

Facebook quarterly profit surges 186% to \$2 bn

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Facebook said Wednesday its profit leapt 186 percent from a year ago to \$2 billion, as the world's biggest social network blasted past most analyst forecasts for the second quarter.

With its global base of monthly active users growing to 1.7 billion, Facebook saw a 59 percent jump in total revenues to \$6.4 billion, mostly from online advertising.

Facebook shares jumped nearly seven percent in after-hours trade on the stronger-than-expected results.

"Our community and business had another good quarter," Facebook founder and chief executive Mark Zuckerberg said.

"We're particularly pleased with our progress in video as we move towards a world where video is at the heart of all our services."

Facebook has been dominating the social media space as well as related online advertising as it seeks to diversify into areas such as messaging, virtual reality and other fields.

The research firm eMarketer estimates Facebook is taking in two-thirds of social media ad revenues, dominating rivals such as Twitter, which this week reported disappointing results.

The number of monthly active users, a key metric for social networks, grew 15 percent from a year ago, Facebook said.

Almost all of Facebook's revenue, \$6.2 billion, came from advertising, and 84 percent of ad revenues came from messages delivered to mobile devices.

Facebook said it had more than one billion daily active users on mobile at the end of the quarter June 30, up 22 percent from a year ago.

It ended the quarter with more than \$23 billion in cash and cash equivalents.

Facebook has been winning plaudits from analysts as it grows its base and extends into new services, including its Instagram photo-sharing service, messaging applications and its Oculus virtual reality gear.

"Facebook remains a top pick for us, given its position as the largest/most engaging mass-reach Internet platform for advertisers, unmatched targeting potential, and very potent monetization formats," said a note this week from Cantor Fitzgerald analysts.

"Mobile has been the main driver of growth to date, video and Instagram should start moving the needle more meaningfully in the second half of 2016."

RBC Capital Markets analysts said in a research note they see room for Facebook to grow further.

"Facebook still has many growth levers left to pull, not least of which is video advertising," the analysts wrote.

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