LionTree WEEKLY UPDATE

THE WEEK ENDING MAY 2, 2025

It was an incredible earnings storm this week, and back-end loaded at that! Big Tech was well represented and positive commentary on underlying trends and strong AI demand helped to drive a rally in the major indices this week (S&P +2.9% and Nasdaq +3.4%), along with optimism regarding deescalating trade tensions.

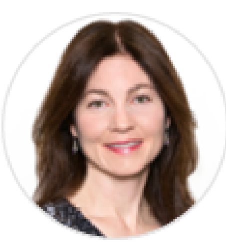
Overall, 40 companies in our LionTree Universe reported this week so we had to pick our spots. We focused on the below updates, developments and themes in this edition:

1. Earnings Scorecard – Week 3
2. Meta's Heavy Capital Spending Continues But Positive Business Returns & Operating Cost Efficiency More Than Offset
3. Amazon Bakes In Some Potential Tariffs Impact But Its Broad Product Selection & Value Will Help The Co Better Weather Any Spending Shifts
4. Spotify's Accelerated Execution Is Pushed To H2
5. UMG Is Tracking To Plan… Subscription Revenue Growth Accelerates (Even W/Out The Benefit f Pricing)
6. Tariffs Are Set To Take A $900mn Bite Out Of Apple…Through June
7. The Demand For Live Entertainment Has Not Been Shaken…Per Live Nation
8. Snap Takes A Cautious View On Forward Ad Trends
9. Booking's Global Diversification Has Helped Navigate Some Changes In Regional Travel Plans
10. Instacart – Consumers Are Still Clicking On Grocery Delivery During These Times

Also, on the LionTree front, we proudly served as the exclusive financial advisor to **Frndly TV** on its sale to **Roku** and as financial advisor to Ari Emanuel's new Events Company on its acquisition of **Frieze**.

This is a jam-packed update! Enjoy the read and the weekend.

Best,
Leslie



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

Top Themes

1) Earnings Scorecard – Week 3

The barrage of earnings prints were in full force this week, as 40 companies in our LionTree Universe reported their Q1 results (up from 21 last week). Similar to last week, earnings reactions were biased to the upside, with 21 companies (52%) trading up in reaction to their reports and 19 companies (48%) traded down. Cable One has the worst performance of the lot, falling a huge -41.8% after its report, while Duolingo was the best performer, up +21.6%.

Earnings prints were across a broad list of sub-sectors this week. Starting with big tech, it was a mixed bag across MAANG with **Meta** trading up +4.2% post its print (see Theme #2), **Amazon** ~flat (see Theme #3), and **Apple** down -3.7% (see Theme #6).

In digital advertising, **Reddit** and **Snap** both took a hit post earnings, down -4.2% and -12.4%, respectively (see Theme #8). It was also a notable week on the music front, both on the streaming side with **Spotify**, which fell -3.5% (see Theme #4) and on the label side with **Universal Music Group**, which was down -0.1% (see Theme #5). **Live Nation** was also a key print out this week and was up +1.9% (see Theme #7).

Outside of entertainment, some travel results were out, including **Booking** and **Airbnb**, which were both up +3.9% and +1.0%, respectively (see Theme #9). Lastly, we also got a first look into the last-mile/delivery space witrereerrerejjerjjeerrrr33rj33wsah **Instacart**, which saw its stock surge +13.6% in reaction (see Theme #10).

LIONTREE EARNINGS SCORECARD					
SECTOR	Stk Reaction*	SECTOR	Stk Reaction*	SECTOR	Stk Reaction*
AdTech		**Live Events**		**Software IT Services**	
Criteo SA	-11.8%	Live Nation Entertainment	1.9%	Microsoft	7.6%
E-Commerce		**Music**		**Telecom Infrastructure**	
Etsy	-2.2%	SiriusXM	-9.0%	Equinix	0.1%
eBay	-0.7%	Spotify	-3.5%	Crown Castle Intl	0.5%
Amazon.com	-0.1%	Universal Music Group	-0.1%	American Tower	4.7%
Wayfair	3.5%	**Onlive Travel**		SBA Communications	6.8%
EdTech		Airbnb	1.0%	**Theaters**	
Udemy	-6.6%	Booking	3.9%	Cinemark	1.4%
Duolingo	21.6%	Trivago NV	8.1%	**US Media/Video**	
European Telco		**Out of Home Advertising**		fuboTV	-17.4%
SES SA	3.9%	Clear Channel Outdoor	5.7%	Roku	-8.5%
Hardware/Handsets		**Payment/FinTech**		**US Print Media/Publishing**	
Apple	-3.7%	Block	-20.4%	Gannett	-3.4%
Health Tech		Robinhood	-5.1%	**US Telco/Wireless**	
Teladoc	-2.8%	Mastercard	-0.3%	Gannett	7.4%
Internet/Advertising		Visa	1.2%	**Video Games**	
Snap	-12.4%	PayPal	2.1%	Roblox	2.9%
Reddit	-4.2%	**PayTV/Broadband**			
Meta	4.2%	Cable One	-41.8%		
Last Mile Transport/Delivery		**Semis**			
Instacart	13.6%	Qualcomm	-8.9%		

Source: FactSet
*Day post earnings

2) Meta's Heavy Capital Spending Continues But Positive Business Returns & Operating Cost Efficiency More Than Offset

It seems like an eternity since DeepSeek shocked the Big Tech industry in January, and Meta reported their Q4 results shortly thereafter. So much has changed but so much has also stayed the same. Importantly, Meta's core advertising business performed well in Q1 and the Co's Family of Apps (FOA) revenue decelerating less than expected (to +16% y/y from +21% y/y in Q4) and beating cons by +2.4% was a standout. Though to be fair, this was against lowered expectations. FOA op margins also handily topped expectations. AI advancements in advertising and the recommendations systems are driving results and Meta is still in the early days in this journey.

Commentary on the general macro was limited. Trends that the Co has been seeing so far in April have been "generally healthy" but, not as a surprise, mgmt did call out reduced spend in the US from Asia-based e-commerce exporters, which they believe is likely due to the anticipated May 2 removal of the de minimis exemption. The wide Q2 revenue growth outlook of +8.8% to +16.5% y/y versus the reported +16% y/y in Q1 seems to reflect some level of cautiousness but CEO Mark Zuckerberg believes the Co is "well positioned to navigate the macroeconomic uncertainty".

As you can imagine, all eyes were also on spending trends/outlook and while Q1 CapEx was actually light vs estimates, a big ramp is coming given the Co raised 2025 CapEx guidance +8.8% at the mid-point to $64-72bn. Meta has been facing capacity issues internally, hence stressed that the bulk of the CapEx growth is being directed to support internal needs vs genAI (i.e., will have near term returns). However, mgmt was not ready disclose if 2025 will be a peak year, as "it's too early to discuss plans beyond 2025". On the flipside related to costs, after posting much better cost efficiency and operating leverage in Q1, the Co lowered its 2025 expenses outlook to $113-$118bn from the prior $114-$119bn (vs $95.1bn in 2024) which was well received, Zuckerberg remains very optimistic about Meta AI – it should be "one of the most valuable services." It now has almost 1bn MAUs and initial feedback on the Co's recently released stand-alone app "has been good so far." In terms of other future opportunities, the Co is still on track for mid-level AI engineers being possible this year (and scaling next year) and Business Messaging is seen as the "next pillar of growth." In the next few years, Meta believes that every biz will have an AI business agent that can do customer support and sales. Reality Labs remains a work in progress and top line missed by -16.4% but its Ray-Ban Meta AI glasses have tripled in sales in the last yr and "the people who have them are using them a lot" so there are pockets of momentum.

With all that said, Zuckerberg's ultimate vision is to build full general intelligence…

-> Meta's stock was up +4.2% on the back of its results and ended the week up +9.1%; YTD the stock is up +2.0%

It Was A Clean Sweep Qtr Of Beats Across The Top-Line In Q1

- **Q1 total revs beat cons by +2.4% and grew +16% y/y (but a decel from +21% y/y in Q4):** Family of Apps beat by +2.3%, while Reality Labs missed by -16.4%

- **Q1 adj. op income beat by a notable +15% (margin of 41.5% easily beat cons 37.3%)**

- **Q1 EPS of $6.43 came in well ahead of cons $5.23**

- **FCF beat by +17.0%**

Meta	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	**$42,314**	**$41,340**	**2.4%**
Y/Y % Chg	16.1%	13.4%	
Adj Operating Income (mn)	**$17,555**	**$15,400**	**14.0%**
Adj Operating Margin (%)	41.5%	37.3%	
Adj EPS	**$6.43**	**$5.23**	**22.9%**
CapEx (mn)	**$13,692**	**$14,320**	**Lower**
Free Cash Flow (mn)	**$10,334**	**$8,830**	**17.0%**
Segment Revenue (mn)			
Family of Apps	**$41,902**	**$40,950**	**2.3%**
Advertising	$41,392	$40,440	**2.4%**
Other	$510	$502	**1.6%**
Reality Labs	**$412**	**$493**	**-16.4%**
Segment Adj. Operating Income (mn)			
Family of Apps	**$21,765**	**$20,160**	**8.0%**
Adj. Operating Margin (%)	51.9%	49.2%	
Reality Labs	**-$4,210**	**-$4,600**	**9.3%**
Adj. Operating Margin (%)	-1021.8%	-933.6%	

Source: FactSet, StreetAccount

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Q2 Rev Guidance Was A Tad Ahead Of Expectations But The Range Is Wide…While Ad Trends Generally Look "Healthy", The Co Flagged Some Pullback In Asia-Based E-Comm Spend

- **Q2 OUTLOOK – rev beat @ the midpt by +0.4%:** $42.5-$45.5bn vs cons $43.84bn, but this implies a wide +8.8%-16.5% y/y range
  - **$3bn rev guide range partly reflects "the potential for a wider range of outcomes"**

- **"Q2 outlook reflects the trends we're seeing so far in April, which have generally been healthy" …**

- **…BUT the Co is seeing reduced spend in the US from Asia-based e-commerce exporters, which they believe is likely due to the anticipated May 2 removal of the de minimis exemption**
  - While a portion of that spend has been redirected to other markets, overall spend for those advertisers is below the levels prior to April

- **Did not provide rev guidance beyond Q2:** "Hard to know how things will play out over the quarter and certainly harder to know that for the rest of the year"

2025 CapEx Guidance Goes Up, AGAIN…But 2025 Total Expense Guidance Was Slightly Lowered

- **Q1 CapEx came in LOWER than expected…:** $13.7bn vs cons $ $14.32bn

- **…but 2025 outlook was RAISED (and came in well ahead of cons estimates):** $64-$72bn vs prior guidance $60-$65bn (raised by +$5.5mn or +8.8% at the midpt); The Street expected CapEx to be lowered to $59.56bn
  - **Reasoning?** Accelerating some efforts to bring capacity online more quickly this year, along with long-term projects to enable future expansion; Also factoring in higher infrastructure hardware costs driven by global supply chain uncertainty, and ongoing work to optimize their supply chain

- **On 2026 CapEx – "it's too early to discuss plans beyond 2025"**

- **Separately, the 2025 expense outlook was LOWERED:** $113-$118bn from prior $114-$119bn (vs $95.1bn in 2024)
  - **Reflects more "refined" forecasts,** including updated expectations for employee compensation and other non-headcount-related OpEx, partially offset by higher expected infra costs related to increased CapEx outlook and higher than expected Reality Labs cost of goods sold

Continue To Ramp AI Infrastructure Investment To Meet Evolving GenAI and Core Biz Demands, While Building Flexible Capacity Amid Ongoing Compute Constraints

- **2025 CapEx growth is going towards both genAI and core biz needs, w/ the "majority" going towards supporting the core biz**

- **Internal AI coding agents remain on track to reach mid-level engineer capabilities this year, with broader impact expected by late next year**
  - Beyond then – "expect that by the middle to end of next year, AI coding agents are going to be doing a substantial part of AI research and development"

- **Also focused on building AI agents and/or systems that can help run experiments to increase recommendation across other AI products, which should accelerate progress in those areas**
  - I.e. the products that do recommendations across feeds

- **Continuing to fund Llama infrastructure independently, despite partnerships with AWS and Azure**
  - "Don't have any expectation that that will change at this point"
  - Always exploring opptys to deepen or expand those partnerships, but no plans to shift funding responsibilities
  - **Also "we think it's important…that we sort of have control of our own destiny** and are not depending on another company for something so critical"
    - **"We want to make sure that we can shape the development to be optimized for our infrastructure and the use cases that we want"**

- **On AI capacity constraints – "the capacity landscape we are in is pretty dynamic…both the supply and demand are quite fluid" which is "part of why we accelerated bringing more data center space online this year"**
  - Capacity is coming online, but demand across gen AI and core AI (i.e., ranking, recommendations, etc.) continues to evolve
    - "Even with the capacity that we're bringing online in 2025, we are having a hard time meeting the demand that teams have for compute resources across the company"
  - **Looking to build flexible capacity:** Will continue to invest "meaningfully" to build capacity in a way that gives them maximum flexibility in how and when they deploy it over the coming years as the mkt and technology develop
  - **"Don't have a sort of fixed answer in terms of when we expect that we will sort of have enough supply to meet all demand, but that's something that we are working very hard to alleviate"**

AI Advancements In Advertising and Recommendation Systems Are Driving Core Advertising Results…But Still Very Early Days With Much More To Come

- **Family of App ad rev grew +16% y/y (decel from +21% y/y in Q1) and beat cons by +2.4%:** FOA adj op margins of 51.9% came in ahead of cons 49.2%
  - **By vertical – saw "healthy" growth in most verticals, but did see some weakness in gaming and politics**
    - **Online commerce vertical was the largest contributor to y/y growth** (similar to last 2 qtrs)
    - **Gaming saw negative y/y growth** due to lapping a period of "strong" spend from China-based advertisers that were promoting a larger volume of game titles in Q1:24
    - **Political ad spend y/y growth dropped "sharply" as expected** with the end of the US elections, (continues to be a "very small" vertical overall)
  - **RoW led y/y ad rev growth** (similar to last 2 qtrs)
    - ROW +19% y/y (vs +27% y/y in Q4)
    - N. Amer +18% (vs +18% y/y in Q4)
    - Europe +14% y/y (vs +22% y/y in Q4)
    - APAC +12% y/y (vs +23% y/y in Q4)
  - **Impression and ad price growth outperformed**
    - **Total impressions incr'd +5% (vs cons +4.8%)**, mainly driven by APAC (similar to last qtr)
    - **Avg price per ad incr'd +10% (notably better than cons +7.8%),** benefitting from incr'd ad demand, in part driven by improved ad performance, partially offset by impression growth, particularly from lower monetizing regions and surfaces (similar commentary last qtr)

- **Introduced ads on Threads:** Opened up to all eligible advertisers this month to reach ppl in 30+ mkts to start, including the US
  - Expect to "gradually" ramp ad supply as they optimize the ad format and "ensure they feel native ot the app"
  - **DON'T expect Threads to be a meaningful driver or overall impression or rev growth in 2025**

- **AI has been delivering results across use cases in Q1**
  - 30% more advertisers used AI creative tools
  - Testing a new ad recommendation model for Reels, which has increased conversion rates by 5%

- **Integrating LLM technology into content recommendation systems is also showing "early promise"**
  - **Began testing using Llama in Threads** recommendation systems at the end of the yr and have already seen a 4% lift in time spent from the first launch
  - **Expected to be complementary to Meta AI,** as it can provide more relevant responses to people's queries by better understand their interests and preferences through their interactions across Meta's platforms
  - **Still early days, but a "big focus" this yr will be exploring how it can be deployed across other content types, including photos and videos**

- **Introduced new Generative Ads Recommendation Model (GEM) for ads ranking in Q1**
  - Model uses a new architecture that is twice as efficient at improving ad performance for a given amount of data and compute
    - Efficiency gain has enabled them to "significantly" scale up the amount of compute used for model training, w/ GEM trained on thousands of GPUs, their largest cluster for ads training to date
  - **Began testing on Facebook Reels earlier this year and have seen up to a 5% increase in ad conversion, and are now rolling it out to addtl svs across their apps**

- **Seeing "continued momentum" w/ Advantage+ suite of AI-powered solutions**
  - **Rolled out streamlined campaign creation flow with Advantage+ enabled by default to more advertisers in April**
    - Expect to complete the global rollout later this yr
  - **Also seeing "strong" adoption of Advantage+ Creative**
    - Broadening access of video expansion to Facebook Reels for all eligible advertisers this week
    - Rolled out image generation to all eligible advertisers
    - Plan to continue testing a new virtual try-on feature that uses GenAI to place clothing on virtual models this qtr

- **Key opportunity – "improved advertising": Goal is to make it so that bizs just need to come up w/ an objective + how much they're willing to pay, and Meta would take care of the rest**
  - Input an objective (i.e., selling something, getting a new customer, etc.)
  - AI would be used to generate an ad creative, define the audiences to target, etc.

- **"if we deliver on this vision, then over the coming years, I think that the increased productivity from AI will make advertising a meaningfully larger share of global GDP than it is today"**

Engagement Gains Across Social Apps Are A Key Focus, Driven By AI-Enhanced Recommendations, New Creator Tools, Personalization Features, And More

- **Estimate that 3.43bn people use at least one of Meta's apps on a daily basis (up from 3.35bn in Q4)**

- **Facebook and Instagram saw "strong growth" in video consumption in Q1, driven primarily by ongoing enhancements to recommendation systems**
  - Particularly in the US, where video time spent grew double-digits y/y
  - **"See opportunities to deliver further gains this year"**

- **Threads – has reached 350mn+ MAUs "and continues to be on track to become our next major social app"**
  - Up from 320mn+ MAUs in Q4

- **"Continuing to focus on helping people connect over content"**
  - **Launched a new experience on Instagram in the US** that consists of a feed of content user's friends have left note on or liked
    - "We're seeing good results"
  - **Launched Blend, an opt-in experience in direct messages** that enables users to blend the Reels' algorithm with their friends "to spark conversations over each other's interest"
  - **Launched stand-alone Edits app,** which "supports the full creative process for video creators**"** and has an ultra-high resolution, short-form video camera and includes genAI tools
  - **Continue to invest in Updates tab on WhatsApp,** "as a place people can go to do more"

- **Key opportunity – "more engaging experiences":** Will come in two forms – better recommendations for existing content types and the creation of new and better types of content
  - **On better recommendations for existing content types:** In the last 6 months, improvements to recommendation systems have led to a +7% increase in time spent on Facebook, a +6% increase on Instagram and +35% on Threads
  - **On new and better content types:** AI will –
    - Help people produce better content to share themselves
    - Generate content directly for people that is personalized for them
    - Improve existing formats like photos and videos
    - Make content increasingly interactive
    - **"We are in the video era, and I don't think that this is the end of the line":** In the near future, expect users to have content in their feeds that they can interact with and it will interact back (vs the user just watching it)
  - In the longer term, as AI unlocks more productivity and more people will spend more of their time on entertainment and culture, which will create an even larger oppty to create more engaging experiences across apps

Meta	Q1 2025 Results		
	Actual	Cons Est	% Surp
Facebook User Metrics			
Family Daily Active People (mn)	**3,430**	**3,390**	**1.2%**
Family Average Revenue per Person	$12.36	$12.16	**1.6%**
Advertising Metrics			
Ad Impressions Delivered (y/y)	5.0%	4.8%	
Avg Price Per Ad (y/y)	10.0%	7.8%	
Revenue (mn)			
US & Canada	$18,605	$17,700	**5.1%**
Advertising	$18,259	$17,190	**6.2%**
Asia-Pacific	$8,439	$8,540	**-1.2%**
Advertising	$8,224	$8,420	**-2.3%**
Europe	$9,680	$9,640	**0.4%**
Advertising	$9,527	$9,520	**0.1%**
Rest of World	$5,590	$5,430	**2.9%**
Advertising	$5,382	$5,310	**1.4%**

Source: FactSet, StreetAccount

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Business Messaging Is Expected To Be The Next Pillar Of Growth

- **Family of App OTHER rev grew +34% y/y (vs +55% y/y) and beat cons by +1.6%,** driven mostly by business messaging revenue growth from WhatsApp business platform as well as Meta verified subscriptions

- **Key opportunity – "business messaging"**
  - **Right now – "vast majority" of biz is advertising on feeds on Facebook and Instagram**
  - **But looking ahead - "business messaging should be the next pillar of our business"**
    - **WhatsApp** now has 3bn+ MAUs, w/ 100mn+ in the US and "growing quickly"
    - **Messenger** has 1bn+ MAUs and there are now as many messages sent each day on Instagram as there are on Messenger
    - **Already seeing success in developing countries…:** i.e., Thailand and Vietnam, which have lower cost of labor, and where many bizs conduct commerce through Meta's messaging apps; So much biz happens through messaging that the countries are in the top 10 or 11 by rev, despite being ranked in the 30s by global GDP
    - **…but hasn't spread to developed countries YET….:** B/c cost of labor is too high to make it a profitable model
    - **… "but AI should solve this"**
  - **In the next few years, expects that every biz will have an AI business agent that can do customer support and sales, and "they should be able to set that up very easily given all the context that they've already put into our business platforms"**

- **Currently testing business AIs w/ a limited set of bizs across WhatsApp, Facebook, and Instagram in the US and a few addtl countries**
  - Initial focus is on small bizs, helping them sell products and svs through AI-powered tools
  - But ultimately working on tools to support bizs at every stage of the customer funnel (i.e., lead generation, order mgmt, customer service, etc.)

