2 | 27.1 | 21.6 | 19.4 |
| EBITDA growth | 20.0 | 21.5 | 26.6 | 37.6 |
| EPS growth | (2.1) | 34.8 | (0.8) | 20.5 |
| DPS growth | 5.3 | 0.7 | 0.0 | 0.0 |
| Gross margin | 82.0 | 77.4 | 69.6 | 68.5 |
| EBIT margin | 41.4 | 34.0 | 29.0 | 32.0 |

## Price Performance




| | 3m | 6m | 12m |
|---|---|---|---|
| Absolute | (12.5)% | (20.7)% | (16.3)% |
| Rel. to the S&P 500 | (14.6)% | (24.4)% | (27.2)% |

Source: FactSet. Price as of 29 Jul 2026 close.

## Income Statement ($ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue | 200,965.0 | 255,408.6 | 310,507.3 | 370,836.7 |
| Cost of goods sold | (36,174.0) | (57,638.1) | (94,381.9) | (116,978.1) |
| SG&A | (24,143.0) | (28,341.6) | (27,186.4) | (28,342.6) |
| R&D | (57,372.0) | (82,490.7) | (98,988.8) | (106,907.9) |
| Other operating inc./(exp.) | – | – | – | – |
| **EBITDA** | **101,892.0** | **123,753.0** | **156,691.6** | **215,616.3** |
| Depreciation & amortization | (18,616.0) | (36,814.7) | (66,741.4) | (97,008.2) |
| **EBIT** | **83,276.0** | **86,938.3** | **89,950.2** | **118,608.1** |
| Net interest inc./(exp.) | 2,657.0 | (173.0) | 5,432.9 | (1,987.4) |
| Income/(loss) from associates | – | – | – | – |
| **Pre-tax profit** | **85,933.0** | **86,765.3** | **95,383.1** | **116,620.7** |
| Provision for taxes | (25,475.0) | (5,288.2) | (13,353.6) | (16,326.9) |
| Minority interest | – | – | – | – |
| Preferred dividends | – | – | – | – |
| **Net inc. (pre-exceptionals)** | **60,458.0** | **81,477.2** | **82,029.5** | **100,293.8** |
| **Net inc. (post-exceptionals)** | **60,458.0** | **81,477.2** | **82,029.5** | **100,293.8** |
| **EPS (basic, pre-except) ($)** | **23.98** | **31.96** | **31.67** | **38.16** |
| **EPS (diluted, pre-except) ($)** | **23.49** | **31.65** | **31.39** | **37.83** |
| **EPS (ex-ESO exp., dil.) ($)** | **--** | **--** | **--** | **--** |
| DPS ($) | 2.11 | 2.13 | 2.13 | 2.13 |
| Div. payout ratio (%) | 8.8 | 6.7 | 6.7 | 5.6 |
| Wtd avg shares out. (basic) (mn) | 2,521.0 | 2,549.5 | 2,589.9 | 2,628.4 |
| Wtd avg shares out. (diluted) (mn) | 2,574.0 | 2,574.3 | 2,612.9 | 2,651.4 |

## Balance Sheet ($ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Cash & cash equivalents | 35,873.0 | 72,383.2 | 24,551.2 | 9,150.6 |
| Accounts receivable | 19,769.0 | 25,029.0 | 26,294.3 | 26,538.7 |
| Inventory | – | – | – | – |
| Other current assets | 53,080.0 | 12,134.3 | 9,051.3 | 10,759.9 |
| **Total current assets** | **108,722.0** | **109,546.5** | **59,896.7** | **46,449.2** |
| Net PP&E | 196,804.0 | 317,265.9 | 470,739.3 | 604,956.6 |
| Net intangibles | 24,534.0 | 23,406.0 | 23,406.0 | 23,406.0 |
| Total investments | 27,524.0 | 30,157.0 | 30,157.0 | 30,157.0 |
| Other long-term assets | 8,437.0 | 25,933.5 | 36,666.5 | 46,052.9 |
| **Total assets** | **366,021.0** | **506,309.0** | **620,865.6** | **751,021.7** |
| Accounts payable | 8,894.0 | 15,944.2 | 23,728.0 | 28,264.0 |
| Short-term debt | – | – | – | – |
| Current lease liabilities | 2,213.0 | 2,425.0 | 2,425.0 | 2,425.0 |
| Other current liabilities | 30,729.0 | 43,810.5 | 53,508.4 | 63,845.3 |
| **Total current liabilities** | **41,836.0** | **62,179.6** | **79,661.4** | **94,534.3** |
| Long-term debt | 58,744.0 | 83,664.0 | 83,664.0 | 83,664.0 |
| Non-current lease liabilities | 22,940.0 | 26,229.0 | 26,229.0 | 26,229.0 |
| Other long-term liabilities | 25,258.0 | 31,640.9 | 40,918.2 | 49,657.5 |
| **Total long-term liabilities** | **106,942.0** | **141,533.9** | **150,811.2** | **159,550.5** |
| **Total liabilities** | **148,778.0** | **203,713.5** | **230,472.6** | **254,084.8** |
| Preferred shares | – | – | – | – |
| **Total common equity** | **217,243.0** | **302,595.5** | **390,392.9** | **496,936.9** |
| Minority interest | – | – | – | – |
| **Total liabilities & equity** | **366,021.0** | **506,309.0** | **620,865.6** | **751,021.7** |
| BVPS ($) | 85.88 | 117.74 | 149.65 | 187.74 |

