



GLOBAL TOP 5 SOCIAL MEDIA COMPANIES

A study by Gulf Brokers



SOCIAL MEDIA PHENOMENON

More than half of the world's population belongs to the active users

DEAR COLLEAGUES AND FRIENDS,

Did you know that there are eight billion people already living on the planet Earth? The number of monthly active users of social media networks increased by almost a tenth year-on-year to more than 4.5 billion in the last quarter of 2021. This represents a share of 58 percent of the total world population. It is for sure that the coronavirus pandemic has helped such a major expansion of social media.

The world of social media is ruled by Meta Platforms, which was still called Facebook until November last year. Its family of social networks is used by almost three billion users on a daily basis. The vast majority are on Facebook (about 1.93 billion), followed by WhatsApp, Instagram and Facebook Messenger.

The second most widespread platform among social networks is YouTube, which is a part of the technology giant Google, or its parent company Alphabet. Approximately two billion users connect to YouTube each month.

Social networking is no longer the domain of American companies. Chinese companies, which are growing rapidly thanks to social media, are also gaining in popularity. It is primarily the Chinese multinational group Tencent Holdings, which is the third largest of its kind in the world in terms of market capitalization. Its communication platforms include QQ or WeChat. Kuaishou Technology, which runs a video-sharing application with more than 750 million active users a month, also made it into the top five by market value. Even more known platform TikTok is provided by ByteDance, which is not listed, however.

Social media is far from just about communication, contacts with friends from the other side of the world or sharing photos or videos. It's mostly big business. The three largest social network providers' revenues reached almost \$ 500 billion a year. The source of income is mainly advertising. Profits go into the tens of billions of dollars a year.

Besides business, social networks also have considerable political and social influence, which is associated with relatively easy opportunities to abuse them in order to promote a variety of goals by a variety of people. That is why politicians of practically all major countries in the world are puzzled by the regulation of social networks. Institutional regulation seems to be the only power to limit the dynamics of this phenomenon of life in the 21st century.

In our study of Global TOP 5 Social Media Companies, we have included the largest corporations operating the social media networks according to their market capitalization. We have been looking into how their networks are currently doing and, also, what are the competitors have the potential to change the game in the future.

I wish you an inspiring reading!

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GLOBAL TOP 5 SOCIAL MEDIA COMPANIES

2022

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WORLD'S MOST POPULAR SOCIAL MEDIA PLATFORMS

SOCIAL NETWORK	ACTIVE USERS
Facebook	2.853 billion
YouTube	2.291 billion
WhatsApp	2 billion
Instagram	1.386 billion
Facebook Messenger	1.3 billion
Weixin / WeChat	1.242 billion
TikTok	1 billion
QQ	606 million
Douyin	600 million
Telegram	550 million
Sina Weibo	530 million
Snachat	514 million
Kuaishou	481 million
Pinterest	478 million
Reddit	430 million
Twitter	397 million

Source: www.backlinko.com

GLOBAL TOP 5 SOCIAL MEDIA COMPANIES

COMPANY OWNING/OPERATING SOCIAL MEDIA APPS/PLATFORMS/NETWORKS	MARKET CAPITALIZATION IN BN USD*
Alphabet	1,800
Meta Platforms	597,8
Tencent Holdings	578,1
Snap	67,3
Kuaishou Technology	49,4

**Source: 15 February 2022, Marketwatch/Yahoo! Finance*

Exchange rates:

1 HKD = 0,13 USD as at 15 February 2022

1 RMB = 0,16 USD as at 15 February 2022

ALPHABET INC.**1800**
bn USDMarket cap.
(15th Feb 2022)**257,6**
bn USD

Revenue (2021)

76,0
bn USD

Net income (2021)

Alphabet is primarily the parent company of technology giant Google, through which it also owns the second largest social network for sharing videos - YouTube. Around 2.3 billion users sign up for YouTube every day, which is about half a billion less than the networks owned by Meta Platforms.

Nevertheless, Alphabet boasts about three times the market value, about twice the net income and more than twice the sales. The Alphabet was able to increase sales and profit by tens of percent year-on-year in 2021. Sales by 41, net income even by 89 percent.

With its financial results last year, the Alphabet Group was able to exceed investors' expectations, which was almost immediately reflected in the growth of its stock price. It jumped from just over \$ 2,500 on January 25 this year to \$ 2,960 in early February. The increase was 16.6 percent. Nevertheless, Alphabet shares are less than six percent weaker year-to-day, but almost 30 percent stronger than a year ago.

META PLATFORMS



597,8
bn USD

Market cap.
(15th Feb 2022)

117,9
bn USD

Revenue (2021)

39,4
bn USD

Net income (2021)

Until recently, Meta Platforms was named after its largest social network, Facebook. The name was changed last November. Network founder Mark Zuckerberg justified this by saying that the original name does not include everything that Meta does. Which is, building a metaverse - some kind of "internet universe".

Meta Platforms experienced an inconsistent year. It was financially successful and was able to increase revenues and income by 37 percent and 35 percent, respectively. However, the last quarter meant a decrease in active daily users for the first time in history, by one million. Investors reacted to the news by selling Meta shares, which gradually led to a drop in its market value by almost one third.

