LionTree

WEEKLY UPDATE

WEEK ENDING NOVEMBER 15, 2024

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After the huge stock market surge last week, the major indices gave back some of those gains, though asset classes like crypto advanced their momentum. Investors continue to assess the winners and losers as the picture regarding the new administration further unfolds. The S&P 500 and Nasdaq fell -2% and -3.2%, respectively, this week.

While there are still a few stragglers set to report next week, we are finally past the bulk of this very busy earnings season. This week we delved into Entertainment, Theme Parks, Streaming, Music, Concerts, Online Grocery, and China Tech, plus some key updates out of Liberty Media's Investor Day. It is never a dull moment!

See below for our key takes regarding the most important themes and developments this week (all links are clickable):

Have a nice weekend.

Best,
Leslie

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1. Earnings Scorecard – Week 5

We are finally reaching the tail-end of earnings season, and the pace of reports has started to tick down, with 21 companies in our LionTree TMT and Consumer Universe reporting their quarterly results (down from a record 98 last week). Similar to the last three weeks, stock price reactions were biased to the downside, as 11 companies (52%) traded down after their prints, while 10 companies traded up (48%). **Groupon** was the worst performer of the week, down -27.0%, while **Shopify** was the best performer, up +21.0%.

After Fox, Paramount, and WBD reported last week, **Disney**'s earnings this week rounded out this quarter's media earnings, and it ended on a strong note, with the stock up +6.2% in reaction (see Theme #2). It was also a strong showing on the music side, with **Spotify** popping +11.4% post its report (see Theme #3), as well as on the live entertainment front, with **Live Nation** trading up +4.7% (see Theme #5).

That being said, market reactions weren't all positive. **Instacart** was also on deck this week, and the stock fell -11% in reaction (see Theme #6). It was also tough going for the **China Tech** companies that reported this week, with JD.com down -6.6%, Alibaba down -2.2% and Tencent down -1.8% (see Theme #7).

The table below includes select mid- and large-cap TMT and consumer companies in our LionTree stock universe that reported this week.

LIONTREE EARNINGS SCORECARD

SECTOR	Stk Reaction*	SECTOR	Stk Reaction*
AdTech		**Hardware/Handsets**	
Pubmatic	-1.0%	Sonos	-2.3%
Application Software		**HealthTech**	
Shopify	-21.0%	23andMe	2.2%
China Internet / Tech		**Internet Advertising**	
JD.com	-6.6%	IAC	-12.6%
Tencent Music Entertainmen	-5.5%	**Last-Mile Transport/Delivery**	
Alibaba Group	-2.2%	Instacart	-11.0%
Tencent	-1.8%	**Live Events**	
Consumer Retail		Live Nation Entertainment	4.7%
On Holding AG	-0.2%	**Music**	
e-Commerce		Spotify	11.4%
Groupon	-27.0%	**Online Travel**	
EdTech		Despegar.com Corp	16.9%
Chegg	-10.7%	**Out Of Home Advertising**	
European Media		Outfront Media	1.6%
Prosiebensat 1 Media SE	3.1%	**Software IT Services**	
European Telco		Rackspace Technology	5.9%
Vodafone Group plc	-9.0%	**US Media / Video**	
Telecom Italia SpA	8.0%	The Walt Disney Co.	6.2%

Source: FactSet

*Day post earnings

2. Disney's New Multi-Year Guidance Paints A Picture Of Accelerating Earnings Growth

After the success of Inside Out 2 and Deadpool vs Wolverine (the only two $1bn+ movies globally YTD), Disney posted another blockbuster – this time on the FQ4 results front. The company's headline numbers across revenue, op income, and EPS all beat. Notably, despite some areas of weaknesses across segments, the standout performance came from the DTC segment, which posted an op income beat that was nearly double the Street's expectations, marking Disney's second consecutive quarter of DTC profitability.

That wasn't the only big topic of conversation on the call, as analysts were drilling down on the new and in-depth multi-year guidance, which painted a picture of accelerating earnings growth through FY27.

Regarding the quarter and starting with the Entertainment segment, DTC's strength was driven by growth in subscribers (added +4.4mn in the qtr vs +0.7mn last qtr) as well as the advertising tier's performance (~60% of new US Disney+ subscribers are choosing the ad tier). Looking ahead, growth is expected to come from a balance of subscriber growth and pricing, with a little more leaning towards pricing, with expectations of pricing-related churn being somewhat reflected in the FQ1 outlook for a "modest" decline in Disney+ subs vs FQ4. Also related to streaming, Disney announced that the ESPN+ streaming tile will be available starting December 4. The ESPN flagship product will also be launching in early fall 2025, and the payback is expected to come "relatively quickly" in 2026.

Another point of emphasis from the Co was that it continues to see strength in linear, particularly across its live offering, and despite overall declines, streaming is its "natural hedge" for when consumers ultimately decide to switch. In the meantime, integrations between linear and streaming platforms are viewed as a way to gain share in advertising.

Finally, on the Experiences front, while it was a good qtr for domestic, international was a drag on the segment due to region-specific dynamics that seemed to fall into the qtr. That being said, Disney is seeing strengthening in the consumer and is anticipating a gradual acceleration in the business going forward. However, Experiences op Income was guided for one more negative quarter (due to Hurricane impact and new Cruise ship launch next week) before turning positive in FQ2.

As always, there's a lot to dig into from the quarter…see below for what we thought was most important.

-> Disney shares jumped +6.2% post-earnings and finished the week up +16.2%; YTD, Disney stock is trading up +27.5%

While FQ4 Beat Across The Top-Line, Results Were Mixed Under The Hood / DTC Profitability Beat Was A Standout

- **FQ4 rev – BEAT by +0.4%:** Increased +6% y/y (vs +4% y/y in FQ3) to $22.6bn
    - Content Sales/Licensing & Other and Experiences were the upside areas to revenue
    - BUT all other business lines missed expectations

- **FQ4 op income – BEAT by +1.8%:** Grew +23% y/y (vs +19% y/y in FQ3) to $3.7bn
    - DTC profitability upside stood out with op income at $253mn vs cons $131mn
    - BUT Linear Networks op income was -27% below expectations

- **Adj EPS – BEAT by +2.7%:** $1.14 vs cons $1.11

- **FCF – BEAT by +15%**

Disney	FQ4 2024 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	**$22,574**	**$22,490**	**0.4%**
Operating Income (mn)	**$3,655**	**$3,590**	**1.8%**
Operating Margin (%)	16.2%	16.0%	
Adj EPS	**$1.14**	**$1.11**	**2.7%**
Free Cash Flow (mn)	**$4,029**	**$3,510**	**14.8%**
Revenue by Segment (mn)			
Entertainment	**$10,829**	**$10,660**	**1.6%**
Linear Networks	$2,461	$2,470	-0.4%
Direct-to-Consumer	$5,783	$5,830	-0.8%
Content Sales/Licensing and Other	$2,585	$2,430	6.4%
Sports	**$3,914**	**$3,950**	**-0.9%**
Experiences	**$8,240**	**$8,180**	**0.7%**
Operating Income by Segment (mn)			
Entertainment	**$1,067**	**$1,150**	**-7.2%**
Linear Networks	$498	$682	-27.0%
Direct-to-Consumer	$253	$131	93.9%
Content Sales/Licensing and Other	$316	$304	3.9%
Sports	**$929**	**$895**	**3.8%**
Experiences	**$1,659**	**$1,660**	**-0.1%**

Source: FactSet, StreetAccount

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Mgmt Provided A Plethora of Optimistic Guidance Across The Business Over The Next Two Years

- **Expect accelerating EPS growth through FY27:** Expect to continue to drive "healthy" growth beyond this year
    - **FY25: High single digit** growth y/y, which is BETTER than cons +4.4%
    - **FY26: Double digit** growth vs cons +12.0%...driven by -
        - **Entertainment seg op income:** Double digit % growth due to growth in Entertainment DTC biz and a 10% op margin for Entertainment SVOD DTC biz (ex, Hulu Live DMVPD service)
        - **Sports segment op income:** ~+Lsd% growth
        - **Experiences segment op income:** ~+Hsd% growth
    - **FY27: Double digit** growth vs cons +11.4%
- **FY25 advertising rev:** Expected to be "at or stronger" than FY24's +3% y/y
- **FY25 CapEx came in higher than expectations:** ~$8bn vs cons $6.54bn, driven primarily by fleet expansion at Disney Cruise Line and new guest offering at theme parks around the world
- **Cash from operations -**
    - **FY25 - BEAT:** ~$15bn vs cons $14.81bn
    - **FY26:** Double digit growth
- **FY25 stock repurchases:** Targeting $3bn in stock repurchases
- **FY25 dividend growth:** Targeting increases to divided at a rate that tracks Co earnings growth

Streaming Profitability Improved Seq In FQ4 (After Reaching Profitability For The First Time In FQ3) / The Push For Ad-Supported Sign-Ups Is Working, With Majority Of New Subscribers Choosing The Tier

- **FQ4 overall Entertainment segment BEAT on rev by +1.6% but missed on op income by -7.2%:** Rev grew +14% y/y (vs +13% y/y in FQ3); Op income grew from year-ago $236mn to $1.1bn
    - **Linear Networks – dragged down the segment on both rev (-0.4% miss) and op income (-27% miss):** Rev fell -6% y/y and op income was down -38% y/y due to higher marketing costs, lower affiliate rev, and a decline in ad rev

- **DTC – had a standout qtr for profitability (+94% beat), but missed on rev (-0.8% miss):** Rev grew +15% y/y, and op income went from year-ago -$420mn to $253mn, driven by growth in subscription and ad rev
- **Content Sales/Licensing & Other – beat on both rev (+6.4% beat) and op income (+3.9% beat):** Rev grew +14% y/y and op income went from year-ago -$149mn to $316mn, reflecting the theatrical success of *Inside Out 2* and *Deadpool & Wolverine*

- **Combined DTC biz profitability improved in FQ4: Op income reached $321mn (up from $47mn in FQ3)**
  - Consists of the Direct-to-Consumer line of business at the Entertainment segment and ESPN+ at the Sports segment

- **Disney+ Core BEAT on subscribers, but MISSED on ARPU…FQ1 subs should see modest decline seq**
  - **Disney+ Core subscribers beat by +2.3%:** Incr'd seq by +4.4mn (vs +0.7mn q/q in the prior qtr)
    - **Domestic:** Added +1.3mn subs q/q (vs +0.8 subs q/q in prior qtr)
    - **International:** Added +3.2mn subs q/q (vs -0.1mn subs q/q in prior qtr)
  - **Disney+ Core ARPU missed by -0.9%:**
    - **Domestic:** Fell from $7.74 in FQ3 to $7.70 in FQ4 due to a higher mix of subscribers to ad-supported and wholesale offerings, partially offset by a higher ad rev
    - **International:** Incr'd from $6.78 in FQ3 to $6.95 in FQ4 due to higher retail pricing, partially offset by a higher mix of subscribers to ad-supported and wholesale offerings and an unfavorable FX impact
  - **FQ1 outlook – Expect "modest" decline in Disney+ subs vs FQ4**, driven by the expected temporary uptick in churn from both the recent price increases and the end of a recent promotional offer

- **Entertainment DTC ad rev grew +14% y/y (vs +20% y/y in FQ3),** driven by Disney+
  - ~60% of new US Disney+ subscribers are choosing the ad tier
  - ~37% of total US subs and ~30% of global subs are AVOD subs
  - Expect advertising will continue to be a driver of DTC rev going forward
  - **"It's not just about raising pricing… the pricing that we recently put into place, which is increased pricing, was actually designed to move more people in the AVOD direction, because we know that the ARPU and interest in it from advertisers and streaming has grown"**

- **A deeper drill down of the Entertainment op income outlook -**
  - **FY25: Double digit op income growth compared to FY24's +172% y/y, weighted to H1 of the yr**
    - **Entertainment DTC op income increase** of ~$875mn versus FY24, which includes a comparison to an adverse impact of the India DTC business of ~$200mn on FY24 Entertainment DTC results
      - Expect growth to come from a balance of pricing and subscriber growth, with a little more tilt towards pricing
    - **FQ1 Content Sales/Licensing and Other op income "relatively in-line"** with FQ4
  - **FY26: Entertainment: Double digit op income growth compared to FY25 guidance**
    - 10% op margin for the Entertainment SVOD DTC bizs (excl. Hulu Live DMVPD service), driven by –
      - Growing subscribers (each incremental subscriber has "very, very" high margins attached to them)
      - Increasing pricing in-line w/ content value
      - Increasing engagement and reducing churn, including improving the recommendation engine
      - Increasing ad monetization
      - International, which continues to be a "significant" opportunity

- **"View international as a terrific opportunity" to grow streaming biz and will be doing some "selective investing" in EMEA and APAC**
  - **BUT have slowed down investments in those markets until technology to maximize returns and reduce churn is improved**: "We don't want to spend on the content side until we're confident that we can get the necessary returns on those investments"
  - **Noted that investments won't be "enormous in nature by any stretch of the imagination"…:** Have modeled in "some incremental growth" in content spend as a result, but "not enough to be significantly disruptive to the overall cash flow or algorithm for the company"

- **… B/c making content with global appeal and franchise value remains the priority and is what gives them a competitive edge:** Had the only two $1bn+ movies so far this year and that was generated from across the world; "And if you look at some of our competitors who don't have movies of basically that quality or that level of success, they have to spend more in local content, because they don't have that"

- **Have several initiatives in process to boost engagement, reduce churn, and improve the overall user experience – "We're already seeing increased engagement in a very short period of time"**
  - Improving streaming tech
  - Enhancing personalization through better recommendations
  - Addressing password sharing (has launched in ~130 countries)
  - Unifying tech and ad stacks across Disney+ and Hulu

Disney	FQ4 2024 Results		
	Actual	Cons Est	% Surp
Subscribers (mn)	**236.2**	**232.5**	**1.6%**
Disney+ Core	**122.7**	119.9	**2.3%**
Domestic (ex-Hotstar)	56.0	55.7	0.5%
International (ex-Hotstar)	66.7	64.2	3.8%
Disney+ Hotstar	35.9	35.2	2.1%
ESPN+	**25.6**	**25.6**	**0.1%**
Total Hulu	**52.0**	**51.9**	**0.1%**
Hulu SVOD Only	47.4	47.3	0.3%
Hulu Live TV + SVOD	4.6	8.9	-48.1%
ARPU			
Disney+ Core ARPU	**$7.30**	**$7.37**	**-0.9%**
Domestic (ex-Hotstar)	$7.70	$7.94	-3.0%
International (ex-Hotstar)	$6.95	$6.92	0.4%
ESPN+	$5.94	$6.11	**-2.8%**
Disney+ Hotstar	**$0.78**	**$0.81**	**-3.7%**
Hulu SVOD Only	**$12.54**	**$12.67**	**-1.0%**
Hulu Live TV + SVOD	**$95.82**	**$95.16**	**0.7%**

Source: FactSet, StreetAccount

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Gearing Up For ESPN+ Launches… The Tile On Disney+ In Dec And Flagship DTC In 2025

- **FQ4 Sports missed on rev, but beat on op income**
  - **Rev – MISSED by -0.9%** Flat y/y (vs +5% y/y in FQ4)
    - **Domestic ESPN ad rev was up +7% y**
  - **Op Income – BEAT by +3.8%:** Fell -5% y/y (vs -6% y/y in FQ4), driven by Domestic ESPN, as higher college football rights costs were partially offset by ad rev growth

- **Sports op income outlook - growth will accelerate in FY25, but decel again in FY26**
  - **FY25: +13% op income growth compared to FY24's -2% y/y**; Adjusting for the impact of the India biz on Sports' FY24 results, op income is expected to decrease ~10%
  - **FY26: Low single digit op income growth compared to FY25**

- **College Football is driving fan engagement on both ABC and ESPN**
  - College Football on ABC is off to its best start since 2009, with rating up +45% y/y

- **Announced that the ESPN+ streaming tile will be available on Disney+ beginning Dec 4:** Will provide Trio Bundle subscribers full access to all of the ESPN+ sports content while inside Disney+ (similar to experience offered to bundle subscribers with Hulu on Disney+)
  - **Will also make select ESPN content available all Disney+ subscribers**, including certain live sports events and games, as well as studio shows, series, and documentaries

- **ESPN flagship will be available on Disney+ and within the ESPN App in early fall 2025:** Subscribers to the flagship product and Disney+ will have access to the full suite of ESPN and ESPN+ content within Disney+

    - **The flagship experience within the ESPN App will give subscribers access to an enhanced array of digital features,** such as fantasy sports, integrations, enhanced statistics, betting features, and e-commerce to accompany ESPN's full package of sports programming
    - **In addition to viewers, will also be a "very compelling" offering for advertisers:** Offers a combination of live sports, which is "extremely attractive" to advertisers, as well as ad tech that Disney already has built and continues to improve
    - **Will be an investment in 2025 which mgmt. expects to pay back "relatively quickly" in 2026**

Still Seeing Strength In Linear TV, Especially in Live, And Is Complimentary To Streaming Offering / No M&A Or Divestiture Plans On The Horizon

- **Didn't provide specific guidance on Linear biz outlook but gave some incremental commentary – "We modeled that it would continue to decline" BUT "we have a bit of a natural hedge in the way that our portfolio operates"**
    - "Well-positioned" regardless of whether consumer decides to stay in linear longer or move over to the streaming side
    - "I think in many ways, we're sort of a must-have platform inside of most households"

- **While linear TV faces challenges, it is "very strong" right now and, in conjunction with streaming, provides a compelling offering to advertisers**
    - Integrating linear and streaming platforms (i.e., simulcasting NFL games on both ESPN and ABC) creates value by offering advertisers access to broader, differentiated audiences
    - Additionally, proprietary adtech stack and ability to serve targeted ads more effectively to consumers, esp in the streaming biz, is a competitive advantage
    - Also "working well" selling inventory with Google and YouTube, allowing advertisers to reach differentiated audiences through The Trade Desk platform, which Disney's adtech enables
    - **"We certainly feel optimistic about our ability to gain share in advertising based on that"**