- **Launched a new agent mgmt. experience and dashboard which makes it easier for bizs to train their AI based on existing info on their website, WhatsApp profile, or Instagram/Facebook pages**
  - Starting w/ the ability for bizs to activate AI in their chats w/ customers
  - Also testing biz AIs on FB and IG ads which users can ask about product/return policies or assist in making a purchase within the in-app browser

- **Have been hearing "encouraging feedback",** particularly that adopting theses AIs are saving the bizs they're testing w/ "a lot" of time in helping determine which convos they should spend more time on

Meta AI Is Expected To Be "One Of The Most Important And Valuable Services That Has Ever Been Created" / Just Launched A Standalone App With Plans For Future Scaling

- **Meta AI now has almost 1bn MAUs** (up from 700mn monthly actives in Q4 and 500mn in Q3)

- **Just released the Meta AI stand-alone app and "initial feedback on the app has been good so far"**
    - **"It is personalized":** Can talk to it about interests that the user has shown, while browsing Reels or other content across their apps
        - "I think that will start to become somewhat more of a differentiator"
    - **Has a social feed built into it: "**So you can discover entertaining ways that others are using Meta AI**"**
    - **Designed to support multimodal interactions,** like text, voice, image, video, etc.

- **Focus of 2025 – making Meta AI "the leading personal AI",** w/ an emphasis on personalization, voice conversations and entertainment

- **Longer term – expect biz oppty for Meta AI "to follow our normal product development playbook"**
    - **Starts w/ building and scaling the producing**
    - **Once at scale, focus on rev:** Expects a "large opportunity" to show product recommendations/ads, as well as a premium svs to unlock more compute for addtl functionality or intelligence
    - **Timeline – "expect that we're going to be largely focused on scaling and deepening engagement for at least the next year before we'll really be ready to start building out the business"**

Reality Labs Continues to Invest in AI-Driven Devices (Particularly Glasses) With Path to Efficient Scale Over Time

- **Q1 Reality Labs rev was down -6% y/y (vs +1% y/y in Q4),** due to lower Meta Quest sales, which were partially offset by increased sales of Ray-Ban Meta AI glasses

- **Q1 Reality Labs op loss was $4.2bn (vs cons -$4.6bn)**

- **Ray-Ban Meta AI glasses have tripled in sales in the last yr** and "the people who have them are using them a lot"

- **Have "some exciting new launches" w/ EssilorLuxottica later this yr** "that should expand that category and add some new technological capabilities to the glasses"

- **Also seeing "deeper engagement" on Quest,** as Quest 3S makes VR accessible to more people, many of whom are creating experiences in Horizon w/ AI tools

- **Looking ahead – while losses in Reality Labs remain elevated, see a path to more efficient scaling over time**
    - **Near-term focus is on investing in scaling AI glasses**
        - Highlighted that third-gen consumer devices often reach ~10mn units — "that's like the ballpark of the opportunity that we have…that I think we're kind of focused on scaling to…and then scaling beyond that for the generations after that**"**
    - **Similar to the past, as products scale, will shift focus toward monetization and operational efficiency**

- **Key opportunity – "AI devices": "**More than 1 billion people worldwide wear glasses today, and it seems highly likely that these will become AI glasses over the next 5 to 10 years**"**
    - **"Building the devices that people use to experience our services lets us deliver the highest quality AI and social experiences…as well as unlocking some new opportunities as well"**

EU's DMA Decision Could Have Impacts To Top-Line As Early As Q3:25

- **European Commission's decision that Meta's no ads subscription model is non-compliant w/ DMA could have a "significant" impact on their European biz and rev as early as Q3:25**
    - Highlighted that ad rev in Switzerland (which would be impacted) was 16% of worldwide total rev in 2024

- **Expect they will need to make some modifications to their models, "which could result in a materially worse user experience for European users**
    - "Really too early to speak about what those changes could be"

- **Will appeal the Commission's DMA decision but any modifications to their model may be imposed before or during the appeal process**

3) Amazon Bakes In Some Potential Tariffs Impact But Its Broad Product Selection & Value Will Help The Co Better Weather Any Spending Shifts

Amazon's core Online stores business grew +6% y/y ex-FX in Q1, down from +8% in Q4, but beat cons by +1.4% which was a bright spot. While Amazon has not seen any attenuation of demand from consumers thus far due to the macro, it has in fact seen signs of consumers stocking up in advance of any potential tariff impact. Also, the average selling price of retail items have not materially changed, and in this environment, the Co is squarely committed to offering value where they can. These low prices, plus the broad selection that Amazon has on its platform, should help the Co weather any behavioral spending shifts that emerge. With that said, the Co did bake in some uncertainty given the macro situation (along with a seasonal step up in stock-based comps, and addtl Kuiper launch costs) into its disappointing Q2 operating income guidance, which was -13.5% below consensus.

Given all the focus and debate about CapEx spending levels for the big hyperscalers, it was interesting that capital spending was not as big of a topic of conversation during Amazon's Q1 conference call as recent previous calls. Mgmt did not comment either way on its existing guidance for ~$100mn in CapEx for the FY2025 (we are assuming this is still on track) but what was clear is that growth in the Co's AWS business is still being held back by capacity constraints, which won't start to ease until H2, when increasing levels of capacity will come online. In the meantime, AWS operating margins of close to 40% in Q1 were a positive surprise, though margins should "fluctuate" alongside investments in H2, so we wouldn't count on that level necessarily being maintained. Amazon continues to invest in its full AI stack, with several updates during the qtr (see below) and mgmt now believes that AWS will be a bigger business than it originally thought pre-gen AI.

In terms of other areas of investment, faster and more efficient delivery continues to be in mgmt's sights. While phase 1 was regionalizing the national fulfillment network into regional hubs, now the focus is on re-architecting the inbound network to leverage this new regionalization structure. Beyond that, Amazon will continue to improve its cost structure by building out same-day delivery sites, expanding its rural delivery network, and adding robotics & automation to facilities. "Better inventory placement remains a top priority"

Other highlights in Q1 include another strong quarter for advertising revenue growth at +19% ex-FX and the subscription business, which grew +9% y/y. The Co has been rather quiet about its self-driving tech initiatives, but in the press release did indicate that it began testing Zoox in Los Angeles, the 6th location for Amazon's self-driving tech.

See below for more of our takeaways from Amazon's Q1 results and call.

-> Amazon shares closed the day flat post results and are still down -13% YTD.

Q1 Was Generally A Solid Qtr for Amazon BUT The Weaker Q2 Op Income Guidance Spooked Investors

- **Q1 = Op income beat lowered expectations (by +5.4%), with inline revs / EPS was well ahead**
    - **Total revs INLINE:** Up +10% y/y ex-FX (vs +11% ex-FX in Q4
    - **Op income BEAT:** Up +20% y/y (margins reached 11.8% vs cons 11.3%) and beat cons by +5.4%
    - **Adj EPS BEAT:** +16% ahead of cons

- **Q1 by segment – Online, Physical Stores & Ad revs were the upside drives to revs while 3P revs were lower than expected**
    - **Online stores grew +6% y/y ex-FX vs +8% in Q4**

- **Q1 by region – N. Amer & Intl revs were both better than expected while AWS profitability upside (followed by Intl) was a driver:** Note that 1x charges weighed on N. Amer & Intl op margins, which were related to some historical customer returns that have not been resolved and some costs to receive inventory that pulled forward into Q1 ahead of anticipated tariffs
    - **N. Amer - MIXED w/ slightly higher rev but lower than expected op income:** Revs rose +8% y/y (vs +10% y/y in Q4) w/ 6.3% op margins (90bp higher ex 1x charges)
    - **Intl – INLINE TO BETTER w/ higher rev but ~inline op income:** Revs rose +8% y/y ex-FX (vs +9% y/y in Q4), w/ 3% op margins (70bp higher ex 1x charges)

- AWS – **INLINE TO BETTER w/~inline rev but much better op income:** Revs grew +19% y/y and op margins hit 39.4%

- **Worldwide paid units incr'd +8% y/y (vs +11% y/y) and WW 3P selling unit mix was 61% in Q1, consistent w/ Q1 of last year**

- **Q1 CapEx hit $24.3bn**

Amazon	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue ($mn)	$155,667	$155,150	0.3%
Operating Income ($mn)	$18,405	$17,460	5.4%
Operating Margin (%)	11.8%	11.3%	
Adj EPS	$1.59	$1.37	16.1%
Segment Results ($mn)			
North America Revenue	$92,887	$92,350	0.6%
Operating Income	$5,841	$6,070	-3.8%
International Revenue	$33,513	$33,120	1.2%
Operating Income	$1,017	$1,020	-0.3%
AWS Revenue	$29,267	$29,420	-0.5%
Operating Income	$11,547	$10,520	9.8%
Segment Metrics ($mn)			
Online Stores	$57,407	$56,600	1.4%
Physical Stores	$5,533	$5,390	2.7%
Third-Party Seller Services	$36,512	$36,770	-0.7%
Advertising Services	$13,921	$13,740	1.3%
Subscription Services	$11,715	$11,620	0.8%
Other	$1,312	$1,330	-1.4%

Source: Amazon Filings; FactSet Data & Analysis
LionTree

- **Q2 op income GUIDANCE at the mid was -13.5% below the Street (Q2 rev guidance was inline)**
  - Assumes a 10bp FX headwind to revs
  - **Op income guidance includes -**
    - The impact of their seasonal step-up in stk-based comp expense in Q2
    - Some addtl Kuiper launch costs in Q2 (expensed)
    - They will be paying tariffs on retail purchases based on current rates but "it's not large in Q2"; They did a lot of pre-buying of inventory in Q1
    - "With the uncertainty, we've added a bit to the range that we've given you"

Amazon	Guidance Midpoint		
	Actual	Cons Est	% Surp
Q2 Guidance ($mn)			
Revenue	$161,500	$161,210	0.2%
Operating Income	$15,250	$17,620	-13.5%

Source: Amazon Filings; FactSet Data & Analysis
LionTree

Amazon's Broad Retail Selection & Low Prices Will Help The Co To Better Weather Any Macro Storm

- **The Co hasn't seen any attenuation of demand yet…they have actually seen some "heightened buying in certain categories that may indicate stocking up in advance of any potential tariff impact"**

- **Everyday essentials grew more than 2x as fast as the rest of the biz & represented 1 out of every 3 units sold in the US**

- **Avg selling prices of retail items "have not appreciably gone up yet":** In part helped by some forward buying they did and advanced inbounding some 3P sellers have done; And a fair number of sellers just haven't changed prices yet
    - Though "this could change depending on where tariffs settle"

- **Focused on keeping prices low where they can:** "We're doing everything we can to keep our prices low for customers in a way that makes economic sense…it is an uncertain moment for consumers so it is important to focus on value"

- **Amazon's broad selection and breadth of everyday essentials "puts them in a good position to weather challenging conditions better than others"**
    - "Customers are going to have a better chance of finding variety on selection and on lower prices when they come here"

The Co Is Still Capacity Constrained In AWS But That's On Track To Ease In H2

- **AWS revs grew +17% y/y ex-FX, vs +19% during the last 3 qtrs (& was roughly in-line w/ expectations)**
    - Continue to see growth in both generative AI and non-generative AI offerings

- **AWS rev growth continues to be capacity constrained and mgmt. reiterated that constraints will relax in H2:2025**
    - "As fast as we actually put the capacity in, it's being consumed"
    - Mgmt highlighted that they could be growing faster if they had more capacity, which they expect in the "coming months"
    - AWS revenue can also be lumpy due to the sales cycle, esp for enterprises, and it is hard to predict when startups are going to find product market fit and grow substantially; Migrations can also be unpredictable timing wise; AI models and AI coding agents can also have demand bursts

- **A big highlight in Q1 was the almost 40% AWS op margins, which handily topped expectations (by +9.8%) but those "will fluctuate" looking ahead**
    - Margins are impacted by a lot of things, incl levels of investment, competitive pricing, and the mix of gen AI services as they ramp up
    - Margins will "continue to evolve" and "we do have a lot of investment in infrastructure going on and planned for the second half of the year. So we'll start to see the impact of that"…and "as we've said before, we expect AWS operating margins to fluctuate over time driven in part by the level of investments we're making at any point in time"

- **Continue to believe the Co is well positioned with its full AI stack…a few updates -**
    - Scaled customers can get 30-40% better price performance with Tranium2 vs other GPU-based instances; The price of inference needs to come down "significantly" and this is part of "our mission"
    - New foundation models in Amazon Bedrock, incl Anthropic's Claude 3.7 Sonnet, DeepSeek's R1, Meta's Llama 4 family of models, and Mistral AI's Pixtral Large
    - A few weeks ago, released Amazon Nova Sonic, a new speech-to-speech foundation model that enables developers to build voice-based AI applications that are highly accurate, expressive, and human-like
    - The tech to build action-oriented agents is still "primitive, inaccurate, and requires constant human supervision, but now released Amazon Nova Act which is a new AI model trained to perform actions w/in a web browser
        - Nova Act SDK aims to move the current state-of-the-art accuracy of multi-step agentic actions from 30 to 60% to 90%+

- **New agreements:** Adobe, Uber, NASDAQ, Ericsson, Fujitsu, Cargill, Mitsubishi Electric Corporation, General Dynamics Information Technology, GE Vernova, Booz Allen Hamilton, NextEra Energy, Publicis Sapient, Elastic, Netsmart, and many others

- **Mgmt believes that AWS will be a much bigger business than they originally thought -**
    - "Before this generation of AI, we thought AWS had the chance to ultimately be a multi-hundred billion dollar revenue run rate business. We now think it could be even larger"
    - "Our AI business has a multibillion-dollar annual revenue run rate, continues to grow triple-digit y/y percentages, and is still in its very early days"

- More than 85% of the global IT spend is still on premises…not in the cloud yet…this equation will flip in the next 10 to 20 years…For companies to realize the full potential of AI, they're going to need their infrastructure and data in the cloud"

Amazon's Re-Architecting The Inbound Network To Drive Further Improvements In Fulfillment Efficiency & Lower Cost To Serve

- **Phase 1 was regionalizing the national fulfillment network into regional hubs to make the network efficient and cost-effective…the next challenge was getting as many items as possible into these regional nodes**

- **Now the focus is on re-architecting the inbound network to leverage this new regionalization structure**
  - This will expand the share of products that they can place in each fulfillment center, improve delivery speed, and lower cost to serve

- **"Beyond Q1, we have a number of initiatives underway to continue improving our cost structure, such as fine-tuning our inbound network, building out our same-day delivery sites, expanding our rural delivery network, and adding robotics and automation to our facilities…Better inventory placement remains a top priority"**

Updates On Other Key Businesses / Initiatives

- **Advertising revs performed slightly better than expected (by +1.3%) and incr'd +19% y/y ex-FX vs +18% in Q4**
  - Seeing strength across their portfolio of full funnel advertising offerings; Continue to "see a lot of opportunity to further expand our full funnel capabilities for brands"

- **Subscription revs were inline but incr'd +11% y/y ex-FX vs +10% in Q4**
  - **Prime Video:** Drew 54.6mn viewers for Reacher's Season 3 debut in first 19 days, Amazon's biggest returning season ever

- **Alexa+ just starting to roll this out in the US, and the Co will be expanding to addtl countries later this year**
  - People are "really liking Alexa Plus this far"

- **Project Kuiper reached a significant milestone by launching their first satellites into orbit, with "more being launched soon" …expect to begin offering service to customers later this year**

- **Began testing Zoox in Los Angeles, the sixth location for Amazon's self-driving tech**

4) Spotify's Accelerated Execution Is Pushed To H2

After trading up double-digits in reaction to 5 of the last 6 earnings prints, Q1 was not exactly a clean quarter relative to what investors were expecting, especially after Spotify characterized 2025 as a year of "accelerating execution" on its last quarter's earnings call. The overall Q1 headline numbers were underwhelming, with diverging performance in the Premium Subscription and Ad-Supported businesses relative to estimates. Within Premium Subscription, subscriber trends were better than expected, which was a key plus, but Premium ARPU and Premium gross margins fell short of estimates. On the other hand, within Ad Supported, user numbers fell short of estimates, but Ad-Supported ARPU and Ad Supported gross margins topped projections. The Co's overall operating income also missed consensus by -1.8%.

Looking ahead, Q2 guidance was not something to write home about, with total revenue and operating income projections -1.6% and -2.8%, respectively, below consensus, as lower than estimated ad-supported MAUs more than offset slightly higher Premium Subscriber adds outlook.

Bulls will point to H2:25, where MAU trends are expected to improve from Q1's lower user volumes coming off the strong Q4:24 Wrapped campaign and lower marketing spend. (UMG's comments about seeing improved performance at other DSPs raised the question about market share shifts playing a role as well - see Theme #5 for more on that).

In terms of a few specific updates/takeaways we'd call out, 1) Spotify saw a strong 44% increase in time spent with video content, with most of that growth coming from podcasts (and Gen Z is leading the way); 2) The "Superfan" offering is not around the corner…they don't seem to have industry alignment right now (see Theme #5 for UMG comments on this front); 3) We expect to see more innovation around improving the audiobook user experience; 4) The Co sounds more focused on using its cash on growth initiatives at the moment vs shareholder returns; and 5) Pricing continues to be a key tool in the toolkit for Spotify (mgmt still thinks Spotify is "one of the best values in entertainment").

Overall, Spotify didn't meet the high expectations but H2 should show the "accelerating execution" that investors are anticipating. Music streaming will remain a defensive sector in this volatile environment, which also has secular growth.

See below for more details on what we thought was most interesting from Spotify's earnings and results and see Theme #5 for a deep dive into Universal Music Group's results as well.

