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WEEKLY UPDATE

THE WEEK ENDING MAY 9, 2025

This was a TGIF week for sure. A whopping 85 companies in our LionTree Universe reported, which unearthed an almost never-ending stream of key developments and updates across numerous sub-sectors within the sector. The market backdrop this week also skewed positive on the back of progress on the trade front, which helped the S&P 500 and Nasdaq hold on to most of last week's gains.

There was a lot to digest this week, but we focused on the below themes:

1. Earnings Scorecard – Week 4
2. Disney: Better Late Than Never…FY25 Adj EPS Guidance Goes Way Up
3. WBD & PARA Have A Clearer Line Of Sight To Hit Their Streaming Profitability Targets
4. Warner Music Group Is In A "Moment Of Transition"
5. Uber's Finding The Right Balance Btw Growing The Top-Line & Growing Profitability
6. DoorDash Strengthens & Bolsters' Its Market Position Via 2 "Business As Usual" Acquisitions
7. DraftKings…The Odds Are In Favor Of This Customer Friendly Winning Streak Ending
8. EA's Inflection Point Is Finally On The Horizon …
9. It Looks Like Q4 Was An Anomaly & The Trade Desk Is Back On Track
10. Follow-up On Digital Advertising, Live Entertainment, & Online Travel: Pinterest, TKO, Expedia, & Clear

This is another robust update!

Have a nice weekend and for all the moms out there, have a HAPPY MOTHER'S DAY!

Best,
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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 4

If we thought the 40 companies in our LionTree Universe that reported Q1 results was crazy last week…this week, that more than doubled to 85. Similar to the last two weeks, earnings reactions were biased to the upside, with 45 companies (53%) trading up post their prints, and 40 companies (47%) trading down. E-Commerce companies bookended the best and worst performers of the group, with ThredUp shooting up +47.7% in reaction to its results and The RealReal plunging -30.7%.

Several sectors had key prints out this week, and arguably the biggest prints in our Universe came from the media sector. **Disney** was the first out the gate and started off strong, climbing up +10.6% after reporting (see Theme #2). That was followed by both **WBD** and **Paramount**, which also saw positive reactions, up +5.3% and +2.2%, respectively (see Theme #3). **Warner Music Group** finished out the key earnings reports for this qtr, though it had a tough reaction from the Street and fell -7.9% (see Theme #4). On the video gaming side, **Electronic Arts** fared a bit better and was slightly up +0.6% (see Theme #8).

Moving over to the last-mile/delivery space, it was a tough ride as both **Uber** fell -2.5% (see Theme #5), as did **DoorDash** down -7.4% (see Theme #6). Key prints were also out in the AdTech space with **The Trade Desk**, which traded up +18.6% (see Theme #9), as well as sports betting with **DraftKings**, which traded up a more modest +2.5% (see Theme #7).

Finally, we had a couple of follow-up sector results that we took a quick look at, including **Pinterest**, which was up +4.9% after its report, **TKO**, down -5.5%, **Expedia**, down -7.3%, and **Clear**, down -7.6% (see Theme #10).

LIONTREE EARNINGS SCORECARD

SECTOR	Stk Reaction*
AdTech	
Viant	-12.1%
Taboola.com	-1.0%
PubMatic	0.8%
The Trade Desk	18.6%
Magnite	19.8%
Application Software	
CLEAR Secure	-7.6%
Unity Software	-3.1%
Shopify	-0.5%
BigCommerce Holdings	0.7%
Applovin	11.9%
Broadcast TV	
The EW Scripps Co	-10.4%
Sinclair Broadcast Group	-4.8%
TEGNA	2.8%
Nexstar Media Group	5.4%
Gray Media	16.9%
Consumer Retail	
Zalando SE	-3.3%
Allbirds	-3.0%
Warby Parker	2.8%
Digital Real Estate	
Zillow Group	0.5%
Opendoor Technologies	24.4%
e-Commerce	
The RealReal	-30.7%
Revolve Group	-9.9%
MercadoLibre	6.5%
Groupon	42.6%
ThredUp	47.7%
EdTech	
Grand Canyon Education	4.6%
Employment Marketplace	
ZipRecruiter	-23.6%
Fiverr	8.7%
Upwork	18.0%
Entertainment Facilities / Theme Parks	
Lucky Strike Entertainment	-13.2%
Six Flags Entertainment	-4.6%
Eventbrite	7.3%

SECTOR	Stk Reaction*
European Telco	
Telenor ASA	1.1%
Telecom Italia SpA	Flat
Hardware / Handsets	
Peloton	-6.7%
Sonos	9.7%
HealthTech	
GoodRx	11.9%
Clover Health	12.5%
Hims & Hers	18.1%
Oscar Health	30.2%
Internet / Advertising	
Match Group	-9.6%
InterActiveCorp (IAC)	-3.6%
BuzzFeed	2.2%
Pinterest	4.9%
Yelp	9.1%
Bumble	26.7%
Last Mile Transport / Delivery	
DoorDash	-7.4%
Uber	-2.5%
Lyft	28.1%
LatAm Telco	
Liberty Latin America	-15.1%
Live Events	
TKO	-5.5%
Madison Square Garden Entmt.	4.8%
Media Entertainment	
Stagwell	-14.0%
Music	
Warner Music Group	-7.9%
Online Travel	
Expedia	-7.3%
TripAdvisor	12.5%
Out of Home Advertising	
National Cinemedia	-11.6%
Lamar Advertising	-2.7%
Outfront Media	-2.5%
Payments / FinTech	
Affirm	-14.5%
Coinbase	-3.5%
Lemonade	1.0%

SECTOR	Stk Reaction*
Pay-TV/Broadband	
WideOpenWest	-1.6%
Altice USA	4.5%
Satellite Communications	
Globalstar	-12.9%
Gogo	45.3%
Semis	
Arm Holdings	-6.2%
Advanced Micro Devices	1.8%
Smart Home Security	
Alarm.com	1.3%
Software IT Services	
Rackspace	-12.8%
Palantir	-12.0%
Datadog	0.3%
Sports & Sports Betting	
Liberty Formula One	2.4%
DraftKings	2.5%
Theaters	
AMC Entertainment	-0.4%
Toys	
Mattel	2.8%
US Media/Video	
Paramount	2.2%
AMC Networks	2.3%
Warner Bros. Discovery	5.3%
The Walt Disney Co	10.8%
US Print Media/Publishing	
News Corp	-1.5%
The New York Times Co.	Flat
Video Games	
Playtika	-7.6%
PLAYSTUDIOS	-6.4%
Electronic Arts	0.6%

Source: FactSet

*Day post earnings

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2) Disney: Better Late Than Never…FY25 Adj EPS Guidance Goes Way Up

After some debate last quarter about why Disney didn't raise the FY25 adj EPS growth guidance of ~high SD y/y when they beat Street projections in FQ1 by a massive +44%, Disney caught up (and more) this qtr. On the back of a better-than-expected set of results almost across the board and an adj EPS beat of +22% vs consensus, the Co's raised its FY25 adj EPS guidance to ~$5.75, which implies +16% y/y growth. This handily beat Street estimates of $5.43, or +9% y/y growth. We could stop there but will go on…

Disney is not seeing an impact from the macro environment though is "monitoring" it closely. Strong performance at Domestic Parks was a key highlight and the y/y margin expansion was impressive (+110bp y/y). Importantly, H2 bookings at WDW are up nicely and intl attendance is still in the "double digits." There was a lot of focus on the announced new capital light Abu Dhabi theme park where the Co will be receiving a royalty. They are excited about this new project and more broadly, they have the highest number of expansion projects in the Co's history. Also as a plus, given the strong performance at Domestic Parks in the qtr, the Experiences business is now expected to hit the "high end" of the +6-8% operating income growth guidance. But as a reminder, Comcast's EPIC theme park is scheduled to launch in May, so it will be important to see what impact, if any, it has on Disney's business this quarter ahead.

On the streaming side, core Disney+ subscriber adds topped projections but ARPU trailed. The big positive was improvements on the profitability side, with Entertainment DTC op income up +$289mn y/y to $336mn. We'd also flag that Disney just started its paid sharing efforts as it relates to Hulu. Sports and ESPN obviously are big focuses for Disney and next week we'll get color on the name of its "flagship" ESPN DTC offer, as well as pricing. Mgmt gave a couple updates on the product feature as well on the call and the launch is slated in a "few months."

Last but certainly not least, Disney benefitted from a strong film slate in FQ2 and the pipeline looks very attractive over the course of this year and next.

See below for more on what we thought were the most important takeaways and updates from Disney's earnings and conference call. Also to flag in the media sector, see Theme #3 for WBD and Paramount's earnings takeaways.

-> Disney shares are up a huge +10.7% post its print but are still down -4.9% YTD. Off the new FY25 adj EPS guidance, the Co is trading at 17.9x

It Was An Almost Across The Board FQ2 Beat For Disney…Revenue Performance In Both Linear Networks and DTC Were The Lone Areas Of Weakness Vs Street Expectations

- **Headline beats…**
    - **Total consolidated FQ2 revs were up +7% y/y (vs +5% y/y in FQ1) and topped cons by +2.3%**
    - **Op income (up +15% y/y) was +12.3% ahead of cons (following a +17% beat last qtr)**
    - **Adj EPS (+20% y/y) was +22% ahead of cons (following a +21% beat last qtr)**

- **On the top-line, Experiences & Sports posted the biggest % upside vs the Street (like last qtr)**
    - Experiences revs beat by +1.9% and op income beat by +4.7%
    - Sports revs beat by +4.7% and op income beat by +5%

- **A HUGE beat in Entertainment operating income (+31% above cons) was a standout**
    - Entertainment DTC op income improved +$289mn y/y to $336mn

Disney	FQ2 2025 Results		
	Actual	Cons Est	% Surp
Revenue (mn)	**$23,621**	**$23,090**	**2.3%**
Operating Income (mn)	**$4,436**	**$3,950**	**12.3%**
Operating Margin (%)	18.8%	17.1%	
Adj EPS	**$1.45**	**$1.19**	**21.8%**
Free Cash Flow (mn)	**$4,891**	**$1,720**	**184.4%**
Revenue by Segment (mn)			
Entertainment	**$10,682**	**$10,530**	**1.4%**
Linear Networks	$2,418	$2,500	-3.3%
Direct-to-Consumer	$6,118	$6,180	-1.0%
Content Sales/Licensing and Other	$2,146	$1,830	17.3%
Sports	**$4,534**	**$4,330**	**4.7%**
Experiences	**$8,889**	**$8,720**	**1.9%**
Operating Income by Segment (mn)			
Entertainment	**$1,258**	**$957**	**31.4%**
Linear Networks	$769	$600	28.1%
Direct-to-Consumer	$336	$257	30.8%
Content Sales/Licensing and Other	$153	$88	74.5%
Sports	**$687**	**$654**	**5.0%**
Experiences	**$2,491**	**$2,380**	**4.7%**

Source: FactSet, StreetAccount

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Overall Segment Growth Trends & FY25 Outlook

- **Entertainment – FQ2 headline performance & outlook**
  - **Rev rose +9% y/y**
  - **Op income grew +61% y/y** given strong results at DTC and Content Sales/Licensing and Other
    - **Maintained FY25 guidance - Expect DD y/y increase**

- **Sports – FQ2 headline performance & outlook**
  - **Revs grew +5% y/y**, w/ +7% increase at domestic ESPN driven by domestic ad revs growth of +29% y/y (reflected a 16ppt benefit from a change in the College Football Playoff format, airing 3 addtl College Football Playoff games in the qtr vs last yr, and an addtl NFL game due to timing)
  - **Op income fell -12%** due to higher programming and production costs and a write-off of Venu
    - **Raised FY25 guidance – expect ~+18% y/y increase:** Incls a comparison to a $636mn adverse impact to FY24 Sports results from Star India (up from prev +13% y/y growth guidance)

- **Expériences – FQ4 headline performance & outlook**
  - **Rev rose +5.9% y/y**
  - **Op income +9% y/y:** Results included $35mn in pre-opening expenses and FY pre-opening expects for Disney Cruise lines will be $200mn, with $40mn in FQ3 and $50mn in FQ4
    - **Maintained FY25 guidance - Expect +6-8% y/y increase**

Raised FY25 Adj EPS Growth Guidance To Well Above Consensus & Are "Monitoring" The Macro

- **Raised FY25 adj EPS to ~$5.75 which is +16% y/y vs the prior guidance of ~+hsd% y/y** (after maintaining adj EPS guidance last qtr despite a strong EPS beat as well)
  - **This is much higher than Street consensus at $5.43, which originally reflected +9.3% y/y growth**
  - Long term 3-year guidance for DD EPS growth "remains intact"

- **"Monitoring macroeconomic development for potential impacts to our business and recognize that uncertainty remains regarding the operating environment for the balance of the fiscal year"**
  - Bookings at the domestic parks remains strong as of now (see Parks section below)

Domestic Parks Is Not Seeing A Slowdown In H2 Bookings But Maintained Experiences Segment Op Income Growth Guidance Despite Tracking Well Ahead

- **"Outstanding" performance from Domestic Parks & Experiences**
  - **Domestic Parks & Experiences revenue** rose +9% y/y
  - **Domestic Parks & Experiences op income** grew +13% y/y (after being flat y/y last qtr), with growth mostly driven by Domestic Parks
  - **Domestic Park margins were up 110bp y/y**

- **Despite the op income beat in the qtr, maintained Experience op income growth guidance of 6-8% for FY25 but said it will be at the higher end** (the guidance implies H2 growth of +11% y/y at the mid-pt)

- **Positive comments on H2 WDW bookings**
  - WDW bookings right now for FQ3 are up +4% (about 80% in) and for FQ4 are up +7% (btw 50-60% at this point); "So certainly looking very optimistic" and that is factored into the higher guidance

- **Seeing some softness in China…Attendance is good but per cap spending is tough**

- **International attendance at the domestic parks has not gotten back to pre-COVID levels, but it is still "in the double-digits"**
  - **International Parks & Experiences revenue fell -5% y/y**
  - **International Parks & Experiences op income fell -23% y/y** – due to weaker Shanghai Disney Resort and HK Disneyland Resort reflecting the softness they continue to see in China
  - **Macro impact?** The Co has seen "a bit of an impact, but it's literally like in terms of the mix, 1% to 1.5% and what I would expect going-forward is something similar to that"; But they are making up for that w/ strong domestic attendance, "so attendance [overall] at the parks has been terrific"

- **There was a lot of focus on the annc'd new theme park in Abu Dhabi**
  - **Why there?**
    - Consumers there want to engage w/ Disney & the location is not cannibalistic
    - 500mn income-qualified people live w/in 4 hrs
    - 120mn people will come through Dubai and Abu Dhabi this year alone
    - Abu Dhabi estimates that 39mn tourists will visit Abu Dhabi by 2030
  - **Economic model:** Disney will get a royalty and Abu Dhabi is putting in the capital

- **Other key Parks & Experiences updates**
  - Cruise lines saw strong demand for recently launched Disney Treasure (2nd full qtr of operations); 2 more cruise ships will join the fleet later this year
  - Have more expansion projects underway around the work than any other time in their history

Core D+ Subs Adds Topped Projections Though ARPU Disappointed

- **Disney+ subscriber adds topped expectations**
  - D+ core reached 126mn vs cons 123mn with upside in both domestic and international
  - Hulu embedded in D+ and sports content is having a positive impact with engagement up and churn down
    - **FQ3 outlook - Expect a modest increase in D+ subs vs FQ2**

- **Though D+ core APRU was lower than expected given domestic ARPU missed by -3%**

- **Intl has seen success with investing in local content…focused on UK, Korea, Japan and Mexico**
  - Aligning Originals w/ 3P content to improve breadth international

- **Continue to innovate with the user experience**
  - Last week, intro'd Streams on D+ w/ programmed playlists
  - Improving customization and personalization
  - A lot on the ad-tech side
  - "And much more coming"

- **Just kicked off paid-sharing with Hulu**

Disney	FQ2 2025 Results		
	Actual	Cons Est	% Surp
Subscribers (mn)	**204.8**	**201.9**	**1.4%**
Disney+ Core	**126.0**	**123.4**	**2.1%**
Domestic (US and Canada)	57.8	57.0	1.4%
International	68.2	66.7	2.3%
ESPN+	**24.1**	**24.8**	**-2.7%**
Total Hulu	**54.7**	**54.3**	**0.7%**
Hulu SVOD Only	50.3	49.7	1.2%
Hulu Live TV + SVOD	4.4	4.6	-3.9%
ARPU			
Disney+ Core ARPU	**$7.77**	**$7.92**	**-1.9%**
Domestic (US and Canada)	$8.06	$8.31	-3.0%
International	$7.52	$7.34	2.5%
ESPN+	$6.58	$6.49	**1.4%**
Hulu SVOD Only	**$12.36**	**$12.27**	**0.7%**
Hulu Live TV + SVOD	**$99.94**	**$100.73**	**-0.8%**

Source: FactSet, StreetAccount

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The New Flagship DTC ESPN Will Be Launching In A Few Months

- **The Co will unveil the name and pricing for the upcoming flagship ESPN offering and they are a "few months" away from launching the new service**
  - If you are subscriber of linear ESPN, you will automatically get ESPN flagship, so will have the option to watch either
  - But the ESPN linear service will not have the bells & whistles of the addtl features that the DTC svs will
  - Subscribers of Disney+ and Hulu and ESPN DTC will have a seamless experience

- **Some addtl color on the launch plans**
  - The plan is to still be somewhat agnostic from a subscriber perspective, so Disney can "do our best to preserve the multichannel ecosystem, but at the same time, obviously want to grow our DTC business"
  - Will try to upsell Disney+ and Hulu subscribers

- **Sports viewership trends remain strong:** ESPN delivered its most watched Q2 in primetime ever w/ viewership among 18-49 demo up 32% y/y
  - ESPN+ has its most streamed qtr ever based on reach (but ESPN+ sub adds missed cons)

Disney Is Seeing a "Robust" Advertising Upfront…Raised Full Year Ad Growth Guidance

- **The ad market is "quite healthy" and live sports are doing well with ESPN**
  - ESPN advertising for the quarter was up over 20%
  - See "robust" demand in the upfront
  - Seeing considerable ad demand from restaurants and healthcare

- **But have been more challenged on the DTC supply side given new entrants at the beginning of the year**

- **Regardless, Disney raised its ad growth expectations for FY25:** Previously, indicated that ad growth would be up +3% y/y (similar to last year) now "expect it to be in excess of what we indicated back at the beginning of the year"
  - "So overall, the advertisers are certainly demanding what we can offer"

The Co's Film Slate Is "As Strong As Anything I Have Seen"

- **The Co has seen strong recent successes**
  - Mufasa: The LionKing has earning $720mn+ in the global box office
  - Thunderbolts had a strong opening last week

- **Disney has a strong pipeline over the next year+: "**Have a lot of confidence on upcoming slate…As strong as anything I have seen"
    - **This year:** Lilo & Stitch (Memorial Day weekend), Elio (June), The Fantastic Four: First Steps (July), Freakier Friday, Zootopia 2, Avatar: Fire & Ash
    - **Next year:** Avengers, Mandalorian, Toy Story and Moana live-action

- **The Disney Wheel is working…in looking at the Moana franchise:**
    - Moana 2 garnered 139mn+ hours streamed on D+ since March 12
    - Earned $1bn+ in global box office
    - The original Moana remains the most streamed film on D+ with 1.4bn+ hours streamed
    - In the parks biz, Moana is seen w/ Journey of Water at Epcot, a new stage show on the Disney Treasure, and character meet and greets

3) WBD & PARA Have A Clearer Line Of Sight To Hit Their Streaming Profitability Targets

After Disney set the tone for legacy media earnings earlier in the week (see Theme #2), Warner Bros. Discovery and Paramount followed suit with an update on their respective quarters as well.

To start, both companies indicated that their businesses are not yet seeing any negative impact from macro, though of course that could change looking ahead. As far as the quarterly fundamentals are concerned, starting with Warner Bros. Discovery's Q1, it was a case of mixed signals, as overall rev came in below expectations, but profitability slightly surprised to the upside. FCF was also light. This was echo'd in the Co's Streaming business where revs slightly disappointed but profitability beat by +19% and guidance of reaching "at least" $1.3bn in Streaming adj EBITDA for 2025 was reiterated. Max is also expected to "surpass" 150mn subs by 2026, which seemed to signal a step up from last qtr's "at least" 150mn. Streaming ad rev growth accelerated to +35% y/y, and Max will be put center stage at upfronts, as its inventory is "really coveted." There was a lot of emphasis from mgmt. on the Co's "quality" content, and when asked about sports rights for Max, mgmt shared that they look at sports as a "rental business" and are shifting more focus to investing in their own IP.

Analysts were focused on the Co reorg which was implemented early this yr, and mgmt sidestepped direct commentary on post-reorg capital structure, and instead emphasized flexibility and readiness to move quickly on strategic oppties. To note, CNBC reported post-call that WBD may be considering a potential breakup, which helped reverse the initial sell off post results.

Over to Paramount, the Co's Q1 results were much more straight forward, easily beating on rev, adj. OIBDA, EPS and FCF. While Paramount+ Q1 subs came in a tad light (79mn vs cons 79.2mn) and are expected to decline in Q2, DTC rev growth is expected to continue and mgmt reiterated expectations to deliver Paramount+ domestic profitability for 2025. Similar to WBD, they are "big fans" of bundling and will continue to take an "opportunistic" look at different oppties.

Over on the TV Media side, the Super Bowl comp weighed on the qtr's results, but overall trends were relatively stable. Paramount made similar commentary to WBD on their owned IP strategy and prioritizing using it to grow their owned and operated assets vs licensing it out. That said, unlike WBD which took a more conservative stance on acquiring new sports rights given their focus on their owned IP, Paramount said they are "always going to be open and opportunistic."

Media earnings certainly poured down this week and there was a lot that was covered. See below for our key takeaways from WBD and Paramount's Q1, and see Theme #2 for Disney's results, which as mentioned were also out this week.

