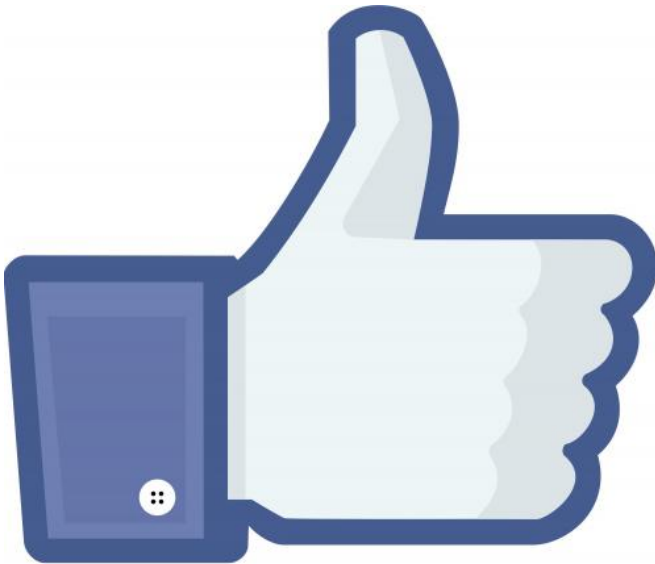


Delete Facebook? Nope, Facebook is growing

26 April 2018, by Jessica Guynn, Usa Today



Congratulations everyone: You really showed Facebook.

The social media giant that you swore up and down you'd quit after it let your data slip into strangers' hands without your permission is doing just fine, thank you very much.

Late Tuesday, Facebook announced that even more people are now using the service.

The number of people who log into Facebook at least once a month hit 2.2 billion as of March 31, up 13% year over year. That's growth of 70 million monthly active users last quarter despite the #deletefacebook hashtag movement.

People who visit the service every day also rose 13% to 1.45 billion. That's 66% of Facebook's monthly active users. Both figures met or exceeded Wall Street estimates.

Most notably, Facebook added 1 million users in the U.S. and Canada last quarter, reversing a troubling decline in the fourth quarter when North American users shrank for the first time.

There's a caveat, and it's a big one. The Cambridge Analytica trouble hit in March, just a couple of weeks before the end of the quarter. So Facebook's next quarterly report may give a more accurate sense of the scandal's impact on user growth and engagement.

Another big question: Have people cut back on how much time they spend on Facebook? Last quarter, the company admitted that people were spending 50 million fewer hours on the social network.

Facebook's chief financial officer David Wehner declined to say if people are spending less time on Facebook. "We are not providing a specific update on that," he said. He noted that Facebook had seen an increase in certain types of sharing and a decrease in passive video consumption.

And Wehner warned Tuesday that new European privacy rules taking effect in May could flatten second-quarter growth in daily and monthly active users in Europe, which could crimp advertising revenue as well.

Pivotal Research Group analyst Brian Wieser says he's maintaining his "sell" rating on the stock.

"We think the company continues to face negative usage trends," Wieser wrote in a research note.

CEO Mark Zuckerberg said earlier this year that Facebook would alter the formula that determines what shows up in people's news feeds to favor status updates from friends and family that spark more "meaningful social interactions" over videos and news articles that don't get people talking to each other.

"I expect the amount of time people spend and some measures of engagement will go down as a result" of the changes Facebook has made, Zuckerberg told analysts during last quarter's conference call.

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Analysts had already noted that Facebook consumption was declining. And Zuckerberg had pledged to devote 2018 to fixing the problems plaguing Facebook.

For now, the embattled company is taking a victory lap. More good news for investors on Tuesday: Facebook is still in the business of minting money from digital advertising, topping Wall Street estimates for revenue and profit.

"Facebook Delivers Solid 1Q Results on Advertising Strength; Time to Breathe Again," trumpeted GBH Insights analyst Daniel Ives' research note.

First-quarter revenue jumped 49% to \$11.97 billion, beating the \$11.4 billion average analysts predicted. Net income rose 63% to \$4.99 billion, or \$1.69 a share, above the \$1.35 analysts anticipated. Facebook (FB) shares rallied 7% in early trading Thursday.

Zuckerberg clearly enjoyed delivering some good news for the first time in weeks.

"Despite facing important challenges, our community and business are off to a strong start in 2018," Zuckerberg said in a statement. "We are taking a broader view of our responsibility and investing to make sure our services are used for good. But we also need to keep building new tools to help people connect, strengthen our communities, and bring the world closer together."

And his company is telegraphing confidence to Facebook investors by approving \$9 billion for stock buybacks on top of the \$6 billion it announced in November 2016.

On Tuesday, Facebook began running a one-minute spot promising to do a better job of protecting user privacy. The ad will run on TV and in movie theaters through July.

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