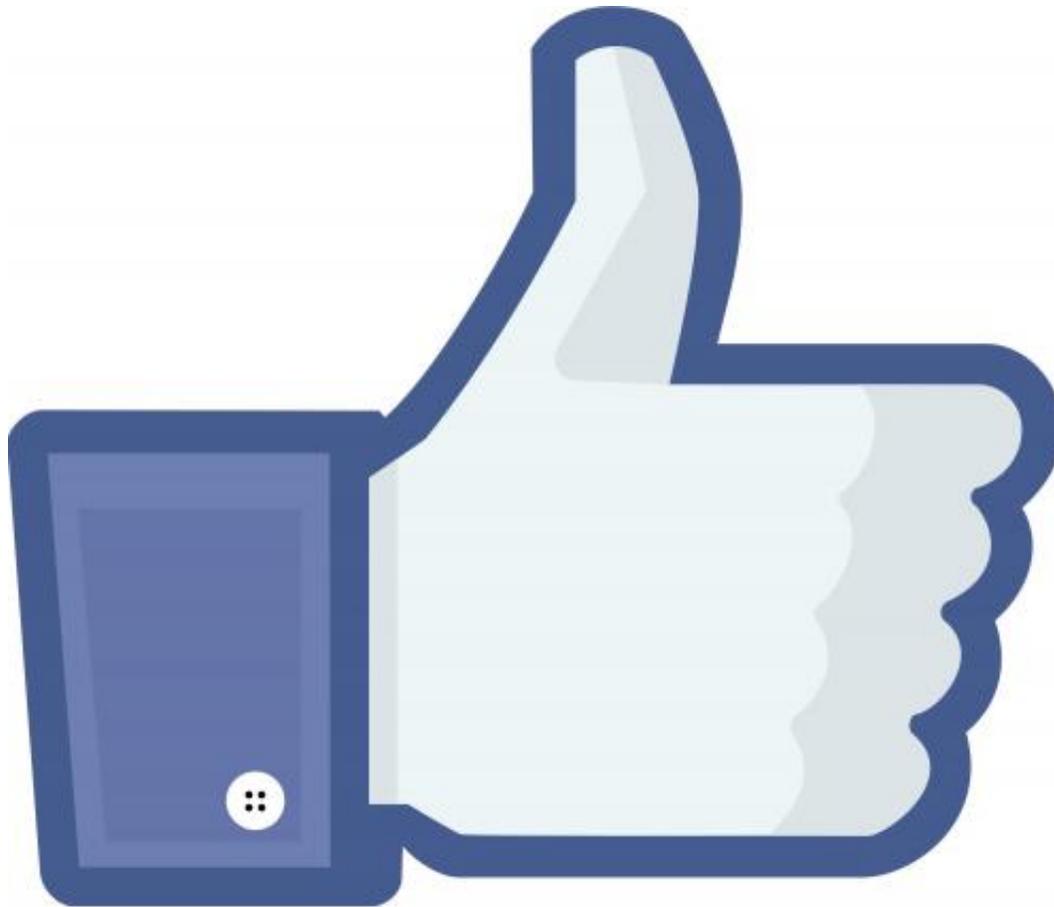


# Facebook hammered as user growth cools

July 26 2018

---



Facebook shares took a hit Wednesday after the world's biggest social network reported weaker-than-expected user growth in the first full quarter since being rocked by a series of scandals on data privacy.

The company said profit was up 31 percent in the second quarter at \$5.1 billion as revenues rose 42 percent to \$13.2 billion.

But shares slumped seven percent in after-hours exchanges after hitting record levels in official trading, with the quarterly report largely weaker than had been expected.

"Our community and business continue to grow quickly. We are committed to investing to keep people safe and secure, and to keep building meaningful new ways to help people connect," chief executive Mark Zuckerberg said.

Zuckerberg has said he did not expect a meaningful impact from the uproar over data hijacked by political consulting firm Cambridge Analytica, but the last quarter's figures suggested some cooling.

The key metric of monthly active users rose 11 percent to 2.23 billion, below most estimates of 2.25 billion, while daily active users grew a weaker-than-expected 11 percent to 1.47 billion.

Almost all of Facebook's revenue—\$13 billion of the total \$13.2 billion—came from online advertising, a sector dominated by the California social network along with Silicon Valley rival Google.

Although Facebook shares were in a slump after the Cambridge Analytica scandal broke earlier this year, the stock had risen sharply and hit record levels this month.

According to the research firm eMarketer, Facebook is expected to hold an 18 percent share of the \$273.29 billion worldwide digital ad market, behind Google's 31 percent.

According to the research firm, Facebook-owned Instagram is making

up for some of the slowdown in growth at social network and will generate \$8.06 billion in worldwide ad revenue this year.

© 2018 AFP

Citation: Facebook hammered as user growth cools (2018, July 26) retrieved 26 April 2024 from <https://phys.org/news/2018-07-facebook-user-growth-cools.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.