- **Given Comcast's plans to spin off its cable networks, would Disney consider a similar move? "We don't really need more assets right now, either from a distribution or from a content perspective"**
    - Highlighted 20th Century Fox acquisition in 2017, which boosted content and distribution for streaming (came w/ control and ultimately ownership of Hulu
        - **While I think we'll always look opportunistically at opportunities…we, in many respects, have already consolidated"**
    - **Also "absolutely did not see" see an oppty to create value through divestitures**

- **Clarified that the DirecTV deal structure is not indicative of the future structure of deals:** Deals are tailored to the unique circumstances of each partnership

Experiences Was Slightly Weighed Down By International In FQ4 / But Seeing The Consumer "Strengthening" in FQ4 And Expect That Continue Into FY25

- **FQ4 Experiences beat on rev but slightly missed on op income**
    - **Rev – BEAT by +0.7%:** Increased +1% y/y (vs +2% y/y in FQ3)
    - **Op income – MISSED by -0.1%:** Decreased -6% y/y (vs -3% y/y in FQ3)

- **FQ4 Parks & Experiences breakdown by geography – Growth in domestic op income was more than offset by a decline in international**
    - **Domestic rev grew +3% y/y, and op income was up +5% y/y**
        - Op income growth was driven by higher guest spending, partially offset by higher OpEx and costs related to new guest offerings driven by Disney Cruise Line pre-opening costs associated with recent fleet expansion
    - **International rev fell -5% y/y, and op income was down -32% y/y:** Decrease in op income reflected -
        - Op income was impacted by Shanghai Disney Resort driven by lower attendance, Disneyland Paris reflecting the impact of the Olympics, and higher costs related to new guest offerings

- **Drill down on Experiences op income guidance … "We certainly feel like the consumer is strengthening… our expectation going forward is a gradual strengthening in the consumer"**
    - **FY25: +6-8% op income growth compared to FY24's +4% y/y, weighted to H2 of the yr** (bookings in H2:FY24 are positive, and are "optimistic" about how bookings are looking getting into H2:FY25)
        - **FQ1 op income adversely impacted** by ~$130mn due to Hurricanes Helene and Milton and ~$90mn due to Disney Cruise Line pre-launch costs

        - **Will then turn positive in FQ2 and see further strengthening over the course of the yr,** driven by new Disney Treasure cruise ship, overlapping FQ4 labor costs in Disneyland Resort, and expectations of consumer to "gradually strengthen" through the yr
    - **FY26: Accelerate to high single digit op income growth compared to FY25**

- **Disney Cruise Line growing to 6 ships, with 7 addtl ships currently in development**
    - Unveiling *Disney Treasure* next week, growing ship fleet from 5 ships to 6

- **"Robust slate of new projects coming to our parks tied to many of our popular franchises"** including –
    - **Magic Kingdom** is undergoing the largest expansion ever, including a new area inspired by Cars and a Villains themed land
    - Monsters, Inc. themed land coming to **Hollywood Studios**
    - New areas with attractions themed to Encanto and Indiana Jones coming to **Disney's Animal Kingdom**
    - Doubling the size of Avengers Campus with two new attractions at **Disney California Adventure**
    - First-ever ride-through attraction themed to Coco at **Disney California Adventure**
    - Avatar-themed destination coming to **Disney California Adventure**
    - First-ever ride-through attraction themed to The Lion King coming to **Disneyland Paris**
    - **How much of longer-term return on investments will come from pricing vs attendance? "It'll be a balance of both" and "we'll have the ability to flex that as we learn our way into it"**

FQ4 Was "One Of The Best Quarters In The History Of Our Studio" / Created The Only Two $1bn+ Movies YTD

- **Television branded series and general entertainment programming are performing "exceptionally well"**
    - Growing new audiences and won a "record-breaking" 60 Emmy awards
    - **Disney FX received the most awards in its history (36)**, including 19 awards for *Shōgun,* the year's most-awarded series, and 11 for *The Bear*, which broke its own record with the most comedy series wins in a single year

- **Momentum across the film slate – Disney became the first studio to cross $4bn globally in 2024**
    - **"Extremely proud" of summer box office performance,** fueled by the top two movies of the year to date, *Inside Out 2* and *Deadpool & Wolverine*
    - **Closing out 2024 with two other "highly anticipated" titles,** *Moana 2* later in November and *Mufasa: The Lion King* in December
    - **Have "an extremely promising" content slate in 2025,** including *Captain America: Brave New World, Lilo & Stitch, The Fantastic Four: First Steps, Zootopia 2* and *Avatar: Fire and Ash*

- **Have been seeing viewership of earlier titles of successful or anticipated releases (i.e., *Inside Out 2*, *Moana*, and Marvel movies) "spike significantly" on streaming platforms**
    - With upcoming releases of Zootopia, Avatar, Star War film, Avengers film, etc. in 2025 and 2026, Disney has a "strong sense that they're going to enable us to strengthen our streaming performance"

3. Spotify's Playbook Is Working… 2025 Becomes The Year Of Growth WITH Profitability

Spotify kept the tempo up and delivered ANOTHER quarter of record operating income, gross margin and FCF. In addition, while missing expectations for MAUs the past two quarters, growth is back in track, as the Co outperformed on that metric this qtr (Premium subscriber adds and ad-supported MAUs both beat forecasts).

However, revenue was the laggard in the quarter, missing consensus expectations by -1.0%, with performance on both the premium and ad-supported side coming in lower than expected due to currency and advertising headwinds. Those headwinds are expected to continue into Q4, causing revenue guidance to come in -3.8% below forecasts. Nevertheless, the company is delivering on its promise that 2024 would be the year of monetization and is setting the stage to evolve into "Growth WITH Profitability" in 2025, which went over well with investors.

Of the several initiatives that Spotify has in the works to build towards that 2025 vision, analysts were particularly interested in updates on the advertising front. The reliance on brand advertising, which is heavily influenced by broader market trends, weighed on Q3. The Co is very focused on diversifying into more performance-based svs advertising through its Spotify Ad Exchange, but it is still in the early days. 2025 will be a year of testing, with a more material impact expected to be seen in 2026. Other initiatives across AI, video, podcasts, audiobooks, courses in the UK, and other new features on the platform continue to drive engagement, and the Co's underlying relentless focus on the LTV/SAC ratio will ultimately drive future price increases and contribute to a strong sustainable top-line growth profile.

See below for more on what we thought was most interesting from Spotify's quarter.

-> Spotify shares rose +11.4% following earnings and ended the week up +14.4%; YTD, Spotify stock is trading up +143.9%

Another Qtr Of Record Gross Margin, Op Income, And FCF Far Outweighed The Small Miss On Rev In Q3

- **Q3 rev came in slightly below expectations – MISSED by -1.0%:** Total revs grew +19% (decel from +20% y/y in Q2) to €4.0bn
  - **Premium rev (88.2% of total) - MISS:** Grew +21% y/y (in-line w/ Q2)
  - **Ad-supported rev (11.8% of total) – MISS:** Grew +6% y/y (decel from +13% y/y in Q2)

- **Q3 gross margin sets another record / saw cont'd expansion and outperformance, driven by the premium segment:** 31.1% vs cons 30.2%, up +473 bps y/y
  - **Premium gross margin – BEAT:** Grew +436 bps y/y to 33.5% vs cons 32.4%, driven by favorability in music, audiobooks, and Other Cost of Revenue
  - **Ad-Support gross margin – MISS:** Grew +486bps y/y to 13.1% vs cons 14.7%, driven by favorability in music, podcasts, and Other Cost of Revenue

- **Q3 op income also set another record – BEAT by a wide +15.9%:** Reached €454mn vs cons €392mn (11.4% margin vs cons 9.7%), reflecting lower personnel and related costs and lower marketing spend, partially offset by €54mn in Social Charges

- **Q3 MAUs – BEAT by +0.2%:** Grew by +14mn (vs +11mn in Q2) to reach 640mn vs cons 639mn

- **Posted another all-time record qtr of FCF:** €711mn (up from last qtr's record of €490mn), driven by improved op income profile, as well as net working capital favorability

Spotify	Q3 2024 Results		
	Actual	Cons Est	% Surp
Total Revenue (mn)	**€ 3,988**	**€ 4,030**	**-1.0%**
Y/Y % Chg	18.8%	20.0%	
Operating Income	**€ 454**	**€ 392**	**15.9%**
Operating Margin (%)	11.4%	9.7%	
Gross Margin (%)	**31.1%**	**30.2%**	
Premium Gross Margin	33.5%	32.4%	
Ad-Supported Gross Margin	13.1%	14.7%	
Segment Revenue			
Premium (mn)	**€ 3,516**	**€ 3,540**	**-0.7%**
Premium ARPU	€ 4.71	€ 4.76	-1.1%
Ad-Supported (mn)	**€ 472**	**€ 479**	**-1.5%**
Ad-Supported ARPU	€ 0.40	€ 0.40	In-Line
Total MAUs (mn)	**640**	**639.0**	**0.2%**
Premium Subs (mn)	252	251.0	**0.4%**
Ad-Supported MAUs (mn)	402	399.5	**0.6%**

Source: FactSet, StreetAccount

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Premium And Ad-Supported Were Both A Drag On Rev Given Lower Than Expected ARPU / BUT MAUs Outperformed In Q3

- **Premium revs growth of +21% y/y or +24% y/y ex-FX (vs +21% y/y or +22% ex-FX in Q2) and missed expectations; Growth was driven by –**
    - **Premium subs growth of +12% y/y, or +6mn, to 252mn (1mn above guidance)**
        - Reflects q/q and y/y growth across all regions, with outperformance led by Europe and LatAm
        - Continued strong promotional campaign performance due to top-of-funnel health
    - **ARPU growth of +9% y/y or +11% y/y ex-FX (vs +8% y/y or +10% ex-FX in Q2) to €4.71**
        - Ex-FX, ARPU performance was driven by price increase benefits, partially offset by product/market mix

- **Ad-Supported revs grew +6% y/y or +7% y/y ex-FX (a decel from +13% y/y or +12% ex-FX in Q2) and missed expectations**
    - **Q3 was another qtr of "volatile" marketer spending on brand-related campaigns**
    - **Saw y/y growth across all regions**
    - **MAUs grew +11% y/y (vs +14% y/y in Q2)**
    - **Q3 advertising growth drivers -**
        - **Music advertising** was driven by growth in impressions sold, partially offset by softness in pricing
        - **Podcasting advertising** was driven by growth in impressions sold, partially offset by softness in pricing
        - **The Spotify Audience Network** saw high single digit Q/Q growth in participating publishers (saw "seq growth" last qtr)

- **What drove the turnaround in MAU from Q2 (missed guidance by -5mn) to Q3 (beat guidance by +1mn)?**
    - **Stronger engagement, which translated to more MAUs through –**
        - Product improvements (main change) - "lots of small tweaks that have been driving good results"
        - "Things in the past that probably weren't smart, we reversed"
        - Added new features
    - **Improvements in marketing strategy, due to –**
        - Increased marketing spend due to improved efficiency in its advertising approach, as reflected in favorable SAC-to-LTV ratios
        - If these favorable ratios continue, Spotify will strategically invest in marketing to further accelerate growth

On Track For First Full Yr Of Op Income Profitability / 2025 Will Be A Yr Of "Growth WITH Profitability"

- **Q4 revenue guidance – MISSED by -3.8%:** €4.1bn vs cons €4.26bn
    - FX rate headwinds expected to continue into Q4 and impacted outlook by ~€80mn
    - **Y/Y ARPU growth expected to "slightly reduce" y/y:** While new pricing will contribute towards ARPU growth in Q4, the impact of last year's price increases in 63 markets will slightly reduce ARPU growth by ~4% y/y ex-FX

- **Q4 gross margin guidance – BEAT:** 31.8% vs cons 30.8%

- **Q4 op income guidance – BEAT by +10.3%:** €481mn vs cons €436.1mn

- **Q4 MAU guidance – BEAT by +0.9%:** 665mn vs cons 659.3mn; Implies addition of ~+25mn net new MAUs in Q4
    - Total premium subscribers expected to reach 260mn, implying the addition of ~+8mn net subs in Q4
    - **Guidance drivers:** Incorporates the "very low levels of churn" expected in the 6 markets that they recently announced price increases in, as well as ongoing actions to drive better subscriber monetization

- **Incremental guidance commentary beyond Q4 –**
    - **FY24 expected to be SPOT's first full year of positive op income** of €1.4bn
    - **In the long run, see "substantial runway" to grow margins and income**, which will be driven by continuing focus on improving their product and bizs via targeted investments, disciplined management and improving monetization

- **2023 was about efficiency, 2024 was about monetization, what will 2025's story be? "Growth WITH Profitability"**
    - "It's really proven that it's not just about growth or just about profitability, but that we can deliver both at the same time"

- **Drivers in achieving the long term +20% annual revenue growth goal set out in 2022 Investor Day?**
  - **Room for continued market penetration:** Spotify currently has 640mn users, and there are 3bn+ people worldwide interested in music
  - **Price Increases:** Spotify has successfully raised prices in the past, and "nothing" indicating they can't in the future
  - **Improving monetization strategies** and closing the gap between value and price
  - **More variations/SKUs in subscription biz**
  - **Faster advertising growth**

Big Initiatives Are Underway In Spotify's Advertising Business Which Should Impact The Biz In 2026

- **Still "early days" for Spotify Ad Exchange – 2025 will be a year of testing, and the Co will see the impact going into 2026**
  - Current ad biz is "heavily reliant" on direct sales and top funnel brand spend, which are influenced by broader market trends
  - To diversify into more performance-based svs instead of brand, have created the Spotify Ad Exchange and are testing integration with The Trade Desk
  - "We are new to the auction environment, and it's important that we are very deliberate and careful about how we roll out and supply into these channels"

- **Ad rev is growing slower than MAUs (+6% y/y vs +11% y/y in Q3, respectively) – Is programmatic the only solution to fill the gap? Programmatic is a "big part" of the solution**, but Spotify is also working on –
  - Self-serve platforms like SPOT's Ads Manager and launching a new supply-side platform (SPOT's Ads Exchange)
  - Improving measurement and diversifying ad formats
  - Auctions, which comes with programmatic and is a new approach for Spotify and will be important for the ad strategy moving forward

- **Thoughts on charging a small subscription fee to ad-supported users in more mature markets? "Always open to considering how we evolve our opportunity"**
  - **BUT regulatory restrictions around music are a consideration…:** Unlike video, where ad-supported models with fees are more common, the music industry has unique regulatory challenges, including widespread ad-supported music that's already available (i.e. radio) and likely not going to change
  - **… And differ from those around video:** "I don't think we can just overlay what happened in video and say, hey, let's do the same thing in music because it's a very, very different regulatory environment and very different industry environment."

- **Already playing a "pretty big role" on the sports advertising side and is a "great driver" for Spotify with advertisers and consumers**
  - *The Ringer* is an example of a podcast that's doing "phenomenal" on the podcasting side

Unrelenting Focus On Deepening Consumer Value Underpins SPOT's Initiatives Across Price Increases, Platform Features, Subscription Product Offerings, Partnerships With Labels, And More

- **"We feel really good about the proposition of Spotify and our value-to-price"**
  - Are the price leader in many markets

- **Strategy is to continue to focus on LTV to SAC ratio in the near- to mid-term… and price increases will follow: "**How do we constantly and relentlessly add more and more value to our consumers? Because we know that if we focus on that, eventually price will be there for us to take, as I think we've proven this year"

- **Adding new ways for people to engage with Spotify, as well as making smaller incremental improvements, both of which are driving "great results"**
  - AI, video, podcasts, audiobooks, courses in the UK, and other new features are all contributing to more ways for users to engage with the platform
  - **AI DJ and music videos in particular are "exceptions" in driving user engagement and are "moving averages"**
    - People who are using music videos have "significantly higher" engagement and retention than ones that don't
    - Similar pattern with AI DJ – seeing "amazing" results, "not just on quantitative metrics, but also on quality metrics"

- **"Excited" about upcoming "super-premium" product offering that "creates something that consumers love, but…also delivers value back to creators"**
  - Didn't share specifics, but implied that the product will focus on things superfans value, like closer connections to artists and higher sound quality
  - **"This higher-priced music tier of Spotify is certainly one that I think will have a lot of growth for the music industry and something that consumers will love too"**

- **Also open to exploring partnerships with record labels considering launching superfan apps**

- **Vague commentary on speculation of record labels wanting a per-subscriber model vs Spotify's variable pricing:** "We have a very healthy relationship with our partners, and we're constantly discussing what the future of the model will be and how this can provide growth for the music ecosystem"

Updates On SPOT's Other Initiatives – Podcasts, Audiobooks, And Marketplace

- **Audiobooks – The Co reached 1-yr mark since launching audiobooks offering and is "very excited" about ongoing progress**
  - **Have more than doubled # of titles available** since launch
  - **Seeing "strong, strong, strong" adoption across the board, and adoption per user is also growing "very nicely"**
    - In the US, among the audiobook users, seeing 5+ hrs more consumption per Spotify users

- **Podcasts – Views on competitive landscape and regulatory restrictions**
  - **Spotify's competitive position vs YouTube in the video podcasting space?** Spotify has always faced competition from larger platforms, but instead of focusing on that, they focus on understanding the needs of creators and consumers
    - **Not seeing a winner-take-all dynamic:** Creators often want to be on multiple platforms
    - **Working to have established creators share more of their content on Spotify:** Many creators are already on Spotify, but they often only share part of their content, and Spotify wants to enable more ways for them to add more content to Spotify
  - **Oppty for Spotify to earn rev when podcasters use paywalls on Spotify? Challenges in the near-term in ability to do so**
    - **Held back by app store rules,** which currently limit Spotify's ability to support direct upsells and offer addt'l paid options within the app
    - **"But in theory, we could, and I think our partners would like for us to help drive their businesses, and we obviously would love to do so too"**

- **Marketplace – "Very pleased" with it, with growth being driven by -**
  - **Near-term growth** being driven by increased # of artists and label teams using Marketplace and product updates including giving marketing teams more control over campaigns and better integration with their existing tools
  - **Long-term growth initiatives** include improvements on the merchandising front, especially around how the music releases and Marketplace products show up to user (i.e., have been adding music videos on a product, which has shown to drive a "significant uptake" in streaming share)

Recognize That What's Unfolding With AI Is An "Inflection Point" And Are "Building For A Future Full Of Possibility"

- **In the near term,** see potential for "transformative" shifts in music discovery and "new, innovative ways" to connect artists and fans "like never before"

- **Approach to investments in long-term AI growth? "This is not reckless spending…we're going to be highly disciplined in what we do"**
  - "Unlike other AI companies, this is not CapEx intensive for us. This is purely based on usage when we find it"
  - "If we see something that we think will drive meaningful engagement or retention uplifts, it is in the best interest of Spotify…to pursue that. **And if that means that there are shorter-form trade-offs, where numbers on a margin perspective will go down for a little bit of a while, we're still always happy to make that trade-off**"

4. It's Never A Dull Moment When Talking About The Liberty Media Complex…

Liberty Media likes to have something new to talk about at its annual investor meeting every November, and this year seemed to take that to a new level. Not only was there the surprise announcement that the Co is spinning off Liberty Live, but also the surprise news that Liberty Media CEO Greg Maffei was stepping down after almost two decades at the company. The Charter deal to acquire Liberty Broadband was also announced but was somewhat expected, given previous disclosures. All-in-all, the aim of the asset shuffling is to simplify the structure, help reduce trading discounts, and enhance trading liquidity.

