



Snapchat (SNAP) 2019 Q2 Earnings Summary

July 2019

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# Key Takeaways



**Snapchat Added 13M Active Users As Recent Improvements To The Application Have Begun To Pay Off**

## CONTENT

- **Working hard to grow a made-for-mobile content platform that serves their community, content creators and advertisers**
  - Improved content discovery through better rankings helps their community find content that appeals to them
  - Can maintain brand safety because content is curated by select community members as well as publishers participating in Discover
- **Investment in premium content has improved the quality of their platform with increasing engagement with longer-form content**
  - Focused on building loyalty and engagement through Show Profiles, where people can browse past seasons and manage their subscriptions

## USERS

- **Built a strong base with high penetration and retention in the U.S. and are working hard to expand to communities around the world**
  - Improvements on Android have made their product available to a much larger subset of the smartphone population globally
  - Investing a lot more in content, augmented reality experiences, and localizing the service in different languages
- **Have an underlying momentum of user growth from all of the improvements that they have made to the app over the last year**
  - It's important to grow with the user base over time as Gen Z begins to develop lifelong habits and brand affinity

## PRODUCT

- **Strategy is to continue driving innovation in fundamental AR technology and believe they are barely scratching the surface**
  - Building a platform for creators and partners to power augmented reality experiences for their community
- **Lens Studio makes the AR creation process easier and provides more sophisticated tools to unlock community creativity**
  - New in-app features like creator profiles let people follow their favorite Lens creators and get notified about their latest creations
  - Saw more engagement with Lenses created by their community in Q2 2019 than the entirety of 2018

## ADVERTISING

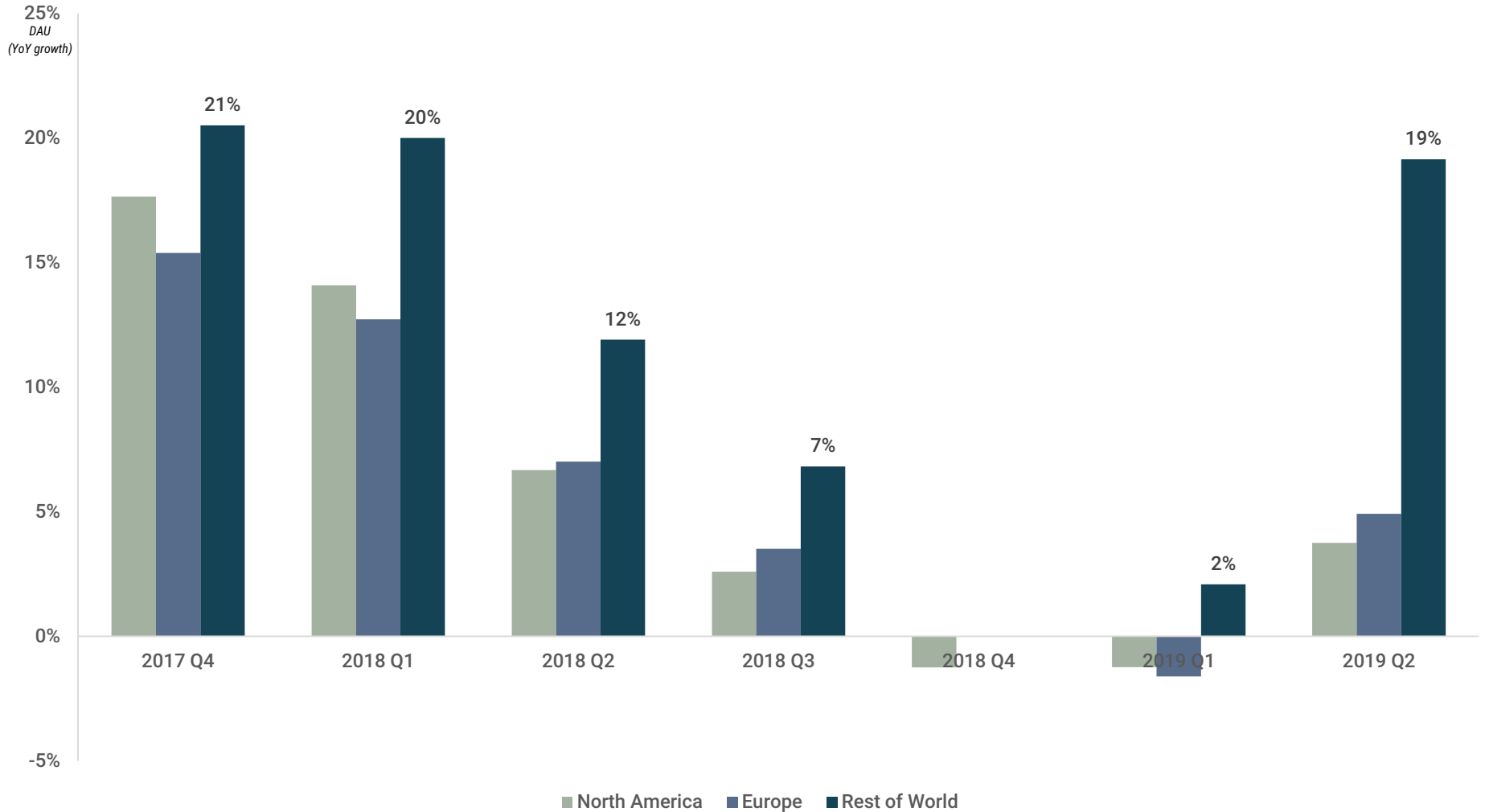
- **The single biggest driver for revenue in the short to medium term will be increasing the number of active advertisers**
  - Advertisers retain well and generally increase their spend as they continue to demonstrate consistent, meaningful ROI
- **Product is evolving from a power user tool for advanced marketers to one that serves businesses of all types and sizes**
  - Building integrations with third-party channels to make buying, measurement and campaign management significantly easier
  - Putting sales and marketing functions in place to help onboard and support this broader base of advertisers

