

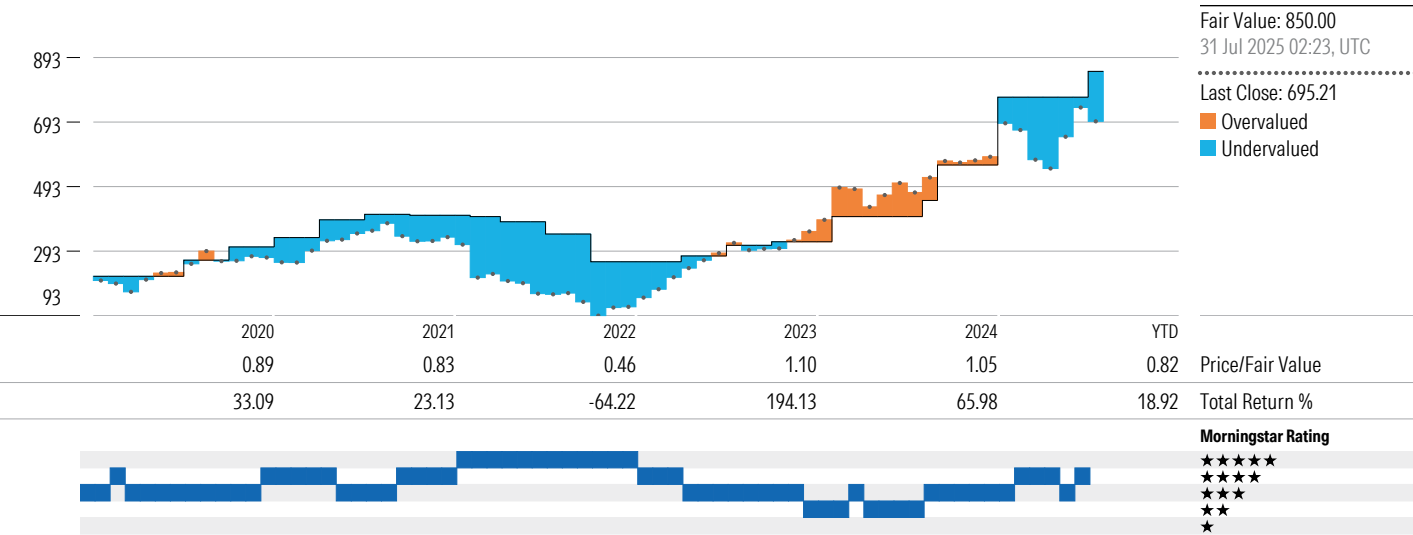
Meta Platforms Inc Class A

META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

Price vs. Fair Value



Total Return % as of 30 Jul 2025. Last Close as of 30 Jul 2025. Fair Value as of 31 Jul 2025 02:23, UTC.

Contents

Analyst Note (31 Jul 2025)
Business Description
Business Strategy & Outlook (22 Jan 2025)
Bulls Say / Bears Say (31 Jul 2025)
Economic Moat (22 Jan 2025)
Fair Value and Profit Drivers (31 Jul 2025)
Risk and Uncertainty (22 Jan 2025)
Capital Allocation (30 Jan 2025)
Analyst Notes Archive
Financials
ESG Risk
Appendix
Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: <http://global.morningstar.com/equitydisclosures>.

The primary analyst covering this company does not own its stock.

¹The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Meta Earnings: Ad Engine Firing on All Cylinders Even as AI Costs Mount; FVE up to \$850 From \$770

Analyst Note Malik Ahmed Khan, CFA, Equity Analyst, 31 Jul 2025

Meta closed the second quarter of fiscal 2025 with excellent financial results which included sales growing 22% to \$47.5 billion and operating margins rising 500 basis points to 43%. The firm's capital expenditures for 2025 are expected to reach \$69 billion, up from \$68 billion previously estimated.

Why it matters: Meta's primary ad business continues to churn out billions of dollars in free cash flow that the firm is spending on its artificial intelligence ambitions. We remain enthusiastic about Meta's ability to drive better engagement and monetization on its social media platforms by leveraging AI tools.


- ▶ While investors have been concerned this year about macro headwinds and their impact on Meta's digital ad sales, we continue to view the firm's ad business as resilient. We attribute this resilience to the firm's superior return on ad spending that continues to attract customers.
- ▶ Meta's strategy of using AI tools to drive better engagement and monetization of its platforms continues to go strong. Meta saw more time spent on Instagram and Facebook, more advertisers using AI creative tools, and AI-improved ad recommendations leading to higher conversion rates.

The bottom line: We are raising our fair value estimate for wide-moat Meta to \$850 from \$770 as we factor in the strong quarterly performance as well as higher top-line growth due to continued AI-led improvements in user engagement and ad monetization.

Meta Platforms Inc Class A META ★★★★★ 31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

Sector

 Communication Services

Industry

Internet Content & Information

- With shares trading up sharply following the earnings result, we view them as marginally undervalued relative to our updated fair value.

Business Description

Meta is the largest social media company in the world, boasting close to 4 billion monthly active users worldwide. The firm's "Family of Apps," its core business, consists of Facebook, Instagram, Messenger, and WhatsApp. End users can leverage these applications for a variety of different purposes, from keeping in touch with friends to following celebrities and running digital businesses for free. Meta packages customer data, gleaned from its application ecosystem and sells ads to digital advertisers. While the firm has been investing heavily in its Reality Labs business, it remains a very small part of Meta's overall sales.

Between the lines: With Instagram and Facebook well-saturated with ads, Meta has begun ads on Threads and WhatsApp as it looks to increase its ad supply, which should boost sales over time. We see this move as value-accretive as the firm increases its ad surfaces and monetization simultaneously.

Business Strategy & Outlook Malik Ahmed Khan, CFA, Equity Analyst, 22 Jan 2025

We view Meta as the clear leader in social media. The firm's application lineup, which includes Facebook, Instagram, WhatsApp, and Messenger, has close to 4 billion monthly active users, giving Meta unmatched scale in the sector.

The firm's strategy is dual-pronged. On the user side, Meta has leveraged its scale and social media savvy to iteratively improve its product lineup, adding attractive features such as Stories, Reels, and even new products such as Threads. Such improvements/additions not only improve user engagement, but also allow Meta to monetize these features/products by layering advertisements onto them.

On the advertising side, Meta allows advertisers of all shapes and sizes to place ads in front of engaged users. The company has benefited greatly from a general shift toward digital advertising within the broader advertising market, with social media advertising gaining substantial share, especially since the covid-19 pandemic. To bolster its advertising business, Meta has invested heavily to improve its ad-targeting algorithms, allowing it to improve its advertisers' return on ad spending and increasing its average revenue per user over time.

While the firm's core business remains advertising, Meta has shown a proclivity to expand beyond its ad-based revenue model by investing heavily in hardware, via Reality Labs, and AI, by investing in its own Llama large language model. While the firm's investments in Reality Labs have been demonstrably unprofitable, we are more optimistic about Meta's investments in AI. We believe Meta's AI investments, especially those aimed at improving the firm's ad-targeting algorithms, are value-accretive.

Beyond ad-targeting, Meta is also investing in consumer-facing AI, via its Llama chatbot, which is accessible to users across its applications. While a monetization strategy for this chatbot remains elusive in the near term, we believe the firm could drive increased user engagement/time spent by allowing its users access to a chatbot assistant within Meta's applications.