## Cash Flow ($ mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Net income | 60,458.0 | 81,477.2 | 82,029.5 | 100,293.8 |
| D&A add-back | 18,616.0 | 36,814.7 | 66,741.4 | 97,008.2 |
| Minority interest add-back | – | – | – | – |
| Net (inc)/dec working capital | (885.0) | 5,721.6 | 13,187.2 | 12,254.5 |
| Others | 37,611.0 | 28,260.4 | 25,579.4 | 26,858.4 |
| **Cash flow from operations** | **115,800.0** | **152,273.8** | **187,537.5** | **236,414.9** |
| Capital expenditures | (69,691.0) | (138,369.1) | (213,608.3) | (224,288.7) |
| Acquisitions | (4,229.0) | (473.0) | – | – |
| Divestitures | – | – | – | – |
| Others | (28,083.0) | 36,378.1 | 4,656.6 | 18.2 |
| **Cash flow from investing** | **(102,003.0)** | **(102,464.0)** | **(208,951.7)** | **(224,270.5)** |
| Dividends paid | – | – | – | – |
| Share issuance/(repurchase) | – | – | – | – |
| Inc/(dec) in debt | 29,906.0 | 24,910.0 | – | – |
| Others | (51,719.0) | (38,209.6) | (26,417.8) | (27,545.0) |
| **Cash flow from financing** | **(21,813.0)** | **(13,299.6)** | **(26,417.8)** | **(27,545.0)** |
| **Total cash flow** | **(8,016.0)** | **36,510.2** | **(47,832.0)** | **(15,400.6)** |
| Free cash flow | 46,109.0 | 13,904.7 | (26,070.8) | 12,126.2 |
| Free cash flow per share (basic) ($) | 18.29 | 5.45 | (10.07) | 4.61 |

Source: Company data, Goldman Sachs Research estimates.

outer years. Lastly, comments around the bid to monetize META compute above rates of costs of compute (especially in the short term) could be catalysts that might provide yet another signal of return profile that may be a positive catalysts in the future.

Over the short-term, we expect that investors might continue to scrutinize META through the prism of several key debates: a) the rate and scale of investments in the coming 12-18 months; b) the development of future monetization opportunities around AI compute both inside and away from the core Family of Apps; & c) evidence of how the company might manage an array of company-specific and external financing options to fund these investments. While we see the potential for these debates to be a near-term overhang on the stock, we maintain our conviction that current stock performance underestimates META's ability to scale and productize and/or monetize compute (across internal initiatives and external demand signals) in the next 12-18 months. We continue to see META mgmt as focused squarely on the core building blocks of growth around operating themes at the intersection of AI and spatial computing across the existing Family of Apps, new standalone apps, and the hardware/software/platform potential around Reality Labs. We continue to frame META as well-positioned against several long-term secular growth themes against the coverage universe. We reiterate our Buy rating and adjust our 12-month price target from $815 to $725 as we update our operating estimates for this earnings report (including mgmt commentary). Based on its after-hours stock price, META currently trades at ~17x our updated 2027 GAAP EPS estimates (ex-cash).

