



WEEK ENDING OCTOBER 31, 2025

Would you say this week was "trick" or "treat"? I think we got a bit of both in this incredibly busy TMT earnings week! The markets behaved with tech leading (Nasdaq rallied +2.2% vs the S&P 500 +0.7%), as some heavy weight losses from the likes of Meta (-12%) was offset by gains from companies like Amazon (+9%) and Google (+8%), among others. One thing that was for sure is that AI demand is still through the roof and it's a land grab to further scale capacity. However, visibility on generating a return on these much higher capital spending levels is dictating whether investors will look past them, or not.

Please see below for the key companies and key themes we delved into this week.

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Have a nice weekend and try not to eat too much candy! ADD Halloween EMOJI??

Best,
Leslie

P.S. If this email has been forwarded to you and you would to join our distribution list, please email me. Thanks!



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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!



1) Earnings Scorecard – Week 3

The earnings storm is in full swing and this week's prints were heavily dominated by large cap TMT companies. Overall, 36 companies in our LionTree Universe reported, up from 17 in Weeks 1 & 2 combined. The bias with stock reactions was clearly positive with 20 trading up and 16 trading down. The worst performer was **Ebay**, down -16%, and the best performer was **Gannett**, up +28%.

Big Tech was well represented this week with **Amazon** leading the pack, up +9.6% in reaction to results (Theme #4), followed by **Alphabet** +2.5% (Theme #3), while **Meta** took it on the chin, falling -11% post earnings (Theme #2). Also, **Apple** was ~flat and **Microsoft** fell -3% in response to their prints (Theme #10).

It was a mixed bag on the Connectivity side with **Comcast** trading down -4.3% post results (Theme #6) while **Charter** rose +1.3% (Theme #7) and **Verizon** rallied +2.3% (Theme #5). In addition to Connectivity, Comcast also gave us a look at Media fundamentals and **Fox** was other key media conglomerate to report, rallying +7.7% in reaction (Theme #8).

In travel, **Booking Holdings** kicked off OTA earnings and fell -1% post earnings (Theme #9). A few other key earnings results this week include **Roblox** and **Universal Music** which fell -16% and -0.7%, respectively, in reaction while **Reddit** and **Roku** rallied +7.5% and +6%, respectively (Theme #10).

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

LIONTREE EARNINGS SCORECARD					
SECTOR	Stk Reaction*	SECTOR	Stk Reaction*	SECTOR	Stk Reaction*
AdTech		Internet/Advertising		Software & IT Services	
Criteo SA	6.2%	Meta	-11.3%	Microsoft	-2.9%
Digital Real Estate		Alphabet	2.5%	ServiceNow	2.5%
Zillow Group	4.0%	Reddit	7.5%	Telecom Infrastructure	
E-Commerce		Music		American Tower	-3.7%
eBay	-15.9%	Universal Music Group	-0.7%	Equinix	4.4%
Etsy	-12.8%	SiriusXM	10.1%	US Media/Video	
Mercado Libre	2.8%	Online Travel		Roku	6.1%
Amazon.com	9.6%	Booking Holdings	-0.9%	Fox	7.7%
Wayfair	23.2%	Out of Home Advertising		US Print Media/Publishing	
EdTech		National CineMedia	9.4%	Gannett Co.	27.7%
Udemy	-11.8%	Payments/FinTech		US Telco/Wireless	
European Telco		Visa	-1.6%	Lumen	-0.6%
Telenor ASA	-6.0%	Mastercard	-0.2%	Verizon	2.3%
Liberty Global	4.1%	PayPal	3.9%	Video Games	
Hardware/Handsets		Coinbase	4.6%	Roblox	-15.5%
Apple	-0.4%	PayTV/Broadband		Electronic Arts	Flat
HealthTech		Comcast	-4.2%	Source: FactSet *Day post earnings 	
Teladoc Health	6.2%	Charter	1.3%		

2) The AI CapEx Cycle Takes Another Leg Up...And Meta Doesn't Get A Pass, Yet

It was an incredibly busy week with Big Tech earnings this week and a major takeaway (again) was that AI capx spend has not peaked and is going up even more than the previously raised outlooks! Investor reaction was mixed, depending on the company, and brought this spending theme back to the forefront.

Starting with Meta, news that the Co is "front-end loading" its Superintelligence spending overshadowed what was a better-than-expected Q3 otherwise. More specifically, mgmt is now guiding expense growth to outpace revenue growth in both 2025 and 2026, driven by aggressive infrastructure investments and rising AI talent costs. Despite a lack of visibility on the pace of future tech adoption, CEO Mark Zuckerberg still thinks "it's the right strategy to aggressively front load building capacity." If superintelligence happens faster than expected, they will be well positioned...if it happens slower, they can use that compute in current business...worse case, they can grow into it. Either way, the message didn't go over well with investors.

Putting all that aside, Meta's core ads business remains impressively strong, with Family of Apps ad revenue growing +26% y/y (from +22% y/y in Q2) with strength across all regions. Total impressions and ad prices both moved higher. Engagement is also climbing with time spent on Facebook and Instagram growing double digits in the U.S., driven by video and better recommendations. Threads passed 150mn daily actives, Instagram hit 3bn MAUs, and Reels now has a \$50bn revenue run rate.

While investors are balking about the spending outlook, Meta's prior AI investments are paying off in product and advertiser ROI. The Co continues to unify models and automate campaign flows and Advantage+ is delivering lower cost per lead. Also, adoption of video generation tools jumped 20% q/q. One other bright spot was the positive surprise within the Co's Reality Labs segment, where revenue beat by nearly 50%, and losses were narrower than expected. With that said, RL's Q4 faces tough comps from last year's Quest launch, and AI glasses (while in high demand) won't offset the headset headwinds.

See below for more on the above plus other key updates and comments on Meta AI (over 1bn monthly actives), Business messaging, and regulatory risks.

For deep dives on Google's and Amazon's results, see Theme #3 and Theme #4, respectively. Our Quick Takes on Apple's and Microsoft's results are in Theme #10.

-> Meta shares took it on the chin trading down -10% in reaction to results and the capx/opex guidance; The stock is still up +11.2% YTD though.

Meta Posts A Better Than Expected Q3 (But Not By As Much As They Beat In Q2)

- **Q3 total revs BEAT cons by +3.5% & grew +26% y/y (vs +21.6% y/y growth in Q2)**
 - Family of Apps (FoA) revs BEAT w/ ad revs ~3% better than expected and Other +17% ahead
 - Reality Labs (RL) revs BEAT by almost 50%
- **Q3 adj op income BEAT by +5.5% (margin of 40% vs cons 39.4%) w/ FoA & Reality Labs both topping expectations**
 - Headcount at 78,450 grew +8% y/y
- **Q3 EPS BEAT by ~8%**
- **Q3 FCF MISSED by -2.2%, while CapEx was slightly higher than expected**
- **Bought back \$3.16bn in stock in the qtr**

Meta	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (mn)	\$51,242	26%	\$49,490	3.5%
Adj Operating Income (mn)	\$20,535	18%	\$19,460	5.5%
Adj Operating Margin (%)	40.1%		39.4%	
Adj EPS	\$7.25	20%	\$6.72	7.9%
CapEx (mn)	\$19,370	111%	\$18,460	Higher
Free Cash Flow (mn)	\$10,620	-32%	\$10,860	-2.2%
Segment Revenue (mn)				
Family of Apps	\$50,772	26%	\$49,120	3.4%
Advertising	\$50,082	26%	\$48,520	3.2%
Other	\$690	59%	\$589	17.1%
Reality Labs	\$470	74%	\$316	48.7%
Segment Adj. Operating Income (mn)				
Family of Apps	\$24,976	15%	\$24,970	0.0%
Adj. Operating Margin (%)	49.2%		50.8%	
Reality Labs	-\$4,432	-0.1%	-\$5,080	14.6%
Adj. Operating Margin (%)	-943.0%		-1607.6%	

Source: FactSet, StreetAccount



Front-End Loading AI Superintelligence Capacity - Raised Capx & Opex Guidance...AND Opex Growth Will Exceed Revenue Growth in 2025 & 2026

- **For Q4... the REVENUE guidance at the mid-pt was slightly above cons (\$56-59bn vs cons \$57.36bn)...this implies 2025 revenue growth of +16% y/y**
 - Q4 guidance assumes ~1% FX tailwind to y/y total rev growth
 - Expect “continued strong ad revenue growth” in Q4 to be partially offset by lower revenue in Reality Labs (see section below)
 - Expect 12-15% tax rate in Q4
- **For 2025:**
 - **Raised low end of the EXPENSE guidance from \$114-118bn to \$116-118bn, which implies +22-24% y/y**
 - **Raised 2025 CAPX guidance from \$66-72bn to \$70-72bn (cons \$68.36bn)**
- **For 2026:**
 - **Expect “upward pressure” on capx & expense plans**, w/ growth driven primarily by infrastructure costs; Employee compensation (especially AI talent) will be the 2nd largest contributor
 - **Capx dollar growth will be “notably” larger in 2026 than 2025** (last qtr said that 2026 CapEx \$ growth will be similar to 2025)
 - **Also, anticipates total expenses will grow at a “significantly” faster percentage rate in 2026 than 2025**
 - **Believe can deliver “strong” revenue growth in 2026**
- **Are JV’s like Blue Owl included in their capx numbers? No**
 - Their prior CapEx reflects a portion of the data center build cost prior to the joint venture being established
 - Going forward, the construction costs of the data center will NOT be recorded in CapEx
 - As the data center is constructed, they will contribute 20% of the remaining construction costs required (in line w/ their ownership stake), and those will be recorded as other investing cash flows
- **“It’s the right strategy to aggressively front load building capacity”**
 - If superintelligence happens faster than expected, they will be well positioned
 - If it happens slower, they can use that compute in current business
 - Worse case, they can grow into it

The Core Advertising Business Outperformed & Accelerated Growth Across Major Regions

- **Family of App ad revs grew +26% y/y (accel from +22% y/y in Q2 and from +16% y/y in Q1)...this beat cons by 3.4%: However, FOA adj op margins of 49.2% slightly missed cons 50.8%**
 - **All regions saw seq accelerations in y/y growth**
 - N. Amer +24% y/y (vs 21% y/y in Q2)
 - Europe +29% y/y (vs 24% y/y in Q2)
 - APAC +25% y/y (vs +18% y/y in Q2)
 - RoW +32% y/y (vs +23% y/y in Q2)
 - **Total impressions incr’d +14% y/y** (broadly healthy and video svcs was esp strong)
 - **Avg price per ad incr’d +10% y/y** (higher ad demand due to better ad performance partially offset by impression growth esp from lower monetizing regions and services)
- **Family daily active users hit 3.54bn (+8% y/y), topping cons 3.49bn and daily actives continue to grow y/y across Facebook, Instagram, and WhatsApp**
 - Instagram hit 3bn MAUs
 - Seeing “good momentum across other apps, incl Threads which passed 150mn daily actives and is on track to be a leader in its category

Meta	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Facebook User Metrics				
Family Daily Active People (mn)	3,540	8%	3,490	1.4%
Family Average Revenue per Person	\$14.46	18%	\$14.11	2.5%
Advertising Metrics				
Ad Impressions Delivered (y/y)	14.0%		12.4%	12.9%
Avg Price Per Ad (y/y)	10.0%		11.0%	-9.1%
Revenue (mn)				
US & Canada	\$21,751	24%	\$21,340	1.9%
Advertising	\$21,331	23%	\$20,700	3.0%
Asia-Pacific	\$10,272	25%	\$9,640	6.6%
Advertising	\$10,020	25%	\$9,510	5.4%
Europe	\$12,268	29%	\$11,540	6.3%
Advertising	\$12,072	29%	\$11,300	6.8%
Rest of World	\$6,951	32%	\$6,650	4.5%
Advertising	\$6,659	32%	\$6,310	5.5%

Source: FactSet, StreetAccount



New Products & Better Recommendations Are Driving More Engagement & Expect An “Exponential Curve” In New Tech That Will Enable “Novel” New Capabilities

- **Improvements in products & recommendations are driving incremental engagement w/ y/y growth in global time spent accelerating on both Facebook and Instagram in Q3:** Across Facebook, Instagram, and Threads, their AI recommendation systems are delivering higher quality and more relevant content, which led to 5% more time spent on Facebook and Q3 and 10% more on Threads
 - These improvements come as they optimize their model architecture, implement advanced modeling techniques, and integrate more signals about people’s interests
- **In the US, overall time spent on Facebook and Instagram grew double digits y/y, driven by cont’d video strength as well as healthy growth in non-video time on Facebook**
 - Video time spent on Instagram was up more than 30% since last year
- **Reels now has an annual revenue run rate of over \$50bn**
- **Content is exploding and recommendation engines are critical:** “Recommendation systems that understand all this content more deeply and can show you the right content to help you achieve your goals are going to be increasingly valuable”
- **Looking to 2026, expect to advance their recommendation systems across several dimensions:** On Instagram, focused on evolving systems to surface content across a broader set of topics that cater to the diverse interests of each person (the implementation of this same thing on Facebook has driven good results)
 - **Another large focus next year is leveraging LLMs to improve content understanding**
- **Expect the research to bring an “exponential curve” in new tech capabilities and mgmt. will figure out what products will be useful and will prioritize them**
 - Trying to build novel capabilities
- **Launched Vibes (next gen AI creation tools and content experience) w/in Meta in September and have seen media generation in the app increase more than tenfold on Threads**
 - Vibes was enabled by AI and expect to build more products in the future

Continue to Introduce More Improvements & ROI For Advertisers

- **Advantage+ continues to drive performance gains:** Advertisers who run lead campaigns using Advantage+ are seeing a 14% lower cost per lead on avg than those who are not...”and I would say that we think there is still a lot of opportunity generally to grow adoption of Advantage+”

- **In Q3, the Co saw “meaningful advances” from unifying different models into simpler, more general models, which drove both better performance and efficiency**
- **End to end automation is driving higher ROI for advertisers & reached \$60bn ARR:** The rollout of their streamlined campaign creation flow for Advantage+ now enables advertisers who are running sales app or lead campaigns to have end-to-end automation turned on from the beginning
 - It is designed to “make it so that advertisers are increasingly just going to be able to give us a business objective and give us a credit card or bank account and... have the AI system basically figure out everything else that’s necessary, including generating video or different types of creative that might resonate with different people that are personalized in different ways, finding who the right customers are”
 - See plenty of room to grow penetration of its end-to-end AI solution w/ existing and new advertisers.
- **The number of advertisers using at least one of their video generation features was up 20% versus Q2 as adoption of image animation and video expansion continues to scale**
- **Added more gen AI features to make it easier for advertisers to optimize their ad creatives and improve performance**
 - Intro’d AI generated music in Q3 so advertisers “can have music generated for their ad that aligns with the tone and message of the creative”

Reality Labs Actually Beat Expectations But Qwest Faces Tough Comps In Q4, More Than Offsetting The Strong Demand For AI Glasses

- **Reality Labs performed much better than expected in Q3**
 - Revs grew +74% y/y and beat cons by almost 50%
 - The loss of -\$4.4bn was also much lower than the expected -\$5.1bn
- **But Q4 will be challenged as mgmt. now projects lower y/y Reality Labs revenue**
 - Due to lapping the introduction of Quest 3S in Q4 2024 (and don’t have a new one this year) and retail partners bought Quest headsets during Q3 of this year to prepare for the holiday season
- **Mgmt.**
- **still expects y/y growth in AI glasses revs in Q4, but that will be more than offset by the Qwest headset headwind**
 - Response to AI glasses has been “great”; Ray-Ban Meta glasses and Oakley Meta Vanguard are both selling well
 - Meta Ray-Ban Display Glasses w/ the Meta Neural Band to interact with them sold out in almost every store within 48 hours, with demo slots fully booked through the end of next month; Meta needs to invest in increasing manufacturing so they can sell more of those
- **Can wearables be a profitable investment? Overtime, mgmt. thinks yes:** Meta generates some revenue from the devices and also generates revenue from addtl services and AI on top of it; Mgmt thinks that overtime, AI will be one of the main things that people are using them from

Other- Meta AI, Business, Regulatory...

- **Meta AI is scaling...now has more than 1bn monthly actives, and expect usage to increase along with improvements to the underlying models**
- **The Business market remains a focus**
 - “Every day, people have more than 1bn active Threads w/ business accounts across their messaging platforms, ranging from product questions to customer support”
 - Business messaging remains a “significant” oppty: Click to WhatsApp Ads grew revs 60% y/y in Q3
 - Building a turnkey AI that helps businesses generate leads and drive sales
- **Cautioned regarding potential regulatory impacts**
 - Regulators in Europe could impose further changes that could impact European revenue, as early as “this qtr”
 - In the US, a number of youth-related trials are scheduled for 2026 and may result in a “material loss”

3) Google’s Search Acceleration Defies The Bears, But Investments Also Tick Up

Another key Big Tech earnings print this week was Alphabet but it was met with more enthusiasm than Meta's despite the Company also raising capex guidance. What did investors like about Alphabet's results? 1) First and foremost, there has been an ongoing concern that AI platforms will take share from Co's core search business, but that narrative has not been playing out. In fact, commercial search queries actually accelerated and Google's search business beat expectations. AI Overviews and AI Mode (57mn MAUs) are driving incremental query growth, and AI Overviews are still monetizing at approx. the same rate as regular Search; 2) YouTube also had a strong showing of accelerated revenue growth as AI-driven features drove enhancements across penetration, recommendation, and monetization; and 3) Google Cloud accelerated revenue growth, operating margin, and back log. All of these factors resulted in the Co delivering its first-ever \$100bn revenue quarter.

With that said, investors still noticed that while Google's full-stack AI strategy is scaling fast, it's expensive. The Co (like peers) raised its 2025 capex guidance and indicated that spend in 2026 would be "significantly" up y/y. But with mgmt. providing comfort that AI demand is still exceeding supply, and delivering tangible accelerations across its businesses, those dollars at least so far are yielding results. And among those investments, Gemini continues to stand out as it now powers everything from Cloud agents to Chrome integrations, with usage tripling q/q to 650mn+ MAUs in Q3.

So overall, there was a bit of a sigh of relief and appreciation for the accelerating revenue trends but Alphabet's results also reinforce the broader theme that while AI is driving growth, it is also rewriting the cost structure, at least in the near term.

See below for our deep dive into what we viewed as most important from Google's results. For thoughts on Meta's, Amazon's, and Microsoft/Apple's results, see Themes #2, #4, and #10.

