

Upbeat quarterly update lifts Twitter shares

22 July 2021



Twitter beat most Wall Street forecasts with a quarterly update showing gains in its user base and higher revenues and profits.

Twitter on Thursday posted better-than-expected results for the recently ended quarter with gains in revenue, profit and its user base, sparking a rally in shares for the messaging platform.

Net profit was \$66 million on revenue that surged to \$1.19 billion, beating Wall Street expectations.

That compared to a loss of \$1.38 billion in the same quarter a year earlier, according to the San Francisco-based tech firm.

"Second-quarter revenue growth substantially exceeded estimates," noted Third Bridge analyst Scott Kessler.

The closely watched figure of "monetizable" daily users rose to 206 million in the quarter, an 11 percent increase from the same period last year.

Twitter said in its statement that more people were on the platform as a result of "ongoing product improvements and global conversation around current events."

Market watchers had been concerned that the departure of former US president Donald Trump from the platform and the lack of election-year frenzy might cause use to ebb.

However Twitter appears to be benefiting from the return of live sporting events derailed during the pandemic, with it remaining to be seen whether use of the service would vault during the Olympics, Kessler said.

'Roar of the crowd'

Company executives said during an earnings call that they were "excited" by the Olympics' potential to rev tweets and ads even though there will be no stadiums packed with spectators firing off news or opinions.

"Last year when there were a lot of events that happened where fans weren't in the stands, Twitter took the place of the stands," chief financial officer Ned Segal said.

"It was the roar of the crowd. It was one of the few places where advertisers could connect with their customers and know they would be there."

Twitter shares were up more than five percent in after-market trades that followed release of the earnings figures.

"We are shipping more, learning faster, and hiring remarkable talent," Twitter chief Jack Dorsey said in an earnings release.

"There's a tremendous opportunity to get the whole world to use Twitter."

Segal said the quarter was marked by "better-than-expected performance across all major products and geographies."

Twitter's user numbers grew slower than they have in a while, but ad revenue surged some 87 percent, according to eMarketer analyst Nazmul Islam.

"There was significant demand for digital ads across the market and Twitter was integral to many brands," Islam said.

"User growth may continue to slow down because of how big the user base already is but we can expect high growth in advertising revenues next quarter as well."

Dorsey told analysts on the call that Twitter is working to build an "ecosystem" of features and services focused on news, conversations and "helping people get paid."

"There are three trends relevant to Twitter—artificial intelligence, decentralization and the internet finally having access to a global native currency in bitcoin," Dorsey said.

"All these will help us do our jobs better, and we intend to lead the way in each."

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APA citation: Upbeat quarterly update lifts Twitter shares (2021, July 22) retrieved 3 December 2022 from <https://techxplore.com/news/2021-07-upbeat-quarterly-twitter.html>

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