**Exhibit 1: META - GSe Revenues, Capex, D&A and GAAP Expense Growth**
$mm, 2023-2031E

| | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E |
|---|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | $ 134,901 | $ 164,500 | $ 200,965 | $ 255,409 | $ 310,507 | $ 370,837 | $ 433,210 | $ 496,768 | $ 561,065 |
| *% y/y growth* | *15.7%* | *21.9%* | *22.2%* | *27.1%* | *21.6%* | *19.4%* | *16.8%* | *14.7%* | *12.9%* |
| **Total Capex** | $ 28,103 | $ 39,225 | $ 72,215 | $ 142,935 | $ 220,215 | $ 231,225 | $ 254,348 | $ 279,783 | $ 307,761 |
| *% y/y growth* | *-12.3%* | *39.6%* | *84.1%* | *97.9%* | *54.1%* | *5.0%* | *10.0%* | *10.0%* | *10.0%* |
| *% capital intensity* | *20.8%* | *23.8%* | *35.9%* | *56.0%* | *70.9%* | *62.4%* | *58.7%* | *56.3%* | *54.9%* |
| **Total GAAP Expenses** | $ 88,150 | $ 95,120 | $ 117,689 | $ 168,470 | $ 220,557 | $ 252,229 | $ 296,750 | $ 342,373 | $ 383,288 |
| *% y/y growth* | *0.6%* | *7.9%* | *23.7%* | *43.1%* | *30.9%* | *14.4%* | *17.7%* | *15.4%* | *12.0%* |
| **Total D&A** | $ 11,177 | $ 15,498 | $ 18,616 | $ 36,815 | $ 66,741 | $ 97,008 | $ 128,444 | $ 161,277 | $ 190,144 |
| *% y/y growth* | *28.7%* | *38.7%* | *20.1%* | *97.8%* | *81.3%* | *45.3%* | *32.4%* | *25.6%* | *17.9%* |
| **Total GAAP Expenses (ex-D&A and one-timers)*** | $ 71,609 | $ 79,772 | $ 99,073 | $ 128,056 | $ 153,816 | $ 155,220 | $ 168,306 | $ 181,096 | $ 193,144 |
| *% y/y growth* | *-4.2%* | *11.4%* | *24.2%* | *29.3%* | *20.1%* | *0.9%* | *8.4%* | *7.6%* | *6.7%* |

*one-timers include reported restructuring charges & legal accruals of ~$5.4bn in 2023, $(150)m in 2024, and ~$3.6bn in 2026E

Source: Company data, Goldman Sachs Global Investment Research

**Q2 '26 Positives & Negatives:**

**Positives:** a) Q2 Advertising revenue growth of 28% YoY was supported by broad-based engagement and monetization gains across Meta's family of apps, along with continued adoption of AI-powered ad tools/solutions (Advantage+ reaching $75bn ARR in Q2); b) Continued momentum in AI-driven optimization of the core business, with mgmt citing measurable gains in content recommendation improvement and increasing monetization efficiency as drivers of revenue performance; & c) Mgmt outlined a diverse framework of AI monetization opportunities (incl. enterprises, model commercialization, & longer-term compute monetization), while highlighting subscriptions (i.e. Meta One) and monetizing competitive models as additional revenue streams.

**Negatives:** a) Capital intensity remains elevated with management raising the low end of prior FY26 capex guidance to $130-145bn (from $135-145bn prior) and reiterating its objective to maximize capacity through 2026-2027 amidst continued industry-wide compute constraints; b) Q2 GAAP expenses came in higher than GSe/Street estimates (with Q2 operating income coming in below GSe/Street), and mgmt cited higher

employee compensation, infrastructure, legal, and 3P token costs; & c) Legal and regulatory risks remain an area of uncertainty, highlighted by a $2.4bn litigation-related charge in Q2 and disclosure around active regulatory matters for this year that could result in a material negative impact.

**Q3 '26 & FY2026 Estimate Changes:**

**Q3'26:** Revenues of $63.70bn (from prior $64.06bn); GAAP EBITDA of $31.61bn (from prior $31.17bn); & GAAP EPS of $6.48 (from prior $7.22). **2026:** Revenues of $255.41bn (from prior $255.18bn); GAAP EBITDA of $123.75bn (from prior $126.45bn); & GAAP EPS of $31.65 (from prior $33.28).

**Maintain Buy Rating; Lower PT to $725 (from $815)**

Our $725 12-month price target is based on an equal blend of (1) EV/GAAP EBIT applied to our NTM + 1 year estimates and (2) a modified DCF using EV/FCF-SBC multiple applied to our NTM + 4 years estimates.

