

# Twitter woes deepen as growth sputters, loss widens

WASHINGTON - Twitter shares plunged on Thursday as the social network reported sluggish revenue and user growth, with its finances sputtering despite the global prominence given the platform by President Donald Trump's extensive use of it.



Picture: [AFP Photo/Loic Venance](#)

In late morning trade, Twitter shares tumbled 9.5 percent to \$16.94 as investor hopes faded for a rekindling of growth at the messaging platform, which has lagged behind its rivals in the fast-moving social media segment.

Twitter reported a net loss in the fourth quarter of \$167 million, after a \$90 million deficit in the corresponding period a year ago.

Revenue in the quarter rose a modest one percent to \$717 million.

In the critical area of user growth, Twitter said it ended 2016 with 319 million monthly active users, a gain of four percent from a year ago in the closely watched metric and only two million more than the prior quarter.

Advertising revenue, which makes up the lion's share of Twitter's receipts, was down slightly from a year ago at \$638 million. Its revenue from the United States was down five percent at \$440 million.

For all of 2016, Twitter lost \$456 million on revenues of \$2.5 billion.

That represented a narrowing of the deficit from 2015 and a 14 percent increase in revenue.

Chief executive Jack Dorsey remained upbeat about Twitter's long-term prospects.

"The whole world is watching Twitter," Dorsey told a conference call.

"While we may not be meeting everyone's growth expectations, there's one thing that continues to grow and outpace our peers: Twitter's influence and impact."

He added: "You don't go a day without hearing about Twitter, how it is used as the fastest way to send a message to the world in an instant, how it carries some of the most important commentary and conversations, how it mobilized people into action. That's powerful. It's valuable.

It's fundamental. And it's the reason we're all here fighting so hard for the service and company we love."

Twitter, which has never reported a profit, has been revamping its offerings as it seeks to expand beyond its core base of politicians, celebrities and journalists.

Some analysts had expected a bump in Twitter use following the election of Donald Trump, who is an avid user of the platform and frequently uses it to offer his views on policy.

Dorsey said that Twitter "overcame the toughest challenge for any consumer service at scale by reversing declining audience trends and re-accelerating usage."

He said that "daily active usage accelerated for the third consecutive quarter, and we see this strong growth continuing."

Twitter said it continues to work toward achieving profitability in 2017.

Chief operating officer Anthony Noto commented, "We're hearing positive feedback from our ad partners about our continued acceleration in audience growth and engagement."

But he noted that "revenue growth will continue to lag audience growth due to the sales cycle, and could be further impacted by the escalating competition for digital advertising spending and our efforts to re-evaluate our revenue product feature portfolio."

Earlier this week, analyst Richard Greenfield of the research firm BTIG said he saw positive signs of growing user engagement on Twitter.

"It is undeniable that Twitter has been thrust into the global Zeitgeist following the US presidential election in November," Greenfield said in a research note.

"Not only is President Trump actively using Twitter to communicate directly with the American people, his tweets are impacting consumers all around the world."

Greenfield said he does not expect immediate financial rewards for Twitter, but that improvement is possible over the next year.

**Source:** AFP

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