

# MARKET EXPECTATIONS FOR TWITTER MDAUS



visible alpha

**In Business Breakdown's recent podcast "Twitter: Towing the Clown Car out of the Goldmine," released Feb. 2, 2022, host Zack Fuss interviewed anonymous professional investor Compound248.**

During the episode, listeners find that the investment debate is about much more than just revenue and EPS with the majority of the conversation focused on KPIs in Twitter's business model. Two of the key KPIs are:

- Monetizable Daily Active Users, or mDAUs
- Average Revenue Per User, or ARPU

Through a unique consensus dataset, consisting of historicals and forecasts sourced directly from sell-side analyst models, Visible Alpha is able to provide the market perspective on these KPIs.

As noted in the podcast episode, Twitter's mDAU growth was decelerating in 2017-2018. Growth returned to +15% in 2019 and spiked at the beginning of the Covid-19 pandemic. In 2021, mDAU growth slowed again, but it did not drop below 10%.

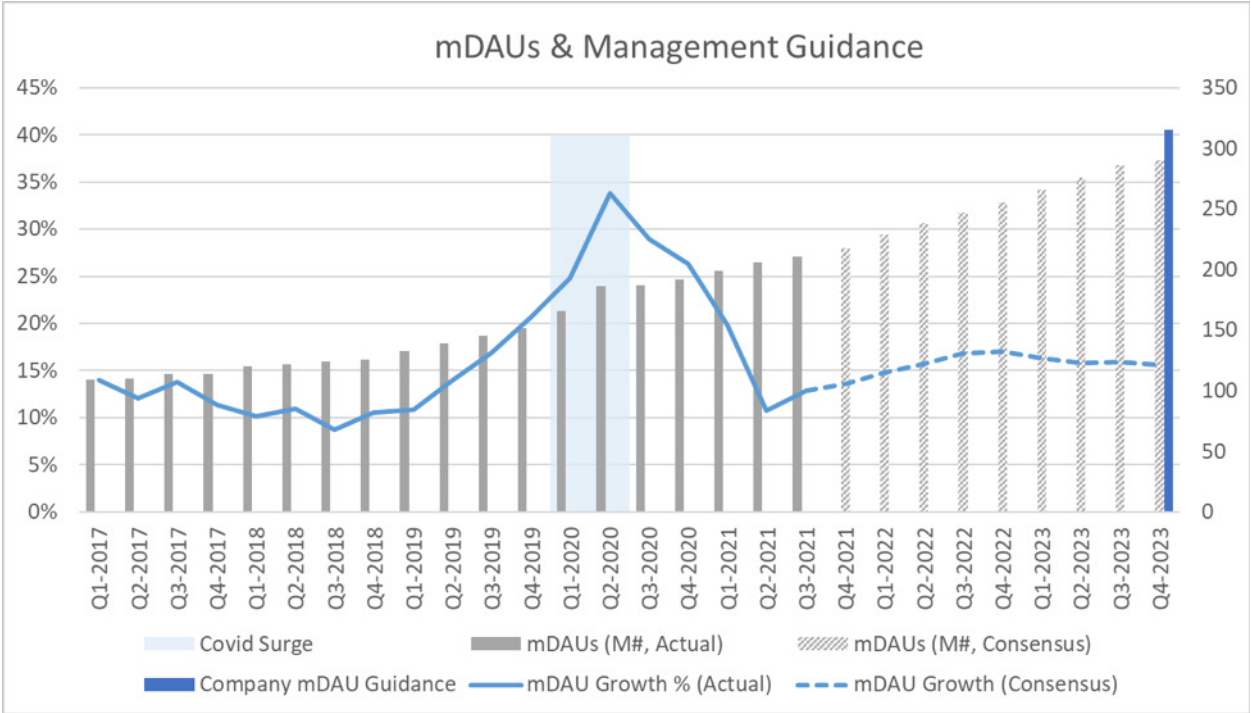
**On Feb. 25, 2021, Twitter management stated a goal of hitting**

