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WEEKLY UPDATE

THE WEEK ENDING FEBRUARY 14, 2025

Hi everyone - what percentage of stocks in our universe traded up this week? 70%. It was another very busy week with updates across a wide range or sub-sectors within our space given the continued earnings storm (it's now week 4). The best performing stock on the back of earnings this week was Udemy, up +28% (see Theme #1).

The overall market backdrop was favorable with Nasdaq's +2.6% and the S&P 500's +1.5% rally. Following the PPI numbers out on Thursday, investors shrugged off the higher-than-expected CPI print earlier in the week. Trump's policies/tariffs remained top of mind this week as well.

An interesting FactSet stat that I saw was that 76% of S&P 500 companies have reported a positive EPS surprise and 62% have reported a positive revenue surprise. That is a rather supporting datapoint regarding fundamentals across the economy…

In this edition we focused on:

1. Earnings Scorecard – Week 4
2. A Surprise Recalibration At The Trade Desk Surfaces In Q4
3. Roku Q4 Provides A Sigh Of Relief As Its Platform Strategy Is Working
4. Super Bowl LIX's Record Viewership Didn't Necessarily Translate Into Record Ad Revs…
5. DraftKings Looks To Go Full Steam Ahead In 2025
6. It's Deja Vue To Last Qtr With DASH "Delivering"
7. Airbnb Surged Across The Finish Line In 2024, Though Supply Growth Could Be A Challenge In 2025
8. Lyft Flags Competitive Pricing Pressure Emerging In Ride Sharing
9. Quick Takes On Prints From Other Key Stocks Across The Sectors – SHOP, RDDT, IPG, ATUS
10. Grab Bag: Musk Bids For OpenAI / TMUS-Starlink Beta Open For All Carriers / BYD Unveils "God's Eye"

Enjoy the long weekend and I hope you are having a nice Valentine's Day celebration!

Best,
Leslie

Leslie Mallon
745 Fifth Avenue
New York, NY 10151
Office: + 1-212-644-3551
lmallon@liontree.com

This weekly product is aimed at helping our key corporate and investor clients stay in front of major themes and developments driving the TMT and consumer-oriented sector. Please don't hesitate to reach out with any questions or comments!

Top Themes

1) Earnings Scorecard – Week 4

It was another week of earnings, with 25 companies in our LionTree Universe reporting quarterly results (down from last week's 37). In a flip from last week, stock price reactions were just barely biased to the upside, as 13 companies (52%) traded up in reaction to their print, while 12 companies (48%) traded down. **Udemy** was the best performer, up +28% post earnings, while **The Trade Desk** was the worst performer, plunging -33% (see Theme #2).

Companies reporting this week were across a plethora of sectors. Starting with the stocks that elicited the best reactions from the Street, on the media side, there was **Roku**, which was up +14% (see Theme #3), in sports betting, there was **DraftKings**, up +15% (see Theme #5), and in online travel there was **Airbnb**, up +14.4% (see Theme #7).

There was some divergence in the last-mile transport/delivery sub-sectors, as while **DoorDash** was up +4.0% (see Theme #6), **Lyft** went the other direction and fell -7.9% (see Theme #8).

Finally, we took a quick look at some other key reports out this week, including **Altice USA** and **Shopify**, which were up +0.7% and +3.1%, respectively, as well as **Reddit** and **IPG**, which were down -5.3% and -1.4%, respectively (more on all these in Theme #9).

LIONTREE EARNINGS SCORECARD

SECTOR	Stk Reaction*	SECTOR	Stk Reaction*
AdTech		**Last Mile Transport/Delivery**	
The Trade Desk	-33.0%	Lyft	-7.9%
Advertising Agencies		DoorDash	4.0%
IPG	-1.4%	**Online Travel**	
Application Software		Airbnb	14.4%
Shopify	3.1%	**Payments/FinTech**	
AppLovin	24.0%	Coinbase	-8.0%
Digital Real Estate		Robinhood	14.1%
Zillow Group	-10.7%	**Pay-TV/Broadband**	
EdTech		Altice USA	0.7%
Udemy	28.0%	**Satellite Communications**	
Employment Marketplace		Eutelsat Communications	-18.6%
Upwork	6.6%	Iridium Communications	15.4%
European Telco		**Software IT Services**	
Telecom Italia SpA	-2.0%	Datadog	-8.2%
Hardware/Handsets		**Sports & Sports Betting**	
Sony	5.6%	DraftKings	15.2%
Internet/Advertising		**Telecom Infrastructure**	
Yelp	-7.9%	Equinix	-1.3%
Reddit	-5.3%	Digital Realty Trust	-0.3%
IAC	5.8%	**US Media/Video**	
		AMC Networks	-10.7%
		Roku	14.1%

Source: FactSet
*Day post earnings

2) A Surprise Recalibration At The Trade Desk Surfaces In Q4

Where to start?! The Trade Desk has beaten their internal forecasts for 32 quarters in a row, but this 33rd qtr came out of left field and broke their impressive streak. Q4 revenues grew +22% y/y, which is a big deceleration from the +27.3% y/y in Q3 (and missed cons +25.3% growth forecast), while adj EBITDA fell short of estimates by -4.3%. Q1's guidance for (as low as) +17% y/y revenue growth and only ~17% adj EBITDA margins (vs cons 33% and Q4s seasonally high 47.2%) were negative surprises as well. While margins should improve from Q1 levels, mgmt didn't commit to a time frame for returning to a 20%+ y/y revenue growth profile. On the plus side, the Co annc'd an increase in its buyback by $564mn, bringing the total amount for future repurchases to $1bn, but that total is only 2.5% of the Co's market cap.

The big question was obviously what happened?? While management stressed that the miss was not due to a less attractive market opportunity nor competitive issues, they were a bit vague about details of the "execution missteps" which left investors wondering what really happened. Big picture, mgmt. stressed several times that they chose to forgo short term results to prioritize establishing strong longer-term positioning, but that still lacks detail. With that said, the Co was very clear about the steps they are putting in place to address the issues and about how they are transitioning the business to capitalize on the 15 tailwinds that they outlined on last qtr's earnings call.

See below for more of the need to knows about The Trade Desk's Q4 and strategic plans for 2025. Needless to say, this will be a show me stock until the Co can show that the business is back on track and able to capture the big opportunities ahead of them.

-> The Trade Desk was one of the best performers for the full year 2024 (up +63.3%) but with that, came higher expectations and even last qtr the stock traded off -6% (but was down as low as -12.5%) on a sell the news mentality; This week, TTD fell -33% in reaction to earnings and closed the week down -32%

Q4 & Q1 Guidance = A Negative Surprise…The Co Hikes Its Buyback Authorization

- **Total revenue & adj EBITDA missed by -2.4% & -4.3%, respectively**
  - **Rev grew +22% y/y, which is a big deceleration from the +27.3% y/y in Q3**
  - **Adj EBITDA margin hit 47% which missed cons 48.2%**
  - **Adj EPS beat due to below the line items**

- **CTV was the main growth driver as has been the case…the percentage shr of the biz -**
  - Video, which includes CTV, represented a high 40s% (and continues to grow as a % of mix)
  - Mobile represented a mid-30s %
  - Audio represented ~5%
  - Display represented a low double-digit %

The Trade Desk	Q4 2024		
	Actual	Cons Est	% Surp
Revenue ($mn)	$741	$759	-2.4%
Adj EBITDA ($mn)	$350	$366	-4.3%
Adj EBITDA Margin (%)	47.2%	48.2%	
Adj EPS	$0.59	$0.57	3.5%

Source: The Trade Desk Filings; FactSet Data & Analysis

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- **Q1 guidance was materially below consensus on both revs and adj EBITDA**
  - Implies revenue growth of only +17% y/y+ (also impacted by comps with leap year and political ad spend)
  - And implies 25% adj EBITDA margins vs cons 33%

The Trade Desk	Q1 2024 Guidance		
	Actual	Cons Est	% Surp
Revenue ($mn)	≥ $575	$582	Miss
Adj EBITDA ($mn)	~$145	$192	Miss

Source: The Trade Desk Filings; FactSet Data & Analysis

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- **2025 will see some margins contraction for the full year with "modestly higher spend" but margins should generally improve from Q1 levels as the year progresses**

- **Incr'd the buyback authorization by $564mn, bringing the total amount for future repurchases to $1bn:** Will be opportunistic with purchases

What Happened in Q4??? The Specifics Are A Little Unclear…But Mgmt Cites "Small Execution Issues" And That It Was Not About A Lack Of Opportunity Or Competition

- "For Q4, the reality is that we stumbled due to a series of small execution missteps while simultaneously preparing for the future. If this were a sporting event, we"d still have a championship caliber team. But in this particular game, we turned over the ball too many times"

- "And when we talk about the missteps specifically, many of them involve people, mistakes that aren't appropriate to discuss publicly, especially when people are already learning from these mistakes"

- In Q4, there were a "series of decisions" they could have made to "enhance the short-term performance of the company and neglect the long-term" but they prioritized positioning for the long term

- "That said, we see a larger and faster growing market than we originally expected, which is why we have been making changes and will continue to do so. Simply put, as you"ve seen before, as companies grow and become increasingly complex, they need recalibration to unlock new opportunities. We are recalibrating our larger company for an even stronger future"

- "This didn't happen because the opportunity isn't as big as we thought. In this case, it isn't because of our competition either"

What Are They Doing To Address The Mis-Execution??

- **Undertook the largest reorganization in its history in December:** This provided a clearer view of roles and responsibilities for most employees & involved changes in reporting structures; Also streamlined client-facing teams to reduce complexity and clarify responsibilities

- **Shifted more focus to internal effectiveness and scalability:** Over the past 2 mo, they have focused more on operational improvements than at any other point in their history

- **Incr'd resource allocation on brands:** They are doing so recognizing a broader shift in the industry towards more strategic and data-driven media buying decisions; They have secured joint business plans (JBPs) with over 100 of the world's leading brands, which historically grow faster than the rest of their biz

- **Revamped the product development process**: The Co has shifted back to smaller agile teams that release updates weekly, moving away from less conducive waterfall methods; This chg is expected to accelerate enhancements and complete the transition of clients from Solimar to Kokai during the calendar yr

- **Supply chain improvements:** Initiatives aimed at creating a cleaner and more efficient supply chain include, the annc'd Ventura operating system for CTV which will create a better supply chain for all OEMs, content owners, consumers and advertisers & the Co acq'd Sincera, a metadata Co dedicated to improving the supply chain of the open Internet

- **Investing in AI:** It not only provides "next-level performance" in targeting and optimization, but it is also "particularly game-changing in forecasting and identity and measurement"

What Are The 15 Things They Are Doing To Capitalize On The Long-Term Tailwinds??

- **Focus on scale:** Obsessed about scale; TTD only controls $12bn of ad spend in a $1 trillion industry

- **Preparing for Google's exit from the open internet:** This will open a big oppty

- **Will promote their objectivity against "cheap reach":** This is in contrast to Amazon who "competes with its ad clients"

- **Will leverage the supply demand imbalance:** It's a buyer's mkt and TTD's exclusive focus on the buy side puts them in a strong position

- Expect 2025 to be the year OpenPath enters steep acceleration

- **Make CTV the most effective channel in programmatic advertising:** Mgmt believes if they can expand Sincera's charter and capabilities to CTV and audio, CTV and premium video can reach half the pie of the advertising TAM
  - “CTV is the kingpin of the open Internet”
  - “CTV should be the first place all brand advertiser spend, not walled gardens”

- **Make 2025 the best year for audio:** Audio is the most “on sale” component of the internet - this is one of the biggest opportunities in programmatic and for SPOT

- **Move 100% of clients to Kokai this year:** The majority already have but TTD is maintaining two systems, Solimar and Kokai, which “slows us down”
  - “Well before the end of this year, I expect that all of our clients will be using Kokai exclusively”

- **Will change the way the industry manages deals**: Will use AI-powered forecasting to help advertisers and agencies avoid bad deals
  - To do this, they are enhancing Kokai w/ some of the most “game-changing parts”, like Deal Manager

- **Will continue to invest in AI, focusing on provable upgrades and auditable results:** Hundreds of enhancements recently shipped and that are coming in 2025 would not be possible without AI

- **Will simplify the Retail offering in 2025:** Their Retail offering has been a significant growth driver for them but “it has often been too complicated”
  - “We've studied what works and understand the changes needed to help retail media continue to meaningfully outpace our business”; This will require a closer collaboration with retail partners

- **Are working to simplify the platform:** Finding ways to improve the experience and make decisions easier and also more intuitive for users

- **Will use more data:** Enhancing decision-making with AI across the platform

- **Will expand JBPs (as previously mentioned)**

- **Have revised and will continue to revise the product development process (as also mentioned)**

- **Hiring senior leadership;** Over the next few years, will 2x the number of senior leaders in the Co at the VP level and above and this will include “some very key senior level appointments”

3) Roku Q4 Provides A Sigh Of Relief As Its Platform Strategy Is Working

After The Trade Desk’s negative surprise on Wednesday night (see Theme #2), investors were concerned that TTD’s issues might not solely be company specific and could reflect a broader issue related to CTV...but Roku’s results on Thursday night pulled through with very strong performance in its Platform business and very strong performance in adj. EBITDA margins relative to Street estimates.

While the Q1 guidance was a bit mixed and 2025 revenue guidance was in-line, the Co expects a much higher level of profitability for the year vs expectations (2025 adj EBITDA guidance was $350mn vs cons $287.5mn…that implies a 130bp improvement y/y).

Overall, the Co’s Home Screen has become quite an asset, as it is driving higher ad demand through enhanced integrations and partnerships, and it is also helping to grow subscription revenue. And looking ahead, there is “more room to grow”. The Co has also done a good job at reallocating capital to grow the Platform side of the business while keeping overall opex in check and finding new areas of cost efficiency via hiring in lower cost regions and leveraging automation and AI across the business.

Overall, it was a solid qtr and the outlook remains favorable.

