

Facebook revenue growth slows, but 'signs of stability' rise

April 30 2020, by Barbara Ortutay



This March 29, 2018, file photo shows the Facebook logo on screens at the Nasdaq MarketSite in New York's Times Square. Facebook on Tuesday, April 28, 2020, reported its slowest quarterly growth as a public company, pressured by a global slowdown in the digital advertising market due to the coronavirus pandemic. (AP Photo/Richard Drew, File)

Facebook on Wednesday reported its slowest quarterly growth as a public company, pressured by the coronavirus pandemic and a resulting global slowdown in digital advertising.

The social network, like Google on Tuesday, said it's feeling the squeeze but expects to weather it with only modest long-term effects.

The company said it saw a "significant reduction" in ad prices and demand in the last three weeks of March. It declined to give revenue guidance for the rest of the year, but said in the [second quarter](#) so far, it has seen "signs of stability" in the first three weeks of April. Ad revenue during this time has been flat compared with the year-ago period, Facebook said.

It was a "decent quarter, all things considered," said eMarketer social media analyst Debra Aho Williamson. But the fact that revenue was flat in the first three weeks of April suggests that the second quarter will be much more challenging than the first, she added.

Facebook said it earned \$4.9 billion, or \$1.71 per share, in the January-March quarter. That's more than double the \$2.43 billion, or 85 cents per share, it reported in the same period a year earlier. Revenue rose 18% to \$17.74 billion from \$15.08 billion.

Analysts polled by FactSet were expecting higher earnings of \$1.74 per share and lower revenue of \$17.34 billion.

Facebook had warned last month that its business was already being squeezed by the advertising downturn even though usage of its services has risen. In countries hard-hit by the pandemic, it said messaging traffic was up 50% while voice and video calling had doubled, but added that it doesn't make money on many of those services and that ad business had "weakened" in those regions.

Even before the pandemic slowed the global advertising market, Facebook reported its slowest [revenue](#) growth rate in history in the fourth quarter of 2019. And the company warned that further a slowdown is coming. This was not unexpected—the bigger Facebook gets, the harder it is for it to keep growing like a startup.

Facebook had 2.6 billion monthly users on average in March, up 10% compared to a year earlier. Its daily user base during the month grew 11% to an average of 1.73 billion.

The company said 2.99 billion people used at least one of its apps—Facebook, Instagram, Messenger or WhatsApp—at least once a month in March. That's up 11% from a year ago.

CEO Mark Zuckerberg said during a conference call with analysts that the pandemic and stay-at-home orders around the world are leading to faster adoption of new communications trends, such as video communications and small, private group chats. Live streams, which before the virus were used mainly to broadcast physical events, are now being used by teachers, entertainers and religious institutions to hold virtual classes, concerts and services. He said more than 800 million people are using live streams daily.

Nonetheless, Zuckerberg said the virus's effects on the company have been significant. And he expressed concern that the ongoing health emergency and economic fallout will go on longer than expected if places reopen before coronavirus infections are reduced to a "minimal" rate.

The [company](#) said 95% of its employees are working from home.

Facebook's stock shot up more than 10.4% to \$214.31 in after-hours trading following release of its results.

© 2020 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Facebook revenue growth slows, but 'signs of stability' rise (2020, April 30) retrieved 20 April 2024 from

<https://techxplore.com/news/2020-04-facebook-revenue-growth-stability.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.