



Snapchat (SNAP) 2019 Q1 Earnings Summary

May 2019

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Key Takeaways



Snapchat Has Launched A Gaming Platform To Increase Engagement Amongst Their Core User Base

GAMING

- **Recently launched Snap Games, which allows their community to play high-quality mobile games with their friends in real time through their chat service**
 - Focused on unique gaming experiences designed specifically for their platform and community with communication between friends and thoughtfully integrated monetization
 - Over the long term, it may create more monetization opportunities around the communication side of their business

ADVERTISING

- **Healthy engagement from the community is important as increased engagement opens up available ad inventory**
 - Have the potential to attract incremental online video budgets into their hand-curated, brand-safe environment
- **The #1 hurdle is that their ad formats are different than you would traditionally see on desktop, television or other digital**
 - Working very hard to help advertisers create these assets and then automate it in simple and scalable way
 - Will become less of an issue as these vertical formats become more and more common across the overall advertising ecosystem

USERS

- **Have achieved significant reach with millennials and Gen Z in key markets like the U.S. where they reach 75% of all 13-34 year olds**
 - Time spent remains over 30 minutes per user per day and there's lots of opportunity to grow
- **As they look at expanding their audience, they are most focused today on the international audience that's 13 to 34**
 - Know that their product really resonates with their core demo and are going to focus their efforts there
 - The age-out strategy is a longer-term strategy and requires more investments in content and AR experiences that appeal to that demo

CONTENT

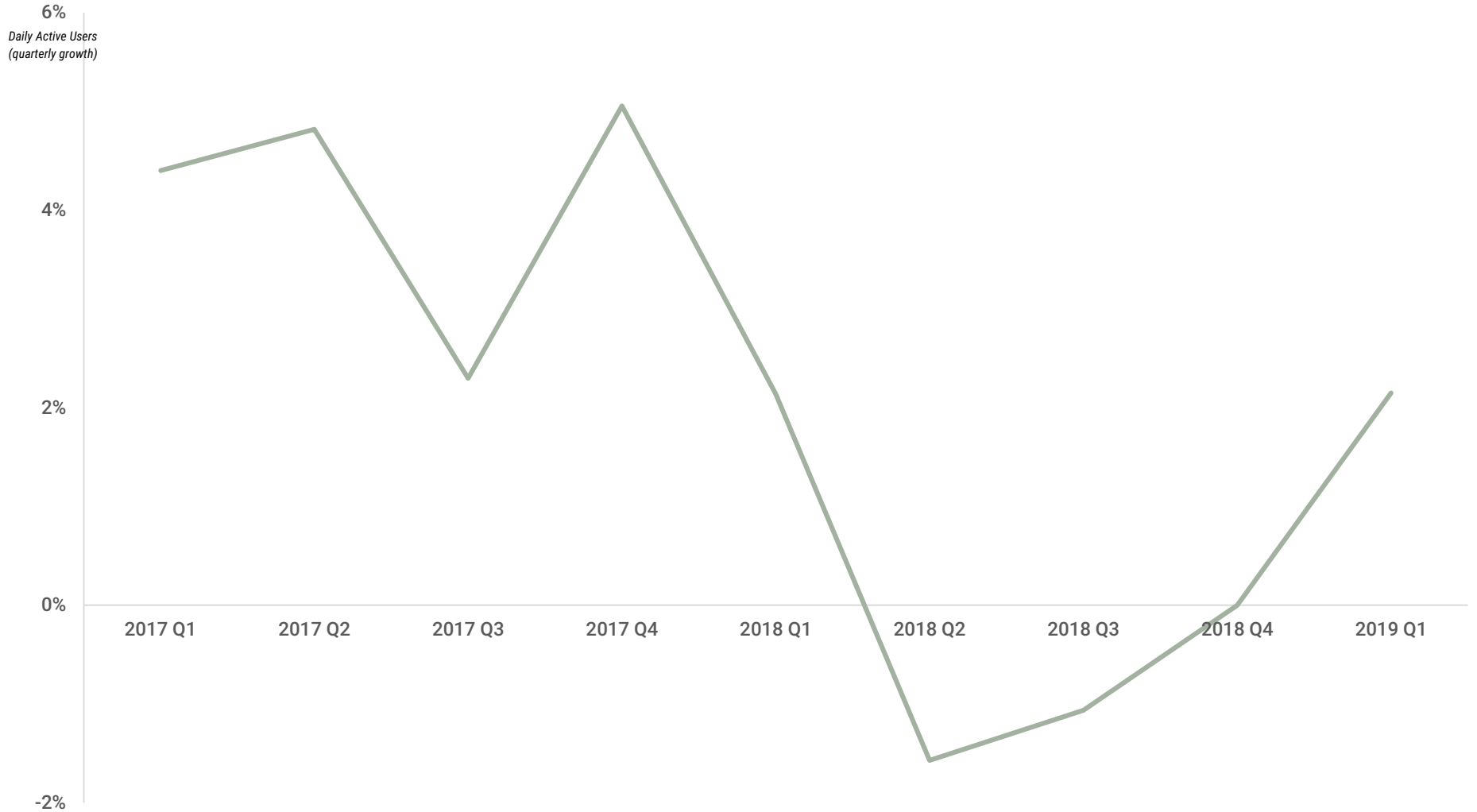
- **Have been focused on broadening their content offerings and growing engagement**
 - Doubled the number of non-U.S. partners they work with in the past 6 months
 - Launched over 50 new Shows and Publisher Stories in international markets in Q1
 - Will be launching 10 new original shows while also renewing some of last season's hit shows
 - Growth in engagement is benefiting their content partners who have been able to reach a new audience on Snapchat

