

- Government Regulations
  - ↳ General Data Protection Regulations (GDPR) ⇒ Data protection regulation
    - ⇒ Has been finalized & is due to come into force around May 2018.
    - ⇒ Will include operational requirements for companies that receive or process personal data of residents of the European Union that are different to current regulations.
      - Will include significant penalties for non-compliance.
    - ⇒ Similar proposals for the US.
- Employees: 17,048 from 12,491
- In November 2016, board of directors authorized the repurchase of up to \$1B of Class A common stock commencing in 2017.
- Class C common stock have still not been issued.
  - ↳ ZeniMax Media Inc. vs Oculus VR Inc. → trial held Jan 2017
  - ↳ On Feb 2017, jury reached a verdict in favor of the plaintiff.
    - ⇒ FB plans to appeal
- Do not intend to pay cash dividends in the foreseeable future.

## Financials

- Global ARPU: \$15.98 → ↑ 34%

### Revenue ↑ 54%

- Mobile 83% of advertising revenue
  - ↳ Same drivers for growth.
  - ↳ Anticipate increase in # & frequency of ads displayed in Newsfeed will be a less significant driver.
- Payment ↓ 11%, Ad ↑ 57%
  - ↳ Decrease in games played on PC's. → Will continue
- No customer represents +10%

### Cost of Revenue ↑ 32%

- Operational expenses related to data centers & technical infrastructure. → Will continue to increase in 2017.

### Research & Development ↑ 23%

- Payroll → ↑ 34% headcount.
- 2017: Plan to continue accelerating hiring

### Marketing & Sales ↑ 38%

- Payroll → ↑ 28% headcount
- 2017: Plan to continue hiring.

### General & Admin ↑ 34%

- Payroll → ↑ 49%

### Tax Rate ↓ 8%

- Adoption of ASU 2016-09: Impacts timing & method of how tax effects on share-based awards are recognized
- Effective tax rate: 18% → income outside US.
- Excluding adoption of ASU 2016-09, provision would be \$3.24B & 26% effective tax rate.
- Anticipate that 2017 will be lower to 2016.

## Liquidity & Capital Resources

- NOL Carry forward \$2.14B P. 49
- \$312M in tax credit.
- In Jan 2017, began withholding taxes due on employee equity awards by net share settlement.
- Operating lease information P. 74
- Common Stock P. 78
  - ↳ New certificate not yet effective even though it was approved in June.
- Options P. 79
- No individual country apart from the US exceeds 10% of total revenue.
  - ↳ Validate behavior of growth in Rest of the World to see how this relates to what has been specified in the tax part (lower income tax due to higher revenues in jurisdictions outside of the US with lower taxes).