Operator: Good afternoon, my name is Dave and I will be your conference operator today. At this time I would like to welcome everyone to the Meta’s Second Quarter Results Follow-up Q&A call.

All lines have been placed on mute to prevent any background noise. To ask a question please press “1” then the number “4” on your telephone keypad. This call will be recorded. Thank you very much.

Ken Dorell, Meta’s Director of Investor Relations, you may begin.

Ken Dorell: Thank you. Good afternoon and welcome to the follow-up Q&A call. With me on today’s call are Susan Li, CFO and Chad Heaton, VP of Finance.

Before we get started, I would like to take this opportunity to remind you that our remarks today will include forward-looking statements. Actual results may differ materially from those contemplated by these forward-looking statements. Factors that could cause these results to differ materially are set forth in today’s press release and in our quarterly report on Form 10-Q filed with the SEC.

Any forward-looking statements that we make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information or future events.

During this call, we will present both GAAP and certain non-GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is included in today’s earnings press release. The press release and an accompanying investor presentation are available on our website at investor.fb.com.

And now, I’d like to turn the call back to the operator for the first question.

Operator: Thank you. We will now open the lines for a question-and-answer session. To ask a question, press “1” then the number “4” on your touchtone phone. Please pick up
your handset before asking your question to ensure clarity. If you are streaming today’s call, please mute your computer speakers.

Your first question comes from the line of Ross Sandler with Barclays. Your line is open.

Ross Sandler: Great. Susan, just a couple questions on Reels and Threads. The CEO of Instagram recently said publicly that there was a lot of thought put into Threads going either inside of Instagram or as a separate, standalone app, and Mark very much advocated heavily for the latter, and hence we’ve gone that route and seen all the success.

So I guess the question is like when you think about keeping something inside or bringing it out, like you did with Threads, or Messenger, for that matter, years ago, what goes into that decision making process? And with Reels approaching half of Instagram engagement and now a significant percent of Instagram revenue, does it - - does it make sense to keep it there as a part of Instagram or break it out of the standalone video app?

And then the -- so that’s the first question, sorry if that’s long-winded. The second question is on Threads specifically, I think most folks in the industry would say Twitter hit a wall kind of somewhere in the 250 to 300 million DAUs, and they had kind of reached all the news enthusiasts in various categories and all the folks looking for real time information at that level, so I guess what differences an approach at Threads might allow you to push through that ceiling and get to the 1 billion users that Mark mentioned on the call? Thanks a lot.

Susan Li: Thanks, Ross. So on your first question, which was about how we think about whether to launch new experiences within an existing app or an existing product versus launching them standalone, I think there are tradeoffs in both directions. Obviously if you launch something within an existing app, you start out with a large user base that you can direct into that experience, via notifications or other parts of the product experience, and there are more things that you can do to retain and engage them because they’re coming back to whatever the product is that you put the new experience into.
On the other hand, I think when you launch something standalone, you can differentiate the experience, and there are times -- I think Threads is an example -- where we were really building something that is more meaningfully different than Instagram and we wanted it to be standalone and to have the distinct identity but recognize that that presents more challenges on the sort of the user growth adoption-retention side.

But we also do know how to build and grow products.

So it’s a -- there’s no sort of black and white I think set of criteria that leads any particular decision but it is like a carefully considered one with a lot of different tradeoffs.

Reels is a pretty core part of both the Facebook and Instagram experience at this point, and it is a -- I mean, it’s both growing on both platforms but also growing in incrementality on those platforms. I don’t think we have plans to break it out, it’s I think very complementary to the experiences on both Facebook and Instagram, and then of course the work that we’ve done with the Discovery Engine powering Reels has just become such an important part of growing engagement on Facebook and Instagram, bringing unconnected content to users.

On the final part of your question, which is really about the differentiation of Threads versus Twitter, I think there are a couple value propositions that we are looking at for Threads. So one is just the openness. We’re building a decentralized interoperable experience, it’s going to use the ActivityPub social networking protocol, and that means you can be followed by people who use our app or other apps like Mastodon, and we hope that that’ll give creators and our community broader reach beyond just Threads.

The second is we’re taking the things that we’ve learned from our other apps, including Instagram, to really build a productive and creative place to have conversations that are not just about news but a broader discussion platform and to share your ideas. So we’re focused here on community guidelines, providing features to help users control their experience and we hope that more friendly environment can be -- can help pave the way for broader community participation than what you see on other platforms.
Operator: Your next question comes from the line of Mark Mahaney with Evercore ISI. Your line is open.

