



Ouch! Why Twitter Stock Was Slammed on Thursday

Description

What happened

Shares of social network **Twitter** ([NYSE: TWTR](#)) took a hit on Thursday, falling as much as 19.9%. As of 11:00 a.m. EDT, the stock was down about 19%.

The stock's slide follows the company's worse-than-expected third-quarter results. Adding to the disappointment, Twitter's fourth-quarter revenue outlook was weaker than analysts were anticipating.

So what

Twitter reported revenue of \$824 million, up 9% year over year. This was at the low end of [management's guidance range](#) for revenue between \$815 million and \$875 million and below analysts' average forecast for revenue of \$874 million. This revenue underperformance weighed on profitability, with the [growth stock's](#) non-[GAAP](#) (generally accepted accounting principles) earnings per share coming in at \$0.17, down from \$0.21 in the year-ago quarter. Analysts, on average, were expecting \$0.20.

Twitter's lower-than-expected revenue growth reflected "revenue product issues and greater-than-expected advertising seasonality in July and August," management said in the company's third-quarter shareholder letter. The company said some glitches it is dealing with in its revenue products reduced year-over-year revenue growth by 3 percentage points or more — and some of these issues are expected to impact Q4 as well.

Now what

Looking to Q4, Twitter guided for revenue to be between \$940 million and \$1.01 billion — below analysts' average forecast for revenue of \$1.06 billion.

"While we are taking steps to remediate these issues, we expect them to continue to weigh on the

overall performance of our advertising business in the near term,” said management.

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