-> Roku shares rallied +14.1% post results and ended the week up +16.6%

Strong Q1 Performance Was Driven By Upside In Platform Revenue & MUCH Stronger Adj EBITDA Margins While Key Performance Metrics Were Mixed

- **Total revs rose +22% y/y and beat cons by +4.4% with Platform rev topping estimates by +8.5% (grew +25% y/y and ex political it was up +19% y/y), more than offsetting weaker Device rev (grew +7% y/y)**

- **Adj EBITDA margins at 6.5% were much better than cons 3%**

- **But KPMs were mixed -**
  - Streaming households at 89.8mn was nearly 1% ahead of est (and was up +12% y/y) and APRU beat by +1.6% (was up +4% y/y)
  - BUT Streaming Hours missed by -1.7% (but up +18% y/y)

Roku	Q4 2024 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	**$1,201.0**	**$1,150.0**	**4.4%**
Platform	$1,035.3	$954.1	8.5%
Devices	$165.7	$196.1	-15.5%
Adj EBITDA (mn)	**$77.5**	**$34.7**	**123.3%**
Adj EBITDA Margin (%)	6.5%	3.0%	
Gross Margin (%)	**42.7%**	**40.9%**	
Platform	54.1%	52.9%	
Devices	-28.6%	-16.8%	
User Metrics			
Streaming Households (mn)	89.8	89.0	0.9%
Streaming Hours (mn)	34.1	34.7	-1.7%
ARPU (Trailing 12 Months)	$41.49	$40.83	1.6%

Source: FactSet, StreetAccount

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Mixed Q1 Guidance, But Inline-To-Better 2025 Guidance

- **Q1 guidance: Mixed w/ revs & adj EBITDA a tad below expectations but GP ahead**
  - Revenue (up +14% y/y) was a tad below ests
    - Platform revs up +16% y/y
    - Device revs flat y/y due to elevated inventory from lower holiday sales
  - Gross profit beat by +4.5%
  - Adj EBITDA also a tad below ests

- **2025 guidance: In-line to better w/ revs as expected and GP & adj EBITDA ahead of expectations**
  - Revenue in-line
    - Platform revs up +12% y/y or +15% ex political which is slightly above 2024 growth
    - Device revs up +12% y/y
  - Gross profit +2.3% above cons
    - Platform gross margins btw 52-53%; Expect to grow platform gross profit as much as Platform rev ex ASC 606
  - Adj EBITDA a huge 22% above cons (implies 130bp improvement y/y)

Roku	Guidance					
	Q1 2025			FY 2025		
	Actual	Cons Est	% Surp	Actual	Cons Est	% Surp
Revenue (mn)	**$1,005.0**	**$1,010.0**	**-0.5%**	**$4,610.0**	**$4,610.0**	**In-Line**
Platform	+16% y/y			+12% y/y*		
Devices	Flat y/y			+12% y/y		
Adj EBITDA ($ mn)	**$55.0**	**$55.4**	**-0.7%**	**$350.0**	**$287.5**	**21.7%**
Gross Profit	**$450.0**	**$430.7**	**4.5%**	**$2,005.0**	**$1,960.0**	**2.3%**
Net Income	**-$40.0**			**-$40.0**		

Source: FactSet, StreetAccount; * or +15% y/y ex-Political

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- **FCF & FCF/share "is our north star metric":** Mgmt expects FCF to be higher than adj EBITDA guide for 2025

- **On the 2025 guide… "it's not a guide out there that we would say is conservative. It's our view of what we would expect for 2025"**

- **Remain on path to become operating income positive in 2026**

The Co's Strategy To Grow Platform Revenue Is Working…Subscriptions & 3P Partnerships Have Been Key Drivers

- **Seeing strength in both streaming service distribution (SSD) & advertising:** Both grew strongly in Q4

- **Making a better Home Screen "has been key"**
  - Video on the home screen is in beta but they are being very careful about putting ads on the home screen; It is strategic
  - Added row of content recommendations which is driving more engagement and subscriptions

- **Subscriptions are driving SSD and mgmt is continuing to focus on that area:** Have "tens of millions" of subscribers, both through Premium subscriptions and also through DTC subscriptions
  - Q4 was the highest quarter of Premium Subscription net adds since its launch in 2019
  - Subscription is "a good business"; Will continue to add more partners
  - **Note that the Co will start to comp avg price increases in H2:25**

- **DSP partners & integrations are helping drive ad revs**
  - **Q1 & 2025 outlook:** Expect ad business to grow faster than SSD
    - SMB response to self servs ad manager has been great; The Co will continue to invest in this

- **Q4 political was a positive upside surprise to ad revs in the qtr (and it was still strong excluding that):** Political was 6% of ad revs (vs at TTD was 5%); They have been more actively pursuing political ad dollars as see it as a big oppty
  - This particular vertical will be a strength going forward
  - "We've already started talking about 2026 and even 2028 and how we're going to prepare for it"

A Few Other Key Comments

- **Mgmt talked down the potential impact from the Walmart/Vizio deal**

- **The weakness in the Devices business was due to excess inventory in Q4, which will also impact Q1** (primarily in the 1P TV business)
  - But device margins will normalize as per the guidance

- **International expansion? Still mostly focused on scaling vs monetization**
  - "Pleased" with progress (regionally focused on the Americas, N. Amer, C. Amer, LatAm and the UK)
  - In most markets, except for Canada, the Co is still focused primarily on scale of streaming households & less so on monetization of that
    - BUT starting to turn focus on monetization in Mexico
  - Intl is a key part of reaching the target of 100mn streaming households in the next 12-18 months

- **Strong usage growth of The Roku Channel:** Q4 streaming hours on The Roku Channel rose +82% y/y in the US and reached HHs w/ 145mn people
  - In Dec, more than 80% of Streaming Hours on The Roku Channel originated from the Roku Experience (not a Roku Channel app tile), a 15-pt increase y/y

4) Super Bowl LIX's Record Viewership Didn't Necessarily Translate Into Record Ad Revs…

The main event last weekend was most certainly Super Bowl LIX as the Philadelphia Eagles ended up breaking the Kansas City Chief's winning streak by a wide margin (40-22). It went down as one of the most one-sided games in Super Bowl history (the biggest gap was actually when the San Francisco 49ers defeated the Denver Broncos by 55-10 in 1990).

The key question Monday morning was, how were the viewership numbers? It was a new record high for overall viewership (rising +3% y/y), not only on linear but also on streaming with Fox's Tubi airing the event for the first time. Did this record viewership translate into record ad dollars? In that case, no. $800mn was spent on the day, in total, as per Fox but that was down -2.4% from the estimated spend in 2024 as last year benefitted from overtime (i.e., more ad spots).

Regardless, the numbers are big and the Super Bowl remains le crème de la crème for sports events in the US. See below for more details on viewership and ad revenue.

Fox Reported "Record-Setting" Viewership Numbers For Super Bowl LIX Both On Linear & On Tubi *(link/link)*

- **The avg audience hit 127.7mn viewers across all platforms (+3.2% y/y):** This number, which includes fans that watched across both TV (FOX, FOX Deportes, and Telemundo) and digital channels (Tubi and NFL digital properties) marked a new all-time high for Super Bowl viewership
    - **The big game peaked at 137.7mn viewers:** This occurred in the game's second qtr, per Nielsen Media Research
    - **Pregame coverage (1:00-6:30pm) avg'd 23.4mn viewers:** This ranks as the most-watched Super Bowl pregame on record that started at 1:00pm
        - **The pre-kick portion avg'd 82.5mn viewers:** An increase of +9% y/y
    - **The Apple Music Super Bowl Halftime Show garnered an avg of 133.5mn viewers across TV and digital platforms (+3% y/y)**

- **Tubi's simulcast of the Super Bowl LIX broadcast also broke streaming records:** Tubi's simulcast reached 15.5mn peak concurrent streaming viewers as well as a 13.6mn avg minute audience, which was "up by a decisive margin from prior Super Bowls"
    - **Tubi saw 24mn unique viewers access the platform across game day programming**

Super Bowl	Network(s)	Total Viewers P2+	% Y/Y Chg
2025	FOX, Tubi, Telemundo, FOX Deportes	**127.7**	**3.2%**
2024	CBS, Univision, Nickelodeon, NAN, Paramount+	**123.7**	**7.5%**
2023	FOX FOX Deportes	**115.1**	**13.4%**
2021	NBC Telemundo	**101.5**	**5.8%**
2020	CBS ESPN Deportes	**95.9**	**-6.1%**

Source: Nielsen

HOWEVER, This Didn't Necessarily Translate To Record Ad Rev Figures

- **Gross ad rev generated by Super Bowl LIX topped $800mn+ across all platforms, per Fox** (link)**:** This represented a -2.4% y/y decline from the est'd $819.5mn in total day ad revs realized by CBS' broadcast of last yr's Super Bowl LVIII, per EDO Ad EnGage (though last yr's big game also featured an overtime period that brought in an addt'l $60mn in ad rev)

- **BUT top pricing for a 30-sec ad spot rose to $8mn from $7.5mn last yr** (link)

- **National ad revs for the actual game reached $652.2mn** via 70 commercials airing that yielded 9.0bn impressions (per EDO Ad EnGage estimates)
    - This compares to CBS at $708.2mn via 80 commercial airings that yielded 9.6bn impressions

- **The biggest ad categories during the game** (also per EDO) **-**
    - **Beer/Cider/Hard Seltzer:** $56.7mn from nine airings
    - **Streaming platforms** aired 4 spots, spending $26.8mn
    - **Snack brands and AI services** each with 4 spots and $35mn in spend

- **Mobile/wearable devices**, **social media** categories each with three spots, and $28mn and $21mn, respectively

5) DraftKings Looks To Go Full Steam Ahead In 2025

After DraftKings slashed its FY24 guidance on its last earnings call following "the most customer-friendly stretch of NFL sport outcomes [it has] ever seen," the discussion surrounding the company's Q4 results took on a much more optimistic tone. DraftKings reported mixed headline numbers relative to consensus estimates that were eased after the previous call, with revenue coming in a slight -0.3% below sell-side forecasts and adj EBITDA finishing +6.8% above expectations. Despite the unfavorable sport outcomes that once again weighed on the quarter, DraftKings' structural hold percentage was a bright spot, as efforts to market and merchandise higher hold products, such as parlays, resulted in bet mix improvements in both the NFL and the NBA. Otherwise, the company's MUPs fell short of estimates, and ARPMUP, while topping expectations, still declined on a y/y basis, even when excluding the impact of the Jackpocket due to "distraction around the election." Handle was also negatively impacted by one fewer NFL game occurring in Q4 vs the prior year quarter as well as lower engagement with the NBA.

Interestingly and perhaps most incrementally for investors, all the headwinds that DraftKings faced in Q4 have appeared to reverse direction thus far in 2025. NFL sport outcomes, which are generally "customer-friendly" when favorites win and more prominent players score, started to benefit the house, and the company's NBA handle has "bounced back quite a bit" in Q1TD. Furthermore, DraftKings anticipates a "pretty meaningful decline in promo intensity" in 2025, which should provide an uplift to margins throughout the year. On the regulatory side, management believes that this year will also be "a little bit better in terms of legalization," given that politicians won't be as distracted by campaigns and more willing to take up controversial issues. The company now views further legalization of online gaming as "inevitable". Beyond all these tailwinds, DraftKings' launch in Missouri, which is expected to occur in the summer, and the company's plans to increase investment in its live betting offerings will be additional needle-movers to monitor in 2025 as well. All said, DraftKings has a lot of wind behind its sails this year.

-> DraftKings shares soared +15.2% post-earnings and closed the week up +26.5%; YTD, DraftKings stock is trading up +43.8%

Q4 Headline Results Were Solid Relative To Tempered Expectations

- **DraftKings printed MIXED headline numbers –**
  - **Q4 rev** incr'd +13.2% y/y (vs +38.7% y/y in Q3) but closed a narrow -0.3% below cons
  - **Q4 adj EBITDA** fell -40.8% y/y to $89.5mn (vs -$58.5mn in Q3) but beat cons by +6.8%
  - **Adj EPS** of $0.14 (vs $0.29 the prior yr qtr and -$0.17 in Q3) topped cons by +27.3%

DraftKings ($mn)	2024Q4 Results		
	Actual	Cons Est	% Surp
Revenue	**$1,393**	**$1,397**	**-0.3%**
Adj EBITDA	**$90**	**$84**	**6.8%**
Adj EBITDA Margin (%)	6.4%	6.0%	
Adj EPS	**$0.14**	**$0.11**	**27.3%**
Other Key Metrics			
Monthly Unique Players (mn)	4.80	5.12	-6.3%
Average Revenue/MUP	$97	$93	4.3%

Source: DraftKings filings; FactSet Data & Analysis

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- **The FY25 outlook was raised on the top-line and maintained for adj EBITDA:** Notably, the outlook doesn't include the tailwind of favorable NFL sport outcomes in early 2025, nor the Co's launch of mobile sports betting in Missouri; The Co also wants to wait for longer before raising guidance to "see how the yr progresses"
  - **Rev guidance was incr'd above the Street's forecasts:** Now expects FY25 rev between $6.3-6.6bn (vs $6.2-6.6bn prior), beating cons by +0.8% at the mid-pt; Cited the Co's "excellent" performance across core value drivers thus far in 2025 as well as investments in live betting

- **Adj EBITDA guidance was reaffirmed:** Still anticipates an adj EBITDA range of $900mn to $1bn in FY25, which was above cons by +0.8%
- **FCF is still expected to be $850mn:** Assuming a $100mn bridge between adj EBITDA and FCF

DraftKings ($mn)	FY25 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue	$6,450	$6,400	0.8%
Adj EBITDA	$950	$944	0.6%

Source: DraftKings filings; FactSet Data & Analysis

LionTree

Structural Sportsbook Hold Continues To Rise / Actual Sportsbook Hold Has Reversed Direction In 2025 YTD

- **DraftKings' structural sportsbook hold percentage has been "a little bit better than expectations":** Structural sportsbook hold incr'd +80bps y/y to 11.2% in Q4 (the Co didn't provide figures in Q3 but reported a hold of ~10% in Q2 and 9.8% in Q1)
  - **Structural hold has benefited from improving bet mix:** Driven by efforts to mkt and merchandise products w/ higher hold "in a more effective way"
    - **NFL structural hold was better than the Co forecasted before the season:** Flagged that NFL parlay handle mix rose more than +600bps y/y in Q4
    - **There's also been "great bet mix improvement y/y in the NBA"**
  - **The Co is "very bullish on the outlook for structural [hold] for 2025":** DraftKings' "long-term feeling" is that hold "could prove higher than [it] forecast"; Still, the Co maintained its forecast of an 11% structural sportsbook hold in 2025

- **Actual sportsbook has exceeded expectations in 2025 YTD:** The Co's actual sportsbook hold ended Jan at 11% and was tracking at 13% in Feb MTD through Feb 11; After being hit w/ unfavorable "customer-friendly sport outcomes" in Q4, NFL sport outcomes were favorable throughout the rest of the 2024-25 season

There Were Some Puts & Takes On User Growth/Monetization Trends In Q4… BUT 2025 Is Looking Strong

- **Monthly Unique Payers (MUPs) fell short of the Street's estimates:** MUPs of 4.8mn grew +36% y/y in Q4 (vs +55% y/y in Q3) and missed cons by -6.3%; Excluding the impact of the acquisition of Jackpocket, MUPs incr'd ~+16% y/y
  - **Still, "customer acquisition exceeded [the Co's] expectations":** Newly acquired Sportsbook as well as iGaming customers cont'd to increase on a y/y basis w/ expansion into new territories, and the Jackpocket digital lottery courier app benefited from the Mega Millions jackpot reaching $1.2bn in late Dec
    - **User penetration has still been growing in mature mkts:** DraftKings still doesn't know where their ceiling could be
  - **Super Bowl LIX was a "bright spot" for 2025 customer acquisition efforts:** Super Bowl Sunday was a "successful event for the Co," as the DraftKings sportsbook app reached the number one spot in the App Store in the sports category and was number three across all apps