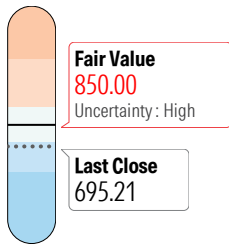
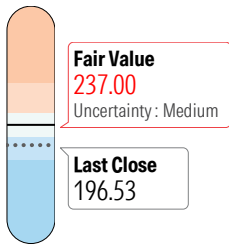
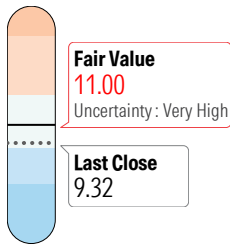
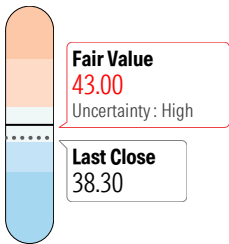
Bulls Say Malik Ahmed Khan, CFA, Equity Analyst, 31 Jul 2025

- Meta's core advertising business has benefited greatly through improved ad targeting and content recommendation algorithms as well as a secular increase in digital advertising spending.
- Meta's scale, with the majority of the world's internet-connected users accessing its applications, allows it access to high-quality user data which it can package and sell to advertisers.

Meta Platforms Inc Class A META ★★★★★ 31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	4 Jun 2025 05:00, UTC

Competitors

	Meta Platforms Inc Class A META	Alphabet Inc Class A GOOGL	Snap Inc Class A SNAP	Pinterest Inc Class A PINS
	 <p>Fair Value 850.00 Uncertainty: High</p> <p>Last Close 695.21</p>	 <p>Fair Value 237.00 Uncertainty: Medium</p> <p>Last Close 196.53</p>	 <p>Fair Value 11.00 Uncertainty: Very High</p> <p>Last Close 9.32</p>	 <p>Fair Value 43.00 Uncertainty: High</p> <p>Last Close 38.30</p>
Economic Moat	Wide	Wide	None	Narrow
Currency	USD	USD	USD	USD
Fair Value	850.00 31 Jul 2025 02:23, UTC	237.00 5 Feb 2025 04:14, UTC	11.00 30 Apr 2025 08:41, UTC	43.00 9 Feb 2024 12:44, UTC
1-Star Price	1,317.50	319.95	19.25	66.65
5-Star Price	510.00	165.90	5.50	25.80
Assessment	Undervalued 31 Jul 2025	Undervalued 30 Jul 2025	Fairly Valued 30 Jul 2025	Fairly Valued 30 Jul 2025
Morningstar Rating	★★★★★ 31 Jul 2025 02:28, UTC	★★★★★ 30 Jul 2025 21:34, UTC	★★★★★ 30 Jul 2025 21:51, UTC	★★★★★ 30 Jul 2025 21:50, UTC
Analyst	Malik Ahmed Khan, Equity Analyst	Malik Ahmed Khan, Equity Analyst	Malik Ahmed Khan, Equity Analyst	Malik Ahmed Khan, Equity Analyst
Capital Allocation	Standard	Exemplary	Standard	Standard
Price/Fair Value	0.82	0.83	0.85	0.89
Price/Sales	10.70	6.49	2.82	7.14
Price/Book	9.54	6.53	6.81	5.53
Price/Earning	27.25	23.08	—	14.09
Dividend Yield	0.29%	0.41%	0.00%	0.00%
Market Cap	1,747.99 Bil	2,376.83 Bil	15.68 Bil	25.91 Bil
52-Week Range	450.80—747.90	140.53—207.05	7.08—13.95	23.68—40.90
Investment Style	Large Blend	Large Blend	Mid Blend	Mid Blend

- The firm has an opportunity to drive more ad inventory growth, leveraging new products such as Threads while also improving its monetization of ads on more nascent features such as Stories and Reels.

Bears Say Malik Ahmed Khan, CFA, Equity Analyst, 31 Jul 2025

- Meta's investments in Reality Labs and generative AI stand to lose the firm billions of dollars annually, taking some of the shine off its overall business.
- The firm has a monopoly case against it in the US which could potentially force it to break up, severing some of the scale advantages it has built up over time.
- Meta has disproportionately benefited from increased ad spending by Chinese retailers including Temu and Shein. A slowdown in spending by these firms could hit Meta's growth.

Economic Moat Malik Ahmed Khan, CFA, Equity Analyst, 22 Jan 2025

Meta Platforms Inc Class A

META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	 Wide	 Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

We believe Meta merits a wide economic moat rating due to the firm's intangible assets and the potent network effect around its Family of Apps business. While the firm's Reality Labs segment continues to hemorrhage cash, we believe Meta's FoA business' strong competitive advantages will likely allow the firm to generate returns in excess of its cost of capital over the next two decades.

Family of Apps

We assign a wide moat rating to Meta's Family of Apps, or FoA, business segment. We believe that the firm has built significant intangible assets, primarily via the customer data it collects and a potent network effect that has enabled Meta to be the most dominant social media platform in the world.

Meta's FoA segment includes revenue from its social media applications including Facebook, Instagram, WhatsApp, and Messenger. The firm's dominance in social media is evidenced by its four primary applications constituting four of the six most popular social media applications globally. Also, Meta's scale in the social media business is staggering. Almost 4 billion people use at least one of its applications every month. For context, according to various estimates, a little more than 5 billion people in the world have access to the internet, implying that around 75% of people connected to the internet globally are users of Meta's applications.

The vast majority of Meta's massive user base across its application ecosystem uses its applications free of charge. Instead of paying Meta a subscription fee to use its applications, they provide Meta with an audience that it can sell advertisements to. Meta can accumulate data on users, such as demographic information, likes/dislikes, and topics of interest to feed into its advertising engine, which lets advertisers target ads placed on Meta's properties.

We view Meta's collection, storage, and subsequent monetization of this rich, high-quality data as an intangible asset that provides the firm with a meaningful competitive advantage over other social media platforms and advertising venues. This data, and the ad technology and algorithms built on top of it, provide Meta a peerless position when it comes to monetizing its large user base. Further, as Meta's data collection and ad-targeting algorithms have gotten better, the firm has also flexed its pricing power. A prime example of this pricing power, and the increasingly strong value proposition the firm offers advertisers, is the rapid growth in Meta's average ad revenue per user, which has increased to more than \$40 globally at the end of 2023 from around \$25 in 2018.

Further, Meta's ad-targeting and content recommendation algorithms improve as more users give it their data by using its applications. This dynamic creates a potent network effect with the value of its application ecosystem increasing as more people use it. These network effects serve to create barriers to success for new social network upstarts, who would start off subscale, as well as barriers to exit for existing users who might leave behind friends, contacts, pictures, memories, and more by completely departing to alternative applications such as Snapchat or TikTok.

Meta Platforms Inc Class A META ★★★★★ 31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide 	Large Blend 	High	Standard	 4 Jun 2025 05:00, UTC

Meta has leveraged its scale and large installed base to create new avenues of user engagement that directly compete with applications that stand to threaten its social media dominance. When threatened by Snapchat, Meta launched Stories, a Snapchat copycat, that allows FoA users to post short picture or video collections that disappear after 24 hours. Similarly, when threatened by TikTok and its engaging short-form video content, Meta rolled out Reels, a short-form video offering nearly identical to TikTok.

While Stories and Reels can be seen as defensive maneuvers aimed to keep users on Meta's applications, Meta has demonstrated its ability to use this copycat model as an offensive, land-grab strategy as well. When Twitter/X was undergoing substantial turmoil following Elon Musk's takeover of the platform, Meta launched Threads, a Twitter/X copycat. In all three cases, Stories, Reels, and Threads, Meta has been able to create strong, monetizable products that have hundreds of millions of users across them. We believe Meta's ability to weaponize its scale as a competitive advantage makes the economic moat around its business more durable.

Meta's scale is also important when contextualizing the firm's ongoing investments in AI. Meta's capital expenditure, mostly on data centers equipped with expensive graphics processing units, has led investors to question whether the firm's investments in AI will yield meaningful results and generate returns in excess of the firm's cost of capital. When discerning the impact of these AI investments on Meta's return on invested capital profile and its durable competitive advantage and differentiation, we see positives and negatives.