Meta Platforms has also been conducting heated negotiations with European Union representatives in recent weeks. They don't like Meta sharing data from European users to the US. Meta even threatened to leave Europe because of that. In addition to Facebook, Meta Platforms also covers WhatsApp, Instagram, Facebook Messenger or Giphy. The number of active daily users of Meta Platforms social media is around 2.8 billion.

TENCENT HOLDINGS LTD.



578,1
bn USD

Market cap.
(15th Feb 2022)

73,9
bn USD

Revenue (2020)

19,5
bn USD

Net income (2020)

Tencent Holdings Limited is a Chinese multinational company that owns a number of technology companies that focus on the development of Internet services, media, software or artificial intelligence. They also include several applications of the social media sector.

Tencent mainly owns the QQ messaging application or the WeChat multifunctional application. These two apps together have about 1.85 billion active users on a daily basis.

2021 financial results of Tencent Holdings Ltd. have not yet been published. However, in 2020, the group recorded sales of almost \$ 74 billion and a net income of \$ 19.5 billion. However, from the results for the three quarters of 2021, it can be concluded that Tencent will surpass its 2020 results. In the first three quarters of 2021, its sales exceeded \$ 64 billion and Tencent earned nearly \$ 16 billion. In both indicators, in just three quarters of 2021, it exceeded 80 percent of the entire 2020 level.

SNAP INC.

67,3
bn USD

Market cap.
(15th Feb 2022)

4,1
bn USD

Revenue (2020)

-0,49
bn USD

Net income (2020)

This American company was established as a camera company, and only later became known mainly thanks to the social network Snapchat. It focuses mainly on young users, members of the so-called Generation Z. That is, people who were born between 1995 and 2015. Snapchat is popular among young people mainly due to the speed and simplicity of communication, which is reminiscent of Instagram or TikTok.

Snapchat experienced a renaissance during the coronavirus pandemic, which is related to the adoption of anti-epidemic measures and the transfer of communication to the online environment. Today, Snapchat has about half a billion active users a day.

Snap Inc. last year reached over four billion dollars of revenues, almost two-thirds greater than in 2020. Nevertheless, it failed to close the economy in the black, as the net loss was almost half a billion USD. Nonetheless, it can be understood as a relatively positive result, because the company managed to reduce its loss by half year-on-year.

KUAISHOU TECHNOLOGY



49,4
bn USD

Market cap.
(15th Feb 2022)

9,3
bn USD

Revenue (2020)

-18,5
bn USD

Net income (2020)

Kuaishou Technology is a Chinese content community and social platform with its mission to be the most customer-obsessed company in the world. Kuaishou has relentlessly been focusing on serving its customers and creating value for them through the continual innovation and optimization of its products and services.

The platform Kuaishou is a video-sharing mobile app with more than 300 million daily and over 570 million monthly active users. The number of users grew in the first nine months by nearly one fifth in comparison to the previous year.

Financial results for 2021 were not published yet, but during the January to September 2021 period the company increased its revenues by 39,3 percent, while the net loss declined by one fourth.

WHO IS TRYING TO CLIMB UP?

Social media is not just a giant platform such as Facebook, YouTube or WeChat. In the online environment, you will find a number of other tools that can be used to communicate, share feelings, experiences or vacation photos via the Internet.

Many of them are publicly traded, but many social media operators are still on the sidelines of stock exchanges. These include the TikTok social network with approximately one billion active users per month, operated by the Chinese company ByteDance. Its market value is estimated at approximately \$ 140 billion. If such a sum is real, it would suddenly become the second most valuable social media provider in the world, after the American group Alphabet.

Of course, the American network Twitter cannot be left out of the list of most influential social media. Its market value is approaching \$ 30 billion. Twitter seems to have the best behind it, however. The number of active users on a daily basis is slightly over 200 million. The number of monthly users is still about 100 million higher, but Twitter has rather stagnated in the last few years. On the other hand, it has a relatively strong political and social impact, as it serves as a medium for communicating especially political attitudes, opinions or brief observations.

Another US social network, Pinterest, has about half the market value of Twitter. As for the number of monthly active users, Pinterest can easily put Twitter in its pocket. More than 430 million users sign up for Pinterest every month. At first glance, this seems like an impressive number, but in the last year it means that Pinterest has lost almost 50 million users. Nevertheless, their number is about 60 million higher than before the coronavirus pandemic outbreak.

The open internet social network Reddit is also fighting for its place in the market. It currently belongs to the American media group Condé Nast Digital. The market value of social media Reddit is estimated at approximately ten billion dollars. This follows Reddit's December application to list on the New York Stock Exchange. The specific date when this will happen has not yet been announced. Reddit is currently actively used by more than 400 million users per month.

Last but not least, we have to mention another Chinese social network, Sina Weibo. It is a platform designed for microblogging. Some experts compare it to the social network Twitter. Sina Weibo has around 530 million active users per month. Sina Weibo is part of Weibo Corporation, which has a market value of \$ 7.6 billion.

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IN INVESTMENT OR TRADING OPPORTUNITIES WITH INSTRUMENTS
RELATED TO THE TECHNOLOGY INDUSTRY?**

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