

Facebook powers higher on earnings, unveils new app

January 30 2014, by Sophie Estienne



Facebook shares staged a strong rally, buoyed by news of stronger-than-expected profits and sizzling gains in mobile advertising revenue.

Facebook shares jumped to record highs Thursday, buoyed by news of stronger-than-expected profits and sizzling gains in mobile advertising revenue.

The gains came as Facebook introduced a new mobile app aimed at

becoming a social newspaper of sorts for the members of the world's biggest social network.

The stock ended up 14.1 percent at an all-time closing high of \$61.08 a day after Facebook reported that profit in the fourth quarter jumped eightfold from a year earlier to \$523 million, boosting its net income for the year to \$1.5 billion.

"Facebook's ascendancy and execution in 2013 has been near-flawless," said Deutsche Bank analyst Ross Sandler in a note to clients.

Mark Mahaney at RBC Capital Markets said he was "more positive" on Facebook after the strong quarterly report.

"The most important Internet trend by far is MOBILE, and Facebook has become a MOBILE company," he wrote in a research note.

Scott Devitt at Morgan Stanley said Facebook's results "show no signs of slowing mobile momentum" and noted that the company has managed to skillfully get more ad revenues.

The figures suggest that "Facebook improves its ability to make ads more relevant and less intrusive to users," he said in a research note.

In another sign of its focus on mobile, Facebook unveiled its new app called "Paper," an online newspaper for viewing and sharing articles and other content from a smartphone.

"Paper makes storytelling more beautiful with an immersive design and fullscreen, distraction-free layouts," Facebook said in a blog post announcing the new service.

"We've also made it easier to craft and share beautiful stories of your

own."

The app, the first product from Facebook Creative Labs, will be available February 3 for iPhone users.

Paper presents stories and themed sections to allow people to follow topics ranging from news headlines to food to sports and science.

It has a tiled design that allows users to customize the display alongside a personal Facebook feed.

"Each section includes a rich mix of content from emerging voices and well-known publications," the blog post said.

The partners in Paper were not named, but a video released by Facebook showed a user scrolling articles and content from The New York Times, Time magazine, USA Today, The Huffington Post and others.

"Storytelling and sharing have been reimagined in Paper to show stories at their best," Facebook said.

The app will allow for full-screen viewing of videos and will "make it easy to spot articles from trusted publishers and decide what to read or watch," it added.

Facebook said users could tilt their phones to scroll through high-resolution panoramic photos and to zoom into details like faces.

Reports in recent weeks said Facebook was hiring editors or "curators" to complement its algorithmic method of delivering content to its users

The company's latest earnings report showed revenue in the past quarter rose to \$2.58 billion, and \$7.87 billion for the year.

Facebook said the number of monthly active users rose 16 percent from a year ago to 1.23 billion, with 945 million using mobile devices.

Advertising revenue surged to \$2.34 billion in the quarter, up 76 percent over the past year. Mobile advertising revenue represented some 53 percent of that figure, an increase from 23 percent in the fourth quarter of 2012.

These gains appear to have paid off handsomely for Facebook and for its founder and chief executive Mark Zuckerberg.

The market intelligence firm Wealth-X said Zuckerberg's net worth has risen to \$29.7 billion with the jump in Facebook shares.

"At 29 years old, Zuckerberg's current fortune equates to more than \$1 billion for every year he has lived," Wealth-X said.

© 2014 AFP

Citation: Facebook powers higher on earnings, unveils new app (2014, January 30) retrieved 23 April 2024 from <https://phys.org/news/2014-01-facebook-stock-surges-strong.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.