



META PLATFORMS INC.

Q4 2025

Earnings Report Update

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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 Q1 2026 total revenue to be in the range of \$53.5-56.5 billion.

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We had strong business performance in 2025," said Mark Zuckerberg, Meta founder and CEO. "I'm looking forward to advancing personal superintelligence for people around the world in 2026.

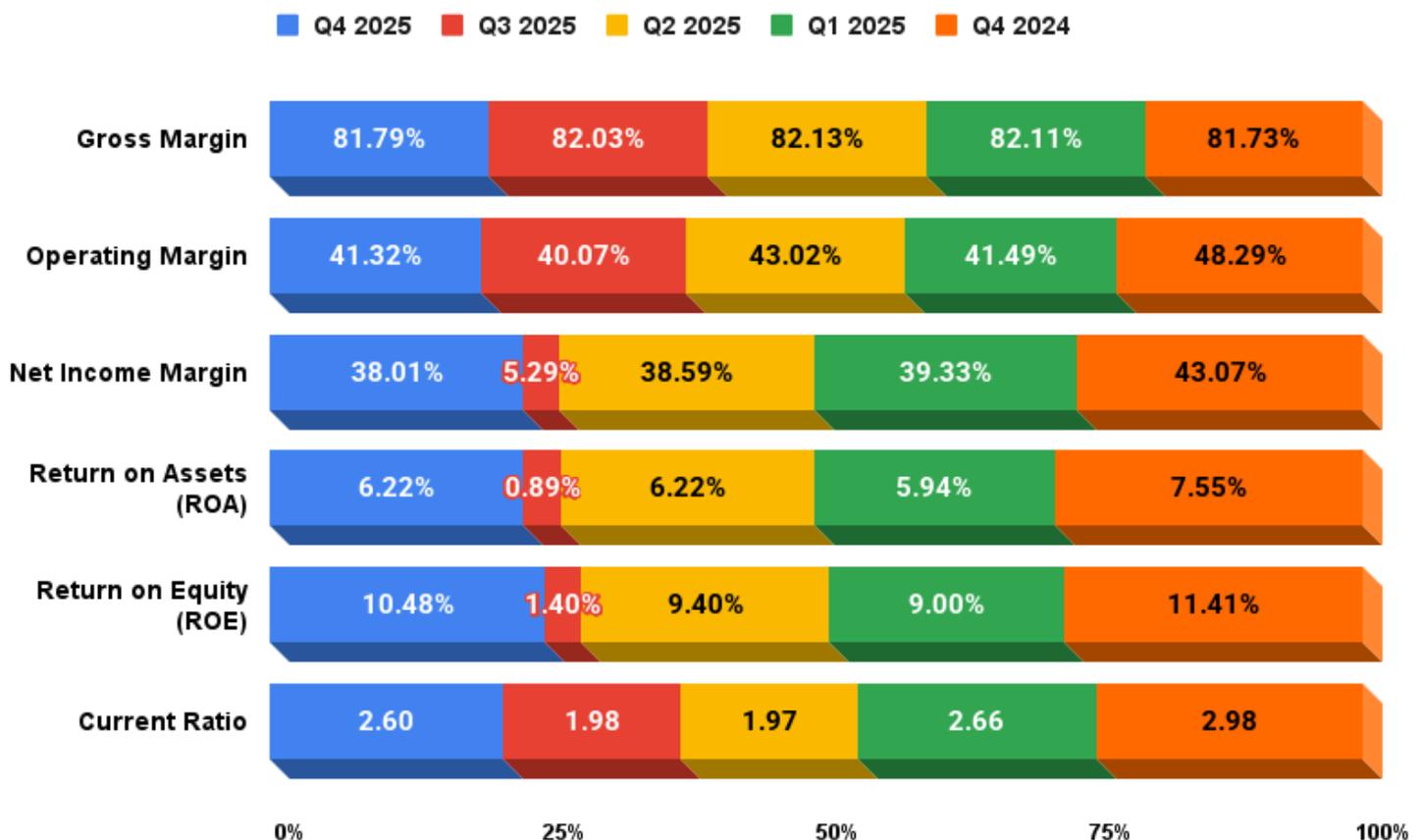
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CEO's Commentary

Expectation Analysis

USD (\$)	Q4 2025	ESTIMATE	BEAT/MISS
REVENUE	59.89B	58.50B	2.40%
EBITDA	36.00B	35.10B	2.80%
EBIT	24.70B	23.90B	3.50%
EPS (adjusted)	8.88	8.18	8.60%

Margin and Efficiency Analysis



Revenue/Profitability Summary

Million USD(\$), except EPS	Q4 2025	QOQ	YOY
Revenue	59,893.00	16.88%	23.78%
Income from operations	24,745.00	20.50%	5.91%
Income before tax	25,354.00	17.04%	7.65%
Net income	22,768.00	740.46%	9.26%
EPS	8.88	745.71%	10.72%

