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## Surge in Mobile Ad Sales and Rise in New Users Propel **Facebook's** Profit

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SAN FRANCISCO -- **Facebook's** growth appears to know few limits. And even when one source of growth is set to slow down, the social network is ready with another.

The Silicon Valley company on Wednesday reported blockbuster second-quarter earnings, with strong increases across almost every measure. **Facebook** said sales totaled \$6.44 billion for the quarter, up 59 percent from a year ago, while profit almost tripled to \$2.06 billion.

The rise was driven by strong mobile ad sales, as well as a steady ascent in its number of users. **Facebook** now counts 1.71 billion monthly active users, up 15 percent from a year ago. And in a sign of how indispensable the social network is to people, the amount of money the company can squeeze from each user globally jumped to \$3.82, up from \$2.76 a year earlier. In the United States and Canada, **Facebook's** most valuable markets, the company makes an average of \$14.34 per user.

The performance made **Facebook** a bright spot in a mixed field of technology company earnings this month. On Tuesday, Twitter, once seen as a social media rival of **Facebook's**, posted weak second-quarter earnings, including decelerating revenue growth and only a small increase in users.

To maintain its rocket-ship trajectory and to avoid the pitfalls of its counterparts, **Facebook** said it was also looking ahead and betting on what it hoped would be a major business driver in the years to come: **video and video** advertising.

"We see a world where **video** is first, with **video** at the heart of all of our apps and services," Mark Zuckerberg, **Facebook's** chief executive, said in a conference call with investors.

**Facebook** also acknowledged on Wednesday that it could not just keep cramming more ads onto the site, something known in industry parlance as the "ad load." Instead of increasing the number of ads in people's News Feeds, **Facebook** plans to sell more **video** advertising, which commands a premium. Other companies, like Twitter and Snapchat, have also said they will pursue this strategy, which has long been a mainstay of YouTube, Google's powerhouse **video** site.

**Facebook** has been methodical about its transition to a more **video**-centric network. In recent years, it has introduced new tools to let people easily capture and post **videos** to the site, including uploading so-called native **video** directly to **Facebook**, which hosts the content itself.

More recently, **Facebook** Live, the company's streaming **video** offering, allows people to broadcast and post live **videos** of themselves directly to **Facebook** in real-time. The company has struck deals with major media companies and

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publishers like BuzzFeed and The New York Times to produce live content exclusively for **Facebook**; **Facebook** pays The Times for some of the live content.

The more acclimated users are to seeing **video** content on **Facebook**, the thinking goes, the less disruptive it will be for people to view **video** ads alongside them.

The push is already paying off. **Facebook** on Wednesday said users spend more time on the network as a result of the increase in **video** content posted to the site.

"Think about what **video** looks like on **Facebook**. The most effective **video** ads are really built for social," Sheryl Sandberg, **Facebook's** chief operating officer, said in an interview. "We see even better engagement with **videos** that are actually put together for **Facebook**."

**Facebook** has shown it is skilled at adapting to new ad formats and industry trends. As people moved away from desktops to smartphones en masse five years ago, **Facebook** quickly shifted its advertising business to focus on mobile sales. Today, mobile ads constitute roughly 84 percent of **Facebook's** overall advertising revenue.

"Three or four years ago, the single most important trend to figure out on the internet was mobile," said Mark Mahaney, an analyst from RBC Capital Markets. "These days, the single most important trend to figure out on the internet is **video**. And from a financial perspective, it seems like **Facebook** is figuring out the **video**-fication of the internet better than anyone else."

Mr. Zuckerberg foresees a future where **Facebook** is far more advanced in **video** than simply automatically playing them in the News Feed. He has tasked his top lieutenants to work on virtual reality and 360-degree cameras, which will aid **videos** and protect **Facebook** against fading into obscurity.

"Just as people used words and text to express themselves in the past, in the future more of that is going to be **video**," Mr. Zuckerberg said. "And more of these augmented-reality tools are going to be an important part of delivering that experience."

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**GRAPHIC: PHOTO:** Profits at **Facebook** nearly tripled in the recent quarter. Mark Zuckerberg, the chief executive, said it would focus on **video and video** advertising for future growth. (PHOTOGRAPH BY DREW ANGERER/GETTY IMAGES)

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