-> Google stock closed +2.5% in reaction to earnings, and is up +48.8% YTD

Alphabet's First Ever \$100bn Revenue Qtr Was A Highlight Of Q3 & Op Income Beat Excluding An EC Fine

- **Q3 total rev – BEAT by +2.4%:** Grew +16% y/y (+15% y/y ex-FX), an accel from +14% y/y in Q2 (+13% ex-FX) to reach \$102.3bn (the Co's first \$100bn qtr)
 - The beat was broad based across all segments w/ the exception of Google Networks and Other Bets
- **Q3 op margin of 30.5% was below cons 32.2% due to European Commission fine**
 - Ex the EC fine, op margin would have been 33.9% (exceeding cons)
- **Adj EPS beat by +27%**
- **FCF materially BEAT cons by +40%, even with CapEx ~\$1.5bn above cons**

Alphabet	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (mn)	\$102,346	16%	\$99,970	2.4%
Adj Operating Income (mn)	\$31,228	9%	\$32,150	-2.9%
Adj Operating Margin (%)	30.5%		32.2%	
Adj EPS	\$2.87	35%	\$2.26	27.0%
CapEx (mn)	\$23,950	83%	\$22,270	Higher
Free Cash Flow (mn)	\$24,460	39%	\$17,540	39.5%
Segment Revenue (mn)				
Google Services	\$87,050	14%	\$84,810	2.6%
Google Advertising	\$74,180	13%	\$72,490	2.3%
Google Search & Other	\$56,570	15%	\$55,010	2.8%
YouTube Ads	\$10,260	15%	\$10,010	2.5%
Google Network	\$7,350	-3%	\$7,380	-0.4%
Google Subscriptions, Platforms, and Devices	\$12,870	27%	\$12,340	4.3%
Google Cloud	\$15,160	34%	\$14,740	2.8%
Other Bets	\$344	-17%	\$433	-20.6%
Segment Adj Operating Income (\$ mn)				
Google Services	\$33,530	39%	\$33,640	-0.3%
Google Cloud	\$3,590	24%	\$2,940	22.1%
Other Bets	-\$1,430	28%	-\$1,100	-23.1%
Alphabet-level activities	-\$4,470	47%	-\$2,890	-35.3%

Source: FactSet, StreetAccount



However, Like Others In The Sector, CapEx Is Taking Yet Another Leg Up

- **Q3 CapEx came in slightly higher than expected:** \$24.0bn vs cons \$22.3bn
- **RAISED 2025 CapEx range *again*...**: Expected to be b/w \$91-\$93bn in 2025, up from previous estimate of \$85bn
 - Comes after a \$10bn increase last qtr
 - **“We’re continuing to invest aggressively due to the demand we’re experiencing from Cloud customers as well as the growth opportunities we see across the company”**
- **...and reiterated that 2026 will see a “significant” y/y increase in CapEx:** More details will be given on Q4 earnings call
- **As the Co has mentioned before, the “significant” increase in investments in technical infrastructure will continue to put pressure on the P&L** in the form of higher depreciation expenses and related data center operations costs
 - In Q3, depreciation grew +41% y/y to \$5.6bn
 - And in Q4, growth rate in depreciation is expected to accelerate “slightly” given the overall increase in CapEx investments

Other Incremental Guidance...Q4 May See Some Impact From FX And Tougher Y/Y Election-Impacted Comps

- **Q4 total rev may see an FX tailwind at current spot rights, BUT volatility in exchange rates could affect the impact**
- **Q4 ad rev will be impacted by yr-ago election impact:** Y/Y comps in advertising across Google Svs segments will be negatively impacted by “strong” spend on US elections in Q4:24, particularly on YouTube
- **Also expect sales and marketing expenses to be more heavily weighted to the end of the year,** in part to support product launches and the holiday season

Strong Search Results Quell Fears...AI Is Expanding Search Queries At An Accelerated Rate Vs Q2

- **Q3 Google Search & Other ad revs continued to accelerate seq and beat cons by +2.8%:** Grew +15% y/y in Q3 (accel from +12% y/y in Q2 and +10% y/y in Q1)
 - Led by growth across all major verticals with the largest contributions from retail and financial svcs
 - Paid clicks were up +7% y/y (vs +4% y/y in Q2) and CPC were up +7% y/y (vs +8% y/y in Q2, but mgmt reiterated that they “don’t manage to pay clicks and CPC targets”)
- **“AI is driving an expansionary moment for Search. As people learn what they can do with our new AI experiences, they are increasingly coming back to Search more”**
- **Overall queries and commercial queries continued to accelerate from Q2 to Q3, “largely driven by AI investments in Search, most notably AI Overviews and AI Mode”**
 - **AI Overviews are driving “meaningful” query growth, which was “even stronger” in Q3 & it is monetizing at approx. the same rate as regular Search**
 - Engagement is “very, very” high
 - “Particularly encouraging to see the effect was more pronounced with younger people”
 - **AI Mode is driving “incremental” total query growth for Search**
 - In the US, have seen “strong and consistent” w/w growth in usage since launch and queries doubled over the qtr
 - Rolled out AI Mode globally across 40 languages in “record time” in Q3
 - Now has 75mn+ DAUs
 - Shipped 100+ improvements to the product in Q3, “an incredibly fast pace”
 - **Currently testing ads in AI Mode** and will continue to test before expanding any further...“It’s really too early to tell and go into any of the details of that testing”
 - **Regarding oppty to potentially increase commercial queries?** “Over time, there’s an opportunity to actually take [...] queries that are not fully commercial, but could have an adjacent commercial relationship to basically expand this into more attractive ad offerings”
- **Longer-term... will AI Search and regular Search stay separate or merge? “It’s a dynamic moment and I think we are meeting people in the moment with what they are trying to do”**
 - “We are able to kind of give that range of experience for people in this moment”
 - **BUT “over time...you can expect us to make the experiences simpler:** Similar to when they brought together text search, image search, video search, etc. into Universal Search
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- **Regarding specific use cases...AI experiences are also enhancing how people shop on Search**
 - Recently added shopping capabilities in AI Mode, which helps users shop conversationally in Search
 - Also expanded try-on capabilities to more clothing items, which is now available to anyone in the US
- **On agentic AI – “we see agentic experiences [...] as additive to the way people seek information”**
 - Working on “multiple” agentic experiences across “key verticals such as travel, commerce, shopping and so on”: Already introduced agentic checkout, which lets shoppers use agentic AI to buy products from merchant sites
 - **Working closely with a lot of partners on the other side through their Cloud services** to improve their own agentic experiences
- **A whole host of addtl advertising capabilities are also being powered by AI -**
 - **Loyalty offerings** like personalized annotations on organic results and ads are making it easier for consumers to benefit from deals
 - **Bizs can monetize “even more efficiently” ... “using our most advanced AI models, we can understand and predict intent like never before,** unlocking entirely new commercial pathways to provide valuable new consumer connections”
 - **AI Max unlocked “billions” of net new queries in Q3** by delivering the most relevant ad across surfaces and matching advertisers against addtl queries they weren’t reaching before
 - **“Already used by hundreds of thousands of advertisers...making it the fastest-growing AI-powered Search Ads product”**
 - **Rolled out Imagen 4 in Asset Studio and Product Studio,** helping businesses produce more and better creatives

- **Improvements on the measurement front** ... “we enriched the model supporting Meridian, our marketing mix model, with additional variables and more granular reporting in PMax is making bidding more effective”

YouTube Also Had A Stellar Qtr As AI-Driven Features Drive Further Enhancements Across Penetration, Recommendations, & Monetization

- **YT ads rev beat by +2.5% and growth also accel seq:** Grew +15% y/y (accel from +13% in Q2), driven by direct response followed by brand (similar to last qtr)
- **YouTube’s first time as a live NFL broadcaster last month set a new record**
 - Exclusive global broadcast live from Brazil
 - Drew 19mn+ fans, and set a new record for most concurrent viewers of a live stream on YouTube
 - **Also sold out all their ad inventory for the broadcast “within a couple of weeks”**
- **Some other YT ad milestones –**
 - **Shorts now earn *more* rev per watch hr than traditional in-stream on YouTube** (Vs last qtr, when Shorts earned as *much* rev per watch hr)
 - **ARR for interactive DR ads in the Living Room now exceeds \$1bn globally:** The Living Room is a “long-term bet” and more advertisers have been adopting the format
- **In particular, Demand Gen has been a key rev growth driver for DR**
 - Esp for SMB advertisers adopting Demand Gen
 - **Conversion value has incr’d= by 40% for advertisers**, driven by improved performance on Demand Gen from 100+ launches for advertisers using target-based bidding on YouTube
 - **The Retail vertical continues to lead growth on YouTube**, with Demand Gen helping to further monetize shopping-related categories
- **Rolled out “a number” of AI-powered features that are “helping creators supercharge creation and build their businesses”**
 - **“AI is now streamlining the entire content creation workflow”**, from generative video tools (i.e., Veo3 integration and Speech to Song) and more efficient editing to AI-powered insights that help creators optimize their channels
 - **“Also using AI to expand monetization –**
 - Automatically identifying products to make videos more shoppable
 - Coming soon...tools including direct linking to deals, websites, Shorts and swappable brand segments in long-form “will soon help creators show how they deliver great value for brands”
- **Have also been increasingly leveraging Gemini models across recommendation systems**, which are driving “robust” watch time growth in “key” monetization areas: Like Shorts and Living Room
- **Not to forget...YouTube’s business runs on a “twin engine” monetization strategy** combining its ads biz and its “growing” subscription biz
 - **YouTube Music and Premium subscriber generate a “meaningful high gross profit” vs an ad-supported users**

It Was Another Blowout Qtr For Cloud With Growth Accelerating Across The Board

- **Q3 Cloud revs growth continues to accelerate:** Up +34% y/y, vs +32% y/y in Q2 and +28% in Q1 (revs beat cons by +2.8%)
 - **Driven by “strong” performance in GCP**, which continued to grow at a rate “much higher” than Cloud’s overall rev growth rate
 - **GCP’s growth was driven by enterprise AI products**, which are generating “billions” in quarterly rev and benefitted from demand for their “industry-leading” models, including Gemini 2.5
 - **Core GCP was also a “meaningful” contributor to growth**
 - **Also saw double-digit growth in Workspace**, which was driven by an increase in avg revs per seat and the # of seats
- **Within GCP, seeing “strong” demand for enterprise via infrastructure:** Including –
 - TPUs and GPUs
 - Enterprise AI solutions, driven by demand for Gemini 2.5 and other AI models

- Core GCP infrastructure and other svcs, such as cybersecurity and data analytics
 - **More specifically... launched Gemini Enterprise earlier this month and seeing “strong adoption”** for agents built on the platform
 - Have already crossed 2mm subscribers across 700 companies
- **Q3 Cloud op margin continues to tick up...reached 23.7%, up from 20.7% in Q2 and 17.1% in the yr-ago qtr:**
Cons estimates were at 19.9%
 - The expansion was driven by “strong” rev performance and cont’d efficiencies in their expense base, partially offset by higher technical infrastructure usage costs
- **The pipeline continues to fill up at an increasing pace...Q2 backlog incr’d +46% q/q (big accel from +18% q/q in Q2) to reach \$155bn**
 - Driven primarily by “strong” demand for enterprise AI
- **What drove the strength in customer demand in Q3?**
 - **Signing new customers faster:** # of new GCP customers increased by ~+34% y/y
 - **Signing larger deals:** Signed more \$1bn+ deals Q3TD than in the previous two yrs combined
 - **Deepening relationships:** 70%+ of existing Google Cloud customers use their AI products
- **What differentiates Google’s Cloud offerings vs competitors?**
 - **Only Cloud provider offering their own “leading” gen AI models and adoption is “rapidly accelerating”:** Includes Gemini, Imagen, Veo, Chirp and Lyria
 - 70%+ of existing Google Cloud customers use Google’s AI products
- **In Q3, rev from products built on Google’s genAI models grew 200%+ y/y**
- **On long-term economics – benefit from being a “full-stack” AI player**
 - “The fact that we are developing highly differentiated products on our own technology, I think, will help us drive a good trajectory”
- **Looking ahead... still expect to remain in a “tight” demand-supply environment in Q4 and 2026**

Other Key Highlights On Google’s Overall “Full-Stack” Approach To AI

- **“Our full stack approach spans AI infrastructure, world-class research, including models and tooling and our products and platforms that bring AI to people everywhere”**
- **Now processing over 1.3 quadrillion monthly tokens, more than 20x growth in a yr**
- **13mn+ developers have built w/ Google’s generative models**
- **Quick updates on Gemini –**
 - Gemini now processes 7bn tokens per minute via direct APIs use by customers
 - **Seeing rapid seq acceleration in Gemini app use:** Now has 650mn+ MAUs (vs 450mn+ in Q2) and queries increased by 3x from Q2
 - **Also applying Gemini internally to “help us serve customers with increased speed, intelligence and efficiency” ...“And we’re just getting started”**
 - **“And we’re just getting started”**
 - **Gemini 3 will be released later this yr**
- **230mn+ videos have been generated with Veo 3**
- **Took “big” steps in Q3 to reimagine Chrome as a browser powered by AI, through “deep” integrations w/ Gemini and AI Mode in Search, with more agentic capabilities coming soon**

2026 Is “Shaping Up To Be An Exciting Year” For Waymo

- **“Growth and momentum are strong”**

- **On integrating Gemini capabilities or YouTube svcs to enhance Waymo experience - “definitely something we are excited about and you’ll see newer experiences in 2026 for sure”:** “Think there’s a real opportunity to make the in-car experience dramatically better”
- **Market launches and expansions –**
 - Next year, aim to open svcs in London and working to bring svcs to Tokyo
 - Annnc’d expansion in Dallas, Nashville, Denver and Seattle
 - Secured permission to operate fully autonomously at San Jose and San Francisco airports
 - Autonomous testing “continues to scale” in New York City
- **New offerings –**
 - **New Waymo for Business** allows enterprises to offer Waymo as a work travel option
 - **Launched Waymo Teens accounts in Phoenix** this summer and “pleased to see usage steadily increase, with positive feedback from teens and their parents alike”

4) Amazon Regains The AI Narrative...But ALSO Raises CapEx

Our last deep-dive within Big Tech earnings this week is on Amazon and, for context, last quarter investors were questioning whether Amazon was falling behind in GenAI. But the Co’s Q3 results put that to worry to bed. AWS’ growth, importantly, accelerated 270bp sequentially to +20% y/y, which topped Street expectations and was the fastest rate in 11 quarters. The Co’s backlog also reached \$200bn, excluding several large October deals. On top of that, AWS op margins hit 34.6%, which was higher than projected. Overall, mgmt. believes this strong AWS growth can sustain as we look ahead.

Additional capacity was a key enabler to AWS’s higher growth and the Co added 3.8 GW of power in the past 12 months. It is also on track to double capacity again by 2027 (in Q4 alone it is expected to add at least another 1 GW of power). Amazon is clearly showing that the higher spend on capacity is translating directly (and immediately) into higher revenues hence investors were not too bothered by the 2025 capx estimate increasing from ~\$118bn to \$125bn and the Co expects capx in 2026 to increase further as well (though didn’t use words like “notably” or “significantly” like Meta and Google did).

AWS performance wasn’t the only highlight with Amazon’s Q3 results. Amazon’s Online Stores grew a solid +8% y/y ex-FX (a tad beat). Third-party sellers hit a record 62% of unit mix, and paid units rose +11% y/y, signaling solid demand. Operationally, Amazon is pushing speed and reach: rural delivery expanded 60%, three-hour delivery launched in select cities, and selection grew +14% q/q. Grocery is gaining traction, with Fresh shoppers visiting twice as often and same-day delivery now in 1K+ cities. AI tools like Rufus and Lens are driving engagement, and seller adoption of generative features is scaling quickly.

It is also worth calling out that regarding the large annnc’d headcount cuts (14k employees), mgmt. highlighted that they were not financially-driven nor AI-driven, but that they were culture-driven. “It’s important to be lean, it’s important to be flat, and it’s important to move fast. And that’s what we’re going to do”

See below for more details and also color on other key highlights regarding Tranium, advertising revenue (grew +22% y/y), and new initiatives like Alexa+ and Zoox.

-> Amazon’s Stock closed up +9.6% and is up +12.3% YTD

Ex 1x Charges, Amazon Delivered Stronger Than Expected Q3 Results W/ Strong Performance Across The Board

- **Q3 revenue, op income (ex-charges), and adj EPS all BEAT**
 - **Total revs BEAT:** Up + 13% y/y (vs up +12% y/y in Q2)
 - **Op income MISSED on reported but BEAT ex 1x charges**
 - **Reported:** Flat y/y
 - **Ex, 1x charges not in consensus:** Would have been \$21bn+ (\$2.5bn for an FTC settlement, and \$1.8bn for est’d severance costs)
 - **Adj EPS BEAT:** +24.2% ahead of cons
- **Q3 by region – International grew the most y/y, ahead of North America (but opex includes 1x charge mentioned above)? Yes/no?**
 - **N. Amer - MIXED w/ higher rev but missed on op income:** Revs rose +11% y/y (vs +11% y/y in Q2) w/ 4.5% op margins

- **Intl – MIXED w/ higher rev but missed on op income:** Revs rose +14% y/y (vs +11% y/y in Q2), w/ 2.9% op margins
- **AWS – BEAT w/ rev and op income beating cons:** Revs grew +20% y/y (+17% y/y in Q2) and op margins hit 34.6%

- **CapEx came in at \$34.2bn (\$31.4bn in Q2)**

Amazon	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (\$mn)	\$180,200	13%	\$177,910	1.3%
Operating Income (\$mn)	\$17,400	0%	\$19,730	-11.8%
Operating Margin (%)	9.7%		11.1%	
Adj EPS	\$1.95	36%	\$1.57	24.2%
Segment Results (\$mn)				
North America Revenue	\$106,267	11%	\$105,080	1.1%
Operating Income	\$4,789	-15%	\$7,470	-35.9%
International Revenue	\$40,869	14%	\$40,650	0.5%
Operating Income	\$1,199	-8%	\$1,430	-16.2%
AWS Revenue	\$33,006	20%	\$32,420	1.8%
Operating Income	\$11,434	9%	\$10,980	4.1%
Segment Metrics (\$mn)				
Online Stores	\$67,407	10%	\$66,940	0.7%
Physical Stores	\$5,578	7%	\$5,580	In-line
Third-Party Seller Services	\$42,486	12%	\$41,940	1.3%
Advertising Services	\$17,703	24%	\$17,340	2.1%
Subscription Services	\$12,574	11%	\$12,480	0.8%
Other	\$1,415	8%	\$1,420	-0.4%

Source: Amazon Filings; FactSet Data & Analysis



- **Slightly mixed Q4 GUIDANCE...**
 - **Op income guidance at the mid was -1.1% below the Street**
 - **While Q3 rev guidance was +0.5% above cons**

Amazon	Q4 Guidance Midpoint		
	Actual	Cons Est	% Surp
Q3 Guidance (\$mn)			
Revenue	\$209,500	\$208,410	0.5%
Operating Income	\$23,500	\$23,770	-1.1%

Source: Amazon Filings; FactSet Data & Analysis



AWS Growth is Accelerating & The Pace Should Sustain For “A While”

- **Q3 saw the largest AWS revenue growth rate in 11 qtrs...it accelerated to +20% y/y (vs +17% y/y in Q2)** driven by strong growth across both their AI and core services plus addtl capacity which came online to support customer demand
 - The Co is seeing growth in inference, training...strong use of Tranium, Bedrock is scaling, Sagemaker continues to grow, and mgmt. thinks that the number of companies that are working on building agents is very significant
 - Also seeing growth in the number of enterprises that are moving from on premise to the cloud
 - Customers are choosing AWS b/c of “stronger functionality, security, and operational performance” and AWS has the “broadest and deepest array of capabilities”