Regarding other updates from the almost full day analyst meeting, there was certainly a lot covered, but we wanted to highlight a few comments that we thought were particularly incremental regarding potential consolidation and AI impacts… see below.

Simplifying Structures… Key Announcements

- **Greg Maffei is stepping down from CEO & President of Liberty Media**
    - Will leave at the end of the year
    - Will transition into an advisory role
    - John Malone, the company's chairman, will serve as interim CEO

- **Liberty is spinning-off Liberty Live Group**
    - **The new entity Liberty Live will hold ~69.6mn shares of Live Nation shares and Quint will be reattributed from the F1 group in exchange for certain private assets**
    - **Why?**
        - Simplifies Liberty Media's capital structure
        - Reduces the discount to net asset value of Liberty Live stock
        - Enhances trading liquidity at both entities
    - **Post spin-off, Liberty Media will hold motorsport businesses and related sports investment**
    - **Liberty Media and Liberty Live will be separate publicly traded companies, and Liberty Media will no longer have a tracking stock structure**
    - **Liberty Media expects to complete the split-off in H2:25**

- **Charter Communications has reached a deal to acquire Liberty Broadband in an all-stock transaction**
    - Liberty Broadband owns 26% of Charter shares
    - Will spin off the GCI business to Liberty Broadband shareholders before the deal closes
    - The transaction is expected to close on June 30, 2027

A Few Key Snippets From Liberty's Investor Day Q&A

- **More industry consolidation should happen, per John Malone: "**The world has changed"
    - **Cable is limited by its footprint, while tech has no limitations:** Charter is limited, as it only covers 30% of the US terrestrial footprint, while the big tech guys cover the globe
    - **"Charter should be allowed to merge with Comcast or Cox or T-Mobile or anybody… That would reduce capital intensity, improve efficiency, maintain competition, and improve the quality and cost effectiveness of the services they provide"**
    - **"And I think tying an industry's hands behind its back and allowing big tech to run wild in every direction that they choose to run in, I think, is inappropriate."**

- **AI is having a tangible impact… Charter CEO Chris Winfrey provided some great color about AI utilization in their call centers today:**
    - The customers' voice is their ID when they call in
    - AI-driven conversational interactive voice response are taking 10% of calls -> that will increase to 50% at the end of this year
    - These bots are "doing a great job"; Customers are "thanking them"…"the AI is that good"
    - When a human agent fields the call instead:
        - The AI gets them the right information on the screen
        - "The AI is listening to the phone call with the customer in parallel and checking the telemetry, last billing call, last repair call, and prompting the agent based on the tone of the call, based on what the customer's saying with real live voice-to-text translation feeding to the agent says this is the next best action."
        - The AI provides a summary of the call so when a field tech goes out, they have all the notes as well
        - "We deal with millions and millions and millions of transactions every day. We don't need to have an agent trying to figure each individual, one of those transactions. The machine can, for the most part, do that and provide better service; get the customer off the call faster which is in the customer's interest…The agent finishes the call happier."

    - “But most of what we're seeing, the benefit is to make the job better, easier and more effective for the call center agents and the field techs as well. I mean, I could go on and on, I won't, but applications are pretty limitless”

- **Will you have more F1 races? No – 24 races is the max practical limit due to the strain it places on teams and logistics**

- **Competitive risk from Starlink in the broadband area? Right now, it works well in low-density areas but faces congestion issues in denser areas, making it less competitive with fiber in urban regions**

- **Timing of MotoGP deal close? Mgmt feels confident it will close by the end of the year**

5. Expect An Even “Bigger Year” For Live Nation In 2025

Live Nation’s “highest ever” quarter of Concert profitability (Concert AOI beat consensus by +32%) was a key highlight, along with bullish commentary about the profitability AND demand picture for 2025. Overall AOI growth for 2024 is pacing toward a double-digit rise, and 2025 should be an even higher growth year. That more than offset any disappointment about the greater than expected y/y decline in Concert revenue due to fewer stadium shows.

Activity YTD is demonstrating a win-win situation on both the fan and artist side, as fans are not only coming out to concerts (up +3% YTD), but artists are making more money (+30% more per show when playing the same amphitheater this year vs 2022/2023). Activity looking ahead continues to be robust, with tickets sold globally in Sept and Oct up +20% y/y. It was also positive to hear that the 2025 show pipeline is “up double digits.”

On the venue front, Venue Nation is expected to host ~60mn fans and is expected to grow by an incremental +8mn in 2025 as it adds/refurbishes 14 additional venues through 2025. A particular area of focus is the “premium” experience, as premium inventory is always high in demand and the first to be sold out, and an increase in supply will in turn bring about a “much better return.” Three-fourths of CapEx is being driven by Venue Nation, and to flag, 2024 CapEx guidance was increased from $650mn that was guided last qtr to $700mn due to the addition of an amphitheater project.

It was a tougher quarter for Ticketmaster, as the segment missed on both revenue and AOI, but a turnaround is expected starting in Q4 as it enters a period of “unprecedented level of activity” (200+ stadium and arena shows are going on sale just next week). This will continue through next year, given that 2025 is expected shake out like 2023. While Ticketmaster continues to be the subject of a DOJ lawsuit, mgmt expressed hope for “a return to the more traditional antitrust approach” with the new administration.

Lastly, Sponsorships & Advertising had mixed performance, as revs missed by -2.4%, but AOI beat by +4.4%. Globalization will be a key factor in driving Sponsorship revenue in the future.

See below for what we thought was most incremental from Live Nation’s qtr. Also, see Theme #4 for Liberty Media’s announcement on Liberty Live.

-> Live Nation traded up +4.7% on the back of results which is the fifth qtr in a row w/ a positive stock reaction to results; YTD, the shares are up +37.8%

Q3 Missed On Revenue (Across All Segments), But Concerts Propelled Top-Line Profitability

- **Revenue – missed by -1.3%:** Down -6% y/y (vs +7% y/y in Q2) to $7.7bn
    - Missed across all segments due to the reduction in stadium show volume this year

- **Adj op income – beat by +5.7%:** Up +4% y/y (vs +21% y/y in Q2) to $910mn
    - Concerts and Sponsorship & Advertising segments beat, while Ticketing missed due to the reduction in stadium show volume

Live Nation	Q3 2024 Results		
	Actual	Cons Est	% Surp
Revenue	**$7,651**	**$7,750**	**-1.3%**
Adj Op Income	**$910**	**$861**	**5.7%**
Revenue by Segment			
Concerts	$6,581	$6,740	-2.4%
Ticketing	$694	$752	-7.8%
Sponsorship & Advertising	$390	$400	-2.4%
Adj Op Income by Segment			
Concerts	$474	$360	31.8%
Ticketing	$236	$264	-10.8%
Sponsorship & Advertising	$275	$264	4.4%

Source: FactSet, StreetAccount

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FX Headwinds & Increased CapEx Will Not Have Substantial Impact To Q4

- **FX impact to rev is expected to accelerate in Q4 and weigh on AOI** (YTD, FX impact to rev, op income and AOI has been ~1%)
  - Acceleration is notably due to exposure from LatAm currencies, and could impact operating income by more than -30% and AOI by ~-mid-teens% for the qtr
  - **But "don't think it's a material 2025 issue at this point"**

- **Raised 2024 CapEx guidance from $650mn to $700mn**
  - **What drove the increase?** Finalized a formal agreement to co-develop an amphitheater w/ a partner, which required shifting the project's CapEx onto its book; $50mn expected CapEx increase includes $30mn from the partner, so Co's net cash contribution is lower than the full CapEx
  - **Three-fourths of total CapEx driven by Venue Nation:** 5 venues account for ~45% of total venue spend
  - **Now have $130mn in committed capital from third parties (up from $100mn guided in last qtr),** including sponsorship agreements, JV partners, and other sources, reducing cash flow

- **Pacing toward double-digit AOI growth for the year, which will be impacted by one-time accruals**

Bullish On The Year Ahead…Expect "Even Bigger" Growth 2025

- **"Leading indicators point to more growth in 2025"**
  - **20mn+ tickets already sold for Live Nation concerts in 2025,** pacing up double-digits
  - **Concerts pipeline in large venues is growing,** up double-digits vs this point in 2023 (include stadiums, arenas, and amphitheaters)
    - Stadium pipeline up double-digits vs this point in 2022
  - **Recent 2025 stadium onsales are delivering double-digit avg growth in show grosses relative to past tours**
    - 2025 onsales called out include Coldplay, Rüfüs Du Sol, and Shakira
  - **Sponsorship momentum continues,** with commitments pacing up double-digits

Posted "Highest Ever" Concert Profitability While Hosting Fewer Stadium Shows In The Qtr / Expect "Strong" Concert Revenue & AOI Growth In 2024

- **Concerts missed on rev, but posted a notable beat on the profitability front**
  - **Rev missed by -2.4%:** Fell -6% y/y (vs +8% y/y in Q2) to $6.6bn
  - **Adj op income beat by +31.8%:** Grew +39% y/y (vs +61% y/y in Q2) to $474mn

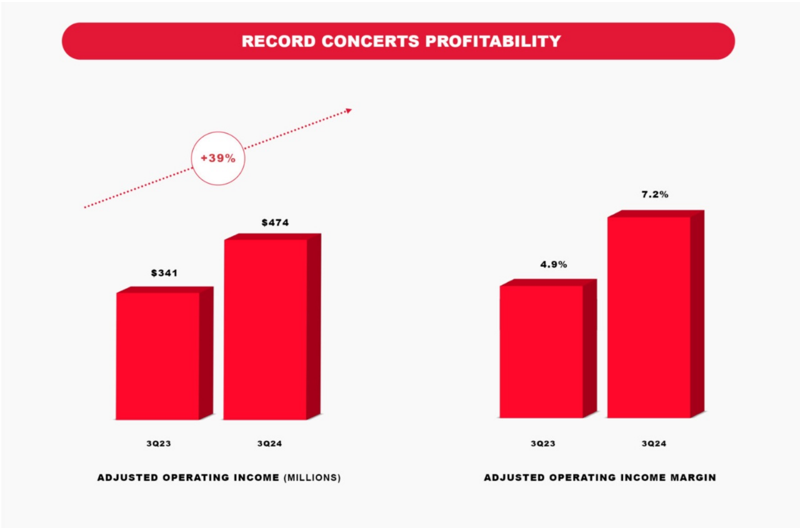
- Saw "record" AOI margin of 7.2% (vs 5.4% in Q2) and is on track to deliver 2024 margins towards pre-pandemic levels

- **The y/y revenue decline was driven by fewer stadium shows and fans in Q3**
  - **The total number of events was ~12.8K, up +6% y/y**
  - **The number of fans was 50mn, down -4% y/y:** Due to fewer stadium shows partially offset by more fans attending arena shows as well as theaters and clubs
    - Saw double digit arena fan growth globally, most notably in the US

- **YTD artists grossed +30% more per show, on avg, when playing the same amphitheaters this year vs 2022 / 2023, offsetting rising show costs**

- **Tickets sold globally in Sept and Oct are up 20%+ y/y, reflecting "continued strong demand"**

- **FY24 concerts outlook:** Expect "strong" revenue and AOI growth, driven by continued growth across arenas, amphitheaters, and stadiums
  - Margins are expected to land around 2019 levels



Source

Lots In The Works On The Venue Front, With Premium Experiences A Particularly Beneficial Growth Oppty

- **For 2024, Venue Nation expects to host ~60mn fans, up +8% y/y (vs +13% y/y in 2023)**

- **Made 3 "major enhancements" to venue portfolio this year…**
  - **Estadio GNP (Mexico City)** reopened this summer, with avg net per fan spending up +20% compared to pre-renovation levels
  - **Northwell at Jones Beach amphitheater (New York)** reopened after a successful renovation; Season seat and box suite sales were up +50%, food and beverage net per fan spending are up double-digits, and VIP club sales are up +50%
  - **Brooklyn Paramount (New York)** opened earlier this year, and its VIP Club is generating +30% more rev per show relative to VIP clubs at other top performing theaters in the US

- **Aand have plans to add or refurbish an addt'l 14 venues through 2025, which is expected to increase capacity by an incremental +8mn fans**

- **Fans continued to seek premium offerings in Q3…**
  - Rev from premium VIP tickets at major festivals (100k+ fans) are up over +20%
  - Rev from amphitheater VIP clubs increased by +19%

- **… And serving the "premium" fan continues to be an ongoing focus:** Expect percentage of premium fans at a show to grow to be up to exceed 20% of a show
  - "But we always sell out of the boxes, sell out of the premium inventory first. We never have a problem selling"
  - **"Premium experiences [are] a big underpin to our entire growth forward… We think that is a big part of our CapEx"**

        - **On refurbishments:** Several refurbishments they've been doing at venues have been around taking regular seats and turning them into premium experiences
        - **On new building:** Starting new buildings with a mandate that they must have a certain higher %age of premium seats, lounges, and experiences; "So those venues start with a much better return"

- **Average net per fan spend has been pacing up YTD**
    - At Live Nation amphitheaters, avg net per fan spending grew over +$3 per fan (up +9%) for the same artists' shows in 2024 relative to 2022/2023
    - Globally, major festivals (100k+ fans) avg net per fan spending was up double-digits for repeating events
    - **What's been driving the growth?** Improvements in food and beverage offerings across new, high-end venues; Upgraded stadiums and arenas now offer more points of sale (POS), premium food options, mocktails, and non-alcoholic drinks
    - **Expect to continue growth of ~+$2/head annually** by enhancing selections, POS, and premium choices in amphitheaters, theaters, and arenas, with "significant" potential for further gains

After A Weaker Than Expected Q3, Ticketmaster Is Entering A Period Of "Unprecedented Activity" in Q4 (Which Will Continue Into 2025)

- **Misses across rev and profitability for ticketing**
    - **Rev missed by -7.8%:** Fell -17% y/y (vs +3% y/y in Q2) to $694mn
    - **Adj op income missed by -10.8%:** Fell -33% y/y (vs flat y/y in Q2) to $236mn

- **The "unprecedented" volume of stadium sales last year weighed on Ticketmaster's Q3 rev and ticket sales**
    - Fee-bearing tickets sold in Q3m was ~83mn, down from 89mn in the prior yr qtr
    - Despite the venue mix change, Q3 was the fourth highest ever in terms of sales volume and the third highest ever with respect to GTV
    - International Ticketing also had its single biggest sales day ever in Sept 2024, driven by outstanding demand for Coldplay tickets in Europe

- **What investments is Ticketmaster making to reinforce and extend its competitive position technologically?** Spent "tens of millions of dollars" in capital, including on –
    - Advanced pricing tools for venues and promoters to assess ticket market value
    - Enhanced marketing capabilities to promote shows
    - High-demand on-sale management for a better buying experience
    - Digital ticketing innovations and anti-bot technology for consumer protection
    - Ongoing tech development for both enterprise and consumer-facing solutions
    - **"We think Ticketmaster is the best in the world and seen a number of on-sales recently where Ticketmaster has been able to deliver a much better experience and sell tickets at a volume that others have been unable to handle"**

- **Looking ahead into Q4 and next year -**
    - **Q4 will be "very strong"**
        - Oct transacted ticket sales were up +15% on all ticket volume and up +23% for concert events, including Live Nation shows
    - **2025 will "look more like 2023"; FY AOI margin is expected to be similar to last year**

Globalization Will Help Drive Future Growth In Sponsorships

- **Sponsorship rev missed, but profitability beat**
    - **Rev missed by -2.4%:** Grew +6% y/y (vs +3% y/y in Q2) to $390mn
        - # of strategic partners who generate $1mn+ per year increased by 20% and drove majority of the rev growth
    - **Adj op income beat by +4.4%:** Grew +10% y/y (in-line w/ Q2) to $275mn
        - Growth largely driven by on-site platforms, international markets, and ticket access deals

- **Most of the growth in # of partners generating $1mn+ is coming from the existing customer base**
    - Most expansion has come from current customer base of 900-1000 sponsors and growing with them, as well as expanding outside markets
    - Have been able to upgrade customers once they've gotten into the Live Nation ecosystem and been able to understand their brand needs

- **Expanded beauty and fashion portfolio at more global festivals**, including brands such as American Apparel, Wrangler, Ulta Beauty, and American Eagle in Mexico

- **FY24 sponsorships outlook:** Full-year AOI margin expected to be "similar" to last yr
    - **One of the "foundational drivers" is globalization:** As they do more shows around the world (i.e., LatAm, India, Middle East, Singapore, Australia), it provides more inventory to open "new borders and new relationships"; "As our global pipe continues to grow, so will our sponsorship, and we'll see continued growth"

Anticipate Regulatory Environment To Ease Up With New Administration / But No Changes To M&A Strategy

- **No changes in M&A strategy – "Nothing's changed over the last two years, and don't think anything changes going forward"**
    - "We don't have any sizable M&A targets that we would do with or without where the regulation stands in America"

- **Impact of Trump presidency on biz? "We are hopeful that we'll see a return to the more traditional antitrust approach"**
    - Request to breakup Live Nation and Ticketmaster is a "highly interventionist approach", which is generally unlike a Republican administration, "where the agencies have generally tried to find ways to solve problems they see with targeted remedies that minimize government intervention in the marketplace"

- **Continue to hope for better regulation around secondary mkt:** "America seems to be a market where secondary is free to run" and there "seems to be more and more attention around the secondary market"; The Co "hope[s] over time [that] better regulations get put in place to help the consumer"

6. Deepening Relationships With Retailers Is Instacart's "Secret Sauce" But Is Also "Under-Appreciated"

Competition concerns for Instacart recently resurfaced following news that Amazon in experimenting with new formats to drive deeper into the grocery delivery business (link); however, Instacart continues to deliver upside to Street estimates. For the third consecutive quarter, the Co's Q3 headline results broadly surpassed sell-side expectations, as "very strong customer demand" helped drive a +1.3% beat on gross transaction value (GTV), which flowed into +0.9% and +7.0% respective beats on revenue and adj EBITDA. Notably, Instacart has not seen any evidence of "meaningful trade down" despite a focus on increasing affordability to attract more price-conscious consumers (savings per order on the company's platform rose +18% y/y to $5.35 in Q3). This contributed to a sequential acceleration in GTV growth to +10.8% y/y from +9.7% y/y in Q2, and a recent integration with Kroger, combined with the solid uptake that the Super Saver fulfillment option has seen, should provide further opportunities for the company to grow in the value segment ahead.

