

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$64.60B	\$63.33B	+2.0%
Operating Income	\$12.99B	\$20.85B	-37.7%
Diluted EPS	\$3.83	\$3.57	+7.3%
SEGMENT REVENUE			
Family of Apps revenue	\$64.16B	\$62.75B	+2.2%
Reality Labs revenue	\$443M	\$517.7M	-14.4%

2 | GUIDANCE AND OUTLOOK

Meta guided Q4 revenue to \$73 billion to \$76 billion, implying 21.9% to 26.9% growth. 2026 total expenses are now expected at \$175 billion to \$179 billion, raised from \$165 billion to \$169 billion, overwhelmingly attributable to the \$9.89 billion legal charge; operating income is now expected above 2025 only excluding that charge. 2026 capital expenditures were narrowed to \$135 billion to \$145 billion from \$130 billion to \$145 billion. Reality Labs 2026 losses are now expected at \$18 billion to \$19 billion, and approximately \$15 billion in 2027.

3 | EARNINGS ANALYSIS

THE BEAT WAS MONETIZATION-LED. Revenue increased 26.1% to \$64.60 billion, beating consensus by \$1.27 billion, or 2.0%, and advertising accounted for essentially all of the upside. Average price per ad rose 14%, but impressions increased only 10% against expectations of 12.3%, and daily active people of 3.64 billion fell modestly below consensus. Growth quality was favorable on monetization and engagement, less favorable on volume and user growth.

HEADLINE EARNINGS REQUIRE NORMALIZATION. GAAP operating income fell 36.8% to \$12.99 billion on a \$9.89 billion legal charge. Excluding the charge, operating income was \$22.88 billion, up 11.4%, at a 35.4% margin against 40.1% a year earlier, while expenses excluding the charge rose 35.9%, materially faster than revenue, and the normalized incremental operating margin was only 17.5%. EPS excluding the respective charges rose just 2.1%, from \$7.25 to \$7.40, so strong revenue growth is not translating into comparable per-share growth.

CASH GENERATION IS THE CONSTRAINT. Operating cash flow rose 9.3% to \$32.79 billion, but capital expenditures rose 80.2% to \$34.91 billion, and free cash flow swung from positive \$10.63 billion to negative \$2.12 billion. The revised annual capex range implies approximately \$49.18 billion to \$59.18 billion of spending in the fourth quarter alone, and nine-month free cash flow fell 62.6% to \$11.05 billion. The question is how much additional capital is required, how it is financed, and what return accrues to each share.

ADOPTION IS NOT YET ECONOMICS. Muse exceeded 10 million setups in the U.S. and Canada within approximately 6 weeks, with approximately 25% of users active daily, and Meta One surpassed 15 million subscriptions and trials. But no unit economics were disclosed, and the CFO expects total serving costs to rise even as efficiency improves more than 10-fold. The assessment is constructive on the advertising franchise and cautious on near-term returns: conviction requires monetization and inference efficiency to outpace infrastructure costs, model spending, and usage growth.

4 | KEY READ-THROUGHS

CUSTOM SILICON BECOMES MORE IMPORTANT AS INFERENCE ECONOMICS BECOME THE CONSTRAINT
Broadcom (AVGO) | Positive | High strategic relevance; moderate incremental read-through
Meta expects more than a 10x improvement in Muse compute efficiency and identified serving costs as a constraint on expansion, making cost-efficient inference central. Broadcom's exposure is verified: the partnership covers MTIA generations, chip design, advanced packaging, and Ethernet networking, with a commitment exceeding 1 GW and a multigigawatt rollout.

EFFICIENCY IMPROVEMENTS DO NOT SUPPORT A NEAR-TERM ACCELERATOR DEMAND CONTRACTION
NVIDIA (NVDA), Advanced Micro Devices (AMD) | Positive | High demand relevance; greater relative growth significance for AMD
Meta raised its 2026 capex floor from \$130 billion to \$135 billion, retaining the \$145 billion ceiling; \$85.82 billion spent through September implies \$49.18 billion to \$59.18 billion in Q4. NVIDIA's covers Blackwell and Rubin GPUs and networking; AMD's, up to 6 GW. Workload expansion outpaces unit-cost improvement; efficiency does not imply demand contraction.

OWNED DATA CENTERS AND RENTED CAPACITY ARE COMPLEMENTS DURING THE BUILDOUT
CoreWeave (CRWV), Nebius Group (NBIS) | Positive | High business relevance; particularly substantial for Nebius
The CFO identified higher third-party cloud spending as an infrastructure expense driver, compute intensity has constrained Muse's international launch, and serving costs are expected to rise. CoreWeave's expanded agreement is approximately \$21 billion through 2032. Nebius holds a \$12 billion dedicated-capacity agreement from early 2027 plus up to \$15 billion more.

META'S BEAT IS A COMPETITIVE WARNING, NOT A CLEAN SECTORWIDE DEMAND SIGNAL
Snap (SNAP), Pinterest (PINS) | Negative | Medium-to-high strategic relevance for Snap; moderate for Pinterest
Meta advertising revenue rose 26%, with price per ad up 14%, impressions up 10%; advertisers adopting its AI Business Assistant recommendations spent 9% more than similar nonadopters. Budgets follow measurable outcomes, so smaller platforms face a higher performance threshold. The comparison is observational, not proof of transfer; peers' earnings are the catalyst.