**315M mDAUs by end of 2023**  
**which would require mDAU growth to reaccelerate to 25%.**





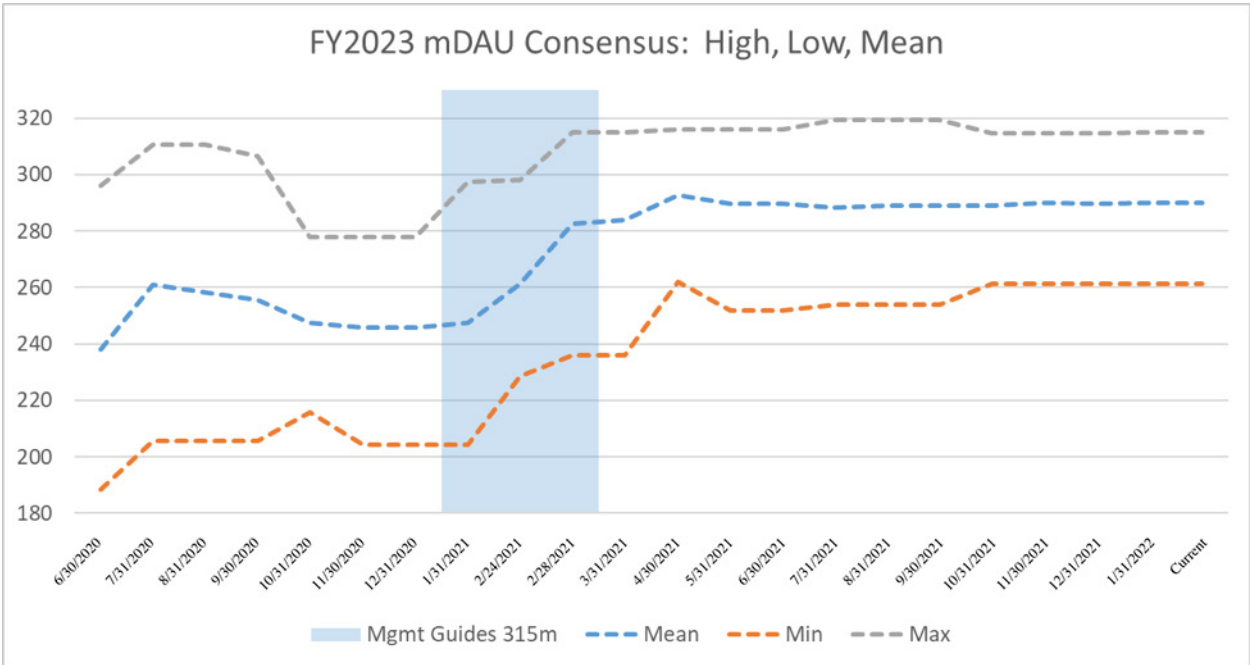
According to Visible Alpha consensus, mDAU growth ranges from 15-17% with an expectation of 290M mDAUs by the end of 2023, falling short of management's 315M goal.



Source: Visible Alpha consensus (Feb. 2, 2022)

Prior to management issuing guidance of 315M users for FY2023, consensus was 261M.

There is a wide dispersion of estimates amongst analysts. As of Feb. 2, 2022, individual broker mDAU estimates span from a low of 261M to a high 315M for the period ending 2023, a 54M range. That being said, consensus for FY2023 has been relatively stable over the last nine months.