On the advertising side, revenues also outperformed estimates, though growth was flat sequentially amid continued pullbacks from certain large CPG brands. Nonetheless, "strength among emerging brands", ongoing efforts to diversify supply & demand, ad format innovation and new measurement tools, plus encouraging progress with the Carrot Ads retail media network are all signs that the ads business has been building momentum towards accelerating growth.

Looking past Instacart's stronger than expected Q3 results, the Q4 outlook disappointed investors. The GTV growth guidance implies a sequential slow down to +8-10% y/y (vs +10.8% y/y in Q3), given tough y/y comps from last year's "meaningful" step-up in incentive spend as well as a "small impact" from Ahold Delhaize's recent outage. The Q4 adj EBITDA guidance was also -3.1% below consensus, as "positive seasonality" is expected to be offset by investments in service enhancements. Still, Instacart believes that it is well-positioned competitively. The scope and depth of the company's retailer integrations are really its "secret sauce" and "create a really big competitive advantage compared to other platforms," based on the "slow" integration process and the necessity of becoming "deeply embedded" with retailers' IT departments. CEO Fiji Simo believes these dynamics are "under-appreciated", but Instacart still needs to prove to the market that it can sustainably increase its growth rate and capture a greater share of the $1.1tn grocery market laid out in the company's S-1. Instacart's other initiatives, including the nascent and "promising" restaurant business, will also drive growth moving forward, and although the "operationally heavy" Caper Carts will "take time" to roll out, they open up another big opportunity.

Lastly, the Co authorized another $250mn increase to its buyback program. See below for more of what we thought was most interesting and incremental from Instacart's Q3 print:

-> Instacart shares fell -11.0% in response to earnings, ending the week down -12.0%; YTD, Instacart stock is still trading up +79.0%

Headline Results Were Broadly Better Than Anticipated…

- **Rev growth decel'd seq but still topped estimates:** Q3 rev incr'd +11.5% y/y (vs +14.9% y/y in Q2) but ended a slight +0.9% above cons
  - **Transaction rev (~71% of total) – BEAT:** Incr'd +11.8% y/y in Q3 (vs +16.7% y/y in Q2) and beat cons by +0.7%; Represented 7.3% of GTV (similar to Q2); Recent improvements in transaction rev have been more related to efficiencies on the shoppers side and not related to retailer rev
  - **Advertising & Other rev (~29% of total) – BEAT:** Grew +10.8% y/y in Q3 (vs +10.7% y/y in Q2) and closed +1.0% ahead of cons

- **Adj EBITDA growth also slowed seq but exceeded expectations:** Adj EBITDA rose +39.3% y/y in Q3 (vs +89.1% y/y in Q2) but still beat cons by +7.0%; The Co has been "very aggressively managing overall costs" and has the ability to pull "multiple levers… to drive leverage", which delivered "strong profitability results across the board"
  - **Adj sales & mkting expenses incr'd to 2.4% of GTV (from 2.1% in Q2):** The Co saw oppties to "lean into" paid mkting w/ the Olympics and other seasonal events but caveated that this uptick was not "particularly systemic in nature"

- **Adj EPS of $0.42 finished a wide +90.9% above cons**

… Reflecting An Outperformance On Most KPIs

- **GTV growth accel'd seq and was BETTER than projected:** Q3 GTV rose +10.8% y/y (vs +9.7% y/y in Q2) and beat cons by +1.3%

- **Order volume OUTPACED the Street's forecasts:** Orders of 72.9mn were up +10.1% y/y in Q3 (vs +6.8% y/y in Q2) and came in +2.2% above cons

- **BUT AOV FELL SHORT of expectations:** Q3 AOV incr'd +0.6% y/y to $113.90 (vs $115.73 in Q2) and missed cons by -0.9%

Instacart ($mn)	2024Q3 Results		
	Actual	Cons Est	% Surp
Revenue	**$852**	**$844**	**0.9%**
Adj EBITDA	**$227**	**$212**	**7.0%**
Adj EBITDA Margin (%)	26.6%	25.1%	
Adj EPS	**$0.42**	**$0.22**	**90.9%**
Revenue by Segment			
Transaction	$606	$602	0.7%
Advertising & Other	$246	$244	1.0%
Key Operating Metrics			
Gross Transaction Value(GTV)	$8,303	$8,200	1.3%
Orders	72.9	71.3	2.2%
Average Order Value (AOV)	$114	$115	-0.9%

Source: Instacart Filings; FactSet Data & Analysis

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BUT There Were Some Puts & Takes W/ Q4 Guidance

- **GTV growth is expected to decel seq:** Anticipates GTV btw $8,500-8,650, which would mark a +8.7% y/y increase at the mid-pt (vs +10.8% y/y in Q3); Will comp against last yr's "strong holiday season", given a "meaningful seq step-up in incentive spend" in the prior yr qtr
  - **Guidance also accounts for a "small impact" from Ahold Delhaize's recent outage** (a grocer partner)

- **And the adj EBITDA outlook was underwhelming vs the Street ests:** Guided for an adj EBITDA range of $230-240mn, representing a +18.1% y/y gain and missing cons by -3.1% at the mid-pt; Adj OpEx leverage will be the primary driver y/y growth in adj EBITDA (as a % of GTV)

- **Advertising & Other rev is projected to grow largely in line w/ GTV guidance on a y/y basis:** On a seq basis, Advertising & Other rev will improve seq due to "positive seasonality"

- **SBC will also begin to normalize:** Given that the Co has lapped its IPO qtr and doesn't anticipate any further "notable one-time reversals", such as those experienced in Q1 and Q3 2024
  - **Continues to expect a seasonal "step-up" in SBC in "every Q2":** Due to the timing of the Co's annual equity refresh grants

Consumer Color – The Focus On Affordability Has Cont'd… BUT Instacart Hasn't Seen Evidence Of Trade Down

- **"We are seeing very strong customer demand":** The Co hasn't seen "meaningful trade down" on a per item or type of item basis; There also hasn't been trade downs across different types of retailers, though "clubs being very strong" has been a "notable exception"
  - **"We are also not seeing different behaviors across income segments":** Including across both the EBT customer and the non-EBT customer
  - **"The fundamentals remain really strong":** Given that order growth and frequency have been "going up"
    - **"Instacart+ subs are cont'ing to grow and outpace the growth in monthly active orders":** Instacart+ engagement has also been rising

- **Instacart has been "incredibly focused" on driving affordability for more price-sensitive new customers:** Savings per order incr'd +18% y/y to $5.35, as the Co's "multi-pronged" strategy for having "the most affordable product" has been delivering returns
  - **The Co has cont'd to "rely on integrations w/ grocers into their loyalty programs":** Highlighted that Instacart just launched flyers w/ Kroger and that every featured item will be at parity w/ in-store prices
  - **The Super Saver offering has done "a really good job":** Price-sensitive new users that have used this new fulfillment option (offers a $0 delivery fee for scheduling in advance) for 1 out of every 5 orders; Has helped drive "better conversion" and "better retention"

Have Been Successful At Increasing Efficiency Of Existing Shoppers

- **Shopper numbers were ~flat seq:** Reported ~600k Instacart shoppers on the platform in Q3, which was similar to the figure provided last qtr
  - **This does not reflect an issue with shopper supply…it is "incredibly healthy":** The Co has a waitlist of shoppers in "many, many cities"
    - **Shopper tenure is at an "all-time high":** The majority of Instacart orders are now being delivered by tenured shoppers
  - **"We are simply being more efficient w/ the shoppers we already have":** Including by batching as well as adding faster times of delivery and other optimizations; "The game is not to grow the total number of shoppers" but to "actually utilize [the] shopper supply really efficiently"
    - **45% of orders are now delivered by a shopper that is inside the store or within 1 mile of the store**

On The Competitive Environment – Retailer Integrations Provide Instacart W/ A Deep Competitive Moat

- **Instacart's retailer integrations are "really [its] secret sauce":** Instacart is "relentlessly focused" on extending its competitive advantage "by deepening [its] retailer integrations"; This one of the Co's "most important predictors of growth"
  - **Being a first-mover "creates a really big competitive advantage compared to other platforms":** Although the integration process is "slow", given the depth of the integrations and the necessity of getting "deeply embedded w/ the retailers' IT depts", Instacart gets "first dibs" on their IT resources
  - **The Co has invested "enormously in tech" to extend its advantage in retailer integrations:** Including in the following areas –
    - **New, "big" svs:** Such as pickup, virtual convenience, bringing alcohol to the platform, and SNAP EBT; Retailers that have adopted at least one of those in the last yr have grown twice as fast as retailers that haven't
    - **A new underlying tech platform is also in the works:** Will enable Instacart to connect w/ more systems from retailers and to build storefronts as well as other features on the same infrastructure as the Co's mktplace
  - **2025's tech investments will help "generate a lot of efficiencies in the biz":** The Co will leverage these efficiencies and reinvest them in other areas, including its restaurants platform,

        Caper Carts and other in-store tech, as well as AdTech

- **Longer-term – "The grocery mkt is still vastly penetrated online", w/ 87% of the industry still offline:** Instacart is positioned to capitalize on this as "a leading online grocery mktplace" and the "clear category leader" in both small basket fill-up orders (25% of the industry) and large weekly baskets (75% of the industry)

Efforts To Create A "Virtuous Cycle" In Advertising Are Still Underway

- **Ad rev growth was ~flat seq:** Grew +10.8% y/y in Q3 (vs +10.7% y/y in Q2) and beat cons by +1.0%
    - **The Advertising & Other investment rate was 3.0%:** This was consistent w/ the prior yr qtr and up from Q3's 2.8%

- **Nearly 220 retailer banners now use Carrot Ads to power their retail media biz:** Compares to "over a hundred" retailer banners exiting Q2
    - **Instacart's base of active brand partners was flat seq:** The Co ended the last two qtrs w/ 6,000+ active brand partners

- **Instacart is "making a lot [of] progress" in diversifying supply & demand in its ads biz:** On the supply side, Instacart has been increasing the number of different sites where its ads appear, including ones that it doesn't partner w/ on fulfillment; On the demand side, the Co has been "seeing strength among emerging brands"
    - **Emerging brands outgrew Instacart's overall platform during the qtr:** In contrast, "certain large CPGs" have cont'd to pull back on spend "for their own specific reasons"
        - **The Co has "very high confidence" in the performance of ads:** Highlighted "direct correlations" between how much a brand spends on its platform and "how this influences their sales and mkt share"
        - **Ad innovations "could get ad rev to re-accelerate":** There are ongoing initiatives "to further drive demand"; The Co is cont'ing to invest in more ad formats, measurement, and targeting capabilities, as well as campaign mgmt tools
    - **Deeper retailer integrations have been driving growth in advertising:** Every new integration expands Instacart's scale and makes the Co's ad network "even more attractive for brands", given that many brands "do not want to work w/ sub-scale networks"
        - **Instacart expects to "further increase supply… in 2025 and beyond":** Specifically, by expanding its retail media partnerships and introducing more ad formats to Caper Carts screens, such as shoppable recipes

- **The Co is "really pushing for standardization":** Was one of the first retail media networks to receive MRC accreditation and has done work w/ DoubleVerify; More standardized measurements will help "prove that [Instacart's] ads are actually working so much better than other platforms"

Other Initiatives – Caper Carts, Restaurants, Businesses

- **The number of Caper Carts available in stores has quadrupled over the last six months:** Caper Carts now have been deployed across more than a dozen national, regional, and local grocers
    - **The Co will continue to scale Caper Cart deployments next yr:** However, the "biggest bottleneck" is that it will "take time" to integrate them at grocers' locations, given that they're "operationally heavy"
    - **The Co has been seeing increases in basket sizes from Caper Cart adopters:** Which has helped w/ "proving the case w/ more retailers and cont'ing to scale"

- **Restaurants are seeing "promising early results" on Instacart's platform:** The thesis has been "playing out", as when people adopt restaurants on the Co's platform, they show better retention and spend more frequently on grocery; There's also been "especially high engagement" from Instacart+ members
    - **The restaurants and grocery bizs are "essentially intertwined":** Instacart "really runs the biz as just one biz w/ multiple use cases"; Penetrating the restaurant use case also enables the Co to penetrate the grocery use case, which has been a "real positive"
    - **Instacart sees "much higher basket sizes than other restaurant delivery platforms":** This reflects having customers that are "habituated… to larger baskets w/ grocery" as well as "being very strong w/ families"

- **"More and more biz customers [are] placing orders on Instacart":** The Co has received 1mn+ orders from biz customers over the past yr and is cont'ing to build more solutions for them, such as the ability to export receipts, tax exemptions, and more robust biz profiles

  - **There's also an advertising oppty w/ Instacart Business:** By enabling brand partners to advertise on B2B platforms to influence purchasing decisions at foodservice, restaurants, bars, and SMBs in general

Capital Allocation

- **Share repurchases stepped up seq:** Bought back $357mn worth of shares in Q3 (vs $324mn in Q2), bringing the Co's cumulative YTD repurchases to just over $1.4bn for 47mn shares, which represents a weighted avg price of $30.27
  - **The Co authorized a +$250mn increase to its buyback program:** This was Instacart's second extension of the yr, and the Co now has $318mn of buyback capacity entering Q4 (had $68mn remaining from its previous $500mn extension to the original $1bn that was authorized coming into 2024)

7. China Tech Received A "Significant" Benefit From Stimulus Measures… BUT Concerns Remain

It was a relatively somber week for the China Tech sector, as Tencent, Alibaba, and JD.com's latest earnings results were met with a negative reaction from the market. Weak domestic spending trends had been a notable headwind during the group's last round of earnings calls, and although management teams from all three companies offered constructive comments about the positive impact of the Chinese government's recent stimulus measures, none of them outperformed consensus estimates on the top-line at this point. Furthermore, competition in China's e-commerce space remains "intense", and Tencent, Alibaba, and JD.com each have plans to continue investing in improvements to their respective e-commerce platforms to get a leg up on their peers. In contrast, trends on the bottom-line were more favorable in Q3, as all three reported better than anticipated adj EPADS. Nonetheless, the group's prints ultimately weren't able to assuage concerns that investors had going into the results, and the companies' "cautiously optimistic" views of the economy failed to provide reassurance that domestic consumption trends in China are on track for a sustained recovery.

See below for more details as well as our key takeaways from their results.