-> WBD was slightly down in the premarket after posting its results but ended the day up +5.3% after news of a potential Co breakup was reported; The stock closed the week up +6.2%, but is still down -14.2% YTD; Paramount was up +2.2% after its print and ended the week up +4.5%; YTD, the stock is up +14.2%

There are 2 sections below…1) on Warner Bros. Discovery (WBD) and 2) on Paramount Global (PARA)

1) Warner Bros. Discovery (WBD)

WBD - Q1 Was A Mixed Bag Across The Top & Bottom-Line / Overall Rev Missed, But Profitability Beat

- **Q1 consolidated revs MISSED by -6.4%:** Down -10% y/y (vs down -1% y/y in Q4)
    - Studios and Streaming both missed, while Networks beat

- **Q1 adj EBITDA BEAT by +3.7%:** Flat y/y (vs up +11% y/y in Q4)
    - Both Streaming and Networks beat, while Studios missed

- **FCF came in at $302mn, well below cons $405mn**
    - Noted that Q1 is typically their seasonally lowest qtr

Warner Bros Discovery	Q1 2025		
	Actual	Cons Est	% Surp
Revenue ($ mn)	**$8,979**	**$9,590**	**-6.4%**
Adj EBITDA ($ mn)	**$2,105**	**$2,030**	**3.7%**
Adj EBITDA Margin (%)	23.4%	21.2%	**Higher**
CapEx ($ mn)	**$286**	**$257**	**Higher**
Free Cash Flow ($ mn)	**$302**	**$405**	**-25.5%**
Revenue Breakdown ($ mn)			
Studios	$2,314	$2,820	**-17.9%**
Networks	$4,774	$4,660	**2.4%**
Streaming	$2,656	$2,750	**-3.4%**
Adj EBITDA Breakdown ($ mn)			
Studios	$259	$333	**-22.3%**
Networks	$1,793	$1,780	**0.7%**
Streaming	$339	$285	**19.0%**
DTC Subscribers (mn)	**122.3**	**119.5**	**2.4%**
Domestic	57.6	58.4	**-1.4%**
International	64.6	61.1	**5.8%**
DTC ARPU	**$7.11**	**$7.48**	**-4.9%**
Domestic	$11.15	$11.49	**-3.0%**
International	$3.63	$3.71	**-2.2%**

Source: FactSet, StreetAccount

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WBD - There Was A Lot Of Focus On A Potential Spin But Mgmt Declined To Speculate on Capital Structure Post-Reorg, Though Highlighted Optionality & Readiness to Act Quickly On Potential Future Opptys

- **"I don't want to speculate on capital structures for hypothetical…parts of the company…we believe that we are now properly structured to take advantage of whatever opportunities may arise"**

- **"It [the re-org] shows you kind of how we look at the business. But also, you know, gives us full optionality having done that work now…we can move quickly…if we decide to change and make a determination on restructuring"**

-> Post the conference call, there was a report out from CNBC that WBD is moving towards a potential breakup; Per CNBC's David Farber, "What would that split look like? Well, most likely, or almost definitely, it's the linear cable networks and then you have the studio coupled with Max," citing unnamed sources and "conversations" (link/link)

WBD - On Macro Impact – "So Far, So Good"

- **"For the past five weeks or so, we've been tracking very, very closely all the indicators internally and externally…And the reality is, we're not seeing any impact whatsoever to that point"**

- **Advertising "would be at risk to some extent" but mgmt has NOT seen any impacts**
    - Q2 is tracking "pretty much exactly in-line" w/ Q1
    - Expect that upfront discussions are going to "start a little slower this year" BUT "at the same time we see that being offset by pretty strong scatter at this point"

- **"We've managed through turbulent times…we will manage our cost base appropriately for a potentially more turbulent environment here to make sure that we're ring fencing our financial performance"**

WBD - Streaming Profitability Outperforms Despite Rev Miss / Max Leaning Into Global Expansion, ARPU Levers, & Quality Content To Drive Long-Term Growth

- **Q1 Streaming rev was below expectations, but profitability beat**
  - **Rev MISSED by -3.4%...:** Increased +8% y/y (accel from +6% y/y in Q4)
  - **…but adj. EBITDA BEAT by +19.0%:** Came in at $339mn, which is down from $409mn in Q4 but up from $86mn in the yr-ago qtr

- **Q1 DTC ARPU missed by -4.9%:** $7.11 vs cons $7.48
  - **Levers for ARPU growth looking ahead?**
    - **Ad-supported tier rollout (now rolled out in 45+ mkts):** "That's obviously at a lower distribution revenue impact... but the advertising piece... is growing"
    - **New monetization efforts** like extra member charges and password sharing crackdowns
    - **Price increase:** "Some markets [are] slightly below where we think there's opportunities"
    - **Sports upsells**, especially in Europe:
    - **Engagement and product improvement,** which will translate to move time spent and in turn more monetization
  - **Lower ARPU from wholesale deals is offset by stronger retention, making them accretive on a lifetime value basis**

- **Reiterated 2025 Streaming adj EBITDA guidance of "at least" $1.3bn…:** "We are firmly on track"

- **…as well as "surpass" 150mn subs by 2026:** Reflecting some incr'd optimism from last qtr's "at least" 150mn guidance

- **Expect "no significant step-up in content spend that's associated with this strategy evolution for streaming":** Growth will "moderate" and "over the coming years", w/ "no dramatic step changes"

- **Q1 streaming ad revs growth accelerated to +35% y/y (vs +27% y/y in Q4),** primarily driven by an increase in ad-lite subs (similar commentary last qtr)
  - **Looking ahead into the upfront – "we'll be emphasizing the streaming inventory on Max"**
    - **"There's a lot of demand, specifically for specific title, and to be associated with the quality of content"**
    - Also **"**have our films coming and the ability to affiliate with those films on ad-lite"

- **Max added +5.3mn subs in Q1 to reach 122.3mn (beat by +2.4%):** Down from +6.4mn in Q4 and +7.2mn in Q3
  - "Much of that subscriber growth originated from international markets, reflecting recent launches and growing penetration"

- **What are the long-term drivers for Max?**
  - **Globalization: Have 3 of the biggest mkts (Germany, UK, and Italy) coming online beginning of next yr**
  - **Deeper market penetration** via ad-lite tiers and price-sensitive offerings
  - **ARPU uplift** through better ad monetization and password sharing crackdowns (i.e., Extra Member Add-On)
  - **Stronger content slate**: Content curated over the next 18-24 month "is stronger than anything we've ever had and more consistent"
  - **Product improvements** to enhance user experience
  - **Strategic bundling** which lowers churn, boosts marketing efficiency, and improves consumer satisfaction

- **On "Extra Member" oppty –**
  - Rollout is currently limited to US retail subscribers and is in a soft launch phase tied to password-sharing efforts
  - **"It's going to increase and really be a more…12 to 18-month initiative as it rolls out [to] more subscriber cohorts here in the US [and] globalizes later in the year and into 2026"**

- **On content strategy – "the future of Max is quality, quality, quality"**

WBD - Studios Significantly Missed In Q1 but Long-Term $3bn EBITDA Roadmap Remains Intact / Have High Expectations For Q2 Film Slate

- **Q1 Studios missed on both rev and adj. EBITDA**
  - **Rev MISSED by -17.9%:** Up +18% y/y (vs +16% y/y in Q4)
  - **Adj EBITDA MISSED by -22.3%:** Up +41% y/y (vs +78% y/y in Q4)

- **Expect "strong" y/y improvement in full year 2025 Studios adj. EBITDA**

- **Reiterated plans of getting the Studios biz back to $3bn in EBITDA…:**
  - "What we're not going to see is perfect consistency. It's a hit driven business. But I have no doubt that we're going to see much greater upside in success and much less downside in the inevitable areas where we're going to miss at times"

- **Content Spotlight –**
  - **The White Lotus** averaged 25mn+ global viewers per episode, pacing more 40%+ ahead of season 2
  - **The Pitt has avg'd 12mn+ viewers worldwide across each of its 15 episodes**
    - B/c of the success, have greenlit S2, which will be out Jan 2026
    - WBD broke into the medical drama category w/ the release and are now in active development to produce other elevated procedural dramas for Max

- **Q1 film slate "underperformed expectations" but WB Motion Pictures is "demonstrating strong momentum"**
  - Driven by performance of A Minecraft Movie, which has grossed ~$900mn in current global box office proceeds (making it the top grossing box office film of 2025 to date), and Sinners, which has grossed ~$250mn
  - **Looking into Q2 film slate expectations - "we're looking at a blowout second quarter"**

- **Warner Bros. Motion Pictures "mix" strategy of IP-based blockbusters and new originals "is gaining traction and delivering results"**
  - Demonstrated by the recent "big" success of A Minecraft Movie and Sinners
  - Final Destination, which is launching next week, is "trending very strong"

- **Making progress on 10-yr plan to "reignite" DC brand globally and drive long-term franchise value**
  - Superman is coming in July – "In the coming months, the full power of WBD will be on display across platforms in every market to drive awareness and anticipation"
  - Wrapping on Supergirl
  - "Deep into production" on Lanterns

WBD - Doubling Down On Strategic IP Control, Balancing Select Licensing With Long-Term Asset Building

- **"We're a high quality provider and more and more of the content is coming to us… it's important for us to be able to sell our content to third parties…"**
  - I.e. Scooby Doo and Netflix – "that can get very broad acceptance in the marketplace. And then we can follow it with a Scooby-Doo movie and that would be a real win-win for us that will take that piece of IP and grow it to a point where it's even more valuable for us"

- **BUT there are "many that are really just for Warner Bros"**
  - I.e., major characters being developed as part of 10-yr plan around DC is to build asset value for them globally w/ Wonder Woman, Batman, Superman, Supergirl, etc.; Same w/ Harry Potter
  - **"There's some premium global IP that's recognizable…those belong to us and they'll only belong to us forever" b/c "we're building big assets and a global differentiated strategy around that"**

- **Had gotten rid of a lot of content when they first bought the Co two years ago and "you're seeing the fruits of that strategy and us doubling down on it"**

- **Have continually increased the share of Warner Bros. output that they're using internally**
  - "Every dollar of intercompany profit that we take out in intercompany eliminations is really…building asset val ue. That is future streaming profit in waiting. And we have built that internal asset in a pretty significant way"

- **"It's all about harvesting our IP, but recognizing that the most important IP that differentiates us from everybody in the industry will be used to build asset value"**

WBD - “Cost-Conscious” On Sports Streaming / Views Sports As A “Rental Business” And Shifting More Focus To Investing In Owned IP

- **Sports strategy on Max – oppties to license new IP going forward, given reliance on existing linear partnerships?**
    - **Internationally, seeing “meaningful demand” for sports on Max,** esp when bundled w/ HBO and local content; In many markets, sports is offered as an add-on or separate tier
    - **In the US, approach is more experimental and are testing different models to see what works financially:** "It is hard still to find a business model in streaming alone that makes these premium sports rights...profitable and successful and driving those two metrics"
    - **Will continue to experiment with sports but remain cost-conscious:** "We're going to continue to experiment in a smart way...see how we evolve the model to make it successful and profitable at the same time”
    - **“In the end, sports is a rental business” and owned IP is “the core…so that’s where I think we'll be spending more of our money and being less dependent on sport”**

- **Sports rights costs will peak in 2025 before declining sharply post-NBA exit in 2026**
    - **Q1 and Q2 costs would have down “significantly” w/o the NBA,** but did not quantify “because there are so many different factors playing into it”
    - **In 2025, expect a ~$300mn increase in sports rights costs due to overlap between expiring and new rights deals`**
        - Q2 is going to take a “big” part of that, as The French Open and NASCAR will debut on TNT Sport, which is on top of the annual escalation for existing sports rights
        - “There’s going to be a little bit of a headwind in Q3”
        - But then from Q4 it should turn into a “moderate” tailwind
        - **Then going to see a “very” significant improvement in sports rights expenses w/ NBA coming out in 2026**
    - **Despite the NBA being a profitable property, were able to successfully renew affiliate deals without it:** “The NBA was a very profitable property for us, partly because of its value for affiliate discussions… we were able to renew these deals without the NBA”

WBD - Global Linear Networks Outperform in Q1 Despite Declines, As WBD Prioritizes Cash Flow and Pay-TV Bundling Levers

- **Q1 Global Linear Networks beat on both rev and adj. EBITDA**
    - **Rev BEAT by +2.4%:** Down -7% (vs -4% y/y in Q4)
    - **Adj. EBITDA BEAT by +0.7%:** Decreased -15% y/y (vs -13% y/y in Q4) to reach $1.8bn

- **Remain focused on optimizing Networks performance and maximizing cash flows through cost discipline and “prudent” content investment**

- **Partnering w/ distributors to enhance the value of pay-TV subscribers:** Whether it’s offering pay-TV subscribers authenticated access to the Max ad-lite tier or providing incremental bundling and packaging flexibility

2) Paramount Global (PARA)

PARA - Q1 Easily Beat Across The Top-Line

- **Total revs fell -6% y/y, but ex the Super Bowl LVII comp, rev grew +2% y/y (+1.4% beat)**
    - TV Media and Filmed Entertainment drove the overall rev beat, as DTC missed

- **Total adj OIBDA fell -30% y/y to $688mn (+5.2% beat)**
    - Reflects y/y improvements in DTC and Filmed Entertainment, while results at TV Media were “heavily impacted” by the comparison to last year's Super Bowl

- **FCF was $123mn which was significantly ahead of cons -$28mn** (included $108mn in payments for restructuring and other initiatives)
    - **Q2 outlook – expected to look “similar” to last yr,** including cash restructuring payments of ~$100mn

Paramount	Q1 2025		
	Actual	Cons Est	% Surp
Revenue ($ mn)	**$7,192**	**$7,090**	**1.4%**
Adj OIBDA ($ mn)	**$688**	**$654**	**5.2%**
Adj OIBDA Margin (%)	9.6%	9.2%	
Adj EPS	**$0.29**	**$0.25**	**16.0%**
Free Cash Flow ($ mn)	**$123**	**($28)**	**539.3%**
Revenue by Segment ($ mn)			
TV Media	**$4,538**	**$4,420**	**2.7%**
Advertising	$2,038	$1,850	**10.2%**
Affiliate and Subscription	$1,836	$1,840	**-0.2%**
Licensing and Other	$674	$729	**-7.6%**
Direct-To-Consumer	**$2,044**	**$2,080**	**-1.7%**
Advertising	$473	$520	**-9.0%**
Subscription	$1,571	$1,580	**-0.6%**
Filmed Entertainment	**$627**	**$606**	**3.4%**
Advertising	$3	$2.6	**15.4%**
Theatrical	$148	$130	**13.7%**
Licensing	$476	$469	**1.4%**
Adj OIBDA by Segment ($ mn)			
TV Media	$922	$958	**-3.7%**
Direct-To-Consumer	($109)	($164)	**50.6%**
Filmed Entertainment	$20	$10	**98.0%**
User Metrics (mn)			
Paramount+ Subs	79.0	79.2	**-0.2%**
Paramount+ Net Adds	1.5	2.0	**-25.7%**

Source: FactSet, StreetAccount

LionTree

PARA - Have NOT Seen A "Meaningful" Impact Due To Macro Uncertainty But Highlighted Some Potential Cautiousness Later In The Yr

- **"Priorities for the full year have not changed" - Continue to work towards FY outlook "strong" OIBDA growth and FCF growth**
- **BUT growing macro uncertainty, particularly in advertising, has the potential to impact results later in the yr**
- **"It's premature to try to quantify the impact of that on earnings and cash flow until we have more clarity on how all the macro stuff will unfold"**

PARA - Overall DTC Growth Accelerated Seq & Paramount+ In Particular Saw "Record Breaking" Viewership And Engagement / Reaffirms 2025 DTC Domestic Profitability Target

- **Q1 overall DTV revs grew +9% y/y (accel from +8% y/y) and DTC adj OIBDA improved +$177mn y/y (reflecting "healthy" sub rev growth + continued expense mgmt)**
    - **DTC subscription rev grew +16%** (vs +7% y/y in Q4), driven by subscriber growth for Paramount+
- **Global viewing hours incr'd +31% y/y across Paramount+ and Pluto TV**
- **Q1 Paramount+ highlights -**
    - **Paramount+ rev was up +16% y/y** (accel from +8% y/y in Q4), driven by y/y subscriber growth and improvements in churn
    - **Paramount+ subs reached 79mn (slightly below cons 79.2):** Grew +11% y/y (decel from +14% y/y in Q4)
        - **Added +1.5mn net subs in the qtr** (down from +5.6mn adds in Q4)
    - **Global watch time per user increased +17% y/y** (decel from +20% y/y in Q4)

    - **Churn was up +130 bps (accel from +100 bps in Q4)**

- **Q1 was another "record breaking" qtr in viewership and engagement for Paramount+**
    - Paramount+ once again ranked as a top three SVOD service in Original Series hours watched domestically

- **Pluto TV delivered its highest consumption by total hours both domestically and globally**
    - Reaches more countries than any other FAST svs

- **Q2 DTC rev outlook – continue to expect "healthy" rev growth at Paramount+, driven by an acceleration in ARPU**

- **Q2 DTC subscribers outlook - will decline given the combination of content, seasonality and the termination of an intl hard bundle partnership**

- **2025 outlook – reiterated expectations to deliver Paramount+ domestic profitability for 2025**
    - Growth driver is "very clear. It is continued subscriber growth"
    - Driven by improvement in churn and ARPU, which ultimately drive rev growth
    - The fixed-cost nature of streaming supports continued margin improvement as scale increases

- **Seeing "great momentum" in executing their "differentiated" content strategy of "fewer bigger breakthrough original series"**
    - **Landman** remained the #1 new streaming original series for the second straight qtr and joined **1923** as 2 of the top 10 streaming originals in Q1
    - **MobLand** was the biggest global series premiere ever on Paramount+
    - **Yellowjackets'** premiere broke records in the qtr as the most streamed episode in the series
    - Internationally, **Yellowstone** continues to be the #1 engagement and start driver

- **Always take an "opportunistic" look at different opptys w/ bundling, partnerships, etc.**

PARA - TV Media Faced Super Bowl Comp In Q1

- **Q1 TV Media fell -13% y/y (vs -4% y/y),** including a 10% impact from the comparison against CBS's broadcast of Super Bowl LVIII in Q1:24
    - **TV Media affiliate & subscriptions revs fell -9% y/y** (vs -7% y/y in Q4), driven principally by subscriber declines as well as the impact of recent renewals
    - **TV Media licensing and other revs increased +4% y/y** (vs -3% y/y in Q4)

- **Q1 TV Media adj OIBDA fell -36% y/y (vs -17% y/y in Q4),** primarily reflecting the comparison against the broadcast of the Super Bowl, as well as the decline in affiliate rev

- **Sports programming continued to attract audiences, most notably the AFC Championship Game** on January 26 that averaged 57.4mnviewers
    - Set the all-time record for the AFC and the largest overall conference championship in 15 yrs

- **On FCC chatter around affiliates and reverse comp – "the relationship between CBS and our affiliate partners is really a mutually beneficial one. We provide valuable content and our affiliates provide scale distribution"**
    - CBS invests "heavily" in premium content (sports, primetime)
    - If that dynamic shifts, "it would be difficult for us to continue to foot that bill", which would harm both affiliates and viewers
    - BUT Paramount has a strong track record with renewals (60 affiliates renewed in the past yr), and that is expected to continue

PARA - Feel Comfortable With Current Sports Portfolio, But Open To Acquiring New Rights If It Makes Sense

- **Believe they have a "very robust" sports portfolio and "feel very good about it" BUT "we're always going to be open and opportunistic"**

- **"We'll continue to take a disciplined approach and our goal will always be to ensure that we have the optimal sports portfolio"**

- **"We're always looking for sports rights that really matter and that really drive audience and scale"**

PARA - Q1 Ad Revs Declines Were Largely Due To Super Bowl Comp And (To A Much Lesser Extent) Digital Softness / Expect Similar Ad Trends In Q2 Given Sports Landscape That Is "A Little Lighter"

- **Q1 total ad rev fell -19% y/y,** reflecting a 19ppt point impact from CBS's broadcast of Super Bowl LVIII in the yr-ago period
  - **Ex Super Bowl, Q1 ad rev was unchanged y/y**

- **Q1 DTC ad rev decr'd -9% y/y** (vs +9% y/y in Q4), principally reflecting an 8% impact from the comparison against Super Bowl LVIII in Q1:24
  - **Ex Super Bowl, DTC ad rev was down -1% y/y,** largely due to increased supply in digital video, which disproportionately affected Pluto TV, which has the greatest exposure to the indirect marketplace

- **Q2 digital advertising outlook - trends in Q2 expected to look similar to the underlying trends in Q1**

- **Q1 TV Media ad revs fell -21% y/y** (vs -4% y/y) due to the Super Bowl
  - **Ex the Super Bowl, TV Media ad rev was flat y/y,** and they saw improvement compared to the underlying trends in Q4

- **Q2 TV Media outlook - will reflect a lower volume of sports versus Q1, which is consistent w/ last yr's trends**
  - "Sports demand continues to be robust"

- **Linear strength offset digital ad softness in Q1**
  - CBS Sports and hit broadcast programming "helped us make up for some softness in the digital space"
  - Digital advertising remains pressured, as new entrants have expanded inventory and impacted pricing
  - Haven't seen improvement yet, but expects supply-demand dynamics to normalize over time
  - Continued high engagement on Paramount+ and Pluto, fueled by "hit volume and content", continues to drive increased engagement and will translate into stronger digital monetization over time

- **Early look into upfronts – "we feel really good about the conversations and discussions that we've been having"**
  - Scatter is up double digits y/y
  - "Macro is certainly on people's mind, but everyone is giving us great feedback"
  - "We continue to hear good things, particularly around the unique set of assets and the volume of hits and the really strong sports portfolio"

PARA - Q1 Filmed Entertainment Grew On Strength Of Recent Hits / Q2 Set for Major Boost from Mission: Impossible Launch, Though Profitability to Dip Due to Heavy Marketing

- **Q1 Filmed Entertainment revs were up +4% y/y (vs +67% y/y in Q4)**
  - **Theatrical revs were down -3% y/y (**
    - Q1:25 benefited from continued success of Q4:24 releases of **Sonic the Hedgehog 3** and **Gladiator II** and the late Q1:25 release of **Novocaine**, while the yr-ago qtr benefited from the releases **of Bob Marley: One Love, Mean Girls** and Miramax's **The Beekeeper**
  - **Licensing and other rev increased +6% y/y**
    - Driven primarily by higher home entertainment rev from recent theatrical releases

- **Q1 Filmed Entertainment adj OIBDA of $20mn was up from yr-ago qtr's -$3mn,** driven by the success of Sonic the Hedgehog 3

- **Gladiator II and Sonic the Hedgehog 3 drove acq on Paramount+**
  - Ranked among the top 5 most viewed movies in the platform's history
  - Gladiator II was the most-viewed film ever on Paramount+

- **Q2 outlook – expected "strong" rev contribution from the release of Mission: Impossible – The Final Reckoning BUT given the timing of marketing spend for the film, anticipate that the segment will generate an OIBDA loss for the qtr**

- **Looking ahead – "Holistically, we built our slate this year to balance the scope and scale of a film like Mission: Impossible, with other titles that span genres and budget levels, which better positions the studio for profitability"**
    - Includes Edgar Wright's The Running Man, a reboot of the comedy The Naked Gun, starring Liam Neeson and family animation titles, Smurfs and The SpongeBob Movie: Search for SquarePants, "with the goal of driving profitability"

PARA - Licensing Strategy - Prioritizing Owned Platforms While Monetizing IP Through Select Deals

- **Content licensing is a growth biz for the biz, particularly their secondary licensing biz**
    - "Our content is valuable and it drives demand for us"

- **BUT "we believe in using our most valuable IP to grow our owned and operated assets"**

- **Does NOT mean they will not continue to license their products, but more on a co-exclusive basis or after it premieres on one of their owned and operated stations**

PARA - Update On Skydance Transaction

- **Anticipated to close in H1:25**
    - Subject to regulatory approvals and customary closing conditions

- **Until then, Paramount continues to operate the normal course of business**

4) Warner Music Group Is In A "Moment Of Transition"

It has been a tough go for Warner Music Group (WMG) over the past couple quarters. Following some puts and takes with FQ1 (see link to our update from last qtr), those puts and takes expanded this time around which drove a surprise miss both on the top line and on operating margins in FQ2. The biggest focus on the earnings call by the analyst community was what happened with streaming revenue which, ex-FX, rose only +3% y/y in the Co's Recorded Music business. That compares to +7% y/y last qtr and is well below the Fiscal 25 guidance of high single-digits y/y growth, which was reiterated on the prior earnings call. Essentially, tough comps, pressure in the ad market, a lighter release schedule and weakness in China led to weaker results in streaming. And looking ahead, these challenges are expected to persist for the rest of the year, and it sounds like the benefits from contract renewals won't flow through until next year as well. Another focus area was the weaker than expected adj OIBDA margin of 20.4%, vs cons 21.7%, which was primarily due to the revenue mix shift, but was also impacted by higher costs and FX is resurfacing as a headwind. This performance also follows last qtr when mgmt pulled the +100bps y/y margin expansion targeted for the full year given the impact from FX.

Overall, as per CEO Robert Kyncl, "we recognize this is a moment of transition in the industry and for our company" but he remains optimistic given the positive secular trends for music and the belief that the Co has the right strategy in place (the Co's three pillars are growing market share, growing the value of music, and increasing efficiency). One last update that caught our attention is that in addition to further investment in A&R, which ramped last year and will continue to ramp this year, it sounds like we should expect to see more on the M&A front as well.

See below on our key takes from WMG's FQ2.

-> *WMG was down -7.9% after its report and ended the week down -9.6%; YTD, the stock is down -11.7%*

It Was An Even Tougher Qtr For WMG Than The Last One

- **Total FQ2 revs missed cons by -2.4% and adj OIBDA missed by a larger -7.8%:** In constant currency, FQ1 total revs rose +1% y/y (vs +4% y/y in FQ1) and adj OIBDA fell -1% (vs +1% y/y in FQ1)
    - **Recorded Music – MISSED:** Revs grew +1% y/y (vs FQ1 +4% y/y) and missed cons by +0.4% and adj OIBDA rose +1% y/y (vs flat in FQ1) and missed by -4.1%
    - **Music Publishing – MISSED:** Revs were up +3% y/y (vs +7% y/y in FQ1) and missed by -5.8% while adj OIBDA rose +5% y/y and missed by -5.3%

- **Margins were notably weaker… adj OIBDA margin of 20.4% fell short of cons 21.7% primarily due to revenue mix shift, but also higher costs/FX**
    - Lower streaming growth translated to lower margins as did the higher Physical revenue which is low margin

- The Co also continues to reinvest in tech, including the launch of the app, and unproven A&R was up modestly in dollar terms (DD+ on % terms) and that gets expensed to the P&L
- FX was a significant headwind in Q1…some of that did come back-in Q2 "but at this time, it's too early to update on any guidance"

Warner Music Group	FQ2 2025 Results		
	Actual	Cons Est	% Surp
Revenue ($mn)	**$1,484**	**$1,520**	**-2.4%**
Adj OIBDA ($mn)	**$303**	**$329**	**-7.8%**
Adj OIBDA Margin (%)	**20.4%**	**21.7%**	
Revenue Breakdown ($mn)			
Recorded Music	**$1,175**	**$1,180**	**-0.4%**
Digital	$841	$850	-1.1%
Physical	$112	$99	13.0%
Artist Services & Expanded Rights	$117	$124	-5.3%
Licensing	$105	$108	-2.9%
Music Publishing	**$310**	**$329**	**-5.8%**
Digital	$188	$204	-7.9%
Performance	$53	$55	-3.3%
Synchronization	$49	$50	-2.6%
Mechanical	$16	$14	12.7%
Adj OIBDA By Segment ($mn)			
Recorded Music	**$270**	**$281**	**-4.1%**
Music Publishing	**$85**	**$90**	**-5.3%**

Source: WMG Filings; FactSet Data & Analysis LionTree

Subscription Streaming Trends Surprised On The Downside While Ad-Support Streaming Remains Under Pressure

- **Recorded Music Subscription streaming only grew +3% y/y ex-FX, which is down from +7% y/y last qtr and fell well below the Fiscal 25 high SD% guidance (which was reiterated last qtr)**
  - **Why was it so much weaker?** "Challenging comparison to robust growth in the prior year qtr, compounded by a lighter release slate and market-share loss in China"

- **The Co now expects slower growth in the streaming business for the remainder of the year as these challenges persist**
  - **Mgmt comments suggest that the flow through of DSP renewals will be more of a calendar 2026 benefit**

- **Ad-supported streaming fell -3% y/y ex-FX (vs the -7% y/y in FQ1 and -5.6% y/y in FQ4) given the "soft overall ad environment"**

WMG Is Increasing Investments To Grow The Business

- **Plan to ramp M&A:** The Tempo investment is "a good signpost for the kinds of acquisitions you can expect us to make"
  - The Co will continue to invest in technology to "sharpen" their competitive edge and improve services to artists and songwriters
    - **"We expect to have more news about our M&A investment plans in the near-future"**

- **Will increase A&R "by even more" this year following the DD% increase last year**
  - "We're starting to see signs of our strategy paying off" given their Charts success and mkt share gains

WMG's Strategic Focus Remains In Place & The Slate Looks Strong

- **Mgmt remains firmly focus on -**
  - **Growing market share**

        - Have the strongest Chart presence that they have had "in a long-time", which is translating to expanding mkt-share in new releases across the US
        - Seeing "real progress" w/ high growth mkts such as MENA, Nigeria & India, where they have "meaningfully" incr'd mkt share
    - **Growing the value of music:** In addition to price increases which create more value, protecting artists from AI is a critical element of driving that value
    - **Becoming more efficient**

- **The Co has several highly-anticipated new releases coming this year:** Coming from Ed Sheeran, Lizzo, David, Benson Boone, Alex Warren, Rose, Berna Boy, Teddy Swims, Mike Towers, among others

5) Uber's Finding The Right Balance Btw Growing The Top-Line & Growing Profitability

Uber's Q1 results followed a somewhat familiar route - steady demand, but w/ a few road bumps in the topline. While total gross bookings and revenue came in a bit below expectations (-0.5% and -0.8%, respectively), adj EBITDA was slightly ahead (+1.0% beat) and hit an all-time high. Trips and users also beat consensus, and growth in gross bookings was about in-line w/ trips, which was a key highlight that mgmt credited to engagement and frequency, not price. Uber has not seen any demand pullback or trade down from the macro uncertainty and noted the resilience of the categories they operate in (restaurants, transportation, delivery), which was in-line w/ commentary DoorDash had made on its call the day earlier this week (see Theme #6).

