



Facebook (FB) 2020 Q3 Earnings Summary

October 2020

Sign Up For Additional Research From Evolution Media Capital



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Facebook Is Moving Quickly To Develop Tools That Help Small Businesses Shift Their Sales Online

ADVERTISING

- **See broad growth across sectors as advertisers continue to optimize for measurable objectives like sales and website visits**
 - Acceleration in growth was largely driven by strong advertiser demand resulting from the shift from off-line to online commerce
 - In Q3, combined political ads and government spending all together was still low single-digit percentages of ad revenue in the U.S. and globally
- **Expect more significant targeting and measurement headwinds in 2021, including those from the evolving regulatory landscape**
 - For many SMBs, personalized advertising, which uses data in a privacy-protected way, is the secret ingredient that makes their success possible

COMMERCE

- **Have been focused on making Commerce more convenient, more accessible, and secure across apps for people and businesses**
 - Have always been at the top of the funnel for discovery but have really doubled-down on shipping commerce products
- **On the product side, have been working around the clock to build new tools that make operating online simple and efficient**
 - Making it easier for people to buy products directly within a chat and integrating WhatsApp Business features with Facebook Shops
 - With more businesses using live streaming when they can't host events in person, they introduced paid online events to help them generate revenue

VR

- **Want to get to 10 million active units in their VR systems because that is when the ecosystem will really be self-sustaining**
 - Will economically make sense for independent developers to prioritize the Oculus platform above alternative gaming platforms
- **AR glasses will be the Holy Grail of delivering a sense of presence while not taking you away from the physical world**
 - There are a number of fundamental technological advances that still need to be made, which is why that product is still a few years out
 - In the next few years, there will be opportunities to build these features into mobile apps in an increasing way to help people express themselves

REGULATION

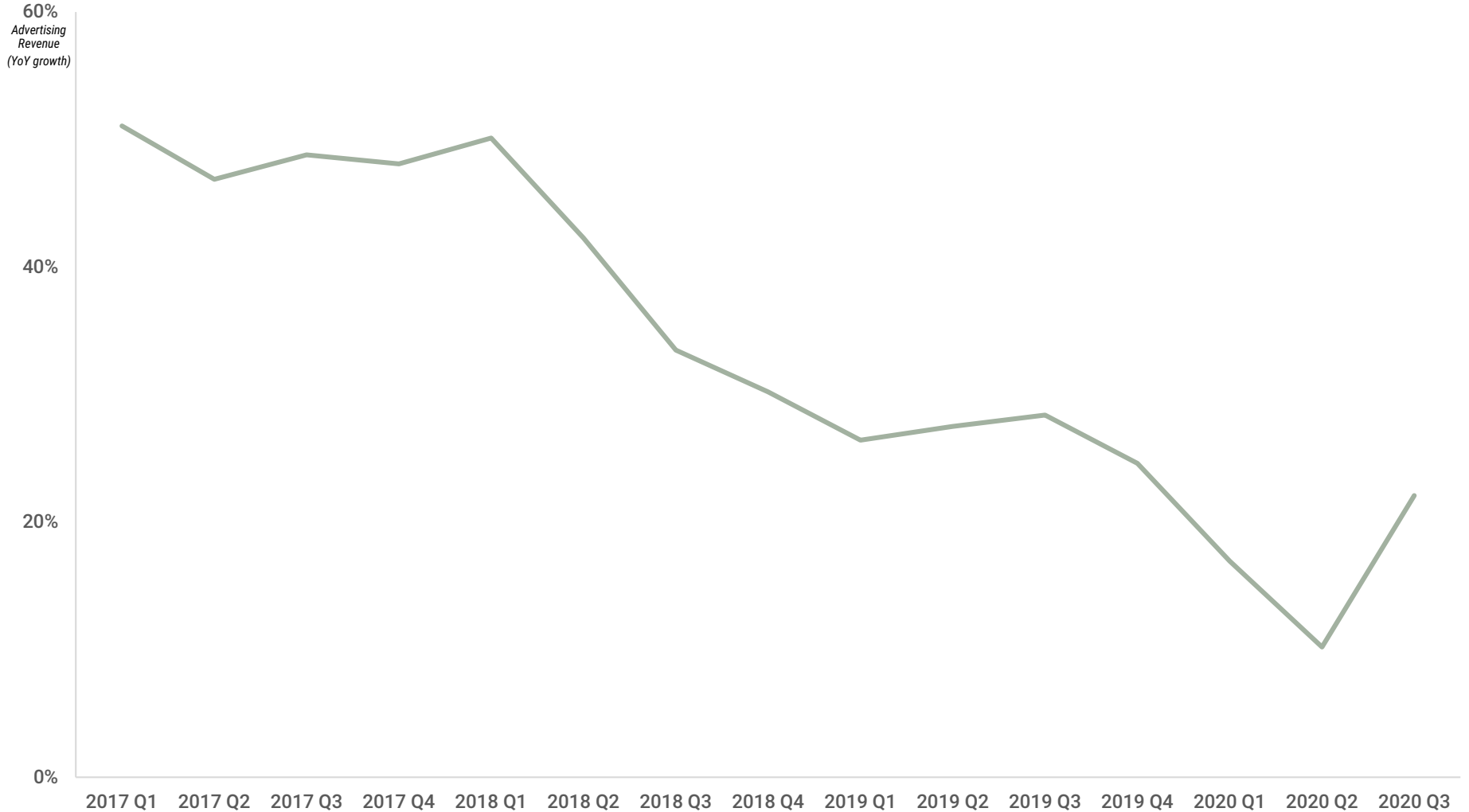
- **Will keep anticipating new threats, evolving their approach and fighting to protect the integrity of the democratic process**
 - As of this Tuesday, they have blocked new political and social issue ads running the week ahead of election day and after the election
 - Political advertising on Facebook is more transparent than other mediums because you can see who paid for the ad and what audience was reached
- **There are enough examples of regulation in other countries to get a sense of what helps create a more healthy ecosystem**
 - A system that requires companies to meet certain thresholds or show improvement, aligns incentives to minimize amounts of harmful content

