

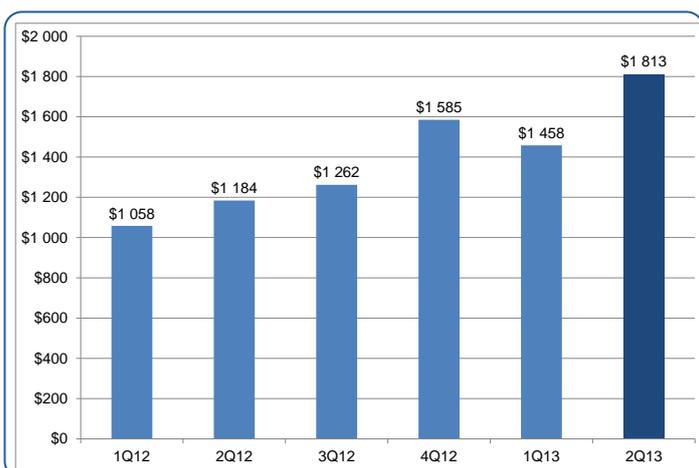
GLOBAL IDEAS

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Facebook: 2Q13 results beat expectations

Facebook delivered strong growth in 2Q13 with revenue surging 53% YoY to \$1.81bn (from \$1.18bn in 2Q12), on the back of a much better-than-expected surge in mobile advertising revenue. 2Q13 saw the company's strongest ad revenue growth since 3Q11 with ad prices, which declined at Google and Yahoo, increasing 13% at Facebook. According to *EMarketer Inc*, Facebook is projected to take 13% of the global mobile-advertising market this year, up from 5.4% last year. Despite this, the company still remains in a distant second place to Google, which is expected to grab 56% of the market in 2013.

Facebook revenue (mn):

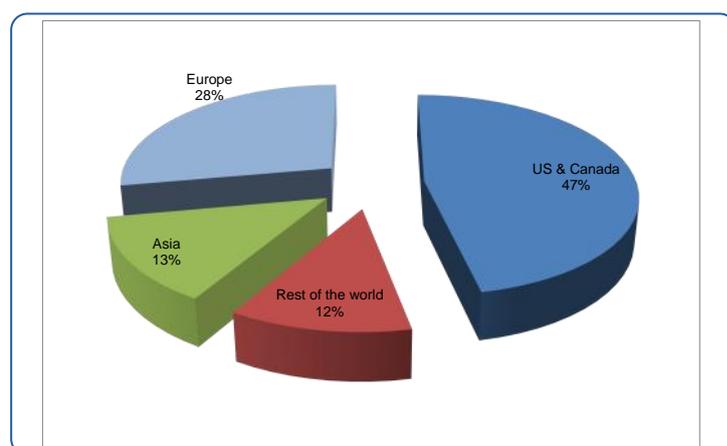


Source: Company data, Anchor Capital

The social network also reported an increase in daily visitors to its service, assuaging fears that new fast-growing mobile apps like WhatsApp and Snapchat would cut into the time consumers spend on Facebook. 2Q profit excluding certain items was \$488mn, or US\$19/share, while *Bloomberg* consensus forecasts had projected profit of US\$14/share on sales of \$1.62bn. The company said its revenue from e-commerce companies doubled YoY and the total number of ads displayed on its service expanded 43% YoY. The results also showed a spike in its operating margin to 31% (from 26% in 1Q13). Facebook said about 61% of its 1.15bn users now visit the service on a daily basis, compared with 58% in 2Q12. The increase came despite concerns that in-feed ads would alienate viewers,

and that new mobile services popular among younger users, such as Snapchat, would siphon off users.

Facebook: 2Q13 revenue by geography:



Source: Company data, Anchor Capital

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Global Ideas is a newsletter published four times a week (Monday, Wednesday-Friday) and available only to clients of Investor Campus and Anchor Capital. The key objective of this newsletter is to provide ideas for investment in the global investment universe.

We scan the globe looking for good opportunities. We provide our model portfolios, as well as news and views on our watchlist, which is continually reviewed and updated.



Contacts

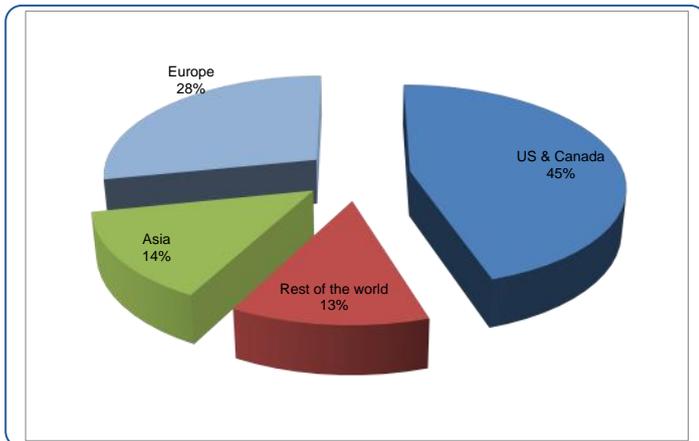
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News: Anchor company focus list

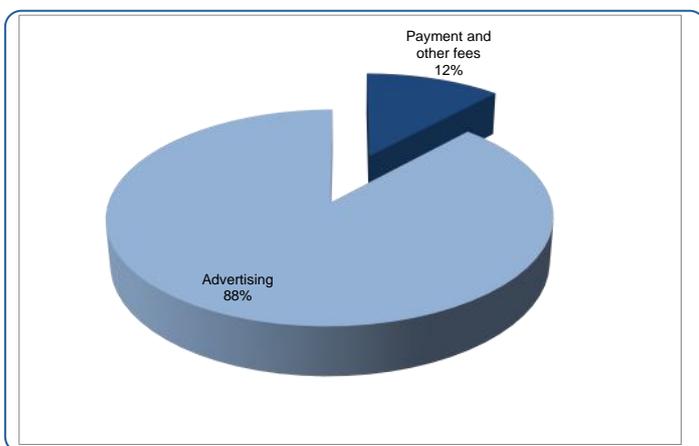
The company ended the quarter with \$10.3bn in cash and short-term investments, leaving it very well capitalised. Facebook, which had priced its IPO at \$38/share, has seen its share price lump to as low as \$17.55/share in September 2012 on continued concern around the company's ability to shift to mobile since its IPO.

Facebook: Contribution to ad revenue by geography:



Source: Company data, Anchor Capital

Facebook: Revenue by business:



Source: Company data, Anchor Capital

Shares in the company rallied as much as 19% in extended trading yesterday with the share price advancing 1.5% to close at \$26.51/share in New York. However, despite yesterday's surge it remains c. 20% below its debut price.

Marco de Matos



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