Cost/Expenses Summary

Million USD(\$)	Q4 2025	QOQ	YOY
Cost of revenue	10,905.00	18.46%	23.37%
Research and development	17,136.00	13.15%	40.69%
Marketing and sales	3,410.00	19.86%	5.25%
General and administrative	3,697.00	5.27%	385.81%
Income tax	2,586.00	-86.36%	-4.75%

Cash Flow Summary

Million USD(\$)	Q4 2025	QOQ	YOY
Net cash from operations	36,214.00	20.72%	29.39%
Net cash from investing	-34,187.00	-56.48%	-59.02%
Net cash from financing	25,149.00	350.31%	560.18%
Cash balance	39,100.00	227.44%	-13.95%

Segment Performance

Million USD(\$)	Q4 2025	% Revenue	QOQ	YOY
Family of Apps	58,938.00	98.41%	16.08%	24.60%
Reality Labs	955.00	1.59%	103.19%	-11.82%

Key Items of Financial Position Summary

Million USD(\$)	December 31, 2025	QOQ	YOY
Current assets	108,722.00	48.69%	8.67%
Non-current assets	257,299.00	11.52%	46.19%
Total assets	366,021.00	20.46%	32.59%
Current liabilities	41,836.00	13.20%	24.53%
Non-current liabilities	106,942.00	46.86%	78.77%
Total liabilities	148,778.00	35.53%	59.26%
Total equities	217,243.00	11.94%	18.95%

Performance Highlights

- Meta delivered robust revenue growth in Q4 and FY 2025, primarily driven by advertising across the Family of Apps. Ad impressions rose by 18% in Q4 and 12% for the full year, while average price per ad increased by 6% and 9%, respectively, reflecting improved monetization, higher engagement, and better ad targeting efficiency.
- The Family of Apps segment accounted for virtually all revenue growth, supported by a 7% year-on-year increase in daily active people to 3.58 billion. Segment operating income expanded meaningfully, underscoring the scalability of Meta's core platforms despite elevated investment spending.
- Operating income increased by 6% year-on-year in Q4 and 20% for FY 2025, supported by strong revenue momentum. While operating margin compressed year-on-year due to accelerated investments, margins remained robust above 40%, highlighting Meta's strong operating leverage.
- Net income rose 9% year-on-year in Q4 but declined modestly for the full year, largely due to a significantly higher effective tax rate following the implementation of new tax legislation. Absent this tax impact, underlying earnings growth would have been materially stronger.
- Diluted EPS grew double-digit in Q4, reflecting higher profitability and disciplined share count management. Full-year EPS was broadly stable despite tax headwinds, supported by substantial share repurchases totaling over \$26 billion during the year.
- Operating cash flow increased sharply, reflecting higher profitability and favorable working capital dynamics. Full-year operating cash flow exceeded \$115 billion, demonstrating the cash-generative nature of Meta's advertising-led business model.
- Capital expenditures increased sharply, driven by data center expansion, AI infrastructure, and Superintelligence Labs. These investments position Meta to support higher compute intensity and long-term product innovation.
- Meta ended 2025 with over \$80 billion in cash, cash equivalents, and marketable securities. This strong liquidity profile provides ample capacity to fund CAPEX, absorb regulatory shocks, and sustain capital returns.
- Reality Labs continued to post operating losses, but these remained broadly stable year-on-year. Importantly, losses were offset by strong profitability from the Family of Apps, allowing Meta to sustain long-term optionality in AR/VR without impairing group earnings power.

Concerns Raised

- Total costs and expenses grew faster than revenue in Q4, driven by infrastructure, depreciation, and employee compensation. Sustained cost acceleration could pressure margins if revenue growth moderates.
- Planned CAPEX for 2026 represents a significant step-up, increasing execution risk and extending the payback period on investments, particularly in AI and advanced infrastructure with uncertain near-term monetization.
- Ongoing regulatory scrutiny in the EU and U.S., including youth-related issues and advertising practices, poses risks of fines, operational changes, or adverse legal outcomes that could impact growth and profitability.
- While strategically important, Reality Labs continues to generate sizable operating losses with limited revenue contribution. Prolonged losses without clearer monetization pathways could weigh on investor sentiment over the medium term.

OUR INSIGHT

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Meta's Q4 performance was driven by resilient advertising demand and AI-led improvements in engagement, targeting, and pricing, allowing revenue growth to co-exist with solid operating profitability. Management's willingness to commit up to \$135 billion to AI infrastructure signals confidence in long-term earnings expansion and strategic leadership in next-generation platforms. The long-term investment case remains attractive, supported by scale, data advantages, and robust cash generation. Key watch-outs include sustained capex intensity, persistent Reality Labs losses, margin volatility during heavy investment cycles, and rising regulatory and litigation risks across key markets.

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