



Snap's [Q2 earnings](#) report was another failure on a long, downward path for the social media company as user growth slowed under the pressure of Instagram. Snap added 7.3 million daily active users to reach 173 million with a 4.2 percent growth rate, slower than the 5 percent growth that got it to 166 million DAU in Q1. Snap [missed](#) on revenue that reached \$181.6 million with a loss of  $-\$0.16$  earnings per share. That's compared to Wall Street's estimates of \$185.8 million in revenue and a loss of  $-\$0.14$  EPS plus 175 million users.

Snap lost \$443 million this quarter, up nearly 4X from \$116 million in Q2 2016, showing its marketing and sales expenses are ballooning despite it still missing on earnings.

Investors we spoke to wanted to see daily active user count grow 5 million, to at least 171 million, and average revenue per user above \$1.05 or \$1.10. Average revenue per user was actually \$1.05, up a strong 16 percent from Q1. Total revenue grew 153 percent year-over-year, up 21 percent from \$149.6 million in Q1 revenue. But with slowing user growth, that wasn't enough to satisfy investors.

Snap had closed at \$13.69 today just before earnings, and immediately fell more than 16

percent on the bad news, to hover just above \$11.50.