

MARK ZUCKERBERG

- Around 2.8B MAU & 2.2B DAU overall
- +140M Businesses, mostly small, using FB services.
- Launched a number of new exciting products:
 - ↳ Facebook Dating in the US
 - ↳ Threads for Instagram → camera-first experience to share with your close friends.
 - ↳ Facebook News → dedicated product for news built in partnership with news publishers.
 - ↳ Horizon → new social experience for VR.
 - ↳ Released hand-tracking technology for Oculus & Oculus Link.
- Making progress building out private social platform across WhatsApp, Messenger & Instagram Direct.
- Multiple exciting initiatives around Commerce & Payments
- Continuing discussion on Libra.
- Formally entered into a settlement with the FTC to make structural changes & build a rigorous privacy program that will set a new standard for the industry.
- With the 2020 election looming close by, there seems to be much noise around FB.
 - ↳ Mark Zuckerberg takes much of his commentary to defend Facebook's posture concerning free speech & defending comments against FB (the company only cares about making money).
- Since FB will not pick sides - will be a tough year.
 - ↳ Expect to be the center of debate anytime there's content or policies on any of their services that ppl believe could advantage or disadvantage their side.
 - ⇒ May lead to more investigations & the candidates are going to criticize FB.
 - ⇒ This may have an impact on General & Adm costs rising due to an increment in legal fees.

SHERYL SANDBERG

- Launched a series of holiday boot camp training sessions in 17 of their offices.
- Simplified business manager → tool for managing campaigns, to help businesses more easily create ads that align with their goals.
- To make it easier for businesses to create ads for Stories → launched customizable templates for Facebook, Instagram & Messenger.
 - ↳ After uploading existing photos & videos, advertisers can choose from different layouts, color & text options.
- Added click-to-Messenger feature in Stories
- New formats for brands to interact.
 - ↳ Earlier in the year enabled polling stickers for ads & Instagram Stories.
 - ↳ Introduced next wave of interactive advertising:
 - ⇒ Augmented Reality experience created by a brand → launched a small beta this Q with makeup brand where people used AR to try on lipstick shades.

DAVID WENNER

- Strongest growth in APAC & Rest of the World:
 - ↳ APAC got more of a revenue lift from recent product optimization.
 - ↳ Rest of the world benefited from favorable macroeconomic trends compared to the weaker environment in Q3 2018.
- Impression (+37%) growth driven primarily by ads on Facebook News Feed, Instagram Stories & Instagram Feed.
- Decline in ad price (-4%) primarily driven by ongoing mix shift towards geographies & Stories ads, which monetize at lower rates.
- Growth in Payments & other fees (+43%) driven by new sales & new products, notably Oculus Quest.
- Outlook
 - ↳ Continue to expect more pronounced deceleration in revenue growth rate in Q4.
 - ⇒ Driven by lapping of several successful product optimizations + targeting-related headwinds.
 - Factors largely unique to Q4 → expect revenue growth deceleration in 2020 to be much less pronounced.
- Initial outlook for 2020 expenses:
 - ↳ Range \$51B - \$59B
 - ↳ Plan to reaccelerate headcount growth as well as growth in non-headcount-related expenses like marketing factors.
 - ↳ Capex \$17B - \$19
 - ⇒ Investments in datacenters, servers, office facilities & network infrastructure.

QUESTIONS

- ① Product improvements from last year that you're lapping?
 - Optimizations on how the ad auction operates & also an increase in ad load on IG Feed & Stories.
- ② You talk about Commerce, IGTV, Stories & Discover. Which one or two of those are you most excited about to drive the business into 2020?
 - Stories is a big growing area & continues to be a big driver.
 - Also see opportunities around Instagram Explore going into 2020.
 - Core feed products for Facebook & Instagram are growing nicely as well. See opportunity to continue that to grow.
- ③ Updated sense on the query volumes & ad coverage ramping overtime in search.
 - Are currently showing ads in Marketplace in FB search results.
 - The vast majority of searches on Facebook are for people, not topics related to retail or e-commerce.
 - ↳ Early. No material earnings at this point.
- ④ Potential impacts from CCPA in 2020?
 - CCPA (California Consumer Privacy Act) is still a work in progress.
 - Are watching developments closely.
 - Has similar provisions to GDPR.
- ⑤ Vision on VR has taken longer to materialize. Can you speak to gating factors? Quest is at \$400 & there is more content → will potentially see acceleration in adoption?
 - The long-term vision & the reasons why they thought this was going to be important and big are unchanged.
 - The fact that it's taking longer cuts both ways.
 - ↳ Might be more expensive to develop b/c they'll be funding this for a bit longer until it gets there.
 - ↳ On the other hand, every year they get to practice & get better & build their brand around Oculus in terms of building the best products → will be better off when this is ready to be completely mainstream.
 - Oculus is growing & doing quite well → selling them as fast as can make them
 - Content is starting to pick up, both on AAA high-quality side & some indie stuff.
- ⑥ Safety Budget. Do you see the ability over time that tech like AI potentially helping you get more leverage of the existing budget? Less intensive from a ppl perspective?
 - Don't foresee any time in the near future where AI is going to make that cost come down.
 - ↳ AI is used for looking at content very quickly & making quick judgements.
 - ↳ People see flagged content & make nuance judgements.
 - It's also a real benefit to have actual people looking & tagging that content
 - ↳ Classifying it helps those ML algorithms be able to learn what they're looking at.
- Mention antitrust commentary on IG acquisition & there not being competition for FB at the time.