The integration with 3rd party publishers will help boost the presence of the platform with older audiences

DAU



There Has Been A Return To User Growth After Going Through Several Iterations Of Redesigning The App

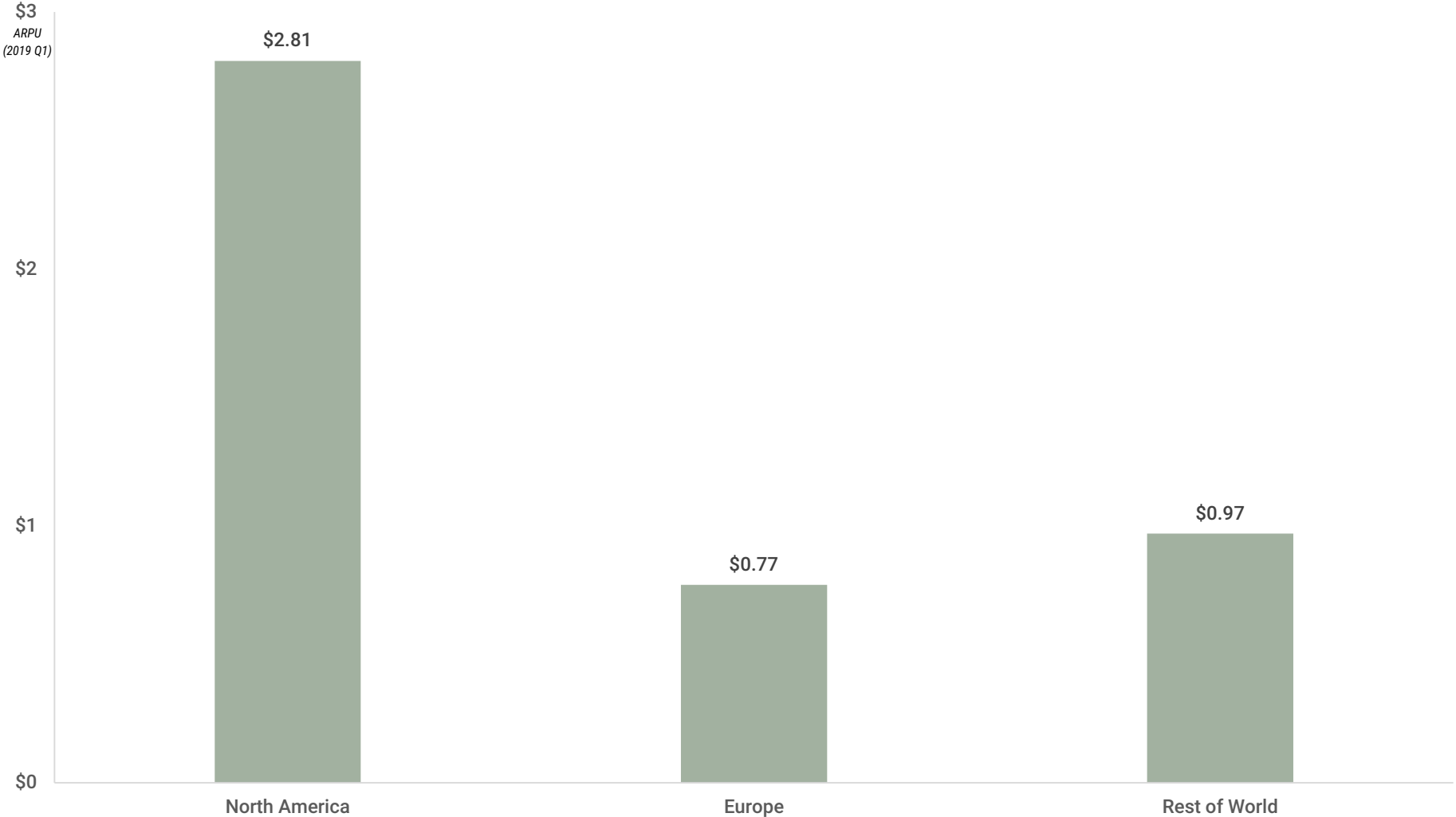


As a communication tool, it's proven difficult to expand to older demographics who do not know others on the platform

