

# Facebook Q4 results soar; Zuckerberg hits Apple over privacy

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In this July 30, 2019, file photo, the social media application, Facebook is displayed on Apple's App Store. Facebook reports earnings on Wednesday, Jan. 27, 2021. (AP Photo/Amr Alfiky)

Facebook capped a tumultuous 2020 with soaring earnings in the final quarter, but the company forecast challenges in 2021 that include a

coming privacy update by Apple that could limit the social network's ad targeting capabilities.

The Apple move drew a rare public rebuke from Facebook CEO Mark Zuckerberg, who during a conference call accused Apple of favoring its own interests and not those of users.

Facebook said its already enormous user base grew in the fourth quarter as people stayed home during the pandemic and reported revenues buoyed by a shift to digital advertising amid coronavirus-related economic uncertainty.

But the company predicted uncertainty for 2021 and said its revenue in the latter half of the year could face significant pressure. Because revenue grew so quickly in the second half of 2020, the social network could have trouble keeping up that pace.

"Clearly the pandemic has also continued to help Facebook's monthly active user growth to remain strong in many regions, including in the U.S. and Canada, where prior to the pandemic, user gains had slowed to a crawl," said eMarketer analyst Debra Aho Williamson. But she noted that the number of daily users in this region declined, suggesting that people in the U.S. and Canada are moving elsewhere—probably TikTok, which grew quickly in 2020.

In the conference call with analysts, Zuckerberg came out swinging, saying Apple is fast becoming one of Facebook's "biggest competitors" due in part to its dominance in messaging on the iPhone. Apple, he said, "has every incentive" to use its own mobile platform to interfere with how rival apps work.

Apple will soon require apps to ask users for permission to collect data on what devices they are using and to let ads follow them around on the

internet. Facebook has been pushing back against the changes, saying those rules could reduce what apps can earn by advertising through Facebook's audience network.

Of course, the Apple move also threatens Facebook's own advertising revenue. Zuckerberg, though, focused on what he sees as Apple's motives.

"Apple may say that they are doing this to help people, but the moves clearly track their competitive interests," Zuckerberg said.

Apple, meanwhile, says people should be empowered to have more control of their data. Executives have dismissed arguments from advertisers and companies like Facebook who say the anti-tracking feature will hurt the online ad industry.

"When invasive tracking is your business model, you tend not to welcome transparency and customer choice," Apple's software chief Craig Federighi said in December.

Facebook earned \$11.22 billion, or \$3.88 per share, in the October-December period, well above the \$3.19 that analysts expected and up 53% from a year earlier. Revenue grew 22% to \$28.07 billion, higher than the \$26.36 billion analysts were predicting, according to a poll by FactSet.

Its monthly user base grew 12% to 2.8 billion. Facebook ended 2020 with 58,604 employees, a 30% increase from a year earlier.

While Facebook does not break out how much it makes from Instagram, which it owns, eMarketer estimates that the app accounted for 36% of Facebook's total advertising revenue and nearly half of its U.S. ad revenue.

Shares of the Menlo Park, California-based company climbed \$1.23 to \$273.37 in after-hours trading. The stock price rose 33% in 2020.

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