-> Tencent shares were down -2.8% post-earnings, closing the week down -2.9%; Tencent Music shares fell -5.5% in response to the print but recovered slightly to end the week down -2.8%; YTD, Tencent stock is trading up +36.7%, and Tencent Music stock is up +22.9%

-> Alibaba shares fell -2.2% in reaction to earnings and ended the week down -5.9%; YTD, Alibaba stock is still trading up +14.3%

-> JD.com shares fell -6.6% in reaction to the print and closed the week down -8.7%; YTD, JD.com stock is up +21.1%

Tencent Saw "Consistent Performance" From Its Evergreen Titles

- **Tencent posted MIXED headline results:** Q3 total rev was up +8.1% y/y (vs +8.0% y/y in Q2) but missed cons by -0.4%; Non-IFRS op profit incr'd +18.6% y/y (vs +26.9% y/y in Q2) and beat cons by +1.6%; Non-IFRS net income rose +33.2% y/y (vs +52.6% y/y in Q2) and topped cons by +12.1%; Non-IFRS EPS beat cons by +11.2%
  - **Value-Added Svs (~49% of total rev) - ~IN-LINE:** Rev grew +9.3% y/y in Q3 (vs +6.2% y/y in Q2) and closed ~on-par w/ cons; Gross margin incr'd +2ppts y/y to 57% (flat w/ Q2 & Q1)
    - **Social Networks (~37% of VAS rev) – MISS:** Q3 rev rose +4% y/y (vs +2% y/y in Q2) but fell -0.9% short of cons; Incr'd rev from music subscriptions, app-based game item sales, and mini games platform svs fees was partly offset by decr'd rev from music and games-related live streaming svs
  - **Marketing Svs (~18% of total rev) – BEAT:** Rev was up +16.6% y/y in Q3 (vs +19.5% y/y in Q2), beating cons by +0.7%; Gross margin was up +1ppt y/y to 53% (vs 56% in Q2); The "strengthened" games and e-commerce categories outweighed "weakness" in real estate and food & bev
  - **FinTech & Biz Svs (~32% of total rev) – BEAT:** Q3 rev incr'd +2.0% y/y (vs +3.7% y/y in Q2) but still finished +0.2% ahead of cons; Gross margin rose +7ppts y/y to 48% (flat w/ Q2)

Tencent (CNYmn)	2024Q3 Results		
	Actual	Cons Est	% Surp
Revenue	**167,193**	**167,930**	**-0.4%**
Non-IFRS Op Profit	**61,274**	**60,310**	**1.6%**
Non-IFRS Op Profit Margin (%)	**36.6%**	**35.9%**	
Non-IFRS Net Income	**59,813**	**53,350**	**12.1%**
Non-IFRS EPS	**6.34**	**5.70**	**11.2%**
Capital Expenditure	**(17,094)**	**(8,570)**	**-49.9%**
Revenue Breakdown			
Value-Added Services	**82,695**	**82,710**	**In-Line**
Social Networks	30,900	31,180	-0.9%
Marketing Services	**29,993**	**29,790**	**0.7%**
Fintech & Business Services	**53,890**	**53,760**	**0.2%**
Others	**1,416**	**1,540**	**-8.1%**

Source: Tencent Filings; FactSet & Bloomberg Data and Analysis

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- **Tencent is "optimistic about the economic revival" in the macroenvironment:** The Chinese govt's recent stimulus policy direction has been "very constructive"; Following gradual declines throughout Q3, the Co's y/y growth in transaction value saw an "uptick" in Oct after the stimulus policy was annc'd
  - **BUT "the economic recovery [will] take some time":** Over the "long run," Tencent "believe[s] it would definitely be re-accel'ing" b/c "there's a very strong resolution by the govt to revive the economy"
    - **"There's actually… positive structural factors in the economy":** Cited "a very strong work ethic among the workers in China, including a very deep engineering pool… entrepreneurs among Cos of all sizes… and also there's a vast and comprehensive supply chain"
  - **"Younger users in China disproportionately favor first-person action games vs older users":** First-person action games have become the "dominant genre" among younger players in China and will become the dominant genre "for the China mkt as a whole"
    - **New first-person action games have NOT cannibalized existing ones:** This is "b/c there's so much difference… between them in terms of user tastes"; These technical differences are "too big for any single game to transcend"

- **Domestic Games rev growth accel'd seq, as flagship evergreen games "achieved healthy growth results":** Rev grew +14% y/y in Q3 (vs +9% y/y in Q2); Growth in gross receipts also benefited from "proactive adjustments" made earlier this yr
  - **The Co's evergreen games delivered a "consistent performance" globally –**
    - **Honor of Kings grew gross receipts y/y:** Benefited from a Chinese Valentine-themed event in collab w/ Tencent Comics IP, Fox Spirit Matchmaker, and a "top-tier martial arts-themed outfit"
    - **Peacekeeper Elite incr'd gross receipts at a double-digit% rate y/y:** The title "cont'd its recent rebound," driven by items related to the Neon Gensis Evangelion anime
    - **Naruto Mobile grew gross receipts "robustly" y/y:** This reflected higher paying user penetration for season passes; The title also achieved a "historical high" of 10mn+ qtrly avg DAUs
  - **New games are also showing "evergreen potential" –**
    - **DnF Mobile ranked second in gross receipts among all mobile games in Q3:** Although Q4 will be a "consolidation period" for DnF Mobile, Tencent plans to release a major content update for Chinese New Year that is "intended to further enhance user engagement and monetization"
    - **Delta Force is "achieving good avg user daily time spent and player retention rates":** After launching in China in Sept, the game already has several million DAUs; Plans to add a "content-centric" campaign mode and to launch the game in intl mkts "in the coming months"

- **International Games rev growth was flat seq:** Rev was up +9% y/y in Q3 (similar to Q2's rate), though rev growth "substantially lagged" gross receipt growth b/c improved retention rates for certain titles led to elongation of their rev deferral periods; Title-specific call-outs are included below –

- **PUBG Mobile incr'd gross receipts by a double-digit% y/y to a "record high level":** The title saw another "robust performance," as Egyptian-themed outfits and Lamborghini-braded car costumes "monetized well"
- **Brawl Stars' gross receipts rose "several times y/y":** Brawl Stars remains among the Top 3 mobile games by DAU across the industry and intl mkts, w/ growth being driven by a limited time Mega Boxes even and an IP collab w/ SpongeBob SquarePants
- **Valorant incr'd gross receipts over +30% y/y:** The title was Tencent's largest PC game by gross receipts, capturing share in the "reviving" PC mkt; A Chinese Team winning the Valorant Champions Tournament helped attract new players and drive gross receipts to "record high levels"
  - **The game also benefited from the launch of a console version and esports-themed weapon items:** The Co extended Valorant to PlayStation and Xbox in North America, Europe, Japan, and Brazil in early Aug, which expanded the game's user base

- **FinTech Svs rev was "largely stable y/y":** A decrease in payment rev was offset by an increase in wealth mgmt svs rev, and a decline in the avg value per transaction offset "healthy" cont'd increases in the number of commercial payment transactions
  - **Tencent's number of wealth mgmt customers and aggregated customer assets incr'd y/y:** Strength in recent qtrs has been "mostly driven by money mkt funds", which is counter-cyclical "to some extent" b/c "when people don't spend, they actually save more"
  - **The Co has been "getting more cautious recently" on the lending side, given the current macro cycle:** Tencent wants to "control [its] credit exposure" and is being "very, very conservative" until macro conditions improve

- **Biz Svs rev "grew y/y":** The segment benefited from higher cloud svs rev and incr'd tech svs fees generated from rising e-commerce transaction volumes
  - **Cloud rev from GPUs that are primarily used for AI "grew swiftly y/y":** This rev now represents a teens% of the Co's IaaS rev
    - **Highlighted progress w/ the Hunyuan LLM:** The Co released Tencent Hunyuan Turbo, which SuperClue ranked first for general capabilities among its domestic peers; Also made the Hunyuan large model and the Hunyuan 3D generation model available on an open-source basis
  - **Int'l cloud rev "incr'd significantly y/y":** The Co leveraged domain expertise in areas such as games and live streaming as well as competitive pricing to win intl customers
  - **Gross profit "rose significantly y/y":** Due to an incr'd contribution from higher margin rev streams as well as improved efficiency

- **Marketing Svs (renamed from Online Advertising) will see some incremental pressure in Q4:** Given that the tailwind from the Paris Olympics, which "somewhat cushioned industry-wide weakness in brand ad rev" in Q3, will be absent in Q4
  - **Video Accounts rev incr'd over +60% y/y in Q3:** Efforts to "systematically strengthen transaction capabilities in Weixin" have resulted in advertisers increasingly using the Co's mkting tools to "boost their exposure and drive sales conversion"
  - **Mini Programs rev "grew robust y/y":** "Mini games and mini dramas provided high-value rewarded video ad inventory and generated incremental closed loop demand"

- **Tencent is "very excited about the long-term potential" of its new e-commerce ecosystem within Weixin:** The purpose of the Weixin mini shop is "to create and develop a unified and trustworthy e-commerce platform within Weixin" that provides customers w/ a better shopping experience and merchants w/ better transaction support
  - **Incorporating the overall mini shop experience into the Weixin ecosystem will create "new traffic streams":** Given that the mini shop experience will have "magnified access" to the Co's communication and social traffic as well as its media properties

-> Tencent Music also printed mixed Q3 headline numbers this week; The Co's total rev grew +6.8% y/y in Q3 (vs -1.7% y/y in Q2) and ended a slight +0.1% ahead of cons; Gross margin of 42.6% was above cons' 42.4% as well; However, non-IFRS EPADS of CNY1.16 was -3.3% below cons; The Co's growth in online music rev decel'd to +20% y/y (vs +28% y/y in FQ2) and missed cons by -1.8%, reflecting slowing seq growth in rev from music subscriptions and a decel in ARPPU growth to +4.9% y/y (vs +10.1% y/y in Q2); Despite this, Tencent Music's Super VIP member base surpassed the 10mn+ milestone during the qtr, as the "unique benefits" of these higher ARPPU plans have been gaining traction; The Co is "on track to resume positive revenue growth in 2024" and is "optimistic about [its] growth prospects" looking into 2025

Alibaba's Qtr Reflected "Steady Growth" In Its Core Biz Segments

- **Alibaba – Headline results were MIXED:** FQ2 rev grew +5.2% y/y (vs +3.9% y/y in FQ1) but missed cons by -1.2%; Adj EBITDA fell -3.9% y/y (vs -1.7% y/y in FQ2) and closed a slight -0.1% below cons, while adj EBITDA beat by a slight +0.2%; Adj EPADS of CNY15.06 topped cons by +1.6%
    - **Core Commerce (~73% of total rev) – MISS:** Rev rose +7.8% y/y in FQ2 (vs +6.3% y/y in FQ1) but ended -0.2% behind cons; Adj EBITA was down -8.2% y/y (vs -5.1% y/y in FQ1) and missed cons by a slight -0.1%
    - **Cloud Intelligence (~13% of total rev) – BEAT:** FQ2 rev was up +6.5% y/y (vs +5.9% y/y in FQ1) and topped cons by +0.3%; Adj EBITA incr'd +88.9% y/y (vs +155.1% y/y in FQ1) and beat cons by +20.4%
    - **Digital Media & Entertainment (~2% of total rev) – MIXED:** Rev was down -1.5% y/y in FQ2 (vs +3.7% y/y in FQ1) and missed cons by -8.3%, while adj EBITA of -CNY178mn (vs -CNY201mn the prior yr qtr and –CNY103mn in FQ1) beat cons by +51.1%
    - **All Others (~22% of total rev) – MIXED:** FQ2 grew +8.6% y/y (vs +2.7% y/y in FQ1) and beat cons by +8.6%; Adj EBITA of -CNY1,582mn (vs -CNY1,437mn the prior yr qtr and -CNY1,263mn in Q1) finished a slight -0.1% below cons
    - **Consolidation adjustments (-10% of total rev) – MIXED:** Rev missed cons by -13.7%, while adj EBITA ended +57.7% above cons

Alibaba (CNYmn)	2025FQ2 Results		
	Actual	Cons Est	% Surp
Consolidated Revenue	**236,503**	**239,450**	**-1.2%**
Adj EBITDA	**47,327**	**47,370**	**-0.1%**
Adj EBITDA Margin (%)	20.0%	19.8%	
Adj EBITA	**40,561**	**40,480**	**0.2%**
Adj EPADS	**15.06**	**14.82**	**1.6%**
Revenue by Segment			
Core Commerce	**173,038**	**173,360**	**-0.2%**
Taobao and Tmall Group	98,994	98,220	0.8%
Alibaba International Digital Commerce	31,672	30,920	2.4%
Local Services Group	17,725	17,370	2.0%
Cainiao Smart Logistics Network	24,647	26,850	-8.2%
Cloud Intelligence	**29,610**	**29,520**	**0.3%**
Digital Media & Entertainment	**5,694**	**6,210**	**-8.3%**
All Others	**52,178**	**48,060**	**8.6%**
Consolidation Adjustments	**(24,486)**	**(21,120)**	**-13.7%**
Adj EBITA by Segment			
Core Commerce	**41,349**	**41,379**	**-0.1%**
Taobao and Tmall Group	44,590	45,620	-2.3%
Alibaba International Digital Commerce	(2,905)	(3,670)	26.3%
Local Services Group	(391)	(822)	110.2%
Cainiao Smart Logistics Network	55	240	**NM**
Cloud Intelligence	**2,661**	**2,210**	**20.4%**
Digital Media & Entertainment	**(178)**	**(269)**	**51.1%**
All Others	**(1,582)**	**(1,580)**	**-0.1%**
Consolidation Adjustments	**(418)**	**(659)**	**57.7%**

Source: Alibaba Filings; FactSet Data & Analysis

LionTree

- **The contribution from China's stimulus measures and trade-in policies has been "significant"** The policies, which include localized trade-in programs and subsides for electronic goods, home appliances, and automobiles "definitely are stimulating growth in sales in the relevant categories" since being annc'd at the end of Sept
    - **Alibaba is "optimistic about the govt's macro stimulus policies":** The Co is "confident in their long-term impact"; The measures "are really just getting started" and will "have a positive impact on driving consumption overall" over time
        - **The policies will also help reduce merchant de-stocking cycle:** And have a "medium- to long-term effect in terms of driving the consumption of branded goods"
    - **BUT "e-commerce competition remains intense":** In response, Alibaba plans to continue to invest in core user groups and product categories and increase investment in new users and improving user retention

- **Taobao and Tmall Group (TTG) posted mixed results:** FQ2 rev was up +2.5% y/y (vs +0.6% y/y in FQ1) and beat cons by +0.8%; However, adj EBITA closed -2.3% short of cons due to investments in the customer experience that were partly offset by higher customer mgmt rev (CMR)
    - **GMV growth accel'd:** Cited the new software fee as well as cont'd improvements in the overall experience incr'd purchase frequency, which contributed to "GMV growth in FQ2 (vs ~+hsd y/y in FQ1 and "robust" double-digit% y/y growth in FQ4) but didn't provide specifics
        - **The 11/11 global shopping festival outperformed expectations:** Along w/ "robust" GMV growth, the Co's number of monthly active customers returned "back to growth" and reached "record-high" levels during the event; Believes this trend will continue moving forward
    - **"Take-rate remained stable y/y":** Despite the new software fee and growing uptake of the Quanzhantui Mktig tool, the Co has "new biz models that are still in the growth stage w/ relatively low monetization"
        - **The Co made "steady progress" in the monetization strategy:** Along w/ "deepening penetration" of the Quanzhantui Mkting tool, the Co implemented an industry-standard 0.6% software svs fee (excluding "certain rebates" for SME merchants), which helped drive in accel in CMR growth
        - **There is "significant potential headroom" to increase take-rate moving forward:** But Alibaba wants to take a "balanced approach" to ensure "the health of merchant operations"
    - **Highlighted some positive trends in user growth –**
        - **TTG "achieved breakthroughs in core user retention and new user growth":** This came "despite intensifying e-commerce competition in recent months"
        - **Loyal customers "cont'd to increase":** 88VIP surpassed 46mn+ members during the qtr (vs 42mn+ exiting FQ1)
    - **The Co is investing to capture the "very large potential" for user growth moving forward:** Alibaba "expect[s] to see a noticeable increase in monthly active customers" following its investments in improving after sale svs, logistics, front-end interface, and AI products… "but it will take time"

- **Cloud rev (excluding Alibaba Consolidated subsidiaries) "grew steadily":** Alibaba Cloud rev (excluding Consolidated subsidiaries) rose +7% y/y, representing a "steady improvement" from FQ1; The Co continues to "optimize rev mix", while progressing w/ its Cloud + AI development strategy
    - **Public Cloud rev maintained a double-digit% y/y growth rate:** Supported by rev from AI-related products growing at a triple-digit% y/y rate for the fifth consecutive qtr
    - **The Co has prioritized "growing the user base" over profitability:** As shown by its decision to reduce its API token price, which it views as an "investment in user acquisition and user growth"
    - **"We believe the AI era is just beginning":** Sees "AI's potential extend[ing] beyond mobile screens" and that "it's poised to reshape the digital world and ultimately transform all industries in the physical world";
        - **Alibaba is well-positioned as "a leading cloud svs provider for AI in China":** "As AI penetration grows, Alibaba Cloud's cloud computing and AI-related products will become the foundational infrastructure that supports development across industries"
        - **Alibaba will continue to invest in advanced tech and AI infrastructure while optimizing efficiency:** This will enable the Co to "deliver more reliable and cost-effective AI technologies and products across industries"

- **Alibaba International Digital Commerce (AID) outperformed, but rev growth decel'd further seq:** Rev incr'd +29% y/y in FQ2 (vs +32% y/y in FQ1 and +45% y/y in FQ4) but still finished +2.4% ahead of cons; Adj EBITA losses also came in +26.3% better than cons; Growth was primarily driven by the cross-border biz
    - **AE Choice orders maintained "strong y/y growth":** The biz's "relatively high share of orders" was a testament to the "certainty and consistency of [the] user experience," as "avg delivery time cont'd to shorten"
    - **Trendyol's intl biz cont'd "strong momentum in multiple adjacent mkts":** The biz plans to increase investments during the peak Nov and Dec season to expand its user base, though in an "effective and efficient manner"
    - **AIDC launched and updated multiple AI tools:** Including an AI-powered B2B search engine in Nov

- **"Beyond e-commerce and cloud, we are improving the operating efficiency of our other bizs w/ the goal of sustainable biz growth and returning to profitability":** Some of these other bizs are "achieving profitability even sooner, while the majority "will breakeven within 1-2 yrs and gradually begin to contribute profitability at scale"

- **Share repurchases declined seq…:** Alibaba bought back $4.1bn worth of shares in FQ2 (vs $5.8bn in FQ1), bringing its total for H1:FY25 to ~$10bn

- **… But are still tracking much higher y/y:** Even after factoring in ESOP issuances, the Co saw a -4.4% reduction in share count in H1:FY25 compared to a -5.1% net reduction in share count across FY24

JD.com – The Chinese Govt's Stimulus Measures Helped Drive A "Solid" Qtr

- **JD.com – Headline numbers were ~in-line to better than anticipated:** Q3 rev was up +5.1% y/y (vs +1.2% y/y in Q2), closing ~in-line w/ cons; Adj EBITDA grew +17.0% y/y (vs +30.1% y/y in Q2) but still topped cons by +8.6%; Non-GAAP EPADS finished a wider +14.7% above cons
  - **Net Product Revs (~79% of total rev) – BEAT:** Net Product Revs grew +4.8% y/y in Q3 (vs ~flat y/y in Q2) and beat cons by +0.7%
    - **Electronics & Home Appliance rev topped cons by +0.3%:** Q3 rev inc'rd +2.7% y/y (vs -4.6% y/y in Q2); The turnaround in rev growth was driven by the Co's "comprehensive support for China's nationwide trade-in program"
    - **General Merchandise rev also beat cons by +0.3%:** Rev rose +8.0% y/y in Q3 (vs +8.7% y/y in Q2), as "healthy momentum" was sustained by another double-digit y/y rev growth qtr from JD.com's supermkt category
  - **Net Svs Revs (~21% of total rev) – MISS:** Q3 Net Svs Revs were up +6.5% y/y (vs +6.3% y/y in Q2) but missed cons by -1.5%; Mktplace & mkting revs grew +6% y/y (vs +4% y/y in Q2), while logistics & other svs revs incr'd +7% y/y (vs +8% y/y in Q2)

