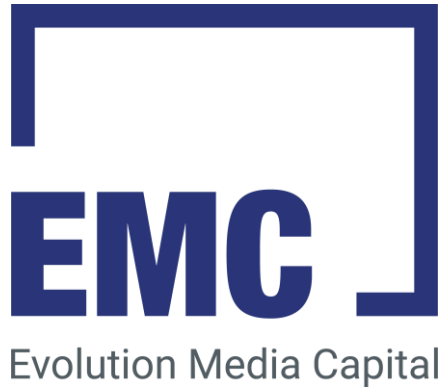


Snapchat (SNAP) 2020 Q1 Earnings Summary

April 2020

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Key Takeaways



Snapchat's Shift To Direct Response Ads Is Starting To Pay Off As They Can Deliver More Efficient Buys

ADVERTISING

- **Seeing bright spots amongst direct response advertisers, especially those who provide products that are enjoyed at home**
 - Pivoted quickly to focus on categories that are best positioned in current environment, such as gaming, home entertainment, e-commerce and CPG
- **Continue to see huge opportunity as they translate measurement and optimization improvements into meaningful conversions**
 - Direct response advertising has nearly doubled as a share of revenue over the past 2 years and represents more than half of their total revenue
 - Year-over-year growth in January and February was approximately 58% before declining to approximately 25% in March

CONTENT

- **Using data to drive investments in Discover by regularly adding new channels to serve the varied tastes of their audience**
 - Take a targeted approach to growing time spent on Discover amongst various demographics and geographies
 - Total daily time spent by Snapchatters over the age of 35 watching Discover content doubled year-over-year in Q1 2020
- **Daily originals have continued production from home, but there are non-daily originals shows where production has been delayed**
 - Expected timing is normal release volume through June, slightly lighter release volume in July/August and then more releases in the fall

USERS

- **People are increasingly turning to digital behaviors across every aspect of their lives, including communication, commerce, entertainment, fitness and learning**
 - This will accelerate the digital transformation across businesses and heightened levels of activity will lead to a sustained uplift over time as the Snapchat generation is digitally native and adopts new technology quickly
- **Seeing sustained communication volumes on their service that eclipse the peaks during major holidays**
 - Communication with friends increased by over 30% and time spent is up over 20% in the last week of March compared to the last week of January

PRODUCT

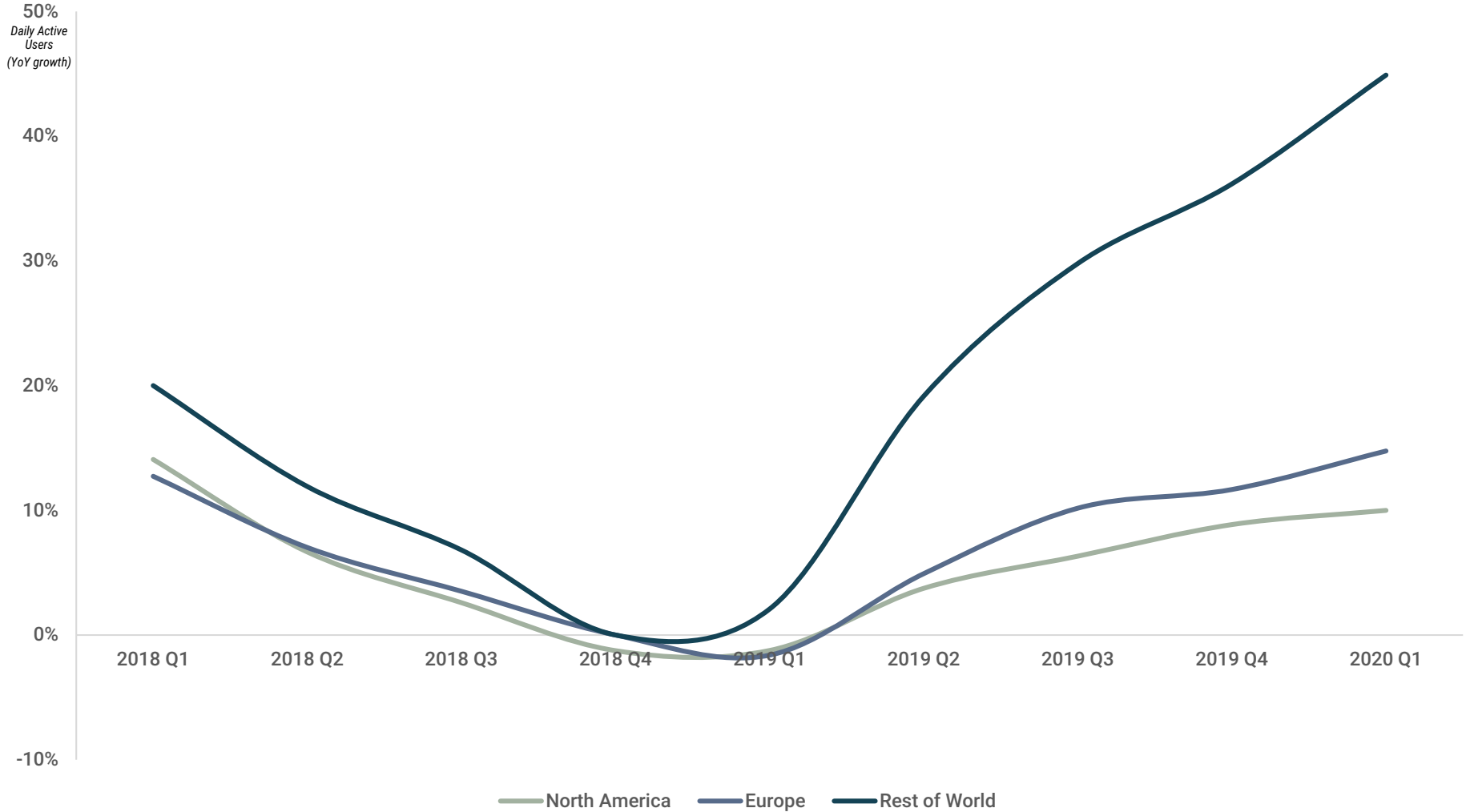
- **Recent acceleration in adoption of communication technology and AR will support longer-term trends in engagement growth**
 - Investing a lot in is this transition from augmented reality being something entertainment-based to something that provides increasing utility
 - Augmented reality is the future of computing and holds tremendous potential for experiential, immersive advertising
- **See accelerated adoption in games, especially from folks who are discovering them for the first time and playing with their friends**
 - Launched 5 new games this quarter and saw average daily time spent in games more than double in the month of March