Starting with the mobility segment, it was mostly business as usual. While headline numbers for the segment came in below Street expectations, the underlying fundamentals remain healthy, with margins expanding seq and the gap between Mobility trips and gross bookings narrowing. In particular, escalating insurance costs, which have been a pressure to margins in recent yrs, is now moderating vs past qtrs and the Co is making improvements in pricing, safety feature adoption, and policy advocation to further drive those down. Uber is also seeing "a slightly higher" mix of intl trips, partially due to a slowdown in inbound US travel, which was interesting. Suburbs and "sparse markets" are a key focus right now, as they are growing faster than the core biz and now represent 20%+ of Mobility trips. Expect "several hundred" city launches this yr.

Moving to Delivery, the Co maintained momentum with +18% y/y bookings growth and at the same time drove down cost per trip y/y and further improved the profitability margin. That said, there's no time to rest, as the Co aims to maintain and build on its position. Uber One now drives 60%+ of Delivery bookings, and merchant-funded offers continue to increase. Grocery and Retail, now a $10bn annualized bookings business, turned variable-contribution-positive in Q1, and they are "doubling down" on retail categories to offer a better selection. What was Uber's response to the DoorDash's acquisition of Deliveroo? "We didn't have to buy our way into glory."

Looking into the next qtr, guidance was slightly ahead of Street expectations on both bookings and EBITDA and the Co maintains that there's a lot of runway for growth ahead. It is all about finding the right balance between growing profitability and growing the top line.

See below for more on all the above in addition to other interesting updates on Uber's AV efforts and outsized growth in its high margin advertising business, among other things.

-> Lyft also reported its quarterly results this week; A strong +15.3% beat on adj. EBITDA, which came in at $106.5mn, was a key highlight (margin of 7.3% was well ahead of cons 6.3%) in Q1, while Bookings at $4.16bn was about in-line with cons, and rev of $1.45bn missed by -1.4%; FCF of $280.7mn was more than double expectations of $136.3mn; Active riders of 24.2mn were ahead of cons 24.0mn, as were rides, which in at 218.4mn vs cons 215.1mn; Looking into Q2, adj. EBITDA of $115-$130mn slightly missed cons at the midpt by -0.5%, while Booking of $4.41-$4.57bn beat cons by +0.2%; Lyft's board also authorized an increase to its share repurchase program to a new total of $750mn, and they intend to utilize $500mn of the authorization within the next 12 months, $200mn of which will be used within the next 3 months

-> Uber closed the day it reported earnings down -2.5% and ended the week down -1.7%; YTD, the stock is up +37.3%; Lyft soared +28.1% post its print and closed the week up +31.6%; Lyft is up +29.1% YTD

Q1 Headline #s Were Mixed Vs Expectations – Gross Bookings And Rev Underwhelmed, But Profitability and FCF Fared Better

- **Q1 total gross bookings MISSED by -0.5%:** Grew +14% y/ or +18% y/y ex-FX (decel from +18% y/y or +21% y/y ex-FX in Q4), "with balanced growth across Mobility and Delivery"
    - **Trips beat by +1.9%:** Grew +18% y/y (in-line w/ Q4) to 3.04bn
        - **Gross Bookings grew in line with trips…we see this as robust, healthy growth; growth that's coming from engagement and frequency, not just price"**
    - **Users beat by +1.7%:** MAPCs (Monthly Active Platform Consumers) grew +14% y/y (in-line w/ Q3) to reach 170mn (slightly down from 171mn in Q4)

- **Q1 rev MISSED by -0.8%:** Increased +17% y/y (vs +20% y/y), modestly slower than Gross Bookings growth given geographic mix impacts

- **FX was a headwind of $1.7bn y/y or ~4.5ppts**

- **Q1 adj EBITDA was another all-time high and BEAT by +1.0%:** Grew +35% y/y (vs +44% y/y in Q4)
    - **Adj EBITDA margin was 4.4% of Gross Bookings:** Up from 4.2% last qtr and 3.7% in year-ago qtr

- **Q! FCF BEAT by +21%**

Uber	Q1 2025 Results		
	Actual	Cons Est	% Surp
Total Gross Bookings ($ mn)	**$42,818**	**$43,050**	**-0.5%**
Revenue ($ mn)	**$11,533**	**$11,630**	**-0.8%**
Adj. EBITDA ($ mn)	**$1,868**	**$1,850**	**1.0%**
Adj. EBITDA Margin (%)	4.4%	4.3%	
Free Cash Flow	**$2,250**	**$1,860**	**21.0%**
By Segment ($ mn)			
Mobility Gross Bookings	**$21,182**	**$21,490**	**-1.4%**
Mobility Rev	$6,496	$6,530	**-0.5%**
Mobility Adj EBITDA	$1,753	$1,760	**-0.4%**
Delivery Gross Bookings	**$20,377**	**$20,260**	**0.6%**
Delivery Rev	$3,777	$3,770	**0.2%**
Delivery Adj EBITDA	$763	$742	**2.8%**
Freight Gross Bookings	**$1,259**	**$1,320**	**-4.6%**
Freight Rev	$1,260	$1,320	**-4.5%**
Freight Adj EBITDA	-$7	-$15	**110.0%**
User Metrics (mn)			
Monthly Active Platform User (MAPC)	170	167.1	**1.7%**
Trips	3036	2980	**1.9%**
Take Rate	**26.9%**	**27.0%**	
Mobility	30.7%	30.4%	
Delivery	18.5%	18.6%	

Source: FactSet, StreetAccount

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Q2 Guidance Was Just Ahead Of Estimates / No Changes To 2025 Growth Initiatives

- **Q2 Gross Bookings guidance beat by +1.5% at the midpt:** $45.75bn-$47.25bn vs cons $45.8bn (implied +16-20% y/y growth ex-FX vs +18% y/y this qtr)
    - **Outlook assumes a ~1.5ppt currency headwind to total reported y/y growth**, including a ~3ppt currency headwind to Mobility

- **Adj EBITDA guidance beat by +1.5% at the midpt:** $2.02bn-$2.12bn vs cons $2.04bn

- **Reaffirmed FY25 guidance –**
    - SBC: $1.7bn-1.9bn
    - D&A expense: $600mn-700mn

- **"Continue to execute on our key 2025 growth initiatives" -**
    - Making the platform more affordable
    - Unlocking lower-density markets
    - Scaling their growth bets
    - Advancing their AV strategy

Not Seeing Any Impact From Macro Uncertainty

- **Macro is "absolutely something that we're watching, but we don't see any signal, as of yet, in terms of the consumer"**
    - Audience growth and frequency are consistent w/ Q4
    - "We are looking to modulate price increases, and you saw that in our results as well"
    - Basket size is continuing to increase
    - NOT seeing trade down in the kinds of restaurants customers eat at

- **"The categories that we operate in, these are restaurants, transportation, grocery, tend to be categories that are quite consistent, even during periods of macro uncertainty"**

Underlying Platform Dynamics Are Strong, With Lots Of Runway Ahead

- **Reached a record 8.5mn active drivers and couriers globally:** Up +20% y/y; Earned $18.6bn (+18% y/y) in aggregate in Q1

- **Retention rates are at or near all-time highs globally**

- **"We remain very bullish about the opportunity ahead"**
    - Current MAPCs represent only ~5% of the adult population in Uber's operating footprint,
    - Approx half of Uber's consumers use its apps 1-2x/month vs a global avg of 6
    - <20% of adults 18+ use the platform on a regular basis

MOBILITY - Healthy Trends Across Mobility Biz (Particular Emphasis On Narrowing Gap B/w Trips & Gross Bookings Growth) / Suburbs And Sparse Mkts Is A Key Investment Focus Area

- **Mobility delivered a third consecutive qtr of +19% y/y trip growth**
    - Looking ahead – "our indication is that Q2 is going to be in a similar vein"

- **Mobility gross bookings growth grew +20% y/y** (decel from +24% y/y in Q4)

- **Mobility adj EBITDA margin grew seq to 8.3% of gross bookings,** up from 7.8% in Q4

- **Mobility take rate of 30.7% beat expectations of 30.4%**

- **Active driver growth "remains steadily ahead" of Mobility Gross Bookings growth**

- **On price elasticity – "so far…so good"**
    - Elasticity they're seeing is similar to the past - small price increases slightly reduce demand
    - Insurance headwinds did "ease a little bit…and hopefully we'll keep that going"
    - Mix shift in trips – saw "a bit more" growth internationally than in the US – esp in the travel sector, that impacted overall price/mix

- **Gap between trips and Gross Bookings has been narrowing, driven by –**
    - **Passing along lower insurance costs, primarily in the US:** Reiterated expectation of better insurance costs this year, and that's exactly how it's turning out"
    - **A "slightly higher" mix of intl trips,** which is "a bit due to that lower inbound US travel, which comes with lower Gross Bookings per trip"

- **Competitive dynamics remain fairly consistent both in the US and overseas**

- **Uber Reserve is helping drive growth in suburbs and other sparse markets**

    - **Expect frequency to be a headwind (i.e., car ownership is higher in suburbs) but price will be a tailwind, especially as it relates to Reserve**
        - 40% of Reserve volume is now unrelated to airport travel, "signaling the Reserve use case for everyday transportation needs"
    - **Sparser markets is growing faster than the core biz** and represent 20%+ of Mobility trips, "and we expect to grow our city count by several hundred in 2025"
    - **"Obviously, there's an investment period before we achieve those more continuity-level margin profiles, but that's all part of the growth opportunities that we see in front of us"**

- **Continue to work on "goal of getting every taxi on Uber":** Launched taxis in 40+ cities across the US, Turkey, Brazil, Italy, Japan, and Poland, with landmark launches in Rio de Janeiro, Florence, and Nagoya
    - **Taxis now represent 10%+ of Mobility trips in EMEA**
    - **Taxis on Uber are now in 38 countries and 500+ cities, generating $3.5bn+ in annualized Gross Bookings in Q1, up 60%+ y/y**

- **Expanded Uber Shuttle to more airports in the US,** adding routes to and from some of the busiest airports in the world like JFK, Newark, and Atlanta

Making Progress In Managing Insurance Costs Through Easing Inflation, Tech-Driven Safety Improvements, And Favorable Policy Momentum

- **Insurance costs expected to be "very modest" headwind of HSD through 2025,** which is "meaningfully lower" than what they've seen in the last 2 yrs, driven March CPI print came in lower-than-expected
    - **Will create some leverage that they will pass onto consumers,** given the rate of growth for the US Mobility biz

- **Taking steps to improve safety to drive insurance cost savings**
    - **Expanded Driver Insights dashboard across the US,** which gives drivers a score based on their driving behavior (like speeding or harsh braking/acceleration) and shares tips on how to drive more safely
        - In turn, drivers who maintain a certain driving score get access to higher earnings opportunities and improved matching
    - **"Over time, we expect the improved safety on our network to result in insurance cost savings"**

- **"Getting some great momentum" on the policy side to help drive down insurance costs**
    - **Tort reform bill in Georgia, which is awaiting the Governor's signature**, which if it goes through, will help us continue to drive down insurance costs over time"
    - **"We have other bills in other states, like Nevada and Texas,** and continue to have some good discussions in other areas"
    - **"US drivers are not less safe than drivers internationally" but US insurance costs are disproportionately higher:** "We're hoping that policymakers can work with us to bring prices down for consumers and more of the fares going into the drivers' pockets"

DELIVERY- Rising Margins, Improved Unit Economics & Accelerating Cross-Platform Underscore Q1 Delivery Momentum / But Work Remains to Scale G&R, Retail, and AI to Sustain Competitive Edge

- **Delivery trip growth was up +15% y/y**

- **Delivery gross bookings grew +18% y/y (in-line w/ Q4),** driven by membership growth and increasing G&R mix

- **Delivery adj. EBITDA margin continued to step up to 3.7% of gross booking, which was up from 3.6% in Q4,** 3.4% in Q3 and 3.2% in Q2
    - Margin expansion is primarily driven by advertising and OpEx leverage they get from scale

- **Delivery take rate of 18.5% was a tad below cons 18.6%**

- **Cost per trip "continues to show great improvement", declining both q/q and y/y**
    - Benefitting from scale

- **Cross platform and membership advantage continues to drive Delivery acquisition, engagement, retention**
    - **In Q1, ~1/3 of new Uber Eats customers came from the Uber app**

  - **Uber One is "our highest long-term ROI lever by far"**
    - Now drives 60% of Delivery Gross Bookings
    - In "best-in-class countries", drives 70%+ of Delivery Gross Bookings
  - **Seeing evidence that consumers who order from retail merchants have higher overall platform engagement**

- **"Our efforts over the past decade have built a global powerhouse in restaurant delivery"…**
  - Fulfill 2bn+ orders in ~30 countries
  - Have category-leading positions in 8 of their top 10 markets
  - Restaurant delivery business is now "solidly profitable", with profit margins now only "modestly" lower than our UberX profit margins

- **…but "we know that the Delivery opportunity in front of us is massive" and specifically think "that the partnership model is the right one for Uber"**
  - "That's why we are cultivating a network of partners—like Instacart, OpenTable, and Toast—to bring best-in-class services to our customers and merchants, with more to come"

- **Competitive dynamics in Delivery landscape – "we can't rest for a second"**
  - "The US market is highly competitive"
  - Seeing both organic and inorganic consolidation in the food delivery sector – "that's to be expected in markets that are as large and as competitive as ours"
  - "**Because of our global position and because of the unique platform that we have, we think we can hold our own and then some**"

- **Uber mgmt. is not worried DoorDash's annc'd acq of Deliveroo impacting their European mkt position…"We didn't have to buy our way into glory"**
  - "We're really, really happy about our results in Europe…we're seeing very encouraging trends"; Recently reached #1 category position in the UK with Eats "entirely organically
  - **"Frankly, it's not a surprise to see some of our competitors look to expand there inorganically. We like organic expansion more.** We've been investing for years in these marketplaces. And I think it shows in our results."

- **"Very focused on affordability as it related to Delivery",** driven by –
  - **Memberships**
    - Penetration of membership continues to increase on Delivery – "it's over 60% now. And in certain markets, it's at the 70-plus percent mark as well"
    - "Members tend to have higher retention" and also spend 3x more than non-members
    - Membership program has reached 30mn
  - **Merchant-funded offers…**i.e., buy-one-get-one deals
    - "Merchants like those discounts because…they get to kind of use the cost of food as the discount. And they can enjoy a margin on their food"
    - "We're seeing higher and higher percentages of merchant-funded offers in the marketplace"
  - **"We're seeing growth in both. And we think that is partially responsible for the consistently high Gross Bookings growth that we're seeing in Delivery, both in the US and internationally as well"**

- **G&R is at a $10bn annualized Gross Bookings run rate…:** "Roughly" the scale of Uber's restaurant food delivery business in 2018, "so there's a lot of runway ahead"
  - Only 18% of Delivery monthly users place G&R orders each month
  - **"Just as our foundational excellence in Mobility powered the rise of restaurant delivery on Uber Eats, our platform will drive consumer adoption of G&R globally"**

- **G&R biz has now started to accrete at variable contribution level in Q1,** after hitting breakeven for variable contribution in Q4

- **"Doubling down" on retail categories,** like home improvement, pets, and beauty
  - In Q1, added merchants like The Home Depot, Sally Beauty, Fresh Direct, 1-800-Flowers.com, and Petco
  - Unlike restaurant delivery, much of retail spend is driven by seasonal moments and holidays
    - **Investing "heavily" in better selection and in-app merchandising for these moments and seeing "strong" results so far:** Hit their best day ever for G&R (and overall Delivery) Gross Bookings this past Valentine's Day, driven by flower sales

    - **In Uber's leading countries, over half of G&R consumers already order from retail categories every month**

- **Investing in AI-driven customer experiences but "very, very early in experimentation phase"**
    - On LLMs – "we're very, very early in terms of the development…of the models and their application to consumer experience or enterprise technology"
    - Experimenting to enhance customer experience by using AI to improve search, recommendations, and personalized interactions
    - Working w/ "OpenAI's the world and other leading LLMs" but still in early stages, focused on building "delightful" consumer experiences

Actively Pursuing Autonomous Vehicle (AV) Oppties Across All Biz Segments

- **Have reached an annual run-rate of 1.5mn Mobility and Delivery AV trips on Uber's network**

- **The March launch of Waymo exclusively on Uber in Austin "exceeded our expectations"**
    - **"Very, very encouraging early days"**
        - Opt-in rates are very, very healthy
        - Ratings are "healthy"
        - "When the Waymo's are available for rides, they are very, very busy"
        - "Seeing a very high utilization of the vehicles in terms of trips per vehicle per da"
        - Avg Waymo is now now busier than over 99% of all drivers in Austin in terms of completed trips per day
    - **Plan to scale to "hundreds" of vehicles over the coming months**
    - **Right now, goal "isn't necessarily for incremental trips…it's just to make sure that every single ride is the perfect ride"**

- **Also gearing up for Waymo launch in Atlanta in early summer**
    - Riders in Atlanta can join the Interest List in their Uber app to get updates on their plans

- **Competitive environment in SF and LA given Waymo operations? It's "pretty stable"**

- **Have reached 18 AV partners globally,** w/ 5 new or expanded Mobility AV partnerships within just the last week
    - In the US –
        - Partnering with Volkswagen to deploy their fully autonomous vehicles on Uber, with testing set to begin in Los Angeles later this yr
        - Expect a similar timeline for deployment with Avride in Dallas, as well as Uber's new partner May Mobility in Arlington, Texas
    - Outside of the US –
        - Expanded existing partnership with WeRide to 15 addtl cities over the next five years
        - Welcomed new partners Momenta (deploying in Europe early next year) and Pony.ai (deploying in the Middle East this year)
    - **"Waymo is definitely the leader there, but there are many other players investing in the space. And we expect to see a number of successful companies in the space, hopefully partnering with us"**

- **Continued to expand autonomous deliveries to more US cities,** through partnerships with –
    - Coco in Chicago and Miami
    - Serve in Miami and Dallas
    - Avride in Jersey City
    - "**While still early, sidewalk robots are already creating savings for consumers**"

- **Also on the freight side – partnered w/ Aurora** to deploy a fully autonomous freight trip on public roads with no safety driver last week

- **Bullish on the shift toward generalizable, AI-powered autonomous systems.**
    - **AV tech is evolving from rule-based heuristics to large transformer models,** which improves scalability and cost-efficiency
        - **Also helps separate the software stack from the hardware stack**, allowing AV systems to work across different sensors and hardware without being tied to specific configurations

  - **Waymo's partnership with Toyota is "just indicative…of where AV is going"**, where software-first companies provide Level 4/5 solutions to OEMs globally.
  - **Envision a future where all new vehicles are AV-enabled**, lowering capital costs and enabling high-utilization monetization via platforms like Uber
  - **Next-gen AI players like Wayve, Waabi, and Momenta are pushing the boundaries**, with end-to-end models showing strong promise in both pace and versatility.

Growth In The High Margin Ads Biz Continues Over-Index

- **Ad rev crossed a $1.5bn annual run-rate,** growing +60% y/y

- **Mobility ad biz "continues to significantly outpace" overall ad growth,** driven primarily by Journey Ads in the Uber app, which continue to expand globally

- **Restaurant delivery advertising is now approaching 2% of Delivery Gross Bookings and continues to grow 60%+ y/y, with "steady" growth in both advertiser count and budget per advertiser**
  - "We continue to be positively surprised by the strong appetite"
  - **Annc'd a partnership w/ Instacart's Carrot Ads solution in the US in Q1** to help extend the reach of Sponsored Items to 7k+ CPG brands of all sizes

- **"By partnering with third parties for our G&R (Grocery & Restaurant) adtech platform, we have been able to prioritize investments in restaurant delivery and our nascent Mobility ads business"**

Also To Flag – Uber Is Acquiring A Controlling Stake in Trendyol GO

-> On Tuesday (a day before reporting earnings), Uber announced that it would be acquiring an 85% stake in Turkish food delivery platform Trendyol GO for ~$700mn in cash; The deal, subject to regulatory approval, is expected to close in H2 (link)

- **Expect the transaction to be accretive to Uber's growth post-integration**
  - To note, Trendyol GO generated $2bnin Gross Bookings in 2024

- **"We estimate that Türkiye represents our third-largest untapped delivery market globally** (after India and Brazil), with strong growth and underlying fundamentals"

- **Uber's mobility biz in the country is also "scaling quickly**, and we look forward to bringing the power of the Uber platform to Turkish consumers, improving their product experience and supercharging business growth in the years ahead**"**

6) DoorDash Strengthens & Bolsters' Its Market Position Via 2 "Business As Usual" Acquisitions

DoorDash has been busy shopping—and not just for groceries. Alongside reporting mixed Q1 results and underwhelming Q2 guidance, the Co announced two acquisitions - British food delivery platform Deliveroo for $3.9bn to expand DoorDash's geographic scale, and restaurant SaaS provider SevenRooms for $1.2bn to deepen DoorDash's platform capabilities. Mgmt emphasized that these deals are consistent with DoorDash's long-term strategy and disciplined capital deployment approach, calling them "business as usual" investments aligned w/ the Co's five core business lines.

Looking at the quarter, most Q1 results came in slightly below consensus expectations. Revenue grew +21% y/y and missed by -2.2%, while adj EBITDA rose +59% and was essentially in-line. The Q1 take rate declined vs the prior quarter, largely due to seasonality, mix shifts, and targeted investments in affordability and selection. However, mgmt expects improvement in the back half of the year as order volume, ad monetization, and unit economics strengthen. Q2 guidance also came in below Street expectations on profitability, though Marketplace GOV guidance was slightly ahead.

It was encouraging to hear that the Co is not seeing any effects from macro uncertainties and/or tariffs thus far. YTD Marketplaces demand has "remained strong" w/ engagement across different consumer cohorts and types. Throughout the call, the Co reiterated its long-term playbook - prioritizing profit dollars over margins, reinvesting efficiency gains into product quality and selection, and maintaining a disciplined approach to capital allocation, even as it leans into new initiatives across autonomy, grocery, intl, and software services.

See below for more.