-> Spotify share fell as much as -6.4% in reaction to earnings (closed down -3.4%) but the stock is still up a huge +44% YTD and has materially outperformed the labels (WMG down -2.4% and UMG up +4.6% YTD); The stock is neck to neck with NFLX up +30% YTD

Q1 Numbers Underwhelmed Vs Street Expectations

- **Q1 total revs were ~in-line w/ cons and grew +15% y/y (vs +17% y/y in Q4)**
- **Q1 operating income missed cons -1.8% (but was a record high):** Reached €509mn vs cons €519mn
- **Q1 gross margin was in-line w/ cons and finished at a Q1 high of 31.6% (up +403 bps)**
- **FCF took a step down seq but finished at a Q1 record high** of €534mn

Spotify	Q1 2025 Results		
	Actual	Cons Est	% Surp
Total Revenue (mn)	**€ 4,190**	**€ 4,200**	**-0.2%**
Y/Y % Chg	15.2%	15.5%	
Operating Income	**€ 509**	**€ 519**	**-1.8%**
Operating Margin (%)	12.1%	12.3%	
Gross Margin (%)	**31.6%**	**31.6%**	**In-Line**

Source: FactSet, StreetAccount

LionTree

Q2 Guidance Disappointed On All Fronts Though Spotify Feels Very Comfortable Executing Even Within A Potentially "Noisy" Environment

- **Q2 rev outlook MISSED:** -1.6% below cons
  - Incorporates an incremental headwind of ~$100mn from FX movements over the last qtr
  - **Reiterated long-term annual rev growth target of 20%, but the "journey will not be linear"**
- **Q2 op income outlook MISSED:** -2.8% below cons
- **Q2 gross margin outlook MISSED:** 31.5% vs cons 31.7%
  - **Looking into 2025 – reiterated that they continue to expect improvement in gross margins "at a more measured pace than last year's exceptional gains"**
    - Seq gross margin cadence will be more variable over the course of the yr, w/ expectations for a "seasonally stronger" Q4
- **On macro, mgmt is not seeing anything specific that is cause of concern for Spotify**
  - "From where I sit, Spotify is faring better than most"
  - "Underlying data at the moment is very healthy" - Engagement remains high, retention is strong
- **Reiterated long-term goal of reaching 1bn subscribers – Spotify is "a much, much larger business than the one we're currently operating"**
- **On capital allocation – focus remains on growth and maintaining balance sheet flexibility**
  - The Co just achieved their first profitable yr last yr – "this is really in an early stage for us"

- Their first priority at this stage is to focus on growth oppties, and they want to have a strong balance sheet to be able to do that
- As excess cash builds over time, they "will of course take shareholders into consideration"

Spotify	Q2 2025 Guidance		
	Actual	Cons Est	% Surp
Total Revenue (mn)	**€ 4,300**	**€ 4,370**	**-1.6%**
Y/Y % Chg	12.9%	14.8%	
Operating Income	**€ 539**	**€ 555**	**-2.8%**
Operating Margin (%)	12.5%	12.7%	
Gross Margin	**31.5%**	**31.7%**	

Source: FactSet, StreetAccount

LionTree

Total MAUs Disappointed The Street But Are Expected To Be Stronger In H2 Vs H1

- **Total MAUs of 687k fell short of cons 692k (missed by -2%) with upside in Premium sub adds more than offset by weaker ad-supported adds:** Total MAUs grew +10% y/y and were marginally up seq
  - Y/Y growth was led by ROW and LatAm, though all regions grew
  - The softness seq was attributed to the strong Wrapped campaign in Q4 and moderated marketing activity in the qtr

- **Total MAUs in 2025 will be w/in historical ranges and the "majority" of additions will come in H2 vs H1 (Q2 MAU guidance was below expectations):**
  - **Do NOT expect to increase marketing spend relative to sales to achieve this FY MAU growth** - marketing will be managed similarly to prior years

Spotify	Q1 2025 Results		
	Actual	Cons Est	% Surp
Total MAUs (mn)	**678**	**692**	**-2.0%**
Premium Subs (mn)	268	265	**1.1%**
Ad-Supported MAUs (mn)	423	426	**-0.8%**

Source: FactSet, StreetAccount

LionTree

Spotify	Q2 2025 Guidance		
	Actual	Cons Est	% Surp
Total MAUs (mn)	**689**	**695**	**-0.8%**
Premium Subs (mn)	273	271.9	**0.4%**

Source: FactSet, StreetAccount

LionTree

The Premium Subscription Business Added More Subs Than Expected But ARPU & Revenues Were Light Vs Expectations

- **Q1 Premium business delivered a mixed bag w/ a slight -0.5% rev miss, as strong subscriber adds were offset by weaker than expected ARPU**
  - **Revenue** (90% of the total) rose +16% y/y (same in CC) vs +17% y/y (+19% CC) in Q4
  - **Gross margin** was light at 33.5% vs cons 34%
  - **Strong subscriber growth** at +12% y/y to 268mn vs +11% y/y in Q4…It was the highest Q1 since 2020 and the 2nd-highest Q1 in their history
    - Outperformance led by Rest of World, Latin America and Europe
    - **Q2 OUTLOOK:** Guided to +11% y/y growth to reach 273mn subs
  - **ARPU grew +4% y/y (same in CC) to E4.73 which fell short of cons E4.78** and compares to +5% y/y (+7% CC) in Q4

Spotify	Q1 2025 Results		
	Actual	Cons Est	% Surp
Breakdown by Segment			
Premium			
Premium Revenue (mn)	**€ 3,771**	**€ 3,790**	**-0.5%**
Premium Gross Margin	33.5%	34.0%	
Premium Subs (mn)	268	265	**1.1%**
Premium ARPU	€ 4.73	€ 4.78	-1.0%

Source: FactSet, StreetAccount

Ad-Supported ARPU Was A Key Highlight As Was Higher Gross Margin But Ad-User Numbers Disappointed

- **Q1 Ad-Supported revenue (10% of the total) growth remains ~mid to high SD in CC and was in-line w/ cons as higher ARPU was fully offset by lower than projected user numbers:** Revs growth at +8% y/y (+5% y/y CC) compared to +7% y/y (+6% CC) in Q4
  - **Ad-supported MAUs at 423mn MISSED cons 426.4mn** given lighter volumes of net adds due to timing of the 2024 Wrapped campaign and higher user growth in emerging markets (where stronger-than-expected conversion to paid plans reduced the ad-supported base, since those users shift out of the free tier once they subscribe)
  - **Ad ARPU BEAT:** €0.33 vs cons €0.31

- **Ad-supported gross margins were MUCH STRONGER than expectations (15.3% vs cons 8.5%)**

- **A lower priced subscription plan that still has some advertising DOES NOT sound in the works:** Mgmt stressed that it is more complicated to do this in the music industry vs the SVOD industry

- **2025 is still viewed as a foundation year for the ads business…Q1 had 10x the # of advertisers leveraging the new tools**
  - Advertisers now have new ways to create, buy, and measure
  - The Co has gone from "thousands" to "tens of thousands" of advertisers
  - They are "welcoming all sorts of demand"
  - There is a strong foundation for future rev growth

Spotify	Q1 2025 Results		
	Actual	Cons Est	% Surp
Breakdown by Segment			
Ad-Supported (mn)			
Ad-Supported Revenue (mn)	**€ 419**	**€ 419**	**0.1%**
Ad-Supported Gross Margin	15.3%	8.5%	
Ad-Supported MAUs (mn)	423	426	**-0.8%**
Ad-Supported ARPU	€ 0.33	€ 0.31	**6.5%**

Source: FactSet, StreetAccount

Spotify Is Seeing Strong Success With Video Time Spent & Podcast Engagement

- **Saw a huge +44% y/y increase in time spent in video content, mostly from podcast,** and Gen Z is leading that growth by spending ~81% more time with video on Spotify y/y
  - "Very happy" w/ the growth & expect that to continue
  - Podcast video & music videos are "performing really well"

- **Would you launch a free ad-supported TV streaming offer on SPOT?** Structurally, there is "no reason why that won't work" but are focused on added video b/c creators are asking for it & the Co is supporting existing creators in expressing themselves in that way
  - Launching streaming TV video would be adding an entirely new creator eco-system onto the platform BUT "never say never"

- **Spotify Partner Program expanded to 9 new markets:** The program has enabled them to pay out $100mn+ to creators and this is "only the beginning"

Other Key Comments

- **On the potential "superfan" offering which has been talked about for some time, it is still an "upside opportunity" BUT "for the very, very long-term"**
  - Near- and mid-term growth from existing subscriptions "is plenty enough for us"
  - **"We're not dependent on [the Superfan offering] for growth but we want to make it happen"**
  - Would involve new, higher-priced tiers aimed at segmenting Spotify's large user base
  - Requires alignment and participation from industry partners to unlock the premium experiences for superfans
    - Essentially implying that they do not have that, but at the same time, mgmt also said that their relationship w/ the labels is "better than ever" and that they are "all aligned on incentives" (…hmmm)

- **Pricing – the Co is in the "early innings of segmentation" and the "opportunity is big" for price increases**
  - "Spotify is still one of the best values in entertainment and churn remains low"
  - Price increases are part of the toolbox

- **"Tremendous oppty for old school product development" in audiobooks:** Can improve the experience in ways like when consumers get back into a book, discover books, and access to non-English options as well

5) UMG Is Tracking To Plan… Subscription Revenue Growth Accelerates (Even W/Out The Benefit Of Pricing)

Before the trade war market dislocation came into the picture in a big way, UMG shares were already on a roller coaster with the stock trading down almost -11% from Feb 14 to when the Co reported on March 6th at which time it rebounded +6.3% on the day, only to be met shortly thereafter with a -9% sell-off on news that a group of UMG shareholders affiliated with Bill Ackman's hedge fund Pershing Square sold $1.4bn+ in a stock sale. The shares have been crawling their way back as investors gravitate to safer and more resilient places, which music is one, during these uncertain times. UMG's Q1 results did not disappoint given that Recorded Music Subscription streaming revenue growth accelerated faster than expected (ex-FX was up +9.3% y/y vs +9.0% y/y in Q4 and vs +7.2% ex 1x items in Q4). The "vast proportion of the growth" came from subscriber additions, a shift from lower ARPU into higher ARPU geographies (US & Japan), and better conversion to paid in markets like China. Price increases were not a big driver, hence those benefits are still to come (especially if press speculation about Spotify raising prices in some non-US regions is correct). Overall, the Co is tracking to its +8-10% CAGR of Subscription streaming revenue through 2028.

The trends in ad-supported streaming are not as favorable, yet. While the segment flipped into the black regarding revenue growth and beat consensus, the driver was easier comps. The underlying trends remain "challenged by the shift to short-form consumption", which is not yet adequately monetized. Q2 will also benefit from easier comps but this segment of the business is a work in progress.

What is going on with the Superfan tier that Spotify was supposed to launch this year? It is unclear. Given Spotify's call out that they "need alignment and support from our industry partners to offer these kinds of new experiences to our users", among other things – see Theme #4) to move forward with the premium tier product, it was interesting to hear UMG's comments about how "encouraged" they are by their conversations with Spotify. Mgmt also gave some good details on Tencent Music's Super Tier launch and reception as a case study showing success. Overall, it sounds like we are not getting the full story here. UMG also highlighted that in addition to the Super Tier, they see a "complementary opportunity" going after the superfan of individual artists. We suppose this could be a point of leverage…

Lastly, from a macro perspective, UMG mgmt. remains confident in their execution looking ahead despite the uncertainty. Citing research, mgmt. articulated that "when there's been inflationary pressure and household budgets tighten, music subscriptions [have] always been resilient."

See below for more color and detail on what we viewed as most important and incremental from UMG results and earnings call. See Theme #4 for a deep dive into Spotify's results

-> UMG shares rose +3.3% on the back of results and are up +4.6% on the year

It Was A Solid Qtr For UMG (Again) Though Adj EBITDA Margins Were Light

- **Total rev was better than anticipated:** Ex-FX, Q1 rev growth accelerated to +9.5% y/y from +7.9% y/y in Q4 and beat cons by +2.5% (following a +4.9% beat in Q4)
    - **Recorded Music revs beat by +2.6%...accel'd seq to +10.3% ex-FX vs +6.8% y/y in Q4 (and excluding 1x items, +4.6% y/y):** Posted strong growth in subscription, physical, and in licensing and other revenue
    - **Music Publishing revs beat by +2.2%...**grew +9.5% y/y driven by +17% y/y growth in digital revenue (due to streaming & subscription activity); Performance revenue had a tough comp (+28% y/y in Q1:24)
- **Adj EBITDA also surpassed estimates:** Ex-FX, adj EBITDA grew +10% y/y (vs +19.1% y/y in Q4) & topped cons by +1.1%

Universal Music Group	Q1 2025 Results		
	Actual	Cons Est	% Surp
Total Revenue (mn)	**€ 2,901**	**€ 2,830**	**2.5%**
Adj EBITDA (mn)	**€ 661**	**€ 654**	**1.1%**
Adj EBITDA Margin	22.8%	23.1%	
Segment Revenue			
Recorded Music (mn)	**€ 2,241**	**€ 2,110**	**6.2%**
Subscription & Streaming	€ 1,605	€ 1,570	2.2%
Subscription	€ 1,252	€ 1,220	2.6%
Streaming (Ad-Supported)	€ 353	€ 349	1.1%
Music Publishing (mn)	**€ 555**	**€ 543**	**2.2%**
Merchandising & Others (mn)	**€ 112**	**€ 117**	**-3.9%**

Source: FactSet; StreetAccount

LionTree

Recorded Music Subscription Streaming's Accelerated Growth Was Key Highlight

- **Recorded Music Subscription rev growth accelerated and topped Street forecasts:** Ex-FX, Subscription rev was up +9.3% y/y vs +9.0% y/y in Q4 (+7.2% ex 1x items in Q4) and was +2.6% ahead of cons
    - The impact of price increases in terms of the Q1 growth "was small"; The "vast proportion of the growth" was coming from subscriber growth and a shift from lower ARPU into higher ARPU geographies
- **Geography - UMG subscription revenue growth**
    - Saw double-digit rates in top-developed music mkts where subscription is still at an earlier stage, such as Japan and Germany
    - Saw double-digit growth in large population mkts where digital music consumption is booming, such as China and Mexico
- **Importantly, saw improved subscriber & revenue growth on several DSPs partners & Subscription revenue growth was very well diversified in the qtr**
    - 3 of their Top 5 DSPs grew rev by double-digits & another Top 5 partner posted high single-digit growth
    - 4 of their Top 10 DSPs grew rev by double-digits
- **Also saw growth in higher ARPU subscribers in key mkts, namely the US and in Japan, and better conversion of free user to paid in key emerging markets, esp in China**
- **Outlook- the Co reiterated its Subscription Streaming revenue guidance of +8-10% CAGR through 2028**
    - Reminder that 50% of that will come from ARPU growth and 50% will come from volume growth and this growth will "come in waves"
    - When there is a price increase, "we would envisage that the growth rate would be higher than that range"

Recorded Music Ad-Supported Streaming Also Showed Strength Vs Projections BUT Given Easier Comps / The Ads Biz Remains "Challenged"

- **Ad-supported streaming revenue flipped to growth and beat cons by 1.1% due to easy comps:** Ex-FX, it was up a marginal +0.3% y/y (vs -4.1% in Q4) helped by easier comps against 2 of the months where they were off-platform with TikTok in early 2024

- **Underlying trends continue to be "challenged by the shift to short-form consumption",** which is not yet adequately monetized

- **Will also have easier comps in Q2 (as flagged before):** Will comp against 1 lost month of TikTok rev and will begin to anniversary the loss of the Meta premium music video license

Music Should Be Resilient In Difficult Times / Mgmt Remains Confident Despite Uncertainty

- **"Despite the economic uncertainty in the world, we remain confident not only in our performance, but in the resiliency of our global business"**

- "Throughout these periods, each time I've witnessed how music remains vital, financially sticky, and critical to culture"

- **"Music is one of the least expensive forms of entertainment, and nothing provides more comfort in times of uncertainty and anxiety than music"**

- There's been plenty of research…when there's been inflationary pressure and household budgets tighten, music subscriptions [have] always been resilient"

- "In 2020, while global GDP shrank, recorded music revenue actually grew by +7.4%"

- "We have very significant protection against digital revenue downside risk this year because of the various guarantees that are structured into many of our deals"

"Encouraged" By Conversations About the New SuperFan Tier But Are Not Calling Out Potential Timing

- **Spotify said they "need alignment and support from our industry partners to offer these kinds of new experiences to our users" so how it is going?** "We're deeply engaged with all of our key partners, including Spotify on this category of opportunity, and we're very encouraged by the direction of all those conversations"
  - They "hope" to be able to "publicly elaborate on the collaborative plans that we're developing later this year" but the timing questions are "obviously questions for the platforms"

- **In addition to the Superfan Tier, UMG sees a "complementary opportunity" going after the superfan of individual artists:** I.e., per an article earlier this month about Ed Sheeran potentially launching his own standalone DTC product outside of the DSP marketplace
  - **In a similar fashion, UMG operates "thousands" of different artist-based e-com stores, which are complementary to a super premium strategy of working with the platforms**

- **Mgmt continues to cite their research indicating that ~20% of the current subscriber base is prime for adoption of super premium tier products**
  - Expect different configurations of different platforms that could be potentially priced at 100% of the current price point to get that 20% level of adoption

- **Tencent Music is a good case study on the success of a Superfan Tier**: Citing TME's Q4 2024 results…
  - Their super premium tier called SVIP had seq growth in Q4 and penetration at low teens of their subscriber base
    - Back of the envelope, 13% of the 121mn subs base implies 15mn+ SVIP subs after ~ 5 qtrs of service
    - The price point for SVIP is 5x the standard price point
    - And, China is a market historically regarded as being very resistant to paying for music

6) Tariffs Are Set To Take A $900mn Bite Out Of Apple…Through June

While the quarterly results themselves were relatively uneventful, Apple provided a rare level of detail this qtr on how evolving tariff dynamics are starting to influence its operations. Tariff-related impacts were "limited" this qtr (FQ2), but the

Co expects pressure to build in FQ3, estimating a ~$900mn headwind tied to current global tariff rates, which is assuming no new policy actions or changes. This anticipated cost is reflected in Apple's lower-than-expected gross margin guidance for next quarter (45.5–46.5% vs. Street's 47.0%), signaling margin pressure could materialize more visibly in the near term.

While most core products, including the iPhone, Mac, iPad, Apple Watch, and Vision Pro, will avoid the steepest tariffs (such as the 145% rate affecting certain accessories and AppleCare), Apple is actively diversifying its supply chain. For US-bound devices, the majority of iPhones will originate from India, while nearly all iPads, Apple Watches, and AirPods will come from Vietnam. Meanwhile, China will continue to serve as the primary country of origin for products sold outside the US. Domestically, Apple is scaling its manufacturing footprint and supplier base, with plans to invest $500bn over the next four years.

That said, mgmt emphasized that the addtl color on tariff-related costs and sourcing is not intended to be extrapolated beyond the June qtr, given the fluid policy environment.

Quickly on the qtr, Apple delivered a +0.9% beat on revenue (driven by Products, as Svs slightly missed), and gross margin came in in-line at 47.1%. Next qtr guided to rev growth that was ~in-line w/ Street expectations, but gross margin guide of 45-46.5% was below cons 47.0%.

Also to flag, the Co authorized an addtl $100bn in share repurchases and raised its dividend by +4% to $0.26/share, reaffirming its commitment to annual dividend growth, now in its 13th consecutive yr.

See below for more on what we viewed as key commentary on the call.

-> Apple was down -3.7% after its report and ended the week down -1.9%; YTD, the stock is down -18%

FQ2 Marginally Beat Expectations / But The Tariff Impact Was "Limited" In The Qtr

- **Rev growth beat by +0.9%:** Grew +5% y/y (vs +4% y/y in FQ1)
    - o Products beat cons by +1.6%; Services missed cons by -0.2%

- **EPS beat expectations by +1.9% (and was a March qtr record):** $1.65 vs cons $1.62

- **Gross margin of 47.1% was in-line w/ expectations**: Was up +20bps q/q, primarily driven by favorable mix

- **Impact from tariffs? "Limited":** "We had a limited impact from tariffs as we were able to optimize our supply chain and inventory"

Apple	FQ2 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	$95,359	$94,540	0.9%
Gross Margin (%)	47.1%	47.1%	In-Line
Operating Margin (%)	31.0%	31.0%	In-Line
Adj EPS	$1.65	$1.62	1.9%
Segment Metrics			
Services Revenue (mn)	$26,645	$26,700	-0.2%
Gross Margin (%)	75.7%	74.4%	
Products Revenue (mn)	$68,714	$67,660	1.6%
Gross Margin (%)	35.9%	36.4%	
iPhone (mn)	$46,841	$45,840	2.2%
Mac (mn)	$7,949	$7,770	2.3%
iPad (mn)	$6,402	$6,200	3.3%
Wearables, Home, and Accessories (mn)	$7,522	$7,950	-5.4%

Source: FactSet, StreetAccount

LionTree

Digging Into FQ2 Segment Performance - Strong Products Performance In FQ2, While Svs Came In Slightly Below Expectations

- **Product rev accel q/q and beat across all segments, w/ the exception of Wearables:** Grew +3% y/y (accel from +2% y/y in FQ1); Gross margin of 35.9% was down -340bps seq, primarily driven by mix, FX, and a seasonal loss of leverage
    - **iPhone:** Up +2% y/y (accel from flat y/y in FQ1), driven by the iPhone 16 family
        - **In mkts that had Apple Intelligence rolled out, y/y performance on the iPhone 16 family was stronger** than those where Apple Intelligence was not available
    - **Mac:** Up +7% y/y (decel from +16% y/y in FQ1), driven by the latest MacBook Air, MacBook Pro and Mac mini models
    - **iPad:** Up +15% y/y (in-line w/ FQ1), driven by the new M3-powered iPad Air.
    - **Wearables, Homes and Accessories:** Down -5% y/y (decel from -2% y/y in FQ1); Faced a more difficult compare against the launch of the Apple Vision Pro in the yr-ago qtr, as well as the Watch Ultra 2 launch last yr

- **Service rev reached an all-time rev record (but slightly missed cons by -0.2%):** Up +12% y/y (decel from +14% y/y in FQ1); Gross margin of 76% was up +70bps seq, driven by mix, partly offset by foreign exchange
    - Both transacting and paid accounts reached new all-time highs, with paid accounts growing double-digits y/y
    - Paid subscriptions also grew double-digits and reached 1bn+

- **Geographic callout – China fell -2% y/y (an improvement from -11% y/y in prior qtr) and was ~flat ex-FX, likely due to subsidies: "**Believe" that subsidies had a favorable impact on the results but "difficult to estimate with precision as to exactly how much" b/c "some of our products are included. Some of them are not"
    - **iPhone was the key driver of the improvement sequentially**
        - iPhone was the top two models in urban China
    - **Mac, the iPad, and the Watch are attracting a majority of new customers to the product – "that continues to look quite good in China"**
        - iPad was the top two tablets in urban China

FQ3 Guidance Was A Mixed Bag Versus Expectations / Tariffs Are Expected To Have An ~$900mn Impact In The Qtr

- **Impact from tariffs on Jun qtr – "currently, we are unable to precisely estimate the impact of tariffs, as we are uncertain of potential future actions prior to the end of the qtr"**
    - **Estimated impact is $900mn,** assuming the current global tariff rates, policies and applications do not change for the balance of the qtr, and no new tariffs are added
        - **Estimate should NOT be used to make projections for future qtr,** as there are certain unique factors that benefit the June qtr (did not provide more color beyond that comment)

- **FQ3 rev guidance was ~in-line:** Low-to-mid single digits y/y vs cons +4%
    - Expect FX to improve seq, but will be a "slight" headwind to rev on a y/y basis

- **FQ3 gross margin guidance missed:** 45.5-46.5% vs cons 47.0%
    - Includes the estimated impact of the $900mn of tariff-related costs in the qtr

