

## Oh Snap? After bursting out of the gate, shares give way

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In this March 2, 2017 file photo, a banner for Snap Inc. hangs from the front of the New York Stock Exchange, in New York. Snap's stock may be heading for an opening below its first day closing price for the first time as people try to determine the tech company's worth. Shares are down more than 3 percent to \$23.00 in premarket trading on Tuesday, March 7. (AP Photo/Mark Lennihan)

Anyone wanting to invest in the company that owns Snapchat now has an opportunity to do something that early investors were unable to do: buy

shares for less than they cost on the first day of trading three days ago.

After tumbling 12 percent Monday, shares of Snap Inc. fell another 11 percent in early trading Tuesday, to \$21.10.

Snap priced its initial public offering of 200 million shares at \$17 each. Shares opened at \$24 apiece Thursday and jumped 44 percent on its first trading day.

Industry analysts grew leery of slowing user growth numbers last year and everyone is now trying to figure out the value of a young company that is quickly catching up to Twitter in the number of people who use it.

The IPO of the Los Angeles company was the most anticipated arrival since Twitter Inc. entered the public market in 2013.

In a recent filing with the Securities and Exchange Commission, Snap said that it had 158 million daily users in its fourth quarter, up 48 percent from the prior-year period. But Wall Street has become skittish about future growth.

Whereas user growth expanded in each consecutive quarter of 2015, that expansion began to slip in each consecutive quarter of 2016, hitting just 5 million new users in the final quarter of the year.

That was half the user growth in the final quarter of 2015.

Snap blamed the slowing growth late in the year on technical issues, saying the launch of several products and release of multiple updates hurt the performance of its Snapchat app.

It's been a mixed bag for social media. Where Facebook has soared, Twitter has struggled to find its way.

Mark Zuckerberg's company debuted on Wall Street in 2012. It has continued to enhance its social network and its ad revenue and user base has grown fast. Twitter, since its 2013 IPO, has experienced stalling revenue growth and the company, after the return of co-founder Jack Dorsey, has been forced to cut costs and shuffle leadership.

Twitter is now valued at \$11 billion, while Facebook is valued at \$395 billion.

Snap, upon its IPO, became more valuable than the stalwarts like American Airlines, Macy's and Xerox.

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