Messaging will become a bigger focal point of all their products as they build out the infrastructure for communities

Advertising



The Delay Of IDFA Until Next Year Gives Them More Time To Determine How They Can Reduce The Impact



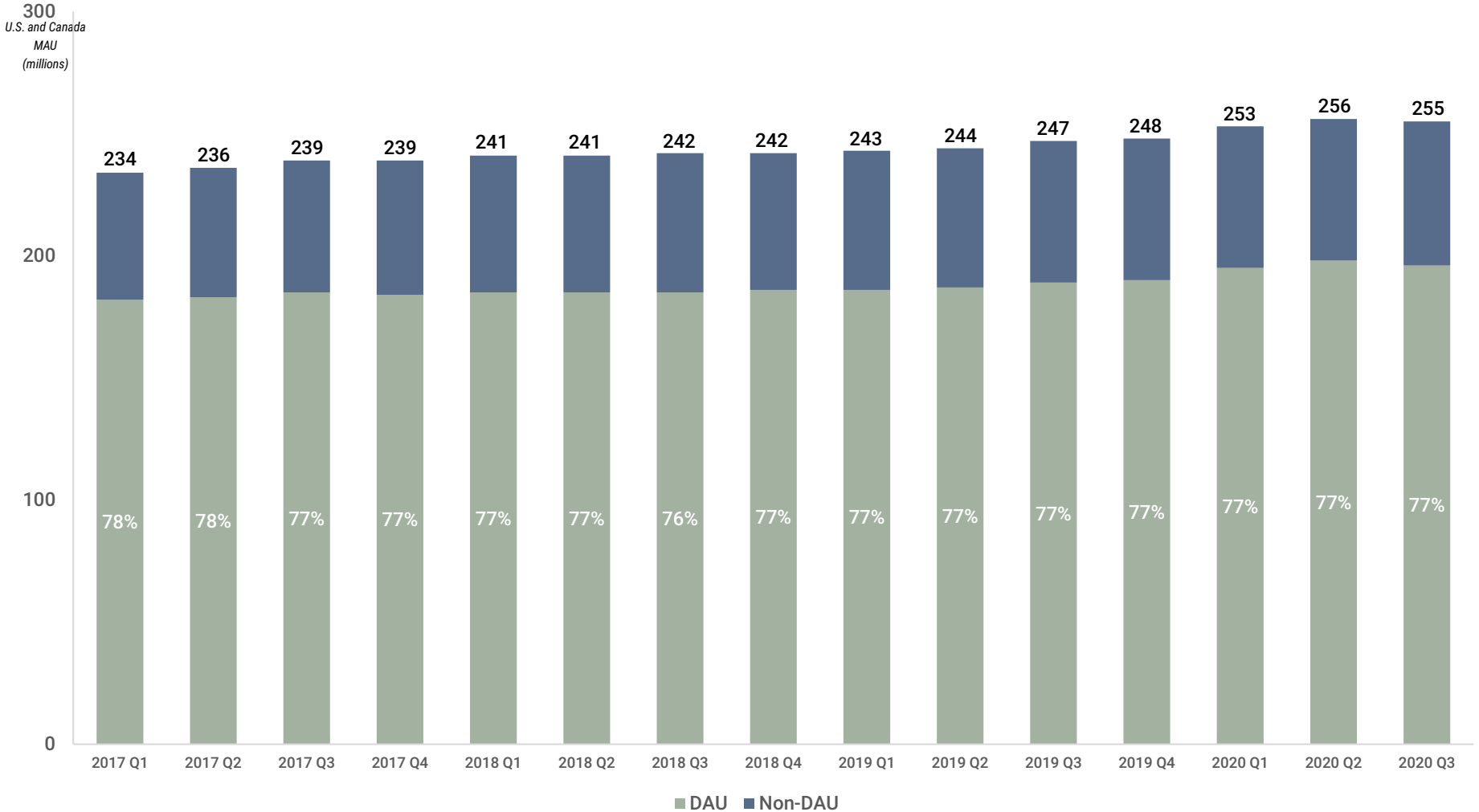
Cloud gaming initiatives, with click-to-play ads, will take advantage of a lot of expertise from other parts of the company