On the positive side, the firm could leverage AI to improve its ad tech business, improving advertiser ROI and encouraging more ad dollars to be spent on its platform. Investments in AI that serve this end are, in our view, explicitly value-accretive. By investing within its moat, Meta could leverage its AI infrastructure to further pull away from competition by driving a higher ad revenue per user in its highly profitable ad business. However, investments to drive better ad targeting are nothing new. Also, the firm's AI investments could be leveraged to drive more engaging content for its end users on Facebook and Instagram. Again, such investments in better user engagement are ultimately value-accretive as they increase Meta's value to advertisers who can place ads for more engaged users.

On the other hand, the firm's investments in generative AI and its push to have Llama as the chatbot of choice for its users don't inspire the same confidence in us. First, the firm lacks any meaningful monetization strategy around its chatbot. We understand that if users have a competent chatbot within their Meta application of choice they don't need to leave Meta's properties, boosting time spent on Meta's application ecosystem. However, at the same time we'd imagine it'd be significantly cheaper for Meta to have a licensing agreement with a company like OpenAI/Anthropic/Perplexity, which could provide Meta with chatbots that would have the same end user-engagement result.

Also, we see the investments that public cloud vendors are making in AI as beneficial for public cloud

Meta Platforms Inc Class A META ★★★★★ 31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

infrastructure providers like Amazon, Microsoft, and Alphabet. Meta, on the other hand, does not have a presence in the public cloud market and isn't planning to become a public cloud vendor either. As a result, it strikes us as odd that the company would invest billions of dollars in developing a technology that doesn't have an obvious monetization strategy behind it. In sum, while we like Meta's investments in AI as they relate to the firm's core advertising business, we remain skeptical of the long-term value added by the firm's investments in user-facing chatbots.

Reality Labs

We believe Meta's Reality Labs business merits a no moat rating. While the firm's investments in metaverse and virtual/augmented reality could lead to profitable growth in the future, the segment continues to burn capital for Meta, with the segment's operating losses exceeding \$16 billion in 2023. Due to its insignificant size, as a proportion of Meta's overall business, it does not preclude us from viewing the overall firm as having a wide moat.

Fair Value and Profit Drivers Malik Ahmed Khan, CFA, Equity Analyst, 31 Jul 2025

Our fair value estimate for Meta is \$850 per share, implying a 2025 adjusted price/earnings multiple of 31 times and an enterprise value/adjusted EBITDA multiple of 16 times.

We forecast Meta's sales growing at a 14% compound annual growth rate for the next five years, spearheaded primarily by an increase in average revenue per user, with user growth also chipping in.

Drilling deeper, we believe Meta has a strong monetization opportunity ahead of it in Asia and the rest of the world. While we expect advertising sales from North America and Europe to grow steadily, we believe increasingly affluent and growing middle classes in Asia, Africa, and the Middle East will allow Meta to improve its ad monetization in those regions, lifting its overall top line.

While we expect Reality Labs sales to grow at a double-digit rate over the next five years, we believe Meta's advertising juggernaut will remain the primary driver of its business and intrinsic value over our explicit forecast.

On the profitability side, we remain impressed by Meta's ability to drive efficiency across its operational footprint, with the firm's 2024 operating margins of 42%, up from the 2022 nadir of 25%. Looking ahead, we believe that the firm's profitability will deteriorate, with operating margins declining to 38% over our explicit five-year forecast as increased compensation and depreciation costs eat away at the strong top-line growth.

Risk and Uncertainty Malik Ahmed Khan, CFA, Equity Analyst, 22 Jan 2025

We assign Meta a Morningstar Uncertainty Rating of High. We believe Meta's investments in

Meta Platforms Inc Class A

META★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

unprofitable ventures such as generative AI and Reality Labs add a layer of uncertainty around its business, even as its large and stable advertising business continues to generate substantial cash flows in our forecast.

As we look ahead, we believe Meta's considerable scale and intangible assets, such as its ad-targeting algorithms, will most likely enable the firm to maintain its dominance in the social media application space. While there are antitrust concerns around Meta's business, with US antitrust regulators pursuing a monopoly case against the firm, we view an often-hypothesized breakup of Meta's applications into separate businesses as unlikely. At the same time, there is headline risk that the firm faces as the case moves through the courts with a trial likely starting in 2025.

Beyond advertising, Meta's investments in Reality Labs and generative AI, primarily via its Llama LLM, add uncertainty to the firm's overall business. Along with losing Meta billions of dollars every year, a profitable monetization strategy for both investments remains elusive. While the firm has shown a panache of proving investors and analysts wrong with large business decisions in the past, we remain uncertain about the long-term value accretion these investments stand to provide Meta.

The firm's high dependence on user behavior data represents an environmental, social, and governance risk. If it fails to maintain adequate data privacy and security, Meta's advertising business will likely suffer. Also, the broader impact of social media on its users' mental health, especially that of teenagers, is also a pertinent ESG risk for Meta. There appears to be bipartisan support in the US for increased regulation of social media platforms that could include forcing Meta to change its content recommendation algorithms, potentially hitting the firm's advertising business.

Capital Allocation Malik Ahmed Khan, CFA, Equity Analyst, 30 Jan 2025

We assign Meta a Standard Morningstar Capital Allocation Rating based on its sound balance sheet, fair investments, and appropriate shareholder distributions.

Meta's balance sheet remains enviable, especially given that digital advertising has not been very cyclical thus far. Meta's leverage ratios remain exceptionally strong, with \$49 billion in net cash and cash equivalents as of the end of 2024.

Meta's research and development investments over the past decade have largely been value-accretive as the firm has been able to drive user growth while also improving monetization across its applications. While some recent R&D investments, particularly in Reality Labs, have been more questionable, we find the firm's internal investment strategy solid. With its large amount of cash, Meta is well positioned to make additional investments primarily by building out new features and products that drive increased user engagement.

Coupled with investments within the business, previous acquisitions have strengthened the firm's network effect moat source and accelerated top-line growth, most notably including Instagram and

Meta Platforms Inc Class A META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	 Wide	 Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

WhatsApp. The management team—more specifically, founder and CEO Mark Zuckerberg—has demonstrated its focus on long-term returns on investments, which we view as positive.

However, at the same time we believe that combative antitrust regulators scrutinizing Meta's every move and an ongoing monopoly case against the firm make it unlikely that Meta will be able to engage in any blockbuster mergers and acquisitions in the near future.

We also applaud management's walled-garden strategy as it continues to protect the firm's most valuable asset, its user base and usage data. However, the US and other governments around the world may also impose restrictions on Meta's use of user data. Management has responded well as it continues to increase its influence in Washington, D.C.

In terms of shareholder distributions, Meta declared a dividend for the first time in the first quarter of 2024. The firm has repurchased shares consistently, spending \$28 billion, \$19.8 billion, and \$30 billion in 2022, 2023, and 2024, respectively.

Our main knock on Meta's management is its use of a multiple share class structure that may limit the voice of minority shareholders. This has become more of an issue given how Meta is addressing data privacy and security, which has led to some shareholders wanting to reduce Zuckerberg's control of the company. Some continue to believe that Zuckerberg's control of Meta creates a conflict of interest, allowing him to pursue passion projects whether or not they have the potential to generate exceptional returns for shareholders.

