

Noise Fades, the Algorithm Stays

- META trades at 17x forward earnings — the cheapest in the MAG7.
- Three headline risks (legal, capex, tariffs) are real but transitory.
- Maintain BUY on META80 with a TP of THB 2.84, use this weakness to accumulate.

Cheap for the Wrong Reasons? Why META's Selloff Is a Buying Opportunity

We believe that optimal conditions for capturing significant alpha arise when market prices are depressed by investor concern, even while the company's fundamentals and future outlook remain robust. Currently, we view META as perfectly exemplifying this dynamic. Despite being the most undervalued stock among the MAG7 with a low Forward P/E of just 17x, META's stock is experiencing pressure from specific transitory factors: persistent legal overhangs as we have previously [mentioned](#), CAPEX concerns as AI progress has yet to manifest, and tariff-induced reductions in Chinese advertiser spending. Crucially, we contend that the market is overestimating the long-term impact of each of these issues, creating an attractive window for investors focused on intrinsic value rather than near-term volatility.

\$375 Million Verdict, \$1.5 Trillion Company

The market's reaction to the legal overhang appears disproportionate relative to Meta's actual financial exposure. Legal scrutiny is not new to Meta — the company has faced regulatory and litigation headwinds virtually yearly, including the Cambridge Analytica case, and successive EU data privacy fines, yet none have structurally impaired its business model or earnings trajectory. The current wave is no different in nature, only in subject matter. The New Mexico verdict (\$375m) and California award (\$6m) are immaterial against Meta's \$81.6b cash position. Meta has confirmed it will appeal both verdicts. Critically, platform engagement remains unaffected: Daily Active Users (DAU) reached 3.58 billion in Dec-25. We view the legal overhang as a recurring cost of operating at Meta's scale, and believe the stock's reaction overprices this risk.

Algorithm Offsets Advertiser

Tariff-induced pressure on Chinese advertiser spending is real, but Meta's core ad engine has demonstrated it can absorb it. Chinese cross-border e-commerce players (Temu and Shein), have historically accounted for over 10% of Meta's total revenue. The pullback is confirmed. Yet Q4 2025 revenue still grew 24% y-y to \$59.9b, driven by AI-enhanced ad efficiency — Meta's model consolidation across Facebook and Instagram drove a 12% increase in ad quality, lifting Return on Ad Spend (ROAS).

The Data Nobody Else Has

The most legitimate concern is META's \$115b-135b CAPEX guidance for 2026, nearly double last year, with limited visible AI monetization beyond advertising. Unlike Alphabet or Microsoft, which can point to rapidly growing cloud revenue as direct proof of AI ROI, Meta has yet to demonstrate a clear second monetization vector beyond its core ad business. However, we believe Meta will find a way to monetize AI at scale. More importantly, Meta holds a structural advantage that no other hyperscaler possesses: unrivaled personal data across 3.58 billion DAU. This positions Meta's Personal AI ambition as differentiated.

Recommend a BUY with TP of THB2.84 (\$700, USD/THB at 32.5)

We maintain our BUY on META80 with a TP of THB 2.84, implying 22% upside from the current level of THB 2.32. The stock's 28% drawdown from its \$796 peak reflects concerns that we view as non-fundamental in nature, Key re-rating catalysts include the Avocado model launch, legal settlement clarity, and a resolution to the Iran conflict.