- **AWS' backlog is growing:** Reached \$200bn at Q3 end, and this doesn't include several "large" unannounced October deals which combined are more than the AWS' total deal volume for all of Q3
- **Bullish comments on AWS' growth outlook ...**"I look at the momentum we have right now, and I believe that we can continue to grow at a clip like this for a while"

The Company Brought A LOT Of Infrastructure Online & More Is On The Way...Raised Capx Guidance

- **The Co has significantly expanded capacity for AI:** Added 3.8 GW of power in the past 12 months (more than any other cloud provider and double 2022 capacity); On track to double capacity again by 2027; In Q4 alone expect to add at least another 1 GW of power
- **"You're going to see us continue to be very aggressive investing in capacity because we see the demand. As fast as we're adding capacity right now, we're monetizing it. It's still quite early and represents an unusual opportunity for customers in AWS"**
- **Raised cash capx 2025 guidance from ~\$118bn to ~\$125bn AND expect that amount to "increase" y/y in 2026**
 - In addition to the AI investments, the Co is also continues to invest in fulfillment and transportation network to support the growth of the business, improve delivery speeds, and lower our cost to serve

Tranium Is Already A Multi-Billion Business & Trainium3 Will Help Drive Greater Adoption

- **There was a lot of focus on the call regarding Amazon's Trainium chip**
- **Trainium2 is seeing strong adoption:** It's a "multi-billion-dollar" business at this point and grew 150% q/q in revenue
 - Customers care more and more about price performance and Trainium's 30-40% advantage over competitive chips is resonating
- **Very excited about Trainium3 which should preview at the end of the year and have "much fuller volumes" in the beginning of '26**
 - Believe it will help to expand the customer base beyond the small number of very large customers using Trainium today
 - Price performance will further improve...Trainium3 will be ~40% better than Trainium2,
- **What will help drive more adoption? More proof points like Project Rainer with Anthropic will "build credibility"**
 - "We have a lot of other customers who are interested in employing large clusters of Trainium chips that we're going to hopefully give them a chance to do so with Trainium3"
- **Also, Bedrock will be a big driver for adoption:** "We're building Bedrock to be the biggest inference engine in the world, and in the long run, believe Bedrock could be as big a business for AWS as EC2, and the majority of token usage in Amazon Bedrock is already running on Trainium"

Agents Will Play A Big Part Of Future AI Growth & AWS Is Making It Easier To Build Them

- **Building agents will play a big part of future AI growth and AgentCore provides the key building blocks:** "We defined a set of building blocks that you needed to be able to deploy agents securely and scalably that we provide in AgentCore... And when we talk to our customers, it really resonates. There is not anything else like it"
 - **Strands also makes it easier to create agents from any foundation model**
- **AgentCore's SDK has already been downloaded over 1mn times...it is a key "enabler"**
- **AWS is also building its own agents for others to use:**
 - **Kiro:** An agentic coding IDE w/ 100k+ developers joining in the first days of preview, now more than doubled; It has processed trillions of tokens, with rapidly growing weekly actives; Developers praise its unique spec and tool-calling features.
 - **Transform:** A migration and transformation agent that has saved customers over 700k hours (335 developer years) of manual work this year; It has also analyzed nearly 1bn lines of mainframe code to support cloud migration.

- **Quick Suite:** Delivers a consumer AI-like experience at work, enabling easy insight discovery, deep research, task automation, data visualization, and action

Core Online Stores Business Grew Inline W/ Expectations And Has Not Maxed Out On Improving Customer Experience & Driving Greater Efficiencies

- **Q3 Online Stores revs were inline w/ Street expectations, growing +8% y/y ex-FX (+10% y/y ex-FX in Q2)**
 - In Q3, worldwide third-party seller unit mix was 62%, up 200bp y/y
 - WW paid units grew +11% y/y
- **Key metrics and updates:**
 - **Expanding selection:** Offering 14% more selection since last qtr; Everyday Essentials continues to grow quickly...nearly 2x as fast as the rest of the business YTD
 - **Expanding delivery reach:** Committed \$4bn+ to expand rural delivery network across the US; Incr'd the number of rural communities w/ access to same-day and next-day delivery by 60%, reaching roughly half of the total communities they plan to expand to by the end of the year
 - **Delivery speeds increase:** On track to deliver at their fastest speeds ever for Prime members globally once again this year; Started rolling out three-hour delivery in select U.S. cities
 - **Remain committed to staying competitive on price** and meeting or beating prices of other major retailers
 - **Added new buying features:** People can now add items to previously scheduled orders, which has been used more than 80mn times since launch (and it was just launched)
- **Grocery shoppers are very attractive:** When customers start shopping Fresh groceries on Amazon, they visit the site more often and return 2x as often as nonperishable shoppers
 - **Continue to make it easier for customers to buy perishables:** Customers in more than 1k cities and towns can now shop Fresh groceries alongside millions of Amazon.com products w/ free same-day delivery; Will be in 2.3k by the end of the year
 - **"It's really changing the trajectory and the size of our grocery business...this many years' tradition of the weekly stock-up, grocery stock-up, is changing"**
- **AI innovation is becoming more pervasive**
 - **Rufus (AI powered shopping assist) is scaling:** Has had 250mn active customers this year w/ MAUs up +140% y/y and interactions up +210% y/y, Customers using Rufus when shopping are 60% more likely to complete a purchase; Rufus is on track to deliver \$10bn in incremental annualized sales
 - **Incr'd adoption of Gen AI powered audio feature** (combines product summaries and reviews): Has expanded from 100s of products to millions and millions of customers have used it, streaming almost 3mn minutes
 - **Tens of millions of customers are using Amazon Lens each month:** Amazon Lens now includes Lens Live which shows real-time matches in a swipable carousel
 - **Sellers are leveraging AI:** 1.3mn+ sellers have used their generative AI capabilities to more quickly launch listings
 - **Very excited about the LT prospect of AI agent commerce;** if consumers don't know what you want, AI and agentic commerce will change the experience online; But "if you know what you want, you will go to Amazon" directly
- **Looking ahead, see "further opportunity to improve productivity in our global fulfillment and transportation network"**
 - Will continue to improve inventory placement to drive down distance traveled and lower touches per package
 - Will also build on the gains from the regionalized network through algorithmic improvements as well as launching robotics and automation

Advertising Momentum Show No Signs Of Dissipating

- **Ad revenue of \$17.7bn grew +22% y/y, consistent with Q2's +22%**
 - The Co has more than 300mn ad-supported users in the US
 - "Every single one of our advertising offerings this quarter grew in a meaningful way"
- **Amazon has a unique offering:** "We have what I think of as a pretty unusual full-funnel offering...when you layer on top of it, the combination of the audience curation and development we can do along with the advantage measurement, it just all leads to a return on advertising spend is very unusual"

- **Future ad revenue drivers:**
 - There is a “significant opportunity” still in their existing stores
 - Video still has more room (“we’ve only been at this for a little bit of time”); Excite about the oppty with live sports...NBA on Prime opening night averaged 1.25mn US viewers (double-digit increase YoY); adding The Masters (golf) in 2026, new PGA Tour event, Peacock and Fox One as add-on channels
 - Amazon DSP is “growing really quickly as well”...partnerships w/ Roku, Netflix (direct access to Netflix ad inventory), Spotify (400mn ad-supported listeners), SiriusXM (160mn digital listeners)
- **Innovating for advertisers with AI:** In September, launched an agentic AI tool in Creative Studio that plans and executes the entire creative process in a matter of hours instead of weeks

Other Key Updates – Alexa+, Project Kuiper, Zoox, & Robotics

- **“Energized” by the customer response to Alexa+:** Alexa+ customers are:
 - Talking to it 2x more and those interactions are longer and cover more topics
 - Using Alexa+ on Fire TV at 2.5x the rate of classic
 - Using natural conversation to discover audio content 4x more
 - Engaging w/ photos 4x more
 - Customers are completing 4x more shopping conversations that end in a purchase
- **Project Kuiper updates:** Has 150+ satellites in space and delivered over 1 Gbps speeds in enterprise-grade terminal tests which is the first commercial phased array they know of to clear that threshold
- **Zoox Robotaxis:** Available in Las Vegas and Washington, DC was annc’d as the eighth testing location; “We’re excited for these to continue rolling out to more riders”
- **“Robotics is a very substantial area of investment for us”:** Currently have over 1mn robots in their fulfillment network; Have a lot of “invention in flight”; Will have a fulfillment network where robots and humans complement each other and work together but “I think you’re going to continue to see us invest very significantly in robotics”

5) “Everything Is On The Table” As Verizon Enters A New Chapter

There was A LOT to unpack on Verizon’s Q3 call, which was the first under new CEO Dan Schulman, who took on the role just a weeks ago. Schulman, who was mostly recently the CEO of PayPal from 2014-2023, made clear his view that Verizon is “clearly falling short of its potential” and it is time to drive a major, “aggressive” cultural and financial reset across the Co. While “everything is on the table,” the overhaul will be centered around three pillars – 1) shifting from being a technology-centric Co to customer-centric Co, 2) while simultaneously driving shareholder returns, and 3) doing a “full review” of their CapEx spend and capital allocation.

A key part of the underlying philosophy that will be driving the upcoming changes is conviction that Verizon can grow its subscriber share AND expand margins at the same time. To do that, they need to stop leaning so heavily on price increases and focus more on driving a “customer-first culture” that will enable the Co to “grow through retention.” The goal is to have the lowest churn rate in the industry, driven by a superior experience rather than promotions. At the same time, there is going to be a shift towards becoming a “simpler, leaner, and scrappier” company. Plans are underway to aggressively cut costs and use those savings to reinvest in key growth areas like fiber, broadband, and AI. Everything is under review, with areas not aligned to growth to be “deemphasized.” The goal is to fully fund their growth initiatives with OpEx savings. This overall reset will not change the Co’s capital allocation strategy. Verizon reaffirmed its commitment to its dividend, debt paydown, and returning capital to shareholders, and importantly guided to higher FCF in 2026 vs 2025, including the impact from the Frontier deal.

More details will be shared on January’s call, but the message was that “we are planning to win, and this will be a different Verizon than the market is used to.”

As for the quarter itself (which was only briefly discussed) results were mixed, with rev missing but profitability, EPS, and FCF all beating. FY25 guidance was reaffirmed, except for CapEx, which is now expected to come in at or below the prior range.

See below for our key takeaways. Also in Connectivity, Comcast had its own strategic reset...see Theme #6.

-> Verizon stock fell -1% in reaction to earnings, but is up +6% YTD

New Verizon CEO Dan Schulman Details His Vision For The Co - "It's Clear We Need To Enter A New Chapter...And I Wouldn't Be Here If I Wasn't Fully Confident In Our Ability To Pivot"

- **Comes to the CEO role with "extensive" experience in technology, telecommunications, and wireless industries**
 - "I have deep roots in the telecom sector and in many ways, this is like coming home for me"
 - "I've had the privilege to help lead and grow some of the most iconic consumer brands in the world...those experiences have provided me with a strong perspective on customer-centric growth"
 - Has also served on VZ's board for the last 7 yrs
- **"Verizon is clearly falling short of our potential"**
 - "Despite investing significantly in network leadership. We have not been able to translate that into winning in the market... our stock performance reflects this reality"
- **"Plan will NOT be about incremental change. We aim to aggressively transform the culture and financial profile of our company"**
- **Will be focused on –**
 - **"Meaningfully" increasing share of industry net adds, in a disciplined way**
 - **Cost transformation** and "fundamentally" restructuring their expense base
 - **Capital efficiency**, optimizing how and where their invest
 - **Accelerating shareholder returns** by increasing bottom line growth, and a steadfast commitment to their dividend

Schulman Believes That The Co Can Grow Share AND Increase Margins Simultaneously

- **Shifting away from price increases:** "For the past few years, our financial growth has relied too heavily on price increases, a strategic approach that relies too much on price without subscriber growth is not sustainable strategy"
 - "Raising rates without corresponding value rarely, if ever, delights customers."
 - **Top 4 reasons why customers leave VZ has to do with price increases, and "pricing is the last refuge...**It is what you pull when you have nothing else...and frankly, we have a ton of things to pull in terms of creating incremental value for our Verizon customers"
 - **"Every year, it gets harder to grow as we lap past price increases and experienced higher churn. This cannot continue"**
- **Shifting towards a "customer-first" culture...**
 - "Winning in the marketplace demands a revamped and superior customer value proposition and requires full attention to the entire customer experience"
 - **"This is about growing through retention...I want use to have the lowest churn rate in the industry"**
- **...while simultaneously driving "much more efficient" cost structure**
 - "I reject the premise that delighting customers and winning in the market means that margins will decrease"
- **"My top strategic imperative for Verizon is to grow our customer base profitably across our mobility and broadband subscription businesses"**
 - "I strongly believe that growing volumes is essential to drive sustainable long-term revenue and adjusted EPS growth"
 - **"We are going to compete and grow responsibly across all market segments, and over time meaningfully increase our share of net adds, particularly in postpaid"**
- **"Will leverage network excellence to drive growth" BUT cannot rely on it "exclusively" to win against competition"**
 - "This is not going to be about promotional activities that can be quickly imitated. It is about true innovation, not easily replicated by our competitors"
 - **"Verizon will no longer be the hunting ground for competitors looking to gain share"**

- **There is “plenty of room for growth in this industry...the key here for us is to win smart and responsibly, focus on what our customers want, not on our competitors”**
 - “It depends on how you count it, somewhere between 5mn and 8mn new postpaid subs that enter into the industry every year”
 - “There’s obviously switcher pools that are available”
 - “There’s new and growing services, whether that be convergence or AI-powered infrastructure that can come in”
- **“You can expect to see tangible difference in the way of Verizon competes...we are planning to win, and this will be a different Verizon than the market is used to”**

Looking At Costs With “A New Lens” And Will Be “Aggressively Reducing” VZ’s Entire Cost Base

- **“We will be a simpler, leaner and scrappier business. This work is overdue and will be multi-year and an ongoing way of life for us”**
 - “Those actions are underway, and we’re acting with a sense of urgency”
- **What parts of the biz will be impacted? “We’re looking at everything and everything is on the table”**
 - “Areas not aligned to growth will be deemphasized”
- **Will examine “every element” of OpEx and CapEx:** Will “fully fund” all their initiatives with OpEx savings and “drop them to the bottom line” to accelerate EPS growth as well
- **Also “have work to do to further reduce our cost of services and SG&A”**
- **Reductions in cost base will also be used to fund Co investments in “key growth areas”**
- **“We’ll continue to be steadfastly committed to our dividend. And we will review, frankly, other opportunities to return capital to shareholders”**

Expect To Invest In Growth Areas & Exit Legacy Businesses

- **Will invest “significantly” across “all elements of our marketing mix and customer experience to drive mobility and broadband growth”**
- **Will also “continue to invest heavily in growth areas with a path to profitability,** whether that be completing our network, expanding our network, fiber aspirations, other opportunities as they become available to us in the ecosystem”
 - Will continue to expand their fiber footprint through their own build and with strategic partnerships
 - Also expect them to continue to invest “appropriately and aggressively” in expanding their broadband and fiber footprint
- **“We will also aggressively sunset or exit legacy businesses where we don’t see a clear path [to] profitable market leadership”**
 - “We have a large opportunity to unleash meaningful margin improvement by doing so”
- **“We have parts of our business that are costing us billions of dollars of margin”**
 - Will specify more about which parts those are and what they plan to do w/ them in January

Despite Investments, 2026 FCF Is Guided To Be “UP” / Overall Strategy Is Centered Around “An Ironclad Commitment To Our Dividend, Continued Debt Repayment, And Value-Creating Capital Returns”

- **Particular focus on FCF – “our business is generating strong cash flow today, but I believe it can be stronger”**
 - **Reaffirmed FY25 FCF guidance** of \$19.5 - \$20.5bn
 - **Provided prelim 2026 FCF guidance – expect to generate HIGHER FCF in 2026 vs 2025,** even with the inclusion of Frontier
- **Will provide 2026 guidance in January, but provided some insight on priorities – “I believe that elements within our framework can change to optimize our capital structure and shareholder returns...”**

- “I am closely examining not just our operating expenses, but also our capital spend, and our capital allocation framework”
- “You can expect our capital envelope to support the completion of our C-band build-out and our long-term objectives for fiber expansion, while preserving our financial capacity and flexibility for strategic investments as the landscape evolves”
- **“...but the overall goal is not going to change. The focus is generating strong cash flows and execute across the entire capital allocation framework, and that includes continuing to pay down debt”**
- **Remain “very comfortable” w/ long-term leverage target...: Of 2.0 – 2.25x**
 - **...and deleveraging is “on track”**: Operating inside of leverage target at 2.2x and Frontier acq will add ~0.25 to that, but “we aren’t going to operate outside of it for a period of time”

Convergence Is Central To The Strategy

- **“I’m a very big believer in conversions. I think it is extremely powerful”**
- **Convergence remains one of their most “significant” near-term growth opportunities...**
 - 18%+ of consumer postpaid phone base took a converged offering at the end of Q3, up 200+ bps y/y
 - Converged customers on fiber have a mobility churn rate that’s ~40% lower than their overall mobility base
- **...and Frontier acq will provide a “massive” cross-sell oppty - “our wireless share significantly under-indexes in Frontier’s territory, and we intend to address this on day one”**: Enables them to serve ~29mn addtl fiber passings
 - **Remain “on track” to close in Q1:26**
 - Have received approvals from 11 of 13 states and making “good” progress is remaining jurisdictions
 - Integration planning is “on track”
 - **Frontier has also been performing “extremely well” through Q3...**: Across both their fiber build and customer growth
 - **...and “results are trending above the expectations when we signed the deal”**
- **Also recently annnc’d an initiative with Tillman that will enable them to “focus on markets outside of the Verizon and Frontier footprints, expanding our Fios business to new places across the country and driving more convergence in these markets”**

AI Is “A Very Large Opportunity” For The Co And “We Have Barely Scratched The Surface”

- **“I am a strong believer in the growing power and resulting opportunities created by AI...it is clearly shifting the way the Internet operates on its head”**
 - Models today’s are “by far and away the worst models we’re ever going to have” and “you can see anywhere between 300% and 600% improvement in those models over the next year”
- **For employees - “will leverage AI throughout the company to make it easier for our employees to delight our customers and to dramatically improve service of reducing cost and complexity across the vast majority of our business processes”**
- **For customers - “AI can be used to dramatically improve the value proposition that we put in front of customers”**
 - **Intend to use AI as a key tool** to simplify offers, improve the customer experience, and reduce churn through “smart, consistent and more personalized marketing and offers”
 - **Potential use cases “that can radically change kind of where Verizon is today and frankly, where our industry is as well”**: “We can anticipate when customers want to upgrade, when they have an issue, what that might be, proactively address it before it happens, tailor and customize offers at micro segment levels”
- **AI infrastructure is also a “potentially large opportunity area” – “clearly, AI infrastructure is booming, and we can be a part of that and should be a part of that”**

