



# **META PLATFORMS**

## **Q3 2025**

### **Earnings Report Update**

PREPARED BY:  
**SAVEST RESEARCH**

# Company Overview

Meta Platforms Inc., founded in 2004 and headquartered in Menlo Park California, develops technologies that connect people globally through social messaging and immersive platforms. Operating through Family of Apps and Reality Labs, Meta offers Facebook, Instagram, WhatsApp, Messenger and Threads, alongside advanced virtual and augmented reality products, driving innovation in digital communication, social interaction, and immersive experiences worldwide.

## GUIDANCE

The company expects strong Q4 2025 revenue of \$56–59 billion, driven by ad growth but offset by lower Reality Labs revenue.

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We had a strong quarter for our business and our community," said Mark Zuckerberg, Meta founder and CEO." Meta Superintelligence Labs is off to a great start and we continue to lead the industry in AI glasses. If we deliver even a fraction of the opportunity ahead, then the next few years will be the most exciting period in our history.

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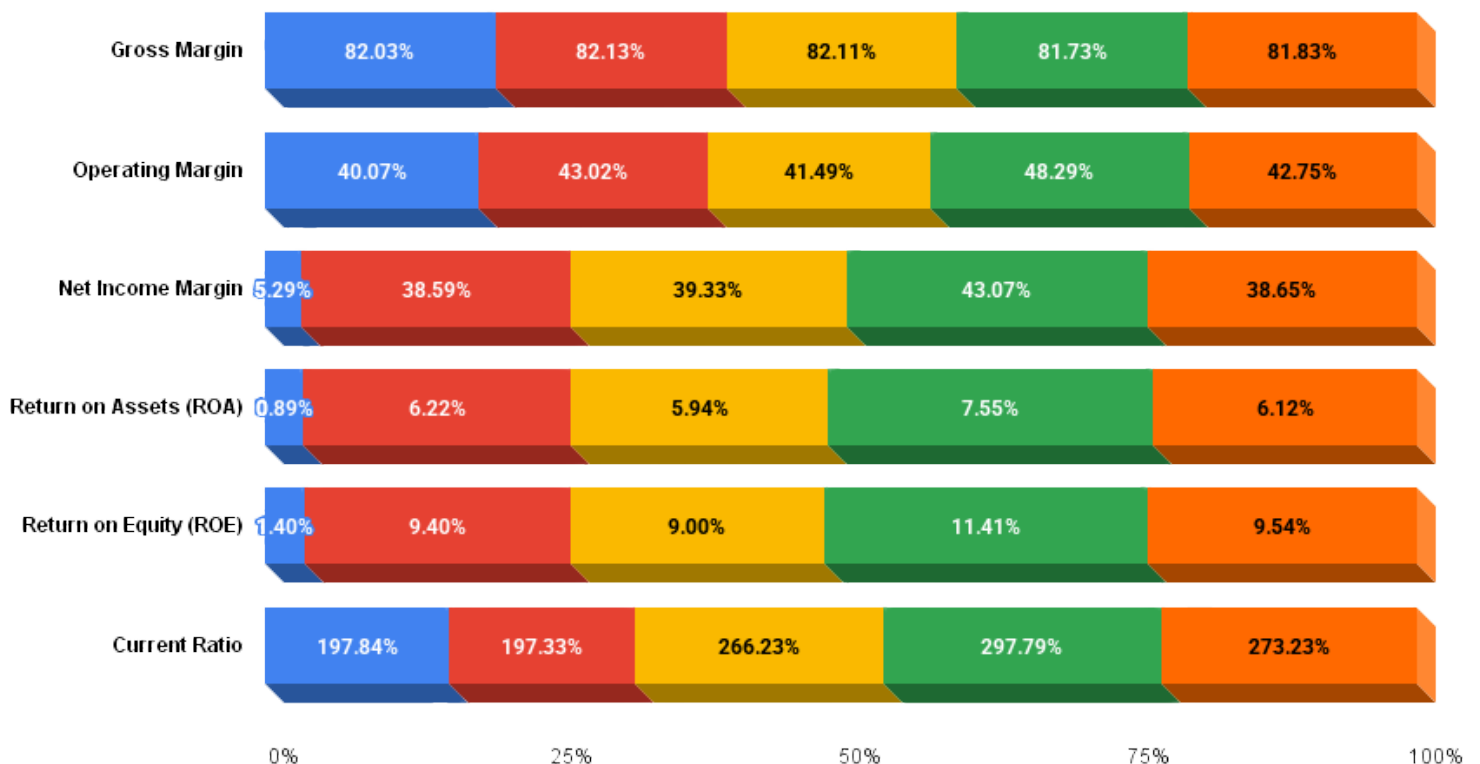
## CEO's Commentary

## Expectation Analysis

MILLION USD	Q3 2025	ESTIMATE	BEAT/MISS
REVENUE	51.20B	49.40B	3.70%
EBITDA	31.10B	29.70B	4.50%
EBIT	20.50B	19.40B	5.70%
EPS (adjusted)	7.25	6.67	8.70%

