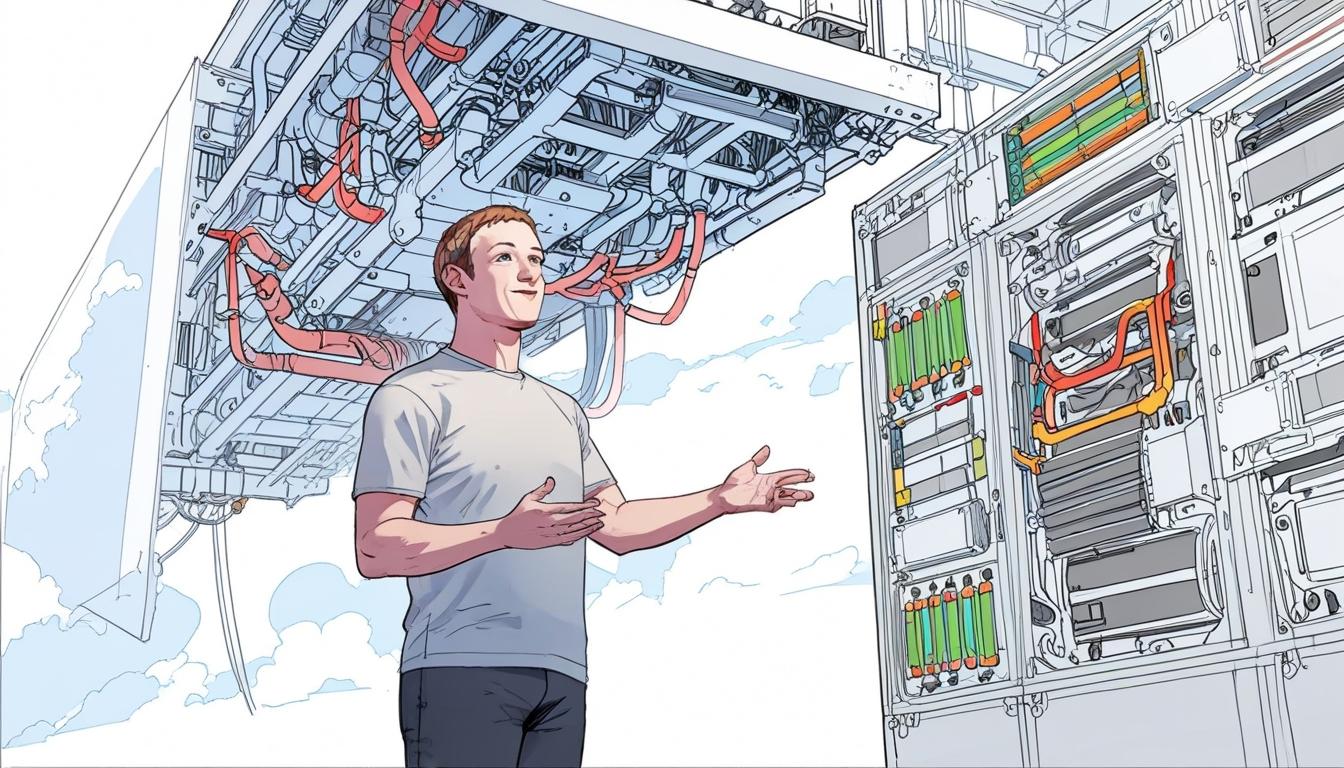
# Meta boosts AI investment with $72 billion capital spend and plans AI engineer by 2024



Meta Platforms Inc., the parent company of social media giants such as Facebook, WhatsApp, and Messenger, announced significant increases in its capital expenditure for artificial intelligence (AI) infrastructure as part of its strategic focus on embedding AI more deeply into its range of applications. Speaking during the company’s first-quarter earnings call on 30 April 2024, CEO Mark Zuckerberg underscored the transformative role AI is playing within the company, signalling a major expansion in AI computing capacity in response to rising demand.

Zuckerberg stated, “The major theme right now, of course, is how AI is transforming everything we do. The opportunities ahead for us are staggering.” He described an acceleration in projects to bring additional AI infrastructure online this year as well as investments in longer-term initiatives designed to provide capacity flexibility in the future. Reflecting this ambition, Meta revised its capital spending forecast upward to between $64 billion and $72 billion for 2024, up from an earlier estimate of $60 billion to $65 billion.

Meta’s Chief Financial Officer Susan Li commented on the challenges in meeting the surging demand for computing resources, revealing that despite the increased spending, the company continues to struggle with capacity constraints. Responding to questions about potential partnerships to share data centre costs, Li clarified that Meta intends to solely fund the training of its flagship large language model (LLM), Llama, without cost-sharing arrangements with other cloud providers such as AWS or Microsoft Azure.