-> DoorDash's stock dropped -7.4% after its report and ended the week down -10.5%, though the stock is still up +9.4% YTD

Q1 Results And Q2 Guidance Were Both Mostly Underwhelming

- **Q1 results mostly missed vs consensus expectations…**
  - **Revenue – MISSED by -2.2%:** Grew +21% y/y (decel from +25% y/y in Q4)
  - **Adj. EBITDA – ~INLINE:** Grew +59% y/y (accel from +56% y/y in Q4)
  - **Total Orders – ~INLINE:** Grew +18% y/y (decel from +19% y/y in Q4)
  - **Marketplace GOV – BEAT by +0.8%:** Grew +20% y/y (decel from +21% y/y in Q4)
  - **Contribution Profit – MISSED by -1.0%:** Grew +36% y/y (decel from +41% y/y in Q3)

DoorDash	Q1 2025		
	Actual	Cons Est	% Surp
Revenue (mn)	**$3,032**	**$3,100**	**-2.2%**
Adj EBITDA (mn)	**$590**	**$591**	**-0.1%**
Adj EBITDA Margin (%)	19.5%	19.1%	
Marketplace GOV	**23,076**	**22,900**	**0.8%**
Orders			
Total Orders (mn)	**732**	**733**	**-0.1%**
Average Order Value	**$31.52**	**$31.17**	**1.12%**
Contribution Profit (mn)	**$1,020**	**$1,030**	**-1.0%**

Source: FactSet; Company Filings

LionTree

- **…and Q2 guidance was also a mixed bag**
  - **Adj. EBITDA – MISSED by -2.1% at the midpt:** $600-$650mn vs cons $638.6mn
  - **Marketplace GOV – beat by +0.8% at the midpt:** $23.3-23.7bn vs cons $23.31bn
  - Reiterated expectation of adj. EBITDA as a % of Marketplace GOV will increase from Q2 to Q3

Take Rate Dips In Q1 On Seasonality, Mix Shifts And Strategic Investments, But Expected To Rebound In Q2 And H2

- **Q1 take rate of 13.1% was down q/q from Q4's 13.5%…:** Driven by –
  - "Some natural seasonality in the business"
  - Leaning into Dasher acq - "Both Q4 and Q1 tend to be really good from a growth perspective, and we lean into supply to ensure that we can drive strong quality"
  - Made strategic investments in affordability and selection in Q1 that drove both GOV and order growth
  - Mix shift impact as more categories scale
  - **"I would not read too much into it…Q1 [is] typically a seasonal quarter for us where you see strong volume growth"**

- **…but is expected to rebound to 13.3% in Q2:** Driven by -
  - Seasonal improvement in Dasher supply
  - Continued improvement in unit economics
  - Ongoing growth in the ads business

- **Overall - Expect Q2 take rate to be higher than Q1, and H2 take rate to be higher than H1**
  - Driven by volume in H2 is going to be higher than volume in H1, unit economics are going to increase, and typical seasonality in the biz
  - **"2025 is going to be no different than 2024 or 2023"**

- **Emphasized that "our goal has not been to optimize margin percentage. We're trying to grow profit dollars."**

Hardware Updates And Autonomous Efforts Drove Increase In CapEx In Q1

- **Did a refresh of tablets for some merchants in Q1** "because we're trying to improve the hardware experience, the software experience, because ultimately, we think that drives merchant satisfaction"

- **Also "starting to see some impact" from investments in autonomous in Q1 (but no big announcements – "we'll have more to share later")**
  - "That marriage of the operations and the technology…is really what's going to be key in unlocking the possibility of autonomous delivery in a way that is highly scalable, that increases or improves the value proposition of the product experience today and builds us towards the future"
  - **Success depends on solving the "first and last 10 feet" challenge** of placing items into and retrieving them from vehicles
  - **Right-sizing vehicle form factors:** Autonomy doesn't require large vehicles; Lighter, purpose-built delivery units are more appropriate for smaller payloads
- **"Super expected about… the partnership ecosystem that is developing as well"**

- **What will CapEx levels look like for the rest of the yr?** "Think of it in terms of the overall D&A guidance that we've given, similar level, sort of what you would expect in Q2 for the rest of the year"

NOT Seeing Any Effects From Tariffs

- **"We haven't seen any changes in consumer behavior, even if there are changes in consumer sentiment"**
  - YTD Marketplaces demand has "remained strong" w/ engagement across different consumer cohorts and types that they believe is consistent with typical seasonal patterns

- **Historically resilient through post-COVID and inflationary periods:** During both the post-COVID recovery and peak inflation in 2021–2022, food and convenience delivery remained one of the most frequent and resilient categories of consumer spending

- **"We're going to focus on what we can control"**: Increasing the selection of merchants and items they offer, invest behind affordability, quality and svs initiatives

Deliveroo Acq Is To Expand Scale, Unlock Profit Pools, and Strengthen European Local Commerce

- **Annc'd acq of Deliveroo for $3.9bn or ~£2.9 equity value (link/link/link)**
  - The terms of the Acquisition imply:
    - **Equity value of ~£2.9bn**: Based on 180 pence/share in cash for all issued and to be issued Deliveroo shares
    - **Enterprise value of ~£2.4bn**: Adjusted for Deliveroo's net cash position
  - The 180 pence/share offer represents:
    - **44% premium** to Deliveroo's closing price on April 4 (last business day before DASH's initial offer letter)
    - **29% premium** to Deliveroo's price on April 24 (last biz day before the formal offer period began)
    - **40% premium** to Deliveroo's 3-month VWAP up to April 24
  - Terms imply an **EV / EBITDA multiple of ~13.4x**, based on the midpoint of Deliveroo's FY2025 adjusted EBITDA guidance range of £170–190mn
  - DoorDash said it would not increase its offer, but reserved a right to do so if a third party emerged with a competing offer for Deliveroo

- **Combination w/ Deliveroo is about –**
  - **"Adding more scale to the same continent" (Europe)**
    - Have a "strong" track record teaming up with Wolt for 3+ yrs, "where we're leading in a majority of our markets"
  - **Laying the foundation to introduce the local commerce products they are building**
  - "**Hopefully hav[ing] the biggest positive impact to the entire European local economy**"

- **Will be able to unlock "even greater profit pools" in Deliveroo's markets by "investing wisely" in the partnership and leveraging scale economies**
  - If the deal closes, would operate in ~30 countries in Europe, and ~45 globally
  - **While Deliveroo may appear as a market laggard at the aggregate level, it holds "leading positions in the strongest profit pool places" of Western Europe**

        - "Which may suggest that they've concentrated their efforts in a different way than other players and allow them to set up in a way in which if they had extra firepower, then they can actually take a leading position"

- **Plan to operate Deliveroo w/ the same approach as the core biz:** Focusing on improving unit economics, driving better retention and order frequency, and using that scale to grow profitability

SevenRooms Acq "Is Really About Adding To Our Platform Business"

- **DoorDash also annc'd the acq of restaurant booking platform SevenRooms in a $1.2bn deal**
    - The all-cash acquisition of SevenRooms is expected to close in H2:25 (link/link)

- **SevenRooms enhances DoorDash's restaurant-focused software offerings and expands potential in marketing-as-a-service**
    - Deepens their "depth" in restaurant svs, particularly within the DoorDash Commerce Platform
    - Although SevenRooms is still restaurant-focused, there is potential to expand to other verticals over time
    - That said, execution is about "sequencing" — balancing focus with the ability to scale across verticals

- **"You can almost view this as marketing as a service and adding more intelligence into what the restaurant owners can do in order to build their strong direct relationships with guests"**

"Everything That We're Announcing Today To Me Really Is Business As Usual And…Something That We're Investing In Because We're Seeing Success In The Five Business Lines That We Have"

- **Are there any updates to working capital strategy given recent acquisitions? "Our view on capital allocation in general has not changed" and biz remains FCF generative**
    - DoorDash maintains ~$1bn as a minimum cash threshold for working capital purposes
    - Any excess cash is deployed toward investments aimed at long-term free cash flow per share generation
        - Acquisitions reflect their commitment to reinvesting in value-accretive oppties that meet internal IRR thresholds

- **On overall M&A strategy – "The bar continues to remain high"**
    - **Two main focuses when looking at oppties remain the same:** Whether it will expand DoorDash's addressable market or portfolio, and whether DoorDash has a proven ability to execute in the space

Performance Of New Verticals In Q1 Was "Very Strong" And "Continues To Grow" / Reiterated That "We Expect To Be Volume Share Leaders In The Course Of The Next Year"

- **Increased # of MAUs across New Verticals**
    - ~25% of MAUs ordered both grocery and restaurants in Q4 and that "continues to increase" in Q1 and Q2

- **Margins have continued to improve** and overall margin performance of the biz is "pretty promising"

- **Product quality has improved vs a yr ago,** contributing to order volume and y/y share gains

- **Avg order frequency inc'd to an all-time high in Q1, with an increasing percentage of MAUs engaging across multiple categories**
    - Grocery is becoming a larger component of the overall biz, which is starting to impact overall Co AOV
    - Restaurant AOV has been "relatively stable" over the last several qtrs

- **As "cohorts continue to habituate they're ordering more with us" across both restaurants and grocery**
    - Using DoorDash for more use cases
    - Continue adding more selection, which is a "key differentiator" – have the majority of the top 20 grocers on the platform and will continue to add, even in regional mkts

- **No change in competitive dynamics in grocery biz and "very pleased" w/ category share gain:** Gained a "healthy" amount of share in Q1 y/y and continue to gain share q/q
    - **But added that "we don't really focus on the competitive intensity"**

- **“Starting to see evidence” that online grocery experience can eventually exceed the in-store experience, but getting the fundamentals right remains the current focus**
  - Key priorities for investment include order accuracy, affordability, delivery quality, and customer support
    - Highlighted a product like DoubleDash, which users to shop from multiple stores in one go
  - **BUT “there's still a long ways to go before we can actually build a product that is 10 times better than the current leading product, which is shopping inside of a grocery store yourself”**

- **Will continue to drive scale by reinvesting efficiency gains across both restaurant and grocery bizs**
  - “Customers are always going to want greater affordability, more selection, better service, higher quality. And that's something that we've been investing in since day one of the company. It's something we'll continue to invest in, irrespective of external factors. And we've continued to see gains across the board”

Growth In Intl Biz Is Outpacing That Of The United States

- Y/Y growth in international MAUs continued to grow at a double-digit pace throughout Q1:25 (comp?)

- In Wolt branded countries, more than doubled Wolt+ members exiting Q1:25 vs end of Q1:24

- Y/Y growth in Total Orders across international Marketplaces in Q1:25 remained “well above” Y/Y growth in Total Orders in their US Marketplace

Building On DashPass Momentum, with A Vision for Expanding Utility

- **Q1 growth in DashPass accelerated q/q** (did not share specific #s)
  - Reached all-time high in # of subscribers, which continues to grow
  - Order frequency also continues to grow
  - **Saw incr’d trial memberships and reduced churn among paid members in Q1, both of which contributed to the overall growth in overall members**

- **“Main focus continues to be the same, which is to keep improving the products such that people want to use DoorDash more”**

- **“DashPass has the potential to be the membership program in which you would derive the most utility from”**
  - While it began with food, the broader goal is to maximize the number of ways it connects local businesses to consumers
  - Focus remains on increasing product utility by enhancing current offerings and building new ones to deepen consumer value

Regulatory Updates on DoorDash's Positions on Delivery Cap Fees and Portable Benefits

- **Impact from New York City Council raising delivery cap fees?** “That's something that we're always in discussions with cities about”
  - **“Our take has always been that a lot of the policies, especially in cities like New York, not only sometimes are questionable from a legal perspective, but they almost always do the opposite of what they're intended to do”**
    - Harm the # of oppties for Dashers
    - Lower the sales for small, medium, and large businesses within that city
    - Exclude consumers b/c of the higher prices that usually get passed on as a result of these fees
  - **“We’re working with the city to see if we can enact some common-sense policies”**
    - Sometimes we get very productive outcomes. Other times we face headwinds. But over the long run, we're really optimistic in finding common-sense ways to work with common-sense elected officials”

- **Portable benefits is “definitely something that we’re really, really excited about”**
  - Started the effort in Pennsylvania with support from Governor Shapiro and now talking w/ other states to further expand
  - **“This is really coming directly from the Dashers themselves, that they want the flexibility of the work that we provide, but they also want to have access to benefits which we believe in”**
  - “Excited that we have leading states who are kind of the tip of the sphere…we see momentum and excitement now possibly at the federal level”

7) DraftKings…The Odds Are In Favor Of This Customer Friendly Winning Streak Ending

DraftKings once again faced more customer friendly outcomes than typical. It impacted the quarterly results and also was a key culprit for the lowered FY25 revenue and adj EBITDA guidance. In fact, if not for these sports outcomes, CEO Jason Robins said they would have raised the full year guidance instead. Structural hold came in at 10.4% while actual hold was 9.5%. When pressed by analysts as to whether the structural hold percentage is the right level, Robins was confident that it is. Their analysis concludes that these customer friendly wins are "random" in nature (82% of March Madness favorites won which is the highest in history) and he still argues that structural hold and actual hold will converge overtime.

The Co's momentum in live betting also stood out and was a key driver for handle growth in the qtr (total handle was up +16% y/y in Q1 though is expected to increase high SD% to low DD% in Q2). In April, MLB live handle was up +36% y/y. Q1 was an inflection point (live reached 50% of total handle) and further growth will help drive handle higher. While user growth trailed Street estimates, mgmt highlighted the efficiency of customer acquisition in the qtr.

So overall, DraftKings' underlying positive trends remain intact but the Co has been unlucky with how customer outcomes have turned out over the last couple of quarters. The odds are in favor of brighter skies for DraftKings on that front.

See below on more of what we thought was the most incremental and important takeaways from DraftKings' earnings and conference call. It is also worth flagging that Missouri is not in the FY guidance.

-> DraftKings shares closed the day up +2.5% post results but is still down -2.6% YTD

Q1 Was A Mixed Bag For DraftKings And The Co Lowered 2025 Guidance…Due To Cont'd Customer Friendly Outcomes

- **Similar to Q4, DraftKings printed another MIXED headline qtr –**
  - **Q1 rev MISSED by -1.5%:** Incr'd +20% y/y (vs +13.2% y/y in Q4 and +38.7% y/y in Q3)
  - **Q1 adj EBITDA BEAT by +4.5%:** $102.6mn vs yr-ago $22.4mn (vs -40.8% y/y in Q4)
  - **Q1 adj EPS BEAT:** Loss of 7c vs cons loss of 8c

- **Promo re-investment was more efficient y/y as a % of gross gaming revenue even w/ customer friendly outcomes in the qtr**

- **On Q1 KPIs, both monthly unique players (MUPs) and avg rev/MUP disappointed vs Street estimates**
  - Though mgmt highlighted that new customer acq was inline w/ their expectations and "highly efficient"

DraftKings	Q1 2025 Results		
	Actual	Cons Est	% Surp
Revenue ($mn)	**$1,409**	**$1,430**	**-1.5%**
Adj EBITDA ($mn)	**$103**	**$99**	**4.5%**
Adj EBITDA Margin (%)	7.3%	6.9%	
Adj EPS	**($0.07)**	**($0.08)**	**12.5%**
Other Key Metrics			
Monthly Unique Players (mn)	4.30	4.72	-8.9%
Average Revenue/MUP	$108	$114	-5.1%

Source: DraftKings filings; FactSet Data & Analysis

LionTree

- **The Co guided for Q2 revs growth of +25% vs cons +27.9% and adj EBITDA $200mn+ vs cons $256mn**

- **And the Co now takes a more cautious view on FY25 given the customer friendly outcomes**

  - **After raising FY25 revenue guidance last qtr, the Co now LOWERED it by -$100mn at the mid-pt to a $6.2-6.4bn range:** That equates to +32% y/y growth at the mid-pt
    - Sportsbook handle: +$50mn impact
    - Customer friendly outcomes: -$170mn impact

        - Higher tax rate in Maryland & Jackpot shutting down digital lottery courier operations in TX & New Mx: -$30mn impact

    - **And lowered FY25 adj EBITDA guidance by -$100mn at the mid-pt to $800-900mn**
        - Sportsbook handle: +$37mn impact
        - Customer friendly outcomes: -$111mn impact
        - Higher tax rate in Maryland & Jackpot shutting down digital lottery courier operations in TX & New Mx: -$26mn impact

    - **The Co also lowered FY25 FCF guidance from $850mn to $750mn**

    - **Other FY25 guidance:**
        - Maintained FY25 Sportsbook net revenue margin of 7-7.5% (higher structural Sportsbook hold % and incr'd promo efficiency to offset impact of customer friendly outcomes YTD)
        - Expect gross margins of 46%, +300bp y/y
        - Stk based comp 6% of revs

- **"If not for the customer friendly sports outcomes in March, the Co could have raised the FY25 rev and adj EBITDA guidance"**

- **Also note that Missouri is not included in guidance**

DraftKings ($mn)	FY25 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue ($mn)	$6,300	$6,350	-0.8%
Adj EBITDA ($mn)	$850	$905	-6.1%

Source: DraftKings filings; FactSet Data & Analysis

LionTree

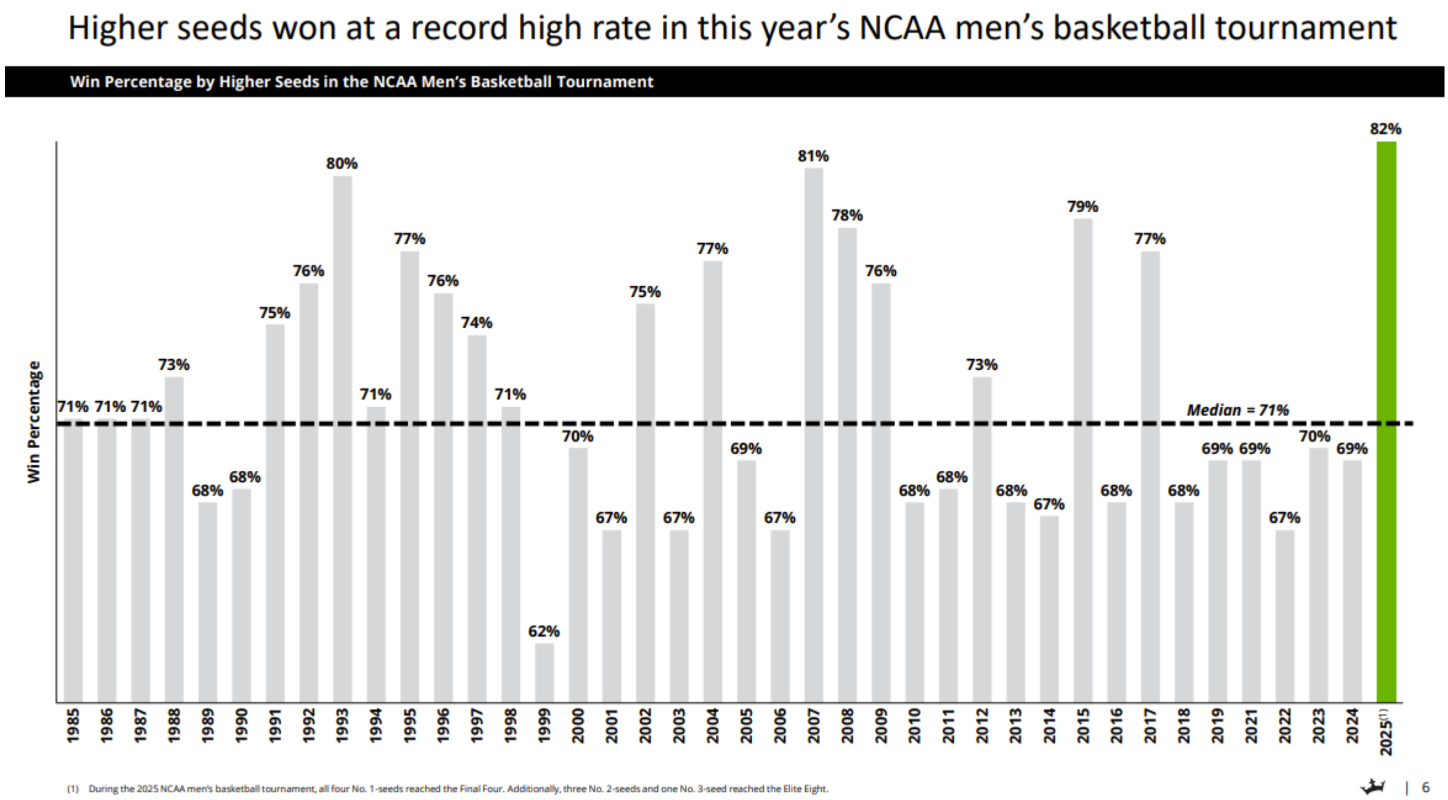
While Sports Outcomes Were Once Again Customer Friendly, Mgmt Is 100% Confident It Is Random & Will Revert

- **In Q1, a favorable Super Bowl was more than offset by favorites winning the men's NCAA basketball tournament**
    - With NCAA, all 4 #1-seeds reached the Final Four and 3 #2-seeds and 1 #3-seeds reached the Elite Eight; 82% of favorites won, which is the highest in history

- **Structural Sportsbook hold of 10.4% rose +60bp y/y, w/ Parlay handle mix increasing +370bp y/y, and actual Sportsbook hold was 9.5%**

- **In analyzing their data, mgmt is confident that "the recent volatility is random in nature" and structural hold will converge with actual hold overtime**
    - There are periods where there are bad outcomes and the opposite can happen as well

- **Structural hold should be a little north of 11% in H2…it's going to be "just below 11%" in Q3 and then "over 11%" in Q4**
    - The driver is the NFL, but also MBA, as those are the 2 best sports in terms of structural hold as far as the major sports go because of the heavy SGP and parlay mix



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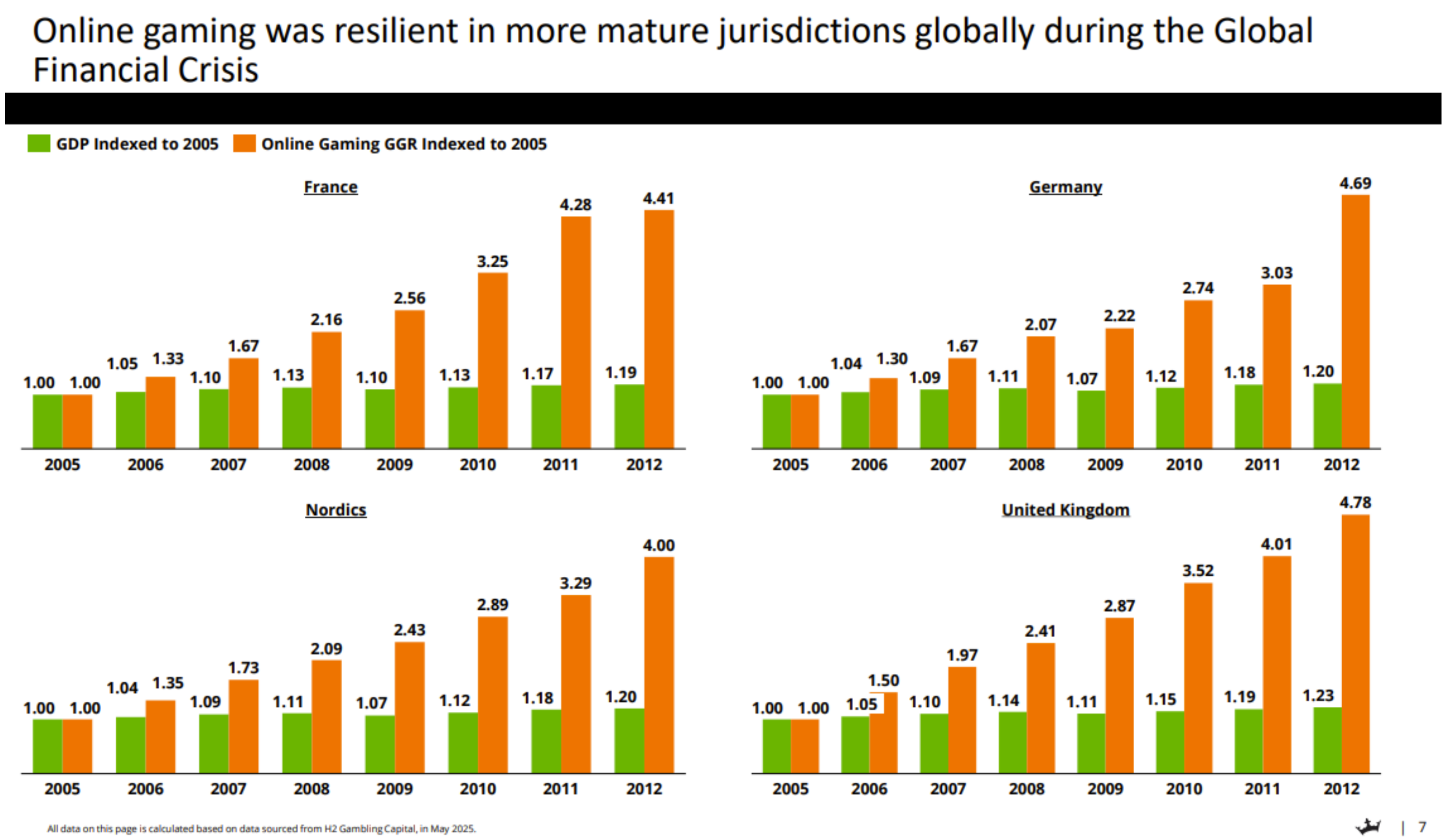
Expect Resiliency In Sports Betting During Times Of Macro Uncertainty

- **Online gaming was resilient in more mature markets during the Financial Crisis (see chart below)**

- **Current customer metrics (deposits, session engagement time, active days, bet frequency, bet size, etc.) continue to trend as expected**
  - All cohorts seem to be behaving the same way

- **One trend they have been seeing is a softer digital advertising market so they are somewhat leaning in**



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Live Betting Is Now Gaining Momentum & Helping To Drive The Acceleration In Handle

- **Live betting in Q1 actually reached 50%+ of the Co's total handle, the "first time that's ever happened":**
  - "We think there's even more upside from there… As we said, we've seen stats that it's as high as 70%, 80% of GGR in some cases for operators in more mature market"
  - "Really happy to see that MLB live handle, it's early in the season, but it's up 36% y/y for April, really great to see. So we think there's a ton of upside there"
  - As live betting becomes a larger percent. that will that accelerate handle

- **Sportsbook handle rose +16% y/y to $13.9bn in Q1, in-line with mgmt expectations** – NCAA tournaments had strong customer activity; For jurisdictions where they were live w/ Sportsbook before 2024, handle incr'd 11% y/y
  - **Expect overall handle in Q2 to grow high SD% to low DD% in Q2**
  - March handle was up 14% y/y
  - April saw a slight deceleration vs Q1, but still strong growth (likely due to sports seasonality)

Other Key Updates

- **Product enhancements are driving higher structural Sportsbook hold percentages and more efficient deployment of promos**
  - Delivering more unique betting options
  - Launched unique micro betting experiences for NBA and MLB (extending live betting lead)
  - Gaming traction in iGaming with proprietary jackpot offering

- **Mgmt is very bullish on the impact that AI will have on the business**
  - It is helping w/ accelerated product development & better customer support experience
  - AI is becoming a company-wide movement; Employees are asking "what can I do with AI?" vs "what can I do with more headcount?"
  - There is not a place that can't see gains from AI
  - This can be "life changing and business changing"
  - AI in pricing and risk mgmt. integration is "a huge oppty"

- **Still focused on the large US opportunity but would look at any compelling intl M&A opportunity (but the bar is high)**

- **DraftKings Plus launch in New York?** "Encouraged" with what they have seen but have a small group of users now; Won't roll out more broadly before fully tested

8) EA's Inflection Point Is Finally On The Horizon …

This year will be an inflection for EA with two "iconic" franchise launches in FY26, namely Battlefield and Skate. Big franchise video games take a LONG time to develop, and companies go through periods of ebbs and flows during these times. On the heels of Take-Two last week announcing a delay in the launch of its very eagerly awaited GTA 6, importantly, this week EA mgmt. firmly reiterated the FY26 launch (and summer reveal) of its also highly anticipated new Battlefield game (and now the window looks even more open given GTA's timing shift). Early feedback has been very encouraging.

