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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to Sogou's Fourth Quarter and Full Year 2019 Earnings Conference Call. (Operator Instructions) Today's conference call is being recorded. And if you have any objections, you may disconnect at this time.

I would now like to turn the call over to your host today, Jessie Zheng, Investor Relations Director of Sogou. Please go ahead.

Jessie Zheng - Sogou Inc. - IR Director

Hello, everyone, and thank you for joining Sogou's Fourth Quarter and Full Year 2019 Earnings Conference Call. On the call are CEO, Xiaochuan Wang; and our CFO, Joe Zhou. We'll give an overview of the operations and the financial results.

In line with our practice on the previous earnings conference call, Xiaochuan's prepared remarks will be made in Xiaochuan's voice using personalized speech synthesis and style transfer learning technology, which was developed by the Sogou Voice Interaction Technology Center. Xiaochuan will join the Q&A portion of the call in person.

Before management begins their prepared remarks, I would like to remind you of the company's safe harbor statement in connection with today's conference call.

Except for the historical information contained here, the matters discussed in this conference call are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore, you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those containing any forward-looking statements.

For more information about the potential risks and uncertainties, please refer to the company's filings with the Securities and Exchange Commission.

With that, I would now turn the call over to our CEO, Xiaochuan Wang.



Xiaochuan Wang - Sogou Inc. - CEO & Director

Thank you, Jessie, and hello, everyone. We maintained steady progress in 2019. Despite headwinds in the macro environment and online advertising industry in China, our total revenues increased 9% year-over-year to over RMB 8 billion and net income surpassed RMB 730 million for the year. This was primarily driven by our dedication to continuously drive organic traffic growth and unlock the monetization potential of our core user assets while, at the same time, further improving operational efficiencies.

By the end of 2019, Sogou Search remained China's second largest search engine, and our Search revenue continued to grow faster than the industry average.

Sogou Mobile Keyboard increased its base to 464 million DAUs, reinforcing its position as the third largest Chinese mobile app in terms of DAU according to iResearch. With respect to our Recommendation Service that leverages Mobile Keyboard, its revenue continued to experience robust growth. In addition, our Smart Hardware business maintained healthy momentum, thanks to ongoing upgrades to our AI offerings.

Now let me walk you through each of our core businesses, including Search, Mobile Keyboard and Smart Hardware.

In Search, on top of ongoing efforts to improve the quality of Search services, we also strengthened our content and service ecosystem during 2019.

On the content front, we made solid progress in building a more professional Search platform. For example, health care-related content on Sogou Search continued to be perceived as more reliable. Our intelligent Q&A provided users wider access to high-quality content, including that and WeChat Official Accounts, and Sogou Hao also further optimized its content ecosystem.

On the services front, we enhanced our offerings, starting with health care, to explore opportunities in smart [tiers] throughout the year with significantly improved user experience in health care search, and both average click-through volume and click-through rates per person recorded solid increases. Our top direct answer results reviewed a significant portion of our overall search results with a high level of accuracy. These initiatives have effectively boosted our organic traffic growth.

Turning to Mobile Keyboard. Over the past year, we launched a comprehensive set of upgrades, refining user perception of AI input with our smarter AI-enabled solutions that allow more efficient and accurate input. In particular, we released a number of product innovations which differentiate us from other players and expand our user base.

For example, Smart Wang Zai, an AI-enabled communication assistant within Mobile Keyboard that was launched in the third quarter of 2019, recommends to users a large variety of emoticons (inaudible) replies and comments to use in chat and online shopping. The recommended content has been used hundreds of millions of times per day on average, and the daily usage number keeps climbing. Another good example is our AI-enabled voice functions, such as voice conversion and personalized voice recognition, which effectively strengthened our user stickiness. By the end of December 2019, Sogou Mobile Keyboard processed 54% more daily voice requests on average year-over-year with up to 800 million requests per day, retaining our position as the largest voice recognition app in China.

On top of product upgrades, we have also strengthened our Recommendation Service that leverages Mobile Keyboard to further unlock its commercial value. In 2019, revenue generated from our Recommendation Service increased nearly 90%.

Going forward, we intend to tap into additional use cases for recommendation, better fulfilling users' various needs for information discovery while they are typing.