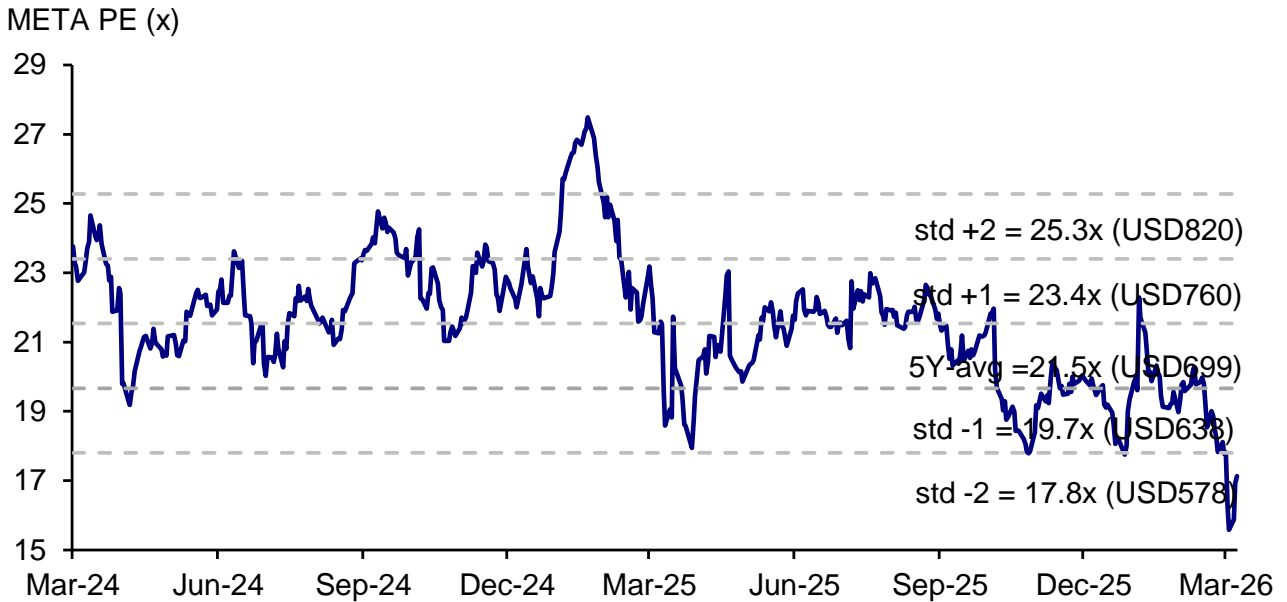
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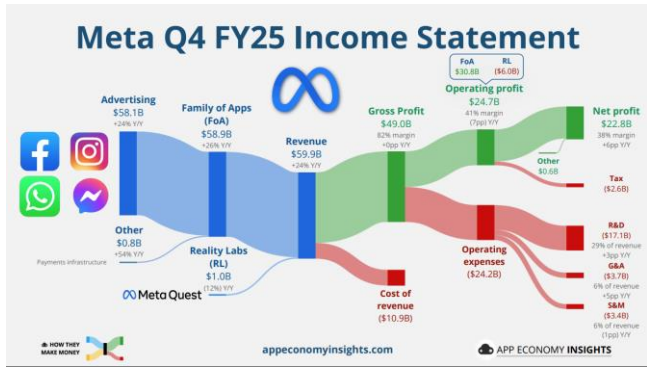
Peerayu Sirivorawong