Zuckerberg outlined several near-term priorities for AI deployment, including enhancing advertising effectiveness by more precisely targeting users and leveraging AI agents that deliver measurable business impact at scale. He highlighted expanding business commerce conducted through Meta’s messaging platforms, noting, “WhatsApp is now being used by more than 3 billion people per month and Messenger by a billion people monthly.” He added that “there’s actually so much business through messaging,” citing countries like Thailand and Vietnam among Meta’s top 10 revenue generators despite their relatively lower global GDP rankings.

In a recent development, Meta launched a standalone app for its Meta AI chatbot, envisioned as a conversational companion to compete with other AI chatbots. Zuckerberg expressed the goal for Meta AI to become the “main personal AI that people use,” though he acknowledged ongoing work is needed to realise this vision. He also reaffirmed plans to introduce an AI capable of performing the work of a midlevel software engineer by the end of 2024, with scaling expected in 2026. Looking further ahead, Zuckerberg anticipates AI agents will undertake a “substantial” share of AI research and development activities by the latter half of 2026.

Financially, Meta posted robust first-quarter results ending 30 March 2024, with net income rising 35% year over year to $16.6 billion and earnings per share increasing by 37% to $6.43. Revenue grew 16% to $42.3 billion. The family of apps reported an average of 3.43 billion daily active users, marking a 6% increase year over year. However, the company’s Reality Labs division, responsible for augmented and virtual reality products including Meta Quest headsets and Meta smart glasses, recorded an operating loss of $4.2 billion despite a tripling of smart glasses sales in the past year.

Meta’s financial performance surpassed Wall Street expectations, with revenue beating estimates of $41.4 billion and earnings per share exceeding the consensus forecast of $5.24, according to Bank of America Global Research analyst Justin Post. Post suggested that Meta’s recent workforce reductions and cost-control measures contributed to this outperformance. He noted that challenges may lie ahead in the second quarter, including slower spending from Chinese retailers in the US market and broader macroeconomic uncertainties.

Looking forward, Meta projects second-quarter 2024 revenue to range between $42.5 billion and $45.5 billion, incorporating a modest 1% positive impact from favourable currency exchange rates. The company expects total expenses for the year to adjust slightly lower to a range of $113 billion to $118 billion.

Meanwhile, Meta disclosed it anticipates a “significant impact” on its European business and revenue starting as early as the third quarter of 2025 due to regulatory challenges. The European Commission has ruled that Meta’s subscription-based, no-ad business model does not comply with the EU’s Digital Markets Act. Meta has indicated plans to modify this business model as it appeals the decision.