Verizon Delivered A Mixed Q3 But Re-Affirmed FY 2025 Guidance (W/ The Exception Of FY25 CapEx)

- **Total revenue fell short of cons while adj EBITDA beat and FCF was much better than expected**

- **Total revs – MISSED by -1.3%:** Grew +1.5% y/y
- **Adj EBITDA – slightly BEAT by +0.4%**
 - Adj EBITDA margins strong @ 37.8% vs cons 37.2%
- **Adj EPS – BEAT by +1.7%**
- **CapEx came in lower than expected:** emphasized cont'd efficiency, noting that this discipline contributed to Q3 FCF
- **FCF was +9.7% ahead of cons:** “Highest reported in our industry by nearly \$2bn for that period”
- **Remain “on track” to deliver FY25 guidance, including previously raised expectations for adj. EBITDA growth, adj. EPS growth and FCF**
 - Total wireless service rev growth of 2.0% - 2.8%
 - Adj EBITDA growth of 2.5% - 3.5%
 - Adj EPS growth of 1.0% - 3.0%
 - Cash flow from operations of \$37.0 - \$39.0bn
 - **Update on CapEx – now expected to be within or BELOW the previously guided range of \$17.5 - \$18.5bn**

Verizon	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (\$mn)	\$33,800	15%	\$34,260	-1.3%
Total Adj EBITDA (\$mn)	\$12,780	2.3%	\$12,730	0.4%
Adj EBITDA Margin (%)	37.8%		37.2%	
Adj EPS	\$1.21	1.7%	\$1.19	1.7%
CapEx (\$mn)	\$4,310	9.2%	\$4,640	Lower
Free Cash Flow (\$mn)	\$6,956	16.7%	\$6,340	9.7%
Consumer Segment Breakdown				
Operating Revenue (\$mn)	\$26,110	2.9%	\$26,370	-1.0%
Service	\$20,340	2.1%	\$19,950	2.0%
Wireless Equipment	\$4,770	6.4%	\$4,970	-4.0%
Other	\$1,000	3.9%	\$962	4.0%
Adj EBITDA (\$mn)	\$11,230	2.0%	\$11,200	0.3%
Business Segment Breakdown				
Operating Revenue (\$mn)	\$7,140	-2.8%	\$7,260	-1.7%
Enterprise & Public Sector	\$3,310	-6.4%	\$3,420	-3.2%
Business Markets & Other	\$3,350	2.7%	\$3,380	-0.9%
Wholesale	\$479	-22.9%	\$490	-2.2%
Adj EBITDA (\$mn)	\$1,670	4.2%	\$1,630	2.5%

Source: Verizon Filing, FactSet Financial Data



Q3 Wireless Net Adds Mostly Disappointed BUT Lost Fewer Consumer Postpaid Phone Subscribers

- **Total postpaid phone net adds were a significant MISS: +36k (vs +155k in Q2)**
 - **Consumer postpaid phone net adds BEAT: -7k (vs -51k in Q2) and beat cons by +471%**
 - “We continue to see healthy retention benefits from our converged customers”
 - **Business postpaid phone net adds MISSED: +51k (vs +42k in Q2) and missed cons by -3.8%**
 - Continue to see disconnect pressure in the public sector, in part from ongoing government efficiency efforts
 - But that was more than offset by “strong” demand in from SMBs and large enterprise customers
- **Prepaid phone net adds MISSED: +47k but missed cons by -22%**
 - 5th consecutive qtr of positive subscriber growth
 - “The strength of our key brands as well as the continued expansion of total wireless distribution positions us to continue to grow our prepaid business”
- **Best Value guarantee is “resonating” w/ customers:** Saw a +16% y/y increase in customer upgrades in Q3 tied to the guarantee

Verizon	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Wireless Net Add Metrics				
Postpaid	36	-89%	297	-87.9%
Phone	44	-73%	23	91.3%
Consumer	-7	-139%	-40	471.4%
Business	51	-66%	53	-3.8%
Prepaid	47	-41%	60	-21.7%

Source: Verizon Filing, FactSet Financial Data



Churn Continues To Be Elevated, But ARPA Came In Ahead of Estimates

- Postpaid phone churn worsened seq to 0.98% (up from 0.97% last qtr) and came in higher than expectations of 0.95%
- Postpaid ARPA beat the Street by +4.0%: Grew +2.0% y/y (in line from +2.0% y/y in Q2) to reach \$171.27

Verizon	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Churn				
Retail Postpaid	1.23%	6%	1.20%	Higher
Retail Postpaid Phone	0.98%	11%	0.95%	Higher
Per User Metrics				
Retail Postpaid ARPA	\$171.27	2%	\$164.62	4.0%

Source: Verizon Filing, FactSet Financial Data



Broadband Performance Was In-Line, W/ Fiber In Particular Coming In Well Ahead Of Expectations But FWA Disappointing

- Total broadband net adds were slightly ahead of expectations: +306k vs cons +304k
- Total FWA net adds miss was driven by consumer: Came in at +261k, -6.5% below cons
 - Consumer missed by -14.8%, while Business beat by +14.8%
 - Annualized rev has now surpassed \$3bn and “continues to grow. We believe FWA can be a long-term sustainable business”
- Fios internet net adds were the Co’s best in 2 yrs: +61k (+32k in Q2) vs cons +52k
 - “Given the demand for Fios, we’re working to bring it to more and more premises within our footprint”

Verizon	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Broadband & Video Net Add Metrics				
Total Broadband	306	-21%	304	0.7%
FWA	261	-28%	279	-6.5%
Consumer	121	-42%	142	-14.8%
Business	140	-9%	122	14.8%
Wireline Broadband	45	81%	25	80.0%
Fios Internet	61	42%	52	17.3%
Consumer	59	51%	48	22.9%
Business	2	-50%	4	-50.0%
Fios Video	-70	-5%	-69	-1.4%

Source: Verizon Filing, FactSet Financial Data



6) Comcast's Big Pivot...Short Term Pain Is Expected To Yield Long Term Gain

The Connectivity industry is most certainly in flux, and it's not just Verizon making headlines with a new CEO and a strategic reset (see Theme #5). Comcast also signaled its own pivot this week and one that's less about leadership change and more about execution. The broadband competitive environment isn't easing, and fiber and fixed wireless access (FWA) are now seen as durable threats. As such, Comcast is simplifying pricing, restructuring its organization, and rolling out new tech to improve the customer experience.

While this new go-to-market strategy is already yielding some early positive results, it also is coming with near-term costs and investment. Connectivity EBITDA declined -3.7% y/y in Q3 and that decline is expected to "build slightly" over the next several quarters. ARPU growth decelerated and growth is expected to step down again in Q4 and face pressure in early 2026 as customers migrate to new pricing models. The Co also added a record +414k wireless subscribers though heavily helped by a free line offer. The Co is laser focused on migrating these customer when the promo period ends. Overall, the goal is to "get to the other side [of this reset] as quickly as possible."

Meanwhile, the Media business delivered upside to expectations, with Peacock Q3 losses narrowing sharply (by -\$220mn which was much better than Street projections) and sports is viewed as a durable advantage for the segment going forward. The NBA's return to NBC and Peacock kicked off what mgmt called "one of the biggest stretches of live sports in our history," which has been critical to driving both viewership and monetization.

Net-net, the Connectivity sector is in transition, with Comcast and others repositioning to strengthen long-term competitiveness, even if it means absorbing near-term pressure to get there.

-> Comcast shares closed the day down -4% though were down as much as -5% intra-day post results; Charter also fell -4.4%, Verizon fell -3%, and AT&T fell -1.8%; YTD, Comcast is down -27% while Charter is down -33%

Comcast's Media Business Delivers Upside While Its Connectivity Business Is In Transition

- **Overall headline financials BEAT consensus**
 - **Total revs, adj EBITDA, and adj EPS** beat cons by +1.6%, +0.3%, and +1.8%, respectively: Though **adj EBITDA margins** of 31% slightly missed cons 31.4%
 - Total revs fell -3% y/y (vs +2.1% y/y in Q2), adj EBITDA fell -1% y/y (vs +1.1% y/y in Q2), & adj EPS was flat y/y (vs +3.3% y/y in Q2)
 - **FCF** at \$4.95bn was also +34% above Street projections w/ **CapEx** spend lower than expected
- **Pace of buyback slowed in Q3:** \$1.5bn (vs \$1.7bn in Q2 and \$2bn in Q1)
- **Segment wise, Content & Experiences BEAT consensus while Connectivity & Platforms MISSED**
 - **Connectivity & Platform – slightly MISSED:** Rev was a tad light and fell -1% y/y (vs +1.2% y/y in Q2) & adj EBITDA was -1.4% below cons (and declined -3.7% y/y)
 - **Content & Experiences – BEAT:** Rev were 4% ahead of the Street and grew +8% y/y (vs +5.6% y/y in Q2); Adj. EBITDA was 3.2% ahead and grew +3.2% y/y (vs +3.6% y/y in Q2)
 - **Media segment** was the key revenue upside driver to revenue and adj EBITDA

Comcast	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (\$mn)	\$31,200	-3%	\$30,700	1.6%
Adj EBITDA (\$mn)	\$9,670	-1%	\$9,640	0.3%
Adj EBITDA Margin (%)	31.0%		31.4%	
Adj EPS	\$1.12	0%	\$1.10	1.8%
CapEx (\$mn)	\$3,100	5%	\$3,180	Lower
Free Cash Flow (\$mn)	\$4,950	45%	\$3,700	33.8%
Segment Breakdown (\$mn)				
Connectivity & Platforms Revenue	\$20,180	-1%	\$20,210	-0.1%
Domestic Broadband	\$6,430	1%	\$6,440	-0.2%
Video	\$6,590	-5%	\$6,600	-0.2%
International Connectivity	\$1,280	7%	\$1,260	1.6%
Wireless	\$1,250	14%	\$1,260	-0.8%
Business Services	\$2,580	6%	\$2,590	-0.4%
Advertising	\$864	-13%	\$887	-2.6%
Other	\$1,190	-8%	\$1,190	In-Line
Connectivity & Platforms Adj EBITDA	\$8,010	-4%	\$8,120	-1.4%
Revenue by Division (\$mn)				
Content & Experiences	\$11,740	-7%	\$11,290	4.0%
Media	\$6,590	-20%	\$6,340	3.9%
Studios	\$3,000	6%	\$2,930	2.4%
Theme Parks	\$2,720	19%	\$2,710	0.4%
Adj EBITDA by Division (\$mn)				
Content & Experiences	\$1,950	8%	\$1,890	3.2%
Media	\$832	28%	\$660	26.1%
Studios	\$365	-22%	\$403	-9.4%
Theme Parks	\$958	13%	\$1,000	-4.2%
Peacock Paid Subscribers (mn)	41	14%	42.53	-3.6%

Source: FactSet, StreetAccount



Comcast Is Making A Significant "Pivot" In The Broadband Go To Market Strategy

- **While Q3 broadband customer losses were not as bad as Street expectations, the big news was a change in strategy**
 - Q3 broadband sub loss of -104k compared to cons -138k and was an improvement from Q2 (-226k): Seasonal back to school benefitted as well as "early traction" from these new go-to-market initiatives (see below), but it was more than offset by the cont'd "intense competitive environment"
- **Mgmt pointed to a broadband environment that "remains intensely competitive, which we do not expect to change anytime soon"**
 - Re fiber, still expect "most of our footprint will eventually be overbuilt"
 - Also see FWA remaining a "durable competitor, serving price-sensitive segments with moderate performance needs"
- **And is now changing their approach "to compete more effectively for the long term":** The Co is focused on "simplifying pricing, improving transparency and enhancing the customer experience"
- **First and foremost,, the Co changed organization structure to improve execution:**
 - Steve Croney will be elevated to CEO of the Connectivity & Platforms business at the beginning of 2026
 - Dave Watson will become Vice Chairman of Comcast
- **The strategy rests upon three "pillars"... network, product, and customer experience:**
 - **Network:** Leverages AI end-to-end to optimize performance throughout the home; This enables best-in-class Wi-Fi: In Q3, began rolling out their most powerful gateway, the XB10

- **Product:** Deliver a seamless broadband, wireless, and entertainment OS experience that is differentiated
- **Customer experience:** Near-term focus is on price transparency and making it easier to do business with them: Intro'd a simpler, more transparent pricing model; Taking steps to simplify customer channels can connect to a love agent in seconds (available to 50% of customers base)
- **While early, mgmt. is “encouraged” by what they are seeing with bband growth**
 - Cont'd stabilization in voluntary churn
 - A healthy mix of customers opting into their 5-yr price guarantee
 - Nearly 40% of new connects choosing gig-plus speeds (up ~ 10pt from the start of the year)
 - Seeing higher utilization of new packaging, including everyday pricing in retention, helping transition more of the base into simplified market-based plans

Comcast	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Net Add Subscriber Metrics (mn)				
Wireless	414	30%	394	5.1%
Broadband Net Adds	-104	-20%	-138	32.7%
Video	-257	-30%	-307	19.5%
Passings (mn)	64.64	2%	64.62	In-Line
Residential Relationships (mn)	30.64	-2%	30.62	0.1%

Source: FactSet, StreetAccount



But This “Pivot” Requires Near Term Investments Which Have Already Started...And Aims To Get To “The Other Side As Quickly As Possible”

- **ARPU is expected to slightly decline as transition customer to more consistent pricing & ramp up free wireless line additions**
 - **Q3:** Broadband ARPU growth of +2.6% decelerated from +3.5% in Q2
 - **Q4:** Expect ARPU growth to step down “more than 1 point”
 - **Early 2026:** Expect “cont'd pressure” on ARPU as will be actively migrating customer to the new lower price pricing and packaging and don't expect to increase broadband prices in the period to offset
 - But mgmt. thinks they can get back to ARPU growth “over time”
- **Connectivity EBITDA fell -3.7% y/y in Q3 due to broadband ARPU growth dilution as well as elevated marketing, product and customer service expense**
 - **This EBITDA pressure will continue:** “Expect this decline to “build slightly” over the next several quarters as the Co continues to invest in pricing, product and customer experience
- **The Co is trying to move its base as quickly as possible...”let's get to the other side as quickly as possible.”**
- **Also to note, video performance improved meaningfully in Q3, w/ subscriber losses down ~ -100k y/y, “which is our best result in nearly five years”**
 - Churn is at record lows, supported by the focus on delivering the right products for each customer segment

Wireless Adds Hit A New Record But Help By Free 1 Yr Promotion...Key Will Be The Conversion Of Those Promo Customers

- **Q3 wireless net adds hit a new record at +414k, much higher than cons +394k and up from +378k in Q2**
- **A free mobile line offer helped drive adds:** Nearly half of their residential postpaid phone connects came from customers taking a free line
 - Converting these customers when many of these lines come up for monetization in H2 2026 is critical
- **Also seeing strong uptake in the Premium Unlimited Plan:** This was the first full qtr after launch and this plan is helping them to address the high-end subscriber
- **There is room to expand beyond the current 14% penetration of their broadband base**
 - Need to increase customer awareness within the base

- New high end product should also help improve competitiveness with that segment
- **Convergence revenue grew +2.5%, supported by mid-teens growth in wireless (vs +3.7% in Q2)**

The Media Business Outperformed With Lower Peacock Losses A Key Standout

- **Media revs beat by 4% but fell -20% y/y and adj EBITDA was 3.2% better than the Street and incr'd +28% y/y:** Ex Paris Olympics, revs were up +4% y/y and Peacock revs grew mid teens rate (vs +20% in Q2) driven by both advertising and distribution growth;
 - Media Ad revs were up +2.6% y/y due to sports and return of Sunday Night Football
 - Distribution revs were up 1.5% y/y (25% growth at Peacock)
- **While streaming subscribers were flat (price hike held it back), Peacock posted a much better improvement in profitability**
 - Peacock posted an almost \$220mn y/y improvement in Peacock losses which was an absolute loss of just over \$200mn in Q3
 - Peacock subs were flat y/y as the strong content slate late in the qtr and their strategic distribution initiatives were offset by the impact of addtl churn from the \$3 rate hike in the period
- **Sports remains “a cornerstone” of their media business - proud of sports portfolio:** Live sports continues to deliver strong viewership and ad performance across broadcast and streaming...momentum at Peacock remains solid and retention has held steady even after the \$3 price increase
- **The NBA just had their premiere on NBC and Peacock last week and “is off to a great start” but also comes with a cost:** “While we expect a positive impact on advertising and distribution revenue, it also introduces a new expense”
 - The straight-line amortization creates some upfront dilution, particularly in the first season but over time, it will be offset by advertising growth and through subscriber acquisition and monetization across both linear and Peacock
- **Are also “in the heart of” the NFL and college football seasons and, in February, they will have the Super Bowl, Winter Olympics and NBA All-Star Weekend, followed by the World Cup on Telemundo in June**

Theme Parks Performance Was Mixed Vs Expectations...Focus Is On Driving Ride Throughput At Epic Universe While Studios Absorbed Some Higher Marketing Costs In Q3

- **Theme parks revs was inline w/ expectations (+19% y/y growth) while adj EBITDA missed by -4% (grew +13% y/y)**
- **Q3 included the first full qtr of Epic Universe and mgmt. was pleased with the early results:** It is driving higher per cap spending & attendance across the entirety of Universal Orlando...looking ahead:
 - Remain focused on expanding ride throughput as “we build to run rate capacity”
 - Expect Epic to continue scaling over the next year with “higher attendance, stronger per caps and improved operating leverage”
 - Saw less than expected cannibalization of attendance from the two pre-existing parks
- **Studio revs beat by 2.4% (+6% y/y) but adj EBITDA missed by -9.4% (fell -22% y/y):** Jurassic World Rebirth - grossed almost 900mn WW box office but did realize high studio marketing tied to larger film slate
 - Excited about Q4 slate - release of Wicked: For Good on November 21.

The Co Will Be Looking At Assets That Are Trading In The Space, But Maintains A Very High Bar

- **For Comcast, mgmt. still maintains that the “bar is very high” to pursue any M&A transactions...**
 - ...but “you should expect us to look at things that are trading in our -- in the space around our industry” ..it's our job to try figure out if there's ways to add value”
 - “I think the strategies we have are really sound and durable without M&A”
- **Versant spin is “on track” to happen...and “you can expect that any view we would have about other media assets that could be complementary to our existing Media business would be of the same sort...so in this case, it would be streaming assets and studio assets”**

- "So I think in light of that, what we'll be looking for and what we're going to look like post the Versant spin, I think more things are viable than maybe some of the public commentary that's out there."