Exhibit 1: META 2-Year Historical P/E



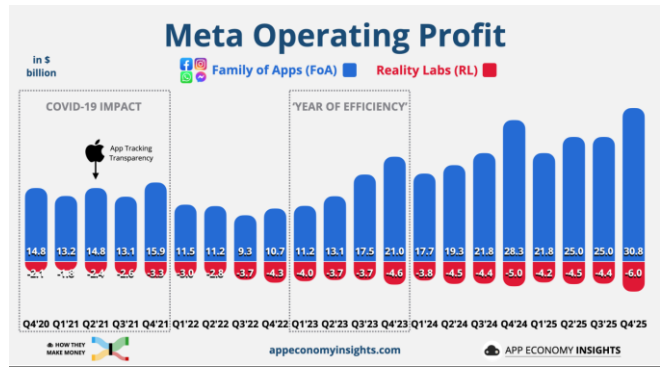
Sources: Bloomberg; Globlex Research

Exhibit 2: Meta 4Q25 Income Statement



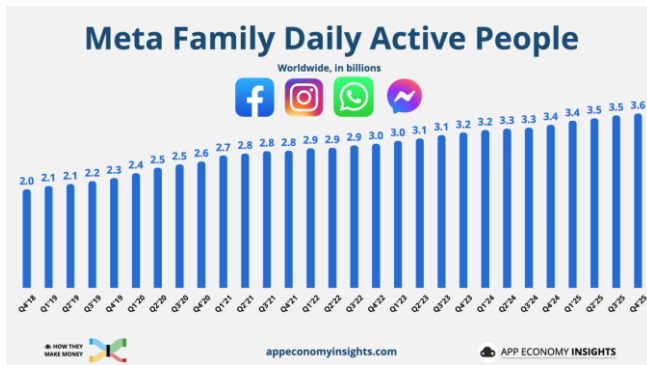
Sources: App Economy Insights

Exhibit 3: Meta Operating Profit



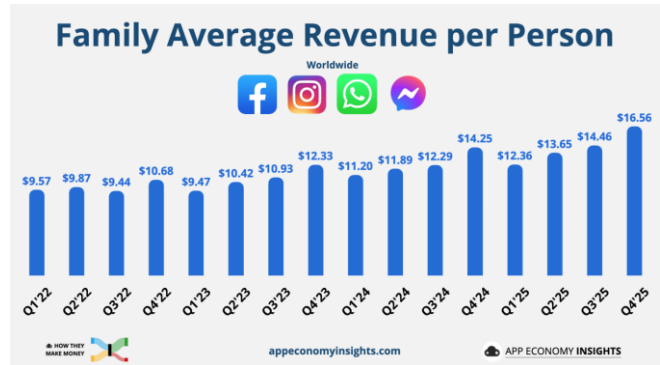
Sources: App Economy Insights

Exhibit 4: Meta Family Daily Active People



Sources: App Economy Insights

Exhibit 5: Family Average Revenue per Person



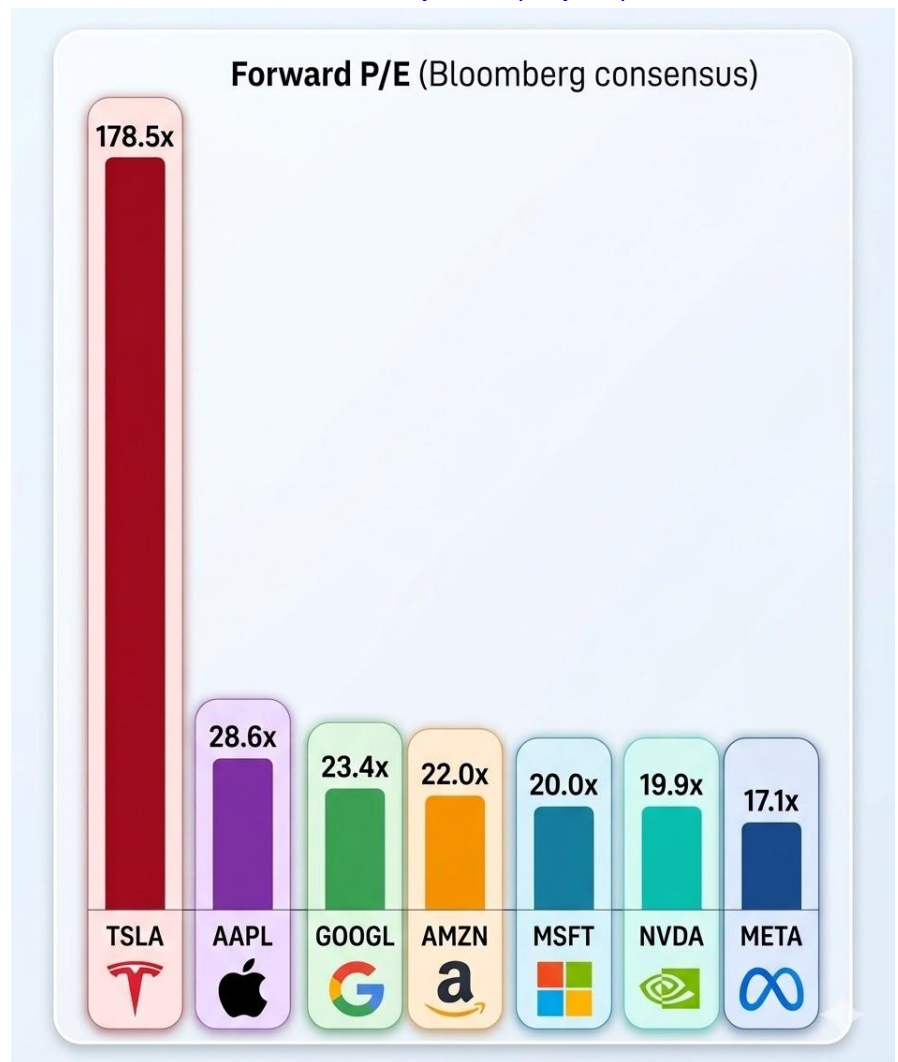
Sources: App Economy Insights

Exhibit 6: META80 Conversion Ratio

$$\text{META80 Price (THB)} = \frac{\text{META (USD)} \times \text{USD/THB}}{8,000}$$

Sources: Globlex Research; SET

Exhibit 7: MAG-7 Forward P/E Comparison (2-Apr-26)



Sources: Bloomberg; Globlex Research

GENERAL DISCLAIMER

Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.