

Facebook (FB) 2020 Q1 Earnings Summary

April 2020

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Key Takeaways



Facebook Stabilized Ad Revenue After A Sharp Decline, But Are Fearful Of A More Severe Contraction In Q2

ADVERTISING

- **Experienced significant reduction in the demand for advertising, and related decline in pricing, over the last three weeks of Q1**
 - After the initial steep decrease in advertising revenue in March, have seen signs of stability reflected in the first three weeks of April
- **Seen strong growth in gaming and e-commerce, as advertisers in these sectors tend to optimize for measurable objectives**
 - Always-on campaigns have been able to pick up supply because the lower pricing cleared at levels those advertisers were trying to acquire users at
 - There has been a falloff in advertisers who are looking for off-line or broad-based brand advertising right now

COMMERCE

- **Can create a much better shopping and commerce experience by bringing together JioMart with WhatsApp**
 - All the products and technology that they are building to enable that partnership are going to be things that they want to do around the world
- **Want small businesses to gain presence on all of their apps to communicate organically with people and drive transactions**
 - A lot of small businesses are still primarily physical, but there's been a big push to get online and to do more selling online
 - Rolled out new click to messaging ad formats that perform better for driving sales than their websites or other presences

VIDEO

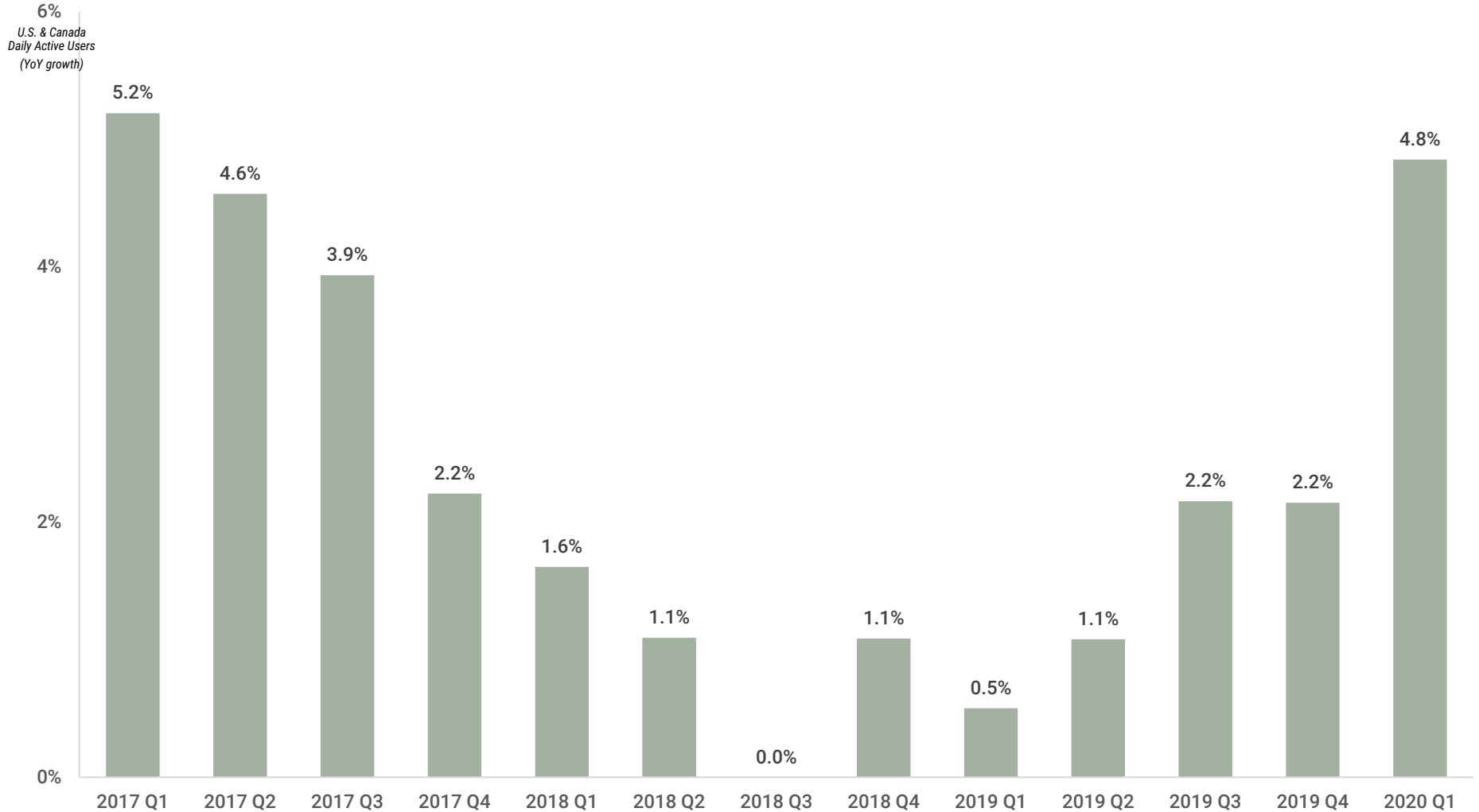
- **People used to primarily livestream physical events, but now, live streaming has become the primary venue for many events**
 - Pivoted their events team to help people create online events, including enabling people and small businesses to charge people to join their events
 - People live streaming gaming content is certainly one big category that's growing quickly and they are investing a lot in
- **Announced new product improvements around video presence, which has emerged as a critical part of the private social platform**
 - Plan to lead and offer the best services for social uses in video calling, video rooms and live video