Mark Mahaney: Okay. Thanks. Two questions please. Just on the core business of the simplistic way I want to ask the question is where you think you are in terms of fully rebuilding the ad tech stack? Mark, on the call, kind of us reminded us all about the shellacking that performance marketing and measurement and campaign attribution took with ATT a few years ago with -- yes, I guess it is two years ago now.

And then we know that you put immense efforts into rebuilding that ad tech stack and -- Susan, when you think about where you are and maybe you never get back to where you were before but do you feel like this is always going to be a work in progress or do you feel like you’ve reached a milestone so they’ve gotten you recently close back to that level?

And then the other thing I want to ask is about click-to-message. The incrementality of the advertisers to the Meta platform from click-to-message advertisers, to what extent you feel like these are brand new advertisers to Meta, these are advertisers that are just -- would have spent on another part of your platform that are spending on click-to-message, or it’s actually leading to incremental ad purchases, thanks a lot.

Susan Li: Thanks Mark. I’ll go ahead and take that first question and I’ll let Chad take the second. So we don’t know what the ads landscape would look like today without the ATT changes but advertising is, I think, very much a relative performance game and since the -- first I’d say I think we were world class in terms of using data to make sure that we delivered extremely personalized relevant engaging ads prior to the ATT changes.

In some ways I think because we were sort of so dialed in at that point, the step change impact on us of the ATT changes results are more significant. But since then we’ve made really meaningful improvements to our performance and measurement in recent periods and we continue to grow conversions quarter over quarter, to receive consistent positive feedback from many advertisers to introduce new tools
and features that both improve the measurement capabilities that improve the performance of the ads.

And now more directly advertising facing AI and automation features like what we’ve talked about with Advantage+. So it's a continuously evolving space and we will continue to monitor developments and adapt but we feel very good about what our offering is in the broader landscape of the ads market and how our offerings perform relative to the many other choices that advertisers have.

Chad Heaton: Yes. So on click-to-messaging, I think you’re right in the way you think about it kind of separating sort of the supply and the demand pieces of it. So from a supply perspective it’s using sort of the same supply inventory that we have on Facebook and Instagram. But from a demand perspective it actually opens up a lot of new advertisers to our platform who may not have previously been interested, specifically on the SMB side.

So you can look at the different portions of our click-to-message offering. So click-to-Messenger is the largest piece. We started there. Since then we introduced click-to-WhatsApp ads, click-to-Instagram Direct. The click-to-WhatsApp in particular grows very quickly. We’re seeing over 80% growth year on year.

And this is just a format that we’re continuing to iterate on. So recently we’ve had a number of improvements making it easier to create the ads, some enhanced optimization and reporting.

We’re increasing optimization -- or in automation, excuse me, to help manage messages at scale. And then we’re scaling our partners to help us expand the reach of it as well. So, this does increase the pool of advertisers for our business, again, potentially -- or particularly on the SMB side. And we’re really pleased with the traction we’re getting here.

Operator: Your next question comes from the line of Ron Josey with Citi. Your line is open.

Ron Josey: Hi, thanks for taking the questions here. I have a few, maybe just a really quick one, Susan, I think this might the easiest one. Just on the 2024 insights on cost, super helpful. On Reality Labs you talked about losses, operating losses increasing
meaningfully year-over-year. Would it be fair to say, you’ll still go at with the same thesis of, call it, around 80/20 OpEx split between FOA and Reality Labs? That’s question one.

And then question two, just with Reels, three -- I hear it right, three-quarters of advertisers are now advertising on Reels. Had a $10 billion run-rate, I think monetization began around this time, maybe in the 2Q of last year. So, I would just love to hear more about how you were able to get three-quarters of all advertisers, I don’t know if we have a new number yet to adopt Reels. A low-fi advertising environment, what is it? Thank you.

Susan Li: Sure. Thank you, Ron, for the questions. So, on the 2024 outlook and the Reality Labs component we haven’t quantified that yet and that’s something as we get closer to having more clarity in the course of our budget process when we issue next year’s guidance, we’ll think about the best way to do so.

It’s really I -- what I wanted to highlight is it’s one of three sort of major themes in the 2024 expense planning process and places where we would expect growth because those are really the most compelling investment opportunities we have. So again, sort of infrastructure in service of our AI investments. Technical talent, as we evolve our workforce to become more technical, resulting in also high payroll expense and then Reality Labs in service, the very ambitious vision that Mark has laid out.

