



Facebook (FB) 2018 Q1 Earnings Summary

April 2018

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Facebook Key Takeaways



Cambridge Analytica Scandal Has Cast A Shadow Over The Use Of Consumer Data To Improve The Platform

ADVERTISING

- **The fastest way to bridge the digital divide is by offering services free to any consumer regardless of their circumstance**
 - Ads are a great business model that is aligned with their mission to equalize access and improve opportunity
 - **Have thought about other forms of monetization including subscriptions, and will always continue to consider everything**
- Have a lot of runway ahead and see growth opportunity just from converting advertisers on Facebook into Instagram
 - **Potential business growth is interesting and strong because they will be able to do this across multiple services**

WATCH

- **Creating a different experience than YouTube and others by making it more about connecting with people in different ways**
 - Interactive video features like Watch Party let you watch video with your friends
- So far, a bunch of the content that has come on to Watch is good and is working, and people watch it
 - **Continuing to treat the product to emphasize interactive content, while building out more of the social features**
- **Expecting faster growth in video investment in the back 3 quarters of the year**

VR

- Every 10 to 15 years, there's a major new computing paradigm, and it's likely that the next one is going to be around VR/AR
 - **Always thought this was going to be a 10-year journey before it was really a very mainstream, major platform**
- **Investing a lot in this because they haven't to date been a hardware company, but are an operating system company**
 - **Need to invest before it is a big thing in order to build some of the muscles to be competitive and succeed in the space**
 - Oculus Go is coming out soon and have the prototype and the developer kit around the higher-end standalone as well

MESSENGER

- **Clear trend towards sharing with smaller groups, which is why messaging is so important**
 - Between WhatsApp and Messenger, people send 100 billion messages and do over 3 billion minutes of calling every day
- **Continue to be primarily focused on consumer growth and engagement and are being slow and deliberate with monetization**
 - Have over 18 million businesses communicating with their customers, with 2 billion messages sent a month
 - **Focused on launching new tools that help businesses use Messenger**

DATA

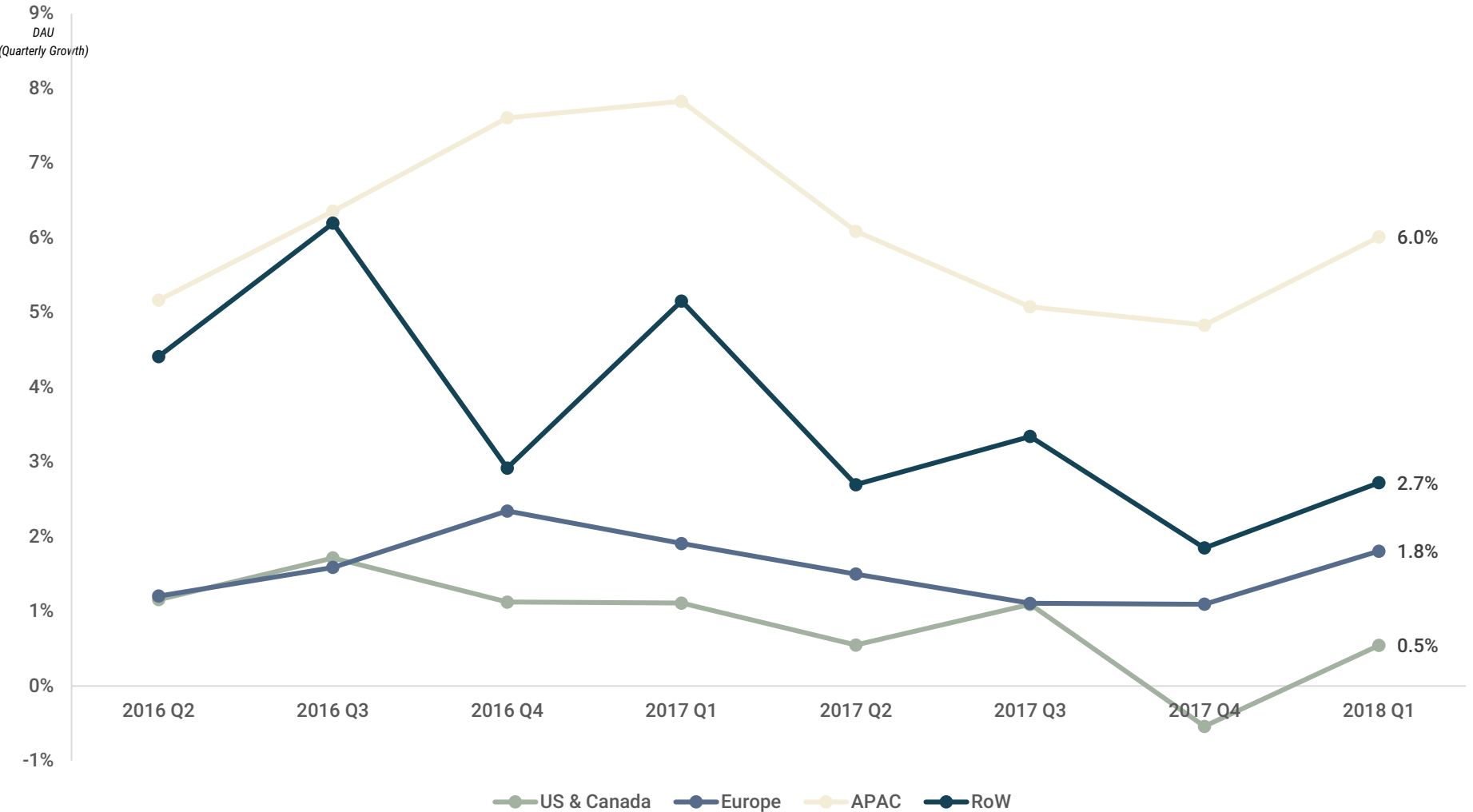
- Continuing to invest heavily in safety, security and privacy and some of this will come in the form of new technology
 - **Rolling out ad transparency tools that bring their ads to an even higher standard of transparency than TV or print ads**
- **They use data to make the product better, so the way people have the choice to restrict data use could impact the product**
 - **Think it's a better experience for the people who use Facebook to have targeted ads**
 - if advertisers are less able to target effectively, they'll get a lower ROI on their campaigns, which will impact pricing