*The deletion of user content after viewing has allowed them to escape recent regulatory scrutiny of tech companies*

# DAU



## The Release Of Their Rebuilt Android Application Has Had An Immediate Impact In Emerging Markets

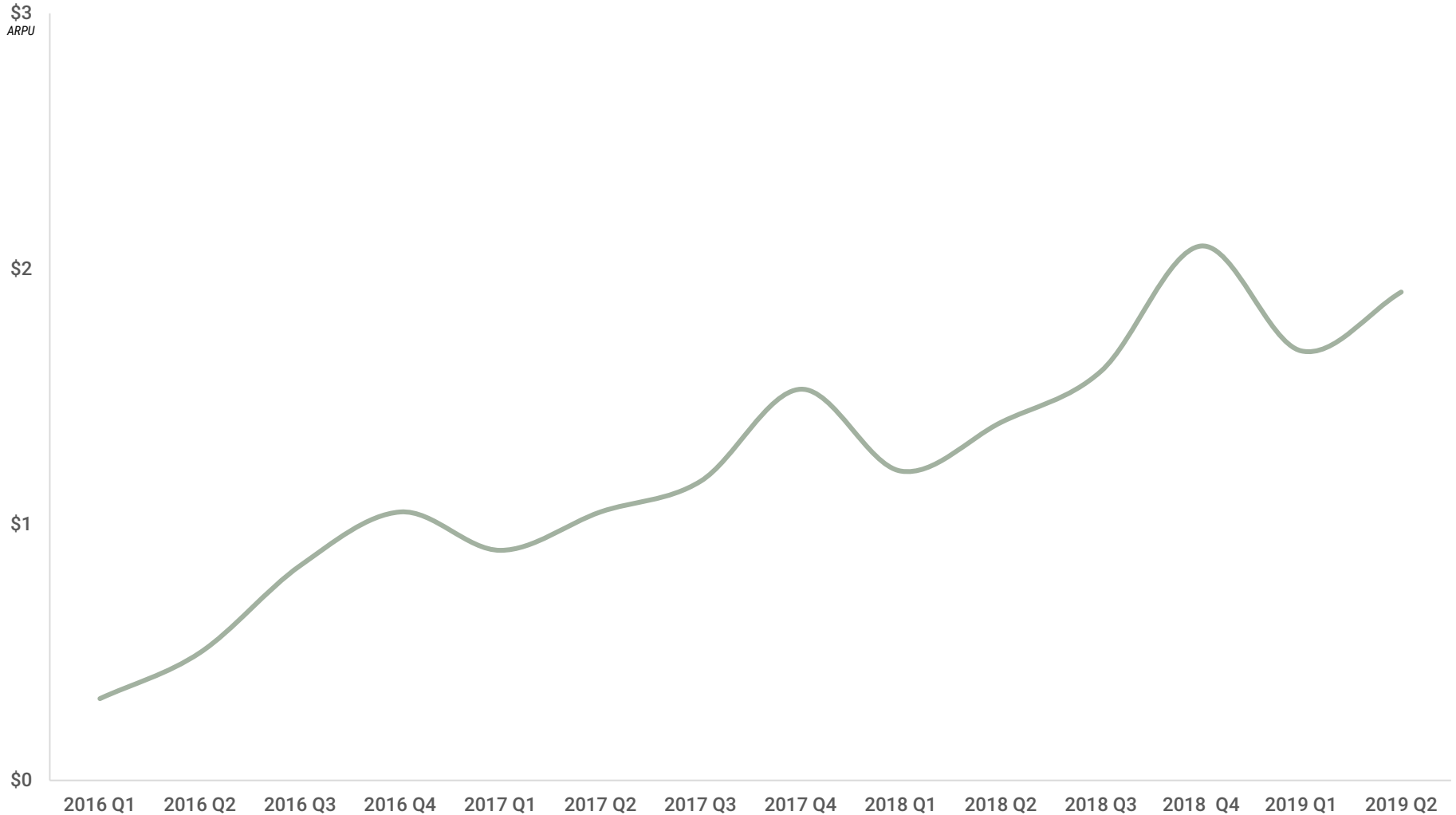


*Partnerships with global telcos will help manage hosting costs and improve the product in areas with low-quality service*