On your second question, on Reels adoption, I think we’ve done a lot of work to unlock, basically, demand liquidity for Reels. And that began with the work around bringing existing advertiser objectives into Reels and slowly sort of unlocking the remainder of formats. We’ve made a lot of progress there and that’s really, I think, been the key to bringing over three-quarters of our advertisers into the Reels ad format.

The fact that we’re also making the Reels ad format more performant with a lot of the new features that we’ve been testing to make the ads more interactive and more engaging, I think that’s, certainly also compounding onto that benefit. And there’s also just more ads, because we’ve been able to increase the ad load on Reels, so there are more plausible ads in Reels.
You know, again, that’s a place where the slower scroll speed ultimately we think is a little bit of a structural problem relative to Feed and Stories. But at the same time, that there are things unique to the Reels format also and the composition of Reels content that enables us to be more creative in the way that we think about ad load on Reels.

Operator: Your next question comes from the line of Rob Sanderson with Loop Capital. Your line is open.

Rob Sanderson: Yes, thank you. Two questions from me as well. One, quickly. Just on legal-related expenses in the second quarter, you raised your full-year guidance by $1 billion to $2 billion and, obviously, a pretty big step up on G&A sequentially. So, can you disclose how much that was that may be -- not be recurring, I understand the EU is expected to be sort of regulatory friction for some time, but how should we think about legal sort of on a sequential basis into Q3 and through the rest of the year?

And then main question’s really on Reels. Where is it on a cycle of monetization? We hear from agencies that budgets are maybe somewhat capped on Reels as they sort of draw from other areas of the Meta bucket, but they really are seeing good ROIs but unable to really push the boundaries and push the envelope here.

So it seems like your -- obviously have a target to get to revenue neutrality by the end of the year, but it feels like that’s still a long way to go in terms of monetization gap, so can you maybe speak to where we think we are on Reels monetization?

Susan Li: Thanks, Rob. I’ll go ahead and take that first question about legal-related expenses, and then I’ll let Chad take the second follow-up on Reels.

So we highlighted in the press release that the Q2 G&A expenses include accrued legal expenses of $1.87 billion, which mostly relate to the IDPC fine and the data transfers matter, and with the IDPC I think announced that that fine was EUR 1.2 billion at the time.

So that fine is the lion’s share of that legal expense, which then flows into the increased guidance for the full year 2023 expenses.
More broadly than the particular issue around the IDPC fine, as I mentioned on the call, we continue to see increasing legal and regulatory headwinds in the EU and U.S., and in particular, the adoption of guidelines that require penalties to be assessed on a percentage of global revenue for violations of certain regulations is something that we are certainly thinking about as we think about the appropriate legal contingencies.

Chad Heaton: Okay, so then on the Reels monetization efficiency side, so the first think I would note is we had -- we did make good progress in Q2 in terms of reducing the Reels revenue headwind. We improved monetization efficiency through higher ad load, and we continued to gain incremental time spent. And as we noted, we expect to sort of get to this neutrality point by the end of the year.

But that doesn’t mean -- to your point, in terms of strictly looking at monetization efficiency, that’s going to be a much longer sort of more difficult road. And the reason is because there’s just this structural gap when it comes to Reels monetization efficiency related to the slower scroll speed, and that’s just not something -- that’s just kind of a fact that we deal with.

And so we -- again, we’ll continue to chip away at this over time. There’s some things specifically on the performance side that we launched in Q2 that I would cite, the first one was swipeable carousel ads where people can swipe to view each image in an ad and have it direct you to the new destination. We also introduced a new call to action experience, which makes it easier to digest the ad after having the CTA expand after a few seconds and show additional information from the advertiser.

So there’s some things that we’re doing on the performance side, but I do think the -- again, that there’s this structural gap that we’ll take that is going to be persistent for some time to come.

Rob Sanderson: Thank you, Chad. Thanks, Susan.

Chad Heaton: Yep.
Operator: Your next question comes from the line of Ken Gawrelski with Wells Fargo. Your line is open.

Ken Dorell: Ken, we can’t hear you. Are you on mute?

Dave, why don’t we go to the next question, then we can come back to Ken.

Operator: Certainly. That will come from the line of Michael Nathanson with Moffett Nathanson. Your line is open.

Michael Nathanson: Thank you. I have two. One with Susan. You know, for many years you guys spent time and money thinking about content moderation at Facebook. I wonder, how did that time moderating content on Facebook impact your vision for Threads, right? So, in other words, how will the environment be safer for the community based on what you did and what you know about previous content moderation?