In the meantime, EA's FQ4 results broadly beat Street expectations with net bookings (+15% above cons) and impressive op leverage (margins 31% vs cons 22%) being the standouts. Player engagement in FQ4 was up DDs% following the January update and the Co's "competitive cohort engagement returned to more normalized levels and ended the quarter up y/y." Other key positives were 1) a re-acceleration of growth in EA SPORTS FC, 2) continued momentum in American Football, 3) ~30% net bookings growth in The Sims, and 4) the "highly successful" launch of Split Fiction. The FQ1 guidance was nothing to write home about but investors were more pleased with the upside in FY26 net bookings growth guidance which, to us, seems like it has strong support.

Strong margin expansion was also attractive dynamic with FQ4 financials and the Co reiterated its margins framework through FY27. On the negative side, Apex Legends continues to be a drag on the business, but its net booking declines are expected to moderate in H2 vs H1 (will be -40% in FY26 overall).

On macro, while mgmt doesn't see the industry or the Co as "immune", it does expect resilience given the importance of Entertainment, and video gaming in particular, to a significant portion of the population. Video games offer "incredible value" on a cost/hour basis vs other forms of Entertainment.

Overall, the set up looks favorable as we look ahead. In addition to the two new releases as mentioned, expansion of Live Services, growth in global fandom, the World Cup (a major acquisition opportunity for their football franchise), and continued margin expansion are all underpinning future growth. The Co also remains quite shareholder friendly and through FY27, ~80%+ of FCF is expected to be returned via stock repurchases & dividends.

-> EA shares closed up a modest +0.6% in reaction to earnings, so it was a bit of a non-event, but YTD the shares are still among the TMT leaders, up +4.8% y/y.

EA's FQ4 Headline Numbers Broadly Outperformed W/ Net Bookings & Op Leverage The Standouts

- **EA's FQ4 headline numbers BEAT expectations – posted significant upside in net bookings & margins**

- **Net bookings exceeded their Jan revised guidance and BEAT:** Rebuilt momentum and grew +8.0% y/y in FQ4 (vs declining -6.4% y/y in FQ3) and beat cons by +15.3%
    - **Live Services & Other (~79% of net bookings) – BEAT:** FQ4 net bookings rose +0.6% y/y (vs +12.6% y/y in FQ3) and exceeded cons by +10.5%
        - Performance was driven by FC Ultimate Team, College Football Ultimate Team and The Sims
    - **Full Game (~21% of net bookings) – BEAT:** Net bookings rose +48.3% y/y in FQ4 (vs -3.2% y/y in FQ3) and beat cons by +42.8%
        - Driven mainly by the successful launch of Split Fiction with units sold nearly double expectations

- **Non-GAAP op margin of 31.0% was well above cons' 21.8%**

Electronic Arts	FQ4 2025 Results		
	Actual	Cons Est	% Surp
Net Bookings ($mn)	$1,799	$1,560	15.3%
Non-GAAP Gross Margin	81.3%	82.1%	
Non-GAAP Op Margin	31.0%	21.8%	
Adj EPS	$0.98	$0.92	6.5%
Cash From Operations	$549	$223	146.3%
Bookings By Segment			
Live Services & Other	$1,415	$1,280	10.5%
Full Game	$384	$269	42.8%

Source: EA Filings; StreetAccount

LionTree

EA Sees Positive User Engagement Trends

- **Player engagement in FQ4 was up DDs% following the January update**
  - "Our competitive cohort engagement returned to more normalized levels and ended the quarter up y/y"

- **User engagement trends**
  - New player acquisition and daily active users were up over 20% y/y in FC Mobile
  - Players across Madden NFL and College Football across console and PC grew double digits and hours played were up 68% leading to net bookings of over $1bn, up 70%+ y/y
  - Relaunch of College Football 25 grew audience by adding over 5mn new fans to the ecosystem
  - There is significant growth in real-life football fandom and engagement, providing oppties to Global Football and American Football franchises

Stronger FY26 Net Bookings Guidance Outweighed The Weaker FQ1 Net Booking Guidance & Margin Expansion Should Sustain

- **FQ1 net bookings guidance was WORSE than anticipated but trends will improve in H2:** The range is down -7% to up +1% y/y and missed cons by -3.5% at the mid-pt…due to:
  - Seasonally lower contributions from the EA SPORTS portfolio
  - A ~5-point headwind from Apex Legends, which will continue at a similar rate through H1 of FY26
  - An addtl 2-point headwind from catalog
  - **FQ2? Expect some of these headwinds, in addition to challenging y/y comps, to also weigh on FQ2, w/ growth accelerating in H2 driven by the typical seasonality of EA SPORTS franchises as well as the anticipated Battlefield launch**

- **FQ1 Live Services net bookings (ex-Apex Legends) to grow low DD% led by EA SPORTS**
  - EA SPORTS FC in particular is showing "positive net bookings momentum through the early weeks of FQ1"
  - But they are "taking a measured view of the quarter overall as Team of the Season, Q1's largest event, remains in progress"

- **FQ1 GAAP EPS guidance is projected to be down -44.7% y/y at the mid-pt and was 21% BELOW consensus**
  - **Net rev is expected to decline** -3.6% y/y at the mid-pt
  - **Cost of rev is forecasted to increase** +4.6% at the mid-pt
  - **OpEx is expected to increase** +7.9% y/y at the mid-pt

Electronic Arts	FQ1 2026 Guidance (Mid-pt)		
	Actual	Cons Est	% Surp
Net Bookings ($mn)	$1,175 - $1,275	$1,270	-3.5%
Net Revenue ($mn)	$1,550 - $1,650	$1,799	-11.1%
Cost of Revenue ($mn)	$265 - $285	$368	-25.3%
GAAP EPS	$0.49 - $0.66	$0.73	-21.2%

Source: FactSet, StreetAccount

LionTree

- **FY26 net bookings guidance was BETTER than anticipated:** Implies a range of +3-9% and beat cons by +1.6% at the mid pt
  - Battlefield is expected to launch w/in the fiscal year
  - EA SPORTS portfolio, The Sims franchise, and the launch of Battlefield and skate will drive growth
  - A 1-pt headwind from FX is expected
  - A ~5-pt headwind is expected from catalog and Apex Legends
  - Apex Legends franchise net bookings are expected to be down ~-40% y/y in FY26
  - Catalog is now a smaller contributor to total net bookings than historically and expect this shift to weigh on y/y comps in the year, as "our portfolio continues its structural transition."

- **The Co also mentioned that price increases are not anticipated in the guidance they provided**

- **FY26 adj. EPS guidance of $7.25-$8.06 beat by +2.6%** at the mid-pt
  - **Net rev is expected to decline** -2.2% y/y at the mid-pt
  - **OpEx is expected to increase** +2.7% y/y at the mid-pt driven by Battlefield marketing
  - **Non-GAAP op margin is expected to be btw 27.2-29.2%**

- **FY26 operating CF guidance is forecast to increase +10.6% y/y at the mid-pt**

Electronic Arts	FY26 Guidance (Mid-pt)		
	Actual	Cons Est	% Surp
Net Bookings ($mn)	$7,600 - $7,800	$7,620	1.6%
Net Revenue ($mn)	$7,100 - $7,500	$7,355	-0.7%
Cost of Revenue ($mn)	$1,475 - $1,515	$1,543	-3.1%
Non-GAAP Adj EPS	$7.25 - $8.06	$7.46	2.6%
Operating Cash Flow	$2,200 - $2,400	$2,313	-0.6%
CapEx	$225	$221	1.8%

Source: FactSet, StreetAccount, Bloomberg

LionTree

- **The Co. reiterated the financial margin framework through FY27**, with margin expansion underpinned by continued live services growth, multiple new planned releases, a World Cup in the summer of 2026, and a milestone moment for EA SPORTS FC

- **Through FY27**, at least ~80% of FCF is expected to be returned w/ stock repurchases & dividends

Mgmt Believes The Video Game Industry Will Be Resilient In Any Tough Macro Times

- **The Co and the industry are "not immune" to macro shocks but they've been "incredibly resilient through even macro challenging times":** Their biggest franchises typically perform very well

- **Entertainment is a fundamental human need:** Video games have become the **primary entertainment form for a significant portion of the global population**, and this engagement has grown each year

- **Video games also continue to offer "incredible value":** A game can provide continuous entertainment for an entire year and the cost-per-hour of engagement is significantly lower vs other forms of entertainment, such as movies or concerts
  - This affordability ensures consistent demand, even during economic downturns

Launching 2 Of Their Most "Iconic" Franchises In FY26 – Battlefield & Skate

- **Battlefield – remain "firmly on track" for FY26 launch w/ a major global reveal "this summer" / Will contribute significantly to EA's growth in the year**

- **Battlefield Labs is the biggest play testing initiative in the franchise's history:** Engaging w/ players earlier and more meaningfully than ever, conducting large-scale tests, and validating core gameplay experiences to deliver something truly exceptional for players
  - **Initial tests have been very well received:** Completed sessions w/ a core group of Battlefield players across Europe & North America w/ thousands of hours of gameplay and the response has far exceeded expectations
  - Over **600,000 players have signed up for Labs** to date, alongside **350mn views** of the Battlefield content since their announcement
  - Over the next phase, plans to have a wider audience, bringing in more across North America, Europe, and Asia

- **Early access to Skate is slated in FY26 as well**
  - It is being bult as a Live service game that will evolve over time
  - Expected to be a key growth driver in the year

EA SPORTS FC Sees Renewed Momentum & American Football Maintains Strength

- **EA Sports FC – Deep community engagement, innovative content, and agile execution resulted in a significant rebound in engagement and monetization:** The Co has achieved a milestone growth in Global Football w/ two key drivers, FC Mobile and FC Online
  - Regular cadence of updates, events, and highly valued content releases that followed throughout the qtr drove the strong momentum
    - **January Update:** Launched the **biggest live service update** in its history, combined w/ outreach to the player community and Team of the Year event
    - The Co received **overwhelmingly positive feedback on the faster pace of gameplay and reward tuning**
  - **FC Mobile continues to exceed expectations:** Growth led by cont'd focus on hyper-culturalization
    - Saw DD growth in net bookings, ahead of expectations, w/ the web store accounting for mid-SD% of the overall total
    - New player acquisition and DAUs were up over 20% y/y
    - FC Mobile continues to be an important contributor to global reach and engagement as the Co expands and deepens its presence in top geographies that differ from its HD title, particularly in Southeast Asia and the Middle East
  - **After the gameplay update, FC Ultimate Team posted high-SD% net bookings growth** in constant currency, fueled by strong reengagement from our competitive cohort
  - The **EA SPORTS App, currently in soft launch w/ LALIGA in Spain**, is delivering positive early indicators of engagement and retention, reinforcing its vision to grow into the world's leading interactive sports platform
  - The **2026 World Cup** represents a major acquisition opportunity and the next defining moment for Global Football
    - The impact of the World Cup is expected to extend beyond 2026, **contributing to growth through 2027 and into 2028**
    - During the last World Cup, EA grew its player base in **North America by 50%**

- **Posted cont'd strong growth in American Football:** Players across Madden NFL and College Football across console and PC grew DDs and hours played were up 68%; Led to **net bookings of over $1bn, up over 70% y/y; American Football also** cont'd to perform well beyond the college season ending National Championship in Jan & the Super Bowl in Feb
  - **Madden NFL 25 subscriber** acquisition exceeded expectations, driven by expanded platform reach as well as strong late holiday demand for the title relative to prior quarters
  - **College Football Ultimate Team:** "Significantly" outperformed, w/ average net bookings per spender more than 50% above expectations, driven by high-impact content drops like Rewind and Names of the Game
  - **Deeper integration btw Madden NFL + College Football is "setting the stage for a unified, massive online community":** It's following the playbook of their Global Football franchise

- **Unique opportunities to expand reach for EA SPORTS (which is showing positive net bookings momentum through the early weeks of FQ1):**
  - **FC Mobile will play a key role** in deepening player engagement, starting w/ a recently announced partnership w/ Apple and MLS around integrated streaming and cross-platform fandom (the first match is streaming next week)
  - Significant opportunity w/ **Global Football and American Football franchises due to the increasing popularity of these real-life sports each year**

        - This growth provides a natural multiplier for the total addressable market, offering a unique advantage to organically expand core player base and broaden the audience

The Sims Is Still Performing VERY Well But Apex Legends Remains A Big Drag

- **The Sims franchise posted its best FQ4 net bookings performance for the franchise ever:** Delivered 30% y/y net bookings growth, demonstrating successful player reengagement and the ongoing effectiveness of strategy to broaden the global audience and strengthen community connections
    - **Businesses & Hobbies:** Annc'd the release of a new expansion pack, adding exciting new features and content to enhance the overall experience for players
    - **The combination of re-releasing legacy titles and** introducing targeted updates aligned with broader franchise roadmap resulted in higher attach rates, notably among casual spenders
    - **Empowering creativity and connection:**
        - Plans to build the franchise into one of the most powerful creative platforms where self-expression, social connection, and user-generated content converge in exciting new way
        - Will continue to empower a new generation of creators and players to shape culture, community, and commerce through The Sims by transforming it into a unified ecosystem across games, marketplaces, and social spaces
    - "Looking further ahead, we plan to transform the franchise into a unified ecosystem across games, marketplaces, and social spaces."

- **Apex Legends remains a big drag but the net booking declines will moderate in H2:** The Co expects 40% y/y decline in net bookings in FY26 due with stronger headwinds in H1 followed by "more moderate" declines in H2
    - Will "continue to focus on delivering for our core players and investing in the long-term evolution of the franchise"

- **Split Fiction overperformed expectations and to date has reached nearly 4mn units sold**: "This success is proof that shared experiences, paired with great stories and varied gameplay, have the power to break through and capture the imaginations of people around the world"

9) It Looks Like Q4 Was An Anomaly & The Trade Desk Is Back On Track

It was a huge sigh of relief for investors when The Trade Desk (TTD) reported a very strong set of Q1 results this week, following a big miss last quarter where mgmt was vague, at best, regarding the drivers other than to say that it was due to "mis-steps" and essentially mis-execution. In this case, one quarter didn't make a trend and TTD appears to be back on track (before last quarter, the Co had beaten its internal forecasts 32 quarters in a row). Revenue growth re-accelerated from +22% y/y in Q4 to +25% in Q1 and Q1 adj EBITDA margin reached 33.8%, which materially topped cons 25.6%. What drove the turnaround? Mgmt called out the strong uptake in Kodai in addition to some upgrades in the business, including a more efficient engineering team, a simplified go to market team, and a growing pipeline of JB plans. The Co also hired a new COO with a successful track record.

With that said, the Co highlighted that it saw some softness with its large global brand clients and is guiding for +17% y/y revenue growth in Q2 (in-line with consensus). If the economy turns south, it is hard to avoid macro impacts if you are an advertising company, but TTD is very confident that they can "land grab" during this period or accelerate growth. CEO Jeff Green is very optimistic on the conference call about the ramifications from the recent legal actions against big tech, and specifically Google, and has already seen Google make some behavioral changes as it relates to its DSP business. He sees this as a big win for the open internet. Green also made a good point in that TTD has been able to take share vs the wall gardens in this "unfair' market environment, so imagine what the company could deliver in a more "fair" environment.

All in all, while the macro backdrop is still unpredictable, the TTD seems to have its ducks back in a row and is ready to execute. See below for more on what we thought was most important and incremental.

-> After a sharp sell-off last quarter, TTD shares rallied a strong +18.6% on the back of results but also note that the stock is still down a material -40% YTD

TTD Crushes Q1 Results & Execution Is Back On Track

- **Total revenue & adj EBITDA exceeded expectations by +7.1% & +41.1%, respectively**
    - **Rev grew +25.4% y/y, an acceleration from +22.3% y/y in Q4**
    - **Adj EBITDA margin reached 33.8% which topped cons 25.6%**

- Adj EPS beats cons by 32%

- **CTV cont'd to gain momentum and was the largest and fastest growing advertising channel**
  - Video, which includes CTV, represented a high 40s% (and continues to grow as a % of mix)
  - Mobile represented a mid-30s %
  - Audio represented ~5%
  - Display represented a low double-digit %

The Trade Desk	Q1 2025		
	Actual	Cons Est	% Surp
Revenue ($mn)	**$616**	**$575**	**7.1%**
Adj EBITDA ($mn)	**$208**	**$147**	**41.1%**
Adj EBITDA Margin (%)	33.8%	25.6%	
Adj EPS	**$0.33**	**$0.25**	**32.0%**

Source: The Trade Desk Filings; FactSet Data & Analysis

LionTree

- **What helped drive the turnaround from the disappointing Q4 and will sustain the momentum?**
  - **More efficient engineering teams:** Product & engineering teams were more collaborative and effective than they've been in yrs
  - **Simplified go to-market teams and their org structures:** Still in early stage, witnessing initial signs of growth
  - **Growing pipeline of joint business plans:** The number of JBPs in active contract negotiations were at all-time highs
  - **Appointed a new COO:** Hired Vivek Kundra…he has spent several yrs at Salesforce and was a key driver of growth at a time when they were pretty much the same size and scale as TDD

Mgmt Remains Confident In The Core Business But Large Clients Are Planning Contingencies Depending On The Direction Of The Economy

- **Q2 guidance was in-line w/ consensus for revs, while beating adj EBITDA**
  - Implies revenue growth of +17% y/y vs +25% in Q1 (also impacted by comps with leap year and political ad spend, which contributed ~1% toward Q2 2024 revenue)
  - And implies 37.9% adj EBITDA margins vs cons 37.5%
  - **Guidance assumes a "stable" environment**

The Trade Desk	Q2 2025 Guidance		
	Actual	Cons Est	% Surp
Revenue ($mn)	**≥ $682**	**$682**	**In-Line**
Adj EBITDA ($mn)	**~$259**	**$256**	**Beat**

Source: The Trade Desk Filings; FactSet Data & Analysis

LionTree

- **Will invest in core areas like infrastructure and talent to support long-term growth**
  - Focus on maintaining a balanced and efficient expense base, allowing them to stay agile and well positioned to capture share, while retaining flexibility in dynamic macro conditions

- **Mgmt flags that large global brands (primary clients) have seen more pressure in Q1, but TTD remains confident in the core factors driving its rev growth**, particularly considering the proven ability to capture market share during times of economic uncertainty (as it did in COVID)
  - The Co is assisting CMOs and CFOs in planning various paths depending on macro scenarios
  - Brands turn to programmatic advertising during volatile times given its agility, precision, and impactful result; CMOs can do more with less

- **The Co expects to either take more mkt share or accelerate growth**

Recent Industry Developments Will Accelerate The Open Internet & TTD's Prospects

- **Recent legal actions against tech giants are key positive catalysts for the open internet**

  - **Google** being declared a monopoly in two separate US cases in 2025 will change their behavior
  - **Meta's** auction practices are under scrutiny
  - A few days ago, US federal judge ruled that **Spotify** can have a payment relationship directly w/ the consumer that is not mediated via **Apple**
    - This establishes a precedent for dismantling walled gardens

- **What do they expect the Google verdict to be? The courts will be slow, but "Google is already beginning to turn down and turn-off some of the draconian and illegal practices of the past":** This will create a fairer marketplace
  - "While these changes impact the buy side less than the sell side, I expect that the supply-chain will be more competitive, which is good for both the buy and the sell sides of the supply chain"
  - Expect Google to focus more on their other businesses like search and YT businesses
  - **"This would be a "major victory" for the open internet**

- **Google not eliminating 3P cookies on Chrome is another positive in that while cookies are a small part of TTD's business, the reversal is helpful for display advertising and browser-based advertising**
  - It also slows down Google's control over identity and targeting, giving TTD more time to scale its alternative solutions

- **Walled garden's business models are "inherently flawed"**
  - "Over the long-term, their fiduciary duty to grow for shareholders is at odds with what is in the best interest of agencies and advertisers, which is to objectively buy media from all over a competitive, massively scaled digital media landscape where no single company can possibly own all of the good media"

- **TTD believes that if they can win share in an "unfair" marketplace as it has been, they can even win more share if the marketplace was "fair"**

- **The TAM is massive and there will be a lot of room for several players, but objective DSPs will win "the lion share" of mkt overtime and there is it doesn't think Amazon will be a winner**
  - Don't consider Amazon as a competitor as they don't see them focused on the open internet
  - "They have a buying tool for Prime video"

Uptake On Kokai Was A Key Driver To Q1 Growth & OpenPath Is Improving Supply Efficiency

- **Adoption of Kokai is ahead of expectation & accelerated exiting December / Adoption growth should remain strong**: This is being fueled by the cont'd shift away from linear TV & the expanding programmatic capabilities of the world's largest media companies
  - **Two-thirds of clients are currently utilizing Kokai**, and most of the spending on TTD's platform is now processed through it
    - **Outlook: Anticipates that all clients will be using Kokai by YE**
  - **Plans to unveil the final major components of Kokai later this yr**, including a "groundbreaking" new method for understanding & managing deal performance, which is crucial for maximizing the value of programmatic advertising
    - "I'm confident that by the end of this year, we will reflect on Kokai as the most powerful buying platform the industry has ever seen"
  - **The Co continues to integrate AI and Machine Learning tools** into the platform for greater campaign performance
  - **Improving lower funnel KPIs for advertisers** with 24% lower cost per conversion and 20% lower cost per acquisition
  - **Integration of Sincera's data into Kokai** is being carried forward to provide clients w/ the maximum amount of data and insights on ad performance
    - Have plans to relaunch their product and offer a new version of Sincera called OpenSincera

- **Continue to focus on making the supply chain more efficient w/ OpenPath** (reducing middlemen and unnecessary taxes) to better compete with walled gardens who control the whole chain
  - **Gaining widen adoption in the industry**
  - "So in order to compete with [walled gardens], we need a supply chain that is quite efficient. So even though we're just early in the process [with OpenPath], and we're using that to some extent, as a stalking horse as well a canary in the coal mine, if you will, the results have been phenomenal."

- **"Another massive upgrade we have made to improve the supply chain was the acquisition of Sincera**": It's a metadata Co that crawls the internet looking for insights about the supply chain of advertising, and seeks to shine a light of transparency on that supply chain

See CTV As The Driver For The Creation Of The Best Ad-Funded TV Experience "In History"

- **Because of the "pressure on consumers over the last 2 qtrs, CTV and streamers have invested more into advertising…this dynamic makes for more of a buyer's market…But additionally, this is having a great impact on market dynamics"**

- **CTV companies are once again leading the supply dynamics of the open Internet**
    - They are plugging directly into TTD demand
    - They are also describing their supply in greater detail than ever
    - "Nearly every" scaled player has adopted UID2 and those that have not "are under monetizing their inventory"

- **These market dynamics are going to create the best ad-funded TV experience for consumers in the history of television**
    - Consumers will see fewer ads
    - The ads will be personally relevant
    - And these fewer ads will make "more money for content owners than linear and broadcast ever did"
    - And they will perform better for advertisers per dollar than "spray and pray"

- **"CTV is the kingpin of the open Internet** and the open Internet is where all of the most beloved content of the Internet exists"

10) Follow-up On Digital Advertising, Live Entertainment, & Online Travel: Pinterest, TKO, Expedia, & Clear

Last week we had some big updates out of digital advertising (Meta, Snap, and Reddit), live entertainment (Live Nation), as well as online travel (Booking.com and Airbnb) and this week was a continuation of updates with Pinterest, TKO Expedia, and Clear reporting. Did results this week re-enforce what we already learned last week? In digital advertising, Pinterest delivered a Q1 beat (grew revs +16% y/y), with strong user engagement and margin trends but Q2 guidance was a mixed bag with revs slightly ahead but adj EBITDA below consensus. Echoing commentary from other digital ad platforms, Pinterest mgmt called out lower spending from Asia based e-comm retailers in the US, but the Co also see this type of environment as an opportunity for them.