- **FQ3 OpEx guidance came in ahead:** $15.3-15.5bn vs cons $15.11bn

- **FQ3 OI&E:** ~-$300mn, excluding any potential impact from the mark-to-market minority investments

Did Not See A Pullback In Consumer Demand In The Qtr / Shifting US-bound Product Manufacturing Away From China In FQ3

- **The Co did NOT see "obvious evidence of a significant pull forward in demand" in FQ2:** Unit channel inventory from beginning to the end of the qtr was "similar" across their products
    - **BUT "we did build ahead inventory"** (did not provide more color beyond that comment)

- **Impact of tariffs on FQ3 – avoiding harshest tariffs as most core products will face the 20% vs 145%**
    - **"Most" of their tariff exposure relates to the Feb IEEPA-related tariff at the rate of 20**%: Which applies to imports to the US for products that have China as their country of origin.
    - **The addtl +125% April-announced tariff is only applicable to certain categories of products…:** Including some of their US AppleCare and Accessories biz (would bring total rate for these products to at least 145%)

- **…and the "vast majority" of products are NOT subject to April-announced global reciprocal tariffs:** Includes iPhone, Mac, iPad, Apple Watch and Vision Pro
    - This is b/c The Commerce Department has initiated a Section 232 investigation into imports of semiconductors, semiconductor manufacturing equipment and downstream products that contain semiconductors

- **Updates on product sourcing and country or origin in FQ3 –**
  - **For products coming to the US –**
    - **iPhone:** Expect the majority of iPhones sold in the US will have India as their country of origin
    - **iPad, Apple Watch, and AirPods:** Vietnam to be the country of origin for "almost all" sold in the US
  - **China would continue to be the country of origin for the vast majority of total product sales outside the US**
  - **Did not provide guidance beyond FQ3:** "I wouldn't want to predict the mix of production in the future"

- **Any changes on pricing philosophy? "Nothing to announce today":** "'ll just say that the operational team has done an incredible job around optimizing the supply chain and the inventory. And we'll obviously continue to do those things to the degree that we can"

- **Apple was vague on impact to supply chain – "we have a complex supply chain. There's always risk in supply chain":** "What we learned some time ago was that having everything in one location had too much risk with it. And so, we have over time with certain parts of the supply chain, not the whole thing, but certain parts of it, opened up new sources of supply. And you could see that kind of thing continuing in the future"

Expanding Manufacturing Presence In The US

- **"We're excited about bringing more production to the US" - will spend $500bn over the next 4 yrs to expand presence in the United States**
  - Did not break out exact mix of CapEx vs OpEx vs R&D

- **Expanding teams and facilities in several states,** including Michigan, Texas, California, Arizona, Nevada, Iowa, Oregon, North Carolina, and Washington

- **Opening a new factory for advanced server manufacturing in Texas**
  - Will be executed through a partner — "we'll be putting a fair amount in cost of goods sold to do that and some OpEx as well, and I'm sure some CapEx as well"

- **Also increasing sourcing in the US –**
  - During CY2025, expect to source 19bn+ chips from a dozen states, including "tens of millions" of advanced chips being made in Arizona this yr
  - Also sourced glass used in iPhone from an American company
  - Altogether, have 9k+suppliers in the US across all 50 states

AI Strategy Callouts – Expanding Apple Intelligence But Delaying "More Personal Siri" As R&D Investment Continues To Grow

- **Released iOS 18.4, which brought Apple Intelligence to more languages,** including French, German, Italian, Portuguese, Spanish, Japanese, Korean, and Simplified Chinese, as well as localized English variants for Singapore and India

- **Update on "the more personal Siri" – "we need more time to complete our work on these features so they meet our high quality bar"**
  - "There's not a lot of other reason for it. It's just taking a bit longer than we thought. But we are making progress, and we're extremely excited to get the more personal Siri features out there"

- **General callout on R&D spend – "we make significant investments in R&D, that continues to grow":** "We're continuing to grow our R&D investment. And so, we definitely are making all the investments we think we need to enable our roadmap"

Not Expecting Near-Term Impact On The Regulatory Front

- **Any developer impact in Europe w/ emergence of alternate app stores from Digital Markets Act?**
  - "The Digital Markets Act has been enacted for a bit over a year, and there's been alternate app stores for some period of time of that. And so, it's, at this point, in Europe, there are some embedded in the actuals"
  - "There may be more to come and so forth. I don't want to predict beyond the current quarter"

- **On Epic Game injunction – "we strongly disagree":** "We've complied with the court's order and we're going to appeal"

- **On DOJ's Google antitrust case":** "That case is ongoing and I don't really have anything to add beyond that"

- **Regarding all the cases, "there's risk associated with them and the outcome is unclear"**

7) The Demand For Live Entertainment Has Not Been Shaken…Per Live Nation

Given the discretionary nature of the biz, the question that was likely on the back of many minds going into Live Nation's results was whether the Co is seeing any signs of consumer pullback — and the answer was a clear no. Demand remains strong across the board, with no signs of slowdown in ticket sales, sponsorship activity, or on-site spending. Despite a top-line rev miss in Q1 across all segments, most notably in Ticketing, it was attributed to event timing and lower non-concert supply vs last yr rather than demand issues. April on-sales are outperforming last year thus far, with artists like Chris Brown and Lady Gaga selling out shows, and deferred rev hit a record high (for both Concerts and Ticketmaster), indicating a strong pipeline for the rest of the year.

In Concerts, AOI posted a big beat, driven by scale efficiencies and margin tailwinds from strong fan growth. Mgmt expects this dynamic to hold through the yr, even with a mix that includes some lower-margin stadium shows. They also flagged that impact from tariffs on the overall Concert biz is expected to be "minimal."

Looking ahead, the Co continues to invest in its venue footprint, with a buildout plan that includes at least 20 new large-scale venues, 4 of which are expected to open by the end of 2025 and the rest by 2026. CapEx guidance for 2025 was reiterated, of which the majority is going towards the venue expansion efforts.

There were some other key updates from the Co, including on its pricing strategy, its recent acquisition of Hayashi, regulatory updates, and more. See below.

-> Live Nation traded up +1.9% in reaction to its print and ended the week up +0.8%; YTD, the stock is up +3.3%

Q1 Saw Mixed Results On The Top-Line, With Better-Than-Expected Op Income But Rev Missing In All Segment

- **Revenue – MISSED by -3.1%:** Down -11% y/y or -8% y/y CC (decel from -2% y/y or +0.2% y/y CC in Q4)
  - **All three segments came in below expectations, with Ticketing posting the biggest miss**

- **Adj. op income – BEAT by +7.3%:** Fell -6% y/y or -0.5% y/y CC (decel from +35% y/y or +60% y/y CC in Q4)
  - Concerts posted a big beat ($7mn vs cons -$114mn); Sponsorship & Advertising beat by +6.1%, while Ticketing missed by -8.3%

Live Nation	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue	**$3,382**	**$3,490**	**-3.1%**
Adj Op Income	**$341**	**$318**	**7.3%**
Revenue by Segment			
Concerts	$2,484	$2,510	-1.0%
Ticketing	$695	$765	-9.1%
Sponsorship & Advertising	$216	$219	-1.2%
Adj Op Income by Segment			
Concerts	$7	-$114	105.8%
Ticketing	$253	$276	-8.3%
Sponsorship & Advertising	$136	$128	6.1%

Source: FactSet, StreetAccount

LionTree

Q2 Will See Some Headwinds From FX / Reiterated FY25 CapEx Guide

- **Impact of FX is expected to be low-single digits to rev, op income, and AOI for Q2,** based on current projected rates

- **Reiterated 2025 CapEx guidance of b/w $900mn-$1bn**
  - $700-$800mn related to venue expansion and enhancement plans, which are expected to yield IRRs averaging 20%+
  - ~$200-$250mn of funding from JV partners, sponsorship agreements, and other sources, reducing cash flow requirements
  - Maintenance CapEx spend remains consistent with historical levels

Seeing No Slowdown In Consumer Demand Across The Biz

- **On ticket sales - seeing no slowdown in consumer demand across any venue type or genre - on-sales from Apr 1-21 are performing better than last yr**
  - Chris Brown sold 1mn tickets this month
  - Lady Gaga sold out

- **On sponsorships – seeing no pullback; "Ours is the longer-term commitments. And we still see brands flocking and exploring and we're attracting new brands all the time"**
  - Deal on more longer-term relationships; "We don't have a weekly digital buy that can be canceled"
  - 80%+ of sponsorships are already contracted for 2025 and are up y/y

- **On on-site spending – still early to tell, but early indicators are not showing a decline**
  - "We haven't seen anything... that has said that they're buying one less beer or they're consuming less on-site"
  - **But preparing just in case:** "We're actively working around our menu for the summer, pricing it right, making sure we got affordability built into it and a wider menu to attract and build on"

- **Overall - tracking demand indicators on a weekly and daily basis and have cost levers ready to adjust if need be**
  - "We've learned during COVID, we know how to take costs out and if we need to take costs out of the business where we're fully capable and ready to do that"
  - "We don't think we're in that situation, but we have every lever at our disposal that will continue to monitor"

Q1 Weakness In Ticketmaster Is Mostly From Timing And Less Y/Y Supply (NOT Demand)

- **Ticketmaster rev fell -11% y/y and margin was also down in Q1 - what drove the slowdown?**
  - **Concert mix shift – strong Live Nation activity, but weaker in other categories**
    - Ticketmaster saw more Live Nation concerts but fewer events from other promoters and in non-concert categories (i.e., sports, arts, family etc.)
    - Not anticipated in internal forecasts - had expected steady supply across the board, so the weakness in other event types dragged results

        - "No demand issues, it's just less supply year on year"
    - **Deferred rev – tickets sold but rev not yet recognized**
        - Ended Q1 with record deferred revenue of $270mn, up +13% y/y, esp from intl shows; If that had all been recognized, rev for the qtr would have been UP
            - But costs for those future events were recognized in Q1, putting pressure on Q1 margins
        - As a result, AOI tied to these sales will be recognized in Q2 and Q3 when the events take place, so growth is expected to accelerate in H2
    - **Later on-sale timing – more concerts are being put on sale in H2 vs last yr**
        - April on-sales are already trending strong — global sales are up +22% in the first part of the month
        - Expect ~2/3 of Live Nation concert fan growth to be in H2
    - **FX is still a headwind in certain mkts**
        - Has rebounded for "a lot" of mkts, but still a headwind for Mexico and LatAm
        - Ticketmaster took ~60% of that headwind in Q1 (in terms of its portion of the overall Co's headwind)
            - Expected to be ~2/3 of head winds in Q2
    - **"We're still confident we'll get some good growth out of Ticketmaster for the year, but we're not seeing it. We didn't see it play through in Q1 as much as we expected"**

- **Ticketmaster FY25 AOI margin outlook – expected to be in the high 30s, consistent with prior years (37.6% last yr)**

Strategy Around Ticket Pricing Remains Top Of Mind And Continues To Evolve

- **Artists are playing a key role in pricing decisions to balance affordability, show costs, and scalping concerns…**
    - **Artists are "the smartest brand managers out there" and "very focused on their** fans…making sure they're finding that find line in affordability and paying for these fabulous shows"
    - **Pricing models are customized per artist,** taking into consideration things like show scale, weekly operating costs, and fan expectations
        - "Every artist has a different philosophy on it. Every artist has a different size of show they want to produce... It's a pure startup"
    - **Moving away from static pricing structured to a tiered "Robin Hood" pricing strategy that aims to reduce scalping and balance accessibility and demand with rev optimization**
        - Premium seats are priced higher to capture value that would otherwise go to scalpers, while back-of-house tickets are kept more affordable to maintain accessibility for fans

- **…but "still in early innings of the industry becoming better at pricing, smarter at it, and the artists, managers and agents learning too…and different markets are at different levels"**
    - America is "very advanced"
    - Europe is "very primitive"
    - Asia and South America is "completely primitive"
    - **Working toward smarter pricing models tailored to geography, day of week, and seat value**
    - Also flagged those festivals (like Coachella) offering installment payment options for yrs – "We've been looking at that for years…if you give a young consumer an option…they're going to spread [the payment]…so we're looking at all ways on…how do we continually sell out"

- **Maintain stance that secondary mkt is NOT a growth driver**
    - Secondary sales are a "feature, not a standalone business", and account for only a low-teens % of GTV
    - **"We'd love to see it decline because it means we're doing a better job working with the artist pricing their tickets appropriately"**
    - "We'll continue to advocate for reforms to make the industry as safe and positive experience for fans as possible"

Concerts Biz Is Benefiting from Scale Efficiencies, with FY25 Margins Expected to Remain Consistent

- **What drove the improvement in AOI per fan in Q1? Greater scale of activity relative to cost structure, which is expected to hold for the full yr**
    - On-site spend hasn't fully ramped yet, since amphitheaters and festivals haven't hit peak season, which further upside expected as summer events scale up
    - Caveated that it isn't a metric that they tend to focus very tightly on b/c "there are so many moving pieces"
    - **BUT overall "expect improved profitability to carry over the course of the year"**

- **Concerns FY25 AOI margin outlook – expected to consistent w/ last yr (was a record 2.8%)**
    - o Expected despite some lower-margin large-scale shows, which still drive “tremendous scale” and volume efficiencies across the Co
        - ▪ “We're driving a lot of volume and big growth in volume while continuing to manage our cost structure”
    - o “We're feeling good about how concerts is shaping up for the full year. I think even better than we felt two or three months ago”
    - **o Also expecting double-digit growth in fans at operated venues, “which gives us some confidence we're going to be getting some good margin accretion from that”**

- **Impact from tariffs on concerts biz? Expected to be “minimal”:** Based on their current assessment, expect “minimal” impact from tariffs to their supply chain or touring logistics for the yr

Expanding Large-Scale Venue Footprint As Demand for Stadium Shows Continues To Grow

- **Global demand continues to drive growth in stadiums shows, though mix may fluctuate yr-to-yr due to availability**
    - o Stadium-level demand is strong across “young artists, new artists and established artists”
    - o Fluctuations in venue mix are driven more by availability constraints (i.e., Olympics, World Cup) than by demand shifts
    - **o** “Biggest challenge” is finding avails in stadiums for 2026 and 2027 on “good” Thursday, Friday, and Saturday nights, which often drives them to go into arenas instead
    - **o “**We think globally stadium's demand is growing, will continue to grow, will continue to be a strong market for both festivals, arenas fan stadiums**”**

- **Update on large venue expansion (stadiums, arenas, amphitheaters, and large theaters) -**
    - **o New venue buildout timeline –**
        - ▪ Out of “at least” 20 new venues that are planned globally, 4 are expected to open by the end of 2025
        - ▪ Remaining venues will open in 2026
    - o **AOI contribution will be partial in 2026, with full run-rate impact expected going into 2027,** as it takes time to ramp up show bookings
    - o **Will create capacity of ~7mn incremental fans on a run-rate basis and deliver avg investment returns of 20%+**

- **On purchase of Hayashi in Japan - allows them to operate in “one of the largest music markets in the world”**
    - o “Obviously one of the toughest markets to operate from the outside”
        - ▪ “You’ve got to find local established partners to really scale your business…like we did it in OCESA within Latin America”
    - o **Now have direct access to promote events in Japan,** vs relying on other promoters to control venues, which was the case before
        - ▪ “**And it'll be continued building upon that** in terms of our venue, our festival and bringing more shows there”
    - **o Expected to be “another large AOI contributor to our overall business over time”**

DOJ Case Remains Ongoing / Remain Supportive of Greater Transparency In Ticketing Regulation

- **No material updates on DOJ case – “just kind of continue along in as part of the process at the moment”**
    - o Continue to have an early Mar 2026 court case date
    - o In the discovery and depositions phase – “no surprises, nothing unusual in that”
    - o **“We're still hoping that when the time is right, we'll have an opportunity to get into some real discussions with them. But that hasn't happened yet**”

- **Supportive of recent regulation that is “moving towards creating more transparency for the fan and more scrutiny and regulation on the secondary market”**
    - o “Strong supporters” of initiatives like the BOSS Act, TICKET Act, and FTC’s requirements for all-in pricing
    - o “We think that there will continue to be more to be done even after these happen”

8) Snap Takes A Cautious View On Forward Ad Trends

Snap's strong Q1 performance was overshadowed by the company not providing Q2 guidance. The Co beat across the topline, and similar to last qtr, particularly outperformed on profitability and EPS. However, they experienced some headwinds at the start of Q2 (driven by impacts from Asia based advertisers) and while they're still continuing to grow the topline, given uncertainty around macro and ad demand impacts, they decided not to issue an outlook for the second qtr.

Digging into Snap's Q1, better monetization in North America (beat by +5%) drove an acceleration in regional revenue from +8% y/y in Q4 to +12% y/y in Q1. Mgmt credited the performance to long-term investments being made in the ad platform, particularly in DR and SMB customers, beginning to pay off. It was not all good news in the region as N. Amer DAUs actually fell seq (from 100mn in Q4 to 99mn in Q1), but mgmt does not anticipate that slide to persist.

More broadly, the Co is leaning into medium-sized advertisers as a key growth lever for its direct response business. While SMB momentum remains strong, driving a +60% y/y increase in active advertisers, Snap sees growing product-market fit with mid-sized clients and is streamlining Snap Promote to help them scale more easily. That said, Snap remains demand constrained. Global impressions rose +17% y/y, but eCPMs fell ~7% as inventory growth outpaced demand. The Co is working to close that gap by expanding placements like Sponsored Snaps and adding more goal-based bidding tools to improve performance and monetization.

There were also some platform related updates around Snapchat+, Simple Snapchat, Spotlight, and more. See below.

-> Reddit also reported a strong Q1 (revs +6.3% ahead of cons, adj EBITDA +30% above, and better FCF) and Q2 guidance surprised on the upside as well (revs 7% ahead & adj EBITDA 16% above); The issue was DAU trends as the Co cautioned April DAU growth of high teens vs the reported +31% y/y in Q1

-> Snap plunged -12.4% post its print, but somewhat recovered through the week close the week down -1.1%; YTD, the stock is down -21.5%; Reddit was down -4.2% after it reported results and ended the week down -3.6%; The stock is down -30.4% YTD

Delivered A Strong Qtr Especially On Profitability & Lowered FY Op Expense Guidance

- **Another qtr of solid beats in Q1 (with Adj EBITDA & EPS significantly surpassing estimates) / N. America rev seq acceleration was also a key highlight**
  - **Q1 rev – BEAT by +1.0%:** Grew +14% y/y (in-line w/ Q4), driven by the progress in DR ad solutions, continued momentum in driving performance for SMBs, and Snapchat+ subscription growth
    - **RoW grew the most y/y…:** At +20% (but decel from +35% y/y in Q4), followed by +14% y/y in Europe (decel from +20% y/y in Q4)
    - **…while N. America was the only region that posted an accel** to +12% y/y (vs +8% y/y in Q4)
  - **Q1 adj. EBITDA – BEAT by +69.1%:** $108.4mn in Q1 vs $276mn in Q4
    - **Adj EBITDA flow-through was 37% in Q1** (up from 60% in Q4), as the Co "continue[s] to balance investment with realized topline"
  - **Q1 adj. EPS of -8c was much better-than-expected vs cons -18c**
  - **Q1 FCF also beat by +6.4%**

- **Much better N. Amer ad-ARPU was a main driver along with Snapchat+ (see more below)**

- **Lowered FY25 OpEx guide by $50mn @ md-pt:** From prior range of $2.7- $2.75bn to $2.65-$2.7bn
  - ~2/3 of OpEx is people-related costs, and given the updated guidance, will be "thoughtful" about pace of hiring

Snap	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	**$1,363**	**$1,350**	**1.0%**
North America	$968.9	$967.5	0.1%
Europe	$287.0	$285.4	0.6%
Rest of World	$301.3	$291.3	3.4%
Total Adj EBITDA (mn)	**$108.4**	**$64.1**	**69.1%**
Adj EBITDA Margin (%)	8.0%	4.7%	
Adj EPS	**($0.08)**	**($0.13)**	**62.5%**
Free Cash Flow	**$114.4**	**$107.5**	**6.4%**

Source: FactSet, StreetAccount

LionTree

Snap Has Started To See Some Signs Of Macro Weakness & Withholds Q2 Guidance

- **The Co did not provide Q2 guidance / "Thus far in Q2, we're still growing. But we're seeing some headwinds to our top line growth so far"**
    - "Given the uncertainty with respect to how macroeconomic conditions may evolve in the months ahead, and how this may impact advertising demand more broadly, we do not intend to share formal financial guidance for Q2"

- **The Co is hearing from "a subset" of advertisers that their spending has been impacted by changes to de minimis exemption**
    - **How much do China-based advertisers make up of the overall ads biz?** "We don't really break it down at that level of detail. We've not previously disclosed that market as a breakout market in our Qs and Ks. So in some ways that perhaps is helpful in and of itself"
    - **"I caution here, it's just really difficult to parse the drivers between the various potential factors there"**

Monetization In N. Amer Was A Notable Highlight But It Came With Lower N. Amer MAUs Q/Q, Which The Co Does Not Expect To Continue

- **Snap posted much better monetization in N. Amer with Q1 ARPU beating cons by +5%**