And then just secondly, it’s great that you have three-quarters of these clients using Threads, but I wanted to know, what will be the gaining factors for the rest to get them over? And is that getting a higher percentage of clients to use Reels, will that lead to the quest to get to neutrality in terms of -- in terms the revenue neutrality? Is it about a broader auction or just getting more spend out of each client? Thanks.

Susan Li: Thanks, Michael. On your first question, we have, as you pointed out, accrued a lot of experience in content moderation. And I think we’re going to apply the things that we’ve learned there in -- especially in service of the -- one of the things that I talked about that we think is going to differentiate Threads, which is the ability to really foster open and friendly and productive conversation. So, we’re focused on community guidelines. We’re going to have features that are going to help users control their experience, reply and mention controls, hidden, words and actions like unfollow, block, restrict, mute, et cetera.

And I think we believe that this going to help us make Threads into a more productive and creative place. But I don’t know that we have a lot more specifics to share here except to say that, again, we have built up a lot of functions within Meta that focus on content moderation, and doing that in a thoughtful and efficient way and bringing that to the Threads experience.
Chad Heaton: You mentioned Threads on the second question but I think you meant Reels, just in terms of how we’re going to go about continuing to close that gap. I mean, I talked about this a little bit in terms of some of the things that we’re doing on the performance side. You know, that’s definitely part of the story.

Another part of the story is on the supply side, where we’ve increased ad load on Reels but it still remains well below Feed and Stories. And so we’ll have some opportunity to ramp that. You know, as I mentioned, like longer term, we have still have the structural constraints that Reels has from its slower scroll speed, but we’re going to be experimenting there. One of the solutions we’re testing is having ads on Reels where you show an ad on the bottom of an organic Reel.

So, that’s the type of thing that we’ll experiment with. And again, it’ll take time but -- to try to close this gap.

Susan Li: But just specifically, it’s not a function of getting all advertisers to use Reels.

Chad Heaton: Yes.

Susan Li: We are working down the Reels revenue headwind on the timeline that we’ve been talking about for a while. We expect that we are going to meet that timeline and that will be a function of all of the work that Chad and I have both mentioned earlier but it won’t be because every advertiser on the platform is using Reels.

Michael Nathanson: Right, and those that don’t, how do you describe those that don’t currently not -- who don’t use Reels?

Susan Li: I mean, it’s not the case that all advertisers have -- are using ad formats that translate well to Reels. So, depending really on what is the ad format that makes the most sense for your objective? Your objective is the demographic you’re trying to reach, it just may not make sense for your ad to be placed into the Reels format.

Michael Nathanson: Okay, thanks.
Operator: Your next question comes from the line of Colin Sebastian with Baird. Your line is open.

Colin Sebastian: Thanks and good afternoon, Susan and Chad. Maybe a couple of follow-ups from their main call. In terms of the Quest 3 launch and the go to market strategy there, I think Mark talked about millions of end users. So I just want to make sure we have the right context around hardware units and, again, the go to market strategy there.

And then secondly, as we look toward sort of sequential growth from Q3 to Q4, I just hoped you could maybe bring us up to speed on the strategy around the retail vertical, social commerce, where transactions and payments fit in that strategy? I know there have been some changes to that over the course of the last year or so.

But yes, those two topics would be great. Thanks.

Susan Li: Thank you, Colin. So on your first question about the Quest 3, we have sold millions of Quest 2s, so that’s sort of a starting point for us in terms of understand what size market exists for our VR devices.

And we think that the Quest 3 is going to be a big improvement over the Quest 2. It’s going to be our first mass market headset with high res color, mixed reality. We think it’s going to establish mixed reality as the baseline for all headsets going forward and we hope it will also set the stage for AR glasses eventually.

And it’s just going to be a big improvement over Quest 2 on performance. It’s going to have twice the GPU processing power. It’s going to be much more comfortable, it’ll be 40% slimmer in terms of its optics profile and we’ll have the whole Quest 2 library and more content experiences that are tailored for mixed reality that will be available on it.

So we hope that it will both appeal to Quest 2 users who are looking to upgrade as well as to folks who are maybe new to the category but will be drawn in by the Quest 3 mixed reality components of the experience at a price point that’s much more accessible than the Quest Pro.

The second question was around our commerce strategy.
Chad Heaton: Yes, commerce strategy. Yes. I can jump in there. So in terms of our commerce strategy, so we’ve been narrowing our focus across the company to focus on the highest leverage opportunities and within commerce we’re really focusing on Shops ads.