Analyst Notes Archive

Meta: Ads on WhatsApp Stand to Add Incremental Ad Inventory, Supporting Top-Line Growth Malik Ahmed Khan, CFA,Equity Analyst,16 Jun 2025

On June 16, Meta announced that the company will begin placing ads on WhatsApp, a messaging app with over 3 billion monthly users. The ads will show up on the Updates tab, a WhatsApp feature used by more than 1.5 billion users daily. Why it matters: To increase ad sales, Meta has two primary levers: price and volume. While price can be indirectly increased over time by honing algorithms to increase return on ad spending, Meta has more explicit control over volume, as it can choose to surface more ads on its platform. With ad loads, or the number of ads shown, quite high on saturated products such as Facebook and Instagram, Meta has increasingly looked for new pieces of digital real estate to show ads. After Meta announced plans for ads on Threads earlier this year, WhatsApp is next on the monetization schedule. Meta has a proven track record of gradually monetizing its applications after building up a strong, sticky user base. While WhatsApp's monetization timeline has been significantly longer than that of other apps and products, such as Threads, Stories, and Reels, we view Meta's change as a strategic move. The bottom line: We maintain our \$770 fair value estimate for wide-moat Meta, with WhatsApp monetization already baked into our growth forecasts. With shares trading up on the news of

Meta Platforms Inc Class A META ★★★★★ 31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

WhatsApp monetization, we view them as marginally undervalued. With the firm claiming only to use data such as location, language, and interactions with ads to show ads on WhatsApp, we believe WhatsApp monetization will likely lag that of Instagram and Facebook. Those apps have vastly more data that can improve the return on ads for advertisers. Further, while WhatsApp has more than 3 billion monthly users, a considerable portion of them reside in low- low-monetization geographies, further damping the average revenue per user profile of WhatsApp.

Meta: Investment in Scale AI Underscores the Value of Data in Large Language Model Development

Malik Ahmed Khan, CFA, Equity Analyst, 9 Jun 2025

Over the weekend, multiple news outlets reported that Meta was looking to invest around \$10 billion in Scale AI, a startup that provides data labelling services to model developers. Scale AI's most recent funding round, back in 2024, valued the firm at \$14 billion. Why it matters: A \$10 billion investment by Meta would be the largest external investment the firm has made in artificial intelligence, underscoring the need for high-quality data to train leading frontier models such as Llama 4. Scale AI's services have been instrumental in training specialized models, focused on deeper research areas in science and math. Within Scale AI's pool of contributors that check and rank model performance, 12% hold PhDs and 40% hold graduate degrees such as MBA, JD, etc. Scale AI's highly skilled network could be valuable for Meta, especially as the firm seeks to catch up to Alphabet, OpenAI, and Anthropic, labs that currently have more advanced models than Meta. The bottom line: Before this blockbuster investment, Meta was a Scale AI investor in prior funding rounds, although the specific amounts haven't been disclosed. We don't view these investments as having an impact on our \$770 fair value estimate for wide-moat Meta. With Scale AI expecting \$2 billion in sales this year, we estimate the firm's valuation to be likely north of \$80 billion, using a 40 times price/sales multiple, roughly in line with other AI startups. A \$10 billion investment, not counting Meta's existing stake in Scale AI, would likely yield a post-money stake of loosely 10%. Having a material equity stake in an AI startup is quite common for large tech firms, with OpenAI and Anthropic both attracting large investments by big tech firms. Between the lines: Typically, public cloud providers' investments in AI firms include cloud credits that prevent large cash outflows. Meta, on the other hand, doesn't have a cloud business, meaning that the investment is likely going to pure cash transaction.

Meta Earnings: Ad Spending on Meta Shows Resilience Even as Macro Dark Clouds Gather

Malik Ahmed Khan, CFA, Equity Analyst, 1 May 2025

Meta kicked off fiscal 2025 with a set of strong financial results and better-than-expected outlook for second-quarter sales as ad spending on the firm's platform remains solid. On the profitability front, Meta's operating margins expanded 360 basis points in the quarter to 41%. Why it matters: Meta's ad business, aided by the firm's investments in improved ad targeting and content recommendation, continues to show resilience even as macro headwinds affect overall ad spending. We attribute this

Meta Platforms Inc Class A

META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	 Wide	 Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

resilience to Meta's superior return on ad spending when compared with smaller peers. We believe these advertisers are reallocating ad dollars from lower-ROAS vendors like Snap, as seen in the firm's uncertain outlook reported yesterday. Also, in an auction-based pricing model, ad prices are automatically lowered as demand falls, enticing more advertisers looking to place an ad at a cheaper price. This flexibility, coupled with a broad client base, partially insulates Meta's revenues from dropping sharply. The bottom line: We are maintaining our \$770 fair value estimate for wide-moat Meta and continue to view the firm as exceptionally well-placed to benefit from increased digital ad spending on social networks and from the firm's improved ad targeting due to its artificial intelligence-related investments. Investors have shied away from Meta's stock amid macrouncertainty. As evidenced by Alphabet's results last week, as well as Meta's report, large advertising giants are feeling the macro pain less than their smaller counterparts as the latter do not have the same level of ad-targeting sophistication. Despite the positive price action after the earnings report, we continue to view Meta's stock as undervalued. We think investors are discounting the long-term competitive differentiation and value the firm stands to generate as it monetizes its AI investments.

Meta: Don't Let the Market Turmoil Mask Meta's Latest LLM; Stock Undervalued Malik Ahmed Khan, CFA,Equity Analyst,7 Apr 2025

On April 4, Meta released Llama 4 LLM, its next-generation large language model with the ability to understand and generate content across various formats such as text, images, and video. Why it matters: With leading artificial intelligence labs continuing to invest billions of dollars in frontier models, we see the models being commodified over time, with all leading-edge models offering a similar slate of capabilities. We see Llama 4 as roughly at-par with the latest models by Google and OpenAI. Over time, we believe the current model-based competition in AI will give way to distribution and monetization-based competition. As the competitive dynamics of AI shift, we believe Meta, with its unrivalled user and creator base, can effectively distribute and monetize its GenAI investments. We see Meta's GenAI models being leveraged by creators and advertisers to create hyper-personalized content for users, which should also benefit user engagement and monetization over time. We see Llama 4, and its multimodal capabilities, as a step in this direction. The bottom line: We maintain our \$770 fair value estimate for wide-moat Meta and view the stock as materially undervalued, with a \$500 stock price implying a 20 times adjusted price/forward earnings multiple. While a tariff-induced macro slowdown could depress advertising spending, a great deal of uncertainty remains on how long lasting these US tariffs will be. In the case that the US tariffs persist and invoke a retaliatory response from key markets for Meta, such as Europe, we'd expect a 15% fair value estimate decrease as near-term revenue comes under material pressure. Even if this were to transpire, Meta would screen as undervalued. Between the lines: While the broader macro outlook remains dreary, we believe the near-term uncertainty around TikTok's US operations could bring in additional dollars to Meta's ad business, possibly alleviating some of the tariff-induced advertising spending pains.

Meta Platforms Inc Class A

META★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	 Wide	 Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

Meta Earnings: Record Profitability Makes for a Strong Finish in Fiscal 2024; FVE to \$770 From \$590

Malik Ahmed Khan, CFA,Equity Analyst,30 Jan 2025

Meta reported strong fourth-quarter financial results, with the firm's sales growing 21% year over year to \$46.8 billion and operating margins expanding 700 basis points year over year to 48%. Why it matters: Meta's advertising behemoth surpassed our expectations on both the top and bottom line. We were impressed by Meta's ad impression and price-per-ad growth, with both metrics expanding in the fourth quarter. We view Meta as carefully leveraging its investments in artificial intelligence to improve both its content recommendation and ad-monetization models, with the firm's strong ad sales supporting the argument that these investments are already bearing fruit. As a testament to the enduring appeal of its platform, Meta's global user count ticked up yet another 5% year over year to 3.35 billion. Alongside adding users, Meta's monetization improved as well, with the firm's average revenue per user growing an impressive 16% year over year. The bottom line: We raise our fair value estimate for wide-moat Meta to \$770 from \$590, with shares now screening as marginally undervalued. The bulk of our fair value increase stems from a revised growth outlook for the firm and a more optimistic view of its generative AI investments. We are already seeing Meta's generative AI tools garner adoption on the advertising side, with more than 4 million advertisers using the firm's AI tools to create ad campaigns, up from 1 million six months ago. On the ad-targeting side, Meta disclosed increased ad quality by leveraging an AI-powered ad ranking system that was able to better personalize ads shown to users. Key stats: While Meta's record operating margin of 48% for the fourth quarter is impressive on its own, the firm's operating profitability for its core Family of Apps segment was even better, with FoA operating margins coming in at 60%, up 600 basis points year over year.

