



Facebook (FB) 2020 Q2 Earnings Summary

July 2020

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Key Takeaways



Facebook Has Seen Some Of Their Biggest Advertisers Boycott The Platform Over The Last Few Months

ADVERTISING

- **While they value every single one of the businesses that use their platforms, the biggest part of it is serving small businesses**
 - In Q2, top 100 advertisers represented 16% of ad revenue which is a lower percentage than a year ago
- **Advertisers, large and small, are interested in measurable results and that's the best thing they offer, and why people come to them**
 - After seeing flat year-over-year revenue growth in the first few weeks of April, they saw a considerable recovery in May and June
 - Saw particular strength from both new and existing online commerce and service advertisers who primarily leverage direct response ad formats

SAFETY

- **Have spent billions of dollars on teams and technology to find and remove hateful content and to protect the integrity of our platform generally**
 - AI systems already proactively identify about 90% of the hate speech that they remove before anyone even reports it
 - Working with GARM to partner on brand safety standards to help come to definitions and independent oversight for the industry
 - Have already broadened policies and adopted new policies to partner with local election officials to remove false information about voting

MESSAGING

- **Seeing a lot of small businesses conduct their business over WhatsApp and it's particularly important in developing countries**
 - Allows people to get customers' attention in Facebook and Instagram and direct them to a thread where they can do commerce and messaging
 - Click-to-messaging ads shows up more in the ad revenue than registering as direct commerce that's happening inside the messaging apps
- **Huge opportunity to help people in India to buy and sell things through WhatsApp, and it starts with enabling payments**
 - Once they prove that out with Jio in India, they are planning on expanding it to more folks in India and to other countries as well

SHOPS

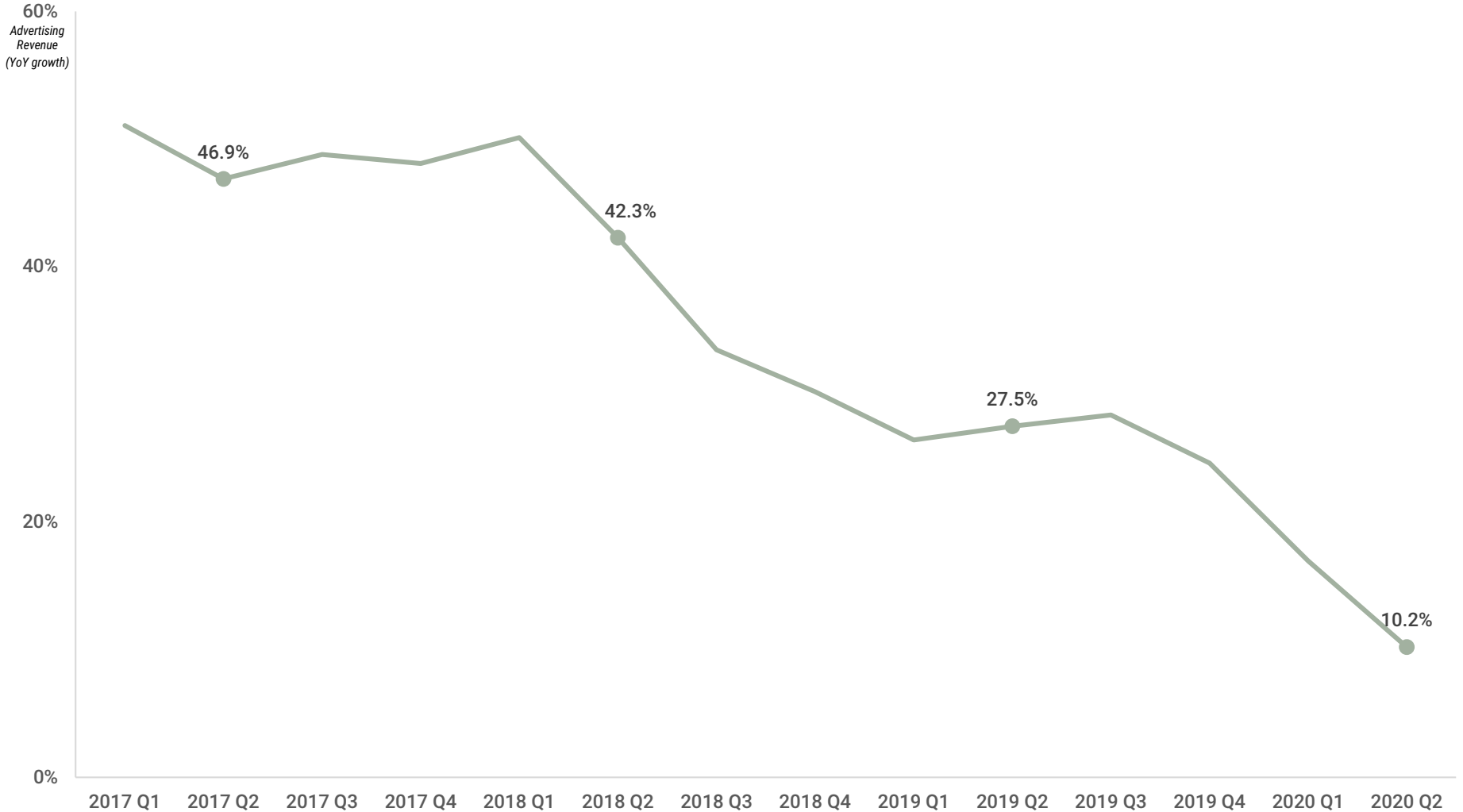
- **Shops give a really immersive full-screen storefront, that enables businesses to build their brand and drive product discovery**
 - Focus is getting the product experience right, and as they do, they are going to make it available to more and more businesses
 - Building out Facebook Pay so that your credit card is stored and it's easier to do follow-on transactions in any of the apps
- **They are a great place for discovery, and increasingly want to drive people down the funnel all the way through to purchase**
 - Closing that loop and selling online is more important than the actual incremental dollars they would get from fees charged by these services