Following the earnings announcement, Meta’s shares rose 5.8% to $581 in after-hours trading. The company’s strategic focus on AI investment comes as it continues to optimise its revenue streams and navigate evolving regulatory landscapes across global markets.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.reuters.com/business/meta-beats-estimates-first-quarter-revenue-2025-04-30/> - This article reports that Meta Platforms surpassed analysts' revenue expectations for the first quarter of 2025, reporting $42.31 billion, higher than the $41.40 billion estimate, largely driven by strong advertising sales. The company also forecasted second-quarter revenue between $42.5 and $45.5 billion, closely aligning with the $44.01 billion estimate, and posted profits of $6.43 per share, well above the projected $5.28. Shares rose nearly 6% in extended trading. Meta increased its 2025 capital expenditure forecast to between $64 billion and $72 billion, citing investments in AI-supporting data centers and higher hardware costs. This expansion aims to counter concerns that tech interest in AI is declining. Simultaneously, Meta reduced its annual expense forecast slightly. Daily active users across its family of apps rose 6% to 3.43 billion, reinforcing its position as an advertising leader amid economic uncertainties linked to U.S. tariffs. While competitors like Snap and Alphabet flagged potential ad revenue slowdowns, Meta's stable ad performance has helped it weather such fears. However, Meta also faces challenges, including a high-profile FTC trial and mixed reviews of its new AI models. Nevertheless, its adaptability could help sustain investor confidence amid broader economic instability.
2. <https://apnews.com/article/61f4836d73954b3041e237eafaa1cf76> - This article reports that Meta Platforms Inc., the parent company of Facebook and Instagram, reported strong first-quarter earnings that exceeded Wall Street expectations, driven by robust advertising revenue supported by AI technologies. The company posted a net income of $16.64 billion ($6.43 per share), a 35% increase from the same period last year, and revenue rose 16% to $42.31 billion. Analysts had expected $5.23 per share on $41.34 billion in revenue. Meta projects second-quarter revenues of $42.5 to $45.5 billion and raised its 2025 capital expenditure forecast to $64-$72 billion to support AI infrastructure. Despite concerns about reduced ad spending from China-based firms due to economic uncertainty and tariffs, analysts like Debra Aho Williamson and Andrew Rocco see Meta’s continued investment in AI and the issuing of revenue guidance as positive signs. CEO Mark Zuckerberg highlighted progress on AI products, including a new standalone Meta AI app and ongoing development of AR glasses. Meta reported over 3.4 billion users across its apps in March, reflecting 6% annual growth. Its stock rose 4.4% in after-hours trading, though it remains down 8% year-to-date.
3. <https://www.ft.com/content/7f820200-1e50-4eee-af6f-111ba59589c5> - This article reports that Meta surpassed financial expectations in Q1 2025, reporting a 16% increase in revenues to $42.3 billion and a 35% rise in net income to $16.7 billion, significantly exceeding analyst estimates. The company forecast Q2 revenues between $42.5 billion and $45.5 billion, continuing positive momentum despite economic uncertainties and US-China trade tensions under President Donald Trump's tariffs policy. CEO Mark Zuckerberg reaffirmed Meta's commitment to leading in artificial intelligence, significantly boosting spending on AI development, including enhancements to its social media platforms and advertising tools. Meta increased its full-year capital expenditure forecast to $64-$72 billion to support its AI initiatives, including data center investments and infrastructure hardware. New AI products such as the Llama 4 model, a standalone AI assistant app, and the Llama API for developers demonstrate its ambition to compete with OpenAI, xAI, and Microsoft. Zuckerberg highlighted monetization potential for AI, from advertising to premium services. Despite revenue impacts from reduced Asian advertiser spending and ongoing regulatory challenges in the U.S. and Europe, Meta remains optimistic. The company is currently facing legal action from the FTC over monopoly allegations and anticipates regulatory risks from the EU’s digital markets act.
4. <https://www.axios.com/2025/04/30/microsoft-earnings-meta-platforms-facebook> - This article reports that Microsoft and Meta Platforms (owner of Facebook) reported strong earnings, leading to a jump in their stock prices despite ongoing economic uncertainties linked to President Trump's trade war and associated tariffs. This positive performance counters broader concerns in the market about potential slowdowns. Meta revised its 2025 capital expenditure forecast upward to $64-$72 billion to support increased investments in AI-related data centers and infrastructure. Meanwhile, Microsoft's cloud services, especially its Azure platform, saw a 22% increase in revenue, boosting overall performance. Following these announcements, Microsoft shares rose by 5.5% and Meta's by 3.3% in after-hours trading. Nevertheless, Microsoft highlighted continued elevated inventory levels in its Windows OEM and Devices segment due to tariff-related uncertainties, signaling that trade policies are still affecting specific business areas.
5. <https://www.ft.com/content/634b7ec5-10c3-44d3-ae49-2a5b9ad566fa> - This article reports that in 2025, Big Tech companies are expected to collectively spend over $300 billion on artificial intelligence (AI) infrastructure, with Amazon spearheading the investment at over $100 billion. This substantial increase in expenditure follows a 63% surge in 2024, where the combined capital expenditure of Microsoft, Alphabet, Amazon, and Meta reached $246 billion. Despite market concerns and the introduction of a cost-effective AI model from the Chinese start-up DeepSeek, which led to significant market value losses for Microsoft and Alphabet, these tech giants remain committed to advancing their AI capabilities. Google plans to increase its investment to $75 billion, while Microsoft is set to spend $80 billion on its Azure platform. Amazon predicts its spending will exceed $100 billion, primarily in data centers. Meta's AI investments were positively received, with a focus on improving ad targeting on its platforms. Additionally, AI-driven companies, including OpenAI in partnership with SoftBank and Oracle, are set to invest heavily in AI infrastructure, indicating a robust commitment to leading the AI sector.
6. <https://www.theregister.com/2024/04/25/facebooks_value_plummets_as_zuckerberg/> - This article reports that Meta's shares tumbled after company boss Mark Zuckerberg said the quiet bit out loud: it will take a while before AI bets start paying back the huge financial investments it is making. At first glance, results for the first calendar quarter of 2024 looked promising. Revenue was up 27 percent year-on-year to $36.5 billion, operating profit almost doubled, climbing 91 percent to $13.8 billion, and operating margin jumped from 25 percent to 38 percent. Analysts would also normally have looked kindly upon the 10 percent drop in headcount, down to 69,329 by March 31, 2024. However, an otherwise rosy set of results was blighted first by the admission that Meta expects losses from its VR division, Reality Labs, to continue increasing – the operating loss was $3.8 billion for Q1 – and capital expenditure for 2024 is to increase from between $30-$37 billion to $35-$40 billion "as we continue to accelerate our infrastructure investments to support our artificial intelligence (AI) roadmap."
7. <https://news.google.com/rss/articles/CBMiogFBVV95cUxNTHNpbHl6Vkhwbk5HamtBRmdVZU5hb2RXNE1rX1kybjhhM041ZUY3a2I0dnNOU2E4V0t5ZTUtVC1EQ2JvSzVPNnhBajNqU3I1cUtnM0c2eGEtVVV2YzZnbE5CWlc5djc4Z2pZUlhNaG92eGZMYnhRYi13Q1pwV1FCakhLeTZHSFlWR0NZMUJWeHNKem9MSlkzUmdIZWp0WUw0TVE?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data