AI DeepSeek Coverage Summary: Maintaining Our Fair Values; Pullback Was Healthy

Eric Compton, CFA,Director,28 Jan 2025

We have consolidated our recent DeepSeek-related coverage in this note. Artificial intelligence affects companies across much of our coverage, including semiconductors, cloud infrastructure, software, utilities, and energy.Many of the firms under our coverage with an “AI premium” were already trading in 1- to 2-star territory. Our valuations were already positioned for a pullback of this nature, as we were having a hard time justifying the increases in revenue implied by these valuations. We view the current pullback as healthy, even as we remain positive on the long-term potential of AI. We have maintained our fair value estimates across the affected companies.Our thesis, after the release of DeepSeek, is that we were going to see instances of sleeker, more-efficient AI models that would not rely on massive clusters of AI GPUs and related hardware. This was the only way the ecosystem was going to successfully address large numbers of use cases in the long term. We believe that lower costs—making AI cheaper, therefore more economical—increase the number of use cases it is viable for, and as a result, should increase demand. This is the same path the PC revolution followed, with computing

Meta Platforms Inc Class A

META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	 Wide	 Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

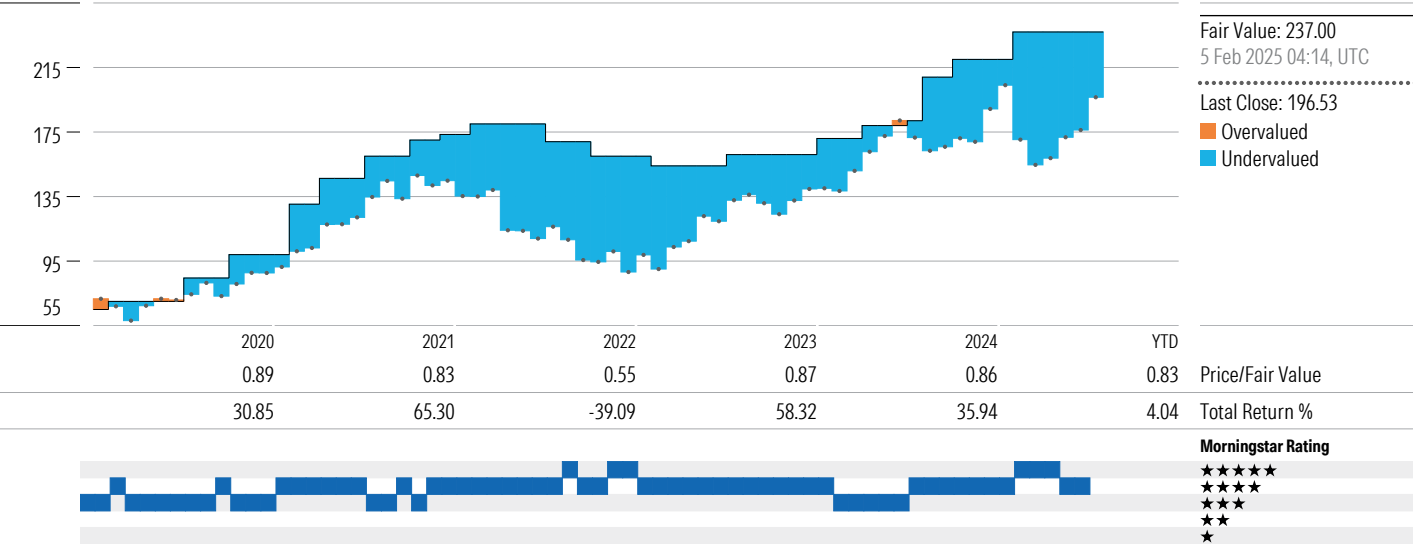
power becoming cheap enough that millions of individuals could use it at an affordable cost. The same happened with the cloud and SaaS revolution thereafter, where the incremental cost of adding users was close to zero. We believe a future where AI was both prohibitively expensive and also “taking over the world” was not likely. As such, we view the advancements made by DeepSeek as promising and healthy for the overall ecosystem. For more in-depth coverage on specific industries, please refer to our notes on Nvidia, the hyperscalers, semiconductor equipment companies, TSMC, Apple and networking, utilities, European utilities, HVAC, and industrials. ■■■

Meta Platforms Inc Class A META★★★★★

31 Jul 2025 02:28, UTC

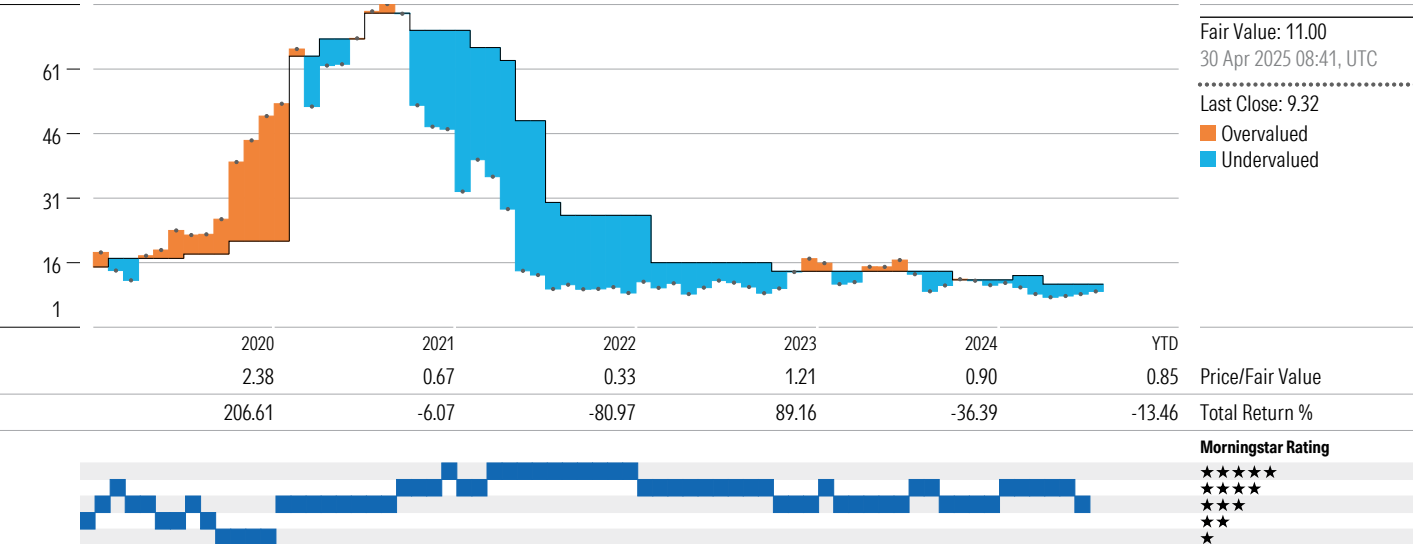
Competitors Price vs. Fair Value

Alphabet Inc Class A GOOGL



Total Return % as of 30 Jul 2025. Last Close as of 30 Jul 2025. Fair Value as of 5 Feb 2025 04:14, UTC.