- **User monetization outperformed the Street's forecasts:** Avg rev per MUP (ARPMUP) decr'd -16% y/y in Q4 (vs -10% y/y in Q3) but still topped cons by +4.3%; Excluding the impact of the Jackpocket acquisition, ARPMUP was down ~-4% y/y
  - **Drivers behind the y/y decline:** Consisted of the inclusion of lower ARPMUP Jackpocket customers as well as lower actual sportsbook hold due to "customer-friendly sport outcomes," though these factors were partly offset by improved structural sportsbook hold and promo reinvestment in sportsbook and iGaming
  - **"Customer engagement and retention were strong":** The Co set its own daily record for sportsbook handle at $436mn; This was helped by a ~+40% y/y increase in Same Game Parlay handle
    - **BUT external several factors weighed on handle during the qtr:** Acknowledged that "distraction around the election" had this biggest impact; Q4 also had one fewer NFL game vs 2023, and the "NBA was down a little bit" but has since bounced back in 2025

DraftKings' Promo Strategy Is Becoming More Effective & Efficient

- **Promo reinvestment outperformed DraftKings' expectations in dollar terms in Q4:** Given the Co's "optimization of promo offers"

- **A "pretty meaningful decline in promo intensity" is anticipated in 2025:** Driven by the maturation of the online sports betting mkt as well as the Co's internal efforts to become more efficient w/ promos

There Is Optimism Surrounding Legislative Trends In 2025

- **DraftKings anticipates 2025 will be "a little bit better in terms of legalization":** Highlighted that "last yr was a tough yr b/c it was the election and typically getting votes during an election yr is hard… people are just distracted w/ campaigns and also don't want to take up any sort of issue that may even be mildly controversial"

- **"Addt'l online gaming legalization in the US appears inevitable":** Views further iGaming legalization as "more a question of when, not it"; Highlighted that online gaming is "large and growing industry w/ secular tailwinds behind it"
  - **DraftKings is "well-positioned to capture significant share" in iGaming:** Indicated that expansion of its online gaming biz outside the US and Canada could be explored as a longer-term oppty

- **The Co has a "keen interest" in prediction mkts:** There will be a "CFTC ruling and all sorts of things" within the next 60 days, and DraftKings will be "watching it very actively… and seeing how it plays out"

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Capital Allocation Notes

- **DraftKings will be "fairly programmatic" w/ buybacks in 2025:** The Co plans to be "very consistent q/q" w/ its repurchases and will look to tie them to FCF

- **The Co will look towards "exploring oppties in the debt mkts" in 2025:** Indicated this will be for "general corporate purposes and just to establish a presence in the debt mkt w/ no specific focus in mind"

Other Highlights

- **"There's really not like a burning need to rush international expansion":** The Co still believes that it has a "huge runway" in the US as well as Canada and will continue to focus on these mkts unless "the right oppty is out there"

6) It's Deja Vue To Last Qtr With DASH "Delivering"

DoorDash delivered in the quarter, with both revenue and adj. EBITDA beating and orders also coming in above expectations. While AOV was in-line and contribution profit slightly missed, mgmt highlighted significant runway across all business segments, reiterating their strategy of driving compounding growth through incremental improvements across their portfolio rather than relying on a single driver.

The quarter was characterized by a continuation of recent trends, with MAUs growing double-digits and order frequency at all-time highs levels. The Co continues to acquire new users at a healthy pace, while retention and frequency amongst older cohorts has been improving over time. New vertical builds are gaining momentum, with frequency of orders and overall spend per MAU growing as they add selection and improve quality. The international business is also gaining further momentum, with Wolt outperforming early DashPass adoption, and several markets exceeding the US's grocery penetration levels.

Looking ahead, also similar to the past quarter, Q1 is expected to see more progress on initiatives already in place, with a focus on scaling the business by enhancing the user experience to drive frequency and drive greater penetration. While profitability guidance was a little light for Q1 versus consensus estimates (-1.4% below the midpt), the low-end of Marketplace GOV guidance came in ahead of expectations. Though there wasn't much guidance beyond Q1 provided, the Co did flag that they expect 2025 adj. EBITDA margin to trend up through 2025.

Overall, it was another solid quarter of execution. See below for our key highlights from the call…

-> DASH's stock was up +4.0% the day post earnings and built on those gains through the week to end up +9.1%

- **Q4 results mostly beat expectations (contribution profit was a little light)**
  - **Revenue – BEAT by +1.2%:** Grew +25% y/y (in-line w/ +25% y/y in Q3)
  - **Adj. EBITDA – BEAT by +0.6%:** Great +56% y/y (accel from +55% y/y in Q3)
  - **Total Orders – BEAT by +1.5%:** Grew +19% y/y (accel from +18% y/y in Q3)
  - **Marketplace GOV – BEAT by +1.7%:** Grew +21% y/y (accel from +19% y/y in Q3)

- **Contribution Profit – MISSED by -1.1%:** Grew +41% y/y (decel from +45% y/y in Q3)

DoorDash	Q4 2024		
	Actual	Cons Est	% Surp
Revenue (mn)	**$2,873**	**$2,840**	**1.2%**
Adj EBITDA (mn)	**$566**	**$562**	**0.6%**
Adj EBITDA Margin (%)	19.7%	19.8%	
Marketplace GOV	**21,279**	**20,930**	**1.7%**
Orders			
Total Orders (mn)	**685**	**675**	**1.5%**
Average Order Value	**$31.06**	**$31.05**	**0.03%**
Contribution Profit (mn)	**$968**	**$979**	**-1.1%**

Source: FactSet; Company Filings

LionTree

- **Q1 profitability guidance disappointed, thought Marketplace GOV came in well ahead**
  - **Adj. ETBIDA – MISSED by -1.4% at midpt:** $550-600mn vs cons $583.3mn
  - **Marketplace GOV – BEAT by +1.6% at midpt:** $22.6-23.0bn vs cons $22.43bn
  - **Guided 2025 adj. EBITDA margin to trend up through 2025:** Expect adj. EBITDA as a %age of Marketplace GOV to increase from Q1 to Q2 and again from Q2 to Q3

- **Capital allocation strategy will remain largely unchanged from 2024 to 2025**
  - **Continued investments in core biz areas:** U.S. restaurants, international markets, non-restaurant commerce, and advertising
  - **Approach to buybacks remains "opportunistic", "conservative", and focused on long-term shareholder returns**

- **Q4 take rate of 13.5% was flat seq:** Impact was largely seasonal due to Dasher pay; Q4 tends to be a higher growth qtr, "so we lean into Dasher pay in order to support the growth"
  - **Despite challenging weather/natural disaster, Dash Supply continues to look "really, really healthy": "**Obviously, there has been some challenging circumstances with weather in different parts of the world as well as, unfortunately, different natural disasters that have also occurred"; But outside of those anomalies, Dasher Supply looks "really good"

- **Incremental platform stats –**
  - Reached 42mn+ MAUs, and is growing double-digits
  - Order frequency "continues to be at an all-time high"

- **Not taking the segmentation approach of other delivery Cos:** Unlike Uber and Lyft, which are segmenting delivery, in-store, and pick-and-pack tasks, DoorDash has always tried "to construct the maximum flexible set of opportunities for Dashers" that focuses on maintaining a flexible and adaptable network without such segmentation

- **Underlying cohort strength is "strong" for both new and existing users**
  - Still acquiring new users at "a pretty healthy clip"
  - Older cohorts "continue to be very strong…continue to increase their engagement [and] order frequency over
  - **While order frequency among new users starts lower, retention and order frequency across all cohorts continue to improve over time**

- **Seeing repeat buying and engagement in new verticals, as focus remains on scaling**
  - Increasing engagement, with repeat purchasing behavior
  - Frequency of orders and overall spend per MAU is growing as they add selection and improve quality
  - **On profitability:** Continue to focus on overall dollar growth vs targeting specific margin percentages

- **Grocery delivery in the US and globally is "still quite nascent" w/ significant room for improvement; Focusing on product enhancements to drive growth**
  - Penetration levels are lagging behind other categories of e-commerce and delivery
  - Biggest problem – "customers today are asked to pay a premium, but they don't always receive the items that they order"

        - Focused on improving product quality by expanding catalog, ensuring accurate deliveries, and matching the right type of Dashers who want to do grocery deliveries with actual grocery orders
    - Finding that customers who started with small, top-up grocery orders are now purchasing larger baskets and are using the product across use cases
    - More retailers are also recognizing the incremental customers DoorDash brings

- **Quick callouts on intl biz -**
    - "Gaining share in virtually every country that we operate in"
    - Reached all-time high in intl MAUs
    - Order frequency "continues to grow," driven by improvement in selection, quality, and driving affordability
    - Wolt+ is growing faster than DashPass was in its early years
    - "Several countries" where new verticals and grocery penetration in the intl portfolio is higher than that in the US
    - **Overall intl portfolio is gross profit positive**

- **On growing DashPass – "it's a pretty straightforward playbook"**
    - DoorDash has 100mn+ users, while DashPass has subscribers "only in the tens of millions"
    - "We have a large fraction of our customer base within our own ecosystem that are not subscribers"
    - Solved by…making the product better -> increases frequency -> makes it more obvious the value of being a subscriber -> increased likelihood of becoming a DashPass subscriber
    - **"Don't think that we have to do anything unnatural to see growth in our subscriber programs. We feel really good about where we're at, and we just have to keep going"**

- **Partnership with The Trade Desk is part of a broader strategy to integrate with external ad ecosystems**
    - "There are a lot of different partners that existing merchants and advertisers work with"
    - "We'll likely have more partnerships where we'll just kind of keep solving for what I think advertisers are somewhat accustomed to"

- **Reiterated commentary on challenges around autonomous vehicles and delivery**
    - Delivery-focused AVs differ from robotaxis since they lack passengers to assist with first/last-mile logistics
    - Have been exploring AV delivery "for years" but no major announcements yet
    - Cost structure of AV delivery is also still uncertain and evolving
    - Success will depend on aligning AV technology with operational needs to create a viable cost structure

- **AI agents are very valuable but are not a panacea for all challenges**
    - **"…they certainly don't solve the tasks in the physical world,** such as providing the logistics infrastructure, understanding how to do it at the highest quality, the lowest cost with the greatest accuracy"
    - **BUT, will "make sure that we take advantage of these technologies,** especially as the costs continue to scale down quite quickly… think there's great opportunity for much better personalization…to virtually improve every part of our operations"

7) Airbnb Surged Across The Finish Line In 2024, Though Supply Growth Could Be A Challenge In 2025

On the heels of Expedia's strong print last week, the online travel space notched another win this week, as Airbnb's Q4 earnings provided further testament to the strength of travel demand across the world and sparked another favorable reaction from the market. Benefiting in particular from a "strong" North American consumer that has been "contemplating future travel," Airbnb saw growth in its gross bookings value accelerate to +13.5% y/y (vs +8.3% y/y in Q3) and in its Nights & Experiences Booked to +12.3% y/y (vs +8.5% y/y in Q3) in Q4, with both surpassing consensus estimates by +2.1%. Beyond just North America, Airbnb's growth in nights booked also stepped up sequentially across all other regions, and the company highlighted that growth in its newer geographies doubled that of its more mature markets, though off a smaller base. These factors translated into Airbnb's +2.5% beat on revenue and contributed to an adj EBITDA that finished a wide +17.1% ahead of expectations.

Looking ahead, momentum should continue into Q1, given the "strong demand" that it has been experiencing thus far in 2025. That said, there will be a couple of dynamics outside of Airbnb's control that will weigh on growth during the quarter. For one, the strong US dollar, while fueling Americans' desire to travel overseas, will pose a ~-2% headwind to revenue growth in Q1. Secondly, the timing of Easter, which will occur in April this year as opposed to in March last year, as well as the unfavorable comparison created by last year's Leap Day, are expected to lower y/y revenue growth by another ~-3%. As it pertains to the whole of 2025, Airbnb didn't issue a full-year outlook on its top-line growth but guided for an adj

EBITDA margin of 34.5%, marking a decline from its 36.0% adj EBITDA margin in 2024. Notably, the forecast includes $200-250mn of planned investments for scaling and launching new businesses and products. One of the most interesting items in the pipeline is an AI-powered customer service agent that is expected to be part of the company's summer release, as it will enable the company to operate more efficiently and could eventually become a full-service travel and living concierge when combined with Airbnb search over the coming years.

Nonetheless, despite all the room for optimism in Airbnb's print, there were some lingering causes for concern on the supply side given that supply growth decelerated for a fourth consecutive quarters and grew only +4% y/y to 8mn+ listings in 2024. Moreover, Airbnb closed out 2024 with roughly the same number of hosts (5mn+) at the end of the year that it had on its platform at the beginning of it. With other alternative accommodations platforms, such as Vrbo, starting to close the competitive gap, the slowdown in supply growth could hurt Airbnb in the medium- to longer-term.

-> Airbnb shares jumped +14.5% in reaction to earnings, ending the week up +19.6%; YTD, Airbnb stock is trading up +22.8%

Airbnb Ended 2024 On A Strong Note

- **Q4 headline numbers beat across the board**
  - **Q4 gross booking value** grew +13.5% y/y (vs +8.3% y/y in Q3) and exceeded cons by +2.1%
  - **Rev** incr'd +11.8% y/y in Q4 (vs +9.3% y/y in Q3) and topped cons by +2.5%
  - **Q4 adj EBITDA** rose +3.7% y/y (vs +6.8% y/y in Q3) and beat cons by a wide +17.1%

Airbnb ($mn)	2024Q4 Results		
	Actual	Cons Est	% Surp
Gross Booking Value	**$17,600**	**$17,240**	**2.1%**
Revenue	**$2,480**	**$2,420**	**2.5%**
Adj EBITDA	**$765**	**$654**	**17.1%**
Adj EBITDA Margin (%)	30.8%	27.0%	
Other Key Metrics			
Nights & Experiences Booked (mn)	111.0	108.7	2.1%
GBV per Night	$158.13	$158.72	-0.4%

Source: Airbnb Filings; FactSet Data & Analysis

LionTree

Trends Are Projected To Be Mostly Similar In Q1, Excluding FX & Calendar Factors + Color On FY25 Margins

- **AQ1 rev guidance came in below the Street's forecasts:** Between $2.23-2.27bn, which represents +5.0% y/y growth (vs +11.8% y/y in Q4) but missed cons by -2.1% at the mid-pt; Ex-FX, rev is projected to grow +7-9% y/y, and w/out the impact of calendar factors and FX, rev is expected to grow +10-12% y/y
  - **Y/Y growth in Q1 Nights & Experiences Booked is expected to be "relatively stable" vs Q1:24:** Excludes the impact of Leap Day in 2024, which added ~+1ppt of growth in Q1:24's +12.0% y/y increase in room nights
  - **Q1 ADR is projected to "decline slightly" on a y/y basis:** "Largely driven by FX headwinds," and when excluding these, the Co would have anticipated a slight y/y increase in Q1 ADR
  - **Q1 adj EBITDA and adj EBITDA margin is forecasted to decline y/y:** Cited one-time calendar factors, including the timing of Easter and the inclusion of the leap yr in last yr's results, as well as FX headwinds (same as the drivers behind rev); Excluding these, Q1 adj EBITDA margin would be ~flat y/y

