

Snapback for Snap on upside revenue surprise

February 6 2018



Snapchat parent Snap Inc. got a lift from its fourth quarter results, showing revenue growth better than expected

Snapchat parent company Snap Inc. saw a big snapback in shares Tuesday as the youth-oriented social network reported stronger-than-

expected revenue growth.

Snap shares lifted 18 percent in after-hours trade to \$16.62 following the fourth quarter update for the company known for its ephemeral smartphone messages and other online content.

The company reported its loss widened to \$350 million in the last three months of 2017 after a \$170 million deficit a year earlier.

But revenues were better than expected, jumping 72 percent year-on-year to \$286 million.

The number of daily active users of the Snapchat application rose to 187 million, a gain of 8.9 million in the quarter and up 18 percent from a year earlier.

"Our business really came together towards the end of last year and I am very proud of our team for working hard to deliver these results," said founder and chief executive Evan Spiegel.

"We executed well on our 2017 plan to improve quality, performance, and automation, which removed friction from our advertising business and improved our application for the Snapchat community."

Snap said the average revenue per user rose 46 percent from a year ago to \$1.53, offering some hope for reaching profitability.

Although Snapchat is best known for its smartphone messaging, it has also developed partnerships with media outlets eager to reach its audience with news, video and other content.

Snapchat has sought to distinguish itself from Facebook with a design that "separates social from media," according to Spiegel, who said this

helps avoid "many of the problems that arise when friends are commingled with professional content creators."

Spiegel said 90 percent of Snap ad revenues now come from its automated platforms, and said this system is likely to help boost growth.

"We ended 2017 confident that we can grow our Snapchat community and monetize our products more efficiently than ever before," he said.

"With our plans for user growth, augmented reality, and content in 2018, I have never been more excited about the future of our business."

Snap shares have tumbled since a keenly anticipated public offering in March 2017 at \$24, on concerns that it may not be able to keep pace with rivals like Facebook in the fast-evolving world of social media.

Snap has sought to boost engagement by offering new kinds of content, including snippets from sporting events and media partners.

NBCUniversal and Snap Inc last year announced a joint venture to produce original scripted shows for Snapchat.

Spiegel said the company has hired 2,400 employees over the past two years, an average of 100 each month.

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Citation: Snapback for Snap on upside revenue surprise (2018, February 6) retrieved 24 April 2024 from <https://phys.org/news/2018-02-snapback-snap-upside-revenue.html>

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