



Snapchat (SNAP) 2019 Q3 Earnings Summary

October 2019

[Sign Up For Additional Research From Evolution Media Capital](#)



Snapchat (SNAP) 2019 Q3 Earnings Summary

October 2019

Key Takeaways



After Stabilizing The Product, The Focus Is On Improving Monetization By Growing Advertiser Demand

ADVERTISING

- **The #1 priority and their biggest opportunity is to bring more advertisers onto the platform and plan to do that in 4 key ways**
 - Demonstrate the value of their large, unduplicated and otherwise hard-to-reach audience of Gen Z and millennials
 - Launch innovative ad products that allow advertisers to reach their audience in an effective and immersive way
 - Relentlessly deliver ROI and help advertisers measure their campaigns in the ways most meaningful to them
 - Better service more advertising partners by improving sales and marketing functions, expanding go-to-market operations and activating key partnerships

CONTENT

- **App redesign last year paved the way to invest more in premium content while supporting relationships between real friends**
 - Very excited about the relationship between the 2 in terms of what they unlock for time spent and for monetization
- **Doubled the number of media partners distributing content, while simultaneously deepening relationships with their larger partners**
 - More than 100 Discover channels reached a monthly audience of over 10 million viewers in Q3
 - Total time spent watching Discover increased 40% year-over-year, and in the U.S., roughly 80% of DAU are on the Discover content platform

INTERNATIONAL

- **Following the rebuild of their Android app, they are now more performant on a wider variety of devices**
 - Substantially increased the rate at which they onboard new Android users who not only download Snapchat but also use it on an ongoing basis
- **Continuing to invest in major improvements to their back end services to better serve their community around the world**
 - Doubling down on efforts to localize the product experience through language support, local content and local partnerships
 - More penetrated in North America and Europe, so the opportunity set in the rest of the world is higher and they are gaining momentum

AUGMENTED REALITY

- **Smartphone-based augmented reality will be an important driver of their business over the coming years**
 - Provides real utility for their community and real results for advertisers, making it a natural growth opportunity
 - Have been investing heavily in tools like Lens Studio and evolving the ways that they distribute Lenses through products like Scan and AR Bar
- **Took an important step forward towards with the recent release of Spectacles 3, their new camera glasses**
 - Building low volumes of Spectacles 3 and using this iteration to test and learn more about wearable computing

The primary short-term goal is to make augmented reality easier to create, easier to monetize, and more personalized

Revenue Sharing



Content Costs Will Continue To Scale As More Video Providers Are Finding Success On The Platform