7) Charter Focuses On Execution As The Sector Resets

The Connectivity sector is in the middle of a strategic reset given the tough operating environment. Comcast is reworking its broadband playbook (see Theme #6) while Verizon, under new CEO Dan Schulman, is pivoting hard toward customer-centricity, cost discipline, and AI-powered service transformation (see Theme #5). Against that backdrop, Charter's Q3 results were weak but not shocking. Shares were already under pressure heading into the print, and much of that tough operating environment was priced in. Q3 revenue was flat (-0.9% y/y), EBITDA fell -2% y/y, and EPS missed by -8%. Broadband losses were steeper than expected (-109k vs cons -83k), and Q4 guidance points to further pressure on profitability, with ARPU growth constrained by pulled promotions and tough comps in political advertising.

However, there were still some offsets. FCF came in well above expectations despite elevated CapEx, and mgmt reiterated its FY25 CapEx guide of \$11.5bn, reiterating 2025 as its peak capital year. The Co remains focused on "sustainable" FCF and isn't rushing to pay down debt. Operationally, Charter continues to lean into convergence and while Mobile net adds were slightly below forecasts (+493k vs. cons +506k), the Co remains the fastest-growing mobile provider. Converged customers also now make up 21% of the base and show lower churn and higher lifetime value. Also on the plus side, video losses narrowed again (-70k vs -294k in Q3:24), with app integrations and immersive content partnerships (including Apple Vision Pro and the Lakers) helping position video as a retention tool going forward. Mgmt is also exploring "non-linear" monetization opportunities, from EV data offloading to edge CDN and AI inferencing, and is deploying AI across customer service and network operations to drive cost efficiency and improve experience. These initiatives are early but could show meaningful results.

Overall, Charter's Q3 print reflects the sector's broader recalibration. With Comcast and Verizon already in motion, Charter is focused on stabilizing broadband, executing on convergence, and unlocking new growth levers, without losing sight of its FCF-first discipline.

-> Charter's stock closed the day up +1.3%, reflecting lowered expectations already priced in, with the stock still closing the week down -4.2%; YTD, the stock is down -31.8%

Q3 Headline Results Were Generally Worse Than Expected

- **Total revs - IN-LINE:** Fell -0.9% y/y
 - Mixed across all segments with the exception of advertising (in-line) and Other (+1.7% beat)
- **Adj EBITDA - A TAD LIGHT:** Fell -2% y/y
- **Adj. EPS – MISSED:** -8% below cons
- **FCF was much higher than expected despite meaningfully higher CapEx**

Charter	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (\$mn)	\$13,760	-1%	\$13,740	0.1%
Adj EBITDA (\$mn)	\$5,560	-2%	\$5,610	-0.9%
Adj EBITDA Margin (%)	40.4%		40.8%	
Adj EPS	\$8.50	-6%	\$9.23	-7.9%
CapEx (\$mn)	\$3,050	19%	\$3,040	Higher
Free Cash Flow (\$mn)	\$1,620	0%	\$1,080	50.0%
Revenue by Segment (\$mn)				
Residential	\$10,645	-1%	\$10,660	-0.1%
Internet	\$5,971	2%	\$5,980	-0.2%
Video	\$3,388	-9%	\$3,440	-1.5%
Mobile	\$954	19%	\$980	-2.7%
Voice	\$332	-8%	\$338	-1.7%
Commercial	\$1,835	1%	\$1,840	-0.3%
Small business	\$1,086	-1%	\$1,090	-0.4%
Mid-Market & Large business	\$749	4%	\$749	0.1%
Advertising	\$356	-21%	\$356	In-Line
Other	\$836	11%	\$822	1.7%

Source: Charter Filings; FactSet Data & Analysis



Profitability Is Expected To Be More Challenged In Q4 Than Previously Guided, Which Will Likely Drag Down FY25

- **Q4 adj. EBITDA is expected to be “a little more pressured ...than we had anticipated” / “At least as much as it was” in Q3**
 - Comes after comments in September that Q4 EBITDA decline may be less significant vs Q3
 - **Explored some new offers in Q3 that impacted ARPU “a bit more than we had anticipated without driving the additional sales that expected”**
 - **Pulling those offers as of the beginning of Nov, BUT its putting “a bit of pressure on ARPU growth in Q4, along w/ “last yr’s political advertising strength and the same macro pressures” seen in Q3**
- **As a result, FY25 adj EBITDA growth is expected to be “flat or marginally positive y/y”, w/ higher underlying growth but absent the impact of political advertising**
 - This compares to FY25 EBITDA guidance of “growth” that was provided last qtr, which also took into consideration pressure from last yr’s political advertising
- **Reiterated FY25 CapEx guide of \$11.5bn and expectations that 2025 will be “the peak capital yr, even if by a small margin”:** Even including the impact of Cox transaction and associated integration capital, expect total combined Co CapEx to decline in the first full calendar yr post-close

Prioritizing “Sustainable” FCF And Not In A Rush To Pay Off Debt

- **Reiterated leverage targets for pre- and post-Cox deal close –** Post close will move long-term target leverage to 3.5x-4.0x and within 2-3 yrs post close, expect to deleverage to the middle of that range
- **Given higher interest rates and growth coming in below what was expected a few yrs ago, any interest in paying down maturities over the next few years? Not really...**
 - Reevaluate target leverage ratio “all the time” despite not changing it very often
 - Comfortable w/ where the standalone biz is and where the target is post-Cox close
 - Will do “somewhat less” borrowing and have “pretty limited towers over the next couple of years”
 - B/c they plan on reducing the leverage ratio, total amount of borrowing during that period down “naturally self-limits”
- **Generate a “substantial” amount of cash flow (in stand-alone biz and even more so in the combined biz) so if they need to de-lever at some point in the future “we’re more than capable of doing so”**
 - Increase in FCF is “mechanical” given stepdown in CapEx and will happen “whether or not” EBITDA grows

- As a reminder, benefit from Trump's tax legislation will also drive "rapid free cash flow and free cash flow per share growth over the next several years"
 - Also "the pro forma entity will generate higher free cash flow per share in spite of delivering" which will reduce cost of capital
- **"Sustainable free cash flow is our key focus metric for delivering shareholder value"**
- **"It doesn't mean that we won't continue to evaluate. We will, we always have. And if it's prudent for us to make a move, we will"**

Broadband Subscriber Trends Remain Challenged Though Lower Video Losses Stood Out

- **"The challenge we have is the operating environment" - drove lower gross adds y/y in Q3, particularly in low-income segments**
 - "Really muted" housing environment w/ low moves rates
 - "Slow" household formation
 - Continued mobile substitution growth
 - More competition from fiber and cell phone Internet (esp from AT&T)
 - Overall macro trends
- **What will drive an improvement in results? "I think through our own efforts, both short-term and long-term, as well as a couple of those external and macro variables changing, it would make all the difference"**
 - "I don't think it takes all of [the variables]...it takes a couple of those, one or a couple of those, and you'd have an outsized impact on our ability to grow"
- **Internet losses were much steeper than anticipated:** Q3 net losses of -109k was below cons -83k (and just slightly better than -110k in the prior yr qtr and -117k in Q2)
 - **Net adds in subsidized rural footprint was +52k in Q3, up from +47k in Q2 and +39k in Q1**
 - Grew subsidized rural passing by +124k and reiterated the target for rural passings growth of ~450k in 2025, in addition to cont'd non-rural construction & fill-in activity
 - **Also flagged that the bidding process is "largely complete":** Bid in 20 different states and were awarded ~84k passings; In total, expect to spend ~\$230mn of their own capital, net of subsidies, to build out those passings over the next several yrs
 - **Churn is trending in the right direction:** Churn improved y/y (expected given last year's ACP-related impacts), and Internet churn, including non-pay churn, "remains at historically low levels"
 - BUT "in the short term, with lower selling opportunities and new forms of competition, small changes in sales or churn have an outsized impact on Internet net gains"
 - **"Competition for new Internet customers "remains high"**
- **Mobile adds of +493k were below cons +506.3k:** Vs +500k in Q2 and +514k in Q1
 - But "we remained the fastest-growing mobile provider in the United States"
 - 88% of Spectrum Mobile device traffic is on their own network
- **Video losses cont'd to improve to -70k (vs -80k in Q2 and -294k in prior yr qtr):** Primarily driven by better connects y/y, resulting from the new pricing and packaging launched last fall and the various product improvements, and lower churn y/y, driven in part their programmer app inclusion packaging
 - **Flagged that stabilizing video losses supports broader Co growth:** While it's not the focus, video margins have faced "significant financial pressure" from customer losses over the last several yrs, and stabilizing that enables them to better highlight growth across other areas of the biz
- **Any change in view on broadband pricing or ability to grow broadband rev, given pullback commentary from Comcast and VZ? "We're in a slightly different situation...because of what we've done over the past couple years"**
 - **ARPU and pricing is already lower today vs competitors, both across promotional and retail plans**
 - B/c of that, had "a little more headroom" than others to raise prices
 - Given macro environment, NOT in a position to absorb cost increases as they occur, particularly in video
 - **Had already adjusted pricing strategy last yr:** B/c of how they how they redesigned their Spectrum pricing and packaging, most customers have already been moved onto the new plans
 - **Migration was done w/o hurting ARPU or margins:** Lowered individual plan prices but added value so that total household contribution and profitability remained the same

Charter	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Subscriber Net Adds (in thousands)				
Internet	(109.0)	1%	(83.3)	-23.6%
Residential	(108.0)	5%	(71.2)	-34.1%
SMB	(1.0)	-4%	(no consensus)	
Video	(70.0)	224%	(81.7)	16.7%
Residential	(64.0)	217%	(71.2)	11.3%
SMB	(6.0)	7%	(no consensus)	
Voice	(200.0)	88%	(230.3)	15.2%
Residential	(194.0)	81%	(230.6)	18.9%
SMB	(6.0)	7%	(no consensus)	
Mobile	493.0	-52%	506.3	-2.6%

Source: Charter Filings; FactSet Data & Analysis



Convergence Strategy Is Playing Out – “Increasingly, The Line Between Mobile And Wireline Connectivity Is Being Blurred”

- **“The profitability of our converged customers continues to grow”**
- **Convergence is driving down churn:** Churn rates for customers w/ multiple phone lines and Internet line are “very low. And so, you can end up with very high customer lifetime values”
- **21% of their Internet customers are now converged,** meaning they buy both mobile and Internet products
- **“In mobile, our broadband growth continues”**
 - **For the last 6 qtrs, the majority of line net adds have come from Unlimited Plus lines,** “which offer higher customer value and drives lower churn”
 - **Also been selling more mobile lines for Connect and addtl lines to existing mobile households**
- **Also enables new ways to market their offerings – creates “a really winning situation for different pockets of audience in the marketplace”**
 - For example, w/ a four-line offer, “it is a good way to express value to consumers by saying, if you take four lines, we’ll give you Internet for free”
 - **Which helps drive up ARPU and margin over time vs a traditional sale:** Have found that over time, the “vast majority” of these customers take speed upgrades or a higher value plan like Unlimited Plus
 - **“That’s the benefit of having multiple products to sell and creating offer expressions that create a really winning situation for different pockets of audience in the marketplace”**

Positioning Video As A Key Tool For Customer Retention And Engagement

- **Overall, video sales are up and churn is down relative to prior periods**
- **Activision of apps has “really accelerated” / Customers who activate apps tend to stay longer and spend more...**
 - **Had already been growing “pretty steadily” w/o any advertising or promotion**
 - Held off on pushing offering to make sure activation and upgrades process were working smoothly
 - **Seen an accelerated pickup in recent weeks driven by recent launches** the new ESPN app, Fox One, Hulu for free, and Spectrum app/digital marketplace
 - **Have found through A/B tests that customers who activate apps have significantly lower churn, have higher ARPU, and “tend to like us more”**
- **...but there’s still room for improvement**
 - Each streaming app has its own activation flow so working on making the user experience easier while still keeping the credentials the programmers wants

- **Reminder that the goal with video is NOT to have positive net adds.....:** Goal is “not to save the video ecosystem because it’s pretty challenged”
- **...but to have “a unique and differentiated product” to put in front of connectivity customers “in a way that generates new ways to market and acquire customers and has retentive value [...] and utility for them”**
 - For broadband customers that want video, “we’re going to attach that to the relationship”
 - “And if they don’t, we won’t. And we’ll just rely on the retentive value of Internet and mobile conversions”
- **Bundling and app integrations are also strengthening relationships with programmers and leagues**
 - Reduces churn compared to standalone product offering, which benefits programmers
 - Economics are strong within the traditional linear system, despite operating costs and wholesale agreements.
 - And apps offer upgrade potential to ad-free versions
 - Building a “very different” relationship with programmers and leagues through Xumo, with ability to have unified search, discovery, and solving the “gating”
- **Partnering with Apple to record and distribute a selection of immersive live Laker games starting in January, highlighting**
 - Will go to Spectrum Internet and video customers in LA, Nevada, and Hawaii, using the Spectrum SportsNet immersive app on the Apple Vision Pro
 - Will then be distributed nationally the next day throughout their footprint and on the NBA immersive app
 - “The experience is amazing, and you can see how immersive content will apply across next-generation devices in the future”
 - **Highlights how Spectrum’s “fiber-powered bandwidth-rich network is ideally suited to deliver these kinds of immersive experiences”,** which require significant throughput benefit from lower latency
- **“We’re now more fully marketing our seamless entertainment packaging”,** which includes the combination of \$125+ of included video app value, unified search and discovery in Xumo, and their digital marketplace
- **Launched Spectrum App Store earlier this month,** a digital marketplace where -
 - Spectrum customers can discover, activate, manage, and upgrade the apps included with their Spectrum TV video plans
 - Non-video customers can purchase DTC video apps a-la-carte
 - **“It’s an important additional step in our effort to bring back utility and value to customers in the video ecosystem, really for the benefit of our connectivity services”**

Actively Looking Into “Non-Linear” Opties To Monetize Customer Relationships

- **“I think there’s a huge set of assets that exist in our footprint that are untapped as it relates to new B2B and B2C products”**
- **Recently signed up w/ Amazon and Nexar for data offloading**
- **Other potential opties –**
 - **EV sector** “in terms of offload and the amount of bandwidth that comes into a garage every single night,” which would save both providers and customers money
 - **Location-based and low-latency system,** such as financial transactions and cybersecurity solutions for B2B and consumer use
 - **Edge CDN and AI inferencing:** “there’s a thousand hubs and localized data centers...[they have] a lot less power. And we’re exploring different use cases for what you could do there with respect to edge CDN. Could AI inferencing be there?”
- **Nothing material today but “pretty active” in having discussions globally “about different ways that we can make better use of these assets to bring value to consumers and to bring new revenue streams to us”**

Actively Looking To Leverage AI to Improve Customer Service, Employee Experience, and Overall Cost Efficiency

- **Working on “deploying new technologies which will transform the quality and economics of our \$8bn annual cost to serve”**

- See a “big” oppty to reduce costs through AI and automation while improving both customer svcs quality and agent experience
- **“We don’t know yet the exact size, but I think it could be significant”**
- **Seeing “significant” improvements in consumer perception scores over the past yr**, driven by marketing efforts, and improvements in products, promotional and retail pricing and customer svcs; **Specific callouts –**
 - **For years, have been “meaningfully” improving the quality of their svcs...:** Often at a double-digit rate annually
 - **...and have been reinvesting saving from svcs efficiency into better pay, benefits, and technology for their “100% US-based sales and svcs workforce,”**
 - Seeing “meaningfully improved service employee tenure and career progression.”
 - **Also benefitting from “market-leading and industry-first” customer commitment backed by svcs credits**, including for outages or svcs delays
 - For svcs visits, moved internal standards to arrive at doorstep within 2 hrs of a svcs call, “and we’re now achieving that a large percentage of the time”
- **Using AI to improve customer svcs in a way that is “seamless” for employees and “simply improves their job”**
 - **Unified front end for agents with real-time AI call transcription that will suggest “next best action”** to the agent based on hundreds of real-time and historical metrics
 - Integrating SpectrumGPT capabilities for the agent, which will help agents more effectively, moving from text suggestions to conversational prompts
 - **AI-based customer sentiment measurement** includes supervisor tools to flag real-time agent support and subsequent agent-specific training modules
 - **Svcs calls now have AI call summarization**, which are presented on call transfers, subsequent calls, and/or for field technicians on arrival
 - **Integrating AI into network telemetry** to prompt “next best action” and coaching for field and maintenance tech
 - **With more to come...“you can imagine the upcoming positive effects of AI in areas like network monitoring, dispatch, and workforce planning”**
- **Also focusing efforts with “a few key partners” to integrate existing capabilities into a more agentic svcs going into 2026**
 - “Most relevant” advancements they’re look for include -
 - Short and long-term memory
 - Handling multiple customer issues and prioritization
 - Multimodal and multi-channel service, including their internal svcs channels, and over time, the customer’s chosen interface
 - Goals of integrating agentic AI -
 - Better customer experience at every implementation
 - Improve quality of the job so employees stay longer; Also improve efficiency for back-office employees and software developers
 - Create a virtuous cycle to lower svcs transactions and cost to improve customer satisfaction, churn and customer growth
 - **Benefits are still probably 12-18 months away, but “believe the impact can be real and material and we’ll plan on updating progress on future calls”**

No New News On Cox

- **No change in timeline of deal proceedings:** Expect to close mid next yr
- **Biggest focus right now is to work w/ regulators at the federal and state level and “make sure that we’re in a position to answer all their questions properly and make sure they understand the value that exists here”**
 - For customers – “we have lower pricing and the ability to bring these types of mobile offers and video at scale and to save them money across really the entire suite of products”
- **Also trying to prepare themselves to be in a position to launch the Spectrum brand in Cox mkts “as quickly as possible” post-close**

8) Momentum At Fox Shows No Signs Of Slowing Down

After a stronger than expected FQ3 and FQ4, Fox carried that momentum into its new fiscal yr, once again posting a qtr that easily came in ahead of Street expectations (especially on profitability) and surprised investors with a new \$1.5bn accelerated share buyback. One of the key highlights was that total advertising revenue grew +6% y/y despite a tough comp from the yr-ago qtr's "record" political cycle. That momentum is expected to continue, w/ mgmt. characterizing the current ad mkt as "the best they've seen since 2019", with growth across the board. Distribution revenue also grew y/y, and to note, now includes both affiliate fees for Fox's linear channels, as well as subscription fees for their DTC streaming svcs. Subscriber declines appear to be stabilizing and as a result, total distribution revenue is expected to "grow" in FY26, and alongside rate increases, will further rise in FY27.

Another key milestone in the qtr was Tubi hitting profitability for the first time, and ahead of expectations. While some seasonality to profitability is expected, Tubi should be a "meaningful" contributor to EBITDA in the medium-term. Also as a result of Tubi hitting profitability, mgmt said they expect a "partial moderation" in overall digital initiatives this yr but shied away from giving an exact number (last qtr they had said \$350mn for FY25, "conservatively"). FQ1 was also the first qtr since the launch of Fox One, and subscriber trends "exceeded" expectations, with momentum expected to continue as they go enter the "busy autumn sports season". Finally, on M&A, Fox continues to explore opties but said that there's "nothing on the table now" and that they will avoid investments with "high exposure...to the cable network industry, or certainly anything sort of entertainment," likely alluding to ongoing industry discussions around WBD.

