

Twitter tumbles as user growth disappoints (Update)

April 29 2014



Twitter reported a \$132 million loss in the first quarter, while revenues rose sharply and the popular messaging platform boosted its user base

Twitter shares sank Tuesday to their lowest levels since the company's market debut after the popular messaging platform reported a jump in revenues but disappointing growth in users.

The net loss for the first quarter amounted to \$132 million, wider than

the \$27 million deficit a year earlier, largely due to a rise in stock compensation, Twitter said in its earnings statement.

Revenues grew 119 percent from a year ago to \$250 million, and monthly active users rose to 255 million.

Twitter shares plunged 10.6 percent to \$38.08 in after-hours trade even though the revenue figures were better than expected. That was the lowest since the market debut last November.

"The number everyone wants to see get bigger faster is average monthly active users," said Paul Ausick at 24/7 Wall Street.

Ausick said the gain in users was 25 percent for the year but just 5.8 percent over the past quarter.

"These numbers are good, but not good enough," Ausick said in a blog post.

"The consensus estimate for MAUs was 257 million and that relatively small difference has crushed the shares in after-hours."

Arvind Bhatia, analyst at Sterne Agee, said the results were mixed.

"User metrics, including reach and engagement, were slightly better than the fourth quarter but not as strong as the street expected," he said in a research note.

Market action in the tech sector has also been volatile in recent weeks amid fears of a bubble based on the stretched valuations of some companies.

Engaging new users

Twitter chief executive Dick Costolo put a positive spin on the results.

"We had a great first quarter," Costolo said on the company's earnings call.

He added that "revenue growth accelerated" and that the company was making progress on its plans including "making Twitter more visually engaging."

Costolo added that people not turning away from Twitter.

"Our net new users are just as engaged as our existing users, which is great," he said.

Costolo said that with the integration of the mobile advertising startup MoPub, "we now reach more than one billion (Apple) iOS and Android users each month, making us one of the largest in-app mobile ad exchanges in the world and the only one at scale to offer native in-app advertising."

Twitter made a splash last year on Wall Street with a surge on its market debut, but its shares have struggled since then amid doubts on its pace of growth and progress toward profitability.

Using a popular Wall Street measure excluding special items, Twitter essentially broke even on a per-share basis, according to its quarterly report.

Twitter said the number of monthly active users was up 25 percent from a year ago at 255 million, and 198 million were on mobile devices.

Advertising revenue hit \$226 million, an increase of 125 percent over the past year, with mobile accounting for roughly 80 percent of the total.

According to the research firm eMarketer, Twitter's US mobile ad revenues are expected to grow 86 percent this year, giving the platform a 3.2 percent market share.

A recent Forrester Research study found 22 percent of US online adults visit Twitter at least monthly compared to Facebook's 72 percent.

© 2014 AFP

Citation: Twitter tumbles as user growth disappoints (Update) (2014, April 29) retrieved 23 April 2024 from <https://phys.org/news/2014-04-twitter-boosts-revenue-users-profitless.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.