On Smart Hardware, we leveraged our AI technologies to further drive business upgrades. In 2019, we successfully launched a new, compelling product category, AI Smart Recorder C1 and C1 Pro, which led an AI-driven upgrading all costs the recording industry. The 2 products also topped the best-selling list on several mainstream e-commerce platforms. At the same time, we proactively established an AI innovation alliance with leading recorder players in China under which we have been able to capture an increasing number of users through opening up our so-called

transcription service. This also allows us to drive the AI evolution of traditional recorders and to explore a service-based business model in the future. Going forward, we will step up R&D efforts to diversify our product matrix and strengthen the pipeline.

Moving on to AI. In 2019, we made great advances across our core language-centric AI technologies, including voice, computer vision, machine translation and Q&A. In addition to empowering our core Search, Mobile Keyboard and Smart Hardware businesses, we also integrated the technologies into the industry-leading solutions, including Vocational Avatar and AI-powered simultaneous interpretation.

In particular, we further advanced Sogou Vocational Avatar with real-time human interaction feature. Moreover, we expanded the application of this into multiple sectors, including AI News Anchor for news broadcasting, AI Virtual Judge for legal services, AI Host for literature and entertainment events and AI Customer Service Avatar for financial services.

Our proprietary Vocational Avatar, Yanny, has successfully hosted multiple conferences recently and gained broad recognition among the industry.

In terms of Sogou Simultaneous Interpretation solution, we made substantial progress in utilizing our proprietary Context Engine, computer vision as well as AI self-learning capabilities in the latest upgrade. This means our solution is able to not only listen but also to see and think in real time during the interpretation process. This is the first of its kind in the market. As a result, the accuracy of interpretation results has increased 40%. In 2019, Sogou Simultaneous Interpretation solution supported nearly 50 conferences in the areas of technology, finance, sports and more.

Next, I'd like to talk about the impact of the recent COVID-19 outbreak. Before I begin, I want to say that our thoughts go out to those who have been impacted by the situation, our users, employees, business partners and the general public.

When the outbreak started, we donated RMB 13 million worth of cash and materials to aid the frontline medical staff in regions that have been severely impacted. We also pledged RMB 50 million to set up a special purpose fund, which will be used to help primary-level public health institutions tackle the critical issues faced with an emphasis on AI applications.

The Internet technologies have played an important role in resolving various difficulties during the outbreak. This has also created emerging opportunities for Sogou, which we can leverage to accumulate and cultivate additional users.

During the outbreak, benefiting from users' surging requests for finding reliable information and high efficiency, Sogou Search traffic reached a record high level. Of that, health care search traffic increased as much as 100% year-over-year, and online consultation volume rose a very substantial 400% year-over-year. Sogou Mobile Keyboard DAUs also booked a record high of 480 million with organic users growing significantly. The increases also resulted from our efforts as a major industry player to quickly mobilize our R&D and technological advantages to address the situation. We are pleased that this has enabled us to make constructive contribution at this challenging time as well as to boost our development in Search, feed and AI health care.

Let me give a few examples of our initiatives in relation to the outbreak. Sogou Search launched a series of functions which allow users to have quick, convenient and effective access to epidemic information. Functions like diagnosed patients, travel history search were the first of their kind in the market, which generated wide recognition among our users in the industry.

Meanwhile, we also facilitated the development of AI health care to serve our users during the outbreak by partnering with authorities, including China's National Health Commission. We launched an AI-enabled [intelligent] chat robot as well as an intelligent Q&A robot to alleviate the threat faced by primary-level health institutions, particularly in handling massive and repetitive queries about the epidemic.

Looking forward, the epidemic so far has caused significant interruption to businesses and economic activities across many industries in China, including online advertising industry. Sogou is not immune to the impact, and there will be a one-off, short-term dampening impact on our results in the first quarter of 2020. Nevertheless, from a long-term perspective, the epidemic has increased users' reliance on the Internet, fostered more online behaviors and generated new demands from both users and businesses, which we believe will drive the ongoing development of the Internet industry.



Looking at 2020, we will capitalize on the trend to strengthen and speed up our innovation. We will further consolidate and leverage our core competencies to upgrade products and services and to increase users' mind share.

In Search, as we are committed to achieving stable business growth, we will continue to upgrade Sogou Search platform with a focus on intelligent Q&A and, at the same time, tap into the potential of our organic channels and Tencent content. Moreover, we will allocate more resources to grow our Mobile Keyboard and Smart Hardware businesses to increase their revenue contribution. While it is difficult to predict how the year will unfold, with this set of strategies implemented and once things return to normal post the epidemic, we currently expect our business to accelerate in the second half of 2020. We will, however, keep the investment community well informed on this moving forward.