**Exhibit 2: Q2'26 Actuals vs. Estimates**
mm, except per share data

| | Actuals | GS | Consensus | Guidance | Actuals vs. GS | Actuals vs. Cons | QoQ Change | YoY Change |
|---|---|---|---|---|---|---|---|---|
| DAPs (Total) | 3,600 | 3,619 | 3,615 | | -0.5% | -0.4% | 1.1% | 3.4% |
| **Total Revenues** | **$ 60,801** | **$ 60,242** | **$ 60,357** | *$58-61bn* | **0.9%** | **0.7%** | **8.0%** | **28.0%** |
| Family of Apps | $ 60,370 | $ 59,779 | $ 59,935 | | 1.0% | 0.7% | 8.0% | 28.0% |
| Advertising (Total) | $ 59,363 | $ 58,847 | $ 59,059 | | 0.9% | 0.5% | 7.9% | 27.5% |
| US & Canada | $ 26,337 | $ 25,257 | $ 25,355 | | 4.3% | 3.9% | 11.3% | 31.4% |
| Europe | $ 14,085 | $ 14,321 | $ 14,402 | | -1.6% | -2.2% | 5.9% | 23.9% |
| Asia | $ 10,847 | $ 11,344 | $ 11,369 | | -4.4% | -4.6% | 2.0% | 18.6% |
| Rest of World | $ 8,094 | $ 7,925 | $ 7,933 | | 2.1% | 2.0% | 8.9% | 34.8% |
| Other | $ 1,007 | $ 933 | $ 875 | | 8.0% | 15.0% | 13.8% | 72.7% |
| Reality Labs | $ 431 | $ 463 | $ 422 | | -6.8% | 2.0% | 7.2% | 16.5% |
| **GAAP Operating Income** | **$ 18,775** | **$ 19,977** | **$ 21,492** | | **-6.0%** | **-12.6%** | | |
| *% margin* | *30.9%* | *33.2%* | *35.6%* | | *-228 bps* | *-473 bps* | | |
| Family of Apps OI | $ 23,394 | $ 24,507 | $ 26,344 | | -4.5% | -11.2% | | |
| *% margin* | *38.8%* | *41.0%* | *44.0%* | | *-224 bps* | *-520 bps* | | |
| Reality Labs OI | $ (4,619) | $ (4,530) | $ (4,984) | | -2.0% | 7.3% | | |
| **GAAP EPS** | **$ 6.18** | **$ 6.75** | **$ 7.19** | | **-8.4%** | **-14.0%** | | |

Q2 GAAP Operating Income and GAAP EPS negatively impacted by one-time charges of ~$3.6bn.