JD.com (CNYmn)	2024Q3 Results		
	Actual	Cons Est	% Surp
Revenue	**260,387**	**260,430**	**In-Line**
Adj EBITDA	**15,077**	**13,880**	**8.6%**
Non-GAAP EBITDA Margin (%)	5.8%	5.3%	
Non-GAAP EPADS	**8.68**	**7.57**	**14.7%**
Revenue by Category			
Net Product Revenues	**204,613**	**203,170**	**0.7%**
Electronics & Home Appliances	122,560	122,200	0.3%
General Merchandise	82,053	81,770	0.3%
Net Service Revenues	**55,774**	**56,620**	**-1.5%**

Source: JD.com filings; FactSet Data & Analysis

LionTree

- **China's recent stimulus measures "have shown positive progress":** Including the RMB 1tn policy that was rolled out nationwide to support economic growth and consumption; JD "swiftly responded by increasing inventory and enhancing certain [efficiencies] to support the program"
  - **China's trade-in program has "proven very effective in boosting overall consumption":** Indicated that Sept was "notably strong" for home appliances and PCs due to the contribution from the trade-in program and that this "upbeat momentum" has carried into Q4TD, including during the Singles' Day Grand Promo
    - **BUT the "full potential of the trade-in policy has yet to be fully realized":** Explained that some consumers haven't been fully aware of the policy and that it takes "some time for them to be educated" and to take advantage of it
    - **"The govt trade-in program is not solely aimed at boosting short-term consumption":** It is also intended to foster "the healthy development of key industries", create jobs, increase household income, and restore consumer confidence
    - **The Co is "cautiously optimistic" about the "overall economic and consumption growth trajectory" moving forward**
  - **"Expanding the trade-in policy would further support consumer spending":** Noted that the Chinese govt just unveiled plans to "introduce more forceful fiscal stimulus" based on next year's economic and social development objectives and that this includes an expanded trade-in program

- **JD Retail rev growth accel'd seq, w/ "strength across… categories":** JD Retail rev incr'd +6.1% y/y in Q3 (vs +1.5% y/y in Q2), as the general merchandise category "cont'd w/ strong momentum" and electronics & home appliances benefited from China's trade-in program
  - **Overall user shopper frequency cont'd to grow at a double-digit% y/y rate:** This was primarily driven by the Co's incr'd price competitiveness, category mix shift, and wider coverage of its free shipping svs

        - **The Co's NPS for price competitiveness incr'd y/y for another qtr…:** The Co cont'd to leverage the strength of its 1P supply chain capabilities as well as its "enriched 3P product offerings and white-label growth" to enhance its price competitiveness
        - **… Which mainly benefited growth in smaller mkts:** JD saw a "steeper trajectory of user base expansion and order volume" in lower tier mkts vs higher tier ones on its platform during the qtr
    - **JD.com's active merchant base "maintained a very healthy y/y growth [rate]":** The Co onboarded more 3P merchants (particularly SMEs) to expand its product offerings at different price tiers
        - **The Co made "solid progress" in growing user engagement w/ 3P merchants:** Leading to accel'd y/y growth in 3P order volume and the number of users that purchase 3P products on its platform, "both of which reached record-high growth levels in Q3"
        - **NPS offerings for 3P offerings rose y/y as well**
    - **"JD Retail recorded another meaningful gross margin improvement":** The Co cont'd to "drive best-of-scale benefits of 1P" and benefited from a favorable mix shift toward higher margins categories as well as a higher contribution from 3P

- **Sales campaigns have been "highly welcomed" by users:** Including the Co's new Super 18 sales that offer a selection of discounted products on the 18th of every month, weekly Black Friday deals that mainly cover the supermkt category, daily late-night flash sales, and half-price clothing promos
    - **The Singles Day Grand Promo exceeded JD's expectations:** Users responded well to the promo, as the number of active users saw double-digit growth and the avg daily active customer count incr'd by over +20%

- **The JD PLUS program is "on the right track":** Highlighted that active PLUS membership and shopping frequency "continue to improve" due to the Co's "best-in-class experience" for users of "different income spectrums and demands"

- **The supermkt category saw "healthy" increases in user growth and engagement:** Shopping frequency experienced a "robust" +20% increase during the qtr, as efforts to enrich the supermkt category's product portfolio to cover different price tiers and other new initiatives have "gained strong traction among users"
    - **JD Super is "one of the most important driver[s] for [the Co's] future growth":** The Co sees "significant potential category" in JD Super; It still has "a way to go to meet [its] long-term expectations", as JD continues to strengthen its core capabilities in 1P mgmt and 3P development
    - **Improving product selection has benefited other categories as well:** Highlighted that within the fashion category, sports apparel and outdoors both recorded double-digit% y/y rev growth following efforts to enrich product selection, enhance the user experience, and drive user mindshare

- **Highlights from other biz segments –**
    - **Advertising rev from JD Retail grew by double-digits% y/y:** Driven by the "healthy growth" of JD's ecosystem and "improving traffic allocation efficiency for both 1P and 3P merchants
    - **JD Logistics rev growth decel'd seq:** Q3 JD Logistics rev was up +6.6% y/y in Q3 (vs +7.7% y/y in Q2); Flagged "healthy momentum" in internal as well as external revs, and the biz also continues to "unlock economies of scale and drive op efficiency"

8. Grab Bag: Microsoft Gaming Is Open To M&A/Trump Plans To Halt TikTok Ban/Netflix Ad Biz Hits 2-Yr Mark With 70mn MAUs

- **Microsoft Gaming CEO Phil Spencer – "We definitely want to be in the mkt"** (link)**:** In an interview w/ Bloomberg, Spencer indicated "deals that add "geographic diversity," including in Asia, might be worthwhile"; He also floated the idea of buying another mobile Co to add to titles that Microsoft acquired from Activision Blizzard
    - **"Absolutely we will keep our heads up":** Particularly when the Co "can find teams and tech and capability that add to what [it's] trying to do at gaming at Microsoft"
    - **"Still, there's nothing imminent":** Spencer suggested that very large deals are off the table currently, given that the Co is still focused on integrating Activision Blizzard employees
    - **Microsoft wants to look more to China for development talent:** China has been a "good area" for Microsoft "to learn from creative teams that have real unique capability"; Sees "the real oppty" in partnering w/ creative teams in China for global launches
        - **Microsoft just launched a new mobile version of Age of Empires in collab w/ Tencent in Oct**

    - **On handheld game devices – “The expectation is that we would do something”:** The Co is working on prototypes and considering its vision, though such a device is a few yrs out
        - **“We’re not going to grow the mkt w/ $1,000 consoles”:** “To reach new players, we need to be creative and adaptive of new biz models, new devices, new ways of access”
    - **The launch of the online store for mobile games has been delayed:** Microsoft employees are still talking to devs to figure out a plan, per Spence – “If we're just hoping… if we build it, they will come, I'm going to bet that doesn't work”

- **Incoming President Donald Trump is reportedly expected to halt the potential ban on TikTok next yr** (link)**:** This comes after Trump promised to save the app while campaigning; Currently, TikTok has until Jan 19 to find a new owner not based in China or loss access to US users following the passage of a law in April
    - **Trump “appreciates the breadth and reach of TikTok,” per Kellyanne Conway:** Trump used TikTok “masterfully” along w/ podcasts and new media entrants, per Conway, who added, “There are many ways to hold China to account outside alienating 180mn US users each month”
    - **Some advisers expect Trump to intervene on TikTok’s behalf if necessary:** These advisers include Conway and three others; That said, the president-elect hasn’t annc’d how, or if, he plans to proceed
    - **There is flexibility around the deadline:** Notably, the Jan 19 deadline is set to occur a day before Trump’s inauguration
        - **The Protecting Americans from Foreign Adversary Controlled Applications Act** grants the president the power to extend the deadline by 90 days if “significant progress” has been made toward a sale
        - **TikTok has also challenged the ban as unconstitutional:** The litigation process around this challenge could push proceedings into Trump’s second term even if TikTok doesn’t win
        - **Other ways Trump could intervene after taking office:** Include pushing Congress to repeal the law or encouraging his attorney general not to enforce it
    - **ByteDance recognized months ago that a Trump victory was its best chance to retain TikTok:** Per a source familiar w/ the firm’s internal discussions
        - **Project Texas is still on the table, per ByteDance:** Although the Biden Administration declined the deal in 2022, ByteDance is still open to its terms, given the TikTok ban’s bipartisan support in Congress

-> Snap shares fell -9.1% on Nov 12 after reports emerged that the Trump Administration is expected to halt the TikTok ban (link)

- **Netflix’s ad biz celebrates hitting the 2-year mark w/ several announcements** (link)**:** Including the following –
    - **Reaching 70mn monthly active users globally, up from 40mn six months ago and 15mn from year ago**
        - Over half of new Netflix sign-ups are for the ads plan in ad-supported countries
        - Continue to see “steady progress” across all countries’ member base
    - **Sold out of all available in-game inventory for both NFL live Christmas Day games**
        - Partnering with “multiple” advertisers, including FanDuel and Verizon, among others
        - FanDuel will be the exclusive pregame sportsbook betting partner with a sponsored in-show feature, and Verizon will be the Netflix Christmas kickoff sponsor
        - All partners will also run traditional ad commercials through the live event
    - **For upcoming season of *Squid Game*, Kia will be Netflix’s first single-title sponsorship in Korea**
        - Partnership is timed to the launch of Kia’s new crossover SUV ‘The New Sportage’
        - Have also partnered with “multiple” other advertisers across their 12 ad-supported countries for ad oppties in *Squid Game*
    - **Expanding ad measurement suite globally**
        - Partnered with VideoAmp in the US to deliver advertisers cross-screen and live viewership measurement, both of which will start with WWE's launch in January
        - Partnered with Nielsen for live ratings of the upcoming NFL Christmas Day games
        - Partnered with Kantar Ibope CAV (Campaign Audience Validation) in Brazil to showcase cross-publisher reach and frequency, which will kick off in early 2025
        - Expanded relationship with Barb in the UK to include the ad-supported plan, and found that the avg Netflix ad-supported viewer in the UK watches at least twice as much Netflix vs. the nearest competitors
    - **Programmatic guaranteed buying will expand to Europe in Feb 2025, and to Australia, Japan, and Korea later in the yr**
        - Already available in US, Brazil, Canada, and Mexico

- Can now measure "even more" objectives for programmatic guaranteed campaigns with a variety of new partners, including Lucid, Cuebiq, NCS, Affinity, and more
- **In-house Netflix ad tech is live in Canada and will expand globally in 2025**

Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	5,871	(2.1%)
NASDAQ	18,680	(3.1%)
Dow Jones	43,445	(1.2%)
Gold	$2,568	(4.7%)
WTI Crude	$66.95	(4.9%)
10-Year Treasury Yield	4.44%	+14.4 bps
Bitcoin	$92,260	19.3%
Ether	$3,110	4.7%

LionTree TMT Universe Performance (~250 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	–
Just Eat Takeaway.com NV	24.9%	23andMe, Inc.	(33.0%)
Shopify Inc.	24.5%	Groupon Inc.	(25.9%)
Affirm Holdings Inc	20.8%	EW Scripps Co/The	(24.8%)
Liberty Global PLC	18.3%	GoPro, Inc.	(22.9%)
Lemonade Inc.	17.1%	Bilibili Inc.	(19.0%)
Magnite Inc	16.5%	Hims & Hers	(17.5%)
Walt Disney Co/The	16.2%	Dentsu Group, Inc	(16.6%)
Despegar.com Corp	15.8%	Fastly, Inc.	(16.4%)
Spotify Technology SA	14.4%	DarioHealth	(16.2%)
Block Inc	13.1%	Unity Software Inc	(15.4%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	–
Space	8.8%	Advertising Agencies	(8.0%)
US Media/Video	6.9%	Employment Marketplace	(7.8%)
Music	6.0%	EdTech	(6.4%)
Live Events	2.6%	China Internet / Tech	(6.0%)
Application Software	2.0%	Semis	(5.5%)
Payments / Fintech	1.9%	Ad Tech	(4.7%)
Cybersecurity Software	1.6%	European Telco	(4.5%)
Last Mile Transport/Delivery	0.8%	Internet/Advertising	(4.4%)
Entertainment Facilities/Theme Parks	0.8%	European Media	(4.4%)
Satellite Communications	0.1%	Broadcast TV	(3.6%)

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- **Google has annc'd it will stop showing political ads to users in the EU next yr due to uncertainties around the bloc's new transparency regulations.** In a new blog post, Google says the upcoming Transparency and Targeting of Political Advertising (TTPA) rules that aim to prevent election interference and help voters make informed choices will introduce significant "operational challenges and legal uncertainties." (The Verge)

- **LoopMe has released US data revealing that consumers from the Gen X and Baby Boomer generations are most receptive to digital ads.** Over a third (37%) of 45-54 yr olds and 40% of 55-64 yr olds stated they make purchases from ads they see online at least every few months – greater than the avg of 31%. The findings indicate that marketers will need to be highly targeted w/ their spend if they want to capitalize on older shoppers' online ad engagement.(BUSINESSWIRE)

- **Perplexity, an AI-powered search engine, says it'll begin experimenting w/ ads on its platform.** The site will be showing ads in the US to start, and they'll be formatted as "sponsored follow-up questions," (e.g. "How can I use LinkedIn to enhance my job search?") These ads will be positioned to the side of answers. Brands and agency partners participating in Perplexity's ad program include Indeed, Whole Foods, Universal McCann, and PMG.(TechCrunch)

- **WPP bought out the rest of T&Pm after acquiring its minority shareholdings.** The purchase brings the agency – formed after The & Partnership and MSix & Partners merged this March – fully into the network, although it will continue to operate as a standalone shop. WPP became a majority holder in 2019 after buying more shares, which, at the time, valued the agency at ~£160mn, ~2.5x the £60mn valuation in 2007. (CAMPAIGNLIVE)

- Paramount Global and Nielsen's ongoing battle is fast becoming a war of words. Paramount, which is in the midst of cutting $500mn from its operations, suggested it should not be paying Nielsen higher prices when the fees come to more than the ad rev that TV ratings generate. In a dispatch sent to clients, Nielsen CEO Karthik Rao said that Paramount has been pushing for "a nearly 50% reduction in the price of our svs".(Variety)

Artificial Intelligence/Machine Learning

- **A first draft of a Code of Practice that will apply to providers of general-purpose AI models under the European Union's AI Act has been published.** This comes alongside an invitation for feedback — open until Nov 28 — as the drafting process continues into next yr, ahead of formal compliance deadlines kicking in over the coming yrs. The pan-EU law, which came into force this summer, regulates applications of AI under a risk-based framework.(TechCrunch)

- **A portrait of the British mathematician Alan Turing sold at auction for nearly $1.**1mn, a surprisingly large sum for a painting whose creator wasn't an artist in the traditional sense, but rather a humanoid robot powered by AI. The painting, which depicted Turing as the god of AI, was offered as part of Sotheby's digital art sale and initially was estimated to sell for $120,000-180,000.(NYTIMES)

- **Anthropic is collaborating with the US Department of Energy's NNSA to "red-team" its Claude 3 Sonnet AI model, testing for vulnerabilities that could enable misuse in nuclear weapons development.** This project, running until February, aligns with federal AI safety goals and highlights the role of government partnerships in addressing national security risks posed by advanced AI systems.(Firstpost)

- **Australian use of AI is likely to spark demand for an extra 483,000 square meters of office space by 2030, based on the number of new jobs the sector is likely to create over that time, per JLL.** As a standalone sector, AI ranks 19th in an Australian economy led by mining, healthcare, professional svs, financial svs, and construction. But by 2030, it will grow to become the second-largest after mining, JLL economist Ronak Bhimjiani said.(Australian Financial Review)

- **Doubao, a ChatGPT-like conversational bot developed by TikTok owner ByteDance, has emerged as the most popular AI app for Chinese consumers among a long list of competing products, even though its profit model remains unclear.** The app, which was launched last Aug, topped the AI bot chat ranks w/ 51mn MAUs in China. The user base was larger than Baidu's Wenxiaoyan (formerly known as Ernie Bot) and Alibaba-backed Moonshot AI's Kim.(South China Morning Post)

- **Google DeepMind has unexpectedly released the source code and model weights of AlphaFold 3 for academic use.** This marks a significant advance that could accelerate scientific discovery and drug development. The surprise announcement comes just weeks after the system's creators, Demis Hassabis and John Jumper, were awarded the 2024 Nobel Prize in Chemistry for their work on protein structure prediction. (VentureBeat)

- **Google launched an experimental new AI tool called Learn About, which is different from the chatbots we're used to, like Gemini and ChatGPT.** It's built on the LearnLM AI model that Google introduced this spring, saying it's "grounded in educational research and tailored to how people learn." The answers it provides have more visual and interactive elements w/ educational formatting.(The Verge)

- **OpenAI is preparing to launch a new AI agent codenamed "Operator" that can use a computer to take actions on a person's behalf, such as writing code or booking travel.** OpenAI's leadership annc'd plans to release the tool in Jan as a research preview and through the Co's application programming interface for developers, per sources. The planned release is part of a broader industry push toward agents, or AI software. (www.ndtv.com)

- **OpenAI is reportedly facing challenges with slowing improvements in its AI models, as testers found its upcoming model, "Orion," offers smaller gains compared to past leaps like GPT-3 to GPT-4.** To address this, OpenAI is exploring strategies such as training on synthetic AI-generated data and enhancing post-training processes. The company has not confirmed plans to release Orion in 2024.(TechCrunch)

- **The Washington Post unveiled a new AI chatbot called "Ask The Post AI," which aims to answer user questions accurately by relying on the newspaper's content.** The new AI chatbot follows the Climate Answers chatbot, which the publication released earlier this yr. Unlike the climate journalism-focused Climate Answers, Ask the Post culls its answers from anything published since 2016.(TechRadar)

Audio/Music/Podcast

- **Spotify is going after YouTube's video podcast dominance with a new revenue program for creators.** It will soon share revenue with creators based on how much their videos are viewed. The co will also no longer insert ads into video podcasts shown to paid subscribers.(Business Insider)

- **YouTube is rolling out a new feature that will let creators “restyle” select songs w/ AI.** Creators can enter a prompt to change the genre or mood of a song. These restyled soundtracks will have clear attribution to the original song through the Short itself and the Shorts audio pivot page. They will also clearly indicate that the track was restyled w/ AI.(The Verge)

