

# Facebook profit down but revenues, user base grow

April 22 2015, by Sophie Estienne

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Facebook says that profit in the first quarter fell by 20 percent from a year ago to \$509 million, but reported healthy growth in revenue and its user base

Facebook said Wednesday that profit in the first quarter plunged 20 percent from a year ago but revenues got a lift from robust growth in mobile advertising.

The world's biggest social network also boosted the number of users to

1.44 billion, up 13 percent from a year earlier, including 1.25 billion people who access Facebook on [mobile devices](#).

Net profit in the quarter for shareholders dropped to \$509 million, amid hefty increases in spending on research and share-based compensation.

Overall revenues jumped 42 percent to \$3.5 billion, led by advertising gains, slightly below Wall Street forecasts, as Facebook felt the impact of a strong dollar.

Excluding the impact of foreign exchange rates, revenue would have increased by 49 percent, the company said.

"This was a strong start to the year," said Mark Zuckerberg, Facebook founder and chief executive.

"We continue to focus on serving our community and connecting the world."

Zuckerberg noted that Facebook was seeing "strong growth in engagement around the world," suggesting that users are not turning away from the platform.

Facebook has been investing heavily in research and new projects, including a drone air fleet to deliver the Internet to remote areas of the world.



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Earlier Wednesday, Facebook unveiled a new mobile application called Hello, which allows its users to see who is calling by searching the social network's vast base of members.

It also allows users to search for people and businesses on Facebook and call them using the app.

In its quarterly report, Facebook reported the bulk of its revenues came from advertising inserted in user feeds, especially on mobile devices.

Revenue from advertising was \$3.32 billion, a 46 percent surge from a year ago. Mobile accounted for 73 percent of this, up from 59 percent a

year earlier.

But spending grew 83 percent from a year ago to \$2.61 billion, in line with guidance from the company. That included more than \$1.0 billion on research on items such as new ad products and virtual reality, which is being integrated into Facebook offerings.



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## 'Family of apps'

Zuckerberg said Facebook was making progress in evolving from a single social network to a "family of apps," which include the photo-sharing service Instagram and messaging service WhatsApp, along with its own Facebook Messenger.

WhatsApp has some 800 million users worldwide, Messenger is used by 600 million and Instagram by 300 million.

"We want people to share whatever they want with all the sets of people they care about," Zuckerberg said in the Facebook earnings call.

"We want to continue to develop new and better tools."

Debra Aho Williamson, analyst at eMarketer, said the latest news from Facebook reveals its strategy for various services.

"The Facebook family is starting to gel, and we're getting a better idea of how the company's various properties are coming together," she said.

"However, we're still waiting for indications of how much ad revenue Facebook is getting from Instagram, and it will be important in coming quarters for the company to start to show how much momentum it's gaining in video advertising and off-Facebook ad targeting."

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