With that, I will now turn the call to Joe to go through our financials.

Yi Zhou - Sogou Inc. - CFO

Thank you, Xiaochuan. Hello, everyone.

In the fourth quarter of 2019, we recorded total revenues of \$301 million, and Search remained resilient despite the pressure from external challenges. And Recommendation Service and Smart Hardware continued to deliver solid growth.

Moreover, we, again, witnessed across-the-board market expansion, and our non-GAAP net income increased by 44% year-over-year to \$39 million. The solid profitability primarily resulted from our stringent control in traffic acquisition costs and expenses as well as improved operating efficiency.

Now I'll walk you through our fourth quarter financials in greater detail. Please note that unless otherwise noted, all monetary amounts that I discuss are in U.S. dollars. Also, note that I will refer to some non-GAAP numbers, which exclude share-based compensation expenses. You can find a reconciliation of non-GAAP to GAAP measures in our earnings release.

Total revenues in the fourth quarter were \$301 million. On a constant currency basis, total revenues in the fourth quarter would have been \$306 million, a 3% increase year-over-year.

Search and Search-related revenues were \$275 million. On a constant currency basis, Search and Search-related revenues would have booked a 1% increase year-over-year. The increase was primarily due to growth in auction-based pay-for-click services. Auction-based pay-for-click services accounted for 88% of Search and associated revenues compared to 85% in the corresponding period in 2018.

Other revenues were \$26 million, a 26% increase year-over-year. The increase was primarily due to increased revenues from sales of Smart Hardware products.

Cost of revenues was \$169 million, a 9% decrease year-over-year. Traffic acquisition costs, a primary driver of cost of revenues, was \$129 million, a 14% decrease year-over-year, representing 43% of total revenues compared to 50% in the corresponding period in 2018. As we continue to benefit from increasing contribution from organic traffic and industry competition for external traffic has proved moderated, we expect the TAC growth to be well contained in 2020.

Gross profit was \$132 million, an 18% increase year-over-year. Non-GAAP gross profit was \$133 million, a 19% increase year-over-year. Both GAAP and non-GAAP gross margin increased to 44% compared to 38% a year ago. The increase primarily resulted from our efforts to control traffic acquisition costs.

Total operating expenses were \$95 million, a 4% decrease year-over-year. Research and development expenses were \$49 million, a 100% (sic) [1%] increase year-over-year, representing 16% of total revenues, largely flat compared to the corresponding period in 2018. Sales and marketing expenses were \$35 million, a 16% decrease year-over-year, representing 12% of total revenues compared to 14% in the corresponding period in 2018. The decrease was primarily attributable to a decrease in marketing and promotional spending. G&A expenses were \$11 million, a 21% increase

year-over-year, representing 4% of total revenues compared to 3% in the corresponding period in 2018. The increase was primarily due to an increase in professional fees.

Operating income was \$37 million, a 202% increase year-over-year compared, to \$12 million in the corresponding period in 2018. Non-GAAP operating income was \$41 million, a 216% increase year-over-year compared to \$13 million in the corresponding period in 2018.

Other income, net, was \$0.5 million compared to \$9.6 million in the corresponding period in 2018. The increase was primarily due to a \$9.1 million impairment loss on the company's equity investments in 2019.

Income tax expense was \$2 million compared to income tax benefit of \$4 million in the corresponding period in 2018.

Net income attributable to Sogou was \$35 million, a 33% increase year-over-year, compared to net income of \$26 million in the corresponding period in 2018.

Non-GAAP net income attributable to Sogou was \$39 million, a 44% increase year-over-year, compared to a net income of \$27 million in the corresponding period in 2018.

Basic and diluted earnings per ADS were \$0.09. Non-GAAP basic and diluted earnings per ADS were \$0.10.

As of December 31, 2019, we had cash and cash equivalents and short-term investments of \$1.1 billion compared to \$1 billion as of December 31, 2018. Net operating cash inflow for the fourth quarter was \$52 million. Capital expenditures for the fourth quarter were \$9 million.

Now I'll briefly walk through the highlights of our full year results. Total revenues were \$1.2 billion, a 4% increase from 2018 or a 9% increase on a constant currency basis. Search-related revenues were \$1 billion, a 5% increase from 2018. Auction-based pay-for-click services accounted for 88% of Search and associated revenues compared to 84% in 2018.