- **Q1 DAUs also BEAT by +0.2%:** Grew +9% y/y (in-line w/ Q4 and Q3) to reach 460mn (incr'd +7mn seq)
    - BUT N. Amer LOST subs in Q1 (down -1mn q/q), while Europe was flat and ROW added +8mn q/q
        - **Outlook:** The Co does NOT expect further declines in N. Amer in Q2
    - **Q2 DAUs outlook:** Estimated to reach 468mn
    - **Also highlighted reaching 900mn MAUs, and are "on the way to our goal of 1 billion monthly active users"**

Snap	Q1 2025 Results		
	Actual	Cons Est	% Surp
User Metrics			
Daily Active Users (mn)	**460.0**	**459.2**	**0.2%**
North America	99.0	100.1	-1.1%
Europe	99.0	99.4	-0.4%
Rest of World	262.0	260.1	0.7%
Average Revenue per User (ARPU)	**$2.96**	**$2.93**	1.0%
North America	$8.41	$8.01	5.0%
Europe	$2.26	$2.27	-0.4%
Rest of World	$1.17	$1.23	-4.9%

Source: FactSet, StreetAccount

LionTree

Growth In Direct Response Was The Key Driver, While Brand Revenue Declined

- **Q1 total ad rev grew +9% y/y (vs +10% y/y in Q4) driven primarily by growth from DR ad rev** (similar commentary in Q4 and Q3)
  - **Q1 direct response ad rev incr'd +14% y/y (in-line w/ Q4); DR ad rev contributed to 75% of total ad rev for the first time in Q1**
    - **Looking ahead - what will it take to get to 20%+ y/y growth in the DR biz?** Ongoing ad platform improvements, product roadmap execution (goal-based bidding objectives and dynamic product ads), organizational improvements from consolidated go-to-market leadership, and expansion of DR placements (including Sponsored Snaps)
  - **Q1 brand-oriented rev was down -3% y/y (vs -1% y/y in Q4),** due to a combination of softness in upper funnel demand across all regions, as well the ongoing mix shift in ad biz toward performance-oriented ad solutions

- **Continue to be demand-constrained but also is growing supply in areas**
  - **Global impression volume grew ~17% y/y,** driven in large part by expanded advertising delivery within Spotlight as well as Creator Stories
  - **Total eCPMs were down ~7% y/y,** as inventory growth exceeded advertising demand growth in Q1
  - **Continue to take steps to increase inventory overall –**
    - **Expanding inventory through Sponsored Snaps,** esp within high-engagement areas like chat
    - **Improving monetization of that inventory** by integrating more goal-based bidding (GBB) objectives, like Pixel Purchase, to make it more effective for advertisers
    - **Training ad models** on the new Sponsored Snaps placement to improve performance over time

- **Seeing momentum building with Snap Promote / Medium-sized advertisers are a key focus**
  - **Total active advertisers grew +60% y/y in Q1,** despite lapping Snap Promote launch in the prior-yr qtr, largely driven by "robust" top line growth from SMB client segment
  - **Ongoing efforts to streamline Snap Promote** and simplify the transition to the full Ads Manager, which is helping advertisers scale their efforts.
  - **Focused on ramping up medium-sized advertisers, in terms of the dollar volume overall**
    - "I think those medium customers can really help accelerate the growth of our direct response business, and we're seeing some really good product market fit there"

Snapchat+ Was A Key Driver To Growth In Q1

- **Snapchat+ is included in "Other" revenue which grew +75% y/y (vs "more than double" in Q4)** to reach $152mn, or "just over" a $600mn ARR (Other rev includes all non-advertising rev, the majority of which is Snapchat+ subscription rev)
  - **This is a $65mn y/y increase which is x% of the total $168mn increase in revenue so a material dlriver**
  - **Snapchat+ subscribers reached "nearly" 15mn (vs 14mn in Q4, 12mn+ in Q3 and 11mn+ in Q2)**, which is an increase of 5mn or +59% y/y

A Couple Key Platform & Product Updates

- **Visual communication and AR integrations is where Snap sees itself differentiating with its My AI chatbot**
  - While chat is "popular" and voice is "to some degree, growing," visual communication is "where we really want to differentiate"
    - Looking at the way users are interacting with My AI by sending Snaps and either receiving Snaps or a chat response in return, think that multimodal models are going to play "a really powerful role"
  - Longer-term, investing "a lot" in the integration of AI with augmented reality
    - "We really do believe that augmented reality is the ideal interface for AI"
    - Will have more announcements around that later this yr
  - **My AI DAUs incr'd 55%+ y/y in Q1**

- **Scrapping the 3-tab "Simple Snap" redesign…it was not working**
  - Found in testing that it was difficult, esp for "power users" to adopt to the 3-tab design
    - "Our most engaged Snapchatters consistently demonstrated a preference for a 5-tab layout"
  - Have now begun testing a "refined" 5-tab interface "that combines the best of both approaches"
    - "And I think as a result, we've been seeing some more broad-based gain"

- **Spotlight now reaches 500mn+ MAUs**

- **View time is up +25% y/y** (no comp from Q4)
- **# of views on Spotlight posts < 24 hrs old doubled y/y**, “which contributes to a more engaging, timely and fresh viewer experience and accelerates the creator posting flywheel”
- **# of Spotlight posts by Snap Stars grew +125% y/y in N. Amer in Q1**

9) Booking’s Global Diversification Has Helped Navigate Some Changes In Regional Travel Plans

Given all the concern about global leisure travel with several recent negative comments out of the airline industry, as a bell weather for online travel, Booking.com’s Q1 performance was a positive surprise. While the biggest upside was from cost management, gross bookings were marginally ahead as well (though Room Night growth did slightly fall short of estimates). Thus far in Q2, the Co was emphatic about not seeing a negative impact or any signs to give them pause in terms of hitting their stated full year targets, but still lowered the bottom end of the 2025 guidance ranges given the wider possible scenarios.

It was interesting to hear about what travel trends they ARE seeing with this backdrop, which include a moderation of inbound travel to the US, particularly from bookers in Canada and to a lesser extent from bookers in Europe, and also an improvement in trends in other travel corridors, for example from Canada to Mexico. That all resulted in stable growth overall. Booking’s global diversification of room night (~50%+ Europe, ~25% Asia, and low DD US) provides some insulation on a relative basis from these individual region shifts.

In the meantime, the Co continues to invest in strategic initiatives which include increasing availability of Alternative Accommodations, enhancing their Genius loyalty offering, building towards their Connected Trip vision, and innovating further with AI. We’d also add that the Co is growing its ticket attractions at a very fast clip (+92% y/y, but off a small base). The OTAs are more cyclically exposed businesses but so far, so good as it relates to people making online travel plans, but there is a long way to go looking ahead in 2025. In the meantime, finding ways to improve the customer experience and differentiate Booking’s platform will remain a key focus and area of investment, in a disciplined way.

-> Airbnb also reported this week and Q1 results were characterized by much higher margins on the back of inline gross bookings (grew +7% y/y and decelerated from +13.5% in Q4); It was a mixed bag for Q2 guidance in that the inline revs were helped by Easter timing shift and the Co also expects higher marketing spend; Similar to Booking, the Co talked about a decline in US as a popular travel destination for foreign travelers and mgmt. also talked about the higher end travel being unaffected by macro; Airbnb is also focused on leveraging AI and launched an AI customer service agent in April; The stock closed the day flat post results.

-> Booking has been a relative outperformer in the travel sector and is up +4.7% YTD vs Airbnb -4.7% and Expedia down -13.2%; In reaction to earnings, Booking were up +3.9%

Booking Delivered Strong Headline Q1 Results, Esp On Adj EBITDA

- **Q1 headline results were generally better than anticipated w/ much higher adj EBITDA (again) as well as FCF on the back of slightly better gross bookings**
  - **Rev** was up +7.9% y/y (vs +14.4% y/y in Q4) and beat cons by +3.5%, though **gross bookings** was only +0.4% ahead of cons
  - **Adj EBITDA** incr’d +21.2% y/y (vs +26.2% y/y in Q4) and topped cons by +28.0% (follows last qtr’s +12% beat as well): Growth was “largely” due to the higher revenue plus better-than-expected adj fixed operating expenses, which decr’d to +3% y/y in Q1 (vs +9% y/y in Q4) and exceeded the Co’s expectations primarily due to lower G&A expenses that benefited from a $17mn reduction of an accrual for certain transaction taxes
  - **Adj EPS** finished +43.1% above cons
  - **FCF** was up +22.8% y/y (vs -48.6% y/y in Q4) and topped cons by +134.2%
    - Helped by changes in working capital of ~$1.9bn that was primarily driven by the seasonal increase in deferred merchant bookings balance

- **Q1 mkting expense was up +10% y/y and as a % of gross bookings was 3.8%, which was slightly higher y/y:** The Co is seeing higher performance marketing spend as a % of gross bookings, but that was “planned”; Have seen opportunities w/ lower ROIs than their avg ROIs but, “they are still positive ROIs”; “Economically, a good outcome, but mathematically, it is bringing the average ROIs slightly down”

Booking ($mn)	Q1 2025 Results		
	Actual	Cons Est	% Surp
Gross Bookings ($mn)	**$46,700**	**$46,530**	**0.4%**
Revenue ($mn)	**$4,762**	**$4,600**	**3.5%**
Adj EBITDA ($mn)	**$1,088**	**$850**	**28.0%**
Adj EBITDA Margin (%)	22.8%	18.5%	
Adj EPS	**$24.81**	**$17.34**	**43.1%**
Free Cash Flow ($mn)	**$3,162**	**$1,350**	**134.2%**
Gross Bookings By Segment ($mn)			
Merchant	$31,200	$29,730	4.9%
Agency	$15,500	$16,770	-7.6%
Revenue By Segment ($mn)			
Merchant	$2,918	$2,680	8.9%
Agency	$1,564	$1,620	-3.5%
Advertising & Other	$280	$284	-1.3%

Source: Booking Filings; FactSet Data & Analysis

LionTree

The Co is NOT Seeing Any Signs Of Impact On Their Business As Of Now, But Acknowledges That Could Change

- **Mgmt stressed that they cont'd to see stable travel demand trends for Q2 and for the remaining year 2025, but caveated that these trends could be impacted by the incr'd uncertainty in the geopolitical and macroeconomic environment**

- **However, the Co has seen some intra-qtr travel mix changes**
  - Seeing a moderation in trends for inbound travel to the US, particularly from bookers in Canada and to a lesser extent from bookers in Europe
  - Seeing an improvement in trends in other travel corridors, for example from Canada to Mexico, resulting in stable growth overall

- **Having a globally diversified business helps the Co to mitigate country specific dynamics while capturing growth opportunities elsewhere**
  - Booking's global diversification of room nights = ~50%+ Europe, ~25% Asia, and low DD US

Q2 Guidance Solidly Ahead (With Some Timing Benefits) But Room Nights Are Tracking Lower Than Anticipated

- **Q2 gross bookings growth outlook was ABOVE the Street's forecast:** Projected to increase +10-12% y/y (vs +7.2% y/y in Q1), topping cons' +7.6% y/y at the mid-pt
  - Incls a couple ppts of positive impact from higher flight ticket growth
  - FX changes are expected to positively impact reported growth rates by ~+4% y/y, partially offset by the calendar shift of Easter from March 2024 to April 2025 have a slightly negative impact

- **Q2 room nights growth outlook was LOWER than the Street anticipated:** Expected to grow +4-6% y/y (vs +7.2% y/y in Q1), falling short of cons' +6.1% at the mid-pt
  - Includes a "slight headwind" from the calendar shift of Easter into April

- **Q2 ADRs outlook = flat y/y in constant currency**

- **Q2 rev growth outlook TOPPED the Street's expectations:** Forecast to rise +10-12% % y/y (vs +7.9% y/y in Q1), which is above cons' +7.6% y/y at the mid-pt
  - Positively impacted by ~ 4% y/y from FX and ~ 3% from the shift in timing of the Easter holiday

- **Q2 adj EBITDA outlook ~INLINE:** Expected increase ~+16.0% y/y (vs + 21.2% y/y in Q1)
  - Includes ~+7ppts of positive impact from the Easter calendar shift and ~ 4% from y/y FX changes

Booking	Q2 2025 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Gross Bookings Growth (Y/Y)	11.0%	7.6%	
Room Night Growth (Y/Y)	5.0%	6.1%	
Revenue (Y/Y)	11.0%	7.6%	
Adj EBITDA ($mn)	$2,175	$2,170	0.2%

Source: Booking Filings; FactSet Data & Analysis

LionTree

Booking Reduced The Bottom End Of 2025 Guidance Given The "Range Of Possibilities Has Increased"

- **"Although we continue to see stable trends globally so far in the second quarter, we recognize that our business could be impacted by the increased uncertainty in the geopolitical and macroeconomic environment. Therefore, we are widening the range of our full year expectations for constant currency growth"**

- **FY25 gross bookings and rev are forecast to grow by ~+MSD-HSD% y/y on an ex-FX basis (vs previous "at least" +8% y/y)**
  - FX changes are expected to positively impact reported growth rates by ~+2ppts

- **FY25 adj EBITDA is anticipated to rise ~+HSD-LDD% y/y on an ex-FX basis (vs previous ~+LDD% y/y):** Implies that adj EBITDA margins will expand between +50-100bps y/y

- **FY25 adj EPS is projected to increase by low- to mid-DD on an ex-FX basis**

- **FX impact? Assuming current rates, believe that changes in FX will positively impact FY 2025 reported growth rates by about 2ppts versus the constant currency growth rates in the guidance**

Booking	FY2025 Guidance		
	Actual	Cons Est	% Surp
Gross Bookings Growth (Y/Y)	+MSD-HSD%	+MSD%	
Revenue Growth (Y/Y)	+MSD-HSD%	+MSD%	
Adj EBITDA Growth (Y/Y)	+HSD-LDD%	No Consensus Estimate	
EPS Growth (Y/Y)	low-to-mid teens	No Consensus Estimate	

Source: FactSet, StreetAccount

LionTree

Growth In Airline Was A Key Driver For Q1 Gross Bookings…Europe & Asia Led Growth In Rom Nights

- **Q1 Gross Bookings growth decelerated but still slightly topped forecasts:** Rose +7.2% y/y (vs +17.4% y/y in Q4) and closed +0.4% above cons; Growth in airline tickets was a key standout; Constant currency GB was up +10% y/y
  - **Airline tickets bookings growth remained a standout and more significantly outperformed projections:** Grew +44.8 % y/y (vs +52.3% y/y in Q4) and finished +4.7% above cons
  - **Rental car days slightly missed estimates:** Rose +7.7 % y/y in Q1 (vs +12.1% y/y in Q4) but fell -0.4% short of cons

- **Q1 ADR in CC was up +1% vs +2% in Q4**

- **Q1 Room Nights growth also decelerated but outperformed projections:** Incr'd +7.2% y/y in Q1 (vs +13.2% y/y in Q4) and beat cons by +0.5%; Benefited from incr'd accommodation choices provided to the travelers; In constant currency was up +10% y/y

- **Q1 Room Night growth was led by Europe & Asia**
  - **Europe –** Room nights rose ~+hsd% y/y (vs ~+ldd% y/y in Q4)
  - **Asia –** Room nights were up in ~+hsd% y/y (vs ~+ mid-teens% y/y in Q4)
  - **US –** Room nights grew ~+lsd% y/y (vs ~+10% y/y in Q4)
  - **RoW –** Room nights went up in ~+ ldd % y/y (vs ~+20% y/y in Q4)

Booking	Q1 2025 Results		
	Actual	Cons Est	% Surp
Key Operating Metrics			
Room Nights	319.0	317.4	0.5%
Y/Y Growth	7.2%	6.9%	
Rental Car Days	22.0	22.08	-0.4%
Y/Y Growth	7.7%	5.1%	
Airline Tickets	16.0	15.3	4.7%
Y/Y Growth	44.8%	38.9%	

Source: Booking Filings; FactSet Data & Analysis

LionTree

Posted Strong +12% y/y Growth In Alternative Accommodations (But A Decel From +19% y/y In Q4) & Saw Hyper-Growth In Attraction Tickets

- **Q1 alternative accommodation room nights growth decelerated but was still up double-digits:** Incr'd +12% y/y (vs +19% y/y in Q4 and +14% y/y in Q3) and accounted for ~37% of global room nights (an increase from ~33% in Q4)
  - **Alternative accommodation room night growth accel'd across all operating regions:** The Co has been growing alternative accommodations for the last multiple qtrs faster than traditional accommodations in all regions but haven't seen an impact on ADRs or EBITDA margins
  - **Supply increased on a qtrly basis:** Total alternative accommodation listings were up +9% y/y to 8.1mn, which is up from 7.9mn in Q4 (and up 1ppt y/y); There was growth in supply in every region
    - Total accommodation listings for Booking is 31mn for reference
  - **Booking has "outgrown the leader" in the alternative accommodations space 15 out of the last 16 qtrs:** The Co anticipates that the trend will persist into the 16th qtr as well

- **Attraction tickets incr'd 92% y/y from a modest base:** It currently represents a small portion, but can have significant potential in the future in this area

- **Also ramping the Dining Experience:** OpenTable has established a strategic partnership with Uber that will include developing integrations of their apps to offer dining reservation access and transportation options

Booking Is Making More Progress W/ The Traveler Experience But There Is Still A Lot Of Room To Go

- **Booking saw growth of repeat and new travelers in Q1 with an increase in direct bookings and mobile app mix**
  - **The Co's direct bookings mix improved:** Over the last 4 qtrs, the Co's B2C direct mix was in the mid-60% range, an increase from the low-60% range one year ago
  - **Mobile app mix also improved and helped drive the direct channel:** The mobile app mix of total Q1 room nights was in the mid-50% range vs low 50% range in 2024
    - The majority of bookings received from mobile apps came through the direct channel
  - **The direct booking channel continues to grow faster than room nights acquired through paid mkting channels**

- **Level 2 & 3 Genius members represents 30%+ of Booking's active travelers (same % as last qtr):** These members have "meaningfully higher" direct booking rates and a higher booking frequency than the rest of the Co's travelers
  - Members of the Genius loyalty program booked a ~mid-50s% of Booking.com's total room nights since last 4 qtrs and continued to increase y/y
  - The Co observes that travelers are increasingly advancing to higher Genius tiers, Levels 2 and 3

- **Strong expansion in Connected trip transactions:** Q1 connected trip transactions were up more than +35% y/y (vs over +45% y/y in Q4), comprising a ~hsd% share of the Co's total transactions

AI Remains Front & Center In Terms Of Company Initiatives But It Remains Early Days

- **Progress with gen AI:** The Co emphasized its commitment to leverage gen AI, aimed at enhancing personalization and booking efficiency, moving from conceptual discussions to tangible implementations

- Kayak.ai: The Co launched Kayak.ai which is its test lab for AI-first features
  - **Smart Filters:** The Co is testing AI features including Smart Filters that help travelers find relevant results faster, property Q&A that answers specific questions that wouldn't be addressed in a static listing, and AI Review Summaries that allow travelers to more easily sort through thousands of reviews

- **AI integration & partnerships:** The Co is working w/ leading Generative AI organizations on their agentic developments; Plans to partner w/ OpenAI's Operator agent, Microsoft's Copilot Actions tool, and Amazon's Alexa+

- **Connected Trip vision:** The Co believes that AI (like a travel vertical-specific agent) plays a central role in their Connected Trip vision where it aims to simplify the planning, booking, and travel experience, making it more personalized, seamless, and enjoyable

- **They are already seeing some of their AI offerings drive faster search, improvements in conversion, and fewer customer support contacts** (but limited detail was provided)

10) Instacart – Consumers Are Still Clicking On Grocery Delivery During These Times

On the last mile & delivery side, Instacart's Q1 report showed strong continued consumer demand despite concerns around macroeconomic uncertainty. Customer engagement remained steady across various geographies and income levels, and Instacart continues to see resilience in basket sizes, even as customers shop within their budgets, with average item prices tracking in line with inflation. While mgmt acknowledged concerns, they highlighted that they have "deep" retailer partnerships, experience navigating through other periods of uncertainty, and a strong balance sheet will help them weather a potential storm.

In terms of the quarter itself, Instacart's GTV grew by +10% y/y, hitting the top end of its guidance range, and order growth was the highest it's been in 10 years. However, AOV was slightly down y/y, in line with expectations, partly due to the new $10 minimum basket for Instacart+ members. While this change did present a headwind in Q1, the company highlighted that it's leading to higher GTV, increased order frequency, and stronger Instacart+ adoption, all while not cannibalizing larger baskets. The initiative also benefits the advertising business, as the smaller baskets often include snack and beverage items, categories that are favorable for ad sales. Speaking about advertising, Instacart has seen strength in ad trends to-date, but has also started to hear some concerns from brands. Even with that, the Co feels strongly that the ad base diversification they have been focused on for the past few years will help them "remain a leader in the space."

Looking into next qtr, in addition to Q2 GTV and profitability guidance coming in ahead of expectations, Instacart reiterated its anticipation for expanding adj. EBITDA y/y on both an absolute and % of GTV basis in 2025 as they are "we're well-positioned to navigate current macro conditions."