North America MAU



Active Users Are Expected To Decline In Q4, After A Surge At The Start Of The Year Due To The Pandemic

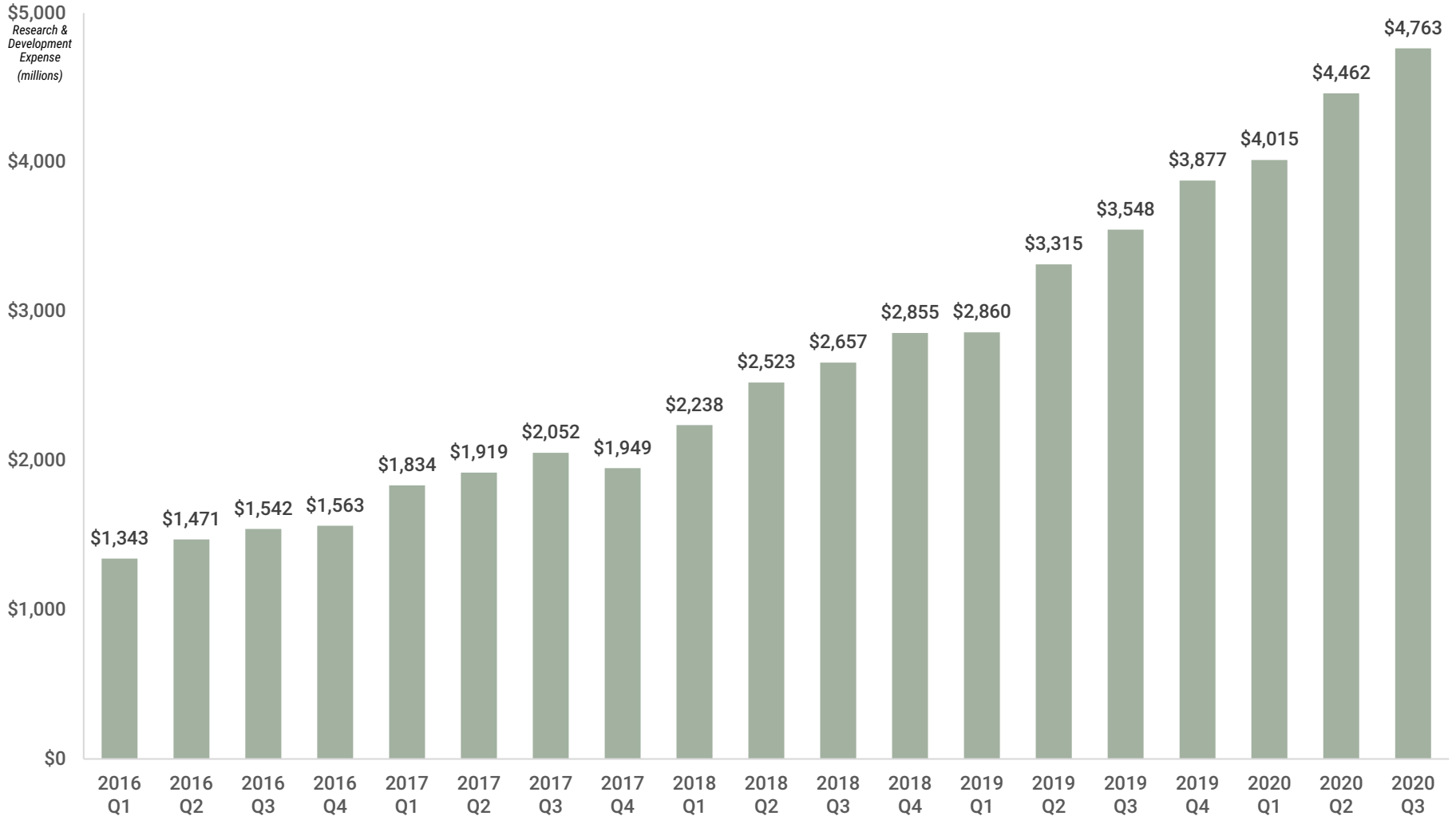


Definitive regulatory policies around content moderation will allow them to build a healthier ecosystem for their users





Interoperability Between Their Apps Is A Long-Term Infrastructure Project That Is Just Getting Started



Oculus Quest 2 is the latest step forward in building the next computational platform around 3D and spatial computing