



## Why Appian Stock Dropped 20% in September

### Description

### What happened

Shares of **Appian** ([NASDAQ: APPN](#)), a low-code software development platform provider, declined 20.1% in September, according to data from [S&P Global Market Intelligence](#). Nonetheless, in 2019, the [software-as-a-service](#) (SaaS) company's stock is still up a whopping 83.2% through Oct. 4.

For context, the **S&P 500** returned 1.9% last month and 19.6% so far this year.

### So what

There doesn't seem to be any company-specific news behind Appian stock's September drop. It was one of many highly valued growth stocks — particularly of companies that aren't profitable — in the tech sector that took sizable hits last month. We can probably attribute this dynamic to some investors rotating out of these types of stocks and into what they consider safer due to concerns about an impending recession or at least a slowdown in economic growth.

It's also likely that profit-taking was at play. After all, Appian stock ran up 51.4% in August, so some short-term traders surely took their fast profits.

Why the huge run-up in August? On Aug. 8, Appian released [second-quarter results](#) that easily beat Wall Street's top- and bottom-line estimates and delighted investors. Revenue grew 12% year over year to \$66.9 million, driven by a 41% jump in the higher-margin subscription revenue category. Adjusted net loss narrowed to \$6.6 million, or \$0.10 per share, from \$8.8 million, or \$0.14 per share, in the year-ago period.

### Now what

As I [wrote](#) last month regarding guidance:

For the third quarter, Appian guided for total revenue of \$65 million to \$65.5 million, representing growth of 18% to 19% year over year. Furthermore, it expects subscription revenue to come in between \$38.8 million and \$39 million, or grow about 32% to 33%. The company forecasts an adjusted net loss per share of \$0.16 to \$0.15.

Management also raised its full-year 2019 revenue projection and slightly lowered its bottom-line outlook. It now expects:

- Revenue of \$260.5 million to \$262.5 million, or growth of 15% to 16% year over year. Its previous guidance was for revenue between \$255 million and \$258 million.
- An adjusted loss per share between \$0.55 and \$0.51, which compares with an adjusted loss per share of \$0.54 in 2018. Its previous outlook was for an adjusted loss per share of \$0.55 to \$0.50.

Appian hasn't yet announced a date for the release of its Q3 results, but investors can probably expect it to be in early November.

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