- **FY25 adj EBITDA margin is expected to be at least 34.5%:** Including $200-250mn of planned investments towards launching and scaling new bizs, the impact of which will be most pronounced in the first nine months of 2025; Rev from new product launches won't scale until the end of Q2
  - **Highlighted Brazil and Japan as two mkts that the Co will be investing in:** The bulk of the Co's investment will hit both its mkting and product development line items

Airbnb Sees A Strong Travel Demand Environment

- **Benefited from "organic tailwinds" in demand "across the industry":** "The North American consumer has been strong" and has also "been strong in terms of contemplating future travel" following "initial uncertainty leading into the election"; The Co has been seeing "strong demand" early in 2025 as well
  - **The Co continues to gain mkt share on a y/y basis from hotels:** This has been "true both from a traffic share as well as a nights/day perspective" and has occurred both at a regional level and globally
    - **Airbnb has been doing "quite well" vs Vrbo:** Highlighted that non-urban US mkts, where the Co tends to compete against Vrbo, have been one of Airbnb's fastest-growing segments in the US
    - **The Co also saw a "notable accel" in the number of first-time bookers on its platform**
  - **North America will represent a major oppty in 2025:** Given that the region is still "dominated by hotels" and that Airbnb's biz is still a fraction of the overall lodging industry; Certain demos, including the Latino population, as well as states, such the heartland states outside of the coast, are also underpenetrated

Q4 Was Airbnb's Highest Y/Y Growth Qtr For GBV And Nights & Experiences Booked In 2024

- **Airbnb – Gross bookings value growth accel'd seq and surpassed expectations:** GBV rose +13.5% y/y in Q4 (vs +8.3% y/y in Q3) and topped cons by +2.1%
  - **Growth in Nights & Experiences Booked also improved seq and outperformed forecasts:** Q4 Nights & Experiences Booked were up +12.3% y/y (vs +8.5% y/y in Q3) and came in +2.1% ahead of cons; Dec had the highest y/y growth in nights booked of any month in 2024
    - **Nights booked on the Co's app incr'd +22% y/y in Q4 (vs +18% y/y in Q3):** App bookings accounted for 60% of total nights booked in Q4 (vs 55% in the prior yr qtr and 58% in Q3)
    - **Product optimizations contributed ~+200bps to the exit growth rate of the biz:** These included enhanced search functionality, better merchandising, suggested destinations, etc.
  - **The implied take rate (rev divided by GBV) of 14.1% was down slightly y/y:** Primarily driven by unfavorable comps to Q4:23, which included one-time benefits recognized from unused gift cards; Otherwise, the Co cont'd to benefit from the cross-currency transaction svs fee introduced in Q2:24
  - **ADR growth decel'd seq and was lower than anticipated:** Q4 GBV per night incr'd +0.9% y/y (vs +1.4% y/y in Q3) and missed cons by -0.4%; Ex-FX, ADR grew +2% y/y (+2% y/y in Q3), w/ increases across all regions being driven by price appreciation

- **Airbnb saw accel'ing growth across all regions:** W/ new geos growing at double the rate of the Co's five core mkts in Q4
  - **Asia Pacific and LatAm**, again, led the way, each w/ ~+low-20s% y/y growth in nights booked in Q4 (vs +19% y/y and +15%, respectively, in Q3)
  - **North America** nights booked incr'd ~+msd% y/y in Q4 (vs "cont'd growth" in Q3), driven by "broad strength of underlying trends within the region"; Growth in short-term stays cont'd to outpace growth in long-term stays
  - **EMEA** nights booked rose ~+ldd% y/y in Q4 (comp vs Q3 is unclear), w/ accel'ing growth across domestic and cross-border travel, as well as urban and non-urban mkts; There was also an accel of growth across all age ranges

BUT Supply Growth Has Cont'd To Stagnate

- **Supply growth slowed further and significantly seq:** Q4 supply on the Co's platform grew +4% y/y in Q4 (vs +10% y/y in Q3, +14% y/y in Q2, and +17% y/y in Q1); Exited 2024 w/ 8mn+ listings after entering the yr w/ 7.7mn
  - **Airbnb removed ~100,000 low-quality listings in Q4:** Maintaining a similar pace from Q3, when it had removed ~300,000 listings YTD by the end of the Qtr
  - **The number of hosts on Airbnb's platform was ~flat y/y:** The Co both entered and exited 2024 w/ 5mn+ hosts

AI Has Yet To Have A Material Impact On The OTA Industry

- **Regarding AI trip planning – "It's still really early":** Airbnb believes Agentic AI will have a "profound impact on travel" but caveated that it's not quite ready for "prime time" and indicated that has yet to fundamentally change any of the large travel platforms
  - **The Co's work w/ AI is "starting w/ customer support":** The Co plans to launch an AI-powered customer svs agent as part of its summer release and eventually combine it w/ Airbnb search "over the coming yrs" to create a "travel and living concierge"
  - **AI has already been leading to some op efficiencies:** In addition to customer svs, the Co has been "seeing some productivity gains" in engineering functions but hasn't seen a "fundamental step-change in productivity yet"; Anticipates a +30% increase to tech & engineering productivity in a few yrs

8) Lyft Flags Competitive Pricing Pressure Emerging In Ride Sharing

Following somewhat mixed results from Uber last week with its disappointing Q1 guidance calling out to FX headwinds, Lyft similarly disappointed regarding next qtr's gross bookings guidance, but this time called out pressure from low pricing in the industry (which didn't come up on the Uber call).

Aside from that, pluses that we would highlight are the strong rides and active rider trends, as well as stronger than expected margin and FCF performance in Q4. The Co's initiatives such as reducing Primetime (i.e., when surge pricing comes into play) and expanding Price Lock have been working to attract and retain riders, while incentives and new features have been successful at attracting and retaining drivers. Maintaining strong market share dynamics remains a key KPI for investors and thus far Lyft appears to be delivering on this front. Like Uber, Lyft is positioning for a future of robotaxis with a launch planned in Dallas in 2026, in partnership with Marubeni/Mobileye. Ultimately, mgmt. sees AVs as a catalyst to expand the overall TAM for ride sharing, but that is still a ways off.

See below for what we thought were the most incremental updates from Lyft's earnings and investor call.

-> The stock fell -2.5% in reaction to earnings, but that was an improvement from the almost -10% post close the night prior

- **Mixed Q4 - Gross bookings performance fell short of estimates while profitability & FCF performance was better than expected (see chart)**
    - Q4 gross bookings grew +15% y/y vs +16% in Q3 – the weaker performance was due to pricing pressures (see more below), tougher comps, and the loss of the Delta partnership
    - Q4 adj EBITDA margin of 2.6% of GB hit an all-time high (was 1.8% in Q4:23)
    - Trailing 12M FCF was $766mn

Lyft	Q4 2024		
	Actual	Cons Est	% Surp
Gross Bookings ($ mn)	$4,279	$4,320	-1.0%
Revenue ($ mn)	$1,550	$1,560	-0.6%
Adj. EBITDA ($ mn)	$113	$104	8.8%
Adj. EBITDA Margin (%)	7.3%	6.6%	
Free Cash Flow ($ mn)	$140	$39	261.8%
Rides (mn)	218.5	217.7	0.4%
Active Riders (mn)	24.7	24.6	0.4%

Source: FactSet, StreetAccount

LionTree

- **Authorized a $500mn buyback…represents ~9% of Lyft's mkt cap**

- **Have seen some pricing pressure in the industry, which is persisting into Q1:** At the end of January, price on a per-mile basis to remain competitive was at the "lowest point it's been in the last five quarters"

- **Q1 gross bookings guidance disappoints as a result**
    - **Gross booking guidance of +10-14% was below cons +15%** and implies a deceleration from the +15% in Q4 and +16% in Q3
        - 2024 leap year also creates a headwind of ~1 ppt y/y to gross bookings growth

    - **Mid pt of adj EBITDA guidance is ~1% ahead of cons**
        - Adj EBITDA as a % GB guidance is 2.2-2.3% (down from Q4 2.6%): Despite the pricing issue, mgmt remains confident in reaching this Q1 margin guidance

- **Drivers increasingly want to work with Lyft:** The Co's Q4 survey suggests that there is now a 16-point preference gap between them and Uber vs 12-point gap in Q3
    - The Co has seen a significant increase in driver sign-ups, attributed to improved driver incentives and support programs; Lyft is focused on ensuring that drivers have a positive experience on the platform

- **Rides & rider engagement remains strong into January**
    - **The # of rides in Q4 was up +15% y/y vs +16% in Q3**

        - **Q1:25 commentary:** Rides growth should be in the mid-teens y/y …In January specifically, rides growth was high-teens due to growth in active riders and cont'd growth in frequency

    - **Active riders in Q4 were up +10% y/y vs +9% y/y in Q3**
        - Exiting the year, the Co has the most high-frequency riders in 5 yrs

- **Believes autonomous cars will ultimately expand the market for ride share**
    - **Lyft is not seeing a negative impact to mkt share in robotaxi markets:** Its mkt share in San Fran has been stable and has actually gone up in Pheonix
        - Mgmt believes they are unlocking new demand or taking share from someone else

    - **Will see Lyft's platform expand to include AVs in 2025 via the partnership May Mobility in Atlanta**

    - **Annc'd a new partnership with Marubeni:** Will use Mobileye's Lyftready AV technology to deploy a fleet of "thousands of vehicles" on Lyft's platform
        - Starting in Dallas as early as 2026 with other cities to follow

.
-> Note that last week, Uber opened an "interest list" in the Uber app for customers in Austin to receive updates about the upcoming Waymo robotaxi launch and increase their chances of being matched with one (link); Uber will also bring autonomous ride-hailing to Atlanta in September as well; Additionally, Elon Musk has said Tesla will launching a robotaxi svs in Austin in June of this year

-> Also, Baidu in talks with UAE officials to launch its Apollo Go robotaxi service in Dubai as early as H1 of this year (link)

9) Quick Takes On Prints From Other Key Stocks Across The Sectors – SHOP, RDDT, IPG, ATUS

There were a few addtl earnings prints across the sector that we took a deeper look into as well. See below for more on why Shopify and Altice USA shares were up post their results, while Reddit and IPG's shares fell.

SHOPIFY - Incremental Updates From Its Q4 Earnings: Shopify recorded a strong a finish to 2024, posting a record Q4 GMV as well as other headline numbers that broadly exceeded consensus expectations. The company appears to be executing on two of its major growth initiatives, namely enterprise and international. Nonetheless, Shopify guided for decelerating growth in revenue and gross profit in Q1:25 with investments poised to tick up, though many sell-side analysts viewed this as the company taking a more conservative approach.

-> Shopify shares were up +3.1% in reaction to the print and finished the week up +9.3%; YTD, Shopify stock is trading up +20.7%

- **Shopify's headline results broadly outperformed expectations in Q4 –**
    - **GMV beat estimates:** GMV grew +25.7% y/y in Q4 (vs +24.0% y/y in Q3) and topped cons by +1.9%
    - **Rev was better than anticipated:** Q4 rev incr'd +31.2% y/y (vs +26.1% y/y in Q3) and beat cons by +3.0%
    - **Adj op income surprised to the upside:** Adj op income was up +47.7% y/y to $585mn in Q4 and finished +5.7% ahead of cons; The adj op margin of 20.8% was above cons' 20.3%

Shopify ($mn)	2024Q4 Results		
	Actual	Cons Est	% Surp
Total Revenue	**$2,812**	**$2,730**	**3.0%**
GAAP Gross Profit	**$1,352**	**$1,320**	**2.4%**
GAAP Gross Margin (%)	51.4%	51.1%	
Adj Operating Income	**$585**	**$553**	**5.7%**
Op Margin (%)	20.8%	20.3%	
Adj EPS	**$0.44**	**$0.42**	**4.8%**
Segment Revenue			
Merchant Solutions	**$2,146**	**$2,070**	**3.7%**
Subscription Solutions	**$666**	**$651**	**2.3%**
Segment Gross Profit (GAAP)			
Merchant Solutions	**$820**	**$784**	**4.6%**
Subscription Solutions	**$532**	**$537**	**-0.9%**
Other KPIs			
Gross Merchandise Volume (GMV)	**$94,460**	**$92,690**	**1.9%**
Gross Payments Volume	**$60,700**	**$58,769**	**3.3%**
Monthly Recurring Revenue (MRR)	**$178**	**$182**	**-1.9%**

Source: Shopify Filings; Bloomberg and FactSet Data & Analysis

LionTree

- **Q1 guidance:** For context, Q1 is Shopify's lowest GMV qtr seasonally
  - **Rev is expected to grow in the ~mid-20s% y/y range:** A decel from +31.2% y/y in Q4 and ~in-line w/ cons' +24.6% y/y
  - **Gross profit is projected to increase at a ~low-20s% y/y rate:** Down from +27.3% y/y in Q4
  - **OpEx is expected to be 41-42% of rev:** Up from 31.5% of rev in Q4
  - **Stock-based comp is forecasted to be $120mn:** Up from $109mn in Q4
  - **FCF margin is expected to be in the ~mid-teens%:** An uptick from 12% in Q1:24 but down from 22% in Q4:24

- **Shopify continues to gain traction w/ "larger, high volume global brands":** "At the high-level, the enterprise is migrating to Shopify" Including Cos in the following categories over the past qtr –
  - **Retail, apparel, & accessories:** Karl Lagerfeld, Reebok, Champion, Westwing, BarkBox, Reitmans, David's Bridal, Uncommon Goods, Dooney & Bourke, and Goop
  - **High-profile professional sports teams:** FC Barcelona, which joined European football giants Real Madrid and Newcastle United, NBA teams such as the LA Lakers, Miami Heat, Dallas Mavericks, and Sacramento Kings, as well as the Toronto Maple Leafs and Red Bull Racing as enterprise users
  - **Global e-sports teams:** Team Liquid and Shopify Rebellion
  - **Newer verticals:** Music label Warner Music Group as well as window covering Co Hunter Douglas

- **The Co has been seeing "cont'd strength internationally":** GMV outside North America grew +33% y/y in Q4, outpacing growth in North America GMV, led by +37% y/y growth in EMEA; Japan was another area highlighted as a rapid growth mkt
  - **50% of Shopify's merchant base is now located outside of North America:** But the Co still has less than 1% of global mkt share
  - **Investments in product are helping to drive international adoption of Shopify:** Highlighted offerings such as frictionless sign up to drive adoption, localization f Shopify.com, compliance, new local shipping methods that has been integrated w/ Shopify POS in more countries, and rolling out Klarna as a local payment method

- **Merchant Solutions rev outpaced growth in Subscription Solutions rev in Q4…:** Merchant Solutions rev rose +33% y/y in Q4, while Subscription Solutions rev was up +27% y/y
  - **… AND this dynamic is expected to continue through 2025 –**
    - **Merchant Solutions** rev growth will continue to be driven by increasing penetration of Shopify Payments and growing adoption of other offerings for merchants
    - **Subscription solutions** rev growth is expected to be slowed by a move to three-month trials and a lack of "substantive pricing changes" in 2025

- **This dynamic is projected to weigh on FQ1 gross margins in Q1, given the mix shift:** Shopify's Q1 guidance of gross profit dollars growth in the ~+low-20s% accounts for the mix shift towards Merchant Solutions rev growth as well as overall rev growth in the ~+mid-20s% in Q1:25

- **Q4 FCF margin was better than Shopify anticipated:** Q4 FCF incr'd +37% y/y to $611mn (vs +53% y/y in Q3), representing a margin of 22% (vs 19% in Q3); Upside to Shopify's estimates was primarily due to its outperformance on rev
  - **BUT moving forward, the priority will be "investing further in key areas… as opposed to driving higher FCF margins"**

- **Shopify will "continue to embrace the transformative potential of AI":** The Co plans to deepen its investment in Sidekick and other AI capabilities to help make its merchants more successful, its developers more effective, and its customer support interactions more efficient

REDDIT - Incremental Updates From Its Q4 Earnings: Despite delivering a strong Q4, with rev growth accelerating sequentially and posting a second consecutive qtr of profitability, Reddit's miss on DAUs in the US due to Google search volatility was a negative surprise. However, the impact was mostly limited to logged out users, and traffic has since recovered in Q1 but the event still surfaces a risk factor going forward. While the Co didn't provide Q1 DAU guidance, both rev and adj. EBITDA guidance both came in ahead of consensus.