In the sports entertainment space, TKO reported, and while not exactly comparable to Live Nation, both companies reported relative steadiness and little impact from macro. In travel, Expedia was more impacted than Booking.com from "a slowdown in travel in the US and to the US" and cut its 2025 gross booking guidance from +4-6% to +2-4%. Clear had a strong qtr and has not seen any softness in its business from the macro as overall traveler volume at US airports continues to grow. However, "in consideration of the external environment" Q2 gross bookings guidance came in below Street estimates.

Some quick takes from these earnings result are below…

1) PINTEREST: Delivered a strong Q1 beat especially with the adj EBITDA beat (by +5%); Users were stronger than expected due to RoW but the US/Can was also slightly ahead; Monetization was in-line overall; Consistent with comments from other digital advertisers, Pinterest mgmt called out lower spending from Asia based e-comm retailers in the US, but also mentioned that these retailers are diversifying spend in Europe and RoW; Q2 guidance was mixed with revs guidance slightly ahead but adj EBITDA guidance missed.

-> The stock closed up +4.9% in reaction to earnings and is now modestly up YTD

- **Q1 rev – BEAT by +1.0%:** Grew +16% y/y to reach $855mn
    - **UCAN – MISSED by -0.2%:** Grew +12% y/y, with strength coming from retail and emerging categories, including financial svs
    - **Europe – BEAT by +4.0%:** Grew +24% y/y (+27% ex-FX), with strength driven by retail
    - **RoW – BEAT by +7.7%:** Grew +49% y/y (+59% ex-FX)

- **Q1 adj EBITDA – BEAT by +4.8%:** Reached $172mn (20% margin, ~+300bps y/y)

Pinterest	Q1 2025		
	Actual	Cons Est	% Surp
Revenue (mn)	**$855.0**	**$846.5**	**1.0%**
US and Canada	$663.0	$664.2	-0.2%
Europe	$147.0	$141.3	4.0%
Rest of World	$45.0	$41.8	7.7%
Adj. EBITDA (mn)	**$171.6**	**$163.8**	**4.8%**
Adj. EBITDA margin	20.1%	19.4%	
ARPU	**$1.52**	**$1.52**	**In-Line**
US and Canada	$6.54	$6.58	-0.6%
Europe	$1.00	$0.96	4.2%
Rest of World	$0.14	$0.13	7.7%
MAU (mn)	**570.0**	**564.6**	**1.0%**
US and Canada	102.0	101.4	0.6%
Europe	148.0	148.2	-0.1%
Rest of World	320.0	314.6	1.7%

Source: FactSet, StreetAccount

LionTree

- **Verticals:**
  - **Retail:** "Continue to see broad-based strength";
  - **"Emerging verticals" - financial svs:** "Continue to be a source of strength"
  - **Food and beverage:** Lessened slightly as the Co. lapped the full quarter of softer Q1 2024 trends in that category

- **Q1 ad impressions grew +49% y/y (vs +43% y/y in Q4), and ad pricing declined -22% y/y (vs -18% y/y in Q4),** driven by international mix shift, as last year the Co began to serve ads in previously unmonetized or under-monetized international markets, which carry lower ad pricing than more mature markets

- **Q1 Global MAUs reached another record high of 570mn, growing +10% y/y** (decline from +11% y/y in Q4)
  - **Users continue to grow y/y across all geographies in Q1**
    - US and Canada MAU +4% y/y
    - Europe MAU +5% y/y
    - RoW MAU +14% y/y

- **Q1 ARPU grew +5% y/y overall with US & Canada slightly weaker (missed by -0.6%) and Europe & RoW better than expected (beat by +4.2% & +7.7%, respectively)**

- **On the macro, the Co indicated that small pockets of spend have been impacted by tariffs, especially with Asia-based e-commerce retailers spending less in the US, though these retailers have diversified to Europe and RoW**
  - Mgmt sees a more uncertain macro environment where consumers are more careful on what they spend as an opportunity for Pinterest

- **Q2 guidance was mixed**
  - **Q2 rev guidance – BEAT by +1.1% @ midpt:** $960mn-$980mn vs cons $960mn**,** implying 12-15% y/y growth (expects modest impact from FX based on the current spot rates)
  - **Q2 adj EBITDA guidance – MISSED by -2.1% @ midpt:** $217mn-$237mn vs cons $232mn

Pinterest	Q2 2025 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Revenue (mn)	$970	$960	1.1%
Adj. EBITDA (mn)	$227	$232	-2.1%

Source: FactSet, StreetAccount

LionTree

- **The Co. is expected to deliver FY25 adj. EBITDA margin expansion on y/y basis**
    - **The level of expansion will be lower than the outsized expansion delivered in FY24 y/y**

- **Launched additional bidding functionality into Performance+ suite** with ROAS bidding in Q1, which went into general availability in March
    - This remains a core offering for many advertisers, ROAS bidding addresses the need for some advertisers who want to bid based on basket size
    - While still in the early rollout days, received positive initial feedback and adoption from advertisers

2) TKO: Q1 was TKO's first earnings report since it completed the acq of IMG, PBR, and On Location, creating a new IMG reporting segment and folding PBR results into "corporate and other which made consensus comparison's difficult for the qtr. Citing strong performance at UFC and WWE so far this year and "no material change" to overall biz outlook, TKO is raised its FY guidance for the two bizs, as well as provided updated guidance to reflect the addition of IMG, On Location, and PBR. The Co remains largely insulated from tariffs, with minimal expected impact on consumer products and continues to see significant strength across its portfolio, though remains cautiously optimistic about its media rights strategy in the volatile economy.

-> The stock fell -5.5% post its print and closed the week down -4.5%, but is still up +12.4% YTD

- **"Strength and momentum" in UFC and WWE drove Q1 growth (no cons estimates given integration with IMG)**
    - **Rev – grew +4% y/y to $1.3bn**
        - UFC rev incr'd +15% y/y (in-line w/ Q4) to reach $360mn
        - WWE rev grew +24% y/y (vs -10% y/y in Q4) to $391.5mn
    - **Adj. EBITDA grew +23% y/y to $417mn:** Adj. EBITDA margin of 33% was an increase from 28% in the prior yr period
        - UFC adj. EBITDA grew +17% y/y (vs +25% y/y in Q4) to reach $227mn
        - WWE adj EBITDA grew +38% (vs -19% y/y in Q4) to reach $194mn

TKO	Q1 2025		
	Actual	Cons Est	% Surp
Revenue ($ mn)	**$1,268.8**	**No Consensus**	
Adj EBITDA ($ mn)	**$417.4**	**No Consensus**	
Adj EBITDA Margin (%)	32.9%	**No Consensus**	
Revenue Breakdown ($ mn)			
WWE	**$391.5**	**$344.4**	**13.7%**
Media rights, production and content	$251.6	$239.9	4.9%
Live events and hospitality	$76.3	$55.1	38.5%
Partnership and marketing	$25.6	$18.9	35.4%
Consumer products licensing and other	$38.0	$33.0	15.2%
UFC	**$359.7**	**$348.5**	**3.2%**
Media rights, production and content	$224.1	$227.7	-1.6%
Live events and hospitality	$58.6	$47.5	23.4%
Partnership and marketing	$64.3	$56.0	14.8%
Consumer products licensing and other	$12.7	$15.0	-15.3%
IMG	**$476.3**	**No Consensus**	
Media rights, production and content	$161.3	**No Consensus**	
Live events and hospitality	$288.5	**No Consensus**	
Partnership and marketing	$22.3	**No Consensus**	
Consumer products licensing and other	$4.2	**No Consensus**	
Adj. EBITDA Breakdown ($ mn)			
WWE	$193.9	$157	23.4%
UFC	$227.4	$217.5	4.6%
IMG	$73.5	**No Consensus**	

Source: FactSet, StreetAccount

No consensus due to first qtr w/ IMG integrated into the business

LionTree

- **Increased FY25 guidance for existing bizs (UFC, WWE, and Corporate)**
  - **Increased rev guidance by +$75mn:** To $3.005bn - $3.075bn vs prior guidance $2.93-3bn
  - **Increased adj. EBITDA by +$40mn**: To $1.39bn - $1.43bn
  - Raising guidance "given the strength and momentum of these businesses and no material change to our overall business outlook"

- **Completed acquisition of IMG, PBR and On Location in Q1:** With the deal closed, TKO created a new IMG reporting segment that includes IMG and On Location, with PBR results folded into "corporate and other"

- **Including impact of acquired bizs (consisting of the IMG Business, On Location, PBR, and the associated transactional impacts), FY25 guidance is -**
  - **Rev:** $4.49bn - $4.56bn ($1.485bn contribution from acquired bizs)
  - **Adj. EBITDA:** $1.49bn - $1.53bn ($165mn contribution from acquired bizs)

- **"Largely insulated" from tariffs –**
  - "Vast majority of our revenue is not expected to be directly impacted"
  - May see "limited impact" on consumer products. BUT since WWE and UFC rely "heavily" on a license model and have minimal self-manufactured goods, impact isn't expected to be "in any way significant"

- **NOT seeing any slowdown across their portfolio**
  - Including their premium hospitality business, On Location
  - **"We continue to see significant strength, particularly with respect to live events and partnerships"**

- **On media rights strategy – "the market, I believe, remains quite strong" BUT ", we're cautiously optimistic. We're in no rush. This is a volatile economy right now, lot of uncertainty out there"**
  - TKO's content is yr-round
  - Tied w/ the NBA for "biggest draw" when it comes to under 18 audience amongst the major sports

        - “Young men – unbelievable numbers under 18”
        - “Our high school numbers are off the charts”
    - There also “aren't a lot of major sports rights hitting the market any time soon”
    - **“So, we will be opportunistic, but at the same time, responsible when it comes to the right home for the growth of our brand”**

- **Any difference in media rights strategy b/w numbered PPV events and Fight Nights? No major change in commentary**
    - Remain “highly flexible” – “that’s the beauty of owning our own league”
    - “We're the owners and we're the commissioner at the same time. So, we'll make decisions that are best for the long-term future of the sport and the brand”

- **Updates on WWE-Netflix partnership -**
    - **Raw is now “a mainstay” on the global top 10**
    - **Seeing “significant engagement and viewership increases internationally** for weekly WWE programming and premium live events on Netflix, especially in Mexico, the UK, Australia and Brazil”
    - **Just added India,** which “brings with it one of the world's most passionate and engaged fan bases”

3) EXPEDIA: Q1 growth came in at the lower end of the guided range due to weaker-than-expected travel demand in the US and coming into the US. Due to these more challenging macro trends, the Co is guiding for a slowdown in gross bookings y/y growth for Q2 and 2025 to +2-4% in both cases, but also anticipates margin expansion during the period.

-> The stock fell -7.3% in reaction to earnings and is now down -16% YTD, underperforming Booking.com+2.1% and Airbnb -3.3% for the same period

- **Q1 headline results were mixed w/ weaker GB but better profitability:** Gross bookings were up +4.3% y/y in Q1 (vs +12.7% y/y in Q4) and missed cons by -1.0%; Rev grew +3.4% y/y (vs +10.3% y/y in Q4) and missed cons by -0.7%; Adj EBITDA rose +16.1% (vs +20.9% y/y in Q4) and came in +9.8% ahead of cons
    - GB and revenue was “at the lower end of our range due to weaker-than-expected travel demand in the US and into the US”

- **Q1 Booked room nights grew +6% y/y**
    - **US:** Low-SD%
    - **Europe:** Mid-SD%
    - **RoW:** Mid-teens%

Expedia	Q1 2025 Results		
	Actual	Cons Est	% Surp
Gross Bookings ($mn)	**$31,451**	**$31,760**	**-1.0%**
Revenue ($mn)	**$2,988**	**$3,010**	**-0.7%**
Adj EBITDA ($mn)	**$296**	**$270**	**9.8%**
Adj EBITDA Margin (%)	9.9%	9.0%	
Adj EPS	**$0.40**	**$0.35**	**14.3%**
Booked Room Nights (mn)	**107.7**	**108.5**	**-0.7%**
Room Night Growth	6.4%	10.7%	
Revenue By Segment ($mn)			
B2C	$1,956	$2,000	-2.2%
B2B	$947	$940	0.8%
Other	$85	$70	21.3%

Source: Expedia Filings; FactSet Data & Analysis

LionTree

- **Q2 guidance reflects a deceleration in gross bookings to +2-4% y/y, but also margin expansion**
    - **Q2 gross bookings growth is projected to slow seq:** Anticipates Q2 gross bookings growth in the +2-4% y/y range (vs +4.3% y/y in Q1), with no material impact from FX
    - **Rev growth is expected to break seq decel trend:** Forecasts Q2 rev between +3-5% y/y range (vs +3.4% y/y in Q1); Reflects the benefit of Easter, providing a 1ppts tailwind to revenue growth and a ~2ppts of FX headwinds at current rates

- **EBITDA margins expansion is forecasted to be in the range of 75-100bps**

- **Cut FY25 gross bookings growth guidance from +4-6% to +2-4% due to macro:** This outlook assumes ~-1ppts of negative FX impact on revenue and no material impact of FX on bookings
  - **But also expect another +50bps y/y expansion in EBITDA margins:** To the 75-100bps range

- **On the macro, Expedia saw "weaker than expected travel demand in the US and into the US" in Q1:** In particular, demand in the US was softer than expected, which was a headwind given two-thirds of the business comes from the US
  - **Saw softness in demand for inbound travel into the US, which was down 7%:** As part of that, inbound bookings from Canada fell nearly 30%
  - **International demand remained stronger than domestic demand in Q1**

4) CLEAR: Q1 beat consensus across the board w/ growth in FCF especially strong and has not seen any softness in its business from the macro as overall traveler volume at US airports continues to grow. However, "in consideration of the external environment" Q2 gross bookings guidance came in below Street estimates.

-> The dropped -7.6% post its print and ended the week down -4.2%; YTD the stock is down -9.5%

- **Q1 headline results were broadly stronger than anticipated:** Total bookings were up +14.8% y/y in Q1 (vs +17.2% y/y in Q4) and beat cons by +2.0%; Rev grew +18.1% y/y (vs +20.7% y/y in Q4) and beat cons by +2.0%; Adj EBITDA rose +27.6% (vs +95.7% y/y in Q4) and came in +6.3% ahead of cons
  - **Adj EBITDA margin surpassed expectations at 24.7% beating cons' +4.3%**
    - Cost of direct salaries and benefits represented 24% of revenue, up +150bps y/y, reflecting the first full quarter under our new Ambassador compensation structure, which shifted to higher base salaries and lower commission
    - **FCF grew +17.6% y/y in Q1 (vs +48.1% y/y in Q4) and beat cons by +22.2%**

Clear Secure	Q1 2025 Results		
	Actual	Cons Est	% Surp
Bookings ($mn)	$207.2	$203.1	2.0%
Revenue ($mn)	$211.4	$207.3	2.0%
Adj EBITDA ($mn)	$52.2	$49.1	6.3%
Adj EBITDA Margin (%)	24.7%	23.7%	4.3%
EPS	$0.26	$0.31	-16.1%
CapEx ($mn)	$7.1	$4.0	77.5%
Free Cash Flow ($mn)	$91.3	$74.7	22.2%

Source: Clear Filings; FactSet Data & Analysis

LionTree

- **But Q2 gross bookings guidance missed the Street**
  - **Q2 rev guidance – BEAT by +0.5% @ midpt:** $214mn-$216mn vs cons $214mn, implying +15.1% growth y/y at midpt
  - **Q2 total booking guidance – MISSED by -1.3% @ midpt:** $215mn-$220mn vs cons $220mn, implying +10.4% growth y/y at midpt

Clear Secure	Q2 2025 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Bookings ($mn)	$218	$220	-1.3%
Revenue ($mn)	$215	$214	0.5%

Source: FactSet, StreetAccount

LionTree

- **FCF for FY25 is expected to be at least ~$310mn and GAAP tax rates are expected to be in range of 17-20%**

- **Macro comments – "We are not seeing softness in our business as a result of any broader macro sentiment"; Overall traveler volumes up y/y in Q1 and flat in April**

- Their business is driven off how many travelers are coming through airports versus airfares
- In Q1, US air travel demand continued upward; TSA checkpoint volumes grew by ~1%, normalizing for Leap Day" and April has pretty much been "flat"
- YTD, gross ads and conversion rates from trial to paid memberships remained healthy

Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	5,660	(0.5%)
NASDAQ	17,929	(0.3%)
Dow Jones	41,249	(0.2%)
Gold	$3,329	2.6%
WTI Crude	$61.06	4.8%
10-Year Treasury Yield	4.38%	+7.0 bps
Bitcoin	$103,640	6.3%
Ether	$2,351	26.8%

LionTree TMT Universe Performance (~220 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	–
Gogo Inc	41.0%	23andMe, Inc.	(35.6%)
ThredUp Inc.	41.0%	Vivid Seats Inc	(33.9%)
Groupon Inc.	40.2%	Compass Inc.	(21.4%)
Jumia Technologies AG	32.0%	Ziprecruiter Inc	(20.9%)
Lyft Inc	31.6%	The RealReal	(18.2%)
The Trade Desk	31.3%	Liberty Latin America Ltd	(15.6%)
Oscar Health Inc	29.6%	Globalstar Inc	(13.8%)
Hims & Hers	27.3%	Stagwell	(13.3%)
Upwork Inc	25.2%	Match Group Inc	(11.4%)
Magnite Inc	24.7%	Affirm Holdings Inc	(11.3%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	–
Ad Tech	27.2%	Cybersecurity Software	(6.8%)
Employment Marketplace	14.5%	Digital Real Estate	(5.7%)
Space	6.2%	Entertainment Facilities/Theme Parks	(5.1%)
Broadcast TV	6.2%	Internet/Advertising	(4.2%)
EdTech	5.3%	Last Mile Transport/Delivery	(3.7%)
Sports & Sports Betting	4.5%	Hardware/Handsets	(3.4%)
Smart Home Security/Automation	2.4%	Out of Home Advertising	(2.8%)
US Media/Video	2.4%	European Media	(2.3%)
US Print Media / Publishing	2.2%	European Telco	(2.1%)
e-Commerce	2.0%	Consumer Retail	(1.3%)

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- **DoubleVerify's DV Global Insights report shows a 66% YoY increase in CTV ad impressions in 2024, underscoring its growing importance for advertisers.** However, challenges like app transparency, viewability blind spots, and bot fraud remain. The report calls for tech innovation and industry collaboration to tackle these issues. Notable growth was seen in markets like the Netherlands, Indonesia, and Singapore, with significant media waste due to 'TV Off' issues (Advanced Television)

- **Tubi unveiled new ad formats and partnerships at the IAB NewFronts event.** The streaming service introduced interactive ads, including pause ads and QR code integrations, aimed at enhancing viewer engagement. Tubi also announced partnerships with major brands to leverage these formats for targeted advertising. The initiative reflects Tubi's commitment to innovation in ad tech and its strategy to attract advertisers by offering diverse and engaging ad experiences (StreamTV Insider)

- **Streaming TV ad share of impressions is only 14%, according to iSpot's Q1 2025 TV Ad Transparency Report.** This contrasts w/ Nielsen's data showing streaming's share of ad-supported TV viewing at 42.4%. Traditional TV ad loads remain high at 15-18 minutes per hour, while streaming services like Disney+ Basic and Tubi deliver 4-5 minutes per hour. eMarketer reports traditional TV ad sales at $59.7bn and connected TV ad sales at $28.8bn in 2024 (nScreenMedia)

- **T-Mobile has annc'd new capabilities to provide advertisers w/ scalable, data-enabled solutions across hard-to-reach channels.** T-Mobile Advertising Solutions (T-Ads) now offers its premium first-party data within the Vistar platform, w/ Blis integration coming soon. This expansion enhances the impact of omnichannel and DOOH campaigns, allowing for smarter ad targeting and improved customer engagement (The Fast Mode)

- **The US Department of Justice (DOJ) is seeking a forced sale of Google's advertising tech products, alleging anti-competitive practices.** The DOJ claims Google's dominance in digital advertising stifles competition and innovation. This move follows a series of antitrust investigations targeting major tech companies. Google has stated it will contest the DOJ's actions, arguing its ad tech benefits consumers and businesses alike (Bloomberg)

- **The U. S. DOJ has proposed that Alphabet's Google divest its AdX advertising marketplace and ad server DFP after a federal judge found the Co illegally dominated two online ad-tech mkts.** The judge set a Sept. trial date after hearing from Google and the DOJ on potential remedies. The DOJ said divestitures are necessary to end Google's monopolies and restore competition. Google argued that the DOJ's proposals go beyond the Court's findings and would harm publishers and advertisers (Reuters)

- **Lamar Advertising Co has acquired Premier Outdoor Media, a leading independent operator of out-of-home advertising assets in the Northeast Corridor.** Premier, founded in 2018, grew its digital display count by over 500% under the leadership of Dominick Vastino and Sean Corbett. The acquisition adds nearly 200 billboard faces, including 45 digital units, across key mkts in NJ, DE, MD, PA, and NY to Lamar's portfolio. Financial terms were not disclosed (Street Account)

Artificial Intelligence/Machine Learning

- **Microsoft has banned employees from using the DeepSeek app due to concerns over data security and potential Chinese propaganda.** President Brad Smith stated during a Senate hearing that DeepSeek stores user data on Chinese servers, making it subject to Chinese law and intelligence access. Microsoft also excluded the app from its store. Despite this, DeepSeek's R1 model was briefly offered on Azure after safety evaluations (TechCrunch)

- **Alibaba's ZeroSearch tech enables AI models to "Google" independently during training, cutting costs by 88%.** Instead of preloading massive datasets, models query the web in real time, retrieving only relevant info. This retrieval-augmented generation (RAG) approach boosts efficiency and accuracy. ZeroSearch also reduces carbon footprint and training time, making it a breakthrough in scalable, sustainable AI development (VentureBeat)

- **Amazon annc'd Vulcan, an AI-powered warehouse robot w/ a sense of touch, at its Delivering the Future event in Dortmund, Germany.** Vulcan uses force feedback sensors to handle items delicately, preventing damage. It can pick and stow ~75% of warehouse items at speeds comparable to human workers. Vulcan works alongside employees, enhancing safety and efficiency. This innovation marks a significant leap in robotics tech, combining visual and tactile data for improved performance (SiliconANGLE)

- **Apple is looking to add AI search engines from OpenAI, Perplexity, and Anthropic to Safari.** Eddy Cue, Apple's Senior Vice President of Services, disclosed this during his testimony in the U.S. Justice Department's lawsuit against Alphabet. Cue noted that searches on Safari declined for the first time last month, attributing this to increased use of AI. He believes AI search providers will eventually replace traditional search engines like Google, although they won't be the default option yet (TechCrunch)

- **Anthropic PBC, a generative AI startup, has launched a new API enabling its Claude large language models to perform real-time internet searches.** This feature allows Claude to generate search queries, retrieve results, and refine responses, mimicking human search behavior. Developers can now build AI solutions that access current information without managing their own web search infrastructure. This move intensifies competition with traditional search engines like Google (SiliconANGLE)

- **Google annc'd AI Max, a new tool designed to transform search campaigns by leveraging advanced AI capabilities.** AI Max aims to optimize ad targeting and improve campaign performance through real-time data analysis and predictive modeling. This tool integrates seamlessly w/ Google Ads, providing advertisers w/ enhanced insights and automation features. The launch of AI Max represents a significant step forward in the use of AI for digital marketing (Evrimagaci)

- **OpenAI has appointed Fidji Simo, former CEO of Instacart, to its board of directors.** Simo's expertise in tech and consumer products is expected to help OpenAI navigate regulatory challenges and expand its AI applications. Her appointment comes as OpenAI seeks to strengthen its leadership team amid growing competition in the AI industry. Simo's experience with Instacart's rapid growth and innovation will be valuable in guiding OpenAI's strategic direction (New York Times)

- **Google has issued a statement addressing recent press reports about Search traffic.** The Co continues to see overall query growth in Search, including an increase in total queries from Apple's devices and platforms. As Google enhances Search w/ new features, users find it more useful for various queries, accessing it in new ways via browsers, the Google app, voice, or Google Lens. Google is excited to continue innovating and looks forward to sharing more at Google I/O (Google)

- **President Trump plans to rescind global chip curbs imposed during Biden's administration amid ongoing debates on AI restrictions.** This move aims to ease export regulations on AI semiconductors, which have faced strong opposition from tech giants and foreign governments. The decision is part of a broader review of semiconductor export policies. Trump's administration is also considering tighter AI chip export restrictions to address national security concerns (Bloomberg)