ARPU



After Releasing Their New Android Version, International Revenues Should Start To Steadily Grow

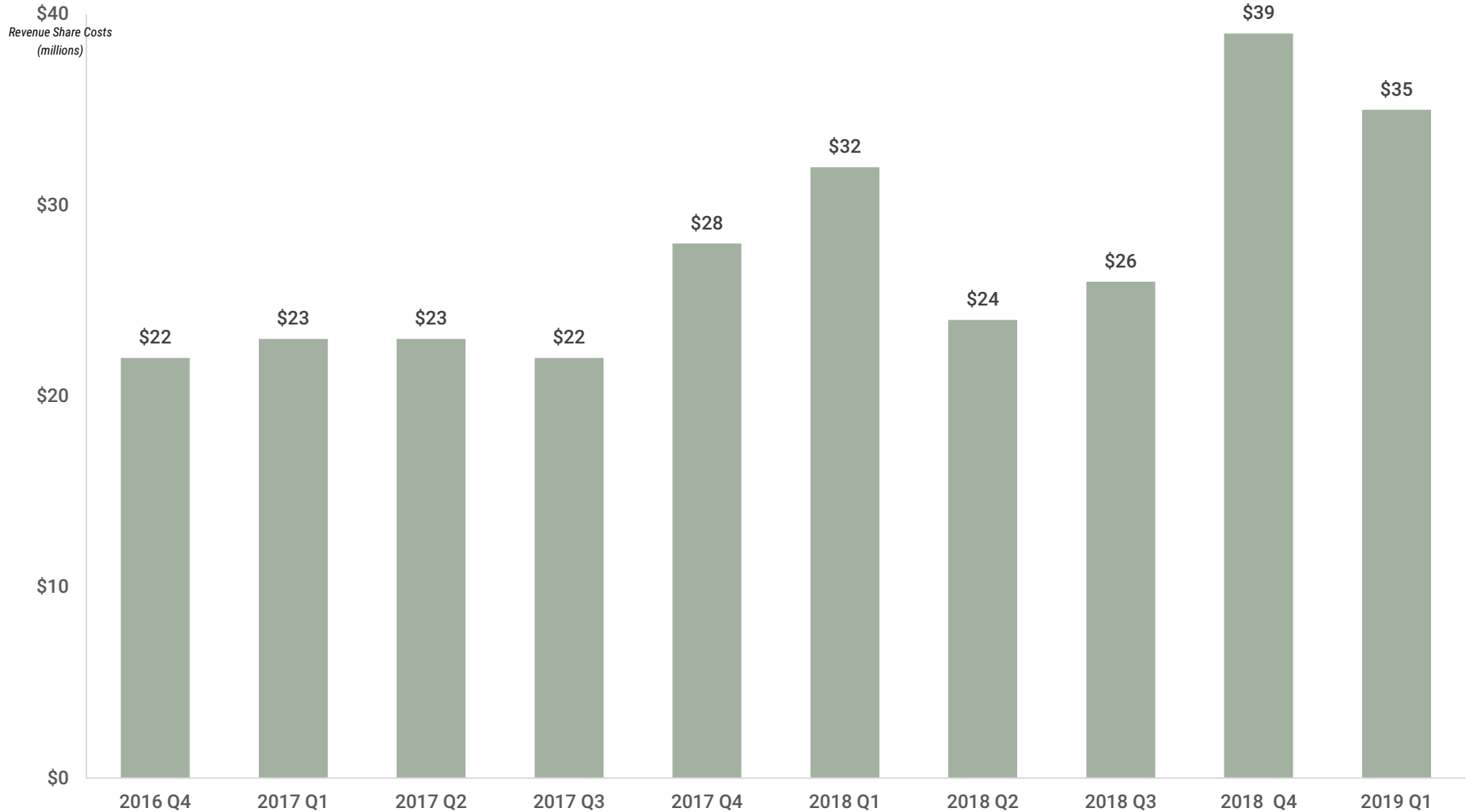


The reorganization of their ad sales team will allow them to work closer with advertisers to optimize ROI

Revenue Share



Content Offerings Are Still Mainly Experimental As Mobile Vertical Video Is Still In Its Infancy



New advertising formats, such as Commercials, can entice brands who want to reach the coveted Gen Z audience