Other revenues were \$99 million compared to \$101 million in 2018.

Net income was \$89 million compared to \$99 million in 2018. Non-GAAP net income was \$105 million compared to \$113 in 2018.

Basic and diluted earnings per ADS were \$0.23. Non-GAAP basic and diluted earnings per ADS were \$0.27.

And finally, turning to our outlook. For the first quarter of 2020, we expect total revenues to be in the range of \$240 million to \$260 million, representing a 5% decrease to 3% increase year-over-year or a 1% decrease to a 7% increase year-over-year in RMB terms. This near-term guidance takes into account the impact of the coronavirus outbreak as well as other challenges in the macro environment and the online advertising industry.

Given our Search business has navigated the situation relatively well, we expect Search to remain resilient in the first quarter. As Xiaochuan mentioned, we remain confident in our overall positioning with strong execution of our strategies in Search, Mobile Keyboard and Smart Hardware. We also expect to benefit from the broader industry trend of increasing online migration. We currently expect to get back on track post the epidemic and accelerate development in the second half of 2020.

Please note that for the first quarter 2020 guidance, we have presumed an exchange rate of RMB 7 to the dollar as compared with the actual exchange rate of approximately RMB 6.74 to the dollar for the first quarter of 2019 and RMB 7.03 to the dollar for the first quarter of 2019.

That concludes our prepared remarks.

Jessie Zheng - Sogou Inc. - IR Director

Thank you, Joe. Operator, we'd now like to open the call for questions.



QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question today comes from Thomas Chong of Jefferies.

Thomas Chong - Jefferies LLC, Research Division - Equity Analyst

(foreign language). I wish everyone is in good health and safe. My question is about the advertising trends across different industries. Can management share about how different categories allocate their spending in Q1 and how we should think about the trend in Q2 and second half? And my second question is about our Smart Hardware initiative. Can management share the KPI for this year and about the timing that we expect to achieve profitability?

Yi Zhou - Sogou Inc. - CFO

Okay. I'll take the first question.

Xiaochuan Wang - Sogou Inc. - CEO & Director

(foreign language)

Yi Zhou - Sogou Inc. - CFO

(foreign language) So for Q1, during the outbreak, we were benefiting from users' surging requests for finding reliable information and high efficiency, so our Search traffic reached a record high. But the outbreak has caused significant interruptions to China's economy and businesses, which has negative short-term impact on our advertising. So therefore, despite a strong increase in traffic, our Search-related revenues will face more pressure. So we currently expect that in Q1 2020, the Search-related revenue will be resilient, say, largely flattish or a little bit better.

Xiaochuan Wang - Sogou Inc. - CEO & Director

[Interpreted] So in terms of the hardware question, Sogou will launched a mainstream hardware product within this year, targeting a larger population of consumers with faster development pace. And we expect to achieve a mid- to high single-digit revenue contribution from our hardware business, and we expect to achieve profitability in 2021.

Yi Zhou - Sogou Inc. - CFO

And let me add more colors on the second quarter and the second half. So basically, we expect the advertising revenue will largely recover from the Q1 -- I mean, the coronavirus outbreak, so the growth rates will accelerate in Q2. And with our -- we will continue to unlock the value of our Mobile Keyboard and accelerate the AI Smart Hardware in the second half. The revenue will be -- will accelerate further -- I mean, quarter-over-quarter comparing to Q2.

Operator

Your next question comes from Daniel Chen of JPMorgan.



Qi Chen - *JP Morgan Chase & Co, Research Division - Research Analyst*

(foreign language) My first question is regarding the advertising business. Could management give us some update on how the business recover in the last 2 weeks? And also, some preliminary view on what do we expect our -- when do we expect our advertising business to -- back to normal status?

Second question is on the Mobile Keyboard. So we have done pretty well in terms of revenue growth for the keyboard in 2019. So what is our main strategy to further monetize and further grow our Mobile Keyboard in 2020.

Xiaochuan Wang - *Sogou Inc. - CEO & Director*

[Interpreted] Yi Zhou will answer that.

Yi Zhou - *Sogou Inc. - CFO*

Okay.

Xiaochuan Wang - *Sogou Inc. - CEO & Director*

Yes.

Yi Zhou - *Sogou Inc. - CFO*

And so over the past 2 weeks, we see the advertising revenue recovering but with limited visibility where we still take time to get the revenue. So basically, it will recover quarter-over-quarter. So in Q2, it will largely recover. But of course, not 100% to a normal situation.

