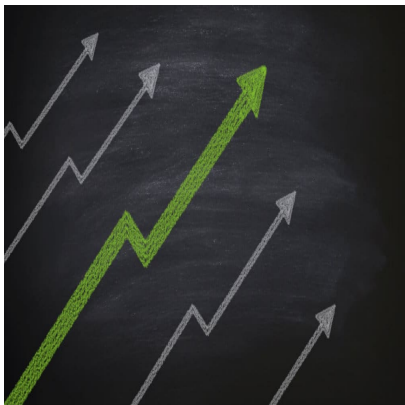




Facebook’s Revenue Growth Accelerates (Again)

Description

Deja vu. **Facebook’s** (NASDAQ: FB) quarterly results came in better than expected on Wednesday afternoon, with third-quarter revenue growth accelerating.

In the social network’s [second quarter](#), the company surprised investors with an acceleration in its year-over-year revenue growth rate. The acceleration occurred despite management guiding for its growth rate to decelerate during the period. Going into Q3, management once again called for a deceleration in the growth rate. Yet top-line growth accelerated. Adding to this top-line surprise, Facebook’s bottom-line momentum was solid, too.

Here’s a closer look at the digital advertising giant’s third quarter performance.

Impressive revenue and earnings growth

Facebook’s revenue jumped 29% year over year to \$17.7 billion. This growth rate marked an acceleration from 28% growth in Q2 and 26% growth in Q1. Analysts, on average, were expecting revenue of \$17.4 billion, or 26.5% year-over-year growth.

The [tech company](#)’s earnings per share of \$2.12 were up 20% year over year. This key metric similarly beat analysts’ consensus estimate for \$1.91.

Metric	Q3 2019	Q3 2018	Change
Revenue	\$17.7 billion	\$13.7 billion	29%
Earnings per share	\$2.12	\$1.76	20%
Daily active users	1.62 billion	1.49 billion	9%

Data source: Facebook third-quarter earnings release. Table by author.

Facebook’s management had said in its [second-quarter earnings call](#) that it expected revenue growth to decelerate sequentially as the year goes on. So it’s no surprise analysts were modeling for year-

over-year growth below 27%. But a 28% year-over-year increase in Facebook's advertising revenue and a 43% jump in its "payments and other fees" revenue helped the company deliver surprisingly strong growth.

In addition, the company's year-over-year expense growth of 32% was low considering management was guiding for full-year expenses to rise 53% to 61% year over year. Combining Facebook's higher-than-expected revenue growth and its lower-than-expected expense growth, it's no surprise that the company's 20% year-over-year increase in earnings per share exceeded expectations.

Robust user engagement

Just as notable as the company's strong financial results was its user engagement. Facebook's number of daily active users increased 9% year over year to 1.62 billion. That marked an acceleration from the company's 8% growth in the metric in Q2.

The number of monthly active users increased 8%, maintaining the social network's growth rate in the key metric in the prior quarter.

More importantly, Facebook said 2.2 billion unique users now use at least one of its social networks — Facebook, Instagram, WhatsApp, or Messenger — every day. That's up from 2.1 billion in Q2. Furthermore, over 2.8 billion people use at least one of these services every month — up from 2.7 billion in Q2.

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