Advertisers will find it difficult to leave a platform that has such a large audience that is becoming more engaging

Daily Active Users



After Making News Feed Changes Last Quarter, DAU Growth Has Bounced Back Across The World

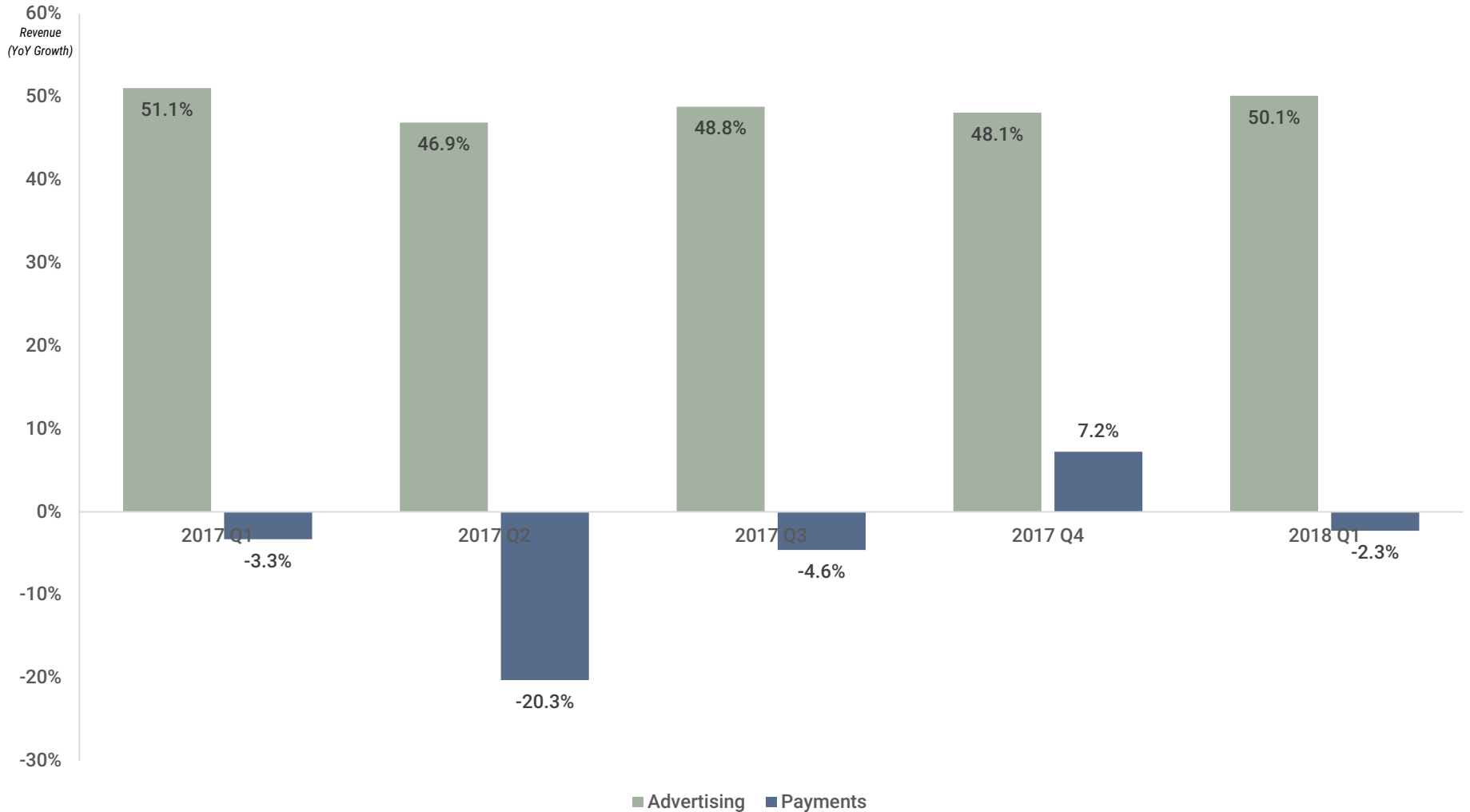


The impact of new data privacy policies and controls will take hold over the next few quarters

Revenues



Ad Revenues Continue To Grow, With Over 90% Coming From Mobile



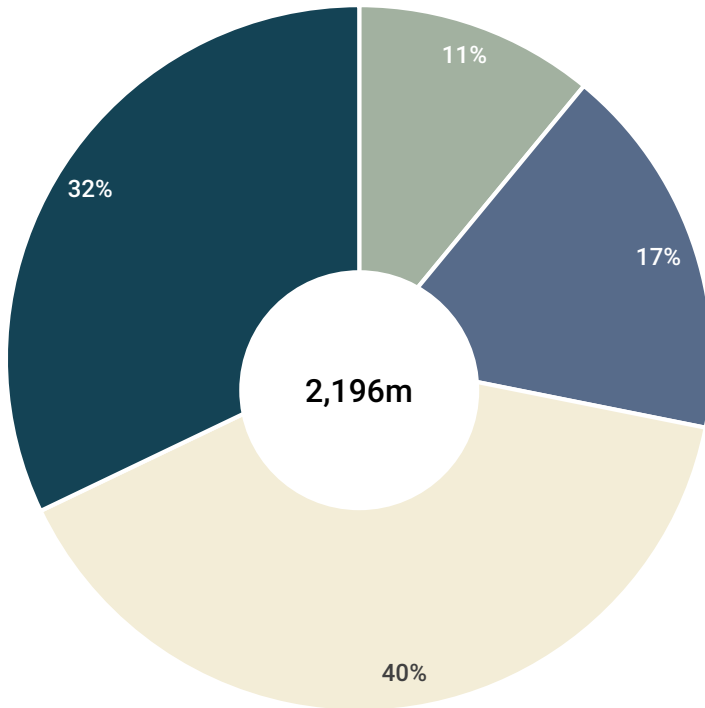