Now for the second half, we expect it will fully recover to a normal situation. So as I mentioned, with the -- which will unlock value of our Mobile Keyboard and Smart Hardware. So that's why in the second half, we expect revenue growth to accelerate.

Xiaochuan Wang - *Sogou Inc. - CEO & Director*

[Interpreted] Okay. In response to your Mobile Keyboard question, I think you have noticed that in 2019, we've further grown our user base, and we've launched a very innovative function called Smart Wang Zai, which basically transforms Mobile Keyboard to intelligent communication assistant that we can leverage to do all kinds of recommendations. And in 2020, we have stepped our efforts to strengthen users' mind share. And in terms of commercialization, we'll steadily drive forward Recommendation Service with more targeted recommendations of those information services.

And we are also further unlock the commercial value of Mobile Keyboard user assets such as the rollout of pay to see value-added services, including personalizing private skins, emoticons, et cetera.

Recommendation Service has grown by nearly 19% year-over-year in 2019, and we expect it will maintain robust growth in 2020. As a percent of total revenues, it's going to be like mid- to high single-digit contribution in 2020, and we -- while we will continue to grow to a meaningful level going forward.



Operator

Your next question comes from Natalie Wu of CICC.

Yue Wu - *China International Capital Corporation Limited, Research Division - Analyst*

(foreign language) I will translate myself. Basically, I have 2 questions here. First one is that your first quarter outlook is quite resilient than peers in terms of strategy and upgrade impact. So wondering if it is the result of different revenue contribution in terms of mix kind of your advertisers. So can management update us your up-to-date advertiser sector distribution? And what would you expect that distribution to evolve by the end of this year?

And my second question is regarding the recent variations in investment into Chinese doctor. I noticed that this is just in the investment into the online medical treatment platform (foreign language). We're just wondering what kind of the strategic collaboration should -- do we anticipate in the future.

Yi Zhou - *Sogou Inc. - CFO*

Okay. I'll take the first question. So for Q1 guidance, so if you look at the midline, they only basically means 3% increase year-over-year. That's better than industry average. That's primarily because, first, during the outbreak, we are benefiting from users' surging requests for finding reliable information. So our Search traffic reached a record high.

And the second, our Search advertising is relatively small scale, which means that we have more space to further (inaudible).

And last, different -- maybe different sector mix, the higher contribution from online gaming, streaming and online education sectors, which experienced a significant growth as people have to stay at home during the epidemic. So if you look at Q4, the top verticals, they are, say, gaming, e-commerce, health care and service -- business services and education. So if we're looking to Q1, basically the trend is that for gaming and education, I mean, online education, we will benefit from the epidemic.

Xiaochuan Wang - *Sogou Inc. - CEO & Director*

[Interpreted] Okay. In response to your AI health care question, I think in the last few years, we have been very dedicated to building a professional health care search platform. Therefore, we have strong presence in health search. And that, as a foundation, will gradually operate AI health care as an independent business unit. And our ultimate goal is to grow into a digital semi-doctor model. I think Sogou's AI health care is targeting our consumer market. Given that health care is a low frequency request, it's very likely that the ultimate gateway will still be Search. And by then, the AI health care platform will not only provide health care information but also provide additional health care services like smart triage, et cetera. So our core competitive edge is actually Search plus AI because we have a very well-recognized health care search platform that's acting as traffic engine for AI health care and nearly 10% of our total traffic is coming from health care. It's a traffic gateway that users have been used to. And in the past few years, we've been trying to build this platform into an authoritative and reliable health care search platform providing both content and services. Therefore, this has laid a solid foundation for us to develop AI health care.

And second, Sogou has very strong AI capabilities. This will be -- our leading AI technology is able to help alleviate the shortage of managed resources and to create a barrier to industry peers in the competition. And in 2019, we've actually done a lot in developing AI health care. We've received a Internet hospital license. And during the epidemic, we've seen new opportunities with the rollout of our online health care search, online health care consultation, symptom checker and intelligent Q&A robots. Notably, health care search traffic has increased 100%. Our online health care consultation has significantly grown by about 400%. In addition, we've launched a RMB 50 million special purpose fund to drive AI capititation in health care.

Lastly, we are also seeking M&As to accelerate AI health care development. Our latest investment in [Trainee Doctor] is actually a first mover in the sector as part of the efforts. We believe by partnering with [Trainee], it will facilitate our development in AI health care in the future.