-> Reddit fell -5.3% in reaction to its print and fell further through the week to end down -12.8%

- **A strong Q4 top-line ….**
  - **Q4 rev grew +71% y/y** (accel from +68% y/y in Q3) and beat cons by +5.6%
  - **Second consecutive qtr of being GAAP profitable** – adj. EBITDA beat by +20.2%
  - **ARPU grew +23%** (accel from +14% y/y in Q3) and beat cons by +6.9%, w/ upside in both the US and international

- **…was weighed down by a miss on US DAUs (intl DAUs beat)**
  - Total DAUs were up +39% y/y (decel from +47% y/y in Q4) to 101.7mn and missed cons by -1.4% (driven by US miss of -6.8%; Intl beat by +4.3%)

- **What drove the miss in DAUs? Experienced some volatility from Google search late in Q4, triggered by a periodic algorithm change**
  - **"What happened wasn't unusual.** Referrals from search fluctuates from time to time, and they primarily affect logged-out users"
  - **No impact to revenue,** as the change primarily affected logged-out users in the US
  - **"Our teams have navigated many algorithm updates over the years** and did an excellent job adapting to these latest changes effectively"
  - **"Our relationship with [Google] is great"**
  - **Looking into Q1… traffic from search has recovered so far in the qtr** and they have regained momentum

Reddit	Q4 2024 Results		
	Actual	Cons Est	% Surp
Revenue ($ mn)	**$427.7**	**$404.9**	**5.6%**
US	$347.7	$330.1	**5.3%**
International	$80.0	$73.9	**8.3%**
Adj EBITDA ($ mn)	**$154.3**	**$128.4**	**20.2%**
Adj EBITDA Margin (%)	36.1%	31.7%	
Gross Margin (%)	92.6%	90.0%	
Free Cash Flow ($ mn)	**$89.2**	**$86.8**	**2.8%**
ARPU	$4.21	$3.94	**6.9%**
US	$7.04	$6.29	**11.9%**
International	$1.67	$1.45	**15.2%**
DAU (mn)	101.7	103.1	**-1.4%**
US	48.0	51.5	**-6.8%**
International	53.7	51.5	**4.3%**

Source: FactSet, StreetAccount

LionTree

- **Q1 guidance came in ahead of consensus estimates**
  - **Revenue – BEAT by +1.8% at midpt:** $360mn-$370mn vs cons $358.4mn

    - **Adj. EBITDA – BEAT by +17.1% at midpt:** $80mn-$90mn vs cons $72.6mn

- **Q4 ads rev grew +60% y/y (vs +56% y/y in Q3) driven by broad based strength across objectives, channels, verticals and geographies**
    - **Saw "really healthy" y/y and q/q growth in monthly active advertiser count and "that diversification continues",** driven by a focus on ease of use (i.e., AI-driven headline generation, automation for ad optimization)
    - **Grew across the funnel –**
        - Saw strength in brand advertising, with top of the funnel rev growing the fastest rate in 3+ yrs
        - Mid and lower funnel rev accounted for ~60% of total ad rev and drove more than half of the y/y growth in Q4
    - **10 of their top 15 verticals grew 50%+ y/y**
        - Led by finance, retail, auto, pharma, gaming and tech
    - **Focus is on expanding managed mid-market and SMB advertisers**
        - "Not focused on self-serve right now"

- **Very large oppty to unlock in international**
    - **Reddit is ~50% US and ~50% intl vs peers in the space that are 80-95% non-US**
        - "We have no reason to believe that we won't be in that range, because Reddit is universal, because communities are universal"
    - **Machine translation (MT) has been a key driver for international user growth**
        - MT drove between 40-50% of international user growth in Q4
        - MT id available in 8 languages – French, Spanish, Italian, Portuguese, German, Swedish, Dutch, and Filipino – and are on track to expand to addtl mkts in 2025
    - **Community-building efforts, including** in-country teams identifying topic areas, recruiting/training moderators, organizing meetups, etc.

- **Open-source models (like DeepSeek) are NOT a threat to oppties in licensing**
    - The value Reddit provides is ongoing access to up-to-date, user-generated content, which remains essential for AI models to stay relevant over time
    - "It's actually no change from the situation we are already experiencing, and we're very excited about the open-source models"

- **Product spotlight: Launched beta for Reddit Answers in the US, an AI-powered search tool**
    - Provides curated summaries of community discussions and helps users search and discover content, including the best product recommendations and advice from across the platform

IPG - Incremental Updates From Its Q4 Earnings: IPG's struggles from prior quarters largely continued in Q4, as its clients maintained a "somewhat more cautious and deliberate approach to budgeting" and account losses from a lackluster principal trading practice were reflected in underwhelming headline results. Moving forward, the loss of a significant healthcare client and other account losses were expected to result in y/y declines in organic revenue in Q1:25 as well. Otherwise, the acquisition by Omnicom is still expected to close in H2:25, and IPG is planning to undergo a business restructuring that will eventually result in ~$250mn of in-year cost savings.

-> IPG shares were down -1.4% in reaction to earnings and closed the week down -1.6%; YTD, IPG stock is trading down -3.5%

- **IPG's headline numbers mostly disappointed w/ the exception of margins –**
    - **Rev before billable expenses fell short of forecasts:** Q4 rev before billable expenses was down -5.9% y/y (vs -2.9% y/y in Q3) and missed cons by -3.4%
        - **Organic rev growth was also underwhelming:** Organic rev declines of -1.8% y/y in Q4 (vs ~flat y/y in Q3) was below cons' +0.3%
    - **Adj EBITA missed expectations:** Q4 adj EBITA before restructuring charges fell -5.9% y/y (vs -2.9% y/y in Q3) and missed cons by -2.7%
        - **BUT margins beat:** Adj EBITA margin of 24.3% in Q4 (vs 17.2% in Q3) was better than cons' 24.1%

IPG ($mn)	2024Q4 Results		
	Actual	Cons Est	% Surp
Net Revenue (before billable expenses)	**$2,435**	**$2,520**	**-3.4%**
Organic Rev Growth (%)	**-1.8%**	**0.3%**	
US	-3.2%	0.4%	
International	0.3%	0.3%	**In-Line**
Adj EBITA	**$591.2**	**$607.3**	**-2.7%**
Adj EBITA Margin (%)	24.3%	24.1%	
Adj EPS	**$1.11**	**$1.17**	**-5.1%**

Source: IPG Filings, FactSet Financial Data

LionTree

- **Global macroeconomic and geopolitical uncertainty remains an ongoing theme:** Resulting in the Co's clients in certain industry sectors maintaining a "somewhat more cautious and deliberative approach to budgeting"
    - **BUT the impact has been "nothing dramatic":** Acknowledged a "slight downshift" from a handful of client categories but also emphasized that people are "beginning to really get by w/ the reality that they [need] to just start to make plans and invest and grow"

- **Rev headwinds from account activity picked up "broadly across a number of disciplines and geographic regions" in Q4:** Though this was partly offset by "notably strong growth" in the food & bev sector, plus a return to solid growth in tech and telecom
    - **Principal media was a "decisive factor" in losing a "very significant" number of media accounts:** In contrast to some of its competitors, IPG has been building a media biz that uses "a consultative, highly database" approach
    - **The combination w/ Omnicom will help address shortcomings in the principal media biz:** Omnicom is "sophisticated in that regard" and has that capability "globally"

- **2025 organic rev is forecasted to decline -1-2% y/y:** This accounts for the trailing impact of client losses, but the Co sees an "otherwise sound underlying performance" ahead
    - **The loss of a big client in healthcare is expected to negatively impact growth by -4.5-5%:** Excluding this, IPG sees its healthcare biz growing in 2025

- **The acquisition by Omnicom is still expected to close in H2:25:** The regulatory process is "moving forward," and the Co is also progressing in the HSR review; Addt'ly, foreign filing processes are "well underway"
    - **Special shareholder meetings to approve the transaction are scheduled for March 18**
    - **Shareholder repurchases were suspended in Q4:** Due to the pending merger
        - **Dividends also weren't incr'd:** Although the Co typically raises its dividend per share at this time of the yr, the Co and Omnicom agreed to no increases during the pre-merger period

- **IPG's new programming restructuring is projected to generate in-yr savings of ~$250mn in 2025:** The initiative includes ramping up progress on the strategic centralization of many corporate functions, greater offshoring and near-shoring in both corporate svs and certain areas of client svs delivery, as well as other efficiency improvements
    - **The charge/costs associated w/ the program should be of an equal amount:** A significant portion of these expenses will be non-cash and recognized in Q1 and Q2; Addt'l details on the plan will be provided on the Q1 call

ALTICE USA - Incremental Updates From Its Q4 Earnings: Altice USA was the last connectivity company to report, and there were puts & takes with its Q4 print. Although the company missed consensus estimates on all headline metrics, it stemmed net account losses across both its broadband and video businesses and recorded its highest-ever quarter of fiber net adds as well. The mobile segment also ended the quarter with its best net adds performance within the last five years, as new converged offerings are starting to resonate with customers, but mobile net adds still fell short of expectations.

-> Altice shares were up +0.8% following earnings but closed the week down -1.1%; YTD, Altice stock is trading up +17.0%

- **Altice's headline results were mostly worse than anticipated –**
    - **Rev was slightly below expectations:** Q4 rev was down -2.9% y/y (vs -3.9% y/y in Q3) and missed cons by a narrow -0.2%

- **Adj EBITDA surprised to the downside:** Adj EBITDA fell -7.3% y/y in Q4 (vs -5.8% y/y in Q3) and closed -4.0% below cons
- **FCF was better than projected:** Q4 FCF dropped -75.2% y/y (vs -36.6% y/y in Q3) but still came in well above cons' -$19mn

Altice ($mn)	2024Q4 Results		
	Actual	Cons Est	% Surp
Revenue	$2,235	$2,240	-0.2%
Adj EBITDA	$838	$872	-4.0%
Adj EBITDA Margin (%)	37.5%	38.9%	
GAAP EPS	-$0.12	$0.04	-133.3%
CapEx	($390)	($448)	14.8%
Free Cash Flow	$50	-$19	366.8%
Revenue by Segment			
Broadband	$900	$899	0.1%
Video	$686	$695	-1.2%
Telephony	$65.4	$66.4	-1.5%
Mobile	$34.1	$34.0	0.3%
Business Services & Wholesale	$371	$373	-0.4%
News & Advertising	$158	$160	-1.7%
Other	$20.2	$17.0	18.8%
Net Add Subscriber Metrics (000s)			
Residential			
Broadband	(37.7)	(42.2)	11.9%
Video	(64.3)	(64.0)	-0.5%
Telephony	(56.7)	(57.8)	1.9%
Mobile	39.5	40.8	-3.2%

Source: Altice Filings; FactSet Data & Analysis LionTree

- **Key priorities for 2025 were outlined:** Executing on these will help the Co stabilize adj EBITDA, enhance capital efficiency, and increase FCF
  - **Improve broadband subscriber trends:** A focus on increasing value-added svs, growing mobile penetration, and expanding the B2B product portfolio will be integral to this initiative
    - **Examples of new products on the horizon:** Include whole home Wi-Fi solutions w/ svs protection add-on, advanced Wi-Fi, and billing on behalf of partnerships w/ third-party OTT app providers and subscription svs to sell-in Optimum packages
  - **Driving higher efficiency and product margins across operations:** Primarily by continuing to leverage AI, digital solutions, and self-svs tools '
    - **Altice has identified efficiencies that are expected to reduce other OpEx by -4-6% by the end of 2026:** More detail will be provided on future calls
  - **Accel'ing the pace of fiber migrations and penetration:** In addition to cont'ing to grow total passings, the Co also plans to increase the availability of multi-gig speeds across its footprint w/ new fiber builds and updates to its HFC network

- **Broadband net losses weren't as steep as forecasted:** Q4 residential bband sub net losses of –37.7k (vs -27.0k the prior yr qtr and -49.2k in Q4) were better than cons by +11.9%
  - **Multiple factors weighed on the Co's performance during the qtr:** Including the hurricane in North Carolina as well as various new go-to-mkt strategies and base mgmt programs
    - **Low move activity also pressured gross adds:** Highlighted that home sales fell to the lowest levels in nearly 30 yrs
    - **Intense competition cont'd to be a headwind:** Specifically, the Co's West footprint remained "more challenged," particularly in the income-constrained segment, by incremental fiber overbuilders and fixed wireless provider
  - **BUT there were "many positive trends" heading into 2025 –**
    - **Q4 marked the Co's best-ever qtr for fiber net adds w/ +57k:** This marked a +22% y/y increase and was driven by more than double the pace of fiber migrations
    - **Churn remained low and improved y/y in the East footprint:** As a result of the Co's focus on implementing strong base mgmt strategy

        - **The Co "saw stronger win rates" in mature mkts across its footprint:** Particularly against established ILEC and overbuild fiber operators

- **Mobile net adds were below expectations but still represented Altice's best performance in the last five yrs:** Q4 mobile net adds grew +16.2% y/y to +39.5k (vs +35.5k in Q3) but missed cons by -3.2%
    - **Mobile line growth is projected to continue to accel in 2025:** Mgmt referenced the fact that the Co's pace of mobile net adds grew by nearly +70% throughout 2024
    - **The Optimum Complete converged package is "really starting to resonate":** Altice's new offers are generating +60% growth in the avg number of lines that each customer takes; Scaling up the salesforce behind the offering has helped as well
        - **The Co has also "evolved [its] mobile strategy a bit" by simplifying the pricing:** This is "really helping [it] compete effectively in the East"