## Margin and Efficiency Analysis

Q3 2025 Q2 2025 Q1 2025 Q4 2024 Q3 2024



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q3 2025	QOQ	YOY	
Revenue	51,242.00	7.84%	26.25%	
Income from operations	20,535.00	0.46%	18.36%	
Income before tax	21,663.00	5.50%	21.55%	
Net income	2,709.00	-85.23%	-82.73%	
EPS	7.25	1.54%	20.23%	
Cash Flow Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Net cash from operations	29,999.00	17.36%	21.34%	
Net cash from investing	-21,848.00	15.83%	-153.46%	
Net cash from financing	-10,047.00	37.12%	-129.86%	
Cash balance	11,941.00	-13.65%	-73.54%	
Cost/Expenses Summary				
Million USD(\$)	Q3 2025	QOQ	YOY	
Cost of revenue	9,206.00	8.42%	24.83%	
Research and development	15,144.00	17.01%	35.49%	
Marketing and sales	2,845.00	-4.50%	0.82%	
General and administrative	3,512.00	31.88%	88.31%	
Income tax	18,954.00	762.72%	788.19%	
Key Items of Financial Position Summary				
Billion USD(\$)	30th September	YTD	QOQ	YOY
Current assets	73,118.00	-26.91%	-0.67%	-19.71%
Non-current assets	230,726.00	31.09%	4.34%	39.55%
Total assets	303,844.00	10.07%	3.09%	18.50%
Current liabilities	36,958.00	10.01%	-0.93%	10.89%
Non-current liabilities	72,820.00	21.73%	16.76%	24.37%
Total liabilities	109,778.00	17.51%	10.14%	19.48%
Total equities	194,066.00	6.26%	-0.51%	17.95%
Segment Performance				
Million USD(\$)	Q3 2025	% Revenue	QOQ	YOY
Reality Labs	50,772.00	99.08%	7.69%	25.93%
Reality Labs	470.00	0.92%	27.03%	74.07%

# Performance Highlights

- Meta reported strong Q3 2025 revenue of \$51.24 billion, up 26% year-over-year, driven primarily by continued ad demand across Facebook, Instagram, and WhatsApp. Growth was supported by a 10% increase in average ad prices and a 14% rise in ad impressions.
- The Family of Apps segment remained Meta's profit engine, generating \$50.77 billion in revenue, a 26% increase from Q3 2024. Robust engagement and improved ad monetization led to FoA operating income of \$24.97 billion, up 15% year-over-year.
- Reality Labs revenue rose 74% year-over-year to \$470 million, reflecting early adoption of new mixed reality technologies. However, losses persisted at \$4.43 billion, consistent with Q3 2024.
- Operating income grew 18% to \$20.54 billion, despite a 32% rise in total expenses. The operating margin declined to 40% from 43% last year, reflecting accelerated infrastructure spending and higher R&D investments
- Total expenses reached \$30.71 billion, a 32% increase year-over-year, primarily due to R&D spending up 36% and higher share-based compensation. Employee headcount rose 8%, driven by AI and technical hires to support Meta Superintelligence Labs and hardware innovation.
- Operating cash flow surged to \$30.0 billion, up from \$24.7 billion last year, demonstrating strong core profitability. Free cash flow was \$10.62 billion, even after substantial infrastructure investments.
- Capital expenditures climbed to \$19.37 billion, reflecting aggressive data center and AI infrastructure buildouts. Management indicated continued expansion into 2026 as compute demands grow. This marks a 134% year-over-year increase.
- Meta repurchased \$3.16 billion in Class A shares and paid \$1.33 billion in dividends during Q3. These actions demonstrate confidence in long-term cash generation, though total buybacks were lower than Q3 2024, reflecting prioritization of infrastructure spending.
- Reported net income dropped 83% to \$2.71 billion due to a one-time, non-cash \$15.93 billion tax charge from the U.S. Corporate Alternative Minimum Tax. Excluding this, adjusted net income would have been \$18.64 billion, and diluted EPS \$7.25
- Meta's Family Daily Active People (DAP) grew 8% to 3.54 billion, confirming sustained global engagement. Continued strength in ad delivery and user interaction across platforms reinforces Meta's ecosystem scale advantage, critical for future commerce expansion.

# Concerns Raised

- The 32% increase in expenses and projected 22–24% full-year growth signal potential margin pressure. While AI investments are strategic, sustained cost escalation without corresponding revenue acceleration could weigh on profitability through 2026.
- With 2025 capex expected at \$70–72 billion and “notably larger” growth in 2026, Meta’s cash allocation toward infrastructure may limit flexibility. Prolonged high spending could compress free cash flow if monetization of AI products lags expectations.
- Meta faces mounting regulatory scrutiny in the EU and US, particularly around data privacy and youth safety. Possible adverse rulings on its Less Personalized Ads offering could materially reduce European revenue as early as Q4 2025.
- Despite innovation in mixed reality, Reality Labs continues to post multi-billion-dollar losses with limited short-term payoff. Without clearer monetization or cost discipline, these persistent losses risk diluting overall shareholder value amid rising infrastructure costs.

## OUR INSIGHT

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Meta’s Q3 2025 result reflects strong revenue momentum, but moderating profitability amid higher investment spending. Gross margin (82.0%) remains robust, supported by efficient ad monetization, while operating margin (40.1%) and net margin (5.3%) declined due to elevated R&D and infrastructure expenses. Profitability ratios weakened, with ROA (0.9%) and ROE (1.4%) impacted by a one-time tax charge and capital expansion. However, liquidity remains solid, with a current ratio of 1.98, underscoring near-term financial stability. In the short term, margin compression and heavy capex may constrain earnings growth, but over the long term, Meta’s continued investment in AI infrastructure, platform integration, and advertising innovation positions the company for renewed profitability, scalable efficiency, and sustainable shareholder value creation.

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