Operator

Your next question today comes from Alicia Yap of Citigroup.

Alicia Yap - *Citigroup Inc, Research Division - MD and Head of Pan-Asia Internet Research*

(foreign language) So my question is related to management comment regarding into the second half where you expect the revenue to accelerate. So despite the Smart Hardware new product launch, which is going to contribute a pretty big driver on that, for such revenue, do you also expect a reacceleration? If so, what are the drivers for such revenue to reaccelerate? And then just another quick follow-up is that currently, what are the traffic redirection from the Mobile Keyboard to your Search currently?

Yi Zhou - *Sogou Inc. - CFO*

Okay. So for Search revenue, basically if you look at Q1, Q2 and the second half, the trend will be bad for Q1. Basically, it will be flattish or 1% to 2% increase year-over-year in RMB terms. And in second quarter, once the epidemic comes to its end, the advertising revenue will largely recover. So the growth rate will accelerate. And in the second half, it will further accelerate, say, maybe to around 5%. So if you look at Q4 for Search-related revenue, the year-over-year growth rate, it's about something around 1% in RMB terms year-over-year. So that's the -- basically the trend for Search part.

For revenue from Mobile Keyboard, we leverage our Mobile Keyboard to build up our Recommendation Service system. So -- well, for 2019, the revenue from Recommendation Service is accounting for 8% of our total revenues comparing to 4% in 2018. So looking to 2020, we will continue to focus on unlock the value of our Mobile Keyboard. So we expect that contribution will continue to expand.

Operator

Your next question comes from Elsie Cheng of Goldman Sachs.

Haiwen Cheng - *Goldman Sachs Group Inc., Research Division - Research Analyst*

(foreign language) I have 2 questions. The first one is to follow up on the recovery question earlier. I just want to understand a little bit more about what kind of recovery ratio we're looking at right now. And if possible, any color on the speed of recovery? And second question is about our strategy on Search Input Method and Smart Hardware. If we go beyond 2020, how should we think about the synergies in developing the hardware and Internet business together?

And the third question, I want to ask about mini-programs and the thinking about mini-program strategies at Sogou because as we understand, it's more integrated with the Input Method in terms of product features for now. And how do we think about developing this to drive business in future?

Yi Zhou - *Sogou Inc. - CFO*

Okay. So for the first question regarding how the advertising revenue will recover, so since it's relatively small scale, maybe we're not a very good indicator for the whole industry. And as the epidemic is still evolving and they cause a lot of uncertainties, so there's a limited visibility regarding



how it will fully recover. But if you look at Sogou, as I mentioned, we expect Q2, we will largely recover from the epidemic. And for second half, we'll fully recover from epidemic. Okay. Xiaochuan will take the second and the third question.

Xiaochuan Wang - Sogou Inc. - CEO & Director

[Interpreted] So in terms of your question about -- on the synergies between Search and Mobile Keyboard and hardware, basically we are very -- we have a very strong core asset. Mobile Keyboard is actually helping users to input and express themselves. And Search is about help users to get information. But before you get information, you have to input something. And hardware is a very good carrier of connecting with input and output. It integrates the basic functions of Search and Mobile Keyboard. And in 2019, we launched a new category of hardware called smart recorders. It's basically a hardware version of the smart Internet search. And in the future, we are going to integrate increasingly more AI capabilities not only on the interactive features like voice, image or computer vision but also integrating more knowledge computing capabilities that provide users with direct answers, best solutions or services. So this is something that only hardware can do, and we believe we have very strong synergies between all the core assets -- all the core assets at Sogou. We think mini-programs are a very good medium that we can average. Actually, we have been integrating mini-programs in both Search and Mobile Keyboard. Mini-programs have been across all the information use cases across Sogou's products, and that allows us to provide users with both content and services and develop a closed loop of ecosystem for them. But what we have observed is that mini-programs are not material to driving Search traffic, and existing mini-programs, how they can benefit content providers or advertisers is yet to be -- it's yet to be seen. I think the most successful mini-program is geo within the Weixin ecosystem. But having said that, we are really trying to tap into the potential of the mini-programs, and we'll definitely do something about it later.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to the company for any closing remarks.

Unidentified Company Representative

Thank you, everyone, for joining today's call and for your continued support for Sogou. We look forward to speaking to you again in the future.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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