See below for more of what we thought was most incremental with quarterly results and the conference call.

-> Instacart jumped +13.6% after its earnings release and ended the week up +7.9%; YTD, the stock is up +9.2%

Mixed Q1 Results…Revs ~ Inline, Adj EPS Missed, And Adj EBITDA Beat

- **Total revs were ~in-line w/ cons:** Grew +9% y/y (vs +10% y/y in Q4)**,** primarily driven by GTV growth
  - **Transactions revs (~72% of total) – MISSED by -1.1%:** Grew +8% y/y (vs +10% y/y in Q4); Represented 7.1% of GTV (in-line w/ Q4)
  - **Advertising & Other revs (~28% of total) – BEAT by +2.2%:** Grew +14% y/y (vs +10% y/y in Q4), with "strong" contributions from both large and emerging brand partners; Represented 2.7% of GTV (vs 3.1% in Q4)

- **Adj EBITDA margins of 27.2% came in above expectations of 25.5%**

- **Adj. EPS of 37c was a touch below cons 38c**

- **Seq step up in buyback in Q1:** Repurchased $94mn work of shares in Q1 (up from $5mn in Q4); Have $218mn of capacity remaining

Instacart	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue ($mn)	**$897**	**$898**	**-0.1%**
Adj EBITDA ($mn)	**$244**	**$229**	**6.7%**
Adj EBITDA Margin (%)	27.2%	25.5%	
Adj EPS	**$0.37**	**$0.38**	**-2.6%**
Revenue by Segment ($mn)			
Transaction	$650	$658	-1.1%
Advertising & Other	$247	$242	2.2%
Key Operating Metrics			
Gross Transaction Value (GTV)	$9,122	$9,090	0.4%
Orders (mn)	83.2	81.1	2.6%
Average Order Value (AOV)	$110	$112	-1.8%

Source: Instacart Filings; FactSet Data & Analysis

LionTree

Q2 Guidance Beat Across The Board / No Change to Long-Term Goals Despite Current Macro Conditions

- **Q2 GTV guidance range was just above cons at the mid-point ($8.85-9bn vs cons $8.93bn)**
  - Represents 8-10% y/y growth
  - Expect Advertising & Other rev growth to "modestly" outpace anticipated GTV growth

- **Q2 adj. EBITDA guidance beat cons at the midpt by +4.3%:** $240-$250mn vs cons $234.8mn

- **Continue to expect that orders growth will outpace GTV growth in Q2**

- **Remain on track to expand adj. EBITDA y/y on both an absolute and % of GTV basis in 2025**
  - Expect Y/Y growth as a % of GTV to be primarily driven by ongoing adj. OpEx leverage

- **Reiterated expectations of a "sizable" step up in SBC in Q2 seq,** due to the timing of the annual refresh grants
  - Q1 SBC was $66mn, which was "slightly lower" than Co expected; Continue to expect Q1 to be their lowest qtr of SBC in the calendar yr

- **"Overall, we're pleased with our strong start to the year and we're well-positioned to navigate current macro conditions"**

No Pullback in Consumer Demand / Confident in Position with Consumers and Retailers to Maintain Resilience

- **"…even though macro uncertainty remains, we have not seen any unexpected changes in consumer behavior through April"**
  - **Customer engagement "remains consistent**" across geographies and income levels
  - **Demand is "robust" across use cases** – "from weekly grocery trips and stock up orders to higher frequency restaurant and fill in grocery orders"
  - **Customers are shopping everywhere** - continuing to shop at premium and discount retailers, though price parity retailers are also collectively growing faster on the marketplace
  - **Basket sizes "remain resilient"** as "customers generally shop with a budget"

- **Avg item prices on the platform continue to track in line with inflation**

- **"Deep" retailer partnerships "that go beyond surface level integrations" is another "key reason" the business "can be so resilient"**
    - Including technical partnerships that enable loyalty and promotions to inventory, accuracy and fulfillment, through their marketplace or white label storefronts, or in-store innovation like Caper Carts
    - Value is extended to customers through "better prices and selection, improving efficiency across all operations and giving us access to growing parts of the markets that no one else has tapped into like we have"

- **"Uniquely positioned to help people save money" as "cost of groceries and other goods remaining top of mind for consumers"**
    - **Continue to introduce new ways for Instacart+ members to save,** like $0 delivery fees on $10 minimum baskets, which continues to encourage more mid-week fill-in grocery orders
    - **Expanded Chase partnership to offer complimentary memberships, discounts, and monthly in-app credits** to eligible United MileagePlus, Chase Co-Brand, and Chase Ink cardmembers

- **Caveated that "we are operating in a period with lots of macro uncertainty and in particular, we know this could lead to more volatility amongst our brand partners and their advertising budgets"**

- **BUT "Instacart has proven that we can grow through uncertainty and…our operating fundamentals and balance sheet are strong**, which gives us the ability to reinvest in growth initiatives, while executing on our commitment to deliver annual-adjusted EBITDA expansion, both in absolute terms and as a percent of GTV in 2025"

Seq Accel In GTV And Record Order Growth Were Highlights In Q1 / Unlocking New Demand W/ $10 Baskets And New Offerings That Leverage Existing Shopper Network

- **Q1 GTV grew +10% y/y (in-line w/ Q4) which was at the top end of guidance (8-10%) and slightly above cons**
    - **Order growth was up +14% y/y, which was the fastest growth in 10 qtrs,** driven by increases in both order frequency and users
    - **But AOV was down -4% y/y,** which was as the Co expected, primarily driven by the addition of restaurant orders and lowered basket minimums to $10 for Instacart+ members, though it was partially offset by growth in basket sizes elsewhere

- **Q1 "perfect order fill rate" increased +15pp vs 3 yrs ago,** meaning every item was either found or replaced to the customer's satisfaction

- **New features like Store View and Second Store Check are cost-effective b/c of existing shopper footprint**
    - **Launched Store View,** an AI-powered tool that uses computer vision and videos of store shelves to better predict out-of-stocks and reduce substitutions
        - Shoppers at a nearby store waiting for an order to come can earn more by scanning aisles, improving inventory data w/ minimal incremental cost

- **Piloting Second Store Check,** where another shopper picks up the missing items from a nearby store and is meant to ensure customers get what they need even when items are unavailable
  - Shoppers frequently visit large-format stores (avg. 14 times/day), so Instacart can easily reroute nearby shoppers for real-time checks

- **Can economically execute $10 minimum basket b/c they have "a very high density of orders in every store" / Also beneficial to ads bizs**
  - Launching the $10 minimum basket actually increases order density and gives them more orders they can potentially batch, which reduces fulfillment costs
  - Also, these baskets tend to skew towards snack/beverage items, which are "categories that are also good for advertising"
  - **Are seeing "higher GTV, increased order frequency, stronger Instacart+ adoption" and have NOT seen cannibalization of large baskets**
    - **Seeing "very incremental" GTV** that's coming both from existing users, but also from new users and resurrected users
    - **Seeing increasing order frequency across all customer cohorts,** from yearly to quarterly, quarterly to monthly, and monthly to weekly
    - **Driving more midweek fill-in trips, esp in dense urban areas**, where customers are less likely to have a vehicle

Ads Biz Remains Strong, Though Some Whispers of Advertiser Caution / Broad Advertiser Base And Continued Diversification Should Help Cushion Against Macro Risks

- **While they "continue to see strength" in ad trends to-date, we unsurprisingly have started to hear concerns from brands"** regarding uncertainty around trade policies and other regulations that could impact their ability to spend on marketing
  - **BUT**
    "even though no ads platform will be immune to macroeconomic risks, our performance-driven ad model and the work we've done to diversify our advertising base over the past year helps make
    our platform more resilient and very well-positioned to remain a leader in the space"

- **Caper Carts impact to overall ads rev is still "extremely minimal" but seeing a level of engagement w/ those ads that is equal to online engagement**
  - "Gives us a lot of confidence in our ability to monetize costs well into the future"

- **Have been "very focused" on diversifying their base of advertisers / Have 7k+ brands that are onboarded**

- **"Continue to be best-in-class in both ROAS, as well as CTR, among large multi-retailer platforms"**

- **Benefiting from a "virtuous cycle" w/ Carrot Ads:** Increasing supply from expanding Carrot Ads, which drives stronger performance, and attracts more advertiser demand and get retailers more interested in working with them retailer participation
  - **Recently added Uber Eats' US grocery and retail marketplace as a new Carrot Ads partner**

- **How does the ad platform supports emerging brands that have less name recognition and resources?**
  - **"Done a lot of work to make our tools a lot more self-serve"**
    - Emerging brands have limited time and resources, so Instacart uses AI to deliver actionable insights and simplify campaign optimization
    - **Launched Universal Campaigns,** which simplifies campaign creation and uses AI to dynamically allocate a single budget across formats and placements w/o requiring addtl effort from brands
  - **New ad formats like Sponsored Recipes and Inspiration ads increase product discovery** and surface products outside the shopper's typical aisle
  - **"We are seeing all of that work and that's reflected in the strength that we continue t o have on emerging brands budgets that are really coming strong into the system"**

"Continue To See Restaurant Adoption Deepen" BUT "There Are Still Lots And Lots Of Runway To Go"

- **"On average, customers using restaurants order groceries more frequently and spend more on the grocery orders than they did prior"**
  - Effect is "particularly strong" w/ less frequent and lapse customers, "where we, obviously, have even more room to grow"
  - Also seeing higher customer engagement, esp w/ Instacart+ members
  - Seeing larger order values on restaurants, on avg, than on other restaurant platforms

- **Will not break out restaurants from grocery of biz b/c "the two are really deeply intertwined** and…we really run it as one business and that's the way we look at the business internally"
  - **But flagged that contribution to overall growth will moderate in back half of the yr**

- **So, we're feeling very good about restaurants. And as a reminder, the core hypothesis with restaurants was really that it would reinforce grocery and create a virtuous cycle. And we are certainly seeing that with a very, very strong positive impact on grocery"**

Strengthening Enterprise Strategy With Wynshop Acq

- **Acquired Wynshop, which provides e-commerce technology that powers Wakefern, Pattison, and more than a dozen other retailer storefronts in North America and abroad**
  - **Acq was a "no brainer":** "With Wynshop, we'll be able to further enhance these retailer relationships and accelerate their growth over time with solutions like Storefront Pro, Carrot Ads, and our in-store technologies"
  - **Highlighted that track record of acq has been heavily in the enterprise space** (i.e., Caper AI, FoodStorm, Rosie, Eversight) "because these acquisitions directly build on top of a really strong product suite and feed directly into our strategy"

- **Enterprise solutions are also starting to scale beyond retailers to distributors – launched Will Call,** which enables Instacart shoppers to deliver distributors' last-minute orders to business customers
  - **In combination w/ continued enhancements to Instacart's Business offering, like invoicing, can attract "even more" SMBs to purchase their products through Instacart**

Continue To Double Down On AI To Both Enhance Customer Experience And Boost Internal Operational Efficiency

- **Leveraging AI to "work smarter and move faster and further establish Instacart as a leader in AI driven development"**
  - 87% of Instacart's code was developed with AI assistance in Q1

- **Enhanced AI-driven pairings,** which suggest complementary items based on what was added to a cart
  - **Offer pairings on 75%+ of marketplace orders, and they drive higher retention among new users** who benefit most from the support in building their carts

- **Smart Shop, their new AI-powered personalization foundation,** which combines proprietary shopping data, advanced machine learning, and LLM reasoning, to make shopping "faster, easier, and more personal than ever"
  - **Introduced 30 item-level Health Tags,** like high-protein, gluten-free, low-sugar,
    - B/c 70%+ of their customers have at least one dietary preference
  - **Can also detect household-specific needs**, (i.e., shopping for kids or pets)
    - Make experiences more relevant "and create even stickier and more loyal Instacart customers"

- **Still "very early" on agent-based commerce, but "we think this is something that has a lot potential** and we want to lean into very early to make sure that we extend our lead in this market"

Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	5,687	2.9%
NASDAQ	17,978	3.4%
Dow Jones	41,317	3.0%
Gold	$3,247	(1.5%)
WTI Crude	$58.41	(7.3%)
10-Year Treasury Yield	4.31%	+4.8 bps
Bitcoin	$97,670	2.7%
Ether	$1,861	4.2%

LionTree TMT Universe Performance (~220 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	–
Hims & Hers	45.3%	Cable One Inc	(43.5%)
Trivago NV	42.9%	Block Inc	(19.9%)
Duolingo	27.4%	fuboTV Inc.	(19.9%)
Chegg Inc.	17.6%	Criteo SA	(15.6%)
Deliveroo Holdings PLC	17.4%	Liberty Global PLC	(11.4%)
EW Scripps Co/The	16.7%	Groupon Inc.	(10.4%)
Wayfair Inc.	15.1%	23andMe, Inc.	(9.3%)
Eutelsat Communications SA	14.9%	Gannett Co Inc.	(8.6%)
Lumen Technologies Inc	12.8%	Udemy Inc.	(6.8%)
Figs Inc.	11.9%	Roku Inc.	(6.3%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	–
EdTech	20.0%	Hardware/Handsets	(1.5%)
Software IT Services	10.0%	Ad Tech	(0.8%)
Satellite Communications	9.5%	Employment Marketplace	(0.5%)
Last Mile Transport/Delivery	8.1%	Entertainment Facilities/Theme Parks	0.6%
Application Software	5.6%	e-Commerce	0.6%
Telecom Infrastructure	5.4%	Space	1.4%
Online Travel	5.2%	Broadcast TV	1.8%
Digital Real Estate	4.5%	European Media	1.8%
Internet/Advertising	4.1%	Pay-TV / Broadband	2.0%
China Internet / Tech	3.8%	Sports & Sports Betting	2.4%

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- **LinkedIn has introduced BrandLink, an expansion of its Wire program, enabling brands to place video ads alongside influencer content.** BrandLink allows advertisers to align their ads with content from top creators like Steven Bartlett and Gary Vaynerchuk. Initial results show a 130% higher video completion rate and 23% higher view rate compared to standard video ads (Social Media Today)

- **Google has begun integrating AdSense ads into conversations w/ AI chatbots, following tests w/ startups like iAsk and Liner in 2024.** This move aims to boost ad rev as user behavior shifts towards AI-driven interactions. Google's parent co, Alphabet, continues to rely heavily on ad rev, which accounted for ~60% of its total sales in 2024. The new AI mode in Google Search, available to all Labs users in the US from May 2, 2025, enhances shopping and local recommendations (Bloomberg)

- **Google CEO Sundar Pichai testified in the ongoing search antitrust trial, defending the company's practices against allegations of anti-competitive behavior.** The trial, which began in Sept 2024, centers on claims that Google unfairly dominates the search mkts. Pichai argued that Google's innovations benefit consumers and that the proposed remedies would harm the biz. (Reuters)

- **PayPal annc'd the launch of programmatic ads powered by shopping data.** The Co's ad arm, PayPal Ads, will sell targeted ads to marketers using data from PayPal, Venmo, and Honey. This move aims to extend PayPal's ad biz beyond its own properties, leveraging transaction data from 30mn merchants and 400mn shoppers. Publicis Media is the first agency to test PayPal's offsite ads, which could help non-endemic advertisers reach a wider audience (Adweek)

- **US CTV advertising is forecast to grow 13% to $26.** 6bn in 2025. The increase is driven by rising demand for targeted ads and the growing popularity of streaming services. Advertisers are leveraging advanced tech to deliver personalized content, enhancing viewer engagement. The shift from traditional TV to CTV is accelerating, with more households adopting internet-connected devices. This trend is expected to continue, boosting ad spend and transforming the advertising landscape (StreamTV Insider)

- **Comcast Advertising is expanding internationally with a new Media Solutions division to streamline global media buying.** The team will sell solutions previously offered by AudienceXpress and collaborate with premium publishers in the UK, US, and Europe. FreeWheel's tech will continue supporting monetization for video publishers. (Advanced Television)

Artificial Intelligence/Machine Learning

- **Nvidia has annc'd a $500bn investment to expand AI infrastructure across the US, marking a strategic shift from reliance on Taiwan for chip production.** CEO Jensen

Huang unveiled plans to build AI supercomputer factories using advanced tech, robotics, and Omniverse digital twin tech. This move aims to meet the growing demand for powerful GPUs essential for AI systems. (TelecomTalk)

- **A federal judge is considering a pivotal question in AI copyright lawsuits involving Meta.** The case addresses whether AI-generated content infringes on copyrights when trained on copyrighted material. The decision could set a precedent for future AI copyright cases, impacting how AI models are developed and used. The judge's ruling will be closely watched by tech companies and copyright holders alike (Reuters)

- **Nvidia CEO Jensen Huang has raised concerns about Huawei's growing AI capabilities during a closed-door meeting w/ US lawmakers.** Huang discussed how restrictions on Nvidia's chips in China could make Huawei's AI chips more competitive. Nvidia's spokesperson emphasized the strategic importance of AI as national infrastructure and the need to invest in US manufacturing. (Reuters)

- **The US is considering easing restrictions on Nvidia chip sales to the UAE, as Trump plans a visit to the region.** The move aims to strengthen AI tech collaboration and address concerns about Huawei's growing AI capabilities. Discussions are ongoing, with no final decision yet. The potential easing of curbs reflects a strategic shift in US policy towards AI chip exports (Bloomberg)

- **GitHub Copilot has surpassed 15mn users, growing more than 4x year over year, and has reviewed 85mn pull requests.** Microsoft announced these stats during its recent earnings update. GitHub Copilot, an AI-powered developer tool, has evolved into a peer programming agent, boosting productivity. Companies like Twilio, Cisco, and Target use Copilot to enhance their dev lifecycle (iTWire)

- **Amazon has launched Nova Premier, its most advanced AI model, on Amazon Bedrock.** It excels at complex tasks involving deep contextual understanding, multi-step planning, and precise execution across tools and data sources. Nova Premier processes text, images, and videos but not audio. While powerful, it lags behind rivals like Google's Gemini 2.5 Pro on certain benchmarks. Amazon plans to use it to train smaller models through distillation (TechCrunch)

- **Scuderia Ferrari and IBM have teamed up to launch a new fan app featuring generative AI.** The app, available from May 1, aims to enhance the fan experience through interactive, personalized features. Built w/ IBM Watsonx, the app promises year-round engagement for Ferrari fans. The collaboration, announced in Nov. 2024, focuses on innovation and excellence, leveraging IBM's tech to bring fans closer to the racing world. The app will be available in English and Italian (PlanetF1)

- **Google CEO Sundar Pichai confirmed that Apple Intelligence will support Google's AI model, Gemini, by the end of 2025.** This integration will allow iPhone users to access Gemini's advanced capabilities through Siri, enhancing the AI experience on Apple devices. (The Verge)

- **Trump officials are considering changes to Biden's AI chip export rule, potentially removing the tiered system that limits global access to advanced semiconductors.** The current rule divides countries into three tiers, with the first tier receiving unlimited chips, while countries like China face restrictions. The proposed changes could introduce a global licensing regime, using U.S. chips as leverage in trade negotiations. Discussions are ongoing, and plans may evolve (Reuters)

- **Meta's Llama AI models have been downloaded 1. 2bn times, up from 1bn in mid-Mar.** At the inaugural LlamaCon developer conference (Apr. 29), Meta revealed thousands of developers are contributing tens of thousands of derivative models, downloaded hundreds of thousands of times monthly. Meta AI, powered by Llama models, has reached ~1bn users. Despite rapid growth, Meta faces competition from players like Alibaba's Qwen 3 (TechCrunch)

- **A study by the University of Zurich found AI bots are significantly more persuasive than humans in divisive debates on Reddit.** Bots powered by GPT4o, Claude 3.5 Sonnet, and Llama 3.1 made over 1,000 comments, pretending to be various personas. These bots achieved persuasive rates 3-6 times higher than humans. Ethical concerns arise as users were unaware they were interacting w/ bots. The study highlights AI's potential to sway opinions on social platforms (Social Media Today)

- **Microsoft CEO Satya Nadella revealed that up to 30% of the Co's code is now written by AI.** During a fireside chat w/ Meta CEO Mark Zuckerberg at LlamaCon, Nadella stated that 20%-30% of code in Microsoft's repositories is AI-generated, with significant progress in Python and less in C++. Nadella expects 95% of all code to be AI-generated by 2030. Google CEO Sundar Pichai also reported that AI generates more than 30% of Google's code (TechCrunch)

- **Alibaba unveiled Qwen-3, an advanced AI model, intensifying Chinese tech rivalry.** The Co claims Qwen-3 surpasses DeepSeek-V3 in benchmarks like code generation and general capabilities. Qwen-3 is trained on 20 trillion tokens and offers compatibility w/ OpenAI's API format. The launch follows DeepSeek's recent release of R1, which excels at problem-solving. (Reuters)

- **IBM annc'd plans to invest $150bn in America over the next five yrs to fuel the economy and accelerate its role as a global leader in computing.** This includes over $30bn in R&D to advance IBM's American manufacturing of mainframe and quantum computers. IBM's Quantum Network provides access to its quantum systems for nearly 300 Fortune 500 cos, academic institutions, national laboratories, and startups, accessed by over 600,000 active users. The investment aims to ignite new economic opportunities (The Fast Mode)