- **Nvidia CEO Jensen Huang stated that missing out on China's AI mkt, projected to reach ~$50bn in the next 2-3 yrs, would be a "tremendous loss.** " The Trump administration's recent restrictions on Nvidia's H20 chip exports to China led to a $5.5bn quarterly charge. Huang emphasized the importance of staying agile and supporting U.S. policies while highlighting the potential rev, taxes, and job creation from selling to China (CNBC)

- **IBM CEO Arvind Krishna stated that AI has replaced hundreds of jobs but has also created new roles in programming and sales.** The Co is reinvesting resources into software development and other areas, promising higher total employment. This shift reflects a broader trend in the tech industry, where automation is leading to job displacement but also generating new opportunities. IBM's strategy aims to balance efficiency gains w/ workforce growth (Wall Street Journal)

- **Nvidia and MediaTek may finally unveil their AI PC this month at Computex 2025.** The companies are expected to introduce more affordable variants of the AI PC showcased at CES last Jan. These devices, called N1 and N1X, will feature Arm-based MediaTek CPUs and Nvidia GPUs. The collaboration aims to expand Microsoft's Arm ambitions beyond Qualcomm Snapdragon chips. MediaTek's keynote is scheduled for May 20 at 11pm ET, following Nvidia's keynote on May 19 (TechSpot)

- **US politicians are pushing for a new bipartisan bill to track Nvidia chips smuggled to China.** The bill aims to use existing tracking tech embedded in Nvidia GPUs to monitor their locations post-sale. Concerns are high that these powerful GPUs could be used by Chinese organizations to train adversarial AI models. The US Department of Commerce would need to develop regulations to enforce this tracking system (TechSpot)

- **Google has annc'd the launch of Gemini 2. 5 Pro Preview (I/O edition), an updated version of its flagship Gemini 2.5 Pro AI model.** This new version boasts improved coding capabilities, ranking no.1 on LMArena in Coding and WebDev Arena Leaderboard. It also excels in video understanding, scoring 84.8% on VideoMME. Available via Gemini API, Vertex AI, and AI Studio platforms, it maintains the same pricing as its predecessor. The release precedes Google's annual I/O developer conference (TechCrunch)

- **A new AWS-commissioned survey finds that generative AI is the top tech spending priority for 2025, surpassing cybersecurity, as organizations accelerate adoption and integration.** The study, based on a global survey of 3,739 senior IT decision-makers, reveals that 45% of global IT leaders name generative AI their top spending priority. The survey also highlights the rapid adoption of AI, with 90% of organizations already using generative AI tools in some capacity (GeekWire)

- **OpenAI annc'd an agreement to acquire Windsurf, an AI-assisted coding tool, for ~$3bn.** This acquisition, OpenAI's largest to date, aims to enhance its tech capabilities and expand its product offerings. Windsurf, formerly known as Codeium, has been in talks to raise funds at a $3bn valuation. The deal underscores investor enthusiasm for AI, driven by the adoption of chatbots and sophisticated AI agents (Bloomberg)

- **IBM CEO Arvind Krishna annc'd plans to expand IBM's presence in the AI mkts and increase US investments.** IBM aims to provide software that integrates customers' AI agents from providers like Salesforce, Workday, and Adobe, allowing them to build their own agents using IBM's Granite AI models and alternatives from Meta and Mistral. IBM also plans to invest $150bn in the US over the next five years, focusing on mainframe, AI, and quantum computing (Reuters)

Broadcast/Cable Networks

- **Comcast's cable spinoff, previously known as SpinCo, will be renamed Versant to emphasize corporate versatility.** Versant will include cable networks like USA, CNBC, MSNBC, and E!, as well as digital assets such as Fandango and Rotten Tomatoes. The new entity aims to grow through digital properties and strategic acquisitions beyond pure media. Versant's assets generated ~$7bn in rev last yr. The spinoff is set to be completed by the end of 2025 (CNBC)

Cable/Pay-TV/Wireless

- **Nippon Telegraph & Telephone (NTT) plans to acquire the remaining 34% stake in NTT Data for ~$20. 9bn, aiming to fully integrate its IT svs arm.** The move would streamline the cos' operations and enhance global competitiveness in digital transformation and tech svs. The deal, if finalized, would be one of Japan's largest take-private transactions, reflecting NTT's strategic shift toward unified biz growth (Reuters)

- **At Bharat Telecom 2025, Minister Jyotiraditya Scindia outlined a bold vision to transform India into a global telecom leader w/ universal 5G coverage and future-ready digital infrastructure.** The Indian gov is preparing a $4bn investment plan to connect every village w/ high-speed broadband, aiming for 100% telecom connectivity saturation in remote regions. Since Jun. last yr, 17,000 towers out of a planned 27,000 towers have been set up in nearly 36,000 villages (TelecomTalk)

- **Telenor reported 2% organic svs rev and EBITDA growth in Q1, maintaining its FY outlook.** The Co's Nordic biz showed strong performance, w/ 3.6% organic svs rev growth and 5.7% organic EBITDA growth. Telenor's strategy focuses on digital transformation and expanding 5G networks. The Co aims to achieve mid-single-digit organic EBITDA growth and ~14% capex to sales ratio in 2025 (Telecompaper)

Cloud/DataCenters/IT Infrastructure

- **Amazon annc'd plans to invest $4bn in AWS cloud infrastructure in Chile, aiming to enhance connectivity and support digital transformation in the region.** This investment will expand AWS's data centers, improve latency, and provide advanced cloud svs to local businesses. The initiative is expected to create thousands of jobs and boost Chile's tech ecosystem, positioning it as a key player in the global cloud mkts (Developing Telecoms)

Crypto/Blockchain/web3/NFTs

- **Coinbase will acquire Dubai-based Deribit for $2. 9bn in a cash-and-stock deal ($700mn cash + 11mn shares), marking the largest crypto M&A to date.** Deribit, a top crypto derivatives exchange w/ ~$30bn open interest and $1tn+ in trading vol, will retain its brand but integrate Coinbase infra. Deal expected to close by end-2025 pending regulatory nod. (SiliconANGLE)

- **Coinbase reported Q1 rev of $1. 64bn (vs. $1.34bn est.) and adj EBITDA of $1bn, driven by a 93% QoQ surge in trading vol to $312bn.** Net income hit $1.18bn, up from $1.17bn loss YoY. Custody rev rose 64% QoQ to $32.3mn. Co added 50 new assets and expanded derivatives offerings. CEO Brian Armstrong emphasized long-term growth via global expansion and institutional adoption. (CNBC)

- **Bitcoin surged past $100K, its highest since Feb, boosted by optimism over the U. S.-UK trade deal. BTC rose 4% to $100,801, while Ether jumped 12%, Solana 9%, and Dogecoin 11%.** Since Apr.3, BTC is up 16%, outperforming gold (+6%) and S&P 500 (flat). Analysts cite strong ETF inflows and Trump's pro-crypto stance as key drivers. Market volatility remains amid global tensions and Fed rate uncertainty (CNBC)

- **New Hampshire has become the first state to pass a "Strategic Bitcoin Reserve" bill, allowing the state treasurer to invest public funds in Bitcoin and other digital assets w/ a market cap over $500bn.** The bill, signed by Governor Kelly Ayotte, enables the treasurer to use 10% of the state's general fund for these investments. This move aims to diversify reserves and future-proof state treasuries. Other states, including Arizona and Texas, are considering similar legislation (The Block)

- **New Hampshire has become the first state to allow the investment of its public funds into crypto assets, w/ its governor signing the new law on Tuesday.** The state beat others to the punch this yr as what started as a surge in state lawmaker momentum ran into roadblocks over recent weeks. As the first to authorize its treasurer to set up such a reserve, New Hampshire could pave the way for other states to follow suit (CoinDesk)

Cybersecurity/Security

- **Cisco's Cybersecurity Readiness Index shows only 4% of companies have a 'mature' defense against AI-enabled cyberattacks, up from 3% last year.** The report highlights the rising threat, with 86% of respondents facing AI-related security incidents in the past year. Despite this, only 45% feel equipped for a comprehensive AI security assessment. Cisco stresses the need for better strategies and increased cybersecurity investment (Telecoms)

eCommerce/Social Commerce/Retail

- **US retail sales rose in Apr by 0. 72% MoM and 6.76% YoY (excluding autos/gas), driven by consumers advancing purchases to avoid tariff hikes.** Core retail sales (excl. restaurants, autos, gas) grew 0.9% MoM and 7.11% YoY. Digital products led w/ 27.67% YoY growth, followed by electronics (10.5%) and groceries (9.51%). Despite tariff fears, strong household finances and low unemployment supported spending (Yahoo Finance)

- **Shopify posted Q1 rev of $2. 36bn (vs. $2.33bn est.) and adj EPS of $0.39 (vs. $0.26 est.), but shares fell 5% due to soft Q2 guidance.** Co expects gross profit to grow in "high-teens" %, below 20.1% est., and rev to rise mid-20s %. Tariff "uncertainty" cited, but only ~1% of GMV is China-linked. Shopify added a "buy local" tool and noted its higher-income customer base may buffer price sensitivity amid tariff shifts (CNBC)

- **Trump and UK PM Starmer annc'd a trade deal maintaining a 10% reciprocal tariff on most UK imports while expanding US mkts access.** The pact opens ~$5bn in new export opps for U.S. agri cos, incl. $700mn in ethanol and $250mn in beef. It also creates a "secure supply chain" for pharma. Auto imports get a 100K-unit cap at 10% tariff; excess taxed at 25%. Steel/aluminum tariffs to be renegotiated under a new trading union (Chain Store Age)

- **Retailers are shifting focus to Europe due to US tariffs, which are expected to drive up prices and reduce consumer demand.** European online fashion retailer Zalando is in talks w/ new clients to expand in Europe. Hugo Boss rerouted China-manufactured products to other mkts, noting a decline in US consumer spending. Mattel pulled its annual guidance, citing uncertainty over consumer spending. The shift highlights the impact of tariffs on global consumer product flow (Reuters)

- **Temu and Shein saw a significant drop in US sales following President Trump's removal of a duty exemption for small parcels from China.** Shein's sales fell 16%-41% from Feb. 5-9, while Temu's dropped up to 32%. The exemption removal, which covers most of their deliveries, has led to fears of extra fees among shoppers. Both cos are taking steps to mitigate the impact, w/ Shein shifting production to Vietnam and Temu adjusting its supply chain (Bloomberg)

- **eBay is collaborating w/ OpenAI to integrate its AI agent, Operator, into its platform.** Operator acts as a virtual assistant, autonomously performing tasks like online shopping and directing users to eBay for unique inventory finds. This partnership aims to enhance user experience and expand the reach of eBay sellers. The initiative is part of eBay's broader AI strategy to redefine ecommerce (Fortune)

- **Rite Aid has declared bankruptcy for the second time in 18 months and is preparing for a sale.** The company has secured $1.94bn in new financing from existing lenders to support the sale process. Rite Aid aims to divest or monetize assets not sold through the court-supervised process. The company is working to ensure uninterrupted pharmacy services and preserve jobs. CEO Matt Schroeder emphasized the importance of customer service and job preservation (Retail TouchPoints)

- **Walmart has opened its first new supercenter in four years in Cypress, Texas, featuring updated layouts, expanded svs, and regional touches like fresh tortillas and a sushi station.** This store is part of Walmart's strategy to defend its grocery dominance and fend off rivals like Costco. Walmart plans to open more supercenters this yr and convert 150+ stores to the new format. The Cypress store includes modern tech, expanded pickup/delivery options, and enhanced amenities (MediaPost)

- **Nike has annc'd a leadership restructure under CEO Elliott Hill, including the retirement of Heidi O'Neill, who will serve as an adviser until Sept.** Amy Montagne, VP and GM of global women's biz, is now president of the Nike brand. Phil McCartney, VP of footwear, is now chief innovation, design and product officer. Nicole Graham, former CMO, is now EVP and CMO. Tom Clarke, strategic adviser to the CEO, is now chief growth initiatives officer. These changes aim to leverage Nike's strengths and prioritize athletes (Retail Dive)

- **European consumers are boycotting American goods in response to new tariffs imposed by the US.** The boycott, driven by anti-US sentiment, is gaining traction across Europe, w/ consumers avoiding US products and services. Danish retailer Salling Group has marked European products w/ black stars to help customers identify non-US goods. The boycott is complex due to the global integration of US cos. This movement reflects growing frustration w/ US policies and their impact on global mkts (New York Times)

- **Skechers will be acquired by investment firm 3G Capital for $63 per share in cash, a 30% premium on the Co's 15-day volume-weighted average stock price.** Shareholders have options that will affect the final purchase price, but the ultimate price tag will range between $9bn and $10bn. Skechers, which generated $8.97bn in sales during its most recent fiscal yr, plans to open 180 to 200 stores this yr. Top execs will remain following the acquisition (Retail TouchPoints)

- **Temu won't change prices for U. S. customers despite increased tariffs on imports from China and will transition to a "local fulfillment model," the Co said in an email to Fashion Dive on Friday.** Temu has been recruiting U.S. sellers to join its platform, aiming to help local merchants reach more customers and grow their biz. This shift is part of Temu's ongoing adjustments to improve svs levels. The Co faces margin pressure as suppliers attempt to unload excess inventory outside of the U.S (Fashion Dive)

- **Shein and Temu are ramping up advertising in the UK and France to counteract the impact of US tariffs.** Both companies are increasing their marketing efforts to maintain market share and attract new customers. The tariffs have led to higher costs, prompting Shein and Temu to adjust their strategies and focus on expanding their presence in Europe. This move aims to mitigate the financial impact of the tariffs and sustain growth (Reuters)

- **eBay and Etsy remain optimistic despite tariff pressures.** Both cos reported Q1 2025 earnings, highlighting minimal exposure to tariffs due to local sourcing strategies. eBay's CEO noted that China-to-U.S. transactions make up ~5% of total gross merchandise value, while Etsy's CFO stated that only ~1% of gross merchandise sales come from U.S. imports from China. Etsy's CEO emphasized that 90% of sellers source supplies domestically. (TechCrunch)

- **The Footwear Distributors & Retailers of America (FDRA) urged President Trump to exempt shoes from reciprocal tariffs in a letter signed by 76 cos, including Nike, Adidas, and Skechers.** The FDRA highlighted the existential threat posed by high tariffs, which could lead to biz closures. The letter, dated Apr.29, emphasized the impact on affordable footwear for lower and middle-income families. The FDRA called for a targeted approach to tariffs, focusing on strategic items (Live Mint)

- **President Trump has closed a tariff loophole that allowed Chinese e-commerce Cos Temu and Shein to avoid tariffs on packages valued under $800.** The new policy, effective May 2, imposes duties on these shipments, impacting their ability to offer low prices to U.S. consumers. Critics argue this move will raise costs for American shoppers and harm U.S. businesses. (New York Times)

- **Shein has halted its planned London IPO due to the fallout from new US tariffs.** The company filed papers in Jun.2024 but decided to delay the offering amid rising costs and supply chain disruptions. The tariffs, which target Chinese imports, have significantly impacted Shein's operations. The company is now focusing on diversifying its supply chain and improving labor practices to mitigate these challenges (Business of Fashion)

Electric & Autonomous Vehicles

- **Carvana's Q1 results cont'd to exceed Wall Street expectations, driven by a 46% YoY sales surge to ~134,000 units.** Rev rose 38% YoY to $4.23bn, beating estimates. Net income hit $373mn, adj EBITDA reached $488mn, and operating income totaled $394mn. Gains included ~$158mn from fair value changes in Root warrants. CEO Garcia noted tariffs may raise prices but benefit used car mkts. Co aims to sell 3mn units/yr w/13.5% adj EBITDA margin in 5–10yrs (CNBC)

- **Tesla's attempts to trademark "Robotaxi" and "Cybercab" have encountered obstacles ahead of their planned June launch.** The USPTO refused the "Robotaxi" trademark, deeming it too generic, and halted the "Cybercab" trademark due to conflicts with other "Cyber" trademarks. Tesla has three months to respond to the USPTO's nonfinal office action or risk abandonment of the application. The trademarks are crucial for Tesla's autonomous ride-hailing service (TechCrunch)

- **Hyundai annc'd plans to deploy Atlas humanoid robots at its Metaplant America facility in Georgia.** Developed by Boston Dynamics, these advanced robots will perform tasks traditionally carried out by humans, enhancing factory automation. This initiative is part of Hyundai's $21bn investment in the U.S., aimed at manufacturing 300,000 electric and hybrid vehicles annually. The Co already uses Spot robots for industrial inspections and other tasks (Interesting Engineering)

- **Waymo and Magna International plan to double robotaxi production at their new plant in Mesa, Arizona, by the end of 2026.** The "Waymo Driver Integration Plant," a 239,000 sq. ft. facility, will assemble over 2,000 Jaguar I-PACE robotaxis and later build Geely Zeekr RT robotaxis w/ 6th-gen Waymo Driver tech. This expansion aims to enhance Waymo's fleet, which already includes ~1,500 robotaxis, and support its growing commercial services (CNBC)

Film/Studio/Content/IP/Talent

- **Ampere Analysis found that 55% of US studio movies took 90+ days to reach streaming platforms in 2024, aiming to boost cinema attendance.** With declining box office revenue in key markets like China and potential tariff issues, studios focus on protecting domestic revenue. Paramount+ released movies to streaming faster than others, relying heavily on its theatrical slate (Advanced Television)

- **MoviePass annc'd the beta launch of Mogul, a daily fantasy entertainment platform for film enthusiasts.** Mogul allows users to act as studio heads, selecting actors w/ a budget and competing in fantasy-style tournaments based on box office results, critic ratings, and awards. Built on Sui blockchain, Mogul offers digital collectibles and in-game currency. Over 400,000 users have joined the early-access waitlist (TechCrunch)

- **Disney's "Thunderbolts" debuted at the global box office w/ $162mn, including $86. 1mn from 52 international mkts.** Despite trailing "Captain America: Brave New World" ($192mn), positive reviews may boost its longevity. The film, featuring antiheroes like Bucky Barnes and Yelena Belova, topped the domestic box office w/ $76mn. Meanwhile, "Sinners" added $10.4mn from 71 mkts, nearing $250mn globally. "A Minecraft Movie" grossed $26.6mn overseas, reaching $873.4mn worldwide (Variety)

- **President Trump annc'd a 100% tariff on movies produced outside the US, citing the decline of the American film industry due to foreign incentives.** He stated this move aims to revive Hollywood and counteract what he views as a national security threat. The Department of Commerce and the U.S. Trade Representative will implement the tariffs immediately. Critics argue this could harm the U.S. film industry more than help it (Reuters)

FinTech/InsurTech/Payments

- **Affirm posted Q3 rev of $783mn (in line w/ est.) and adj EPS of $0.01 (vs. -$0.03 est.), w/ GMV up 36% YoY to $8.6bn. RLTC margin hit 4.1%, above long-term target.** Net income was $2.8mn vs. $133.9mn loss YoY. Despite strong results, shares fell 8% due to soft Q4 rev guidance ($815mn–$845mn vs. $841mn est.). Affirm cited stable credit outcomes and continued demand for BNPL svs across electronics, apparel, and travel (CNBC)

Handheld Devices & Accessories/Connected Home

- **Samsung has annc'd a May 12 event for the Galaxy S25 Edge, w/ reservations open now.** The virtual event will be livestreamed on YouTube at 8pm ET. The Galaxy S25 Edge, teased earlier this yr, is a super-slim smartphone w/ a 200MP wide lens and mobile AI for enhanced photography. It features a Snapdragon 8 Elite SoC, 12GB RAM, and up to 512GB storage. Buyers can get a $50 credit on Samsung.com w/ their purchase (9to5Google)

HealthTech/Wellness

- **Peloton posted a 6% YoY rev drop to ~$717mn in Q1, despite beating Wall St est by $20mn.** App subs fell 16%, and EBITDA remained negative. CEO Barry McCarthy's pivot to content/subscriptions has yet to deliver growth. Hardware biz continues to drag profitability. Co doesn't expect positive free cash flow until Q4. Analysts suggest Peloton may need to exit hardware and focus on its 750K+ content subs for long-term viability (Bloomberg)

- **OpenAI is in discussions with the FDA to explore using AI for drug evaluations.** The project, codenamed cderGPT, aims to streamline the drug evaluation process, potentially reducing the time required for regulatory review. The initiative involves the FDA's Center for Drug Evaluation and Research (CDER) and the Department of Government Efficiency (DOGE). This collaboration could significantly impact the efficiency of drug approvals, leveraging AI to handle large volumes of clinical data (Wired)

- **23andMe is anticipating multiple bids for its genetic data as it explores strategic alternatives.** The company, which has faced financial difficulties and a significant data breach, is considering selling its genetic data assets. Legal experts emphasize the need for robust regulations to protect consumer data in such transactions. The sale could set a precedent for how genetic data is handled in the future (Bloomberg)

Last Mile Transportation/Delivery

- **Grab is in advanced talks to acquire Indonesia's GoTo in Q2, aiming to consolidate Southeast Asia's ride-hailing and delivery mkts, per sources.** The potential deal, valued at billions, would mark a major regional tech consolidation. Discussions are ongoing, and terms may change. (Reuters)

- **Uber has annc'd its third partnership w/ a Chinese autonomous vehicle co this week, revealing its appetite for global domination in the emerging robotaxi sector.** Uber will work w/ Guangzhou-based Pony AI to launch robotaxis in a key Middle Eastern market later this yr. This follows deals w/ Momenta to launch robotaxis in Europe in 2026 and w/ WeRide to expand into 15 cities across the Middle East and Europe over the next five yrs. Uber aims to reassure investors of growth potential amid economic uncertainty (TechCrunch)

- **Instacart has launched a new drinks and snack delivery app called Fizz, designed for friends and family to easily stock up for parties.** Hosts can invite guests into their Fizz cart, allowing everyone to choose what they want to bring. The app aims to eliminate bill-splitting headaches, so everyone pays for what they add. Fizz diversifies Instacart's rev streams and appeals to younger demographics. Guests can add to the party cart even w/o the app and enjoy flat $5 delivery fees (TechCrunch)

- **Uber and WeRide plan to expand their commercial robotaxi partnership to 15 more cities over the next five years.** This expansion follows their successful launch in Abu Dhabi and aims to include cities in Europe. WeRide's robotaxi services will be available through the Uber app, similar to Uber's deal with Waymo. The partnership leverages Uber's network routing and fleet operations while WeRide handles the autonomous vehicle tech (TechCrunch)

Live Entertainment/Theme Parks/Concerts/Experiential

- **The Justice Department and FTC have launched a public inquiry to identify unfair and anticompetitive practices in the live concert and entertainment industry.** They invite public comments on harmful practices and potential regulations to protect consumers. This initiative follows President Trump's Executive Order 14254, which aims to ensure competition laws are enforced in the industry. The agencies will prepare a report with recommendations for necessary regulations or legislation (United States Department of Justice)

- **The FTC annc'd a new rule banning hidden fees for live events and short-term rentals, effective May 12.** The rule prohibits bait-and-switch pricing and mandates that all known charges and fees be included in the total price upfront. This regulation impacts live event ticket sellers, short-term lodging providers, and third-party platforms. The FTC aims to enhance pricing transparency and protect consumers from deceptive practices (TechCrunch)

M&A

- **Bankers and CEOs have halted mergers and acquisitions after President Trump launched a global trade war on Apr. 2, causing M&A deal signing to hit a 20-year low.** The number of M&A contracts fell to 2,330 in Apr., the lowest since Feb. 2005. In the US, only 555 deals were signed, the fewest since May 2009. Trump's tariffs led to market volatility and uncertainty, prompting companies to delay IPOs and M&A. Despite a few large deals, global M&A activity dropped to $243bn, 54% below Mar (Reuters)

Macro Updates

- **Fed held rates steady at 4. 25%-4.5%, citing rising uncertainty in the economic outlook.** Chair Powell said inflation is "moving sideways" and emphasized no rush to cut rates, despite market expectations for 3 cuts in 2025. Risks of both higher inflation and unemployment have grown. Powell dismissed political pressure, reaffirming Fed's independence. (Bloomberg)

- **US Commerce Secretary Gina Raimondo stated that dozens of trade deals will roll out over the next month, aiming to stabilize global supply chains and counter China's influence.** These agreements will span sectors like semiconductors, clean energy, and AI. Raimondo emphasized collaboration w/ allies and highlighted the Indo-Pacific Economic Framework as a key platform. The deals are part of broader US efforts to diversify trade routes and reduce dependency on adversarial nations (Reuters)

- **Global debt has surged to a record high of over $324tn in Q1 2025, driven by borrowing in the US and China, according to the Institute of International Finance (IIF).** The debt-to-GDP ratio in emerging mkts reached a new peak of 245%, while developed mkts saw declines in household and non-financial corporate sectors borrowing. The IIF warns of the lack of political will to address rising sovereign debt levels, forecasting global government borrowing to top $440tn by 2050 (Reuters)