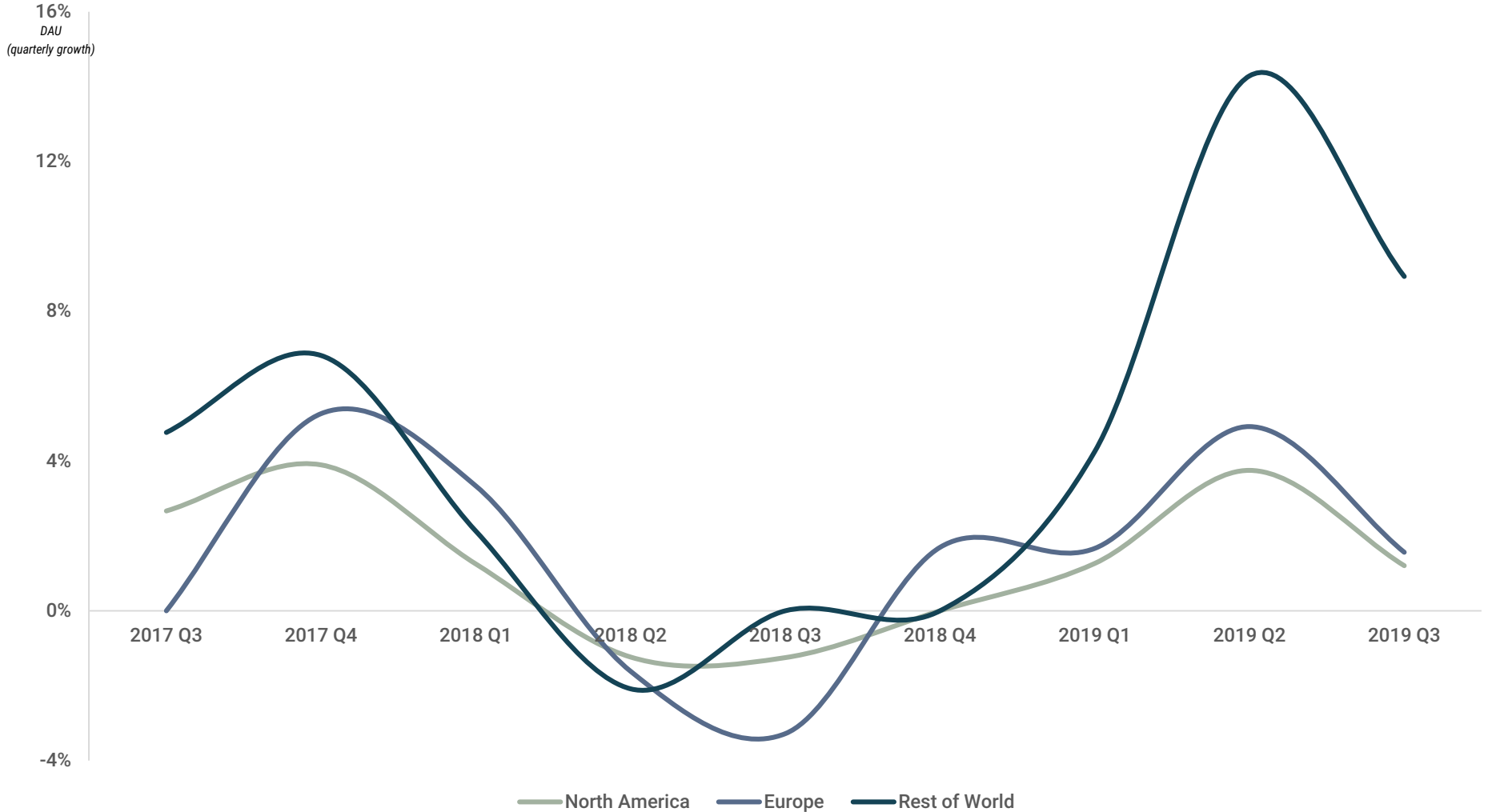


Increased competition from TikTok and others can further stimulate the broader growth of mobile video consumption

DAU



The Lengthy Process Of Rebuilding The Android App Is Starting To Pay Dividends In International Markets

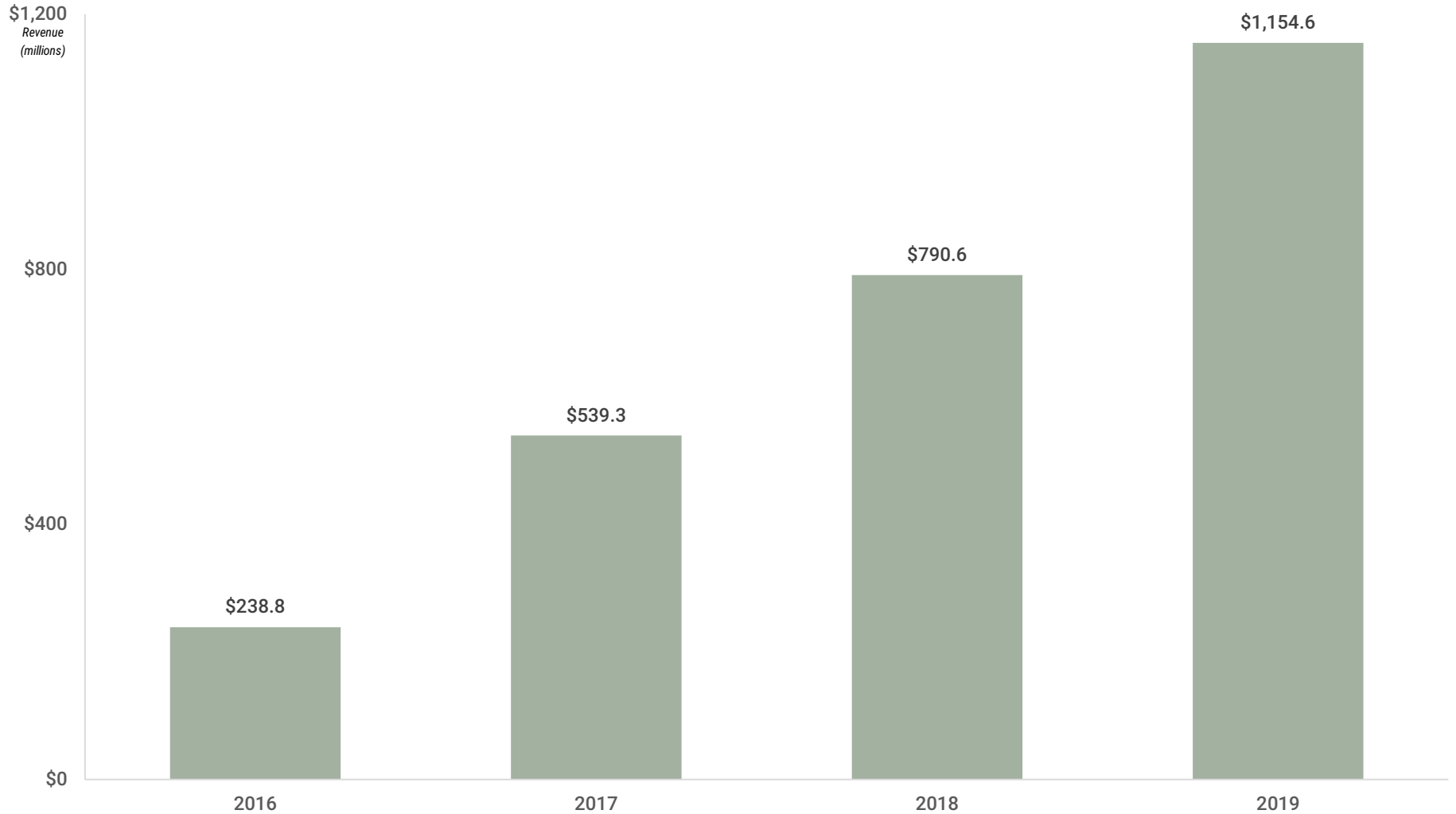


In more penetrated markets, new features (i.e. maps and gaming) are crucial to bringing more users onto the platform

Revenue



Reorganized Sales Team Is Crucial To Ensuring Advertisers Are Receiving ROI From Innovative Ad Products



Concentration on mobile video advertising gives them an advantage as more legacy media companies shift to OTT

Note: Revenue figures are Q1 to Q3