The introduction of Shops helps more small businesses convert their online audiences into paying customers

Advertising



Advertising Revenue Growth Is Expected To Remain Flat In Q3 As Macroeconomic Uncertainty Still Exists

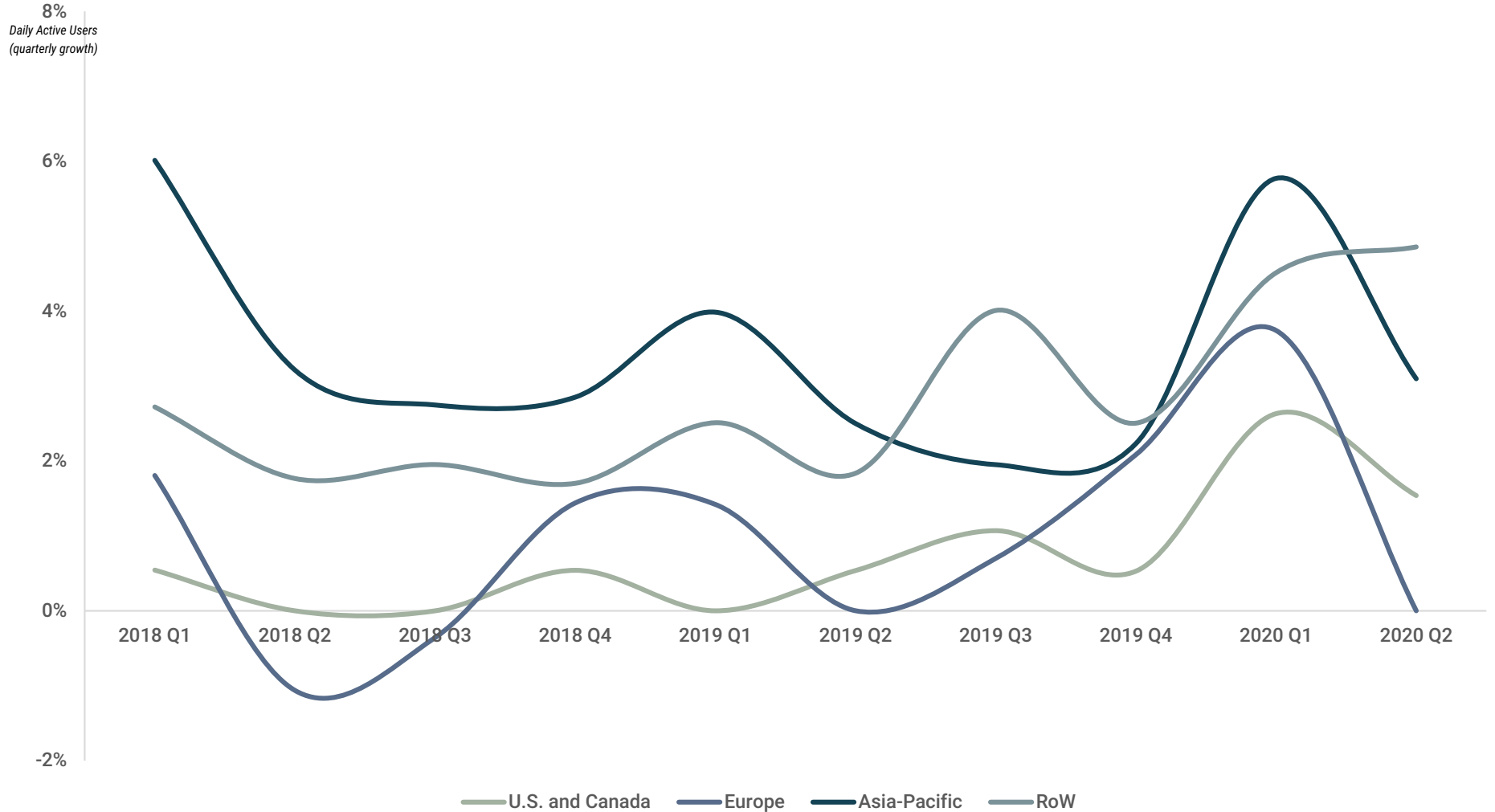


Targeted ads can provide more value to users, and are vital for small businesses looking to reach potential customers