Snap Inc Class A SNAP



Total Return % as of 30 Jul 2025. Last Close as of 30 Jul 2025. Fair Value as of 30 Apr 2025 08:41, UTC.

Competitors Price vs. Fair Value

Fair Value: 43.00
9 Feb 2024 12:44, UTC

Last Close: 38.30

Overvalued
Undervalued

	2020	2021	2022	2023	2024	YTD
Price/Fair Value	1.57	0.54	0.56	1.00	0.67	0.89
Total Return %	253.54	-44.84	-33.20	52.55	-21.71	32.07

Morningstar Rating

★★★★★
★★★★★
★★★★★
★★★
★★
★

Total Return % as of 30 Jul 2025. Last Close as of 30 Jul 2025. Fair Value as of 9 Feb 2024 12:44, UTC.

Meta Platforms Inc Class A META ★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

Morningstar Valuation Model Summary

Financials as of 30 Jul 2025

Fiscal Year, ends 31 Dec	Actual			Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
Revenue (USD Mil)	116,608	134,902	164,499	195,173	223,924	253,227	282,266	311,149
Operating Income (USD Mil)	28,944	46,751	69,379	79,257	76,134	88,629	103,733	119,014
EBITDA (USD Mil)	37,630	57,929	84,877	108,533	116,440	134,210	154,541	165,687
Adjusted EBITDA (USD Mil)	49,621	71,956	101,567	130,002	139,952	159,533	182,767	196,802
Net Income (USD Mil)	23,198	39,098	62,359	71,748	68,794	79,726	92,976	106,386
Adjusted Net Income (USD Mil)	23,198	39,098	62,359	71,748	68,794	79,726	92,976	106,386
Free Cash Flow To The Firm (USD Mil)	5,235	25,606	38,207	14,849	35,108	27,835	37,037	38,538
Weighted Average Diluted Shares Outstanding (Mil)	2,702	2,629	2,614	2,599	2,599	2,599	2,599	2,599
Earnings Per Share (Diluted) (USD)	8.59	14.87	23.86	27.61	26.47	30.68	35.77	40.93
Adjusted Earnings Per Share (Diluted) (USD)	8.59	14.87	23.86	27.61	26.47	30.68	35.77	40.93
Dividends Per Share (USD)	0.00	0.00	2.00	2.23	2.53	2.88	3.18	3.34

Margins & Returns as of 30 Jul 2025

	3 Year Avg	Actual			Forecast					5 Year Avg
		2022	2023	2024	2025	2026	2027	2028	2029	
Operating Margin %	33.9	24.8	34.7	42.2	40.6	34.0	35.0	36.8	38.3	36.9
EBITDA Margin %	—	32.3	42.9	51.6	55.6	52.0	53.0	54.8	53.3	—
Adjusted EBITDA Margin %	—	42.6	53.3	61.7	66.6	62.5	63.0	64.8	63.2	64.0
Net Margin %	28.9	19.9	29.0	37.9	36.8	30.7	31.5	32.9	34.2	33.2
Adjusted Net Margin %	28.9	19.9	29.0	37.9	36.8	30.7	31.5	32.9	34.2	33.2
Free Cash Flow To The Firm Margin %	15.6	4.5	19.0	23.2	7.6	15.7	11.0	13.1	12.4	12.0

Growth & Ratios as of 30 Jul 2025

	3 Year CAGR	Actual			Forecast					5 Year CAGR
		2022	2023	2024	2025	2026	2027	2028	2029	
Revenue Growth %	11.7	-1.1	15.7	21.9	18.7	14.7	13.1	11.5	10.2	13.6
Operating Income Growth %	14.1	-38.1	61.5	48.4	14.2	-3.9	16.4	17.0	14.7	11.4
EBITDA Growth %	23.1	-31.2	53.9	46.5	27.9	7.3	15.3	15.2	7.2	14.6
Adjusted EBITDA Growth %	16.7	-22.3	45.0	41.2	28.0	7.6	14.0	14.6	7.7	14.1
Earnings Per Share Growth %	20.1	-37.7	73.2	60.4	15.7	-4.1	15.9	16.6	14.4	11.4
Adjusted Earnings Per Share Growth %	20.1	-37.7	73.2	60.4	15.7	-4.1	15.9	16.6	14.4	11.4

Valuation as of 30 Jul 2025

	Actual			Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
Price/Earning	14.0	23.8	24.5	25.2	26.3	22.7	19.4	17.0
Price/Sales	2.7	6.7	9.0	9.0	7.8	6.9	6.2	5.6
Price/Book	2.6	6.1	8.4	7.3	5.8	4.7	3.9	3.2
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	6.0	12.3	14.4	13.3	12.3	10.8	9.5	8.8
EV/EBIT	10.4	18.9	21.1	21.8	22.7	19.5	16.7	14.5
Dividend Yield %	—	—	0.3	0.3	0.4	0.4	0.5	0.5
Dividend Payout %	0.0	0.0	8.4	8.1	9.6	9.4	8.9	8.2
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

Operating Performance / Profitability as of 30 Jul 2025

Fiscal Year, ends 31 Dec	Actual			Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
ROA %	12.5	17.0	22.6	21.2	16.8	16.3	16.0	15.5
ROE %	18.5	25.5	34.1	28.9	22.1	20.8	19.9	18.8
ROIC %	26.4	28.1	31.1	29.4	25.2	22.3	20.6	19.2

Meta Platforms Inc Class A META ★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

Financial Leverage (Reporting Currency)

Fiscal Year, ends 31 Dec	Actual			Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029
Debt/Capital %	7.8	3.9	3.2	0.8	0.7	0.7	0.6	0.6
Assets/Equity	1.5	1.5	1.5	1.4	1.3	1.3	1.2	1.2
Net Debt/EBITDA	-0.4	-0.5	-0.3	-0.7	-0.9	-0.9	-1.0	-1.1
Total Debt/EBITDA	0.5	0.5	0.5	0.1	0.1	0.1	0.1	0.1
EBITDA/ Net Interest Expense	393.8	-106.3	-79.1	-90.3	-112.9	-153.4	-217.6	-307.5

Forecast Revisions as of 30 Jul 2025

Prior data as of 1 May 2025	2025		2026		2027	
	Current	Prior	Current	Prior	Current	Prior
Fair Value Estimate Change (Trading Currency)	850.00	770.07	—	—	—	—
Revenue (USD Mil)	195,173	187,985	223,924	211,439	253,227	236,036
Operating Income (USD Mil)	79,257	75,960	76,134	87,257	88,629	99,178
EBITDA (USD Mil)	130,002	124,836	139,952	147,517	159,533	165,268
Net Income (USD Mil)	71,748	68,727	68,794	78,559	79,726	88,944
Earnings Per Share (Diluted) (USD)	27.61	26.44	26.47	30.23	30.68	34.22
Adjusted Earnings Per Share (Diluted) (USD)	27.61	26.44	26.47	30.23	30.68	34.22
Dividends Per Share (USD)	2.23	2.23	2.53	2.53	2.88	2.88

Key Valuation Drivers as of 30 Jul 2025

Cost of Equity %	9.0
Pre-Tax Cost of Debt %	5.5
Weighted Average Cost of Capital %	8.9
Long-Run Tax Rate %	19.0
Stage II EBI Growth Rate %	10.3
Stage II Investment Rate %	20.0
Perpetuity Year	20

Additional estimates and scenarios available for download at <https://pitchbook.com/>.

