

Twitter Inc

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Twitter shares plunge by 20% after revealing it added fewer users than expected in the third quarter

Twitter Inc (NASDAQ:TWTR) saw its shares plunge by 20% on Friday after revealing after-hours on Thursday that it added fewer users than Wall Street had expected and said a rise in expenses would accelerate in the fourth quarter.

The San Francisco-based social media company said it had 187 million monetizable daily active users (mDAU) during the third quarter, missing consensus analyst expectations of 195.2 million users. The figure stood at 186 million in the previous quarter.

Twitter's total revenue still grew by 14% year-over-year to \$936 million during the quarter ended September 30, 2020, however, beating analyst estimates for \$777.15 million.

The group said the revenue growth was helped by updated advertising formats, improved ad measurement and the return of events that had been paused due to the coronavirus pandemic.

Ad revenue in the third quarter grew 15% to \$808 million from the same period a year ago, beating estimates of \$645.95 million.

The company said it expected expenses to increase by close to 20% in the fourth quarter compared with a year ago due to an increase in investments. It also cautioned that it was hard to predict how advertisers would react as the US presidential election nears on November 3.

The group added that outside of the election period, it expected revenue trends could continue or even improve in the current quarter. It said it would delay the launch of a new advertising product until 2021 as it worked to integrate new mobile phone data privacy requirements.

Twitter's costs and expenses grew by 13% from the same period last year to \$880 million, as it said it spent more on infrastructure-related expenses. Net income in the third quarter was \$28.66 million, or 4 cents per share, down from \$36.5 million, or 5 cents per share in the year-ago quarter.

Twitter shares were down 20.6% to \$41.62 in early New York trading on Friday.

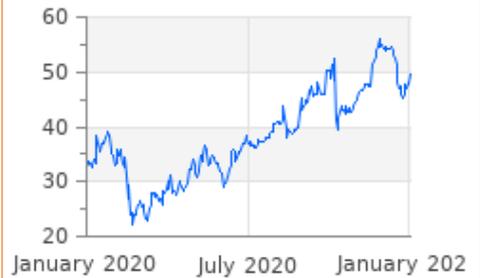
In a note to clients after the numbers, analysts at Oppenheimer said: "We would take advantage of the pullback in TWTR to add to positions. We raise our target to \$55 from \$46 and maintain our Outperform rating."

They added: "While the market reacted to nearly flat 3Q DAUs q/q after several quarters of growth, we think this can be explained by COVID pull-forward, as mgmt. suggested a rebound in 4Q DAU and this was unrelated to content policy decisions."

Price: 49.89

Market Cap: \$39.63 billion

1 Year Share Price Graph



Share Information

Code: TWTR

Listing: NYSE

52 week High Low
 56.1 20

Sector: Online business & e-commerce

Website: twitter.com

Company Synopsis:

Twitter is a real-time information network that connects you to the latest stories, ideas, opinions and news about what you find interesting. Simply find the accounts you find most compelling and follow the conversations.

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