Twitter delivers strong user growth; stock surges

July 26 2019, by Rob Lever

This July 9, 2019, file photo shows a sign outside of the Twitter office building in San Francisco. Twitter reports financial earnings on Friday, July 26. (AP Photo/Jeff Chiu, File)

Twitter shares vaulted higher Friday after a second-quarter update showed better-than-expected revenues and growth in users even as the

social network cracks down on fake accounts and inappropriate content.

The short messaging service said profit rose to $1.1 billion, lifted by a one-time tax benefit, up from $100 million a year earlier. Excluding special items, the adjusted profit was $37 million.

Revenue rose 18 percent at $841 million, stronger than expected, with the vast majority from advertising.

Twitter's new measure of its user base—monetizable daily active users—was 139 million, compared to 122 million in the same period last year.

"Q2 was a really strong quarter for us," chief executive Jack Dorsey said in a conference call.

"We're really proud of our results and also the work and the effort that went into it."

Shares in Twitter rallied 8.9 percent to close at $41.52 on the news.

"Twitter's value proposition to advertisers is not the size of its audience, but the engagement of its users," said eMarketer analyst Jasmine Enberg.

"The strong growth in monetizable daily active users shows that Twitter users are sticking with the platform, and that should resonate with advertisers."

Twitter has stopped using a count of "monthly active users," which was 330 million earlier this year, in favor of the new measure of daily users on the mobile app or website who see ads in their feeds.

Focus on 'health'

The results showed Twitter remains profitable and is boosting the number of users even as it moves aggressively to weed out fake accounts and curb abusive content.

"Health of public conversation remains our top priority," Dorsey said.

"Our focus in this quarter was ensuring that our rules and how we enforce them are easy to understand. This quarter we refreshed our rules with simple and clear language."

Dorsey said he believes the efforts to curb hate speech and spam will eventually pay off by bringing in more users and keeping them on the platform.

"We do believe health is a long-term growth vector for us," he said during the call with analysts.

Twitter and other social networks have been walking a fine line, responding to pressure from governments to remove "hate speech," incitements to violence and other abusive content while remaining open.

President Donald Trump has been a prolific Twitter user with more than 60 million followers, but he has nonetheless accused social networks of suppressing conservative voices.

Dorsey said other improvements also appear to be helping Twitter's growth, including efforts on "making Twitter feel more conversational" and boosting the use of machine learning on timelines.

"We're providing more relevant content in people's timelines based on what they're engaging with in near real time," he said.

"We're experimenting with new ways to customize the timeline, making

it much easier for people to follow what's happening within their specific interests."

Twitter has been adding live video events—on news, sports and entertainment—as part of its efforts to keep users engaged.

While it has a strong core base of celebrities, politicians and journalists, Twitter has been struggling to gain broader appeal and has lagged behind other social networks like Facebook, which has more than two billion users worldwide.

Dorsey, one of the founders of Twitter, returned as CEO in 2015 with the service sputtering and looking at a potential sale.

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