Despite the Co cautioned about tough cyclical comps in FY26 on its last qtr earnings call, this FQ1 was (yet again) a very strong qtr for Fox ...see below for more on what we thought was most incremental.

-> Fox's stock was up +8% after earnings and is up +29% YTD

FQ1 Was Once Again A Qtr Of Beats For Fox

- **Once again, the Co posted #s ahead of Street expectations, with a particularly strong beat on adj. EBITDA (+29%)**
 - Both Cable and TV segments beat on rev and adj. EBITDA
- **Announced a \$1.5bn accelerated share buyback, expected to be completed by H2 FY2026**
 - \$700mn of Class A Common Stock
 - \$800mn of Class B Common Stock

Fox	Q1 2026 Results			
	Actual	Q1 y/y	Cons Est	% Surp
Revenue (\$ mn)	\$3,740	5.0%	\$3,570	4.8%
Adj EBITDA (\$ mn)	\$1,070	2.0%	\$832	28.6%
Adj EBITDA Margin (%)	28.6%		23.3%	
Adj EPS	\$1.51	4.0%	\$1.10	37.3%
Revenue by Segment (\$ mn)				
Cable Network Programming	\$1,660	4.0%	\$1,610	3.1%
Distribution	\$1,090	3.0%	\$1,050	3.8%
Advertising	\$345	8.0%	\$315	9.5%
Content and other	\$227	6.0%	\$249	-8.8%
Television	\$2,050	5.0%	\$1,930	6.2%
Advertising	\$1,070	6.0%	\$959	11.6%
Distribution	\$821	2.0%	\$824	-0.4%
Content and other	\$162	16.0%	\$143	13.3%
Adj EBITDA By Segment (\$ mn)				
Cable Network	\$800	7.0%	\$730	9.6%
Television	\$399	7.0%	\$254	57.1%

Source: FactSet, StreetAccount



Very Bullish On Advertising - "We Are Enjoying The Most Robust Advertising Market We Have Seen For Some Time"

- **Total ad rev grew +6% y/y vs +7% y/y in FQ4**, despite the tough comp from yr-ago qtr's "record" political cycle
 - Cable ad revs grew +8% y/y

- TV ad revs grew +6% y/y
- **“We are enjoying the most robust advertising market we have seen for some time... since 2019, since New FOX was created”:** Growth is across –
 - **Live news and live sports:** Benefiting from broad reach they have as money shifts from linear cable entertainment
 - **Tubi:** Has had “incredibly strong” rev growth
 - **National advertising:** “Very strong” in pharma, financial services, and tech (driven by AI Cos advertising)
 - **Sports:** NFL is “strong” and college football is “also growing very well”
 - **FOX News:** “Strong” price increases in DR and premium branded ads
 - **Local stations:** “Has improved as a trend, where we said the market for local stations was mixed in the past, it’s less mixed now...very pleased with the outlook”
 - Saw “very strong” pharma advertising in FQ1 but weakness in restaurants, telecom (“slightly weaker”), and auto (“flattish”)
- **Looking ahead... “the momentum is FQ1 is continuing into FQ2”,** “led by a very healthy advertising market for us, stemming from both the upfront and from a strong scatter market”

Tubi Hits Profitability For The First Time, Ahead Of Plan

- **Tubi rev rose +27% y/y in FQ1**, which was strong but a decel from +32% y/y in FQ4
- **Total view time grew +18% y/y in Q1**, a slight accel from +17% y/y in FQ4
- **Key milestone - Tubi hit profitability for the first time in FQ1**
 - **How to think about the long-term margin trajectory of Tubi?** Expect some seasonality, but expect Tubi to be a “meaningful” contributor to EBITDA in the medium-term and margins to ultimately be in the 20-25% range
 - **Also flagged that Tubi hitting profitability will “likely lead to a partial moderation in the overall net investment we expected to deploy across our digital initiatives this year”**
 - On last qtr’s call, mgmt had guided to ~\$350mn for FY26 (vs ~\$300mn in FY25 & inline w/ FY24 levels) and when asked about it this qtr, mgmt said “we still think it’s a conservative estimate, but I think too early in the year to sort of put you onto a different number”
- **Looking into FQ2... “overall engagement trend” has continued into the qtr**

Stabilizing (And Potentially Improving) Industry Subscriber Erosion, Combined With Rate Increases, Is Expected To Drive Distribution Rev Growth In FY26 And FY27

- **Total distribution revs grew +3% y/y**
 - **TV distribution revs grew +2% y/y**, as “healthy” growth in fees across FOX owned and affiliated stations more than offset the impact from industry subscriber declines
 - **Cable distribution revs grew +3% y/y**, as pricing growth from affiliate renewals outpaced the impact from industry subscriber declines
- **Subscriber declines remained “below 7%” for the third consecutive qtr**
 - **“We’re seeing the early days of a benefit flowing through from skinny bundles**, which [...] we participate in all of them”
 - **“FOX One really won’t have a material impact”:** While it is additive to subscriber #s, expectations are still in the low to mid-single digit millions of subs, so not going to have a material impact in the short-term
- **Looking ahead...**
 - **Expect continued total Co distribution rev growth for FY26**
 - Driven by “stable to improving” subscriber erosion trends
 - **Also expect FY26 TV affiliate rev to be “at or about” where they were in FY25, given the timing of their rate increases**
 - **Also given the timing of rating increases, expect total Co distribution rev growth to be up in FY27**
 - Driven by both TV and cable segments

Fox News Continues To Be A Standout And Break Its Own Records

- **FOX News once again was the most watched cable network in total day and in primetime**
 - Also the most viewed network in all television in weekday prime calendar YTD
- **FQ1 ad rev for Fox News Media was its highest ever**, w/ higher pricing across from DR and national advertising during the qtr
- **Fox News Digital also achieved record engagement yet again**, with 6.5bn+ social media video views, its highest total ever
 - In particular, breaking news coverage throughout the qtr drove “strong” engagement of Fox News Digital, fueling growth in page views and minutes vs last yr
- **Strength in Fox News pricing is coming from strength in audience share and efficiency in CPMs..... “and there’s no reason for that the [...] momentum to change”**
 - **#1 channel in all of television YTD**: Getting 63% of total viewership among cable news networks during the full day, and 65% during primetime
 - **CPMs are “effectively half” of what broadcast’s are - “it’s a very efficient buy for our clients** who are experimenting on the channel and are coming back and continue to spend more”
 - Added ~350 new national clients on FOX News this yr, and they continue to spend and, in most cases, increase their spend

“Interest And Engagement” In Fox’s Live Sports Portfolio Is Increasing “Across All Forms Of Distribution”

- **“FOX Sports kicked off the fall season with solid momentum”**
- **NFL is “off to a great start” w/ Fox’s “best start to an NFL season ever”**: Averaging ~22mn viewers in Sept, up +12% over last season
- **FOX's America's Game of the Week ranked as TV's #1 show through the end of Sept**, with an avg of 30mn viewers
- **Interest in college football also “continues to reach new heights”**
 - FOX's Big Noon Saturday window avg'd 6mn+ viewers through the end of Sept, up +22% over last season
 - ~17mn viewers tuned in to watch Ohio State vs Texas, the most watched week 1 college football game ever on any network
- **Looking ahead on football...**
 - **On NFL - “Our schedule only looks better from here** right through to the NFC Championship at the end of the season”
 - **College football – “we head into the back half of the college season with a strong roster of Big Ten and Big 12 matchups**, highlighted by the Michigan Ohio State game and capped off by both the Big Ten and Mountain West Conference Championship Games”
- **Quickly on baseball – “MLB has once again performed well for us”**
 - Regular season ratings were up +3% y/y
 - Total post-season ad revs will likely surpass last year's

Fox One Launch Has Been A Success & Mgmt Maintains Its Views On Subscriber #s, Bundling Strategy, And Outlook

- **Subscriber trends have “exceeded our expectations,”** with those subscribers coming through direct acquisition and partnerships
 - **“Though it's only been two months, we are encouraged by the enthusiastic response to the product”**
- **Have a “balanced” mix of engagement on Fox One**
 - News drives audience and reach during the week
 - Sports does the same over the weekend
- **“Continue to believe that our content is best served as part of a bundle**, whether it's in the pay TV bundle or a direct-to-consumer bundle”

- **ESPN and Verizon** were launched as FOX One bundle partners earlier this month
- Builds upon the “strong” momentum from their “groundbreaking” **Amazon Prime** channels partnership – “they’ve done a tremendous job in distributing the product and acquiring subscribers”
- **Reiterated that they are distribution agnostic** and “are committed to ensuring our networks and content reach as many households as possible”
- **Looking ahead...don’t expect to see a decel in viewing “as we go through the busy autumn sports season”**
 - “We’re seeing subscriber acquisitions flowing very effectively and efficiently through both football, be it NFL or college football, and also with postseason baseball”

Actively Looking To Do M&A BUT Nothing In The Pipeline At The Moment

- Have an “industry-leading” balance sheet that “ultimately” has to be “utilized with M&A”
- “We continue to look at all opportunities that come to us and that we identify internally as well”
- “We would expect to be doing more M&A over the coming period”, BUT “there’s nothing on the table now”
 - “We think M&A is going to be an important part of our growth going forward. We’ll continue to be very disciplined with it”
- **How are they evaluating opties? “Looking at areas where we believe there are tailwinds rather than headwinds”**
 - “You won’t see us investing in things that have [...] high exposure, for instance, to the cable industry, or certainly anything sort of entertainment, sort of cable assets”

9) Booking Contends That The AI Risk Narrative Is “Overblown”

The ad agency model is not the only one that investors are worried will be disintermediated by AI (which was a clear theme we talked about in the last 2 weeks with Publicis’ and Omnicom’s results)...the OTAs are also being scrutinized regarding how generative AI might reshape the business model. Booking Holdings CEO Glenn Fogel tried to make it clear that disintermediation isn’t keeping him up at night. AI is seen as an enabler, not a threat, and he argues that the complexity of the travel ecosystem makes it far more resilient than some are assuming. “If it were that easy, Google would’ve taken this over a long time ago.” While still early days for their travel traffic to come from LLMs, traffic from traditional search was notably up y/y in Q3.

Aside from the focus and updates on AI, the other key standouts from Booking’s Q3 results include: 1) mgmt called out healthy demand across major regions and strong travel corridors like Canada-to-Mexico and Europe-to-Asia, which offset softer inbound U.S. traffic and mgmt. indicated that they are entering Q4 with “stable levels” of global leisure demand; 2) domestic and outbound travel in the U.S. picked up meaningfully, with room night growth reaching high single digits, BUT this was helped by a longer booking window; 3) the US is also seeing slightly lower ADRs and a shorter length of stay y/y which “may indicate that some US consumers are continuing to be thoughtful on their discretionary spending”; 4) Connected Trip transactions grew in the mid-20% range y/y and now represent a low double-digit percentage of total bookings; 5) despite analyst concerns about competition in Asia, mgmt. remains bullish on the region, calling it the most important market over the medium and long term; 6) alternative accommodations now accounts for 36% of global room nights; and 7) on the negative side, the Q4 guidance points to a deceleration and was a slight disappointment.

So overall, travel demand is for the most part healthy and Booking’s mgmt. is executing on its plan. With that said, we suspect that the AI overhang is likely to linger until there’s more clarity on how it will shape the broader transformation underway across the industry.

See more details below of what we thought was most incremental.

-> *Booking was modestly up in reaction to earnings (+.5%) but has lagged the S&P 500 and Expedia YTD (up +3% vs the +17% and +19%, respectively), but has outperformed Airbnb (-4%)*

Booking Beat Qtrly Expectations, Again

- **Q3 rev, gross bookings, and adj. EBITDA all exceeded Street expectations**

- **Rev** was up +13% y/y or +8% y/y ex-FX (vs +16% y/y or +12% y/y ex-FX in Q2) and beat cons by +3.2%; The better-than-expected room night growth helped drive Q3 rev
- **Gross booking** grew +14% or +10% y/y ex-FX (vs +13% or +9% y/y ex-FX in Q2) and beat cons by +3.8% driven by the room night outperformance as well as ~ 2% higher accommodation ADRs vs the Co's expectations
- **Adj EBITDA** was up +15% y/y (vs +28% y/y in Q2) and topped cons by +5.5%
- FX helped growth rates by ~400-500bp
- **Q3 adj. EPS of \$99.50 was above cons \$95.75**
- **Q3 FCF was down -40% y/y (vs up +32% y/y in Q2) and missed cons by a significant -40.2%**
 - Impacted by a seasonal reduction in deferred Merchant Bookings

Booking	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Gross Bookings (\$mn)	\$49,700	14.0%	\$47,900	3.8%
Revenue (\$mn)	\$9,000	13.0%	\$8,720	3.2%
Adj EBITDA (\$mn)	\$4,230	15.0%	\$4,010	5.5%
Adj EBITDA Margin (%)	47.0%		46.0%	
Adj EPS	\$99.50	19.0%	\$95.75	3.9%
Free Cash Flow (\$mn)	\$1,370	-40.0%	\$2,290	-40.2%
Gross Bookings By Segment (\$mn)				
Merchant	\$35,700	26.0%	\$33,360	7.0%
Agency	\$13,900	-7.6%	\$14,460	-3.9%
Revenue By Segment (\$mn)				
Merchant	\$6,130	23.3%	\$5,850	4.8%
Agency	\$2,570	-6.7%	\$2,570	In-Line
Advertising & Other	\$308	14.5%	\$292	5.6%

Source: Booking Filings; FactSet Data & Analysis



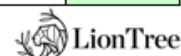
Q3's US Room Night Acceleration Was A Standout BUT It Was Helped By A Longer Booking Window

- **Q3 Room Night growth - accelerated and BEAT cons:** Incr'd +8.2% y/y (vs +7.7% y/y in Q2) and BEAT cons by +2.0%
- **Regionally, the U.S. Room Night acceleration was a standout though it benefitted from a longer booking window**
 - **US Room Night growth meaningfully accelerated to HIGH single digits (from LOW SD in Q2)**, driven by solid improvements in domestic and outbound growth and the Co was also "encouraged" by the growth in the direct channel in the US
 - **The Co also saw the booking window in the US "normalize" in Q3:** An "encouraging improvement" from Q2
 - **BUT outperformance was also helped by an expansion of the booking window beyond their prior expectation and compared to Q2, resulting in more Room Nights being pulled forward into Q3**
- **The Co saw stable Room Night strength in other major regions as well:**
 - Euro high SD (same rate as in Q2)
 - Asia and ROW low DD (same rate as in in Q2)
- **Regarding overall key travel trends...seeing "robust growth" in travel corridors, including Canada to Mexico and Europe to Asia, which "effectively offset softer demand in certain inbound corridors to the US"**
- **On ADRs and length of stays, the US is still seeing slightly lower ADRs and a shorter length of stay y/y:** This "may indicate that some US consumers are continuing to be thoughtful on their discretionary spending"
 - **More broadly, global ADRs on a constant-currency basis were up about 1% y/y which was an improvement vs Q2 & the global avg length of stay remained similar to last year**
- **Other operating metrics:**

- **Q3 Airline Tickets growth – accelerated q/q and was in-line w/ expectations:** Rose +32.3% y/y (vs +44.2% y/y in Q2), driven by the cont'd growth of their flight offerings at Booking.com and Agoda
- **Q3 Rental Car Days growth – accelerated q/q but MISSED expectations:** Up +2.1% y/y (vs +9.0% y/y in Q2) and missed cons by -7.8%

Booking	Q3 2025 Results		
	Actual	Cons Est	% Surp
Key Operating Metrics			
Room Nights	323.0	316.5	2.0%
Y/Y Growth	8.2%	5.9%	
Rental Car Days	23.0	25.0	-7.8%
Y/Y Growth	2.1%	8.5%	
Airline Tickets	17.0	17.0	In-Line
Y/Y Growth	32.3%	31.0%	

Source: Booking Filings; FactSet Data & Analysis



BUT Q4 Guidance Reflects A Seq Deceleration

- **Macro – “As we look ahead to the fourth quarter, while there remains some uncertainty in the macroeconomic and geopolitical backdrop, we are pleased to see continued momentum with steady travel demand trends in our business so far in the Q4”**
- **Q4 gross booking outlook BEAT Street expectations but growth decelerates:** Projected to increase +12% at the mid pt (+11-13% y/y range) topped cons +11.3% (decelerating from +14% y/y in Q2)
 - Guidance rate includes ~2ppts of positive impact from higher flight ticket growth
 - Expect constant currency accommodation ADRs to be about in line w/ last year
- **But Q4 room nights growth guidance outlook MISSED Street forecasts and growth decelerates:** Expected to grow +5% at the mid pt (range +4-6% y/y) vs cons +5.4% and vs +8.2% y/y in Q3
 - Expect growth to moderate given the booking window will be less expanded in Q4
- **Q4 rev growth outlook MISSED consensus estimates:** Forecast to rise +11% at the mid-pt (range +10-12% y/y) vs cons +11.8% and vs +13% y/y in Q3) which is lower than gross bookings growth due to a higher mix of flight bookings
- **Q4 adj EBITDA outlook MISSED expectations by -2.4% at the mid-pt**

Booking	Q4 2025 Guidance (Mid-Pt)		
	Actual	Cons Est	% Surp
Gross Bookings Growth (Y/Y)	12.0%	11.3%	
Room Night Growth (Y/Y)	5.0%	5.4%	
Revenue (Y/Y)	11.0%	11.8%	
Adj EBITDA (\$mn)	\$2,050	\$2,100	-2.4%

Source: Booking Filings; FactSet Data & Analysis



- **For the FY 2025, now expect (on reported basis):**
 - Room nights to be up ~+7% y/y
 - Gross bookings to be up ~+11-12% y/y
 - Revenue to be up ~+12% y/y
 - Adj EBITDA to be up ~+17-18% y/y

The Co Raised Cost Savings Projections From The Transformation Program

- **Now estimate that in year savings for 2025 will exceed \$225mn (from \$150mn) and have enabled ~ \$450mn in annual run rate savings, surpassing their prior expectation of \$350mn**
 - Realized ~\$70mn of in-quarter savings from the transformation program in Q3 & advanced certain efficiency initiatives into the implementation phase

- For the full program, now expect to deliver ~\$500-550mn in run rate savings & estimate the aggregate transformation cost will be ~ 1x the run rate savings
- Incurred \$105mn in transformation costs in Q3, which were excluded from adj results

The Co Is Making Progress W/ Connected Trip, Genius Loyalty, & Direct Mix (Central To Strategy)