USERS

- **Focusing on different products in different places, but everything is built on top of traditional payment infrastructure**
 - In the longer-term, working on a wallet that will work with Libra in order to make some of the payment infrastructure around the world more efficient
 - Being able to close the loop on ads and transactions is going to be extremely valuable for small businesses
- **Have been working on WhatsApp Payments where users will be able to send money as quickly and easily as sending a photo**
 - Expect this to start rolling out in a number of countries and to make a lot of progress here in the next 6 months

Notable investment into Reliance Jio shows the importance of deepening their penetration in India through e-commerce

Engagement Spikes In Mature Markets Highlight The Value Of Social Infrastructure That Connects People

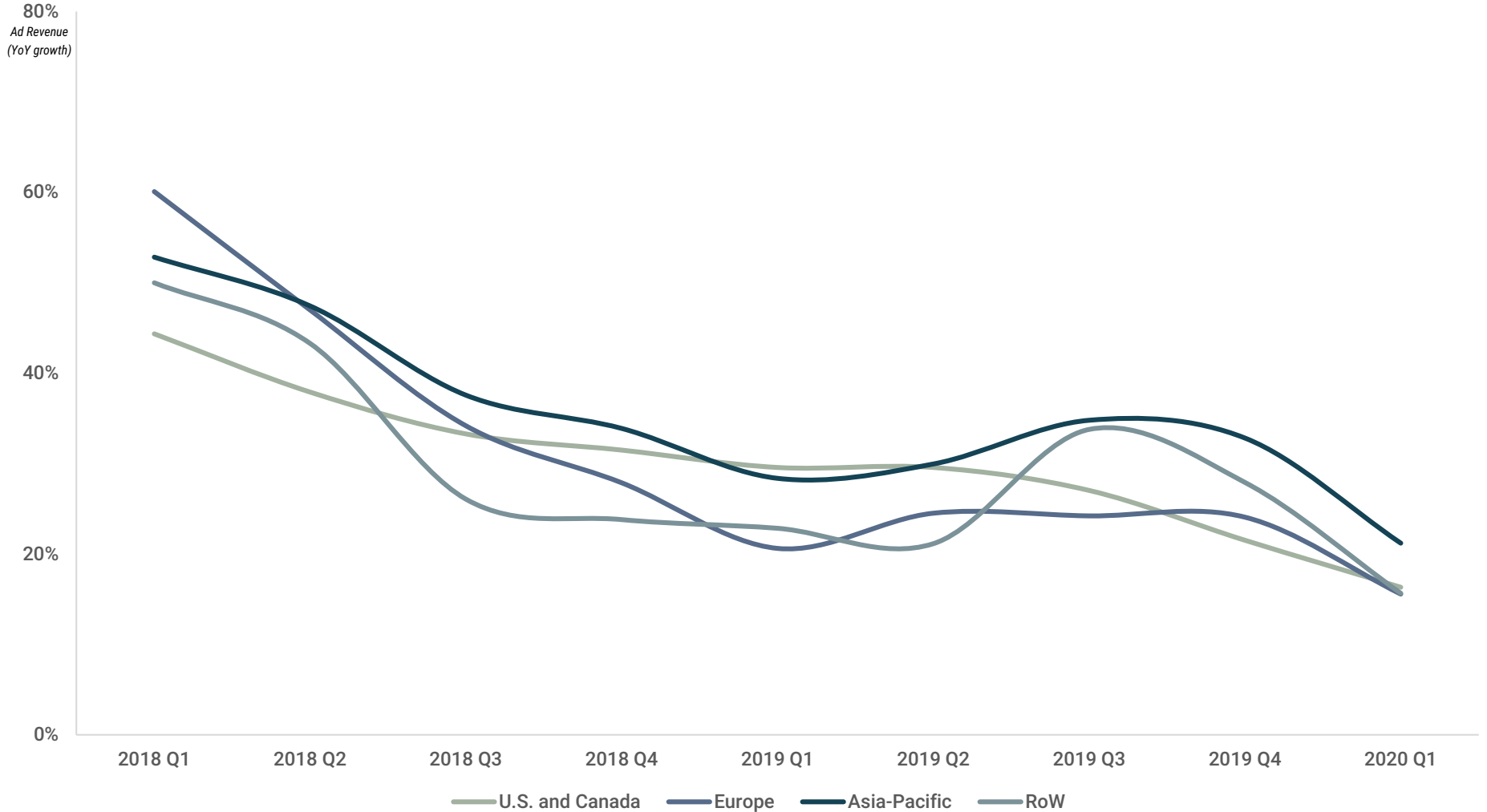


New tools that let people charge for events offers greater monetization, which can bring lapsed users back to the service

