

Mark Zuckerberg to receive \$700m from Meta dividends

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Mark Zuckerberg, the chief executive of Meta, the parent company of Facebook, Instagram and WhatsApp, is expected to receive \$700m (£549m) a year in dividends. On Thursday, Meta announced it would pay its first-ever quarterly dividend to investors since Facebook floated on the stock market in 2012, after beating Wall Street expectations with \$40bn in revenues for the final quarter last year. The company reported a tripling of quarterly profits to \$14bn as advertising sales rebounded, despite Meta cutting 22% of staff by reducing the total headcount to about 19,000, and it launched a \$50bn share buyback. Zuckerberg also announced that the business, which turns 20 this month, would pay its first dividend as a public company of 50 cents a share. Meta said the \$1.25bn to investors would be the first of regular payouts. Zuckerberg holds about 350m shares, meaning that if Meta makes roughly the same level of dividend payouts each quarter, he stands to take home about \$700m over the course of the first year of the policy. The 39-year-old took home \$27m in total compensation in 2022, the most recent year full remuneration figures were available. The decision to start paying a dividend has been welcomed by investors. Meta's share price rose 20% when Wall Street opened on Friday – valuing the company at more than \$1.2tn – but some analysts have questioned why the company has taken the step. “The move is surprising given it has flagged a need to invest heavily in AI-related infrastructure, and its metaverse project is gobbling up cash on a quarterly basis with no sign of it making a profit for years to come,” said Dan Coatsworth, an investment analyst at AJ Bell. “Paying a dividend suggests the company wants to reboot its reputation and be taken more seriously.” However, Coatsworth added that it is a “token gesture” given the dividend equates to \$2 a share and therefore just a 0.4% yield for an investor based on Meta's \$461 share price. “That's not going to win over a whole new group of investors looking for income opportunities,” he said. “In fact, it's the type of yield to which most investors pay little attention.” Coatsworth added that while the company has said that share buybacks will remain the main mechanism for returning capital to shareholders, the initiation of dividend payments is a way to show the tech business has reached mainstream maturity like the oil, gas, banking and pharmaceutical sectors. “Companies start paying dividends when they are more grown up, perhaps when they've commercialised an idea and are seeing a steady increase in sales and profits,” he said. “Meta already has a well-established social media network business with a large income stream from advertising, so one could argue the dividend could have been initiated a long time ago.” Meta came in for criticism at a US Senate judiciary committee hearing on Wednesday, which was convened to interrogate Zuckerberg and other tech executives over their platforms' impact on young users. The chief executive offered condolences to parents whose children had died after online exploitation. Throughout the hearing, Congress members touted legislation that could strip Meta and other platforms of legal immunity for content posted on its

platforms. This comes months after Meta was hit with a massive lawsuit by the attorneys general of 41 states over its impact on young users. New Mexico's attorney general has also sued the company for allegedly failing to prevent child sexual exploitation and trafficking. Meta has been contacted for comment.