

Twitter shares sink to historic low on weak user data (Update)

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The logo of social networking website 'Twitter' is displayed on a computer screen in London on September 11, 2013

Twitter shares plummeted to their lowest level since the company's November Wall Street debut after the company added fewer new users than expected.

Around midday, shares of the microblogging company were down 10.4 percent to \$38.18 on the New York Stock Exchange, after earlier falling

to \$37.24, its lowest price since its November 7, 2013 introduction on Wall Street.

Though still above its initial public offering price of \$26, Twitter has lost more than half its value since peaking at \$73.31 in December 26.

Investors were troubled by data showing the company had 255 million active monthly users in March, below the 257 million projected by Wall Street, said BMO Capital Markets.

Twitter reported a \$132.4 million loss for the quarter, or 23 cents per share.

Excluding \$126 million in stock-based compensation, Twitter broke even, besting the three cents per share loss expected by analysts.

Revenues of \$250.5 million exceeded the \$241.4 million forecast by analysts.

Investors were "unforgiving" towards the low user numbers despite "solid" results otherwise, said Deutsche Bank in a note.

"The company continues to execute near-flawlessly around items in its control like revenue and expenses, but sentiment remains pinned on lackluster (user) growth," said Deutsche Bank.

BMO said it was lowering its target for Twitter to \$42 from \$53, citing the "reset in valuation" of growth-oriented tech stocks.

The Nasdaq has underperformed the Dow Jones Industrial Average and S&P 500 since early March on concerns many trendy stocks have risen too far too fast.

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