

Facebook results beat estimates as mobile ad sales soar, stock at record high

July 26, 2017

Facebook Inc surpassed quarterly profit and revenue estimates on Wednesday as the social media giant found more ways to attract advertisers to its mobile app including its centerpiece product, the Facebook News Feed, sending its shares to an all-time high.



archiv

The company's stock was up 1.6 percent at \$168.25 after the bell. Through Wednesday's close, the share price had climbed nearly 44 percent this year.

Total revenue rose 44.8 percent to \$9.32 billion, beating the average forecast of \$9.20 billion among analysts tracked by Thomson Reuters I/B/E/S.

"In mobile we're continuing to see great strengths," Facebook Chief Financial Officer David Wehner said in a phone interview.

"We're seeing more and more ad dollars getting allocated to mobile, and we think that trend will continue," he said.

Net income attributable to Facebook shareholders rose to \$3.89 billion, or \$1.32 per share, in the second quarter ended June 30 from \$2.28 billion, or 78 cents per share, a year earlier.

Analysts on average had expected earnings of \$1.13 per share, according to Thomson Reuters I/B/E/S.

Mobile ad revenue accounted for 87 percent of the company's total advertising revenue of \$9.16 billion in the latest quarter, up from 84 percent a year earlier.

Facebook is expected to generate \$36.29 billion in net digital ad revenue this year, a 35 percent jump from 2016, according to research firm eMarketer.

Facebook has not said how much of its revenue is attributable to its Instagram unit, though the photo-sharing app has become a greater focus of its business.

"Clearly, the biggest driver of growth is, overall, Facebook News Feed," Wehner said. "Instagram is making a contribution, and an increasing contribution."

Facebook said about 2.01 billion people were using its service monthly as of June 30, up 17 percent from a year earlier.

The social media giant said in June it had surpassed the 2-billion user mark.

In the first quarter, Facebook changed the method it reports earnings, focusing on Generally Accepted Accounting Principles (GAAP) earnings instead of non-GAAP.