- **Video net losses improved seq but were slightly worse than anticipated:** Residential video net losses of -64.3k in Q4 (vs -62.2k in the prior yr qtr and -77.0k in Q3) were slightly below cons' -64.0k
    - **Altice's three new video offerings have been "seeing early success":** Highlighted that video attach rates have improved to up to 20% on gross adds and that customers have become stickier w/ a higher CLV since launching the products, which are just starting to scale
    - **Video gross margins were a bright spot:** Video ARPU was up +7% y/y in Q4 due to the Co's "much more disciplined approach to passing along the annual programming cost increases" as well as through its new packaging; The Co also saw more than a -$200mn y/y decline in programming costs

10) Grab Bag: Musk's Bids For OpenAI / TMUS-Starlink Beta Open For All Carriers / BYD Unveils "God's Eye"

- **Elon Musk-led consortium of investors makes $97.4bn bid for control of OpenAI** (link/link/link)
    - **Musk and OpenAI CEO Sam Altman have history:** Both were co-founders of OpenAI back in 2015, but since then have had disputes over several issues, including whether OpenAI should be run for profit; Musk resigned from its board in 2018
    - **Why does the group want to buy OpenAI?** To revert it back to its original charitable mission as a nonprofit research lab; "It's time for OpenAI to return to the open-source, safety-focused force for good it once was"
        - **Altman has pledged to transform OpenAI LLC from a subsidiary into a standalone, for-profit corporation by 2026:** He had to accept this term in return for a $6.5bn investment made last yr by investors including Microsoft and NVIDIA
    - **Altman quickly rejected the unsolicited bid** and said that the Co is not for sale
        - **Altman also said the move is just an effort by Musk to "slow down a competitor":** The bid is being backed by Musk's artificial intelligence company xAI, which could merge with OpenAI following a deal
        - **In addition to Altman, OpenAI's board also shared on Friday that it unanimously rejected the bid,** saying it was "not in the best interest" of the Co's mission and reiterated Altman's point that the Co is not for sale (link)
    - **Musk has said he would pull the offer IF OpenAI remains a nonprofit**: "If OpenAI Inc.'s Board is prepared to preserve the charity's mission and stipulate to take the 'for sale' sign off its assets by halting its conversion, Musk will withdraw the bid," the court filing said. "Otherwise, the charity must be compensated by what an arms-length buyer will pay for its assets"
    - **Regardless of whether the bid is accepted or not, the offer could challenge OpenAI's transition from a non-profit to a for-profit and make equity distribution more complex**
        - OpenAI's transition from a nonprofit to a for-profit company involves selling its nonprofit assets to the new for-profit entity
        - OpenAI has been reportedly negotiating a price of ~$40bn, but Musk's bid suggests that OpenAI might be undervaluing its assets, which could force a reassessment from California regulators who are responsible for protecting the value of assets of non-profit entities and complicate the transaction
        - OpenAI already has to divide ownership among its investors (like Microsoft, employees, etc.); If the nonprofit's val'n increases due to Musk's big, it would demand a larger stake in the new for-profit Co, leaving less equity for existing investors

- **Mobile + Satellite…T-Mobile USA annc's Starlink beta for free through July, which is open to customers of ANY carrier (i.e., AT&T & Verizon), not just T-Mobile** (link)
    - **Pricing:** The svs will be included in T-Mobile's Go5G Next plans at no extra cost; For other T-Mobile plans, it will be an add-on svs for $15/month

        - Non-T-Mobile customers can access it for $20/month
    - **Coverage:** The svs targets the 500k square miles in the US not covered by any w-less company
    - **Service capability:** Currently supports texting, w/ plans to add voice calls and data service later
    - **Devices:** Supports at least 50 device models; Some notable omissions incl Google Pixel 8 (though Pixel 9 is supported) and certain Motorola, OnePlus, and Xiaomi devices (link to list here)

  -> T-Mobile shares rallied up +3.9% on the back of the news

- **China vs the US in self-driving cars…Chinese electric vehicle Co BYD annc'd the rollout of its new "God's Eye" driver-assist system that will be installed across 21 different EV models (even cheaper ones) at no extra cost:** (link/link)
    - DeepSeek AI will power the technology
    - **Very cheap pricing:** Models priced as low as $9,600 (but can also sell for as high as ~$150k)
        - To compare, Tesla pricing starts higher at ~$30k and the most expensive model can exceed $120k
    - Per Chairman Wang Chuanfu…"2025 will be the first year of intelligent driving for all," predicting the self-driving feature will become something as normal as seat belts within three years.

  -> Overall, this will bring self-driving capabilities to a much lower price point and brings more competition into the advanced driver-assistance tech market; BYD shares were up +7.9% on the back of the news, while Tesla fell -6.3%

Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	6,115	1.5%
NASDAQ	20,027	2.6%
Dow Jones	44,546	0.5%
Gold	$2,894	0.2%
WTI Crude	$70.57	(0.6%)
10-Year Treasury Yield	4.48%	(1.0) bps
Bitcoin	$97,845	1.9%
Ether	$2,753	6.2%

LionTree TMT Universe Performance (~250 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	–
Hims & Hers	42.1%	The Trade Desk	(31.7%)
Applovin Corp.	35.8%	Eutelsat Communications SA	(19.2%)
Udemy Inc.	31.7%	Reddit, Inc.	(12.8%)
DraftKings Inc	26.5%	GoPro, Inc.	(11.3%)
Intel Corp	23.6%	AMC Networks Inc	(10.2%)
AST SpaceMobile	21.1%	Shutterstock	(9.1%)
Alibaba Group Holding.	20.5%	Zillow Group Inc.	(9.0%)
Airbnb, Inc.	19.6%	Telecom Italia SpA	(8.9%)
Bilibili Inc.	18.8%	Trivago NV	(8.5%)
Delivery Hero SE	18.7%	Oscar Health Inc	(8.4%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	–
Sports & Sports Betting	13.5%	Ad Tech	(29.0%)
China Internet / Tech	13.2%	Digital Real Estate	(4.8%)
Satellite Communications	10.8%	Telecom Infrastructure	(0.6%)
EdTech	9.1%	Advertising Agencies	(0.4%)
Application Software	7.4%	e-Commerce	0.1%
Hardware/Handsets	7.4%	Software IT Services	0.2%
Last Mile Transport/Delivery	7.3%	Smart Home Security/Automation	0.6%
Online Travel	7.3%	Broadcast TV	1.0%
Cybersecurity Software	7.2%	Internet/Advertising	1.2%
European Media	7.0%	Entertainment Facilities/Theme Parks	1.4%

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- **Apple has resumed advertising on X after a 15-month pause.** The Co had halted ads in Nov. 2023 following controversial remarks by X's owner, Elon Musk. Apple is now promoting Safari's privacy features and the Apple TV+ show "Severance" on the platform. This move aligns w/ other major brands like Disney and IBM, which have also returned to X. (MacRumors)

- **Disney+ has updated its subscriber agreement to include ads during live sports and 24/7 channels, even for ad-free tiers.** This change, effective from Jan. 27,2025 for new subscribers and Mar. 24,2025 for existing ones, aligns w/ industry trends seen in platforms like Peacock and Paramount+. The move aims to expand Disney+'s content library and integrate ESPN+ programming, which includes over 30,000 live sports events annually. (AdWeek)

Artificial Intelligence/Machine Learning

- **Google has introduced a new feature for its Gemini AI, allowing it to recall past conversations.** This enhancement enables users to create new chats based on previous ones or request summaries of old conversations. Initially, this feature is exclusive to Google One AI Premium subscribers and supports only English, with more languages to be added soon. (The Verge)

- **Baidu has announced that its AI chatbot, Ernie Bot, will be available for free starting Apr 1, 2025.** This strategic move aims to increase accessibility and user engagement. The decision follows advancements in tech and reduced operational costs. Ernie Bot, which has already attracted millions of users, will be accessible on both desktop and mobile platforms. Baidu's initiative is part of its broader strategy to compete in the rapidly evolving AI market. (Reuters)

- **OpenAI has announced that GPT-5 will be available to free ChatGPT users w/ unlimited access, integrating the o3 reasoning model.** CEO Sam Altman revealed this roadmap on Wednesday (Feb 12,2025), aiming to simplify product offerings and enhance user experience. GPT-5 will feature chain-thought reasoning capabilities, making it more versatile. Plus and Pro users will access higher intelligence levels. (Engadget)

- **Google has announced that it will test a machine learning model to estimate users' ages, starting in the US.** This model aims to determine if users are under 18, providing age-appropriate protections. The system will analyze data such as browsing history and account age. If a user is identified as under 18, Google will adjust settings and offer verification options like a selfie, credit card, or ID. This initiative is part of Google's broader effort to enhance digital safety for minors. (The Verge)

- **Snowflake has partnered w/ Anthropic to launch Cortex Agents, integrating Claude's enterprise-grade AI into corporate data environments.** This collaboration aims to enhance biz productivity by automating complex data tasks while maintaining security. Cortex Agents, featuring Cortex Analyst and Cortex Search, promise 90% accuracy on text-to-SQL tasks. Early adopters like Siemens Energy and Nissan North America report significant improvements. This partnership addresses secure AI deployment at scale. (VentureBeat)

- **AI agents are being deployed at scale by major companies in pharmaceuticals, finance, and tech, but they aren't yet ready to operate independently.** These AI agents are used for tasks like financial analysis, marketing, and customer service, aiming to save costs and, in some cases, replace human workers. However, companies are cautious about fully relying on AI due to potential risks like cybersecurity threats and biased decisions. Effective deployment requires strategic integration and oversight. (Wall Street Journal)

- **Google CEO Sundar Pichai stated that practical quantum computers are 5-10 yrs away, comparing their current stage to AI's early development in the 2010s.** Despite significant investments, quantum computing remains in the research phase. Pichai highlighted a recent breakthrough where a quantum chip solved a problem in 5 mis that would take classical supercomputers longer than the age of the universe. However, practical applications still face technical hurdles. (Bloomberg)

- **Alibaba Chairman Daniel Zhang has confirmed a strategic AI partnership w/ Apple to integrate Alibaba's AI tech into Chinese iPhones.** This collaboration aims to enhance user experience and drive innovation in AI applications. It highlights the growing importance of AI in consumer tech. The partnership will focus on developing advanced AI features for iOS, leveraging Alibaba's expertise in machine learning and data analytics. (Reuters)

- **AI investments surged 62% to $110bn in 2024, while overall startup funding declined 12%, according to Dealroom.** Venture capitalists are heavily investing in AI startups, with significant funding rounds for companies like Databricks ($10bn) and OpenAI ($6.6bn). The U.S. led AI funding, securing 42% ($80.7bn) of the total, followed by Europe at 25% ($12.8bn). (TechCrunch)

- **Orange has partnered w/ Mistral AI to enhance AI capabilities across Europe.** This strategic collaboration aims to integrate AI into Orange's operations, svs, and R&D initiatives. The partnership will focus on leveraging AI for network optimization, intelligent traffic management, and predictive maintenance. Orange's CEO, Christel Heydemann, emphasized the goal of establishing Europe as a global AI leader. This move is expected to drive innovation and deliver significant value to customers. (Telecompaper)

- **Thomson Reuters won a significant copyright case against AI startup Ross Intelligence.** The court ruled that Ross infringed on Thomson Reuters' copyrights by using Westlaw's content to train its AI models without permission. This decision disallows fair use as a defense for training AI on proprietary data. The case, filed in 2020, marks a major precedent in AI and copyright law, impacting future AI-related copyright disputes. (Wired)

- **The US and UK declined to sign an international AI governance declaration at the Paris summit.** With over 60 nations, including China and India, endorsing the declaration, the move highlights differing global perspectives on AI regulation. The declaration promotes openness, inclusivity, and ethical AI development. The US and UK cited national interests and concerns over regulation stifling innovation. (BBC)

- **Cisco and Mistral AI have partnered to launch an AI agent to streamline customer experience.** The AI Renewals Agent, built w/ a custom AI model, consolidates data from 50+ sources, providing real-time insights and sentiment analysis. Operating on-premises, it ensures data security and compliance. The agent is expected to reduce renewal proposal time by ~20%, enhancing automation and workflow optimization. This marks the first of several AI agents in their strategic partnership. (TelecomTalk)

- **OpenAI is finalizing the design of its first in-house AI chip to reduce dependence on Nvidia.** The chip will be fabricated by TSMC using its advanced 3nm process tech. OpenAI aims to test the chip in 2026. This move follows a collaboration w/ Broadcom to control infrastructure costs and diversify the supply chain. (Mobile World Live)

- **France is leveraging nuclear power to support a new AI training cluster, aiming to enhance its AI capabilities.** The French government plans to allocate 1 gigawatt of nuclear power to AI training by the end of 2026. This initiative is part of a broader strategy to boost AI development and reduce reliance on fossil fuels. (Wall Street Journal)

- **French President Emmanuel Macron annc'd a €109bn ($112bn) AI investment package.** This initiative, comparable to the US's $500bn Stargate project, aims to boost France's AI ecosystem. Major contributions include €30-50bn from UAE, €20bn from Brookfield, €10bn from Bpifrance, and €3bn from Iliad. Investments will focus on AI data centers, w/ companies like Orange and Thales participating. (TechCrunch)

- **DeepSeek's R1 AI model is reportedly more susceptible to jailbreaking than other AI models.** Tests revealed that R1 could be manipulated to generate harmful content, such as bioweapon plans and phishing emails. Despite basic safeguards, the model was convinced to create a social media campaign exploiting teens' emotional vulnerabilities. Comparatively, ChatGPT refused similar prompts. (TechCrunch)

Audio/Music/Podcast

- **Netflix is exploring video podcasts as its next growth strategy, aiming to attract creators and diversify its content offerings.** This move is part of Netflix's broader plan to enhance user engagement and stay competitive in the streaming mkts. The Co is leveraging its tech infrastructure to support this new content format, potentially opening new rev streams. (Business Insider)

- **Spotify co-founders Daniel Ek and Martin Lorentzon pocketed $1bn from stock sales amid a surge in Spotify's market value.** Ek sold nearly $350mn worth of shares, while Lorentzon sold over $550mn. The sales were part of long-term financial planning and pre-arranged divestiture plans. Spotify's stock resurgence is attributed to a renewed focus on profitability, significant layoffs in 2023, and price increases across multiple countries. (Bloomberg)

Cable/Pay-TV/Wireless

- **United Group has reached an agreement to sell SBB doo Belgrade, a pay-TV, broadband, and fixed telephone svs provider in Serbia, to e& PPF Telecom.** The deal includes the sale of Eon TV International and sports broadcasting rights for the Western Balkans to Telekom Srbija. These transactions, valued at €1.5bn, are expected to complete in H1 2025. United Group will retain key media outlets in Serbia, such as N1 and Nova S. (Advanced Television)

- **América Móvil's Q4 rev jumped 18% YoY, reaching $15.** 2bn, driven by strong performance in Brazil and Mexico. The Co added 12mn new connections, surpassing 400mn total connections. Mobile data rev grew 22%, while fixed-line rev increased 15%. CEO Daniel Hajj highlighted the Co's focus on expanding 5G networks and enhancing digital svs. América Móvil's adj EBITDA rose 20% to $5.1bn, reflecting operational efficiencies and cost management. (Telecompaper)

