

Facebook 3Q results show mobile ad growth

October 23 2012, by Barbara Ortutay

(AP)—Facebook finally has proof that it can make money from mobile advertising.

As part of Tuesday's third-quarter results, the world's biggest social media company disclosed for the first time that some 14 percent of its ad revenue came from mobile advertising. It started showing ads to users who access Facebook from their phones and tablet computers about six months ago.

Since before the company's initial public offering in May, investors had been concerned that Facebook wasn't taking advantage of its growing mobile user base.

"I want to dispel this myth that Facebook can't make money on mobile," said CEO Mark Zuckerberg in a conference call with analysts. "This may (have seemed) true earlier this year because we hadn't started trying yet."

Tuesday's quarterly financial report —Facebook's second as a public company— sent its stock sharply higher in after-hours trading. The stock jumped \$1.90, or 9.7 percent, to \$21.40 after the announcement. Facebook had closed up 18 cents at \$19.50 in regular trading on a day that saw the Dow Jones Industrial Average drop 243 points, or 1.8 percent.

Facebook Inc. posted a loss of \$59 million, or 2 cents per share, in the July-September period. That's down from earnings of \$227 million, or

10 cents per share a year ago, when Facebook was still privately held.

Excluding special items, mainly related stock compensation expenses, Facebook Inc. earned \$311 million, or 12 cents per share, in the latest quarter, a penny better than what analysts were expecting.

Revenue rose 32 percent to \$1.26 billion from \$954 million. That's also higher than the \$1.23 billion that analysts polled by FactSet had expected.

Facebook's monthly user base grew 26 percent from a year earlier, to 1.01 billion. Some 60 percent of users access Facebook using a mobile device, the company said.

"People who use our mobile products are more engaged, and we believe we can increase engagement even further as we continue to introduce new products and improve our platform," Zuckerberg said. "At the same time, we are deeply integrating monetization into our product teams in order to build a stronger, more valuable company."

Advertising revenue was \$1.09 billion, up 36 percent from a year earlier. It represented about 86 percent of Facebook's total revenue.

Revenue from payments and other fees climbed 13 percent to \$176 million. The figure includes Facebook's cut from the virtual items people buy for games they pay on the site. Facebook said that while payments from Zynga Inc. declined, its overall games ecosystem has become more diverse. In recent quarters Facebook has derived as much as 12 percent of its revenue from "FarmVille" maker Zynga Inc., but Zynga has been experiencing a slowdown. Zynga said Tuesday that it is laying off about 5 percent of its workforce of 3,000 people.

Facebook did not provide guidance for the current quarter or beyond, a

practice it has maintained since its first earnings report as a public company in late July.

Facebook's stock has been trading at roughly half of its initial public offering price of \$38. The May 18 IPO was one of the most highly anticipated offerings in recent years, but the excitement quickly deflated—in part due to concerns about Facebook's ability to grow mobile ad revenue. The stock has not traded above its IPO price since its first trading day.

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Facebook 3Q results show mobile ad growth (2012, October 23) retrieved 25 April 2024 from <https://phys.org/news/2012-10-facebook-3q-loss-revenue.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.