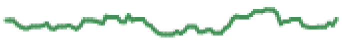
Snap Today



Snap Inc. SNAP

Snap

$9.36

-3.46 (-27.00%)

52-Week Range
$8.28

▼

$17.90

Price Target
$15.11

Add to Watchlist

Snap Inc. NYSE: SNAP, the parent company of the popular quick messaging app Snapchat, saw its stock drop in after-hours trading following the release of **Snap’s earnings** report for the second quarter of 2024. Despite exceeding expectations in certain areas, **Snap’s stock** is projected to open down over 20% on Friday, highlighting investor concerns about the company’s future growth prospects. Snap’s stock is known to be highly sensitive to earnings reports. The company’s share price often reacts dramatically to its quarterly results, reflecting **investor sentiment** and confidence in its future performance.

Get **Snap** alerts:

Snap Crackled and Dropped on Q2 Earnings

Snap Inc.'s financial report for the second quarter of 2024 presented a mixed performance, showcasing areas of positive growth alongside key areas that missed **Snap’s analyst** community expectations. While the company achieved positive results in certain areas, falling short of revenue projections raised concerns about the company's ability to sustain its **growth trajectory**.

Snap's total revenue for the second quarter reached $1.24 billion, reflecting a 16% year-over-year increase. This revenue growth, while positive, represents a slight deceleration compared to the 21% growth recorded in the first quarter of 2024. The company's net loss for the quarter amounted to $249 million, showing a 34% improvement compared to the same period in the previous year. Additionally, adjusted **EBITDA** came in at $55 million, a significant increase from the -$38 million reported in the second quarter of 2023.

A key highlight of the report was Snap's continued user base expansion, which demonstrated the company's ability to attract and retain users on its platform. The company reported that its Daily Active Users (DAUs) reached 432 million in the second quarter, a 9% year-over-year increase. Furthermore, Snap reported exceeding 850 million Monthly Active Users (MAU) during the quarter, demonstrating continued platform engagement. The company also saw significant growth in its premium subscription service, Snapchat+, with over 11 million subscribers.

Snap's CEO, Evan Spiegel, highlighted its commitment to expanding its user base and bolstering its advertising platform. He stated, "Our community grew to reach more than 850 million monthly active users in Q2, with more than 11 million Snapchat+ subscribers. We continued to scale our advertising platform with active advertisers more than doubling year-over-year."

These figures underscore Snap's efforts to **diversify revenue streams** and cultivate a more robust advertising platform. However, the company's focus on growing its user base and enhancing its advertising capabilities must be viewed in the context of the highly competitive **social media** and **tech sectors**.

Snap's Future Guidance: The Source of Investor Concern

Snap MarketRank™ Stock Analysis

Overall MarketRank™
    3.01 out of 5

Analyst Rating
    Hold

Upside/Downside
    52.1% Upside

Short Interest
    Bearish

Dividend Strength
    N/A

Sustainability
    N/A

News Sentiment
    -0.13 

Insider Trading
    Selling Shares

Projected Earnings Growth
    Growing

See Full Details

Despite the positive aspects of the Q2 earnings report, Snap’s forward guidance for Q3 2024 was the primary driver behind the stock’s decline. The company projected its daily active users to reach 441 million in Q3, representing a 9% increase from Q2. However, its revenue guidance for the quarter fell short of analyst expectations. Snap expects its Q3 revenue to range from $1.33 billion to $1.37 billion, implying year-over-year revenue growth of 12% to 16%.

The revenue guidance disappointed investors, particularly the lower end of the range. Analysts had anticipated that Snap would achieve a higher revenue growth rate. This shortfall in revenue guidance indicates that Snap's growth trajectory might be slower than previously anticipated, leading to concerns about the company's ability to generate substantial revenue growth in the near future.

Snap's Strategy: Investing in the Future

Snap's strategy focuses on two key areas: expanding its user base and enhancing its advertising platform to attract more advertisers and drive revenue growth. The company is investing heavily in **augmented reality** (AR) technology to create immersive experiences and engaging content for users. The company is also working to integrate AR features into its advertising platform to provide advertisers with new ways to reach users and enhance brand engagement.

Snap is also developing new features and tools to improve user experience and increase engagement. The company aims to create an entertaining and informative platform, allowing users to connect with friends and family, discover new content, and stay informed about the world around them.

However, Snap faces stiff competition from established social media giants like Facebook (owned by **Meta Platforms NASDAQ: META** and TikTok. These platforms boast significant user bases and advanced advertising capabilities, presenting a considerable challenge for Snap as it seeks to capture a larger market share.

Importance of Snap's Upcoming Partner Summit

Snap's Q2 earnings report paints a mixed picture, highlighting both areas of strength (user growth, adjusted EBITDA) and concern (revenue guidance). The stock's decline reflects the market's caution about the company's future growth prospects and ability to sustain its past growth rates.

Investors should carefully monitor Snap's upcoming Partner Summit on September 17th for further updates on the company's strategy and any potential changes in direction. The Summit will be a crucial opportunity for investors to understand Snap's long-term vision and plans to better navigate the evolving social media landscape. The market's response to the Summit will be crucial for determining Snap's future trajectory and ability to regain investor confidence.

Snap Inc. (SNAP) Price Chart for Saturday, August, 3, 2024