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Meta revenues surged 23% in Q3, aided by ad market rebound

Article

The news: **Meta** demonstrated strong earnings in its most recent quarter, continuing the positive news shared this week by [Google](), [Microsoft](), [Spotify](), and **Snap**.

- In Q3, revenues reached $34.15 billion, up from $27.71 billion a year earlier, marking 23% growth.

- Operating margin stood at 40%, doubling from the 20% recorded in 2022.
- Quarterly net income was $11.58 billion, up 164% from $4.4 billion in 2022.
- Family daily and monthly active people both grew 7% year over year (YoY): As of September 2023, DAP was 3.14 billion, while MAP reached 3.96 billion.
- **Facebook**'s daily and monthly active users also saw growth: DAUs were 2.09 billion, up by 5% YoY, and MAUs reached 3.05 billion, up 3% from the previous year.
- Ad impressions in the third quarter of 2023 increased 31% across Meta's family of apps, but the average price per ad decreased by 6% YoY.

Year of efficiency pays off: Wall Street loves cost-cutting.

- Meta spent $20.4 billion in 2023, a 7% decrease from the $22.1 billion spent in 2022.
- The company's headcount was 66,185 as of September 30, reflecting a 24% decrease YoY.

What's missing: The company's earnings release made no mention of **Threads**, its newest social platform, for good reason: It's not contributing to the company's bottom line. Yet.

- While Threads has gained traction among power users, it hasn't dethroned any leading platforms, and a sudden paradigm shift seems unlikely.
- Despite an initial surge in user numbers, it's been downhill since. Threads' website generated 10.56 million visitors the week ending October 23, per Similarweb, up 2.6% over the prior week. Still, that remains precipitously down from the 50.22 million visits generated in its first full week.
- Despite that drop, Threads' vibe remains in stark contrast to the dynamic and often controversial nature of X, which has been facing criticism over unchecked hate speech. Threads, envisioned by Meta CEO **Mark Zuckerberg** as a controversy-free platform, finds itself tagged as "boring" by some. The substantial drop in engagement, even with celebrity sign-ups, has forced Meta to partner with influencers to rejuvenate the platform.

Our take: Despite broader tech market fluctuations, Meta continues to meet expectations. With its sustained upward trajectory, robust user engagement, and strategic cost optimizations, Meta is not only navigating choppy waters but also setting the course for uncharted territories of growth.

- The company’s impressive stock performance, growing by nearly 160% year-to-date, starkly contrasts with the moderate 10% rise in the S&P 500. This success is rooted in both its vast user base—which grew this past quarter—and the company's decision to rein in costs.
- The anticipated global surge in digital ad spending, poised to hit $667.6 billion next year, combined with Meta's effective execution and cost control, puts the company on strong footing.