Ad Revenue



Small Businesses Are Getting Hit Hard, But They Have A Diversified SMB Base That Reduces Total Exposure

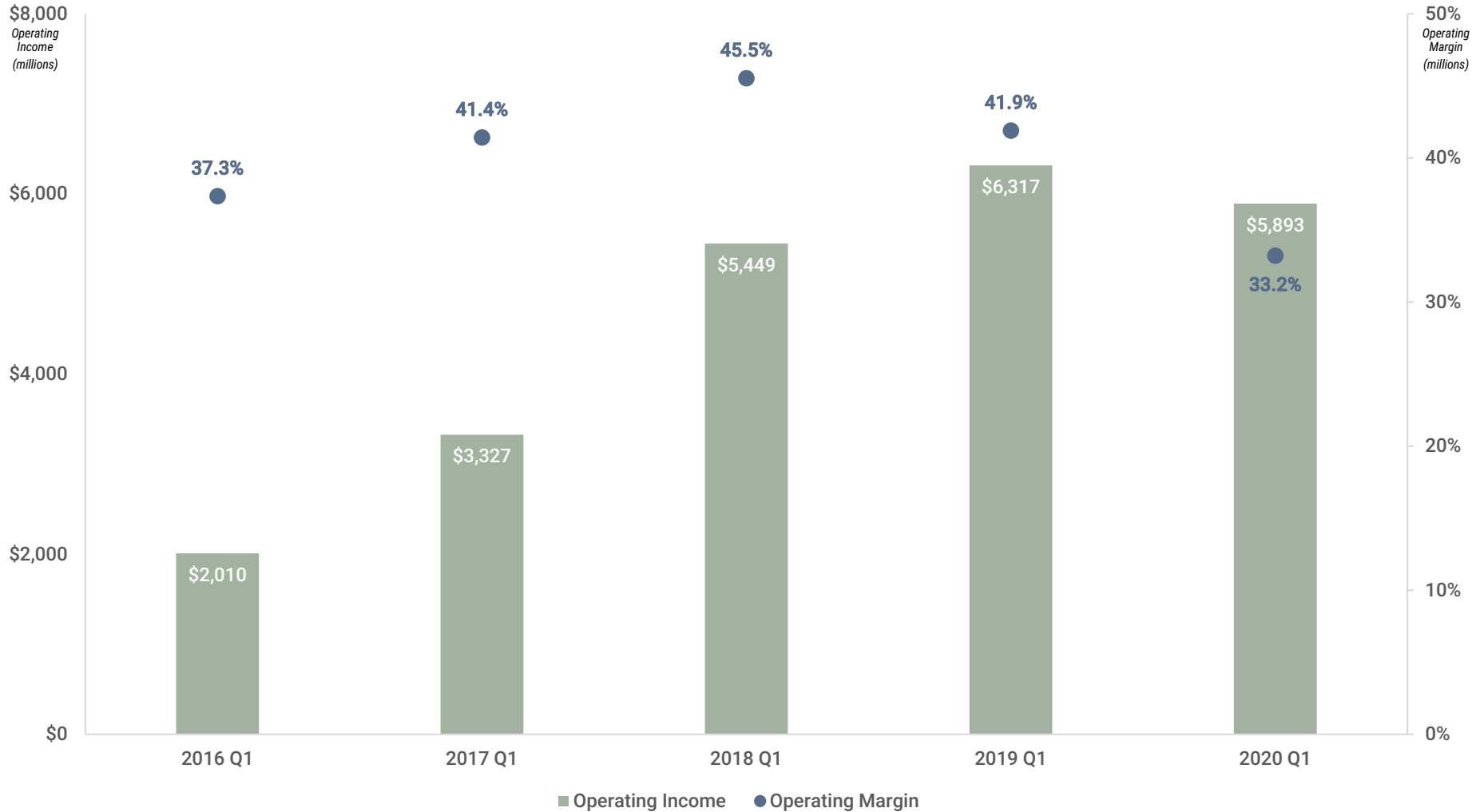


Marketers of all sizes have more limited budgets, so the value of measurable advertising is more important than ever

Operating Income



There Is A Willingness To Accept Lower Margins In The Near-Term When Advertising Is More Volatile



Financial position allows them to keep investing in new products and partnerships to drive growth in the long-run

Note: Does not include FTC fines recorded in 2019 Q1 and Q2.

