



Why Pinterest Stock Soared 19% in August

Description

What happened

Shares of newly public social-media company **Pinterest** ([NYSE: PINS](#)) jumped 18.7% in August, according to data from [S&P Global Market Intelligence](#). For context, the **S&P 500**, including dividends, fell 1.6% last month.

While shares pulled back 11.8% during the holiday-shortened first week of September, they're still up more than 59% since the San Francisco-based company's April [initial public offering](#) at \$19 per share.

Pinterest's platform allows users to visually share — by “pinning” images and videos to their boards — and discover products and projects by browsing what others have pinned. As with social-media titan **Facebook**, the company makes it money from advertising.

Image source: Getty Images.

So what

We can attribute Pinterest stock's strong performance last month to the company's Aug. 1 release of second-quarter results that crushed Wall Street's expectations and to management increasing full-year 2019 guidance. Shares surged 18.6% on the day following the release.

In Q2, Pinterest's revenue soared 62% year over year to \$261.2 million, easily beating the consensus estimate of \$235.5 million. Revenue growth was driven by a 30% increase in monthly active users (MAUs) to 300 million and a 29% rise in average revenue per user to \$0.88.

As is typical for a newly public company, Pinterest isn't profitable. It posted an adjusted net loss of \$24.5 million, or \$0.06 per share, a 28% improvement from the year-ago period's \$34.2 million net loss. Nonetheless, the adjusted bottom line beat the \$0.08 loss-per-share that the Street was

expecting. On the basis of GAAP (generally accepted accounting principles), Pinterest turned in a net loss of \$1.16 billion, though much of that loss was due to expenses associated with the company's IPO.

Now what

For full-year 2019, Pinterest now expects revenue to be \$1.095 billion to \$1.115 billion, up from its previous outlook of \$1.055 billion to \$1.08 billion. It also guided for adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) of negative \$50 million to negative \$25 million, up from its prior expectation of negative \$70 million to negative \$45 million.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:PINS (Pinterest)

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Date

2025/09/30

Date Created

2019/09/09

Author

beth-mckenna

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