

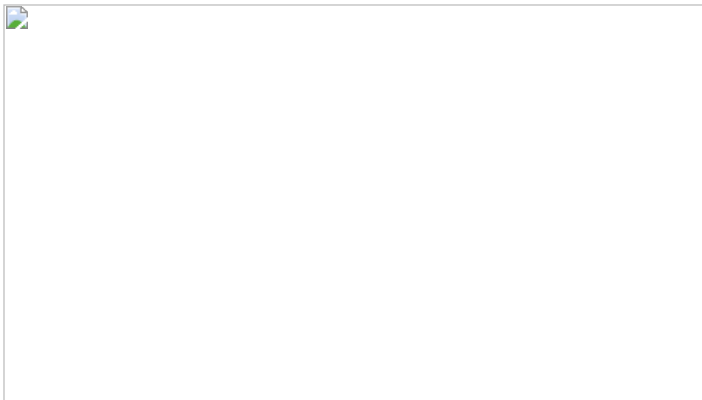
# Killing Silicon Valley Corruption: Snap is quickly running out of money



- "While it is obvious that Snap wasn't prepared for life as a public company, it now has a more pressing problem. It is quickly running out of money," analyst Michael Nathanson wrote Tuesday.
- Snap's stock, down more than 7 percent since Monday, hit a fresh all-time low Tuesday at \$7.12. That's more than 55 percent below its IPO price.

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Published 2 Hours Ago Updated 1 Hour Ago



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[Snap's](#) list of worries is growing longer: It's strapped for cash and will likely be forced to raise capital as early as mid-2019, according to one Wall Street research firm.

"While it is obvious that Snap wasn't prepared for life as a public company, it now has a more pressing problem. It is quickly running out of money," analyst Michael Nathanson of MoffettNathanson wrote Tuesday.

Nathanson cut his 2019 revenue estimates by 7 percent and his 2020 estimates by 15 percent, forecasting both slower user growth as well as slower revenue per user growth.

Snap did not immediately respond to CNBC's request for comment.

Chief Executive Evan Spiegel said in a recent memo to employees that he wants the company to turn profitable in 2019 and issued a host of new strategic goals for the struggling social media company.

The CEO critiqued Snap's recent app redesign, which drew outcry from users and contributed to the company's first decline in daily active users in the last quarter.

"In our excitement to innovate and bring many new products into the world, we have lost the core of what made Snapchat the fastest way to communicate," Spiegel wrote in last week's memo.

He also said the update was "rushed," and he detailed other problems with the app.

But despite management's call to refocus, Wall Street remains unconvinced.

Snap's stock, down more than 7 percent since Monday, hit a fresh all-time low Tuesday of \$7.04. That's more than 55 percent below its initial public offering price of \$17; Snap's first day of trading was March 2, 2017.

"Although Twitter pulled off a similar miracle, call us skeptical as – despite the memo – we don't have faith in Snap's leadership to navigate these rapids," Nathanson added.