Source: Company data, FactSet, Goldman Sachs Global Investment Research

**Exhibit 3: Q3'26, 2026, 2027 & 2028 Estimates Changes**
mm, except per share data

| | Q3 2026 | | | | 2026 | | | | 2027 | | | 2028 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Old | New | % Change | Guidance | Old | New | % Change | Guidance | Old | New | % Change | Old | New | % Change |
| DAPs (Total) | 3,682 | 3,664 | -0.5% | | 3,723 | 3,705 | -0.5% | | 3,872 | 3,835 | -1.0% | 4,027 | 3,969 | -1.4% |
| **Total Revenues** | **$ 64,056** | **$ 63,702** | **-0.6%** | *$61-64bn* | **$ 255,176** | **$ 255,409** | **0.1%** | | **$ 306,411** | **$ 310,507** | **1.3%** | **$ 357,336** | **$ 370,837** | **3.8%** |
| Family of Apps | $ 63,468 | $ 63,138 | -0.5% | | $ 252,530 | $ 252,866 | 0.1% | | $ 303,236 | $ 307,456 | 1.4% | $ 353,606 | $ 367,251 | 3.9% |
| Advertising (Total) | $ 62,502 | $ 61,965 | -0.9% | | $ 248,665 | $ 248,479 | -0.1% | | $ 298,597 | $ 301,037 | 0.8% | $ 348,272 | $ 359,227 | 3.1% |
| Other | $ 966 | $ 1,173 | 21.4% | | $ 3,865 | $ 4,387 | 13.5% | | $ 4,638 | $ 6,419 | 38.4% | $ 5,334 | $ 8,024 | 50.4% |
| Reality Labs | $ 588 | $ 564 | -4.0% | | $ 2,646 | $ 2,543 | -3.9% | | $ 3,175 | $ 3,052 | -3.9% | $ 3,731 | $ 3,586 | -3.9% |
| **Total GAAP Expenses** | **$ 42,870** | **$ 44,327** | **3.4%** | | **$ 164,686** | **$ 168,470** | **2.3%** | *$165-169bn* | **$ 199,601** | **$ 220,557** | **10.5%** | **$ 238,993** | **$ 252,229** | **5.5%** |
| **Operating Income** | **$ 21,186** | **$ 19,375** | **-8.5%** | | **$ 90,490** | **$ 86,938** | **-3.9%** | | **$ 106,810** | **$ 89,950** | **-15.8%** | **$ 118,343** | **$ 118,608** | **0.2%** |
| *% OI margin* | *33.1%* | *30.4%* | *-266 bps* | | *35.5%* | *34.0%* | *-142 bps* | | *34.9%* | *29.0%* | *-589 bps* | *33.1%* | *32.0%* | *-113 bps* |
| Family of Apps OI | $ 25,618 | $ 23,807 | -7.1% | | $ 109,501 | $ 106,038 | -3.2% | | $ 124,870 | $ 108,095 | -13.4% | $ 135,500 | $ 135,846 | 0.3% |
| *FOA Margin %* | *40.4%* | *37.7%* | *-266 bps* | | *43.4%* | *41.9%* | *-143 bps* | | *41.2%* | *35.2%* | *-602 bps* | *38.3%* | *37.0%* | *-133 bps* |
| Reality Labs | $ (4,432) | $ (4,432) | 0.0% | | $ (19,011) | $ (19,100) | -0.5% | | $ (18,060) | $ (18,145) | -0.5% | $ (17,157) | $ (17,238) | -0.5% |
| GAAP EBITDA | $ 31,172 | $ 31,605 | 1.4% | | $ 126,446 | $ 123,753 | -2.1% | | $ 164,493 | $ 156,692 | -4.7% | $ 201,038 | $ 215,616 | 7.3% |
| **GAAP EPS** | **$ 7.22** | **$ 6.48** | **-10.2%** | | **$ 33.28** | **$ 31.65** | **-4.9%** | | **$ 35.69** | **$ 31.39** | **-12.1%** | **$ 39.04** | **$ 37.83** | **-3.1%** |

Source: Goldman Sachs Global Investment Research

## Valuation: Maintain Buy Rating; Lower PT to $725 (from $815)

Our $725 12-month price target (from $815 prior) is based on an equal blend of (1) EV/GAAP EBIT applied to our NTM + 1 year estimates and (2) a modified DCF using

EV/FCF-SBC multiple applied to our NTM + 4 years estimates. Specifically:

- 26.0x EV/GAAP EBIT (unchanged) applied to our NTM + 1 year estimates.
- 45.0x EV/FCF-SBC (unchanged) or 2.25x EV/FCF-SBC-to-growth (unchanged) applied to our NTM + 4 years estimates discounted back 3 years at 12% (unchanged). The discount rate represents CAPM using the blended average of companies within our coverage universe consisting of: (1) 3% risk free rate (based on the normalized 10-year rate); (2) average beta of ~1.3; (3) equity risk premium of 7%.