# ARPU



There Is Positive Momentum With Vertical Video As The Broader Industry Adopts These Ad Formats

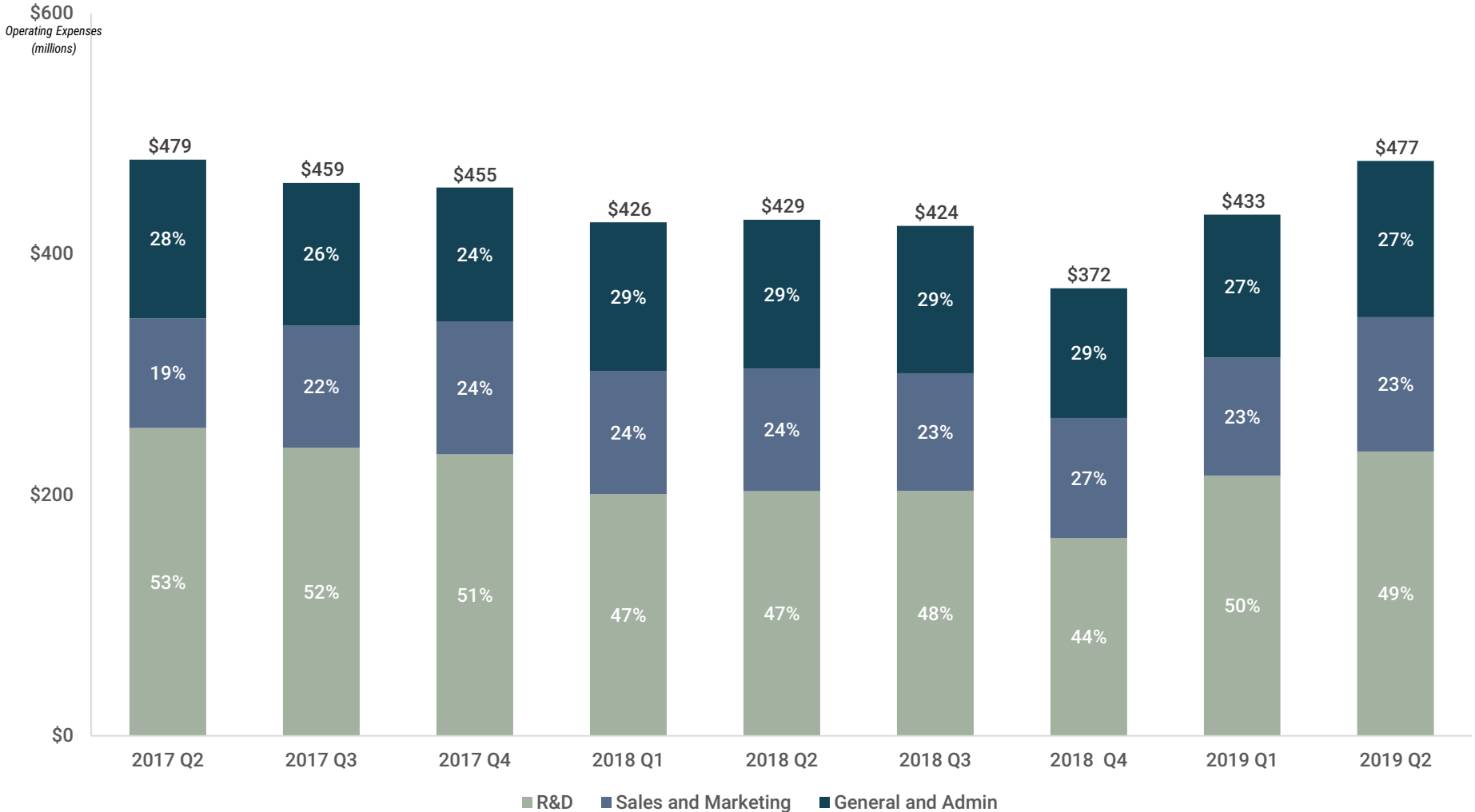


*Further improvements of self-service tools will be necessary to expand their advertiser base to small businesses*

# Operating Expenses



R&D Expenses Will Accelerate As They Continue To Innovate Around AR And, More Recently, Social Gaming



*There are plans to grow their talent base and make targeted investments in marketing in the second half of 2019*