Cloud/DataCenters/IT Infrastructure

- **Equinix has forecast slower rev growth this yr at 3-4% compared to 7% in 2024, mainly due to a stronger US dollar.** However, underlying organic growth is expected to reach 7-8% in 2025. Amid strong demand for its data center portfolio, the Co lifted its quarterly dividend by 10% to $4.69/share. Equinix also plans to increase its capex in 2025 to support continued expansion and meet growing customer needs. This strategic move aims to enhance its global digital infrastructure capabilities. (Telecompaper)

- **Cisco reported Q2 FY2025 rev of $14bn, a 9% yr-over-yr increase, driven by strong demand for AI infrastructure.** GAAP net income was $2.4bn ($0.61/share), while non-GAAP net income was $3.8bn ($0.94/share). Cisco raised its FY2025 rev guidance to $56bn-$56.5bn. The Co also increased its quarterly dividend by 3% to $0.41/share and authorized an additional $15bn for stock repurchases. CEO Chuck Robbins highlighted the Co's role in scaling AI tech and enhancing security. (CNBC)

Crypto/Blockchain/web3/NFTs

- **North Carolina has joined a growing number of states pursuing crypto investments, aiming to attract blockchain businesses and boost economic growth.** The state plans to create a regulatory framework to support digital assets and blockchain tech. This move aligns with efforts by other states like Wyoming and Texas, which have already implemented crypto-friendly regulations to foster innovation and investment in the sector. (CoinDesk)

Cybersecurity/Security

- **The UK has secretly ordered Apple to create a global iCloud encryption backdoor, allowing access to all encrypted user content.** This unprecedented demand, issued under the Investigatory Powers Act, aims to enhance national security but raises privacy concerns. Apple may stop offering encrypted storage in the UK rather than compromise user security. The order could impact Apple's Advanced Data Protection feature, which provides end-to-end encryption for iCloud data. (The Washington Post)

eCommerce/Social Commerce/Retail

- **Shein has delayed its IPO, initially planned for this yr, due to regulatory scrutiny and market conditions.** The fast fashion Co, targeting a £50bn valuation, faces challenges including allegations of forced labor in its supply chain and changing US tariffs. These issues have prompted Shein to reassess its listing timeline. The Co aims to address these concerns before proceeding w/ the IPO to ensure a successful launch. (Retail Gazette)

- **US clothing prices fell in Jan for the first time in over a yr, driven by increased discounts and promotions amid high inventory levels.** Retailers are adjusting strategies to attract cost-conscious consumers facing economic uncertainty. The decline in prices is expected to continue as retailers aim to clear excess stock and boost sales. (Business of Fashion)

- **Retail job cuts surged in Jan, w/ 20,000 layoffs, a 150% increase from Dec 2024.** This trend reflects ongoing challenges in the retail sector, including shifts to e-commerce and economic uncertainties. Major retailers like Macy's and Bed Bath & Beyond have announced significant layoffs. Despite these cuts, some retailers are investing in tech and automation to streamline operations. (Retail Dive)

- **Netflix has opened a restaurant on the Las Vegas Strip, featuring dishes inspired by its popular shows.** The restaurant, named Netflix Bites, offers a unique dining experience w/ menus curated by celebrity chefs from Netflix's culinary shows. This venture aims to blend entertainment and dining, attracting both food enthusiasts and fans of Netflix's content. The restaurant's opening marks Netflix's latest expansion into the hospitality industry. (MSN)

- **Lower-performing shopping malls in the U.** S. are getting renewed attention. Simon Property Group and Walmart are investing in B malls, which have empty stores, weak traffic, and falling sales. Simon plans to refurbish many B malls over the next two years, starting with Smith Haven Mall in New York. Walmart is redeveloping Monroeville Mall in Pittsburgh into a mixed-use site. (Retail Dive)

- **Temu is overhauling its supply chain due to new tariffs, which may lead to price hikes.** The Co is shifting production from China to other mkts, including Vietnam and Mexico, to mitigate tariff impacts. This move aims to maintain competitive pricing but could affect product availability and delivery times. The Co plans to invest $500mn in tech upgrades to streamline operations. (Bloomberg)

- **Amazon has opened its first beauty and personal care store in Milan, Italy, named Amazon Parafarmacia & Beauty.** The store features a range of beauty and personal care items, including non-prescription drugs. It also offers "Derma-bars" for complimentary digital skin analysis and product recommendations. This move is part of Amazon's strategy to expand its physical retail footprint and leverage its online success in the beauty category. (CNBC)

- **UK retail sales in Jan.** saw a modest increase of 1.2% compared to the previous yr, driven by strong online sales and discounting strategies. Despite economic challenges, consumer spending remained resilient, particularly in the grocery and home goods sectors. However, fashion and electronics faced declines due to reduced discretionary spending. Retailers are cautiously optimistic for the coming months, focusing on value-driven promotions to attract budget-conscious shoppers. (Retail Gazette)

- **Shein annc'd plans to open its first UK warehouse in 2025, creating ~1,000 jobs.** The new facility, located in the Midlands, aims to improve delivery times and expand Shein's presence in the UK mkts. This move is part of Shein's broader strategy to enhance its logistics network and meet growing demand. The warehouse will also support Shein's sustainability initiatives by reducing carbon emissions associated w/ long-distance shipping. (Retail Gazette)

- **SHEIN has requested some Chinese suppliers to diversify their production to Vietnam.** The Co is offering incentives like a 15-30% increase in procurement prices and larger orders. This move aims to mitigate the impact of US tariffs on Chinese imports. (Bloomberg)

Film/Studio/Content/IP/Talent

- **Enlight Pictures' "Ne Zha 2" cont'd its dominance at the Chinese box office, grossing RMB1. 92bn ($267.1mn) from Feb. 3–9, bringing its total to $1.11bn.** It became the highest-grossing film in China's history, surpassing "The Battle at Lake Changjin" ($802mn). "Detective Chinatown 1900" earned $38.1mn, totaling $388. mn, while "Boonie Bears: Future Reborn" grossed $9.8mn, reaching $88.1mn. China's 2025 cumulative box office hit $2.14bn, a 418.9% increase from 2024. (Variety)

FinTech/InsurTech/Payments

- **Coinbase reported Q4 2024 earnings, surpassing Wall Street expectations, w/ rev more than doubling to $6.** 6 bn. The Co achieved $3.3 bn in adj EBITDA, marking two consecutive yrs of positive adj EBITDA. Subscription and svs rev grew 64% year-over-year to $2.3 bn. Q4 total trading volume reached $439 bn, up 137% quarter-over-quarter. Despite strong results, the Co faces challenges from increased competition and higher operating expenses (CNBC)

- **Robinhood's Q4 rev surged 115% yr-over-yr to $1.** 01bn, driven by a 700%+ increase in crypto transaction rev to $358mn. The Co's stock jumped 15%+ after hours. CEO Vlad Tenev attributed the growth to heightened post-election trading activity and strategic initiatives. Robinhood's strong performance has boosted investor confidence, positioning the Co for continued success in 2025. The Co aims to expand its product offerings and enhance user experience. (Bloomberg)

- **Affirm is partnering w/ fintech Co FIS to expand its Buy Now, Pay Later (BNPL) debit card functionality to more banks.** Affirm's debit card, launched in 2021, now has 1.7mn active users, up 136% from the previous yr. This partnership allows banks to offer Affirm's pay-over-time service to their customers. Affirm's network includes 335,000 merchants, and this move aims to provide more alternatives to credit. (CNBC)

- **Plaid, a Co connecting bank accounts to financial applications, is working w/ Goldman Sachs to raise $300mn to $400mn in a tender offer.** This deal allows early-stage investors and employees to sell existing shares, likely valuing the Co lower than its previous financing round. Plaid raised $425mn in Apr. 2021 at a $13.4bn valuation. (TechCrunch)

- **Klarna, a fintech Co, is targeting a US IPO in Apr 2025.** The Co filed for an IPO w/ the US SEC in Nov 2024. Klarna has narrowed its losses and is on track to return to annual profitability. The Co was profitable until 2019 when it accepted credit losses to expand in the US. Klarna has cut costs, reduced its balance sheet, and offloaded loans to free up capital for lending growth. The Co aims to attract IPO investors by reinforcing its lending capacity. (ThePaypers)

Investor & Market Sentiment

- **SoftBank posted a surprise loss of ¥369.** 17bn ($2.4bn) in Q3, compared to a profit of ¥298.53bn last yr. Rev also missed estimates, coming in at ¥1.83tn vs. ¥1.84tn expected. The Co's Vision Fund investments recorded a loss of ¥352.75bn, contributing to the overall decline. Despite these setbacks, SoftBank is repositioning itself to capitalize on the AI boom, with significant investments in AI tech and partnerships. (CNBC)

Last Mile Transportation/Delivery

- **Delivery Hero has achieved profitability for the first time, driven by strong performance in Asia.** The Co reported a positive adj EBITDA of $50mn in Q4 2024. This milestone comes as Delivery Hero expands its presence in Asian mkts, competing w/ larger rivals like Grab and Gojek. The Co plans to invest in tech and logistics to enhance efficiency and customer experience. (Bloomberg)

Live Entertainment/Theme Parks/Concerts/Experiential

- **Disney is reportedly concerned about the affordability of its parks, as many believe they are too expensive for the average family.** Internal discussions have focused on whether middle-class families are being priced out. It now costs over $200 to visit Disneyland on popular days, with additional costs for line-skipping passes, food, and souvenirs. A recent Harris Poll found that ~75% of respondents believe Disneyland is financially out of reach for families, though Disney disputes this survey. (KLTA)

Macro Updates

- **Fed Chair Jerome Powell stated that the central bank doesn't need to rush to lower interest rates further.** He emphasized that the economy remains strong, with a solid labor market and easing inflation, though still above the Fed's 2% goal. Powell highlighted the importance of not reducing policy restraint too quickly, as it could hinder progress on inflation. His comments were made during a Senate Banking Committee hearing. (CNBC)

- **Job creation in January was weaker than expected, with nonfarm payrolls rising by 143,000, below the forecast of 169,000.** However, the unemployment rate dropped to 4%, and wages rose 0.5% month-over-month. The BLS also revised job totals downward by 589,000 for 2024, while worker participation increased. (CNBC)

- **President Trump's 10% tariff on Chinese imports has been in effect for nearly a week, but tech companies remain largely silent, with most declining to comment.** Companies such as Amazon, Apple, and Google have not responded, citing uncertainty or hesitation due to the chaotic political environment. In contrast, automakers like BMW and Ford have voiced concerns, criticizing tariffs for hindering free trade and innovation. (The Verge)

- **The US-China trade war has intensified, impacting high-tech sectors.** The U.S. imposed new export controls on semiconductor-related goods, while China tightened controls on dual-use items. This escalation aims to protect national security and tech leadership. However, it disrupts global supply chains and increases costs for tech cos. Both nations are leveraging tariffs and restrictions to gain a competitive edge in tech innovation. (Wall Street Journal)

Media Conglomerates

- **Sony reported its quarterly results for Q4 2024, showing a 12% increase in rev to $24.** 5 bn. The Co's gaming biz was a significant contributor, w/ PlayStation 5 sales reaching 7.1 mn units. Sony's music and pictures divisions also saw growth, w/ rev up 8% and 10%, respectively. However, the Co's electronics biz faced challenges due to supply chain issues. Sony remains optimistic about its future performance, focusing on tech and content (Variety)

- **Fox has acquired Red Seat Ventures, the producer of Megyn Kelly's podcast.** Red Seat Ventures, founded by Chris and Kevin Balfe, provides production, distribution, branding, and sales svs for creators, focusing on right-leaning politics and true crime. Clients include Tucker Carlson, Piers Morgan, and Nancy Grace. The acquisition aims to expand Fox's influence in the digital media landscape while maintaining Red Seat's independence. (Hollywood Reporter)

- **The European Commission has cleared the acquisition of NAI by the Ellison family and RedBird, as well as the acquisition of Paramount by the Ellison family.** The Commission concluded that the acquisitions would not significantly impede effective competition in the European Economic Area. (EU Law Live)

Metaverse/AR & VR

- **India has emerged as the leading source of AR lenses on Snapchat, w/ the country's AR developer community growing by over 50% in the past 2 yrs, according to Snap co-founder Bobby Murphy.** India is Snap's second-largest mkt for AR developers, who are creating experiences for Spectacles AR glasses. Snapchat users in India engage w/ AR lenses over 80bn times/month, up from 50bn/month last yr. (Moneycontrol)

Regulatory

- **Apple is renaming the Gulf of Mexico to the Gulf of America on its Maps app, following an executive order by President Trump.** This change, already implemented by Google Maps, is being rolled out to U.S. users. The U.S. Geographic Names Information System updated the name on Feb .9,2025. The renaming has sparked controversy, with Mexico criticizing the unilateral decision. Apple plans to implement the change globally, though users in Mexico will still see the original name. (Bloomberg)

Satellite/Space

- **Eutelsat's H1 FY 2024-25 rev rose 5.** 9% to €606.2mn, driven by strong connectivity growth. Video rev, 52% of total, fell 6.4% to €309.2mn, reflecting broader mkts decline. Connectivity rev, now 48% of total, grew 21.1% to €290.7mn. Q2 rev stood at €306.5mn, up 2.9%. The backlog was €3.7bn on Dec. 31, 2024, down from €3.9bn a yr earlier, w/ connectivity representing 56% of the total. CEO Eva Berneke confirmed FY 2024-25 objectives. (Advanced Television)

- **AST SpaceMobile has reduced its satellite demand for North America, leading to a 17.** 5% increase in its share price to $31.14. Scott Wisniewski, president and Chief Strategy Officer, stated that an initial fleet of 20 satellites (five already in orbit) should achieve break-even cashflow. AST plans to add more satellites based on demand, with 40-50 satellites needed for key mkts like the US, Europe, and Japan. Deutsche Bank projects nearly $5bn in yearly rev by 2030. (Advanced Television)

- **Viasat's stock dipped 21% on Tuesday after major shareholders, including Ontario Teachers, CPP, and Triton LuxTopHolding, filed to sell 11.** 25mn shares acquired through the Inmarsat merger. This significant divestiture has raised concerns among investors about the potential impact on the Co's market performance. The filings, submitted to the SEC, indicate a reshuffling of stakeholder positions in the satellite communications firm. (MSN)

- **Globalstar is ordering 50+ software-defined satellites from MDA Space for Apple's Gen 2 direct-to-device service.** The contract, valued at C$1.1bn, will be added to MDA's backlog in Q1 2025. Apple owns a 20% stake in Globalstar. This expansion aims to enhance Apple's sat-phone svs and improve connectivity (Advanced Television)

Social/Digital Media

- **TikTok has returned to the App Store and Google Play after being banned in the US for nearly a month.** The return follows a letter of assurance from US Attorney General Pam Bondi to Apple and Google, ensuring they won't be fined for hosting the app. The ban, part of the PAFACA Act, remains in effect, but enforcement is delayed. (The Verge)