So for Shops ads it’s early but in Q2 we expanded shop ads availability to all Shops with onsite check-out in the U.S. Our focus is on optimizing the performance of Shops ads in our check-out experiences in the U.S. before we bring them to the other markets.

So we’re seeing good -- Shops ads drive good results for advertisers, including when advertisers use shops as a destination in their advantage plus shopping campaigns. So that’s kind of what we’re focused on.


Operator: Your next question comes from the line of Dan Salmon with New Street. Your line is open.

Dan Salmon: Hey, good evening, Susan and Chad. Just a quick one, Susan. You mentioned the expectation for higher D&A next year. No surprise there with where the CapEx has been obviously. Can you just remind us your process for evaluating the useful life of infrastructure and whether you see some potential for longer useful lives based on some of the new innovations you’ve been developing in your data centers and elsewhere?

Susan Li: Yes, so we have extended the useful lives for our CPU based servers over the past two years given the slowdown in performance gains. But we’re still seeing strong performance gains for a new GPU generation, so those will depreciate on a relatively shorter timeframe and we’ll just continue to evaluate how to most efficiently use the CPUs and GPUs across our fleet.

Dan Salmon: Thank you.
Operator: Your next question comes from the line of Ken Gawrelski with Wells Fargo. Your line is open.

Ken Gawrelski: Thank you. And sorry about the technical difficulty last time. I guess I’m a rookie, I’m new at this.

So, two questions really. First one on overall capital intensity. And you’ve answered a lot of questions about CapEx. But you have cut CapEx twice this year, which is, you know, stands in stark contrast to many of your peers. How -- my bigger picture question here is how should we think about this -- the higher capital intensity as a percentage of revenue as more of a cycle with a finite number of years versus something that is more sustained and thinking about the business in a 10-year plus trajectory?

And the second one is on the revenue sustainability, the very impressive acceleration that you’ve guided to. Two questions there. One is, have you been able to start to drive kind of click-to-message business adoption in the West, in North America or Europe. I know that’s been very strong in Latin America and parts of rest of world.

And the second is, or you made the comment on the China outbound business being a tailwind. Have you a marked acceleration in that trend? And is that one of the tailwinds you’re thinking about in the third quarter? Thank you.

Susan Li: Thanks, Ken. And no worries, we’re all rookies in one way or another.

So, on the CapEx question, first of all, I should say that the updated range that we provided on this call, you know, I gave some color on that. Some of that is just timing shifts, delays related to data center projects and server deliveries and that’s really just pushing that CapEx from ’23 into ’24.

And on the sort of second part of that question around capital intensity and is there a cyclical component, I think that where we are on the precipice of some of these AI developments, in this gen AI space in particular, just makes it hard to answer or hard to know right now.
I think, one of the reasons why we think this is such a compelling opportunity is to build out product features and experiences for both customers -- sorry, users and advertisers to engage with their customers, that on our platform will have the potential to introduce billions of people to these new experiences.

And if that’s the case, that may result in us needing to stand up a lot more inference capacity or for a longer period, for example, than we might anticipate. So, I think, there’s just a lot of unknowns in how those features will scale and what adoption will look like.

And I think one of the things that has been very consistently true for us historically, is we very much follow a playbook of investing in consumer experiences first. If there is the opportunity to build compelling retentive consumer experiences we will do that. And then we will find ways to monetize, which again, I think we’ve also historically been successful at.

So, I think that that’s -- that is just a different place on the curve than where we are on the core AI work, where we’re able to measure the ROI of those GPU deployments. And so, therefore, we’re further along the curve and a very different place than our CPU usage where we’re in a place where we are actively becoming more efficient over time.

On your second question about revenue sustainability -- and I’ll turn it over to Chad for click-to-messaging.

Chad Heaton: Yes. So for click to messaging, I would say a couple things. So first -- to speak to your question specifically, I would say that we continue to see year over year revenue growth in North America. We don’t break out the specifics, but that is an area that we’re seeing.

More broadly, I would say click to message ads are mostly used by smaller advertisers today, because it’s easy to use and onboard as an alternative to having a website or an app for small businesses.

Now, we are focused on scaling this with larger advertisers by investing in solutions to optimize for down-funnel objectives and enhanced reporting to meet their more
complicated needs. And we also do think there's going to be a big opportunity for businesses to leverage AI agents to respond to messages at scale in the future.

So that's kind of the opportunity we think over the longer term to hit more of the developed markets with click-to-messaging, but we are seeing good growth even today in advance of that.