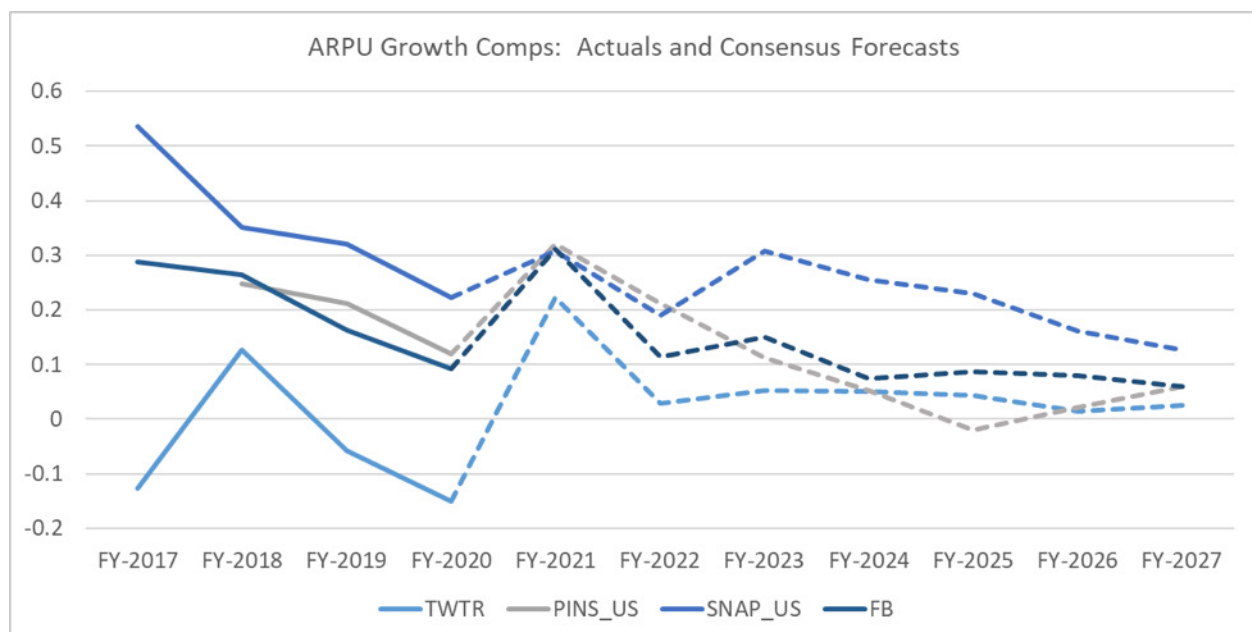
Source: Visible Alpha consensus (Feb. 2, 2022)

Zooming out to Twitter's often referred to peers – Pinterest, Snapchat, and Meta (Facebook) – it is worth noting that Twitter's historical user growth has been in second position. In addition, according to market expectations for user growth, Twitter will lead in user growth from 2022 to 2027.

Date	Twitter	Pinterest	Snapchat	Meta
FY-2017	11%	-	18%	14%
FY-2018	11%	23%	-1%	9%
FY-2019	21%	26%	17%	9%
FY-2020	26%	37%	22%	11%
FY-2021	12%	-2%	17%	5%
FY-2022	17%	8%	14%	3%
FY-2023	15%	8%	11%	3%
FY-2024	10%	3%	8%	5%
FY-2025	10%	5%	7%	4%
FY-2026	11%	4%	7%	2%
FY-2027	8%	3%	4%	2%

Source: Visible Alpha consensus (Feb. 2, 2022)

Another KPI of Twitter's business model discussed in the podcast is revenue per user, or ARPU. Here, we see Twitter has trailed its peers in terms of monetization on a per user basis. Analyst expectations show Twitter's monetization growth efforts to improve and stabilize. Still, the company is expected to perform below key peers in the industry.



Source: Visible Alpha consensus (Feb. 2, 2022)

In addition to mDAUs and ARPU, Visible Alpha also provides consensus data on additional KPIs for Twitter. Here is a sample, including the FY2021 consensus estimate:

KPI	FY2021 Consensus Estimate
Data Licensing Revenue	\$563.4M
Net Adds	26M
Revenue Per Unit of Engagement (Ad Revenue Per mDAU)	\$21.21
Owned & Operated Advertising Revenue	\$4,327.3M
Off-Network Advertising Revenue	\$199.1M

Source: Visible Alpha consensus (Feb. 2, 2022)

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A Quantitative Analysis of Social Media Stock Returns to KPI Surprises



### Key Findings:

- ✓ User growth is a sneak peek into the future path of revenues, not just the current period.
- ✓ User growth and monetization growth contribute almost equally to revenue growth.
- ✓ Most revenue surprise is monetization surprise. Analysts forecast the number of users with modest error.
- ✓ Companies who beat user expectations tend to miss monetization expectations, and vice versa.
- ✓ Social media earnings announcement surprises are incorporated into the stock price the same day.

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