The plan is not to charge for payments, but instead see it as a way to add more ads to the messaging system

Q1 Monetization



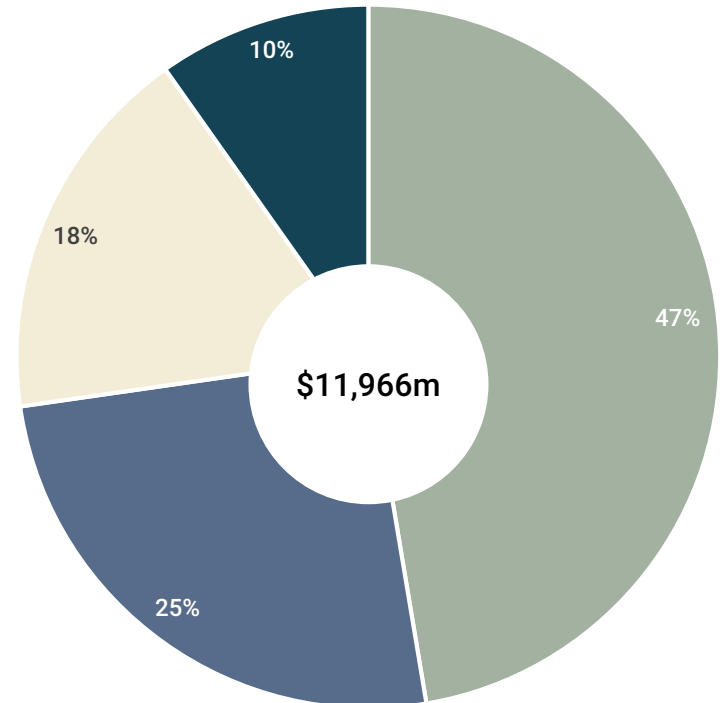
U.S. And Canada Generates Nearly 50% Of Revenues, Despite Making Up Just 10% Of The User Base

Monthly Active Users



■ US & Canada ■ Europe ■ APAC ■ RoW

Revenue



■ US & Canada ■ Europe ■ APAC ■ RoW

As emerging markets develop in APAC and the rest of the world, there is opportunity to improve monetization