Susan Li: And I think there was another part of your question, which was about export advertising from China? So growth from China advertisers specifically. So growth in ad spend accelerated in Q2 from China advertisers. That strength I think was primarily concentrated in online commerce. In particular we've had some strong investments from some of our larger clients, and then also in gaming, we believe the vertical is benefiting from easing China regulations on the gaming industry and other internal product work that we've been doing to increase ad performance.

So gaming is a vertical where more broadly, we're pleased to see this return to positive year over year growth in Q2.

Ken Dorell: Dave, we're going to take one last question.

Operator: Certainly, so that will come from the line of Craig Huber with Huber Research. Your line is open.

Craig Huber: Great. Thank you. Three things real quick if I could, your marketing sales was obviously down about 15% year to date. Maybe you could drill down on how you guys got it down so low, what part of that brought that cost down?

Secondly, can you talk a little bit further about how we should think about employee growth going into 2024? Just expand upon what you said earlier. And then my most important question, your accelerated revenue growth outlook for this third quarter – you did better obviously here in the in the second quarter -- how much of that do you think is from a better macro environment from your standpoint, or is it all more internally driven, the changes and improvements you guys have made on your platform?

Thank you.
Susan Li: Just making sure I follow that. You had a question about marketing being down, a question about the accelerated outlook, and headcount. Great. Sorry. Thank you. Maybe I'll go ahead and answer the headcount question first.

On the headcount side, there are a couple of factors really that are at play. So, first of all, we have been -- over the last year, we've done sort of several large restructuring efforts that have brought our headcount down, although from a housekeeping perspective, those reductions are not yet fully reflected in the headcount numbers reported at the end of the quarter. So we flagged that roughly half of the 10,000 heads that were impacted in the 2023 layoffs are still captured in the current headcount number.

But we have reduced the size of our workforce through those layoffs. We've also been in a broad-based hiring freeze now for a number of months. And so what that means is there are a couple things here: you've probably heard Mark say that we're being very thoughtful about the way we grow budgeted headcount, which is sort of the targets that have been allocated out to all of the teams and functions.

But at the same time, the actual hiring trajectory is going to reflect some of the things I just said, like the resumption of hiring now, after being in a long freeze for a long time. And Mark also alluded to the fact that some teams made deeper cuts in the layoff process in order to retool the skill sets on their teams towards what they need going forward.

So, what this means is we're being very, very thoughtful about headcount budgets. In practice, you will see headcount numbers grow just to reflect the resumption of hiring after the freeze. And the growth is really going to continue -- is going to evolve our workforce towards a more technical mix, which is also higher cost for us. So, that's really what's going to play through into the payroll growth, the -- into the payroll growth next year.

Chad Heaton: So, I'll quickly take your marketing and sales point about being down 15%. So, there's a few drivers that's brought that down. So, you know, first we just have lower marketing spend and lower payroll costs to lower, you know, some of that's directly related to sort of the year of efficiency and just really, you know, tightening
up there. On the consumer marketing side, we had pretty much across-the-board budget cuts. And on the RL marketing side, we had budgets there that were previously for Portal and then with Quest 2 having its end of life, those were areas that we saw reduction as well.

Susan Li: And then, the final question was around the Q3 outlook and sort of how much of it is driven by better macro. And again, I think relative to, I’m not – I would say there are a couple things. One is relative to the corresponding period a year ago. You know, we are certainly seeing an improvement in the macroeconomic landscape. So the fact that we lapping a quarter that last year decelerated 4.5% year-over-year just sets us up, you know, for a better comparison.

We’ve also seen the macro environment, you know, improve sequentially through this year. So, we are seeing some stabilization there and, in particular, some of the key advertiser segments for us, like online commerce and gaming. There’s a currency effect that I mentioned and then, obviously, we’re continuing to consistently try to improve the performance of our ads products to deliver more conversions, et cetera.

So, I think macro is a big factor. You know, it’s the first thing that I mentioned. But there is still, even as we’ve seen the macro landscape improve, I’m well aware, as I think anyone who has lived through the last two years has, that there’s a lot of potential for volatility. We’ve had sizable fluctuations in demand over that period. And so, there are really a wide range of outcomes possible.

Craig Huber: Great. Thank you.

Ken Dorell: Thanks, Craig. Thank you for joining us today. We appreciate your time and we look forward to you speaking to you again soon.

Operator: And this concludes today’s conference call. Thank you for joining us. You may now disconnect your lines.