

Facebook Inc

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US\$100bn wiped from Facebook's market value amid concerns over future growth

A warning from Facebook Inc's (NASDAQ:FB) top finance boss that revenue growth will "continue to decelerate in the second half of 2018" sent the social media giant's stock tumbling by more than a fifth in after-hours trading in New York.

Shares had already slipped after Facebook just missed Wall Street estimates on second quarter revenue and user growth.

READ: Facebook misses on revenue and user growth

The Silicon Valley firm reported a 42% year-on-year rise in revenue to US\$13.2bn, while the number of monthly active users rose 11% to 1.47bn.

Analysts had been looking for figures of US\$13.3bn and 1.49bn, though. Flat growth in the US and Europe, Facebook's two biggest markets, didn't help sentiment either.

But the big decline in the stock price came during a conference call. Chief executive and co-founder Mark Zuckerberg warned investments in privacy and security would have a "significant impact on profitability" this year.

"We are starting to see that this quarter," he added.

That investment is part of the billionaire's promise to tackle election interference, fake news and hate speech - issues which were highlighted by the **Cambridge Analytica scandal** earlier this year.

Nightmare conference call

Chief finance officer David Wehner was next up on the call. He said: "Our total revenue growth rates will continue to decelerate in the second half of 2018, and we expect our revenue growth rates to decline by high single-digit percentages from prior quarters sequentially in both Q3 and Q4."

That spooked traders who have become used to seeing Facebook grow revenues, user numbers and profits almost exponentially in recent years.

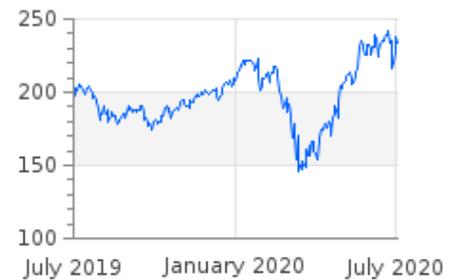
Once the call was done, shares had plunged by more than 20%, wiping over US\$100bn from the company's market cap and cancelling all of the gains made so far in 2018.

The stock has recovered some of those initial losses, but it is still down 19.5% to US\$174.80 in pre-market trading.

Price: 240.28

Market Cap: \$684.58 billion

1 Year Share Price Graph



Share Information

Code: FB

Listing: NASDAQ

52 week High Low
245.17 137.11

Sector: Online business & e-commerce

Website: www.facebook.com

Company Synopsis:

When it comes to social networking, it's wise to put your best face forward. Facebook, the social networking juggernaut, lets users share information, post photos and videos, play games, and otherwise connect with one another through online profiles.

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