Cable/Pay-TV/Wireless

- **Boost Mobile execs say they’re on track to cover 80% of the US population w/ its 5G network by the end of the yr.** Last June, it was required to cover 70% of the US population, and by the end of the yr, it needs to reach 80%. Boost’s chief technology officer, Eben Albertyn, said, “We are well on our way to meeting this goal.” He says the Co has lit up 20,000+ of the 24,000 cell sites it has promised to deploy by June 2025.(The Verge)

- **Deutsche Telekom's Q3 2024 results showed strong growth, with net revenue up 3.**6% to €28.5 billion and service revenues up 3.8% to €24.1 billion. Adjusted EBITDA AL rose 6.4% to €11.1 billion, and free cash flow AL grew 32% to €6.2 billion. Adjusted net profit increased by 3%, and Deutsche Telekom raised its 2024 adjusted EBITDA AL forecast to around €43 billion. The company continues to see growth in fiber usage, T-Mobile US expansion, and Europe. The strong performance supports plans for a record dividend and share buybacks. (TELEKOM)

- **EchoStar lost 43,000 net pay-TV subscribers in Q3, an improvement from a 64,000 loss a year earlier.** The company gained 145,000 net Sling TV subscribers, bringing its total to 2.14mn, while losing about 188,000 Dish satellite TV subscribers, leaving it with 5.89mn. EchoStar also completed strategic transactions, including $5bn in debt restructuring and raising $5.2bn for a nationwide 5G network.(The Hollywood Reporter)

- **Liberty Global annc'd it has separated Sunrise into a standalone entity ahead of having its shares relisted for public trading.** Liberty Global CEO Mike Fries highlighted the move represents an “important milestone in our ongoing strategy to unlock value for Liberty Global shareholders”. Liberty Global delisted Sunrise when it acquired the mobile operator in 2020. It then merged the biz w/ its existing fixed operation UPC Switzerland.(Mobile World Live)

- **Saudi Arabia’s Public Investment Fund (PIF) raised SR3.**86bn ($1.03bn) by selling a 2% stake in telecom firm stc, with 100mn shares priced at SR38.6 each. The offering, the largest accelerated bookbuild in Saudi Arabia and the MENA region, was five times oversubscribed, with strong local and international investor demand. Following the sale, PIF retains 62% ownership in stc. This transaction supports PIF’s strategy to reinvest in emerging sectors and aligns with its goal to drive economic transformation in Saudi Arabia.(Arab News)

- **Virgin Media O2 annc'd that it is changing how it communicates and implements price increases for customers to align w/ new Ofcom rules.** In the future, any price changes included in a customer’s contract will be specified prominently in pounds and pence, giving customers even greater certainty about how their bills may change over the course of their contract.(THEFASTMODE)

- **Vodafone Group PLC's sale of its Italian arm to Swisscom AG was approved by a watchdog in Italy.** Swisscom said the deal was approved by the Italian Authority for Communications. "The approval is another important step on the way to securing the regulatory approvals needed to finalize the transaction," Swisscom said. There are still two regulatory obstacles remaining, however, including backing from the Italian Competition Authority in Rome.(MarketScreener)

- **Vodafone shares fell on Nov 12, driven largely by concerns over the Co’s ongoing challenges in**

Germany, which overshadowed otherwise stable results. Although Vodafone's first-half EBITDAaL aligned w/ expectations at €5.4bn, the cont'd declines in its German operations have raised questions about the Co's ability to sustain growth in one of its most essential mkts. The Co reported a 9.3% drop in German EBITDAaL. (Investing.com UK)

Cloud/DataCenters/IT Infrastructure

- **A unit of Indonesian billionaire Antoni Salim's Hong Kong-based First Pacific is in negotiations for the sale of a stake in in its data center biz to raise funds to payoff some debts.** PLDT operates 11 data centers across the Philippines that doubled its combined capacity to 100 megawatts in Jul. w/ the completion of a new facility in Laguna, a province south of Manila.(Forbes)

- **Equinix signed its first power purchase agreement in India w/ CleanMax.** Under the agreement, the parties will collaborate to build a 33 MW Captive Power Plant in Maharashtra. This partnership will provide renewable energy sufficient to match the consumption of Equinix's growing portfolio of data centres in Mumbai and support the nation's renewable energy target.(Express Computer)

- **The US Federal Trade Commission is preparing to launch an investigation into anticompetitive practices at Microsoft's cloud computing biz, as the US regulator continues to pursue Big Tech in the final weeks of Joe Biden's presidency.** The FTC is examining allegations that Microsoft is abusing its market power in productivity software by imposing punitive licensing terms to prevent customers from moving their data from its Azure cloud svs to competitors' platforms.(The Irish Times)

Crypto/Blockchain/web3/NFTs

- **Bitcoin prices have risen above $80,000 (£62,000) for the first time ever after Donald Trump's decisive victory in the US election last week.** It comes as the Republicans are edging closer to overall control of Congress after having already secured the presidency and a majority in the Senate. On the campaign trail the president-elect pledged to make the US "the crypto capital of the planet". The value of bitcoin has now risen by 80%+ this yr.(BBC)

- **Coinbase is launching the Coinbase 50 Index, or Coin50, which provides investors with a broad and accessible tool to better understand how the market is performing as a whole.** Coinbase is seeking to evolve alongside it by offering a reliable measurement that accurately portrays the growing size and diversity of the market. Head of institutional products at Coinbase, Greg Tusar told that he hopes the index will become the go-to benchmark for investors. (Fortune Crypto)

- **Dogecoin shot higher, extending its postelection surge after President-elect Donald Trump formally annc'd the creation of the Department of Government Efficiency, which he referred to as "DOGE" in his statement.** Tesla CEO Elon Musk and Vivek Ramaswamy, former Republican presidential candidate and Strive Asset Management co-founder, will lead the dept, Trump said in a statement.(CNBC)

- **Robinhood is beefing up its crypto offerings for its users as enthusiasm for digital assets skyrockets since Donald Trump's election victory.** The co has added a handful of cryptocurrencies to its platform, including XRP and Pepe. The co also re-listed Solana and Cardano, which it had removed last year amid a crackdown by the US Securities and Exchange Commission.(Markets Insider)

- **South Korean police arrested 215 people on suspicion of stealing 320 bn won ($228.**4mn) in the biggest cryptocurrency investment scam in the country. Gyeonggi Nambu Provincial Police said the arrests included the alleged mastermind of the organized crime group accused of selling 28 types of virtual tokens to ~15,000 people by promising high returns. Police described the tokens as "worthless".(Yahoo Tech)

- **Venture capital investment in the cryptocurrency sector fell significantly in Q3 before President-elect Donald Trump's electoral surge revived industry sentiment.** Crypto startups drew in $1.7bn in the three months ended Sept 30, a 31.3% decline from the previous qtr, PitchBook data shows. The number of deals struck dropped 25.3% to 392. Now, crypto mkts are currently in a state of euphoria after Trump's victory in the US election.(Yahoo News)

Cybersecurity/Security

- **Amazon says a data breach exposed the email addresses, phone numbers, and building locations linked to its employees.** In a statement to The Verge, Amazon spokesperson Adam Montgomery said the Co was "notified about a security event at one of our property management vendors that impacted several of its customers, including Amazon." It's unclear how many employees were affected by the breach.(The Verge)

- **The US govt has confirmed that hackers w/ links to China breached multiple US telecommunication svs providers to access the wiretap systems used by law enforcement to surveil Americans.** In a joint statement published, CISA and the FBI said they had uncovered "a broad and significant" cyber espionage campaign that saw PRC-affiliated actors compromise networks at “multiple telecommunications cos” in the US. The agencies did not name the targeted individuals, but said they “are primarily involved in govt or political activity.”(TechCrunch)

eCommerce/Social Commerce/Retail

- **Alibaba issued a welter of numbers showing robust growth during China's biggest online shopping event of the yr.** Alibaba Group, JD.com, and Xiaomi on Nov 12 annc'd a myriad of numbers they say make this yr’s Nov 11 Singles’ Day one of the most productive yet. Collectively, the industry leaders seemed to paint a picture of recovering consumer confidence just days after Beijing unveiled a $1.4tn stimulus plan to resuscitate spending.(The Business Times)

- **Amazon confirmed the opening of eight new Amazon Fresh stores on both the East and West coasts over the past several weeks.** The co signed several of these locations’ leases yrs prior but is only now utilizing the spaces, according to local news reports about the locations. Amazon Fresh’s footprint now consists of 60 stores after the co recently opened three in California, two in New York and one each in Maryland, Pennsylvania and New Jersey, the co confirmed.(Retail Dive)

- **Amazon has rolled out a new storefront featuring apparel, home goods, electronics and other items priced below $20.** Called “Amazon Haul,” the storefront is accessible through the co's mobile app, and promises “crazy low prices” on a plethora of goods. Shoppers can buy $1 eyelash curlers and oven gloves, or a $3 nail dryer. The co is offering free shipping on orders over $25, or a $3.99 shipping fee on orders below that threshold.(CNBC)

- **Amazon is developing smart eyeglasses for delivery drivers to improve efficiency by offering turn-by-turn navigation.** "Such directions could shave valuable seconds off each delivery by providing left or right directions off elevators and around obstacles such as gates or aggressive dogs," reports Reuters. The delivery glasses in development build on Amazon's Echo Frames smart glasses.(SLASHDOT)

- **Holiday shopping at Walmart is about to get dramatic, as the Co blurs the lines between advertising and entertainment for its Black Friday campaign.** Walmart debuted “Deals of Desire,” a 10-part series that pays homage to various genres of entertainment while promoting its Black Friday and Cyber Monday deals. Throughout Nov, forthcoming episodes will showcase addt'l products and deals.(ADWEEK)

- **Home Depot's qtrly sales rose 6%+ y/y, as the Co folded in a newly acquired biz and hurricane-related repairs and better weather in many parts of the country boosted demand for home improvement supplies.** The Co also raised its full-yr outlook to reflect its better-than-expected Q3 results and some incr'd hurricane-related demand in the current qtr. It now projects total sales to increase ~4%, including the impact of acquiring SRS Distribution.(CNBC)

- **IAC is considering spinning off Angi, its home services platform, which connects consumers with local service providers.** IAC owns 85% of Angi, which includes Handy and HomeAdvisor. If the spinoff moves forward, it could happen by Q2 2025. Angi's third-quarter revenue dropped 16%, but the company remains profitable. IAC has a history of spinning off businesses like Match Group and Ticketmaster.(CNBC)

- **Shopify shares jumped 21% after the Co posted better-than-expected results for Q3 and gave an optimistic forecast for the holiday shopping season.** EPS of 35 cents per share exceeded the 27 cents per share expected by LSEG, while rev of $2.16bn came in above the $2.12bn expected. Shopify said it expects rev in the current quarter to grow at a percentage in the mid- to high-twenties.(CNBC)

- **ThredUp has named Danielle Vermeer to the newly created role of head of social commerce, amid its efforts to reach new customers.** Vermeer will lead ThredUp’s efforts to reach more potential resale customers by providing “innovative shopping experiences,” the co said.
 (Retail Dive)

- **US holiday sales growth is likely to slow to about 3%, down from 4.**7% a yr ago, S&P Global Ratings said. That’s below the 10-yr avg of 5.3%, the credit rating agency said. Retailers that rely heavily on discretionary consumer spending face a higher likelihood of a credit rating downgrade w/in the next 24 months, S&P said. Apparel, accessories and speciality retailers have seen the largest increase in negative ratings in the last 12 months.(Retail Dive)

- **Vuori annc'd an $825mn investment led by growth-minded firms General Atlantic and Stripes, elevating its valuation to $5.**5bn. The infusion, structured as a secondary tender offer, comes three yrs after a $400mn investment led by SoftBank Vision Fund 2. Andrew Ferrer, managing director at General Atlantic, will join the Vuori board of directors as part of the transaction.(Retail Dive)

Electric & Autonomous Vehicles

- **Pony AI, a Chinese self-driving technology company, is set to go public in the US, targeting up to $224mn from its IPO at a valuation of $4.**48bn—down from a peak $8.5bn valuation in 2022. The company operates robotaxis and robotrucks across major Chinese cities and follows other Chinese auto-tech IPOs like Zeekr and WeRide, amid renewed U.S. investor interest despite geopolitical tensions.(TechCrunch)

- **Zoox continues its phased rollout, testing its purpose-built robotaxi in San Francisco's SoMa neighborhood with employee riders.** As the only company operating a robotaxi without traditional controls, Zoox is expanding operations to Las Vegas, tackling The Strip's complex driving scenarios. Public riders are expected in 2025 via an early rider program. (ZOOX)

Film/Studio/Content/IP/Talent

- **Gladiator II is finally entering the arena 24 yrs after Best Picture Oscar winner Gladiator was originally released.** Paramount began overseas rollout on the continuation of Ridley Scott's Roman Empire action saga. Through Nov 15, 63 intl box office mkts will be open — the full offshore footprint, save for China which goes in step w/ domestic on Nov 22. The film is eyeing an international debut in the $80-90mn range w/ the possibility of upside.(Deadline)

- **The return of Yellowstone to Paramount Network drew a record-breaking 16.**4mn viewers across multiple airings on Sunday night, including simulcasts on eight networks and CBS. This marks the show's largest first-night audience, surpassing the 15.9mn viewers for the season five premiere in 2022. The audience figures from VideoAmp exclude streaming data, as new episodes are unavailable on Paramount+. (The Hollywood Reporter)

FinTech/InsurTech/Payments

- **Klarna said that it has submitted a confidential draft registration statement to the Securities and Exchange Commission as part of a plan for an initial public offering of stock in the US.** Klarna has not determined the price range for the proposed offering, according to a press release the co posted on its website. The IPO will take place after an SEC review, the release said. (Payments Dive)

- **PayPal has reintroduced a feature allowing users to pool money with others for shared expenses.** This functionality enables friends, family, or groups to contribute funds for joint purchases or events. It streamlines the process of collecting money from multiple people, making it easier to split costs for various activities like gifts, travel, or other collective expenses.(TechCrunch)

- **Tencent is partnering w/ Visa to launch a palm biometric authentication payment svs in Singapore, w/ hopes to expand the tech globally.** The svs will be available to holders of Visa credit cards issued by major Singaporean banks, United Overseas Bank, and Oversea-Chinese Banking Corp. After registering in advance, users will be able to make payments at retail stores and restaurants by simply holding their palm over a dedicated reader.(Nikkei Asia)

Handheld Devices & Accessories/Connected Home

- **Fitbit's Ace LTE, the smartwatch designed for ages 7+, is introducing new features to help families stay connected and get active together.** Fitbit annc'd a slew of new features, including group chats, family quests, a new mini-game, and two new watch faces. There's also a new direct message feature for siblings to text and call each other using their devices.(TechCrunch)

HealthTech/Wellness

- **23andMe is reducing headcount by ~40%, or 200 employees, and discontinuing further development of all its therapies as part of a restructuring program.** "We are taking these difficult but necessary actions as we restructure 23andMe and focus on the long-term success of our core consumer biz and research partnerships," said CEO Anne Wojcicki. After the restructuring plan, the Co expects annualized cost savings of $35mn+.(AOL)

- **Amazon One Medical is expanding its telehealth svs w/ the launch of upfront and low-cost treatment plans and medication delivery for several beauty and lifestyle concerns.** Other treatment plans include medication for motion sickness and eyelash growth. Prime members will be able to see the price of their telehealth consultation and medication for their desired treatment before they move forward w/ care. (TechCrunch)

Investor & Market Sentiment

- **SoftBank reported a $7.**7bn quarterly profit after a loss last yr. Gains in its tech bets come as it prepares to invest further in AI and eyes future IPOs. Vision Fund 2, which made a $500mn investment in OpenAI last month, made a $900mn investment gain in the quarter due to growth in privately held portfolio Cos, such as Revolut.(Business Insider)

- **SoftBank said the co-CEO of Vision Fund, Rajeev Misra, will soon step down from his leadership roles at the firm's flagship tech investment vehicles, marking the departure of one of the group's most prominent dealmakers.** The Co said that Misra, will relinquish his positions as co-head of SoftBank Investment Advisers and SoftBank Global Advisers. Alex Clavel will assume sole leadership as chief executive of both units. (TechCrunch)

Last Mile Transportation/Delivery

- **Grab Holdings reported a $15mn profit.** Rev grew 17% y/y to $716mn in Q3, or 20% on a constant currency basis, driven by rev growth across all segments. Cash liquidity totaled $6.1bn at the end of the Q3, compared to $5.6bn at the end of the prior qtr, w/ a substantial portion of the cash inflow attributed to the growth in deposits from customers in the banking biz, which incr'd to $1bn+ from $730mn from the prior qtr.(The Asian Banker)

- **Just Eat Takeaway.**com said that it is selling its U.S. business Grubhub to New York-based Wonder Group in a deal valued at $650mn, a stark 91% less than the $7.3bn Just Eat Takeaway paid for the co just four yrs ago. The deal is expected to close in the Q1:25, and Just Eat Takeaway expects net proceeds of $50mn. Wonder will take on $500mn of Grubhub's debt.(TechCrunch)

- **Swiggy made a modest debut by listing at a modest premium of 8% over its issue price.** After listing, Swiggy shares jumped another 11% to end at Rs 456 on BSE, with its market capitalization crossing the Rs 1 lakh crore mark. The issue, which opened on Nov 6, was subscribed 3.6 times the shares on offer driven by institutional investors on the third and final day. Retail investors subscribed to their portion 1.14 times while the portion reserved for employees saw 1.65x bidding.(The Economic Times)

- **Waymo, Alphabet's robotic taxi unit, is expanding access to the svs in Los Angeles by eliminating a waiting list to download the app needed to hail its sensor-laden EVs.** Starting now, anyone in the second-largest US city can download the Waymo app and book rides, w/ one caveat: the svs is only available within an 80-square-mile portion running from downtown LA to Santa Monica.(Forbes)

- **Wonder, a food-delivery startup led by former Walmart executive Marc Lore, is in advanced talks to buy Grubhub from Amsterdam-based Just Eat Takeaway.**com, the Wall Street Journal reported. The European co had acquired Grubhub in 2020 in an all-stock deal for $7.8bn, creating the world's largest food delivery co outside China at the time. A deal for Grubhub could be finalized imminently, assuming the talks do not fall apart, the report said, adding that Grubhub is likely to be valued below $1bn in any deal.(New York Post)

