

Meta posts lower Q4 profit, announces huge stock buyback

February 1 2023, by Barbara Ortutay



Meta's logo can be seen on a sign at the company's headquarters in Menlo Park, Calif., on Nov. 9, 2022. Meta reports their earnings on Wednesday, Feb. 1, 2023. Credit: AP Photo/Godofredo A. Vásquez, File

Facebook parent company Meta posted lower fourth-quarter profit and

revenue on Wednesday, hurt by a downturn in the online advertising market and competition from rivals such as TikTok.

But the company's stock soared in extended trading, as its revenue beat Wall Street's muted expectations and the Menlo Park, California-based company announced a \$40 billion stock buyback.

This is the [third consecutive quarter](#) of revenue decline for the tech giant, which laid off [11,000 workers](#), or about 13% of its workforce, in November. CEO Mark Zuckerberg blamed the layoffs on aggressive hiring during the pandemic, when Meta's business boomed because people were stuck at home, scrolling on their phones and computers, glued to social media. But as the lockdowns ended and people started going outside again, revenue growth began to falter.

"(Our) management theme for 2023 is the 'Year of Efficiency' and we're focused on becoming a stronger and more nimble organization," Zuckerberg said in a statement Wednesday.

Meta's mega stock buyback appeared to ease investors' concerns over the company's spending on the "metaverse"—[an immersive digital universe](#), viewed through a headset, that Zuckerberg predicts will eventually replace smartphones as the primary way people use technology.

Meta Platforms Inc. said it earned \$4.65 billion, or \$1.76 per share, in the final three months of 2022. That's down 55% from \$10.29 billion, or \$3.67 per share, a year earlier.

Analysts were expecting earnings of \$2.26 per share, according to a poll by FactSet.

Revenue fell 4% to \$32.17 billion from \$33.67 billion. Analysts were expecting \$31.55 billion.

Meta ended 2022 with a 1% revenue decline from 2021—its first year-over-year drop.

"The downturn was slightly less than we thought it would be, but that's not necessarily a good sign," said Insider Intelligence analyst Debra Aho Williamson. She said that Meta's 2022 results were "a stark difference" from 2021, when the company's worldwide revenue grew 37%.

"Now the challenge is to return to positive territory. Meta needs to stay focused on stabilizing its core platforms, Facebook and Instagram," she added. "And with losses at its VR division mounting, Mark Zuckerberg is going to have to accept an unfortunate reality: Virtual worlds are simply not what businesses or consumers want right now."

Meta's Reality Labs segment, which includes its virtual and augmented-reality hardware such as its headsets, as well as software and related content, posted a fourth-quarter operating loss of \$4.28 billion, compared with a loss of \$3.3 billion a year earlier.

Though revenue declined, Meta continued to add users on its social media apps. Facebook's daily active users hit 2 billion for the first time—up 4% from a year earlier. Facebook had 2.96 billion monthly active users at the end of the year. Meta's monthly active users on what it calls its "family" of apps—Instagram, Facebook, WhatsApp and Messenger—were 3.74 billion as of Dec. 31.

"The growth in monthly users is ... a good sign that there is still a small pool of new social network users (or perhaps lapsed users) who are willing to give Facebook a try," Williamson said.

For the current quarter, Meta is forecasting revenue between \$26 billion and \$28.5 billion. Analysts are expecting \$27.18 billion. The company

also lowered its outlook for 2023 expenses to the range of \$89 billion to \$95 billion from its earlier guidance of \$94 billion to \$100 billion.

Meta's shares jumped almost 19% in after-hours trading. The stock had closed the regular trading session at \$153.12, down 52% in the last year.

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Citation: Meta posts lower Q4 profit, announces huge stock buyback (2023, February 1)
retrieved 18 April 2024 from

<https://techxplore.com/news/2023-02-meta-q4-profit-huge-stock.html>

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