Ability to reach 90% of Gen Z, who is building brand loyalty, makes them an extremely attractive partner for advertisers

DAU



With A Revamped Android App, They Are Investing A Lot Of Resources To Grow Engagement In India



Infrastructure improvements have made the product stickier as they enter emerging markets with lower quality networks

Revenue



Brands And Agencies Are Increasingly Utilizing An Always-On Approach To Maximize ROI On The Platform

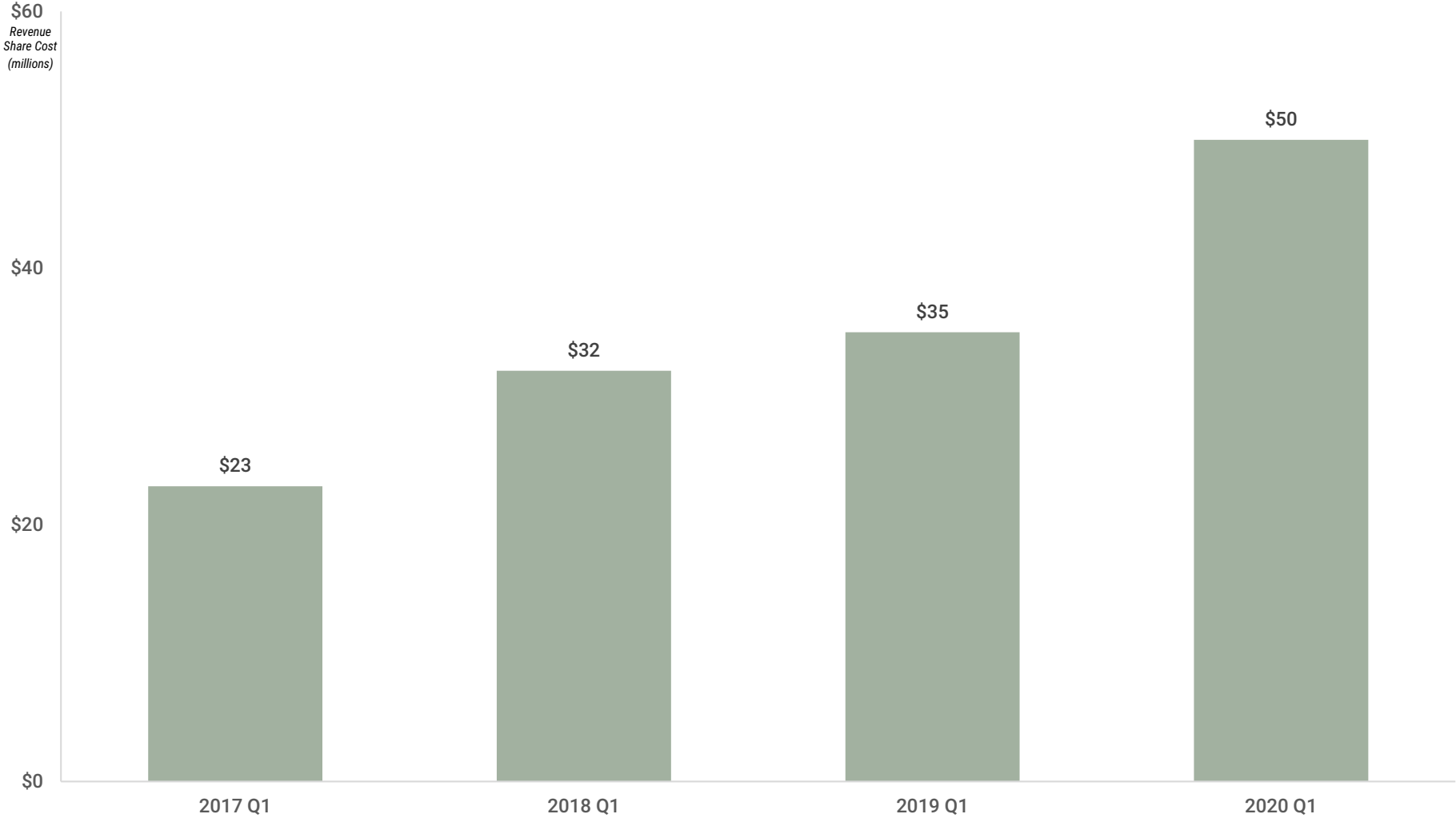


Large-scale branding events, such as the Olympics or March Madness, are less essential to the growth of ad revenue

Revenue Share Cost



Video Is One Of Their Top Priorities And They Are Doubling Down On Investments In Premium Content



Introduction of new ad formats that resemble television spots will help accelerate the shift of ad dollars away from linear