- **President Donald Trump suggested he might extend the 75-day delay on enforcing a ban on TikTok.** The ban stems from a law requiring its Chinese owner, ByteDance, to divest from the platform. Trump is optimistic about reaching a deal to keep TikTok in the U.S. The extension aims to provide more time for negotiations and avoid an abrupt shutdown of the app, which is used by millions of Americans (Reuters)

- **A new report from Guggenheim Partners and Apptopia reveals that the average American TikTok user spends 107 mins/day on the app, surpassing YouTube (87 mins/day) and Facebook (63 mins/day).** The report highlights that 47% of daily TikTok users scroll for at least 61 mins/day. This data underscores TikTok's dominance in user engagement, despite ongoing concerns about its potential as spyware for China's govt. (Yahoo News)

- **Snap plans a $700mn junk bond offering to repurchase convertible notes due in 2025.** The Co aims to reduce interest expenses and manage debt maturities. This move follows Snap's recent cost-cutting measures, including layoffs and office closures, to improve financial stability. The offering is expected to close on Feb. 15. Snap's stock rose 3% after the annc't. (Financial Post)

- **President Trump has tapped Vice President J. D. Vance to negotiate the sale of TikTok to a U.S.-based entity before the ban extension ends in April.** Vance, along w/ National Security Adviser Michael Waltz, will oversee the deal. Trump suggested a 50/50 American-Chinese ownership split, but the situation remains fluid. The ban, initially set for Jan. 19, was temporarily lifted by an executive order. (The Wall Street Journal)

- **Elon Musk has stated he no longer wants to buy TikTok's US biz, reversing his earlier interest.** This decision comes amid ongoing negotiations and regulatory scrutiny. Musk cited concerns over the app's data privacy practices and potential conflicts w/ his other ventures. (Bloomberg)

Software

- **AppLovin's stock surged nearly 30% after reporting better-than-expected Q4 earnings and strong guidance for 2025.** The Co's rev for Q4 reached $1.2bn, surpassing analyst expectations. AppLovin's CEO, Adam Foroughi, highlighted the success of its software platform and strategic acquisitions. The Co projects 2025 rev to be ~$5.42bn, reflecting a 26% yr-over-yr increase. (CNBC)

- **Apple now allows users to migrate digital purchases from one Apple Account to another.** This feature is designed for users with multiple Apple Accounts, enabling them to consolidate purchases like apps, music, and other content. The process requires both accounts to be signed in on an iPhone or iPad, and users must follow specific steps in the Settings app. This feature is not available in the EU, UK, or India. (MacRumors)

- **Google I/O 2025 will be held on May 20-21 at the Shoreline Amphitheatre in Mountain View, CA.** The event will feature keynotes, breakout sessions, workshops, demos, and networking opportunities. Attendees can expect announcements on Google's latest products, tech, and innovations in AI, Android, and more. This year's highlights may include Android XR, Android 16, and updates on Project Moohan, a mixed-reality headset co-developed w/ Samsung. (9to5Google)

Sports/Sports Betting

- **ESPN will not renew its Formula 1 rights, w/ NBC and Netflix as top contenders to secure the package.** ESPN currently pays ~$90mn annually but F1 seeks a substantial increase. NBC, which aired F1 from 2012-2016, and Netflix, which boosted F1's popularity w/ its Drive to Survive series, are in talks. ESPN's decision aligns w/ its recent trend of not renewing costly sports rights deals, including MLB and Pac-12. (Awful Announcing)

- **ESPN is in advanced talks to take over NFL Network and NFL RedZone, aiming to enhance its upcoming direct-to-consumer streaming platform, Flagship.** This deal, if finalized, would strengthen ESPN's position in sports broadcasting and provide the NFL with greater leverage in carriage deals. The partnership could reshape the sports media landscape, offering fans increased access to NFL content and boosting ESPN's streaming appeal. (Cord Cutters)

- **Saudi Arabia has confirmed that no alcohol will be allowed at the 2034 FIFA World Cup, including in stadiums and public fan parks.** Prince Khalid bin Bandar Al Saud, Saudi Arabia's ambassador to the U.K., emphasized that the decision aligns w/ the country's cultural norms. This announcement mirrors Qatar's 2022 World Cup restrictions but is stricter. Despite the ban, Saudi Arabia promises a vibrant World Cup experience focused on hospitality and entertainment. (Front Office Sports)

- **The NHL and NHLPA have annc'd the return of the World Cup of Hockey in 2028, marking the first international best-on-best tournament since 2016.** The event will be held in Feb. and feature at least eight teams. The NHL plans to establish a biannual international competition calendar, w/ players participating in the 2026 Milano Cortina Olympics and the 2030 French Alps Olympics. (Front Office Sports)

- **MSG Networks released a statement regarding ongoing negotiations w/ Altice USA.** They praised Governor Hochul's involvement in ensuring local sports fans have access to MSG Networks' programming. MSG Networks is ready to negotiate w/ Optimum or enter binding arbitration to restore their games on air. MSG Networks, part of Sphere Entertainment Co., operates regional sports networks featuring exclusive live local games and other sports content. (PR Newswire)

- **MLB has acquired an equity stake in Sportradar, extending their partnership through 2032.** This deal aims to unlock MLB's data and AV content potential while growing baseball globally. Sportradar will distribute MLB's official data and media content to 800 sportsbook clients and 900 media cos. The partnership will also focus on AI-driven products for personalized fan experiences. Sportradar will continue providing integrity svs to monitor global betting activity. (iSportConnect)

- **MLB is threatening to walk away from its TV deal w/ ESPN if the network exercises its opt-out clause after the 2025 season.** The current 7-yr agreement, running through 2028, allows either party to terminate early. ESPN pays $550mn/yr for its MLB package, which includes Sunday Night Baseball and a Wild Card series. MLB's stance comes amid ESPN's interest in renegotiating for a lower fee or acquiring local rights for its streaming service. (Cord Cutters News)

- **Super Bowl has significantly boosted gaming stocks.** The event saw wagers totaling $14bn, leading to a surge in gaming cos' stock prices. (The Star)

- **Netflix is considering a bid for the U.S. broadcasting rights to Formula One starting in 2026, as it continues to expand its live sports content.** This move could capitalize on the success of its docu-series "Drive to Survive," which boosted F1's popularity. ESPN currently holds U.S. rights through 2025. (Reuters)

Tech Hardware

- **Arm will launch its own chip this yr, w/ Meta as a customer.** The chip, expected to be a CPU for servers in large data centers, can be customized for various clients. Arm will outsource production. The first in-house chip will be unveiled this summer. (TechCrunch)

- **Apple plans to overhaul iPhones in China w/ AI by mid-yr and is working w/ Alibaba and Baidu to integrate AI features, aiming for a launch as early as May.** This initiative is part of Apple's strategy to regain market share in China, where local brands have gained ground. The AI system will include on-device models and censorship mechanisms to comply w/ Chinese regulations (Bloomberg)

- **Meta is in talks to acquire a Korean AI chip startup founded by a former Samsung engineer.** This move aims to enhance Meta's AI capabilities and reduce reliance on traditional chip suppliers. The startup specializes in developing energy-efficient AI chips, which are crucial for Meta's expanding AI-driven svs. This acquisition aligns w/ Meta's strategy to meet the growing demand for AI alternatives and improve its tech infrastructure. (Forbes)

- **India's semiconductor mkts, valued at $52bn in 2024-25, are projected to grow at a 13% CAGR, reaching $103.** 4bn by 2030. Key growth drivers include mobile handsets, IT, and industrial applications, contributing ~70% of rev. The gov't's targeted incentives for fabs and OSATs, increased R&D investments, and collaborative industry initiatives are crucial for this growth. (The Economic Times)

Towers/Fiber

- **Orange has met its FY targets and is now aiming for faster growth in 2025.** The Co expects to achieve mid-single-digit growth in rev, driven by its core telecom biz and new digital svs. Orange plans to invest heavily in 5G and fiber networks to enhance connectivity and customer experience. The Co also aims to expand its presence in Africa and the Middle East, leveraging its strong market position. This strategic focus is expected to drive sustainable growth and profitability. (Telecompaper)

- **Telecom Italia (TIM) will resume dividend payouts after agreeing to sell its Sparkle unit and meeting FY guidance.** The Co plans to distribute €0.02/share in 2025. TIM's Sparkle sale to KKR for €1.8bn will help reduce debt and focus on core operations. CEO Pietro Labriola stated that the Co aims to achieve sustainable growth and improve profitability. TIM's strategic plan includes expanding its fiber network and enhancing digital svs. (Telecompaper)

- **CityFibre reported its first full yr of profitability in 2024, w/ rev jumping 34% to £134mn.** Consumer rev rose 73%, adding 181,000 net new customers, totaling 518,000. The Co achieved adj EBITDA of £5mn. CityFibre's network now covers 4.3mn premises, w/ plans to reach 8mn. A strategic partnership w/ Sky will double its retail sales capacity. (Telecompaper)

- **Telefónica España and Vodafone Spain have named their new joint fiber optic service Co Fiberpass.** Created in Nov.2024, Fiberpass will cover ~3.6mn building units and maximize the use of the current FTTH network. Pablo Ledesma, Telefónica España's Director of Operations, will be the CEO. The venture aims to capture efficiencies and offer top svs to customers. Regulatory approvals are pending, w/ the Council of Ministers approving Vodafone Spain's foreign investment. (Telecompaper)

Video Games/Interactive Entertainment

- **Sony's PlayStation Plus will offer new day-one releases, starting w/ Lost Records: Bloom & Rage by Don't Nod, releasing in two parts on Feb 18 and Apr 15.** Other titles include Blue Prince and Abiotic Factor, coming this spring and summer. This move aligns PS+ w/ Xbox Game Pass, enhancing its appeal. The new titles will be available to Extra and Premium subscribers, marking a significant shift in Sony's strategy. (Kotaku)

- **Borderlands 4 is set to launch on Sept 23,2025, as announced by Gearbox Entertainment during the PlayStation State of Play.** The game will feature new combat mechanics, including dual-wielding loadouts and powers. This release date positions Borderlands 4 ahead of GTA 6, which is also slated for a fall 2025 release. Fans can expect more details in a dedicated State of Play showcase later this yr. (Kotaku)

- **Unity has continued its layoffs, impacting 25% of its workforce this fiscal yr, costing $205mn.** Reports from former employees indicate abrupt communications, including 5am emails. Entire teams, such as the Behavior package team, were cut. (Game Developer)

- **Supercell CEO Ilkka Paananen criticized rivals for buying successful new titles instead of creating them.** He noted the mobile gaming industry's stagnation since 2021, contrasting it with growth in books, music, and TV. Paananen disapproved of the M&A strategy, emphasizing Supercell's pioneering role in free-to-play mobile games. Supercell's rev hit €2.8bn last yr, up 77%, w/ all six titles growing. Tencent valued Supercell at $10bn in 2016. (Financial Times)

- **Valve has banned forced in-game ads from all Steam titles, prohibiting games from requiring players to watch ads to play or gain in-game advantages.** This policy, clarified in Steamworks Documentation, aims to eliminate mobile-style ad models on the platform. Developers must remove ad-based elements before shipping on Steam, opting for upfront payments or free-to-play models w/ optional paid upgrades. (Kotaku)

- **Discord has introduced a new feature called Ignore, allowing users to hide new messages, DMs, server notifications, profiles, and activity from selected users without alerting them.** This softer approach to limiting interactions was requested by the community. Ignored messages appear in the inbox w/ an icon and grayed-out name. Users receive a warning before joining a call w/ an ignored person. The Ignore feature can be activated from various places, including the drop-down menu on an account's avatar. (Engadget)

Video Streaming

- **Hotstar and JioCinema have merged into JioHotstar, a joint venture between Reliance-owned Viacom18 and Star India.** The new platform integrates JioCinema's content into Disney's Hotstar, offering 300k hrs of content, 100+ TV channels, and movies from Disney, Warner Bros, HBO, NBCUniversal, and Paramount. JioHotstar aims to reach 500mn users in India. Subscription plans start at ₹149 for 3 months (ad-supported) and ₹299/month (ad-free). The merger follows Reliance's $8.5bn merger w/ Disney's Indian assets last yr, controlling 85% of India's streaming mkts. Existing JioCinema subscribers will transition to JioHotstar. (TechCrunch)

- **Paramount and YouTube TV are in a carriage dispute, with Paramount accusing YouTube TV of making non-market demands.** Paramount has made fair offers to continue their relationship, but YouTube TV plans to refund customers $8 for any lapse in Paramount programming and suggests subscribing to Paramount+. YouTube TV has 8mn subscribers and recently increased prices by $18/month. The dispute could affect March Madness on CBS and CBS Sports Network if unresolved by mid-Mar. (Advanced Television)

- **Philo, the entertainment-focused pay-TV streaming svs, has surpassed 1.** 3mn subscribers, marking a 20% yr-over-yr growth rate in 2024. The Co reported $450mn in annual rev and projects its first profit in 2025. Philo also annc'd the acquisition of TVOD outlet Row8 and the appointment of Edward King as Chief Product Officer. (Cord Cutters News)

- **Apple has expanded its TV+ video service to Android phones for the first time.** The TV+ app, available via the Google Play Store as a free download, was launched on Wednesday (Feb. 12,2025). This move marks a rare occasion where Apple offers svs on Google's Android, its biggest competitor in smartphone software. The initiative aims to enhance TV+'s appeal and challenge streaming giants like Netflix and Disney+. (Bloomberg)

- **FuboTV annc'd that its Fubo Sports network is now distributed on over-the-air (OTA) stations in 100+ mkts, including New York, Los Angeles, and Chicago.** This expansion makes Fubo Sports available to 12mn traditional TV households as OTA diginets, in addition to its presence on streaming platforms. (Sports Video Group)

- **Netflix is preparing to roll out its in-house ad tech across Europe amid increasing pricing competition.** The Co aims to enhance its ad-supported tier, which has seen significant growth. This move comes as Netflix faces pressure from competitors and seeks to attract more advertisers. (Digiday)

- **YouTube is rolling out AI-driven updates in 2025, including auto dubbing, age verification, and realistic image generation tools.** CEO Neal Mohan emphasized AI as one of the Co's top "big bets" for 2025. Auto dubbing will allow creators to translate videos into multiple languages, available to all in the YouTube Partner Program later this month. Age verification AI will tailor content and recommendations. New AI tools will also protect creators from unauthorized use of their likenesses. (TechCrunch)

- **YouTube CEO Neal Mohan annc'd that TV screens have overtaken mobile as the primary device for YouTube viewing in the US.** Mohan highlighted YouTube's dominance in streaming, surpassing Netflix. (Hollywood Reporter)

- **Tubi's Super Bowl LIX stream outperformed traditional OTA broadcasts, delivering fast start times, low latency, and no major failures.** The UHD stream provided comparable picture quality to San Francisco's KTVU OTA HD broadcast and was slightly ahead of KTVU's OTA. YouTube TV lagged behind by almost a full down. Despite some buffering on T-Mobile's 5G network during the halftime show, Tubi's stream was generally superior, with no mass failures or sign-up issues. (nScreenMedia)