Discounted Cash Flow Valuation as of 30 Jul 2025

	USD Mil
Present Value Stage I	116,181
Present Value Stage II	912,721
Present Value Stage III	1,019,943
Total Firm Value	2,048,845
Cash and Equivalents	77,815
Debt	28,826
Other Adjustments	0
Equity Value	2,097,834
Projected Diluted Shares	2,599
Fair Value per Share (USD)	850.00

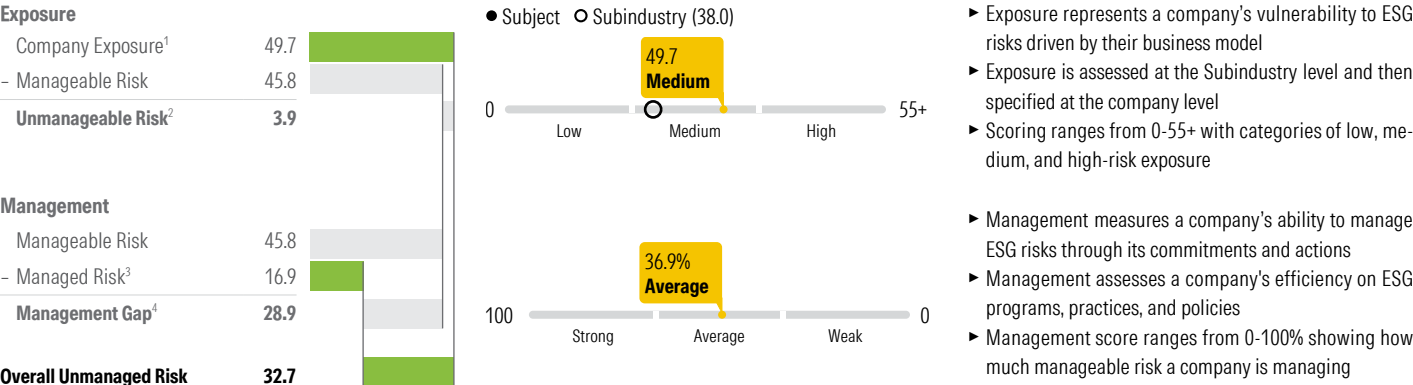
Meta Platforms Inc Class A

META★★★★★

31 Jul 2025 02:28, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
695.21 USD 30 Jul 2025	850.00 USD 31 Jul 2025 02:23, UTC	0.82	1.75 USD Tril 30 Jul 2025	Wide	Large Blend	High	Standard	 4 Jun 2025 05:00, UTC

ESG Risk Rating Breakdown



ESG Risk Rating



ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 36.9% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

ESG Risk Rating Assessment⁵



ESG Risk Rating is of Jun 04, 2025. Highest Controversy Level is as of Jul 08, 2025. Sustainalytics Subindustry: Internet Software and Services. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.

Peer Analysis 04 Jun 2025	Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values					
Company Name	Exposure			Management		
Meta Platforms Inc	49.7 Medium	0	55+	36.9 Average	100	0
Alphabet Inc	44.1 Medium	0	55+	46.8 Average	100	0
Snap Inc	39.3 Medium	0	55+	52.9 Strong	100	0
Pinterest Inc	35.3 Medium	0	55+	53.2 Strong	100	0
Huuuge Inc	20.2 Low	0	55+	26.1 Average	100	0

Appendix

Historical Morningstar Rating

Meta Platforms Inc Class A META 31 Jul 2025 02:26, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 ★★★★	Jun 2025 ★★★	May 2025 ★★★★	Apr 2025 ★★★★	Mar 2025 ★★★★	Feb 2025 ★★★	Jan 2025 ★★★
Dec 2024 ★★★	Nov 2024 ★★★	Oct 2024 ★★★	Sep 2024 ★★★	Aug 2024 ★★	Jul 2024 ★★	Jun 2024 ★★	May 2024 ★★	Apr 2024 ★★★★	Mar 2024 ★★	Feb 2024 ★★	Jan 2024 ★★
Dec 2023 ★★★	Nov 2023 ★★★	Oct 2023 ★★★	Sep 2023 ★★★	Aug 2023 ★★★	Jul 2023 ★★★	Jun 2023 ★★★	May 2023 ★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★★
Dec 2022 ★★★★★	Nov 2022 ★★★★★	Oct 2022 ★★★★★	Sep 2022 ★★★★★	Aug 2022 ★★★★★	Jul 2022 ★★★★★	Jun 2022 ★★★★★	May 2022 ★★★★★	Apr 2022 ★★★★★	Mar 2022 ★★★★★	Feb 2022 ★★★★★	Jan 2022 ★★★★
Dec 2021 ★★★★	Nov 2021 ★★★★	Oct 2021 ★★★★	Sep 2021 ★★★	Aug 2021 ★★★	Jul 2021 ★★★	Jun 2021 ★★★	May 2021 ★★★★	Apr 2021 ★★★★	Mar 2021 ★★★★	Feb 2021 ★★★★	Jan 2021 ★★★★
Dec 2020 ★★★	Nov 2020 ★★★	Oct 2020 ★★★	Sep 2020 ★★★	Aug 2020 ★★★	Jul 2020 ★★★	Jun 2020 ★★★	May 2020 ★★★	Apr 2020 ★★★	Mar 2020 ★★★★	Feb 2020 ★★★	Jan 2020 ★★★

Alphabet Inc Class A GOOGL 30 Jul 2025 21:34, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 ★★★★	Jun 2025 ★★★★	May 2025 ★★★★★	Apr 2025 ★★★★★	Mar 2025 ★★★★★	Feb 2025 ★★★★	Jan 2025 ★★★★
Dec 2024 ★★★★	Nov 2024 ★★★★	Oct 2024 ★★★★	Sep 2024 ★★★★	Aug 2024 ★★★★	Jul 2024 ★★★	Jun 2024 ★★★	May 2024 ★★★	Apr 2024 ★★★	Mar 2024 ★★★	Feb 2024 ★★★★	Jan 2024 ★★★★
Dec 2023 ★★★★	Nov 2023 ★★★★	Oct 2023 ★★★★	Sep 2023 ★★★★	Aug 2023 ★★★★	Jul 2023 ★★★★	Jun 2023 ★★★★	May 2023 ★★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★★
Dec 2022 ★★★★★	Nov 2022 ★★★★	Oct 2022 ★★★★	Sep 2022 ★★★★★	Aug 2022 ★★★★	Jul 2022 ★★★★	Jun 2022 ★★★★	May 2022 ★★★★	Apr 2022 ★★★★	Mar 2022 ★★★★	Feb 2022 ★★★★	Jan 2022 ★★★★
Dec 2021 ★★★★	Nov 2021 ★★★	Oct 2021 ★★★★	Sep 2021 ★★★	Aug 2021 ★★★	Jul 2021 ★★★★	Jun 2021 ★★★★	May 2021 ★★★★	Apr 2021 ★★★★	Mar 2021 ★★★★	Feb 2021 ★★★★	Jan 2021 ★★★
Dec 2020 ★★★	Nov 2020 ★★★	Oct 2020 ★★★★	Sep 2020 ★★★	Aug 2020 ★★★	Jul 2020 ★★★	Jun 2020 ★★★	May 2020 ★★★	Apr 2020 ★★★	Mar 2020 ★★★★	Feb 2020 ★★★	Jan 2020 ★★★