Macro Updates

- **Federal Reserve Chair Jerome Powell said that strong US economic growth will allow policymakers to take their time in deciding how far and how fast to lower interest rates.** "The economy is not sending any signals that we need to be in a hurry to lower rates," Powell said in remarks for a speech to biz leaders in Dallas. "The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully."(CNBC)

- **Online grocery prices fell 0.**1% y/y n Oct, according to the Adobe Digital Price Index. It was the first such decline since Jan 2020. Overall online prices for all categories tracked by Adobe were down 2.9% y/y in Oct. It was the 26th consecutive month that overall online prices have declined on a y/t comparison. While other online categories have been seeing price drops for 2+ yrs, grocery prices had resisted the downward trend.(Forbes)

- **The consumer price index increased 0.**2% in Oct, taking the 12-month inflation rate up to 2.6%. Both numbers were in line with expectations. The core CPI accelerated 0.3% for the month and was at 3.3% annually, also meeting forecasts. Despite signs of inflation moderating elsewhere, shelter prices continued to be a major contributor to the CPI move. Inflation-adjusted average hourly earnings for workers increased 0.1% for the month and 1.4% from a year ago.(CNBC)

- China's manufacturing sector is grappling w/ a significant challenge as it faces rising labor costs, primarily due to the country's shrinking working-age population. In response, Chinese manufacturers are increasingly turning to automation and "smart manufacturing" technologies to remain competitive. China is now the world's largest mkt for industrial robots, installing 276,000+ last yr.(CALIBER)

Media Conglomerates

- **Disney is expanding its search for Bob Iger's successor beyond the the walls of the Magic Kingdom, according to a new report.** One possible successor from the outside is Electronic Arts CEO Andrew Wilson, a name that has been consistently floated in recent yrs. The 50-yr-old exec, who has served as EA chairman and CEO since 2013, has been in touch w/ Iger over the yrs. The search for Iger's successor is being led by outgoing Morgan Stanley exec James Gorman, who will become chairman of Disney starting Jan. 2.(New York Post)

- **Paramount Global shareholder Mario Gabelli, who had agitated against iterations of the Skydance-Paramount merger deal, is stepping up his campaign for more transparency around the deal.** Lawyers for Gabelli, who operates an investment fund holding 12.5% of Paramount Class A shares and about 900,000 Class B shares, sent the Federal Communications Commission a letter regarding the matter. The letter asks that the FCC's review of the deal be paused pending a more thorough review of its financials.(Deadline)

Satellite/Space

- **AST SpaceMobile booked rockets from Blue Origin and others to deploy enough satellites between 2025 and 2026 to provide full text, voice, and 5G data svs to standard mobile phones across the US and other key mkts.** The Co said it has contracts to launch up to 45 Block 2 BlueBird satellites, w/ options for ~15 more, to get to the level needed to enable customers AT&T and Verizon to keep subs connected outside cell tower coverage nationwide.(SpaceNews)

Social/Digital Media

- **Activist investor ValueAct has a $1bn stake in Facebook parent Meta, according to people familiar w/ the matter.** The activist fund's specific plans could not immediately be learned, but one of the people said that ValueAct CEO Mason Morfit was supportive of Meta's broader efforts to invest in artificial intelligence. (CNBC)

- **Former CNN anchor Don Lemon said he is leaving Elon Musk's X, a decision made less than a yr after X annc'd that "The Don Lemon Show" would appear on the social media platform 3x a week.** That deal was canceled before it was ever signed, and Lemon sued Musk and X over it back in Aug. Lemon pointed to X's updated terms of svs, which kicks in and states that all disputes w/ the co must be handled in a northern Texas court.(TechCrunch)

- **Instagram chief Adam Mosseri said that Threads has gotten "more than 15 mn signups in Nov alone," seemingly trying to throw some cold water over Bluesky crossing 15mn users total.** Mosseri also reiterated that the platform has been getting more than a million signups per day, a stat that CEO Mark Zuckerberg revealed during last month's earnings call, and noted that the platform has been seeing that volume of signups for "going on three months."(The Verge)

- **Media executives said that some brands were preparing to advertise on X once again.** Elon Musk's support for Donald Trump is set to boost X's flagging business, w/ some marketers poised for a return to the platform in order to seek favor with the incoming administration. The Co's revs have fallen dramatically since Musk's $44bn acquisition two years ago, w/ some investor estimates suggesting its current valuation is less than $10bn.(ResetEra)

- **Meta could bring ads to Threads as soon as next yr.** As part of its plan, Threads will reportedly allow a small number of advertisers to make and publish ads in Jan. Instagram head Adam Mosseri has also confirmed that Meta is "definitely" planning to bring ads to Threads. "I get why people have concerns, but at the end of the day we're a business and Threads needs to make enough money to pay for the people and servers that it takes to run the service and provide it to people for free," Mosseri said.(The Verge)

- **Meta Platforms must face trial in a US Federal Trade Commission lawsuit seeking its break up over claims that it bought Instagram and WhatsApp to crush emerging competition in social media, a judge in Washington ruled.** Judge James Boasberg largely denied Meta's motion to end the case filed against Facebook in 2020, during the Trump administration, alleging that the Co acted illegally to maintain its social network monopoly.(MarketScreener)

- **Meta will significantly reduce the price of Subscription for no ads and offer people in the EU an addt'l new choice to use Facebook and Instagram for free w/ less personalized ads.** While the previous price was firmly in line w/ peers, this lower pricing means that subscription svs will be one of the cheapest. For those people in the EU who choose to continue using the svs for free, they'll now also be able to choose to see less personalized ads.(FB)

- **Snapchat is tweaking its real-time location sharing experience to give parents new control and insight directly from the Family Center.** Parents will soon see an option in the Family Center to request their teen's locations and vice versa. They'll also be able to more easily view who else their child is sharing their location w/. The feature will rollout alongside other new location and privacy tools in the coming weeks.(The Verge)

- **The European Commission fined Meta €798mn ($843mn) for antitrust violations, alleging it abused its dominance by tying Facebook Marketplace to its social network and imposing unfair conditions on rivals.** Meta must stop these practices but plans to appeal, claiming no competitive harm. Marketplace, launched in 2016, faces scrutiny amid other regulatory challenges in the EU.(Silicon UK)

- **TikTok will let advertisers pull in content from Getty Images when using the platform's AI ad creation tool.** With the integration, advertisers can use Getty's licensed images and videos to make ads containing AI-generated content, including AI avatars that look like real people. The integration will be available through TikTok's Symphony Creative Studio, an AI-powered video generation tool that rolled out today for all advertisers. (The Verge)

- **X has so far limited its AI chatbot Grok (built by Elon Musk's other Co xAI) to its premium, paying users.** Over the weekend, several app researchers and users posted about a free version of Grok being made available to people in certain regions. By opening up Grok to free users, xAI is possibly looking for a more significant userbase and faster feedback cycle for its products, so that it can better compete w/ other models on the mkt. (TechCrunch)
- **YouTube is taking a page out of the TikTok playbook by adding "jewels" for users buy to exchange for gifts for their favorite creators during livestreams.** The feature is rolling out in the US over the next few weeks for eligible creators in the YouTube Partner Program. The feature is reminiscent of TikTok's livestream gifting, which essentially works the same way, except you buy "coins."(The Verge)

Software

- **Apple has released Final Cut Pro 11, featuring AI-powered tools like Magnetic Mask for easy video cropping and Transcribe to Captions for automatic subtitle generation.** It also supports Spatial Video editing for Vision Pro and iPhones. The update, optimized for M-series chips, includes performance boosts and time-saving features. Existing users get it free; new users pay $300 after a trial.(TechCrunch)
- **Thrive Capital is in talks to acquire a ~$1bn stake in analytics software maker Databricks in a deal that would value the startup at ~$55bn, Bloomberg news reported.** Thrive is expected to lead a share sale, also known as a tender offer, for the Co, the report added. Thrive earlier this yr joined a group of investors in OpenAI's $6.6bn funding round, w/ sources saying it committed $1.2bn w/ an option for $1bn more next yr.(AOL)

Sports/Sports Betting

- **Adidas signed one of its youngest female athletes, Kaleena Smith, as its first high school girls' basketball partner under a NIL deal.** Smith, a 16-yr-old sophomore in Ontario, California, is the highest-rated recruit in the class of 2027. Adidas tapped her to help evolve the Co's women's basketball biz. Adidas said Smith will represent the brand on the court during all her games w/ Ontario Christian High School, in addition to her AAU team.(CNBC)
- **Diamond Sports Group, the largest US regional sports network operator, received court approval to emerge from bankruptcy after 20 months.** The restructured company reduced debt from $9 billion to $200 million, secured key agreements with FanDuel, Amazon, and major distributors, and revised rights deals with 27 MLB, NBA, and NHL teams. Diamond aims to operate as a sustainable, standalone entity.(ESPN.com)
- **Diamond Sports reached a deal w/ Amazon's Prime Video that will allow its 16 regional sports networks to be made available on the streaming platform.** As part of the deal, Diamond's networks will be made available as an add-on subscription to Prime customers living w/in each team's designated geographic area. Further details, such as pricing, will be annc'd at a later date.(CNBC)
- **Endeavor is shedding more divisions as it goes private.** Endeavor will sell two cos, sports betting Co OpenBet and sports data provider IMG Arena, to the buyout group OB Global Holdings under a plan annc'd after mkts closed. The sale was termed "a necessary step" toward Endeavor's bid to become private w/ the financial backing of the PE firm Silver Lake. It's the second major sell-off by Endeavor within the last month.(Front Office Sports)
- **Major League Baseball and the Atlanta Braves have withdrawn their objection to Diamond Sports Group's reorganization plan, making Diamond's exit from Chapter 11 bankruptcy likely.** The Braves will likely receive nearly the full value of their original contract with Diamond, while other teams, like the Los Angeles Angels and Tampa Bay Rays, have renegotiated deals. Seven MLB teams are expected to remain on Diamond's RSNs for the 2025 season.(Awful Announcing)
- **Nestlé's KitKat has secured a global sponsorship deal with Formula 1, marking a strategic shift under CEO Laurent Freixe.** The partnership, running from 2025 to 2028, aims to boost KitKat's global appeal, particularly among younger consumers in high-growth markets like Brazil and Mexico. This move signals Nestlé's transition from localized marketing to a unified global approach, with increased investment in KitKat's brand and innovation. Freixe's leadership focuses on revitalizing key brands and targeting evolving consumer trends, including sustainability.(CEO Today)
- **Steph Curry's star power boosted NBA viewership, with the Warriors' win over the Celtics drawing 2.**14mn viewers, up 30% from last year's comparable game. Despite this, overall early-season viewership is down, sparking debates over fan interest and the league's play style. The NBA hopes its in-season Emirates Cup tournament, which boosted viewership by 26% last year, will reignite enthusiasm.(Front Office Sports)

- **The NBA and TNT Sports are reportedly discussing a settlement to end the network's lawsuit against the league.** Per a report in Front Office Sports, rumors are circulating that the NBA and Warner Bros. Discovery, the parent co of TNT, are in settlement talks to end litigation regarding the network's matching rights. The NBA is set to begin its new set of media rights deals next season with ESPN, NBC, and Amazon.(Awful Announcing)
- **The NFL International Series has succeeded in growing the league's popularity worldwide, and the league is looking to expand it.** NFL Commissioner Roger Goodell discussed the league's future international plans while appearing on NFL GameDay on Sunday. The NFL's head expects to return to London, Brazil, Mexico City, and Germany, while debuting in Spain and possibly Ireland next season for the 8-game slate.(Cord Cutters News)
- **TNT Sports is adding a new basketball league to its lineup in Jan w/ the launch of Unrivaled.** The 3-on-3 women's professional and TNT Sports annc'd that they have reached a multi-yr agreement that will see TNT and truTV present the inaugural season w/ all games streaming live on Max. When the league tips off on Jan. 17, the inaugural season will consist of six teams playing 14 games over the course of 8 weeks.(Cord Cutters News)

Tech Hardware

- **Advanced Micro Devices is laying off 4% of its global workforce, around 1,000 employees, as it pivots resources to developing AI-focused chips.** This marks a strategic shift by AMD to challenge Nvidia's lead in the sector. "As a part of aligning our resources with our largest growth opportunities, we are taking a number of targeted steps that will unfortunately result in reducing our global workforce by approximately 4%," CRN reported quoting an AMD spokesperson.(Network World)
- **Amazon is poised to roll out its newest AI chips as the Co seeks returns on its multi-billion-dollar semiconductor investments and reduce its reliance on Nvidia.** Execs at Amazon's cloud computing division are spending big on custom chips in the hopes of boosting the efficiency inside its dozens of data centers, ultimately bringing down its own costs as well as those of AWS' customers.(Head Topics)
- **Apple is set to release its first Apple Intelligence-powered smart home device as early as March, according to Bloomberg.** The device will be a wall-mounted display, codenamed J490, featuring a 6-inch square screen, a camera, rechargeable battery, and speakers. It will integrate Apple apps, HomeKit, and AI for smart home control. The device, priced lower than Apple's $1,000 robotic-screen product, aims to serve as a "command center" with a customizable interface. It will work with Siri and include sensors to detect nearby users.(9to5Mac)
- **Baidu has unveiled AI-powered smart glasses at its World Conference in Shanghai, featuring voice interaction, environmental awareness, music control, and photo/video capture.** Powered by Baidu's ERNIE AI, the glasses aim to compete with Meta's devices in China. The company also launched an improved AI image generator and a no-code software creation tool, while ByteDance's Doubao leads China's AI chatbot market.(Engadget)
- **CoreWeave, a startup that rents out Nvidia's artificial intelligence chips to other cos, said that it closed a $650mn secondary share sale, with Cisco and Pure Storage investing alongside financial institutions.** Bloomberg reported last month that CoreWeave was targeting a $23bn valuation for the deal, up from $19bn in a $1.1bn investment round annc'd in May.(CNBC)

Towers/Fiber

- **Frontier Communications annc'd that its stockholders approved the acquisition by Verizon Communications at its special meeting held on Nov 13, 2024.** Approximately 63% of stockholders voted "For" the merger agreement proposal, w/ ten of the co's top 12 stockholders voting to approve the transaction. (BUSINESSWIRE)

Video Games/Interactive Entertainment

- **Blizzard has annc'd that the original Warcraft and Warcraft 2, as well as its expansions, are being remastered and re-released as part of a new Battle Chest.** This new package also includes Warcraft 3 Reforged, which has received a new update improving its visuals. (Kotaku)
- **Hundreds of Bethesda video game workers, who work on titles like Fallout 76 and Elder Scrolls, are going on strike across the country.** Workers in Maryland and Texas are walking off the job, claiming that the Co has failed to address their remote work concerns at the bargaining table and has begun outsourcing quality assurance work without the union's agreement.(Inverse)
- **Modern Times Group agreed to buy Plarium, the maker of RPG Raid: Shadow Legends, from Aristocrat Leisure for $620mn.** MTG said the acquisition will substantially improve its already strong cash flow generation.

Of the $620mn, ~$20mn will be deferred for payment in 2026. There will be a performance-based earnout structure of $30mn based on Raid: Shadow Legends revs for 2025. There is also a second potential stretch earnout target of up to $170mn.(VentureBeat)

Video Streaming

- **A growing number of subscribers to video streaming svs such as Netflix and Hulu are pausing their subscriptions w/ plans to return in the future — rather than canceling them permanently — according to data from the streaming analytics firm Antenna.** Since 2020, nearly 90% of US Netflix subscribers have been subscribed to Netflix w/ no interruptions. Discovery (WBD) has the second-highest percentage of subscribers who have never canceled their subscription since 2020 at 80%.(Quartz)
- **Amazon is shutting down Freevee, its FAST streaming svs originally launched under the IMDb brand nearly five yrs ago.** Freevee will be phased out over the course of the next several weeks. Going forward, content that had been on the svs will be subsumed under Amazon's Prime Video brand. In the mkts where Freevee has been launched, free content will be made available to non-Prime users under the Prime Video umbrella and labeled "Watch for Free."(Variety)
- **DIRECTV is making a splash in the free ad-supported TV mkt w/ the early launch of MyFree DIRECTV.** This new streaming svs offers a diverse selection of popular channels and on-demand content, all completely free of charge. MyFree DIRECTV has also added six new channels, including Ch 4132 Swerve Combat, Ch 4150 Stadium, Ch 4151 Acc Digital Network, Ch 4152 Big 12 Studios, Ch 4175 Waypoint TV, and Ch 4481 Curiosity Now.(Cord Cutters News)
- **MX8 Labs' longitudinal tracking poll of 4,800+ US adults over the age of 18 revealed that subscription streamers looking to dethrone Netflix have their work cut out for them.** MX8 Labs found that Netflix was the most-watched svs (72% of respondents), w/ an even higher share among 18-24 yr olds (80%). Netflix also came out on top in terms of content appeal and ad experience.(TVREV)
- **Parks Associates' survey found that Amazon, Roku, and Samsung are in complete control of the device streaming mktplace in the US.** Amazon, Roku, and Samsung account for 65% of all streaming devices in the US. LG, VIZIO, and Google round out the top six. The position of Samsung as number two is all the more impressive considering the Co does not sell an over-the-top streaming box or player and is solely a maker of smart TVs.(The Streamable)
- **Roku has partnered with Walmart to offer up to 57% off select streaming devices ahead of the holidays.** Deals include the Roku Premiere 4K for $18 (down from $40) and the Roku Ultra LT for $34 (down from $80). Other discounts include the Roku Camera 360° at $24 and the Roku LE HD, available for $15 starting Nov. 25. The deals end Nov. 17, except for the Roku LE HD offer.(The Streamable)
- **Roku is now selling subscriptions to Warner Bros Discovery's flagship streaming svs Max.** Users of Roku's smart TVs and streaming devices can now purchase a subscription to the ad-supported or premium versions of Max straight from The Roku Channel, where the Co sells subscriptions to other third-party svs and offers hundreds of free, ad-supported streaming television (FAST) content streams.(The Desk)