- **“We continue to advance on our long-term vision to make the planning, booking and traveling journey simpler, more personalized and with less friction, while providing new opportunities” and continue to invest:**
 - Enhanced the home screen to adapt dynamically to each traveler’s most recent search
 - Broadening flight supply (added new partnerships w/Ryanair in Europe & Southwest in the U.S.)
- **Connected Trip transactions (a trip that includes more than one travel vertical) grew mid-20% y/y in Q3 (vs +30% in Q2), and now represent a low double-digit % of Bookings total transactions**
 - Flight tickets were up +32% y/y (vs +44% y/y in Q2)
 - Attractions ticket growth is up +90% y/y but from a small base (vs “more than doubled” y/y in Q2)
 - Mutli vertical travelers come back to them more often as well
- **“Loyalty programs remain a core pillar across our brands”...in Q3, travelers in Genius levels 2 and 3 made up over 30% of the active base and accounted for a mid-50% range of room nights over the last qtrs, increasing from last year’s levels**
 - Genius is available in over 200 countries and territories
 - “Carefully” designed Genius to provide “incremental value rather than simply shifting existing demand”
 - At the end of Q3, 850k+ partners had chosen to participate in Genius
 - Will add more benefits looking ahead...“OpenTable regulars” offers new ways for diners to redeem points on experiences and introduces a new loyalty tier that provides enhanced benefits
- **The B2C direct mix was in the mid-60% range, vs the low 60% range one year ago:** When customers come directly to them, people can more easily find to what they are looking for which is helping conversion levels and cancellation rates are lower
 - How they drive more people to direct? Brand awareness is still not where mgmt. wants it to be in some place in the world, including in the US
- **The mobile app mix of room nights was in the mid 50% range vs the low 50% range one year ago**

Mgmt Is NOT Concerned About Being Disintermediated By AI

- **“We recognize that Gen AI is transforming how travelers research and find inspiration for their trips and we are committed to continue to expand, evolve and meet them wherever they choose to search”:** They continue to believe it represents a major opportunity to enhance the traveler and partner experience
- **AI is driving customer-facing innovations**
 - **Agoda:** Launched an AI-powered chatbot that provides travelers w/ prompt hotel specific answers; It helps travelers make decisions and improve the experience
 - **KAYAK’s AI mode:** A natural language search experience that combines KAYAK and LLM data to deliver smarter contextual results right from the homepage
 - **Booking.com:** Begun integrating new features into the app to assist travelers earlier in their planning process; Features include natural language search capabilities that offer more inspiration
- **AI is enabling new partner-facing tools:** Continues to expand robust Gen AI tools for accommodation partners which are resulting in an increase in partner satisfaction
 - **Smart Messenger:**
 - Uses intelligent response generation and automated workflows
 - Integrates relevant partner, property, and reservation information
 - Suggests timely and appropriate responses to support partners in guest communications
 - **Auto Reply:**
 - Allows partners to set custom reply topics
 - Delivers instant, personalized responses to both common and unique guest questions
- **Continue to build AI partnerships as well**

- **What about traffic shifting from direct or Google to LLMs? Traditional search is up y/y**
 - The Co is still seeing traffic grow y/y from traditional search
 - “That might change over time but...it is an important data point”
 - The # of leads from LLMs is relatively small, but growing
 - Think over time these “two worlds will be hybrid w/ AI being built into browsers”
- **Mgmt is not worried about disintermediation:** “People sometimes are a little naive about how incredibly complex this travel business is. And it's not so easy, you just throw something. Oh, it's easy, you just put up a name and somebody is going to be able to book across and disintermediate somewhere. That's not the way the world works. And if it did work that way, we wouldn't disappear a long time ago. Google would have taken this thing over a long time ago”
 - “Some people are going to go to a large language model. They'll see a hotel, they go directly there, sure. But I think that is an overblown threat at this time”

Asia Remains One Of The Co's “Most Exciting Long-Term Opportunities” & Growth in Alternative Accommodation Also Remains A Key Priority

- **Why so bullish on Asia? “Asia is, of course, from a medium and long-term perspective the most important market”**
 - It is the fastest growing major travel market in the world with industry growth expected to remain in the high single digits over the next several years
 - “Our ambition is to grow even faster than the market”
- **Believe they are well positioned with Agoda & Booking.com:** “Together, they create a combination that allows us to serve both local and outbound travelers across the region”
 - Agoda is a strong local player w/ consumer trust across Asia
 - Booking.com brings global reach and brand recognition
- **Analysts had some concern about heightened competition in Asia but mgmt. is “happy with the growth” and are “really holding well in that overall environment”...have always had “healthy competition”:** “So the fact that we are already the market leader outside of Mainland China and being able to be focused to hold that position is going to be positioning us very well for the next couple of years”
- **Alt accommodations listings reached 8.6mn which is up +10% y/y, which compares to +8% y/y in Q2**
 - Posted double-digit room night growth vs 8% in Q2
 - Accounts for 36% of global room night mix
 - Customer demand is healthy across all regions

10) Quick Takes: MSFT, AAPL, RBLX, UMG, RDDT & ROKU

In this incredibly busy TMT earnings week, we had to pick our spots for our deep dives but there were several other earnings prints that we wanted to at least provide a quick take on given their importance in the sector...See below for some thoughts on **Microsoft's**, **Apple's**, **Roblox's**, **Universal Music's**, **Reddit's** and **Roku's** results relative to expectations.

Microsoft: Delivered a strong beat across revenue, bookings, and profitability, driven by ongoing cloud momentum, strong Azure growth, and AI capacity investments; Despite the positive results, shares traded down premarket as the Q2 revenue guide was only in line w/ expectations and Azure's outlook implied a slight deceleration, primarily due to capacity constraints rather than demand weakness; Mgmt plans to aggressively accelerate FY26 CapEx to address these constraints (will be up “meaningfully”) also caught investor's attention and is expected to pressure near-term margins alongside rising Opex for AI talent (common theme for Big Tech as per above comments on Meta, Google, and Amazon)..

-> Microsoft shares fell -3% on the back of results but are still up +23.5% YTD

Microsoft	Q1 2026 Results			
	Actual	Q1 y/y	Cons Est	% Surp
Revenue (mn)	\$77,670	18%	\$75,370	3.1%
Adjusted Operating Income (mn)	\$37,960	24%	\$34,450	10.2%
Adj Operating Margin (%)	48.9%		45.7%	
Adj EPS	\$4.13	23%	\$3.77	9.5%
Segment Revenue (mn)				
Productivity & Business	\$33,020	17%	\$32,330	2.1%
Intelligent Cloud	\$30,900	28%	\$30,250	2.1%
More Personal Computing	\$13,760	4%	\$12,830	7.2%
Operating Income (mn)				
Productivity & Business	\$20,410	24%	\$18,290	11.6%
Intelligent Cloud	\$13,390	28%	\$12,840	4.3%
More Personal Computing	\$4,160	18%	\$3,320	25.3%

Source: FactSet, StreetAccount



Apple: FQ4 2025 adj EPS beat by +4% on the back of an only modest revenue and operating income beat; That was not enough to drive any major stock reaction. September quarter revenue while inline, it was a record for both iPhone and Services, driven by the launch of its flagship iPhone 17 lineup, AirPods Pro 3, and a refreshed Apple Watch series, alongside new MacBook Pro and iPad Pro models featuring the M5 chip; With that said, the seq deceleration in iPhone revenue was cited by mgmt. given supply constraints; Dec quarter guidance was also better than expected (rev guided was +10-12% y/y vs cons +6.0% and Opex guidance of \$18.1-18.5bn vs cons \$16.59bn)

-> Apple shares were flat on the back of results, and the stock is still an underperformer, up only +8.3% YTD

Apple	FQ4 Results			
	Actual	Q4 y/y	Cons Est	% Surp
Revenue (mn)	\$102,466	8%	\$102,170	0.3%
Gross Margin (%)	47.2%		46.6%	1.3%
Operating Margin (%)	31.6%		31.1%	1.6%
Adj EPS	\$1.85	13%	\$1.78	3.9%
Segment Metrics				
Services Revenue (mn)	\$28,750	15%	\$28,230	1.8%
Gross Margin (%)	75.3%		75.0%	
Products Revenue (mn)	\$73,716	5%	\$74,330	-0.8%
Gross Margin (%)	36.2%		35.6%	
iPhone (mn)	\$49,025	6%	\$50,150	-2.2%
Mac (mn)	\$8,726	13%	\$8,640	1.0%
iPad (mn)	\$6,952	0%	\$6,920	0.5%
Wearables, Home, and Accessories (mn)	\$9,013	0%	\$8,690	3.7%

Source: FactSet, StreetAccount



Roblox: Shares dropped sharply after its Q3 earnings due to several factors that disappointed investors; Mgmt signaled that margins would not expand y/y in Q4 and are expected to decline slightly in 2026, citing incr'd investments in developer exchange (DevEx), infrastructure, and personnel to support safety and genre expansion initiatives; Additionally, new safety policies, while intended to enhance long-term growth, may cause short-term friction in user engagement and bookings; Operationally, there was a decline in bookings per payer and per daily active user, primarily due to a geographic mix shift toward regions that monetize at lower levels, even as overall engagement hours grew; This more than offset the much better Q3 net bookings, adj EBITDA and much stronger DAUs

-> Roblox shares fell -15.5% on the back of results but remains up a massive +97% YTD

Roblox	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Net Bookings (mn)	\$1,900	70%	\$1,710	11.1%
Deferred Revenue (mn)	\$5,690	170%	\$5,580	2.0%
Short-Term	\$3,710	23%	\$3,810	-2.6%
Long-Term	\$1,980	26%	\$1,770	11.9%
Adj EBITDA (mn)	\$503	-17%	\$429	17.2%
Free Cash Flow (mn)	\$177	103%	\$379	-53.4%
Other Key Metrics				
Daily Active Users (mn)	152.0	70%	130.0	16.9%
Avg Daily Bookings Per DAU	\$12.68	0%	\$13.24	-4.2%
Hours Engaged (mn)	3,960	92%	No Consensus Given	

Source: Roblox Filings; FactSet Data & Analysis



Universal Music Group: The Co posted a solid quarterly beat in Q3 on both the top and bottom line, with revenue up +5% y/y and adj EBITDA up +7% y/y; Growth was seen across all segments, with Music Publishing revenue up +9% y/y, Merchandising revenue up +9% y/y, and Recorded Music subscription revenue up +4% y/y; However, streaming revenue declined -5% y/y; Adj EBITDA margin expanded 0.4pt to 22%; Top music sellers in the qtr included the KPop Demon Hunters soundtrack, Mrs. GREEN APPLE, Taylor Swift, Sabrina Carpenter, and Morgan Wallen

-> Universal Music Group shares were flat on the back of results and the stock is down -4% YTD

Universal Music Group	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Total Revenue (mn)	€ 3,020	5%	€ 2,930	3.1%
Adj EBITDA (mn)	€ 664	7%	€ 649	2.3%
Adj EBITDA Margin	22.0%		22.2%	
Segment Revenue				
Recorded Music (mn)	€ 2,220	4%	€ 2,170	2.3%
Subscription & Streaming	€ 1,520	7%	€ 1,530	-0.7%
Subscription	€ 1,180	9%	€ 1,180	In-Line
Streaming (Ad-Supported)	€ 337	-5%	€ 351	-4.0%
Music Publishing (mn)	€ 543	9%	€ 535	1.5%
Merchandising & Others (mn)	€ 259	9%	€ 231	12.1%

Source: FactSet; StreetAccount



Reddit: Reddit's share price surged after its Q3 2025 earnings due to a combination of much stronger than expected financial performance, strong user growth/monetization, and robust guidance; The Co's revs grew +68% y/y and adj EBITDA margins hit 40%; DAUs grew by +19% y/y, and the ad business expanded +74% y/y, driven by a 75% increase in active advertisers and broad-based strength across all channels. ARPU rose 41% to \$5.04, and both U.S. and international revenues grew strongly; The better revenue guidance implies 53–55% y/y growth and the adj EBITDA guidance implies a 42% margin at the midpoint

-> Reddit shares were up +7.5% on the back of results; The stock is up +27.8% YTD

Reddit	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (mn)	\$585.0	68%	\$549.1	6.5%
US	\$479.6	67%	\$444.9	7.8%
International	\$105.3	74%	\$103.6	1.6%
Adj EBITDA (mn)	\$236.0	151%	\$195.6	20.7%
Adj EBITDA Margin (%)	40.0%		35.6%	
Gross Margin (%)	91.0%		90.6%	
EPS	\$0.80	400%	\$0.52	53.8%
Free Cash Flow (\$ mn)	\$183.1	160%	\$204.7	-10.6%
ARPU	\$5.04	47%	\$4.82	4.6%
US	\$9.04	54%	\$8.46	6.9%
International	\$1.84	39%	\$1.66	10.8%
DAU (mn)	116.0	19%	113.9	1.8%
US	51.6	7%	51.9	-0.6%
International	64.4	31%	62.1	3.7%

Source: FactSet, StreetAccount



Reddit	Q4 2025 Guidance (Mid-pt)		
	Actual	Cons Est	% Surp
Revenue (mn)	\$660.0	\$637.5	3.5%
Adj EBITDA (mn)	\$280.0	\$258.5	8.3%

Source: FactSet, StreetAccount



Roku: A key highlight with results was achieving positive operating income for the first time since 2021, ahead of schedule (and adj EBITDA beat by ~6%); Total net rev growth of +14% y/y was inline w/ platform revenue growing by +17% y/y driven largely by streaming services distribution and incr'd video advertising activity; Streaming hours were up 14% y/y but missed consensus expectations but Q4 adj EBITDA guidance of \$145mn was much higher than cons \$132mn.

-> Roku shares rose +6% on the back of results and the stock is up +43% YTD

Roku	Q3 2025 Results			
	Actual	Q3 y/y	Cons Est	% Surp
Revenue (mn)	\$1,210.6	14%	\$1,210.0	0.0%
Platform	\$1,064.0	17%	\$1,060.0	0.4%
Devices	\$146.0	-5%	\$150.1	-2.7%
Adj EBITDA (mn)	\$117.0	19%	\$110.5	5.9%
Adj EBITDA Margin (%)	9.7%		9.2%	
Gross Margin (%)	43.4%		43.2%	
Platform	51.5%		51.3%	
Devices	-8.1%		-8.1%	In-Line
User Metrics				
Streaming Hours (b)	36.5	14%	37.6	-3.0%

Source: FactSet, StreetAccount



Stock Market Check

Market Changes the Past Week

Benchmark	Abs. Value	W/W Change
S&P 500	6,840	0.7%
NASDAQ	23,725	2.2%
Dow Jones	47,563	0.8%
Gold	\$4,010	(3.1%)
WTI Crude	\$60.90	(1.0%)
10-Year Treasury Yield	4.09%	+9.7 bps
Bitcoin	\$110,445	(0.3%)
Ether	\$3,865	(1.8%)

LionTree TMT Universe Performance (~220 stocks)

Best-Performing Stocks	+	Worst-Performing Stocks	-
Gannett Co Inc.	40.6%	Chegg Inc.	(23.7%)
Allbirds Inc.	32.7%	WPP PLC	(20.4%)
Lumen Technologies Inc	27.1%	Rent the Runway Inc	(16.7%)
Wayfair Inc.	24.4%	Udemy Inc.	(16.4%)
Globalstar Inc	20.2%	eBay Inc.	(16.3%)
Lemonade Inc.	15.2%	Etsy Inc.	(16.1%)
Criteo SA	11.4%	GoodRx Holdings, Inc.	(14.7%)
Roku Inc.	10.2%	Grand Canyon Education, Inc	(13.8%)
Amazon.com Inc.	8.9%	Duolingo	(13.3%)
AST SpaceMobile	8.9%	iHeartMedia, Inc.	(12.4%)

Best-Performing Sub-Industries	+	Worst-Performing Sub-Industries	-
Satellite Communications	9.1%	Payments / Fintech	(31.6%)
e-Commerce	8.3%	EdTech	(13.4%)
Semis	6.9%	Entertainment Facilities/Theme Parks	(7.0%)
Cybersecurity Software	3.0%	Pay-TV / Broadband	(4.7%)
Hardware/Handsets	2.7%	Advertising Agencies	(4.3%)
US Media/Video	2.3%	Telecom Infrastructure	(4.2%)
US Print Media / Publishing	1.0%	Consumer Retail	(3.9%)
Last Mile Transport/Delivery	0.8%	Ad Tech	(3.7%)
Broadcast TV	0.7%	European Media	(3.1%)
Internet/Advertising	0.5%	Digital Real Estate	(3.0%)

This Week's Other Curated News

Advertising/Ad Agencies/Ad Tech

- The Trade Desk stock fell 3% afternoon following an Adweek report that Amazon is offering agencies free head-to-head testing of its demand-side platform (DSP) against competitors. Amazon is offering agencies free

4–6 week tests comparing its DSP w/ rivals like The Trade Desk, covering ad inventory, tech, and media tools. ([Yahoo Finance](#))

Artificial Intelligence/Machine Learning

- **Major U.S. cos like Amazon, UPS, and Target are slashing white-collar roles—Amazon alone plans to cut 14,000 jobs.** AI adoption, investor pressure, and rising costs are driving layoffs, leaving ~2mn unemployed for 27+ weeks. ([The Wall Street Journal](#))
- **OpenAI annnc'd new Sora 2 features incl. reusable “character cameos,” video stitching, and leaderboards.** Users can create avatars from pets, toys, or illustrations w/ custom permissions. Cameos get display names/handles and can be tagged in clips. Sora now allows multi-scene videos and shows top remixed content. Access expanded in US, Canada, Japan & Korea w/o invite for a limited time. ([The Verge](#))
- **Nvidia annnc'd plans to invest up to \$1bn in AI Co Poolside, potentially quadrupling its valuation.** Poolside, offering AI coding svcs, is raising \$2bn at a pre-money \$12bn valuation. Nvidia's stake starts at \$500mn, rising to \$1bn if targets are met. ([Reuters](#))
- **OpenAI is prepping for an IPO that could value the Co at up to \$1tn, possibly filing by late 2026 or 2027.** CFO Sarah Friar and CEO Sam Altman hinted at urgency post-restructuring, aiming to raise \$60bn+. Rev run rate may hit ~\$20bn by yr-end, despite rising losses. Microsoft holds 27% stake after \$13bn investment. IPO would aid capital raising and acquisitions amid booming AI mkts. ([Reuters](#))
- **Nvidia annnc'd plans to invest \$100bn in OpenAI, marking the largest startup deal ever.** At the GTC event, CEO Huang highlighted stakes in Perplexity, WeRide & Figure AI. Nvidia backed 59 AI startups YTD, surpassing 2024's 55. ([Yahoo Finance](#))
- **Character. ai will block under-18s from chatting w/ its AI bots, following lawsuits and safety concerns.** Teens can still create content but not converse. Critics cite past harmful avatars and lack of safeguards. The Co plans age checks, a safety lab, and safer gameplay. Experts say it's a shift from innovation to regulation, urging clearer emotional boundaries for youth. ([BBC News](#))
- **Google annnc'd Gemini for Home voice assistant rollout in Early Access across Nest devices in US.** It supports complex smart home commands, media playback, calendar/reminders, and contextual convos. Gemini Live enables natural chat w/o hotword. Limitations include occasional inaccuracies, short-term memory, and background noise sensitivity. ([9to5Google](#))
- **Foxconn annnc'd plans to deploy humanoid robots powered by NVIDIA's Isaac GR00T N model at its Houston AI server plant by Q1 2026.** The Co aims to build a benchmark AI smart factory in partnership w/ Nvidia. ([Reuters](#))
- **Nvidia CEO Jensen Huang annnc'd at GTC that its fastest AI chips, Blackwell GPUs, are now in full production in Arizona, shifting from Taiwan.** The Co expects ~\$500bn in GPU sales from Blackwell and Rubin chips. Nvidia also revealed a \$1bn stake in Nokia to build 5G/6G tech, aiming to reduce reliance on foreign networks. ([CNBC](#))