- **Corporate America is planning record stock buybacks amid market turmoil.** Companies are expected to repurchase ~$1.2tn in shares this yr, surpassing the previous high of $1.1tn in 2022. This trend is driven by firms seeking to boost shareholder value and stabilize stock prices during economic uncertainty. Major players like Apple, Microsoft, and Alphabet are leading the charge, with tech and financial sectors dominating buyback activity. Analysts warn that excessive buybacks could limit future growth (Bloomberg)

- **China's central bank governor has announced plans to cut banks' reserve requirement ratio (RRR) to inject liquidity into the economy.** The current RRR stands at ~7%, and the People's Bank of China (PBOC) aims to expand its balance sheet, which is ~$6.25tn. This move follows a 50-basis points cut in Jan., the largest in two yrs. The PBOC's decision aligns w/ efforts to bolster growth amid persistent property sector weakness and global economic uncertainty (Reuters)

Metaverse/AR & VR

- **Minecraft has officially ended support for virtual and mixed reality platforms, as confirmed in today's patch notes for the game's Bedrock edition.** This change follows Mojang's Oct. announcement, which initially suggested VR/MR support would end in Mar. Players received a few extra weeks to enjoy VR before the removal. Despite Minecraft's vast player base, Mojang decided to discontinue VR/MR support, likely to avoid major disruptions (Engadget)

Regulatory

- **Alibaba's stock dropped after two senior US lawmakers called on the SEC to delist Alibaba and other US-listed Chinese cos, citing national security risks due to military links.** Rep. John Moolenaar and Sen. Rick Scott argue these entities benefit from American investor capital while advancing the strategic objectives of the Chinese Communist Party. The lawmakers emphasize the need for regulatory action to protect US interests (Benzinga)

Satellite/Space

- **AST SpaceMobile plans to deploy 243 BlueBird satellites by end-2028 to deliver direct-to-device cellular svs from space.** 100 sats will be operational by end of next yr, w/ 72 added annually. (Advanced Television)

- **SpaceX received Indian govt approval to sell Starlink after accepting 29 strict security conditions, incl real-time terminal tracking, local data processing, legal interception, and 20% infra localisation.** The LoI was granted by DoT independently of recent military ops. Starlink now has a head start over rivals OneWeb & Amazon's Kuiper, who lack similar permissions, giving SpaceX early access to India's satellite internet mkts (Slashdot)

- **According to analysis from Novaspace, SpaceX generated ~$11. 8bn in rev in 2024, w/ Starlink overtaking its space transportation division for the first time.** This milestone is driven by the maturation of its connectivity biz and an optimized launch model. Starlink's rise is built on incremental expansion across mkts like consumer broadband, gov svs, maritime, and aviation. SpaceX's transportation biz has shifted into a fleet management model, enhancing Starlink's commercial viability (Advanced Television)

- **Jean-François Fallacher, currently CEO of Orange France, will become CEO of Eutelsat starting June 1.** He will succeed Eva Berneke, who led Eutelsat through significant milestones, including the merger with OneWeb. This leadership change aligns Eutelsat more closely with the telecom ecosystem, reflecting the broader convergence of satellite and terrestrial telecommunications (Telecompaper)

- **Airtel Africa is partnering w/ SpaceX to introduce Starlink's high-speed satellite internet across Africa.** SpaceX has secured licenses in 9 of Airtel Africa's 14 operating countries, w/ the remaining 5 pending. This collaboration aims to enhance connectivity for businesses, communities, and remote areas, potentially expanding rural coverage. The partnership will leverage Airtel's ground network infrastructure to promote digital inclusion (Telecompaper)

- **A widespread electricity blackout on the Iberian Peninsula led to a surge in the use of Elon Musk's Starlink satellite communications service.** On Monday, usage in Spain and

Portugal rose 35% above average as telecoms coverage dropped. By Tuesday, usage in Spain was 60% higher than usual. Despite increased demand, Starlink maintained connectivity, though some ground stations in Spain lost service. The blackout highlighted vulnerabilities in traditional mobile networks, prompting calls for improved resilience (Sri Lanka Guardian)

Social/Digital Media

- **Match Group is cutting 13% of its workforce (~400 roles) to streamline ops amid declining engagement and rev.** The layoffs follow a 5% cut in Feb. and are part of CEO Bernard Kim's broader restructuring. Tinder and Hinge saw slowing growth, while Asia and emerging mkts underperformed. Match aims to refocus on core dating apps and improve monetization. The Co expects ~$45mn in severance costs and plans to reinvest in product innovation (Bloomberg)

- **Instagram's Threads app will start showing video ads, marking its first major monetization step.** Meta confirmed the rollout, targeting high-engagement formats to attract advertisers. Brands like Nike and Amazon are among early testers. Threads, launched as a Twitter/X rival, now has 150mn MAUs. Meta aims to integrate Threads into its broader ad ecosystem, leveraging AI for targeting and performance optimization (TechCrunch)

- **Reddit plans to tighten user verification to block AI bots after a controversial experiment flooded the "Change My View" subreddit w/ 1,700+ human-like AI comments.** The Co condemned the act and filed a complaint. CEO Steve Huffman annc'd that Reddit will work w/ 3rd-party svs to verify users' humanity, balancing anonymity w/ evolving regulations. The move aims to protect Reddit's authenticity and biz model tied to AI training data (TechCrunch)

- **Snapchat annc'd that Snap Map now has 400mn monthly active users, a significant milestone for the app's core feature.** Launched in 2017, Snap Map allows users to see friends' locations and browse public snaps globally. Over time, it has evolved to help users discover local hotspots and events. (TechCrunch)

- **Bumble forecasts second-quarter rev below estimates, citing slower-than-expected user growth and economic pressures.** The dating app operator expects Q2 rev between $269mn and $275mn, below analysts' estimate of $278.6mn. Despite this, Bumble remains optimistic about its long-term growth, focusing on new features and marketing initiatives to attract users (Reuters)

- **TikTok has annc'd another advance in its Project Clover EU data separation initiative, w/ a new data center set to be built in Finland.** This project aims to ensure separation of EU user data from its Chinese parent, aligning w/ regional rules. The Finnish data center will join existing facilities in Norway and Ireland, enhancing capacity to keep EU user data isolated. TikTok's €1bn investment in Kouvola is part of its €12bn initiative to deliver industry-leading data protections (Social Media Today)

- **Reddit will tighten verification to keep out human-like AI bots following a recent incident where researchers released AI-powered bots on the "Change My View" subreddit.** The bots posted over 1,700 comments, adopting various personas. To protect users and maintain authenticity, Reddit will work w/ third-party services to verify user humanity. CEO Steve Huffman stated that while Reddit will require more info, it won't ask for names or personal details (TechCrunch)

- **US President Trump stated he might extend the 75-day delay in enforcing a ban on TikTok if no deal is reached by Jun 19.** Trump hopes to make a deal to keep TikTok in the US, crediting it for helping him win the 2024 election. The app's fate has been uncertain since a law requiring ByteDance to sell it or face a ban took effect on Jan.19. (Reuters)

Software

- **ServiceNow annc'd acquisition of Data.** World, a cloud-native data catalog & governance platform, marking its 2nd AI-focused deal in 2025 after Moveworks. While terms weren't disclosed, Data.World was last valued at ~$350mn. The move strengthens ServiceNow's AI-driven data mgmt capabilities, aligning w/its strategy to expand beyond IT svs into CRM & enterprise AI. (Perplexity)

- **Cloudflare reported Q1 rev of $378. 6mn, up 27% YoY, beating est. of $373mn.** Adj EPS was $0.16 vs. $0.13 est. Co added 159 large customers (>$100K ARR), now totaling 2,878. Gross margin held at 78.5%. CEO Matthew Prince highlighted strong demand for AI security and edge computing svs. Despite macro headwinds, Cloudflare raised FY rev guidance to $1.56bn–$1.58bn. (Investor's Business Daily)

- **The App Store Freedom Act, introduced by Representative Kat Cammack, aims to challenge Apple and Google's dominance in the mobile app mkts.** The bill targets app stores w/ over 100mn US users, requiring them to allow third-party app stores and sideloading. It prohibits practices like forcing proprietary payment systems and using nonpublic business info to compete against developers. Enforcement will be handled by the FTC and state attorneys general, w/ penalties up to $1mn per violation (TechSpot)

- **CrowdStrike plans to cut 500 jobs, or 5% of its global workforce, as part of a strategic plan to scale its biz and achieve $10bn in annual recurring rev.** CEO George Kurtz cited AI investments, market demand, and scaling of customer success teams as key factors. The Co expects to incur $36mn-$53mn in charges, including $19mn-$26mn for severance and related costs. Offices will be closed on Wednesday and Thursday (May 7-8) w/ employees working from home (Wall Street Journal)

- **Palantir reported Q1 earnings, meeting expectations w/ adj EPS of 13 cents and rev of $884mn.** The Co boosted its full-yr rev outlook to $3.89bn-$3.90bn. CEO Alex Karp highlighted the Co's role in the AI era, noting a 71% growth in commercial rev to $255mn and a 45% increase in gov segment sales to $373mn. Net income rose to $214mn from $105.5mn a yr ago. Despite the positive results, shares fell ~9% after the bell (CNBC)

Sports/Sports Betting

- **Liberty Media reported F1 Q1 rev rose 8% YoY to $553mn, driven by higher race fees and media rights.** Operating income hit $115mn, up from $102mn. F1 hosted 3 races in Q1 vs. 2 last yr, boosting race promotion rev. Media rights remained the top rev source, while sponsorship grew modestly. F1 TV subs rose 15% YoY, and a premium tier will launch in 2025. CEO Chang emphasized strategic growth, incl. MotoGP acquisition and Liberty Live restructuring (SportsPro)

- **Brazil will host the 2027 FIFA Women's World Cup, becoming the first South American nation to do so.** FIFA selected Brazil over the joint Belgium-Germany-Netherlands bid during a vote at the FIFA Congress. Brazil's bid emphasized legacy, infrastructure, and past success hosting global events like the 2014 World Cup and 2016 Olympics. Host cities and stadiums will be finalized in the coming months (SportsPro)

- **NBA playoff TV ratings have increased by 6% through the first round, driven by strong performances from teams like the Golden State Warriors and Los Angeles Lakers.** This rise in viewership is attributed to high-profile matchups and star players like LeBron James and Stephen Curry. The increase in ratings is a positive sign for the league and its media partners, indicating growing fan interest and engagement during the playoffs (Sportico)

- **President Donald Trump held his first 2026 FIFA World Cup task force meeting on May 6, 2025, assuring fans of a seamless experience despite border crackdown concerns.** Trump emphasized visitors would be welcomed but must leave after the tournament. Homeland Security Secretary Kristi Noem said her department would work with the State Department and FBI to process travel documents for two million visitors. FIFA President Gianni Infantino expressed confidence in the administration's ability to deliver a successful event (Insider Sport)

- **Liberty Media, owners of Formula 1, reported significant losses amid uncertainty over a potential sale.** The company faces challenges due to declining revenues and increased operational costs. Liberty Media's CEO, Greg Maffei, highlighted the impact of global economic conditions on their financial performance. The potential sale of F1 remains uncertain, with no confirmed buyers. The company is exploring strategic options to mitigate losses and improve profitability (GPToday)

- **Red Bull team principal Christian Horner has urged the FIA to reduce regulations governing wheel-to-wheel combat in F1, calling the current rules "unnatural.** " Horner's comments follow contentious incidents involving Max Verstappen and McLaren drivers at recent races. Verstappen received a five-second penalty at the Saudi Arabian Grand Prix for gaining an advantage off-track against Oscar Piastri. In Miami, officials declined to investigate his clash w/ Lando Norris (RacingNews365)

- **The NBA is advancing plans to launch a European league, aiming to sell franchises for at least $500mn.** The league will feature 8-10 teams, including top EuroLeague clubs. NBA Commissioner Adam Silver confirmed meetings w/ FIBA, clubs, media cos, and sponsors. Franchises in cities like London and Paris could be highly valued. The NBA will hold 50% equity, w/ franchise owners holding the other 50%. This initiative could generate ~$3bn annually (SportsPro)

- **A report by Two Circles found the global sports industry reached a record $170bn in rev in 2024, up from $159bn in 2023.** Nineteen of the world's top 20 sports properties saw rev growth last yr, w/ the NFL leading at $14bn. Major events like the 2024 Paris Olympics ($3.8bn) and UEFA Euro Championship ($2.5bn) boosted growth. The report predicts the sports sector's rev will reach $260bn by 2033 (SportsPro)

- **FanDuel annc'd plans to expand its direct-to-consumer (DTC) sports betting svs, aiming to increase headcount by 20% and boost subscriptions.** The Co will focus on enhancing user experience and integrating new tech to attract more customers. This expansion is part of FanDuel's strategy to solidify its position in the competitive sports betting mkts (Sportico)

- **The 2027 NFL Draft will be held in Washington, D. C., and is expected to draw well over 1mn fans, surpassing the record of 775,000 set in Detroit in 2024.** President Trump announced the event alongside NFL commissioner Roger Goodell, Commanders owner Josh Harris, and D.C. mayor Muriel Bowser. The three-day event will take place at iconic landmarks like the National Mall and Pennsylvania Avenue, showcasing the nation's capital (Front Office Sports)

- **The NHL has canceled the 2026 All-Star Weekend, originally scheduled at UBS Arena in Elmont, NY, in favor of an international event.** This decision follows the success of the 4 Nations Face-Off in Feb., which overshadowed the NBA's All-Star Game. The new event will serve as a lead-up to the 2026 Milano Cortina Winter Olympics, marking the first time NHL players will participate since 2014. Commissioner Gary Bettman emphasized the shift towards major international hockey events (Awful Announcing)

- **Audi annc'd a major organizational restructure within its Formula 1 project, expanding Mattia Binotto's role as Head of Audi F1 Project.** Binotto will oversee development at key facilities, ensuring seamless coordination between race car and powertrain. Christian Foyer joins as COO, replacing outgoing CEO Adam Baker. This restructure aims to streamline operations ahead of Audi's 2026 F1 debut (F1i)

- **CNBC's Official Global Soccer Team Valuations 2025 reveals the world's 25 most valuable soccer teams, averaging $2. 76bn**. Real Madrid tops the list at $6.7bn, followed by Manchester City w/ $902mn in rev. The report highlights the financial strength of European teams, w/ Real Madrid's rev boosted by stadium renovations and Champions League earnings. The Premier League's lucrative broadcasting deals contribute to the high valuations of English teams (CNBC)

- **Prime Video has secured NBA broadcasting rights, featuring Steve Nash and Dwyane Wade as analysts.** The duo will provide in-depth commentary and insights during live games, enhancing the viewing experience for basketball fans. This move aims to bolster Prime Video's sports content offerings and attract a broader audience. The partnership highlights Amazon's commitment to expanding its live sports portfolio (Deadline)

- **Formula One (F1) has extended its contract for the Miami Grand Prix (GP) through 2041, making it the longest contracted event on the F1 calendar.** The extension was annc'd during the first of three U.S. races this season. The Miami GP is owned by South Florida Motorsports, part of Stephen Ross's sports empire. The 2024 Miami GP broke records w/ 3.1mn viewers on ABC and 275,000 fans attending the event (Front Office Sports)

- **NBC's broadcast of the Kentucky Derby averaged 17. 7mn viewers on Saturday, marking the most-watched edition of the event since 1989 (18.5mn viewers).** This represents a 6% increase over last yr's audience (16.7mn viewers). Viewership peaked at 21.8mn viewers in the 7 p.m. ET quarter-hour for Sovereignty's 1 and 1/2-length victory. Peacock also set a record w/ 959,000 viewers for the race window, up 34% from last yr. The Derby remains one of the most-watched non-football sporting events of the yr (Awful Announcing)

Tech Hardware

- **Nvidia has modified its H20 AI chip for China to comply w/ US export curbs by reducing performance to meet thresholds.** The revised chip, part of the Hopper series, is now being tested by Chinese cos and expected to launch in Q2. Nvidia aims to retain market share in China despite US restrictions. The H20 is the most powerful among three China-specific chips, including L20 and L2, designed to bypass US rules (Reuters)

- **Apple is developing custom chips for three key areas: smart glasses, next-gen Macs, and AI servers.** The glasses chip focuses on ultra-low power and compact design, while new Mac chips aim to outperform M3. Apple is also building server-grade AI chips for internal use, not for sale, to power GenAI features across its ecosystem. (Bloomberg)

- **Arm Holdings has provided a cautious forecast for Q2, projecting rev of $1bn-$1. 1bn and adj EPS of $0.30-$0.38, both below analyst expectations.** The Co cited timing of new license agreements as a factor. This outlook aligns w/ broader industry concerns about economic conditions impacting the semiconductor mkts. Following the announcement, Arm's stock fell ~5% in after-hours trading (Bloomberg)

- **Meta Platforms is renewing its development of facial recognition tech for smart glasses and other devices, reversing a previous decision to shelve the feature in 2021 due to privacy and ethical concerns.** This renewed focus comes amid a broader shift in the tech sector, where cos like Meta and Google are reconsidering user privacy strategies as regulatory scrutiny in Washington becomes less stringent. Meta is also reportedly planning to release new XR glasses later this yr (The Information)

- **Apple's smartwatch shipments declined 19% in 2024, marking the second consecutive yr of decline.** The lack of a new SE model and fewer upgrades to the Watch Series 10 contributed to this trend. Increased competition and legal issues also impacted growth. However, shipment volumes may turn positive this yr w/ the release of a redesigned SE and upgraded Watch Ultra 3 (Counterpoint Research)

- **AMD forecasts Q2 rev of ~$7. 4bn, surpassing Wall Street estimates of $7.25bn.** The company is betting on strong demand for its AI chips despite global trade tensions. CEO Lisa Su highlighted robust growth in AI and data center segments. AMD's Q1 rev was $5.35bn, a 10% YoY increase. The company expects continued growth in AI-driven mkts, with adj EBITDA margins improving. Analysts remain optimistic about AMD's performance amid economic uncertainties (Reuters)

- **Microsoft has annc'd two new Surface products for 2025: a 13-inch Surface Laptop and a 12-inch Surface Pro tablet.** Both devices feature Qualcomm Snapdragon X processors, offering enhanced AI capabilities. The Surface Laptop is the thinnest and lightest in Microsoft's lineup, w/ a slim anodized-aluminum chassis available in three colors. It boasts a battery life of up to 23 hours of video playback. The 12-inch Surface Pro is a compact 2-in-1 detachable, weighing 1.5 pounds and measuring 0.3 inch thick. These devices are set to launch later in May (The Verge)

- **Apple plans to shake up its iPhone release schedule, pushing the standard iPhone 18 and updated iPhone 16e to spring 2027, while keeping the Pro, Pro Max, Air, and foldable models for fall 2026.** The foldable iPhone will feature a book-style design w/ a 5.7-

inch screen when folded and ~8-inch display when open. The iPhone 18 Pro and Pro Max will have under-display Face ID sensors. (The Information)

Towers/Fiber

- **Gigabit broadband now reaches 84% of UK premises, per Ofcom's Connected Nations Spring update.** As of Jan., ~27.2mn premises can access 1000Mbit/s+ speeds, up from 82% in Jul. 2024. Full-fibre access rose to 73% (~23.7mn), from 67% last yr. Only 48,000 properties lack decent broadband (≥10Mbit/s down, 1Mbit/s up), down from 58,000. Mobile 4G covers 96% of landmass; 5G covers 62%, both stable since Sept. 2024 (Advanced Television)

- **European mobile operators warn that Europe may lag behind the US in 6G development without additional spectrum allocation.** They emphasize the need for more spectrum to support advanced tech and maintain competitiveness. The operators call for regulatory action to ensure Europe can keep pace w/ global advancements in 6G. This concern arises as the US continues to make significant strides in 6G tech deployment (Reuters)

Video Games/Interactive Entertainment

- **Nintendo forecasts 15mn Switch 2 sales by end of FY25/26, matching the original Switch's launch yr record.** Despite a 31.2% YoY drop in original Switch sales (10.8mn units), lifetime sales hit 152.12mn. Pre-orders in Japan (as of Apr.) exceeded 2.2mn, surpassing supply expectations. Nintendo aims to sell 45mn games in the next FY. Tariff uncertainty delayed preorders from Apr.9 to Apr.24, but demand remains strong (TechSpot)

- **A CTA report warns that if Trump's paused reciprocal tariffs resume post-Jul. 9, game console prices could surge up to 69.4%, adding as much as $428 to high-end models like PS5 Pro.** Consoles, once duty-free, now face avg tariffs of 130% due to 145% levies on China, source of 87% of U.S. imports. Nintendo paused Switch 2 preorders but confirmed a $450 price; accessories will rise $5. U.S. consumers could pay $12bn more, slashing console sales by 73% (Kotaku)

- **Microsoft won its appeal against the FTC's challenge to its $69bn acquisition of Activision Blizzard.** The 9th Circuit Court of Appeals upheld a lower court's decision, allowing the deal to proceed. This acquisition, which closed in 2023, strengthens Microsoft's position in the gaming industry, particularly with popular titles like Call of Duty. The FTC had argued the deal would suppress competition, but the court disagreed (Reuters)

- **GTA 6's second trailer has wowed fans with its hyper-detailed graphics, particularly the realistic depiction of beer bottles.** Rockstar's meticulous attention to detail is evident in the beads of perspiration on bottles and the individual bubbles rising in the amber glass. The trailer showcases the game's Florida-based setting, emphasizing the hot climate and nightlife. Fans are comparing the beer graphics to the detailed horse physics in Red Dead Redemption 2, highlighting Rockstar's commitment to realism (Kotaku)

- **Spotify and EA SPORTS FC™ 25 have partnered to integrate Spotify's audio features into the game.** Premium users can now listen to their favorite songs, playlists, and podcasts while playing. This feature is available on PlayStation®5 and Xbox Series X|S. The integration aims to enhance the gaming experience by allowing players to replace in-game commentary w/ their preferred audio content. This pilot program is currently available in Australia and Saudi Arabia (Insider Sport)

- **Nintendo has annc'd that the Switch 2 will launch on Jun. 5 w/ 258 profile icons, nearly double the 147 available on the original Switch.** This includes every Pokémon starter from all nine generations, Pikachu, Eevee, and a Poké Ball. The icons were revealed on the Nintendo Today app. This expansion aims to offer more personalization options for users, addressing previous limitations where many icons were only available as limited-time rewards (Kotaku)

- **Epic Games annc'd a new rev policy for its digital game store.** Starting in Jun., any new payment processed through the platform will carry a 0% fee for the first $1mn in annual rev. The standard 12% cut will apply beyond that threshold. This move aims to attract indie developers by offering more favorable terms compared to Steam, which takes a 30% cut on the first $10mn in rev (TechSpot)

- **Rockstar Games has delayed the release of Grand Theft Auto VI (GTA 6) to Fall 2025, despite earlier plans for a 2024 launch.** The game, which has been in development for over a decade, has faced multiple delays. Take-Two Interactive, Rockstar's parent company, confirmed the new release window during an earnings call, citing the need for additional development time to meet high expectations. The game is expected to launch between Sept.-Dec. 2025 (News Tribune)

Video Streaming

- **Netflix unveiled a revamped TV interface aimed at enhancing user experience through a cleaner, more intuitive design.** Key updates include prominent title callouts (e.g., "#1 in TV Shows"), top-of-page shortcuts for Search and My List, and real-time personalized recommendations. A vertical video feed and GenAI-powered search (iOS beta) are also being tested. (Cord Cutters News)

- **Netflix annc'd a new generative AI-powered search tool at its tech and product event.** This feature, leveraging OpenAI's ChatGPT, offers a conversational discovery experience, allowing users to input preferences like "I want something funny and upbeat" or "a scary movie

– but not too scary.” Initially available as an opt-in beta for iOS users, it aims to enhance content discovery and recommendations. Netflix plans to roll out the feature globally in the coming weeks (TechCrunch)

- **Roku has introduced pause ads that appear on the screen whenever content is paused, including when watching DVDs or playing video games via HDMI-connected devices.** This new ad format uses automatic content recognition (ACR) and HDMI detection to serve contextually relevant ads, covering up to 30% of the screen. The rollout follows a successful pilot phase, with positive advertiser feedback. However, this move has raised concerns about user experience in an increasingly ad-saturated digital landscape (Cord Cutters News)

- **YouTube is experimenting w/ a new Premium plan designed for two people.** This plan aims to offer a more affordable option for couples or friends who want to share the benefits of YouTube Premium, including ad-free videos, offline downloads, and background play. The trial is currently available in select mkts, and users can sign up to test the new plan (The Verge)

- **Charter Communications' strategy of bundling ad-supported premium streaming svs w/ pay TV packages is showing early success, halving cord-cutting in Q1 2024 to 181,000 losses from 405,000.** Following a distribution standoff w/ Disney in Sept. 2023, Charter added several SVODs, including Peacock and Disney+, boosting subscriber growth. The Co plans to launch a digital storefront later this yr for easier access to streaming svs, stabilizing churn for U.S. subscription streaming below 5% by Q4 2024 (StreamTV Insider)

- **MásOrange annc’d that its Orange TV service is now available to all customers for under €8/month.** This move aims to make premium content more accessible, offering a wide range of channels and on-demand svs. The Co is leveraging its recent merger w/ MásMóvil to enhance its offerings and expand its customer base. This initiative is part of MásOrange's strategy to compete more effectively in the Spanish telecom mkts (Telecompaper)