**Exhibit 4: META Valuation Analysis**
mm, except per share data

| Scenario Analysis | Downside | Base | Upside |
|---|---|---|---|
| **Valuation** | $ 355 | $ 725 | $ 935 |
| *% upside/downside* | *-35%* | *34%* | *73%* |
| **GAAP EBIT (NTM)** | $ 72,386 | $ 87,493 | $ 100,149 |
| *EBIT Margin %* | 28.0% | 31.1% | 33.0% |
| **GAAP EBIT (NTM + 1 year)** | $ 79,176 | $ 101,307 | $ 119,102 |
| *EBIT Margin %* | 26.0% | 29.9% | 32.0% |
| EV / GAAP EBIT | 15.0x | 26.0x | 28.0x |
| EBIT CAGR | -4.6% | 8.0% | 17.1% |
| EV / GAAP EBIT to Growth | n/a | 3.27x | 1.64x |
| Enterprise Value | $ 1,187,635 | $ 2,633,975 | $ 3,334,852 |
| **FCF-SBC (NTM + 4 years)** | $ 26,321 | $ 36,932 | $ 42,113 |
| *FCF % of Sales* | 5.0% | 7.0% | 8.0% |
| EV / FCF-SBC | 40.0x | 45.0x | 50.0x |
| FCF-SBC CAGR | -187.2% | 20.0% | -202.0% |
| EV / FCF-SBC-to-Growth | n/a | 2.25x | n/a |
| Discount Rate | 15.0% | 12.0% | 10.0% |
| Discount Period (Years) | 3 | 3 | 3 |
| Enterprise Value (NTM + 3 years) | $ 1,052,826 | $ 1,661,961 | $ 2,105,651 |
| Discounted Enterprise Value | $ 692,250 | $ 1,182,951 | $ 1,582,007 |
| **Weightings** | | | |
| EV derived from GAAP EBITDA | 50% | 50% | 50% |
| EV derived from (FCF-SBC) | 50% | 50% | 50% |
| Enterprise Value | $ 939,942 | $ 1,908,463 | $ 2,458,429 |
| **Capital Structure Adjustments** | | | |
| Adjusted Net Debt - NTM Ending | $ 20,520 | $ 20,520 | $ 20,520 |
| Dividends | $ 5,470 | $ 5,470 | $ 5,470 |
| Adj. Shares Outstanding - NTM Ending | 2,608 | 2,608 | 2,608 |

Source: Goldman Sachs Global Investment Research

Risks to our Buy rating include: a) competition for user growth, user engagement & advertising dollars across an array of incumbent and emerging Internet, media and commerce companies; b) large investments in long-tailed initiatives depress operating margins for longer than our forecasts; c) no/low levels of incremental shareholder returns going forward; d) regulatory scrutiny and industry practices altering the business model's prospects; e) potential antitrust scrutiny could prove to be a headwind to M&A aspiration (to add talent and product innovation inorganically) and/or result in a break-up or dis-synergies of prior period M&A activity; & f) inability to monetize upside optionality opportunities (messaging layer, social commerce/shopping, Oculus/Metaverse). In addition, Meta is exposed to the volatility caused by the global macroeconomic environment and investor risk appetite for growth stocks.

# Disclosure Appendix

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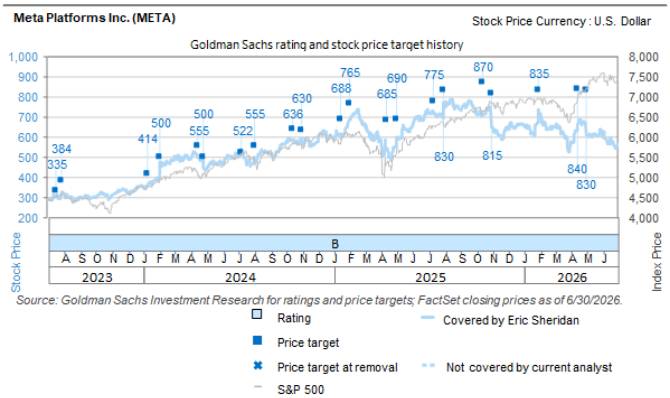
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### Meta Platforms Inc. (META)

| Date of report | Target price ($) | Closing price ($) |
|---|---|---|
| 08-Jul-26 | 815.00 | 603.12 |
| 30-Apr-26 | 830.00 | 611.91 |
| 13-Apr-26 | 840.00 | 634.53 |
| 29-Jan-26 | 835.00 | 738.31 |
| 30-Oct-25 | 815.00 | 666.47 |
| 14-Oct-25 | 870.00 | 708.65 |
| 31-Jul-25 | 830.00 | 773.44 |
| 10-Jul-25 | 775.00 | 727.24 |
| 01-May-25 | 690.00 | 572.21 |
| 11-Apr-25 | 685.00 | 543.57 |
| 30-Jan-25 | 765.00 | 687.00 |
| 13-Jan-25 | 688.00 | 608.33 |
| 31-Oct-24 | 630.00 | 567.58 |
| 14-Oct-24 | 636.00 | 590.42 |
| 01-Aug-24 | 555.00 | 497.74 |
| 08-Jul-24 | 522.00 | 529.32 |
| 25-Apr-24 | 500.00 | 441.38 |
| 15-Apr-24 | 555.00 | 500.23 |
| 02-Feb-24 | 500.00 | 474.99 |
| 10-Jan-24 | 414.00 | 370.47 |

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