DAU



User Growth And Engagement Are Seeing Signs Of Normalization As Shelter-In-Place Measures Have Eased

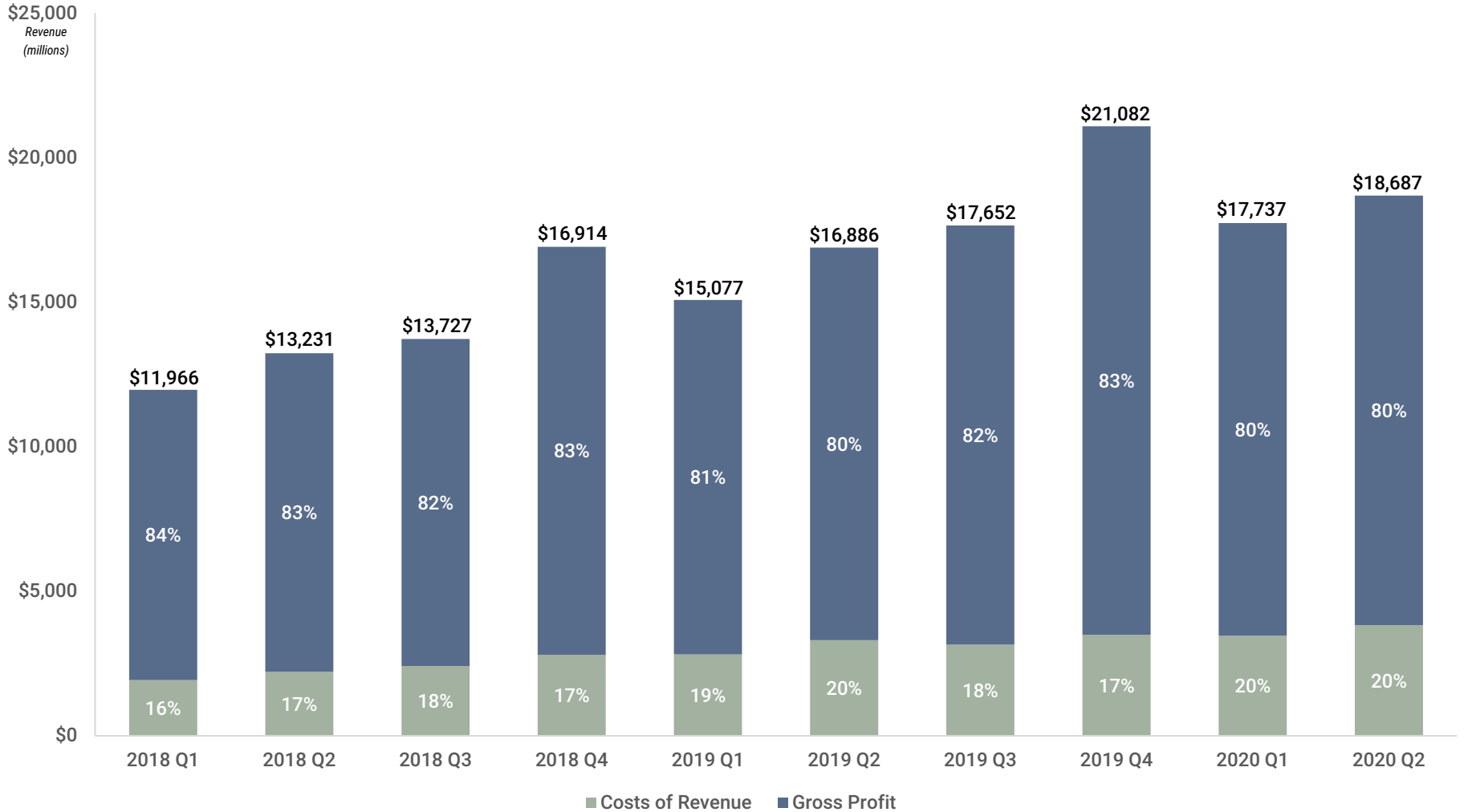


Gaming continues to be an important vertical, and the most value comes from building communities around the content

Gross Profit



Reduction Of IDFA Capabilities On iOS Devices Will Be A Challenging Headwind Over The Coming Quarters



There is a continual need to spend on tech and personnel to curb misinformation and protect the integrity of the platform