- **DeepSeek is generating significant online speculation about its upcoming R2 AI model, which is expected to launch soon.** The R2 model, developed w/ a hybrid mixture-of-experts architecture, boasts 1.2 trillion parameters and is 97.3% cheaper to build than OpenAI's GPT-4. This model aims to set new benchmarks in cost-efficiency and performance, reflecting heightened interest in DeepSeek's innovative approach amid the US-China tech rivalry (South China Morning Post)

- **Alphabet, Google's parent Co, launched its debut Euro bonds sale, aiming to raise €5bn to fund tech investments and AI projects.** The bonds include 5-yr and 10-yr maturities, w/ yields expected to attract strong investor interest. This move diversifies Alphabet's funding sources and supports its strategic growth initiatives. Analysts believe the bond sale will enhance Alphabet's financial flexibility and bolster its competitive position in the tech industry (Bloomberg)

- **Congress passed the bipartisan Take It Down Act to combat nonconsensual intimate imagery (NCII).** The bill, which passed the Senate unanimously in Feb., criminalizes the publication of NCII and mandates online platforms to remove such content within 48 hours of a victim's report. (Washington Post)

- **A Pew Research Center survey found that 50% of US adults believe AI will have a negative impact on news over the next 20 yrs, w/ 24% saying it will be very negative and 26% somewhat negative.** Only 10% foresee a positive impact. The survey also revealed that 59% think AI will lead to fewer journalism jobs, while 5% expect more jobs. The study highlights concerns about AI's role in the news industry and its potential to disrupt traditional journalism (Pew Research Center)

- **OpenAI has updated ChatGPT search to enhance online shopping.** Users can now receive product recommendations, images, reviews, and direct purchase links. This feature, available globally, aims to compete with Google by offering a personalized shopping experience. OpenAI ensures ad-free results based on structured metadata. Future updates will integrate memory features for personalized recommendations. ChatGPT search is also now available on WhatsApp (TechCrunch)

Audio/Music/Podcast

- **Spotify has submitted an app update to Apple, including an external link for purchases in the US.** This follows a court ruling that Apple violated an order requiring it to allow greater competition for app downloads. Spotify's update aims to comply w/ the ruling, which prohibits Apple from levying new commissions on off-app purchases. The move is part of Spotify's ongoing efforts to challenge Apple's App Store policies (US News)

- **Spotify plans to raise subscription prices in dozens of countries outside the US this summer.** The price hikes will affect mkts across Europe and Latin America, starting as early as Jun. The move comes amid slowing subscriber gains in the US and aims to boost rev in other regions. Spotify has already increased prices in the Netherlands and Luxembourg. (Digital Music News)

- **Spotify plans to invest $100mn to support creators in podcast and video content.** This initiative aims to boost engagement and diversify its offerings beyond music streaming. The funds will be allocated to help creators produce high-quality content and expand their reach. (New York Times)

Broadcast/Cable Networks

- **Fox News continues to dominate cable news, significantly outperforming CNN and MSNBC.** Recent Adweek data shows CNN's primetime ratings have dropped below 500,000 viewers, with under 100,000 in the Adults 25-54 demographic. MSNBC, while better, still trails Fox News. Fox's top programs, including Jesse Watters Primetime and The Five, consistently draw millions of viewers. CNN's decline raises concerns about its relevance, while MSNBC faces challenges maintaining viewership (Cord Cutters News)

Cable/Pay-TV/Wireless

- **Ofcom has published its latest figures for complaints about the UK's major telecoms and pay-TV providers, covering Oct-Dec 2024.** EE and Virgin Media led in pay-TV complaints, with issues mainly related to changing providers and billing. NOW Broadband and TalkTalk were the most complained-about broadband providers, while Plusnet and Sky had the fewest complaints. O2 topped mobile complaints, driven by complaint handling issues (Advanced Television)

- **America Movil, controlled by Carlos Slim's family, reported a 39% jump in first-quarter profit, driven by strong performance in Brazil and Colombia.** The Co's net profit rose to $1.2bn, w/ rev increasing by 12% to $11.5bn. The Co added 3mn mobile subscribers and 500,000 broadband clients. America Movil plans to continue expanding its 5G network across Latin America, focusing on Mexico, Brazil, and Colombia (Reuters)

- **SK Telecom's shares dropped sharply following a significant data breach caused by a cyberattack.** The Co's svs were disrupted, impacting customer trust and leading to a decline in mkts value. The breach exposed sensitive customer data, prompting an investigation and increased security measures. (Reuters)

- **US mobile providers like T-Mobile, AT&T, and Verizon have aggressively rolled out 5G home internet (FWA) over the past yr, reaching 12% penetration.** Horowitz's report shows

56% of non-FWA subscribers are likely to consider the service. Satisfaction is high, w/ 76% rating speed and 83% rating reliability positively. Subscription rates are higher among 18-34 yr-olds (18%) compared to older groups. (Advanced Television)

- **Reliance Jio, India's largest telecom operator, achieved a milestone of 191mn 5G subscribers at the end of Q4 FY25.** The 5G subscriber base is expected to cross 200mn in Q1 FY26. Jio's data traffic rose 19.6% due to the growing 5G user base, w/ per user monthly data consumption reaching 33.6GB. Despite a slight slowdown in ARPU growth post-tariff hikes, Jio's customer churn rate remains low at 1.8%, indicating strong customer retention (TelecomTalk)

Cloud/DataCenters/IT Infrastructure

- **The global data center mkt continues to expand rapidly, driven by the increasing demand for cloud svs and AI tech.** Dominion Energy reports that the US, the world's largest data center mkt, shows no signs of slowing down. The growth is fueled by investments in infrastructure to support AI and cloud computing. Dominion is investing heavily in renewable energy to power these data centers sustainably, aiming to meet the rising energy demands while reducing carbon emissions (NBC News)

- **TikTok plans to invest €1bn to build its first data centre in Finland, aiming to move data storage for European users to the continent.** This investment is part of TikTok's broader strategy to enhance data security and comply w/ European regulations. The new data centre will support TikTok's growing user base in Europe and improve data handling efficiency. (Reuters)

- **Microsoft has halted new data center construction due to rising costs and supply chain issues.** The freeze impacts AI infrastructure expansion, delaying projects and affecting rev forecasts. Microsoft aims to resume construction by Q3 2025, contingent on improved mkts conditions. The Co is focusing on optimizing existing facilities and enhancing tech efficiency. This strategic pause is expected to save ~$1bn in operational costs (SemiAnalysis)

Crypto/Blockchain/web3/NFTs

- **Ripple has reportedly offered to buy stablecoin rival Circle, aiming to expand its presence in the crypto mkts.** The deal, if successful, would mark a significant consolidation in the stablecoin sector, potentially enhancing Ripple's svs and tech capabilities. Circle, known for its USDC stablecoin, has been a key player in the industry. This acquisition could bolster Ripple's position in the digital currency space, aligning w/ its broader strategic goals (Bloomberg Tax)

- **President Trump's embrace of digital currencies has spurred numerous crypto deals, w/ cos capitalizing on lighter US regulation and growing mainstream interest.** This week saw the debut of Twenty One Capital, a new bitcoin co planning to go public through a $3.6bn merger w/ a SPAC led by Brandon Lutnick. Ripple agreed to acquire Hidden Road for $1.25bn, and Kraken struck a $1.5bn deal for NinjaTrader. Crypto firms have struck 88 deals totaling $8.2bn this yr, nearly triple the transaction value from 2024 (Wall Street Journal)

Cybersecurity/Security

- **The FBI has warned that China is using AI to enhance cyberattacks on US infrastructure.** Chinese state-backed groups are leveraging AI at every stage of their operations, targeting sectors like telecommunications, energy, and water. Recent incidents include the Volt Typhoon group creating a botnet from outdated routers and Salt Typhoon breaching US telecom companies. These attacks often exploit unpatched vulnerabilities, operating stealthily once inside systems (TechSpot)

- **DDoS attacks have surged 358% year-over-year, w/ 20. 5mn attacks thwarted in Q1 2025.** Cloudflare reported 6.6mn attacks targeted its infrastructure. Gaming servers, including titles like Counter-Strike: GO and Team Fortress 2, were the most popular targets. The largest attack was 5.8Tbps on Apr. 24. DDoS attacks flood services w/ requests, making them unavailable. Past targets include Spotify, GitHub, and Microsoft services (PCWorld)

- **Britain's M&S has reported a cyber attack affecting food availability in some stores.** The attack disrupted supply chain systems, leading to shortages of fresh produce and packaged goods. M&S is working w/ cybersecurity experts to resolve the issue and restore normal operations. Customers have been advised to check online for updates on product availability. The Co is also enhancing its cybersecurity measures to prevent future incidents (Reuters)

- **Meta unveiled "Private Processing" tech at its generative AI conference, enabling WhatsApp users to leverage AI capabilities while maintaining privacy.** This tech allows AI to summarize unread messages and refine them without compromising end-to-end encryption. Built on a Trusted Execution Environment, it ensures only users and their contacts can access messages. Meta plans to allow security audits and include this tech in its bug bounty program to address potential security concerns (Wired)

eCommerce/Social Commerce/Retail

- **Temu is shifting its biz model to focus on local fulfillment to avoid tariffs imposed by the Trump administration.** The company is promoting "local" items on its app, which can be shipped from US-based warehouses, allowing it to bypass customs fees. This strategy aims to keep prices low and improve shipping times. Temu has partnered w/ numerous US sellers, and nearly 20% of customer orders are now fulfilled by domestic merchants. (Wired)

- **EBay exceeded quarterly rev estimates, driven by strong demand for refurbished goods and auto parts.** The Co reported adj rev of $2.57bn for Q1, surpassing analysts' expectations of $2.51bn. Gross merchandise volume rose 1% to $18.4bn. Despite the positive results, eBay's forecast for the next quarter fell short of market expectations, indicating potential challenges ahead. The Co continues to focus on specialized categories to maintain its competitive edge (Reuters)

- **Online retailers in the US spent an average of $403,000 on AI last yr, according to a survey by Storyblok.** The survey of 300 large and mid-sized e-commerce cos found that 97% reported a good return on investment. Common AI uses included customer service (61%), marketing analysis (60%), and content creation (40%). Despite the investment, 30% of execs said AI only slightly improved the customer experience (Yahoo Finance)

- **Amazon has teased a July Prime Day amid a consumer environment shaken by President Trump's tariff policies.** The event promises "best deals of the summer" w/ deep discounts across 35 categories, including electronics, beauty, and apparel. (Retail Dive)

- **President Trump called Amazon founder Jeff Bezos about reports that Amazon might display US tariff costs next to product prices.** Trump viewed this as a hostile political act. Amazon clarified that this move was never considered or implemented. Despite tensions, Trump and Bezos have grown closer, with frequent meetings and calls (CNN)

- **Shein is considering restructuring its US operations due to tariff risks that could impact its planned London IPO, according to the Financial Times.** The fast fashion retailer faces challenges from US tariffs on Chinese imports, which may jeopardize its listing. The Co is exploring ways to mitigate these risks and ensure a successful IPO (U.S. News & World Report)

- **OpenAI annc'd new shopping features for ChatGPT, allowing users to search for products and purchase them through merchant websites.** The system provides recommendations based on user preferences and product reviews from various sources. Unlike Google Shopping, ChatGPT's product results are not sponsored. (Wired)

- **Some Amazon sellers are withdrawing from Prime Day due to tariffs imposed by President Trump.** The tariffs have increased costs for sellers, making participation less profitable. Sellers are concerned about the impact on their margins and are opting out to avoid potential losses. Analysts predict this could affect Prime Day sales and overall market sentiment. (Reuters)

- **Amazon is demanding discounts from suppliers to offset the impact of tariffs imposed by President Trump.** The tariffs have increased costs for Amazon, prompting the Co to seek price reductions to maintain profitability. Suppliers are facing pressure to comply, as Amazon's purchasing power is significant. This move highlights the broader challenges retailers face amid changing trade policies and economic uncertainty (Invezz)

- **Retailers are responding to tariff turbulence w/ steep price hikes to maintain profitability.** The new tariffs have led to increased costs, prompting cos to adjust prices significantly. Retailers are leveraging their pricing power to pass on these costs to consumers, aiming to balance competitiveness and profitability. (Inside Retail Asia)

- **Shein has hiked US prices by up to 37. 7% ahead of impending tariff increases.** The fast-fashion retailer's move aims to offset the impact of new tariffs on imports from China. Shein's price adjustments are part of a broader strategy to maintain profitability amid rising costs. The company is leveraging its pricing power to pass on these costs to consumers, ensuring its competitive edge in the market. (Bloomberg)

- **US shoppers are facing higher prices on Temu due to new Trump tariffs, which have doubled the cost of some items.** The tariffs target Chinese e-commerce retailers, aiming to close loopholes that allowed them to avoid tariffs on small packages. Temu, known for its steep discounts, has seen significant price increases as a result. (Bloomberg)

- **Chinese factories are pausing production and seeking new mkts as US tariffs impact their operations.** The tariffs have led to lost orders, job cuts, and production halts, particularly in key export hubs like Yiwu and Dongguan. Some companies are turning to livestreaming to sell products domestically. The tariffs, which have reached 145%, are causing significant disruptions, with 10mn to 20mn workers affected. (CNBC)

EdTech

- **Duolingo has more than doubled its course offerings under its AI-first strategy, sparking mixed reactions.** The Co's AI-driven courses focus on personalized learning, but critics worry AI reliance may affect education quality. (Bloomberg)

- **Google has launched AI tools for practicing languages through personalized lessons.** The new feature, integrated into Google Search, offers tailored language exercises based on user proficiency and interests. It includes interactive dialogues, vocabulary building, and grammar correction. The AI adapts to individual learning styles, providing real-time feedback and progress tracking. (TechCrunch)

- **Duolingo has pivoted to AI for content generation, leading to the offboarding of 10% of its contractors.** The Co claims no official layoffs occurred, as contracts were not renewed. Remaining translators now oversee AI-generated content. This shift has sparked backlash among employees and users, highlighting concerns over job security. Duolingo's investment in generative AI aims to enhance productivity and expand course offerings, but raises questions about the future of human-led translation (Tech.co)

Electric & Autonomous Vehicles

- **Uber has annc'd a partnership w/ May Mobility to deploy thousands of self-driving vehicles on its ride-hailing platform across US cities, starting w/ Arlington, Texas, by late 2025.** This collaboration aims to enhance Uber's position in the robotaxi mkts, competing w/ Lyft and Tesla. May Mobility's robotaxis will initially operate w/ safety drivers before transitioning to fully autonomous operations. (USA Today)

- **Aurora has annc'd that its first fully self-driving truck has begun hauling freight on public roads in Texas.** The truck, equipped w/ Aurora Driver tech, has already traveled 1,200 miles (~1,900 km) between Dallas and Houston. This milestone marks a significant step in autonomous trucking, addressing industry challenges like driver shortages and high turnover. (The Verge)

- **Tesla's board has initiated a search for a new CEO to succeed Elon Musk, reaching out to executive search firms about a month ago.** This move follows Musk's heavy involvement with the Trump administration, which has sparked investor criticism and led to protests and vandalism at Tesla's showrooms and charging stations. Musk has pledged to reduce his time devoted to government work and focus more on Tesla, but it is unclear if he is aware of the succession planning efforts (Reuters)

- **Waymo and Toyota annc'd a strategic partnership to integrate self-driving tech into personal vehicles.** The collaboration aims to leverage Waymo's autonomous driving capabilities and Toyota's vehicle expertise to enhance next-gen personally owned vehicles. The partnership may also see Toyota's vehicles incorporated into Waymo's ride-hailing fleet. This move follows Waymo's previous partnerships w/ automakers like Jaguar Land Rover and Hyundai (CNBC)

- **President Trump signed an executive order to ease some auto tariffs.** The order aims to reduce the overall tariff level on vehicle imports by preventing separate levies from stacking. While the 25% tariff on imported vehicles remains, the new measures offer partial reimbursements on parts-related levies for vehicles assembled in the U.S. for two years. This move is intended to support automakers during the transition and encourage domestic production (CNBC)

- **President Trump plans to reduce the impact of auto tariffs, aiming to mitigate the economic strain on consumers and the auto industry.** The administration is considering exemptions for certain auto parts and vehicles to lower costs. Officials believe this approach will balance protecting domestic manufacturing w/ minimizing price hikes for consumers. (Reuters)

- **Pony.** ai's CTO stated that the Co is on a faster track to profitability after implementing significant cost cuts. The Co reduced operational expenses by 30%, focusing on streamlining its tech and production processes. These measures have improved efficiency and reduced the time to market for new robotaxi models. Pony.ai aims to expand its fleet and enhance its autonomous driving capabilities, positioning itself as a leader in the competitive robotaxi mkts. (WSJ)

Film/Studio/Content/IP/Talent

- **MoviePass has annc'd the beta launch of Mogul, a daily fantasy entertainment platform for Hollywood.** Mogul allows users to act as studio heads, selecting actors for their leagues w/ a budget and studio credits. Players participate in fantasy-style tournaments, one-on-one competitions, and solo challenges, predicting outcomes like audience turnout and critic ratings. Built on Sui blockchain, Mogul offers digital collectibles and rewards. Over 400,000 people have joined the early-access waitlist (TechCrunch)

FinTech/InsurTech/Payments

- **Block (formerly Square) reported Q1 2025 earnings, missing rev expectations.** The company posted $5.77bn in rev, below the anticipated $6.2bn, leading to a 17% drop in stock price. Gross profit rose 9% YoY to $2.29bn but fell short of the $2.32bn forecast. Gross payment volume was $56.8bn, missing the $58bn estimate. Block adjusted its full-year guidance, citing macroeconomic uncertainty, and expects gross profit growth of 9.5% in Q2, low double digits in Q3, and mid-teens in Q4 (CNBC)

- **Mastercard's Q1 profit rose to $3. 3bn ($3.59/share) from $3bn ($3.22/share) due to resilient consumer spending despite economic uncertainty.** Net rev increased 17% to $7.3bn. Cross-border volume jumped 15%. Mastercard's value-added svs biz, now over a third of its rev, grew 18%. CEO Michael Miebach highlighted the Co's diversified, resilient biz model. Shares rose ~1% pre-market. (Reuters)

- **Robinhood exceeded earnings estimates amid mkts volatility, despite a slowdown in crypto trading.** The Co reported adj rev of $450mn for Q1, surpassing analyst expectations of $420mn. Robinhood's stock trading svs saw increased activity, driven by heightened mkts fluctuations. The Co's crypto rev declined by 15% compared to the previous quarter, reflecting broader trends in the digital currency mkts. (Bloomberg)

- **Visa has launched Visa Intelligent Commerce to adapt its payment network for AI-driven shopping.** The initiative features AI-ready credit cards with tokenized digital credentials, AI-powered personalization, and AI-enabled payments. Visa is partnering with AI leaders like Anthropic, IBM, Microsoft, and OpenAI to enhance shopping experiences. The program promises secure, seamless transactions, allowing AI agents to browse, select, purchase, and manage on behalf of users (ZDNet)

- **Google Wallet is expanding its digital ID features to more US states and the UK.** Residents in Arkansas, Montana, Puerto Rico, and West Virginia will soon be able to add their government-issued IDs to Google Wallet. This feature is already available in Arizona, California, Colorado, Georgia, Maryland, and New Mexico. UK residents will also be able to use digital IDs for Railcard eligibility. Google Wallet's digital IDs can be used at TSA checkpoints, DMVs, and online services like Amazon and Uber (Lifehacker)

- **Visa's earnings exceeded Wall Street estimates, driven by strong spending on its network.** The Co reported net rev of $9.5bn, up 10% from the prior yr, and adj EPS of $2.75, beating analyst predictions. Payments volume increased by 9%, and processed transactions grew by 11%. Visa's CEO highlighted healthy holiday spending and improving trends in payments volume, cross-border volume, and processed transactions. (Bloomberg)

- **PayPal's profit gauge exceeded Wall Street estimates, signaling successful turnaround efforts.** The Co reported adj EPS of $1.37, surpassing the forecast of $1.32, and rev of $7.04bn, up 8% from the prior yr. CEO Alex Chriss highlighted strong performance in branded checkout and merchant svs, contributing to the positive results. PayPal's focus on profitable growth and strategic partnerships, including one w/ X, played a key role in achieving these outcomes (Bloomberg)

- **Mastercard has introduced Agentic Tokens, enhancing tokenization capabilities for global commerce solutions like mobile contactless payments, secure card-on-file, and programmable payments.** Mastercard will collaborate w/ Microsoft and other AI platforms to scale agentic commerce. Additionally, Mastercard will work w/ acquirers and checkout players like Braintree and Checkout.com to improve tokenization for safe, transparent payments. For banks, tokenized payment credentials will be integrated across agentic commerce platforms, ensuring enhanced visibility, security, and control (Street Account)