Snap Inc Class A SNAP 30 Jul 2025 21:51, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 ★★★	Jun 2025 ★★★★	May 2025 ★★★★	Apr 2025 ★★★★	Mar 2025 ★★★★	Feb 2025 ★★★★	Jan 2025 ★★★
Dec 2024 ★★★	Nov 2024 ★★★	Oct 2024 ★★★	Sep 2024 ★★★★	Aug 2024 ★★★★	Jul 2024 ★★★	Jun 2024 ★★★	May 2024 ★★★	Apr 2024 ★★★	Mar 2024 ★★★	Feb 2024 ★★★★	Jan 2024 ★★★
Dec 2023 ★★★	Nov 2023 ★★★	Oct 2023 ★★★★	Sep 2023 ★★★★	Aug 2023 ★★★★	Jul 2023 ★★★★	Jun 2023 ★★★★	May 2023 ★★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★★
Dec 2022 ★★★★★	Nov 2022 ★★★★★	Oct 2022 ★★★★★	Sep 2022 ★★★★★	Aug 2022 ★★★★★	Jul 2022 ★★★★★	Jun 2022 ★★★★★	May 2022 ★★★★★	Apr 2022 ★★★★★	Mar 2022 ★★★★	Feb 2022 ★★★★	Jan 2022 ★★★★★
Dec 2021 ★★★★	Nov 2021 ★★★★	Oct 2021 ★★★★	Sep 2021 ★★★	Aug 2021 ★★★	Jul 2021 ★★★	Jun 2021 ★★★	May 2021 ★★★	Apr 2021 ★★★	Mar 2021 ★★★	Feb 2021 ★★★	Jan 2021 ★
Dec 2020 ★	Nov 2020 ★	Oct 2020 ★	Sep 2020 ★★	Aug 2020 ★★★	Jul 2020 ★★	Jun 2020 ★★	May 2020 ★★★	Apr 2020 ★★★	Mar 2020 ★★★★	Feb 2020 ★★★	Jan 2020 ★★

Pinterest Inc Class A PINS 30 Jul 2025 21:50, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 ★★★	Jun 2025 ★★★★	May 2025 ★★★★	Apr 2025 ★★★★★	Mar 2025 ★★★★	Feb 2025 ★★★	Jan 2025 ★★★★
Dec 2024 ★★★★	Nov 2024 ★★★★	Oct 2024 ★★★★	Sep 2024 ★★★★	Aug 2024 ★★★★	Jul 2024 ★★★★	Jun 2024 ★★★	May 2024 ★★★	Apr 2024 ★★★★	Mar 2024 ★★★	Feb 2024 ★★★	Jan 2024 ★★★
Dec 2023 ★★★	Nov 2023 ★★★	Oct 2023 ★★★★	Sep 2023 ★★★★	Aug 2023 ★★★★	Jul 2023 ★★★★	Jun 2023 ★★★★	May 2023 ★★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★
Dec 2022 ★★★★	Nov 2022 ★★★★	Oct 2022 ★★★★	Sep 2022 ★★★★	Aug 2022 ★★★★★	Jul 2022 ★★★★★	Jun 2022 ★★★★★	May 2022 ★★★★★	Apr 2022 ★★★★★	Mar 2022 ★★★★★	Feb 2022 ★★★★★	Jan 2022 ★★★★★
Dec 2021 ★★★★	Nov 2021 ★★★★	Oct 2021 ★★★★	Sep 2021 ★★★★	Aug 2021 ★★★★	Jul 2021 ★★★	Jun 2021 ★★★	May 2021 ★★★	Apr 2021 ★★★	Mar 2021 ★★★	Feb 2021 ★★	Jan 2021 ★★
Dec 2020 ★★	Nov 2020 ★★	Oct 2020 ★★	Sep 2020 ★★	Aug 2020 ★★★	Jul 2020 ★★★	Jun 2020 ★★★	May 2020 ★★★★	Apr 2020 ★★★★	Mar 2020 ★★★★	Feb 2020 ★★★★	Jan 2020 ★★★

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a

long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working capital accounts, and capital spending. Based on these projections, we calculate earnings before interest,

after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future

Morningstar Equity Research Star Rating Methodology



Research Methodology for Valuing Companies

outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

Margin of Safety		
Qualitative Analysis	★★★★★ Rating	★ Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

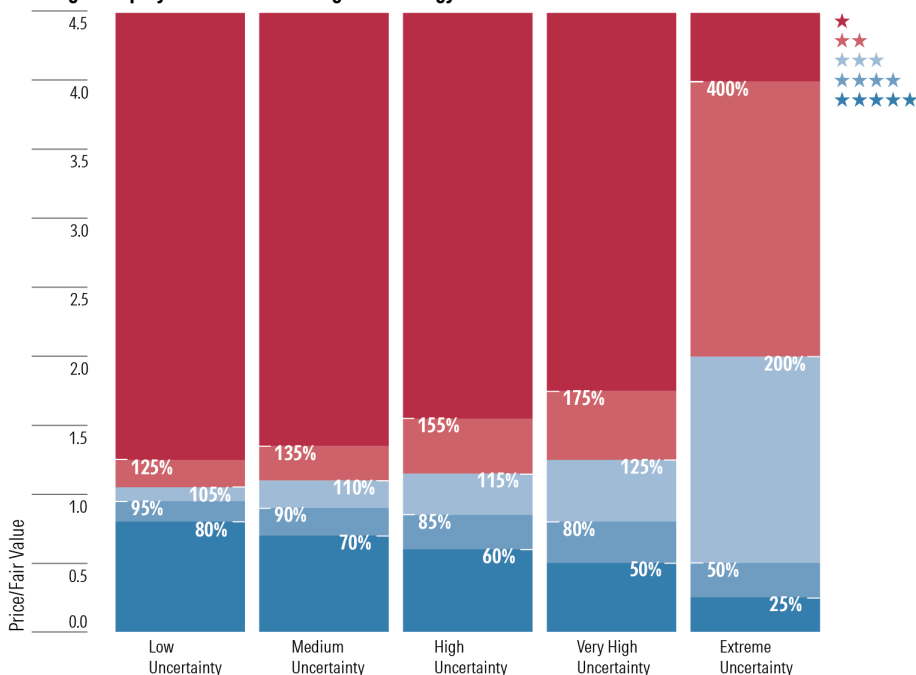
Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to <https://shareholders.morningstar.com>

Morningstar Equity Research Star Rating Methodology



Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multi-year time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments,

Research Methodology for Valuing Companies

and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score.

Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This Report is for informational purposes, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their

own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed herein may not be suitable for all investors; investors must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position. Morningstar encourages Report recipients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a financial, legal, tax, and/or accounting professional. The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established

Research Methodology for Valuing Companies

by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Conflicts of Interest

- ▶ No interests are held by the analyst with respect to the security subject of this investment research report.
- ▶ Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click <http://msi.morningstar.com> and <http://mdi.morningstar.com>
- ▶ Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- ▶ Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- ▶ Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers.
- ▶ Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- ▶ Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- ▶ Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- ▶ Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- ▶ Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>

- ▶ Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from <http://global.morningstar.com/equitydisclosures>. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

Risk Warning Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions.

For more information about Morningstar's methodologies, please visit global.morningstar.com/equitydisclosures

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at <http://www.morningstar.com.au/fsg.pdf>

For recipients in New Zealand: This report has been is-

sued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013). The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

For recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

For recipients in India: This investment research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as a Portfolio Manager (registration number INP000006156) and as a Research Entity (registration number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data-related services, financial data analysis, and software development. The research analyst has not served as an officer, director, or employee of the fund company within the last 12 months, nor have they or their associates engaged in market-making activity for the fund company. The ESG-related information, methodologies, tool, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in

Research Methodology for Valuing Companies

India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: The Report is intended for Institutional Investor audiences and is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this Report.

This content is provided for informational purposes only and may be shared or redistributed by Institutional Investors to their clients or other permitted persons, subject to obtaining the appropriate licence from Morningstar. Redistribution of this content is subject to any applicable conditions or limitations, including those agreed commercially or contractually with Morningstar. The person who shares or redistributes this content shall be solely responsible for compliance with all relevant legal and regulatory obligations in the jurisdictions in which the material is made available.

Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decision.

Morningstar, Inc., and its affiliates rely on certain exemptions (Financial Advisers Regulations, Section 27(1)(e), Section 32B and 32C) to provide its investment research to recipients in Singapore.

For recipients in Korea: The report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.