- **A Lending Tree survey found 25% of buy now, pay later users are funding grocery purchases w/ the loans, up from 14% in 2024.** The survey, conducted Apr. 2-3, revealed 41% of respondents made a late payment on a BNPL loan in the past yr. Inflation, high interest rates, and economic uncertainty are driving consumers to extend their budgets. BNPL loans, which often don't charge interest, can lead to high fees if paid late. 60% of users have multiple loans at once. (NBC News)

Last Mile Transportation/Delivery

- **Amazon is investing $4bn to expand its rural delivery network, focusing on small towns across the U. S.** This investment aims to enhance delivery speeds and create over 100,000 new jobs through various full-time, part-time, and flexible positions. The expansion will add more than 200 delivery stations, enabling Amazon to deliver over a billion more packages annually to customers in ~13,000 zip codes. (Amazon)

- **UPS plans to cut ~20,000 positions in 2025 as it reduces Amazon volume by half.** The Co will close 73 facilities by Jun. end, part of its largest network reconfiguration. UPS aims to save $3.5bn in 2025, w/ $500mn saved in Q1. The Co's Network of the Future initiative consolidates its operational footprint. UPS expects further Amazon volume drops in Q2-Q4, focusing on more profitable packages. The Co is working w/ customers to adjust operating plans due to closures (Supply Chain Dive)

- **Grab Holdings beat Wall Street expectations for first-quarter rev, driven by strong spending on its ride-hailing and food delivery platform despite economic uncertainty.** The Co reported rev of $764mn, surpassing the analyst estimate of $757.6mn. Mobility segment rev grew by 11%, while deliveries rev increased by 9%. CEO Anthony Tan highlighted the Co's focus on expanding its subscriber base and enhancing svs to drive growth (Reuters)

- **Alibaba has introduced a new rapid-delivery feature called "Instant Commerce" on its Taobao platform, aiming to capture a larger share of China's on-demand delivery mkts.** The service, which allows customers to receive products like food, apparel, and footwear in less than an hour, was launched on Apr 30 across dozens of Chinese cities. This move comes as Alibaba faces stiff competition from JD.com and Meituan in the ultra-fast delivery sector (Morningstar)

- **Engine Capital LP, which owns ~1% of Lyft's common shares, released a presentation detailing the need for governance and capital allocation enhancements at Lyft.** Engine seeks to elect Alan L. Bazaar and Daniel B. Silvers to the board. Highlights include: entrenched directors rejecting Engine's candidates, lack of public company experience among current directors, unoptimized capital structure w/ $831M net cash, and governance issues like dual-class share structure and staggered elections. Engine recommends a $750M accelerated share repurchase program and other strategic changes (Street Account)

- **DoorDash has made a $3. 6bn acquisition proposal for Deliveroo, aiming to increase its presence in European mkts.** The offer, revealed by Deliveroo on Friday (Apr. 25), includes 180 pence per share, totaling 2.7bn pounds. DoorDash's shares rose 0.7% in after-market trading. Deliveroo's stock has dropped ~50% since its 2021 listing. Analysts see the deal as growth dilutive but an entry into competitive mkts. DoorDash will need to make a formal offer by May 23 (Investing.com)

Macro Updates

- **US firms added 62,000 jobs in Apr, according to ADP data, reflecting a steady recovery in the labor mkts.** The increase was driven by gains in the svs sector, particularly in leisure and hospitality, which added 30,000 jobs. Manufacturing and construction also saw modest growth. Despite the positive trend, wage growth remained subdued, indicating that employers are cautious about raising pay amid economic uncertainties. The data suggests a mixed outlook for the labor mkts in the coming months (Bloomberg)

- **Consumer confidence plunged in Apr. , with future expectations hitting a 13-yr low.** The Conference Board's Expectations Index fell to 54.4, driven by inflation and recession fears.

The Consumer Confidence Index dropped to 86, marking a five-month decline. Pessimism about future biz conditions, employment, and income surged. The proportion of consumers expecting fewer jobs rose to 32.1%, while those anticipating income declines increased to 18.2%. Spending intentions also faltered (Chain Store Age)

- **China's manufacturing activity weakened more than expected in Apr, as indicated by the latest PMI data.** The official manufacturing PMI fell to 49.2, below the 50-point mark that separates growth from contraction, and down from 51.9 in Mar. This decline was driven by reduced demand and slowing production. The non-manufacturing PMI also dropped to 56.4 from 58.2 in Mar, reflecting slower growth in the svs sector. (Wall Street Journal)

Media Conglomerates

- **France's Banijay is exploring a takeover bid for the UK's ITV, according to sources familiar w/ the matter.** Banijay, backed by Vivendi, aims to expand its footprint in the UK mkts. The potential acquisition could create a media powerhouse, combining Banijay's production capabilities w/ ITV's broadcasting svs. Discussions are ongoing, and no formal offer has been made yet. This move aligns w/ Banijay's strategy to grow its rev and market share in Europe (Reuters)

Metaverse/AR & VR

- **Meta has updated the privacy policy for its Ray-Ban Meta glasses, giving the Co more control over user data for AI training.** The glasses will now store voice recordings for up to a year, triggered by the "Hey Meta" wake word. Users must manually delete recordings if they don't want their data used for AI training. This change has raised privacy concerns, as it allows Meta to analyze photos, videos, and voice data to improve its AI models (The Verge)

Regulatory

- **China has created a list of US-made products exempt from its 125% tariffs, quietly notifying cos about the policy.** The list includes select pharmaceuticals, microchips, and aircraft engines. Firms are asked to identify critical goods they need levy-free. The whitelist approach allows Beijing to maintain public messaging while providing concessions. The list is not publicly shared, but cos are privately contacted by authorities (Yahoo Finance)

- **China has denied any ongoing tariff negotiations with the US, despite claims by President Trump and his aides.** Chinese officials reiterated that no talks are underway to resolve the trade war, contradicting Trump's statements. Treasury Secretary Scott Bessent emphasized that the U.S. is better positioned to win the trade war, but American businesses are concerned about higher prices and product shortages. The situation remains tense, with both sides holding firm on their positions (CNBC)

Satellite/Space

- **Starlink is in talks w/ Indian telecom firms like Nelco, BSNL, Hughes Communications, and Vodafone Idea to establish local partnerships for satellite internet services.** The cos plan to set up ground gateways in Mumbai, Pune, and Indore. Starlink's satellite capacity is ~80-90x greater than competitors. Regulatory approvals are in progress, w/ key licensing conditions agreed upon. (TelecomTalk)

- **Amazon launched its first Kuiper internet satellites, marking a significant step in its competition w/ SpaceX's Starlink.** The Co aims to deploy a constellation of over 3,200 satellites to provide global internet coverage. The initial launch, conducted by United Launch Alliance, is part of Amazon's broader strategy to offer fast, affordable broadband to underserved areas. (Reuters)

- **The US FCC voted to review decades-old spectrum sharing rules to enhance space-based telecom.** The review aims to allow greater use of spectrum for space activities, addressing outdated power limits that degrade signal quality and coverage. SpaceX and Amazon's Project Kuiper support the changes, seeking improved satellite broadband. The FCC's review will consider alternative sharing frameworks to boost efficiency and innovation in satellite tech (Yahoo)

Social/Digital Media

- **Meta, Spotify, Garmin, Match Group, and others have formed the Coalition for a Competitive Mobile Experience to challenge the app store duopoly of Apple and Google.** The coalition aims to push for platform fairness, starting with age verification reform, advocating that app stores, not individual developers, should handle user age confirmation. The group also supports antitrust cases against Apple and Google, seeking to end preferential treatment of first-party products and restrictive policies (TechSpot)

- **Pinterest has launched AI-generated content labels after months of testing to improve transparency.** Users will see an "AI modified" label on image Pins, detected through metadata and classifiers. An appeals system is available for incorrect labeling, and users can choose to see fewer AI-generated Pins in certain categories (Social Media Today)

- **The U. S. digital economy has surged to $4.9 trillion, doubling since 2020, now making up 18% of GDP.** It supports 28.4 million jobs, with internet-related jobs growing 12x faster than the overall labor market. Digital jobs exist in all 435 congressional districts, and over 1.5 million Americans work full-time as digital creators—7.5x growth since 2020. (Cynopsis)

- **Elon Musk's X (formerly Twitter) has lost ~11mn users in the EU over the past 5 months, dropping from 105.** 9mn to 94.8mn monthly active users. The decline is attributed to stringent

EU tech regulations under the Digital Services Act, which mandates transparency reports. France saw the largest drop, losing 2.7mn users, followed by Poland, Germany, and Spain. (Mashable)

- **TikTok has published its 2025 Fashion Playbook for brands, offering insights into key fashion trends, communities, and ad tips.** The guide emphasizes smaller creators who can gain traction on TikTok, helping them tap into expanded opportunities. It includes a step-by-step overview of TikTok promotions, detailed notes on various ad types, and a media planning guide. Additionally, it provides tips on using TikTok's Creative Center tools to tap into trends effectively (Social Media Today)

- **TikTok is set to enter Japan's e-commerce mkts, leveraging its vast user base to drive sales.** The move aims to capitalize on the growing popularity of social commerce in Japan. TikTok plans to offer a range of svs, including live-stream shopping and in-app purchases, to enhance user engagement and boost rev. (Reuters)

- **Instagram Edits, Meta's new video creation app, achieved 7.** 1mn downloads in its first week, surpassing CapCut's launch. The app, which helps users craft videos for Instagram reels, stories, and other social posts, was downloaded 702,900 times on iOS in its first two days. By Thursday (Apr. 24), it had 1.2mn iOS downloads and 5.9mn on Android. Edits' rapid adoption highlights Meta's network effects, though it still trails CapCut's 1.22bn total downloads (TechCrunch)

Software

- **A US judge ruled that Apple violated an order to reform its App Store policies, which were deemed anti-competitive.** The ruling follows a lawsuit by Epic Games, alleging that Apple's policies stifled competition and harmed developers. The judge criticized Apple for failing to comply w/ the mandated changes, which were intended to create a fairer mkts environment. Apple faces potential penalties and further legal scrutiny as a result of this ruling (Reuters)

- **Google Play has seen a dramatic 47% drop in available apps since the start of 2024, decreasing from 3. 4mn to 1.8mn apps.** This decline is attributed to stricter quality standards, expanded human reviews, and increased enforcement against low-quality and deceptive apps. In Jul. 2024, Google raised minimum quality requirements, banning apps w/ limited functionality and content. The Co also implemented stronger privacy policies and improved developer tools, preventing 2.36mn policy-violating apps from being published (TechCrunch)

Sports/Sports Betting

- **Liberty Media faces rising speculation over a potential sale of Formula One (F1), which it acquired in 2017.** Recent corporate changes, including spinning off MLB's Braves and creating Liberty Live, have fueled rumors. A report by The Times suggests an F1 sale process may begin next yr, driven by F1's impressive growth and popularity from the Drive to Survive series. Despite speculation, F1 remains financially strong, w/ 2024 rev up 14% to $3.65bn and global race attendance up 9% to 6.5mn (Front Office Sports)

- **Local NBA viewership declined by 9% in the 2024-2025 season, driven by underperformance of large-market teams like the Chicago Bulls and Philadelphia 76ers, which saw viewership drops of 58% and 41%, respectively.** Smaller-market teams like the Cleveland Cavaliers and Portland Trail Blazers saw increases, but not enough to offset the overall decline. Streaming viewership, however, rose by 30%, with viewers watching 30 minutes longer than on traditional TV (Awful Announcing)

- **Australia has decided to abandon stricter gambling regulations, benefiting major betting companies like Flutter Entertainment and Entain.** The decision follows intense lobbying by the industry, which argued that the proposed rules would harm business and reduce tax revenues. The move is expected to boost the betting market, with companies anticipating increased customer engagement and revenue growth. Critics, however, warn of potential social impacts, including increased gambling addiction (Bloomberg)

- **Sky Sports, in partnership w/ Gemba, published a study on women's sport fandom.** The research reveals that 80% of UK sports fans are passionate about both men's and women's sports, rising to 85% among under-35s. Fans of both genders' sports are more commercially valuable, w/ higher average income and more time spent on sports content. Closing the commitment gap between men's and women's sports fans is key to unlocking growth. Fans value the technical skill, relatability, and inclusivity of women's sports (Advanced Television)

- **London mayor Sadiq Khan supports the city's bid to host the 2040 Olympic Games, aiming to make London the first city to host the Games four times.** A report found that six major sports events in London last yr, including the UEFA Champions League final, generated £230mn for the city. Khan believes this economic impact should drive the ambition to make London the sporting capital of the world. The bid also includes hosting the World Athletics Championships in 2029 (SportsPro)

- **The NFL plans to schedule three games on Christmas Day annually, starting this yr, regardless of the day it falls on.** This decision aims to capitalize on the holiday's high viewership potential, challenging the NBA's traditional Christmas Day games. Last yr, the NFL's Christmas games averaged 24mn viewers, significantly higher than the NBA's top game. The first round of the NFL Draft also drew 13.6mn viewers, the second-highest on record, showcasing the league's dominance in US sports (SportsPro)

- **The 2025 NFL Draft's second day saw the second-highest viewership on record, with a 40% year-over-year rise.** The first round averaged 13.6mn viewers across ESPN and NFL Network TV and digital streams, making it the second-highest ever. Friday (Apr. 25) saw 7.3mn avg. viewers across ESPN2, NFL Network, and ABC. The high viewership was partly driven by interest in where Colorado QB Shedeur Sanders would be drafted. (Awful Announcing)

Tech Hardware

- **2025 is set to be the year humanoid robots transition from labs to factory floors.** Companies like Boston Dynamics and Tesla are leading this shift. Boston Dynamics' Atlas robot, acquired by Hyundai, is designed to perform tasks that are challenging for humans, such as lifting heavy objects. Tesla's Optimus, despite initial concerns about its autonomy, is also part of this movement. (Wired)

- **The worldwide smartphone mkt grew +1% y/y in Q1 2025, per Canalys.** Samsung led w/ a 20% mkt share, followed by Apple at 18%. Xiaomi, OPPO, and Vivo rounded out the top five. The modest growth was due to macroeconomic headwinds, cautious consumer sentiment, and delayed channel inventory digestion. Canalys noted that the premium segment saw strong demand, driven by flagship launches (Canalys)

- **Samsung Electronics reported a slight rise in Q1 operating profit, driven by strong sales of smartphones and commodity chips.** The Co's operating profit reached KRW 6.7tn ($4.68bn), up 1.2% from the previous yr. Rev increased by 10% to KRW 79.1tn, supported by robust demand for Galaxy S25 smartphones and high-value-added products. Despite challenges in the AI chip biz, the Co's memory biz saw growth due to expanded server DRAM sales and NAND demand (Reuters)

- **Huawei plans to test its latest Ascend AI chip, the Ascend 910D, aiming to rival Nvidia's H100.** The Co is reaching out to Chinese firms for testing partners, hoping the chip will fill a void left by US export controls. The Ascend 910D is designed to be more powerful than Nvidia's H100, widely used for AI training. This development follows recent US restrictions on AI chip exports to China. (TechCrunch)

- **Apple is continuing to develop its own pair of smart glasses, codenamed N50, which will integrate AI tech.** The glasses aim to analyze the surrounding environment and provide information to the wearer, stopping short of true augmented reality. Apple plans to follow a similar approach to Meta's Ray-Ban collaboration, incorporating cameras, microphones, AI assistants, and speakers. The product is expected to launch around 2027 (9to5Mac)

Towers/Fiber

- **American Tower reported a small rise in Q1 revenues, driven by growth in its US and Latin American operations.** The Co's total rev increased by 2.5% to $2.7bn, w/ adj EBITDA rising 3.1% to $1.8bn. The Co added 1,200 new sites globally, focusing on 5G and edge computing. CEO Tom Bartlett expressed optimism about future growth, citing strong demand for wireless infrastructure. American Tower plans to invest ~$1bn in expanding its network and enhancing tech capabilities (Telecompaper)

Video Games/Interactive Entertainment

- **Epic Games has annc'd two new initiatives targeting Apple's App Store model.** First, Epic will take 0% commission on the first $1mn of rev per app yr, then 12% after. Second, Epic Games Store Webshops will allow developers to set up webshops for out-of-app purchases, bypassing Apple's fees. This follows a court ruling prohibiting Apple from imposing fees on external payments. (9to5Mac)

- **Microsoft has annc'd price increases for Xbox Series S|X consoles, controllers, and games worldwide, effective May 1, 2025.** Prices for Xbox Series S models will rise by ~20-35%, while Xbox Series X models will see increases of ~5-30%. New first-party games will be priced at $79.99. The price hike aims to offset rising production costs and enhance profitability. The revised prices will apply globally, impacting mkts in the US, Europe, Japan, and more (The Verge)

- **Roblox reported a 26% increase in daily active users, reaching 80. 5mn, driven by efforts to attract new players.** The company introduced new features and partnerships to enhance user engagement. Roblox's rev for Q1 2025 was $1.1bn, up 22% YoY. CEO David Baszucki highlighted the success of the platform's immersive experiences and the growing popularity of user-generated content. The company plans to continue investing in its developer community and expanding its global reach (Bloomberg)

- **Atari announced a 10% price increase for its 2600 and 7800 game cartridges starting May 5, due to tariffs from Trump's trade war w/ China.** The price hike affects physical copies of classic games like Berzerk, Space Duel, and Ninja Golf. Atari's email to customers on Apr. 30 explained the decision, noting the impact of rising costs on its biz. The price of cartridges will rise from $30 to $33, reflecting the new tariffs. Other retro gaming cos are also adjusting prices due to the trade war (Kotaku)

- **Ubisoft has unveiled a detailed post-launch roadmap for Assassin's Creed Shadows, featuring free updates like regular "Story Drops" starting in May, which will introduce new quests, abilities, and activities.** Parkour improvements, including the Vertical Ledge Jump, are also planned. Community-focused updates will allow players to adjust in-game filters and visual effects. The first paid expansion, Claws of Awaji, launching later this year, will add a new region and weapon (Kotaku)

- **Epic Games CEO Tim Sweeney announced Fortnite will return to the iOS App Store in the US next week after a court ruling against Apple's App Store policies.** Epic proposes ending legal battles if Apple applies its friction-free, tax-free framework globally. Fortnite won't allow in-app V-bucks purchases, directing players to Epic's website instead. Apple has long resisted this setup, charging developers 15-30% on digital transactions (9to5Mac)

- **Electronic Arts (EA) announced layoffs affecting 670 employees, approximately 5% of its workforce, and canceled the development of a new Titanfall game.** The decision is part of EA's broader strategy to streamline operations and focus on key franchises. The layoffs impact various divisions, including the closure of Ridgeline Games, which was working on Battlefield content. (Bloomberg)

- **Take-Two Interactive's stock surged as anticipation builds for the release of GTA 6.** The Co's rev is expected to rise significantly w/ the launch, driven by strong pre-orders and positive mkts sentiment. Analysts predict the game will set new sales records, boosting Take-Two's financial performance. (Evrimagaci)

Video Streaming

- **Streaming TV accounted for 43. 8% of total TV viewership as of Mar 2025, surpassing cable (24.0%) and broadcast (20.5%).** Media spend on streaming TV increased from $10.6bn in 2023 to $12.9bn in 2024, w/ nearly 14K advertisers (29% more than in 2023). Of these, 293 allocated at least $10mn to streaming in 2024 (+16%), and 29 spent over $50mn (+18%). Despite robust growth among big advertisers, two-thirds of streaming advertisers in 2024 were new to streaming (Cynopsis)

- **Prime Video has become shoppable, expanding its Shop the Show feature to include over 1,300 new titles.** Michelle Rothman, VP of Shopping for Prime Video, emphasized the company's commitment to enhancing customer experience by allowing viewers to shop products related to their shows without disrupting their viewing. (Cynopsis)

- **Walmart+ Week (Apr 28-May 4) offers Walmart+ members six months of Paramount+ w/ SHOWTIME at no extra cost.** Typically, Walmart+ members get the ad-supported Paramount+ Essential plan, but this promotion upgrades them to the premium, ad-free Paramount+ w/ SHOWTIME plan, valued at $12.99/month. After the promotional period, members can continue the plan for $5.49/month or $64.99/yr. This deal enhances Walmart+ membership benefits, including free shipping, grocery delivery, and early access to sales events (Cord Cutters News)

- **Streaming services have overtaken linear TV as the primary source for live sports among fans, according to a survey by Hub Research.** As of Jan 2025, 69% of viewers prefer subscription video-on-demand (SVOD) services for live sports, surpassing cable networks (63%) and broadcast TV networks (66%). This shift is driven by younger demographics and the increasing availability of sports on streaming platforms. Streamers are investing heavily in live sports, with ESPN launching a new streaming service this year (The Streamable)

- **Digital video is set to capture nearly 60% of TV/video ad spend by 2025, w/ ad spend rising 18% in 2024 and projected to grow 14% more in 2025, reaching $72bn.** Small and mid-size companies are shifting spend to CTV w/ self-serve platforms, moving dollars from linear TV and social. CPG, retail, and pharma are increasing budgets by double digits through 2025, using advanced targeting and shoppable formats. (Cynopsis)

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