- **OpenAI annnc'd plans to spend ~\$1.4tn on infra, targeting 30GW data center capacity, per CEO Sam Altman.** A recent reorg split the Co into nonprofit & for-profit arms, enabling a \$500bn AI biz. In a multiyear deal, OpenAI will invest billions in AMD chips, possibly acquiring up to 10% of the Co. ([Axios](#))
- **Quantum Machines annnc'd integration w/ NVIDIA NVQLink, enhancing real-time quantum-classical computing.** Built on DGX Quantum, the OPX platform enables μ s-latency data exchange across QPUs, CPUs & GPUs. NVQLink allows deterministic hybrid feedback via CUDA-Q. Existing DGX Quantum users can upgrade w/o hardware changes. ([PR Newswire](#))
- **OpenAI annnc'd recapitalization, simplifying its structure.** The nonprofit OpenAI Foundation now controls the for-profit OpenAI Group PBC, valued at ~\$130bn. Foundation commits \$25bn to health and AI resilience. ([OpenAI](#))
- **Adobe annnc'd new generative AI tools at its Max event for Photoshop, Premiere Pro & Lightroom.** Photoshop's Generative Fill now supports third-party models like Gemini 2.5 Flash & Flux.1 Kontext. AI Assistant in beta enables prompt-based edits. ([The Verge](#))
- **Meta's AI app saw 56% MoM growth to 3.9mn downloads post-launch of Vibes, driven by paid creator content.** Despite this, OpenAI's Sora hit 2.6mn iOS downloads, outperforming Meta. Vibes features surreal AI-generated videos, while Sora offers realistic ones. ([CNBC](#))
- **OpenAI completed its restructure, forming OpenAI Group PBC, a for-profit unit overseen by the OpenAI Foundation.** Microsoft gained a 27% stake worth ~\$135bn, access to OpenAI's tech until 2032, and 20% rev share until AGI is verified. ([Bloomberg](#))
- **NVIDIA annnc'd plans to build advanced AI infrastructure across U.S. labs and cos, incl. 7 new systems at Argonne and LANL, featuring 100,000+ Blackwell GPUs.** A new AI Factory Research Center in Virginia will pioneer Omniverse DSX for gigawatt-scale AI factories. ([NVIDIA](#))
- **NVIDIA annnc'd BlueField-4 DPU at GTC, boosting AI factory performance w/ 800Gb/s throughput, 6x compute power vs. BlueField-3.** It integrates Grace CPU, ConnectX-9 SuperNICs, and DOCA microservices for secure, scalable AI data storage, networking, and security. Cos like Cisco, Dell, IBM, and Oracle plan adoption. Early availability starts in 2026 via Vera Rubin platforms. ([NVIDIA](#))
- **OpenAI urged the US to invest in 100GW of new energy capacity/yr to stay ahead of China in AI, calling electricity a strategic asset.** China added 429GW last yr vs. U.S.'s 51GW, creating an "electron gap." OpenAI's AI infra plans need massive power, straining the grid. ([CNBC](#))
- **OpenAI annnc'd updates to ChatGPT's default model to better handle sensitive conversations.** W/ input from 170+ mental health experts, the model now detects distress, psychosis, mania, self-harm, and emotional reliance more reliably. GPT-5 shows 65–80% fewer undesired responses vs prior versions. ([OpenAI](#))
- **Anthropic annnc'd new financial svcs features for Claude, incl. an Excel add-in (beta) enabling users to analyze, edit & create workbooks w/ transparency.** Claude now integrates mkts data via connectors like LSEG, Moody's, MT Newswires & more. ([Investing.com](#))

- **Big Tech's \$400bn+ AI capex spree marks a shift from asset-light to asset-heavy models, risking overinvestment and poor returns.** AI infra firms like Nvidia & Oracle face valuation and capital intensity pressures. Historical booms (railroads, dot-com) show infra builders often underperform. ([Sparkline Capital](#))

Audio/Music/Podcast

- **UMG & Stability AI annnc'd a strategic alliance to co-develop pro-grade AI music tools.** Stability AI will work w/ UMG artists to design responsibly trained, licensed models that support creativity while protecting rights. The collab aims to enhance music creation, rev, and artist engagement across cos, building on UMG's prior AI deals w/ YouTube, TikTok & Meta. ([Universal Music Group](#))
- **Spotify annnc'd Jam for Android Auto, turning in-car listening into a shared playlist experience.** Passengers can queue songs via QR code, easing driver distraction and ending playlist control struggles. The driver remains host, managing participants. Jam supports cross-platform use, unlike Apple's SharePlay. ([Android Police](#))
- **OpenAI is developing a generative music tool using text/audio prompts, aiming to rival Suno.** Partnering w/ Juilliard students for score annotation, the tool may integrate w/ ChatGPT or Sora. It enables soundtrack creation and musical accompaniment. ([The Verge](#))

Broadcast/Cable Networks

- **Disney channels, incl. ESPN, ABC, FX, NatGeo, and Disney Channel, went dark on YouTube TV after failing to reach a deal.** YouTube claims Disney used blackout threats to push higher prices, while Disney accuses Google of refusing fair rates and leveraging mkts dominance. Google offers \$20 credit if outage cont'd. Similar disputes occurred in Feb. (Paramount) and Aug. (Fox). ([Engadget](#))
- **NFL's Sept. return boosted linear TV cos' share vs. Aug., w/ Disney up to 10.7%, NBCU at 8.6%, Paramount 7.7%, Fox 7.3%, Warner Bros. 5.4%. YouTube led w/ 12.6% but dipped from Aug.'s 13.1%.** ([MediaPost](#))
- **Verizon & Nexstar annnc'd a new distribution deal, ensuring Fios TV customers retain access to ABC, CBS, FOX, NBC & CW channels.** The agreement, reached before the prior deal, prevents disruption across ~15 local stations incl. WPIX (NY), WPHL (Philly), WIVB (Buffalo), etc. ([Cord Cutters News](#))
- **KPN's Q3 group svcs rev grew 1.7% YoY, but missed consensus by 1%. Biz svcs fell 2% short; consumer & wholesale met forecasts.** Adj EBITDA AL rose 4.4%, in line w/ estimates, but underlying growth was 2.3%. ([Investing.com](#))

Cable/Pay-TV/Wireless

- **Apple may rejoin talks w/ SpaceX after its \$17bn EchoStar spectrum buy.** Speculation grows over iPhone support for Starlink satellite connectivity. Globalstar, Apple's current satellite partner, saw an 8% stock rise amid sale rumors. ([Fierce Network](#))

- **Omdia forecasts global CP rev to hit \$5.6tn by 2030, driven by tech innovation, 6G, and AI.** CP rev to grow at 6.2% CAGR; tech-led segment at 9.4%, forming 55.9% of total. Telecom capex to reach \$395bn, tech capex \$545bn. Dell'Oro sees 6G capex ramping from 2030, w/ RAN mkts staying flat. ([Telecoms](#))
- **Telenor reported solid Q3 2025 results, w/~2.7% rev growth driven by Nordic mobile gains & Asia momentum.** Total rev hit NOK 20.3bn; Nordic opex fell 2.1% but Asia costs offset gains. Capex dropped 5.4% as 5G rollout nears completion. Norway's fibre push cont'd w/GlobalConnect deal. ([TelecomLead](#))

Capital Market Updates

- **Meta Platforms annnc'd a bond sale of up to \$30bn, aiming to fund AI infra expansion.** The six-part offering spans maturities from 5 to 40 yrs. Meta expects 2026 capex to be "notably larger" than 2025, raising investor focus on returns. ([Reuters](#))
- **Netflix annnc'd a 10-for-1 stock split, aiming to make its \$1,089 shares more accessible to retail investors and employees in its stock option program.** Shareholders will get 9 extra shares per 1 held. The Co's fundamentals remain unchanged. NFLX shares rose 2% post-annnc't and are up 42% YTD. This is Netflix's 3rd split, following 2015 and 2004. ([CNBC](#))
- **JPMorgan's top banker for EMEA, Conor Hillery, annnc'd at Riyadh's Future Investment Initiative that big M&A is expected in the region next yr.** Growth will be driven by large deals in Europe and new cos emerging in the Middle East amid diversification efforts. ([Bloomberg](#))

Cloud/DataCenters/IT Infrastructure

- **Cloudflare annnc'd Q3 rev of \$562mn (+30.7% YoY), beating estimates and marking 2nd straight quarter of accelerating growth.** Adj EPS hit \$0.27 vs. \$0.23 expected. GAAP net loss narrowed to \$1.3mn from \$15.3mn. ([Yahoo Finance](#))
- **Lumen annnc'd expansion of its Internet On-Demand svcs to >10mn new U. S. locations, enabling scalable, cloud-like connectivity w/in minutes.** The NaaS platform now supports offices, branches & data centers nationwide via seamless last-mile integration. ([Business Wire](#))
- **PayPal & Google Cloud annnc'd a joint agentic commerce solution, merging Google's Conversational Commerce Agent w/ PayPal payments.** Using A2A & AP2 protocols, merchants can deploy AI-driven, brand-compliant agents for seamless, secure shopping. ([Google Cloud](#))
- **China has completed phase one of the world's first wind-powered undersea data center (UDC) in Shanghai's Lin-gang area, costing ~\$226mn.** The 24MW UDC, powered 95% by offshore wind, uses seawater for cooling, cutting energy use by 22.8% and land use by 90%. ([Wired](#))
- **Nvidia & Deutsche Telekom annnc'd plans to jointly build a €1bn (\$1.2bn) AI data center in Germany, aiming to expand AI infrastructure across Europe.** SAP SE will be a customer. The event unveiling the project is in Berlin, w/ CEOs from Nvidia, Deutsche Telekom, SAP & Germany's digital minister attending. The move marks a major tech investment in European AI capabilities. ([Investing.com](#))

- **HUMAIN and AirTrunk annnc'd a strategic partnership to build AI-ready data centers in Saudi Arabia, backed by Blackstone and CPP Investments.** The initial ~\$3bn project supports the Kingdom's digital economy and global AI ambitions. ([Blackstone](#))
- **US Dept. of Energy annnc'd a \$1bn partnership w/ AMD to build two supercomputers, Lux (ready in ~6 months) and Discovery (by 2029), to accelerate fusion energy, cancer treatment, and national security research.** Lux uses AMD MI355X AI chips; Discovery will feature MI430 chips. ([Reuters](#))
- **Qualcomm annnc'd AI200 (2026) & AI250 (2027) chips for data centers, entering AI inference mkts dominated by Nvidia & AMD.** Based on Hexagon NPUs, the chips support 768GB memory & full liquid-cooled racks. Targeting cloud cos, Qualcomm claims lower power use (160kW/rack) & cost. ([CNBC](#))

Crypto/Blockchain/web3/NFTs

- **Coinbase posted strong Q3 results, w/ net rev of \$1.79bn (+58%) and profit of \$433mn (\$1.50/share), driven by crypto mkts upswing.** Trading vol hit \$295bn. Transaction rev rose 83% to \$1bn; adj svcs rev hit \$747mn (+34%). ([Yahoo Finance](#))
- **Core Scientific stockholders voted against a \$9bn all-stock merger w/ AI and cloud data center Co CoreWeave.** Originally annnc'd in Jul., the deal valued Core Scientific at \$20.40/share. Despite the rejection, Core Scientific shares rose to \$21.99. CEO Intrator said CoreWeave's strategy remains unchanged and cos will cont'd their commercial partnership. ([Yahoo Finance](#))

Cybersecurity/Security

- **65 nations signed the UN Cybercrime Convention in Hanoi, marking a milestone in global digital cooperation.** Adopted in Dec. 2024, the treaty criminalises cyber offences incl. ransomware, fraud & non-consensual image sharing. ([United Nations](#))

eCommerce/Social Commerce/Retail

- **Mercado Libre annnc'd Q3 2025 results w/\$7.4bn rev (+39% YoY), marking 27th straight quarter of >30% growth.** Brazil led w/42% YoY item growth; fintech MAUs hit 72mn (+29%), credit portfolio reached \$11.0bn (+83%). ([Business Wire](#))
- **Starbucks' Q4 FY2025 North America same-store sales were flat, ending prior declines.** Global same-store sales rose 1% via traffic gains. Despite a 1% drop in U.S. traffic, higher ticket prices offset losses. ([Yahoo Finance](#))
- **EBay annnc'd Q4 adj earnings forecast of \$1.31–\$1.36/share, below est. \$1.39, citing macro uncertainty, tariffs & customs changes.** Shares fell 8.5%. Q3 rev hit \$2.82bn, adj profit \$1.36/share, beating est. \$2.73bn & \$1.33/share. CEO noted intl mkts & cross-border trade headwinds. CFO flagged Sept. slowdown post de minimis exemption removal. ([Yahoo Finance](#))

- **Etsy annnc'd CEO Josh Silverman will step down, succeeded by Kruti Patel Goyal, former Depop CEO.** Q3 rev rose 6% y/y to \$678mn; net income hit \$75.5mn (+32%). Depop GMS surged 40% to \$292mn. Etsy's app GMS grew 5%, nearing 50% of total. Active sellers fell 11%. ([Retail Dive](#))
- **Wayfair annnc'd Q3 rev of \$3.1bn (up 8.1% YoY), driven by 5.4% order growth. U.S. rev rose 8.6% to \$2.7bn.** Avg. order value hit \$317, but active customers fell 2.3% to 21.2mn. CEO Shah said tariffs haven't notably impacted shopper behavior. Net loss widened to \$99mn. ([Retail Dive](#))
- **Amazon plans to cut ~30,000 corporate roles, ~10% of its white-collar workforce, amid AI integration and cost-cutting.** CEO Jassy aims to streamline ops and reduce bureaucracy. While the layoffs would represent a small portions of Amazon's sprawling global workforce of 1.55m employees, they would hit about 10% of its roughly 350,000 corporate employees. ([The Guardian](#))
- **As Chinese shoppers dip toes back in the luxury pool, brands are targeting economically resilient high-earners with distinctive, personalised experiences as their focus shifts more to market share than growth.** ([Reuters](#))
- **Procter & Gamble is was investing in product innovation instead of lowering prices to draw cautious consumers.** P&G Chief Financial Officer Andre Schulten said the Co is innovating on products ranging from diapers to laundry detergent to combat competitors that are offering aggressive promotions, particularly in the fabric and baby-care markets. ([WSJ](#))

EdTech

- **Edtech co Chegg annnc'd it will cut 388 roles (~45%) globally to reduce costs amid AI disruption and declining Google traffic.** Dan Rosensweig returns as CEO, replacing Nathan Schultz. Chegg expects \$15–19mn in restructuring charges by Q1 2026. Despite exploring a sale, it'll remain standalone. = ([Reuters](#))

Electric & Autonomous Vehicles

- **Uber annnc'd its robotaxi launch in San Francisco for 2026, partnering w/ Lucid and Nuro.** Testing has begun using Lucid Gravity SUVs w/ Nuro's self-driving tech. Full rollout needs DMV and CPUC permits. The deal includes deploying 20,000 autonomous vehicles over 6 yrs. Uber aims to regain mkts from Waymo, which expanded in 2024. ([The Verge](#))
- **Uber aims to deploy 100,000 Nvidia-powered robotaxis by 2027, expanding its autonomous fleet.** Stellantis will supply 5,000 vehicles for US/global ops, w/Foxconn handling hardware integration. ([CNBC TV18](#))
- **Uber plans to invest ~\$100mn in Pony AI's Hong Kong listing, deepening ties w/ Chinese robotaxi cos Pony AI & WeRide.** Pony AI, which went public in the US last yr, aims to raise up to \$972mn in HK before a potential upsizing. ([Bloomberg](#))
- **Chinese robotaxi cos are outpacing Waymo globally, launching svcs in Dubai, Abu Dhabi & Singapore, w/ plans for Europe.** Backed by Beijing's 2035 autonomous tech goals, they benefit from cheaper components, gov't

support & low-cost EVs. Apollo Go, WeRide & Pony AI lead deployments, while U.S. rivals focus domestically. Middle East offers ideal conditions for rollout. ([LA Times](#))

Film/Studio/Content/IP/Talent

- **Tubi annnc'd a 4-film slate w/ Hartbeat under its Tubi for Creators program, debuting in 2026.** Titles include SUNDOWN, a supernatural thriller by Kinigra Deon, and 85 SOUTH: DEAD END, a satirical horror-comedy featuring DC Young Fly, Chico Bean & Karlous Miller. The deal boosts diverse storytellers' reach to Tubi's ~100mn users, reflecting the cos' push for creator-led content. ([Tubi TV](#))
- **Bending Spoons annnc'd acquisition of AOL from Yahoo, backed by \$2.8bn debt financing.** AOL, w/~8mn daily users, joins Bending Spoons' portfolio incl. Evernote, WeTransfer, etc. Deal expected to close by yr-end. ([Business Wire](#))

FinTech/InsurTech/Payments

- **Mastercard beat Q3 profit estimates, reporting adj. profit of \$3.96bn (\$4.38/share) vs. expected \$4.32/share.** Rev rose 17% to \$8.6bn; cross-border volume up 15%. CEO Miebach highlighted focus on agentic commerce & stablecoins, calling them key growth areas. ([Reuters](#))
- **PayPal annnc'd a deal w/OpenAI to embed its wallet into ChatGPT, enabling users to transact directly via the AI tool starting next yr.** Merchants can list inventory, while buyers get protections like tracking & dispute resolution. ([CNBC](#))
- **Half of U.S. holiday shoppers plan to use BNPL svcs, citing affordability & budget control, per PayPal's 2025 survey.** Gen Z & millennials lead adoption; 25% use BNPL regularly. BNPL boosts purchase likelihood & avg. order value (91% for enterprises, 62% for SMBs). ([Retail Dive](#))

Last Mile Transportation/Delivery

- **Grubhub annnc'd a partnership w/ Instacart to expand grocery options on its platform.** Customers can now order from ~1,000 grocers via Grubhub, w/ delivery by Instacart shoppers. Grubhub+ users get \$0 delivery on \$25+ orders; all users get 30% off up to 3 orders of \$75+. Pharmacy svcs to follow. The collab boosts Grubhub's reach and enhances its grocery biz offering. ([Grubhub](#))

Macro Updates

- **Trump annnc'd a tariff cut on China to 47% from 57% after a summit w/ Xi in Busan, citing Beijing's pledge to curb fentanyl trade, resume U.S. soybean buys, and pause rare earth export curbs for 1 yr.** The U.S. will delay tech restrictions on Chinese cos. ([Reuters](#))
- **Fed cut rates to 3.75%-4%, ending QT on Dec. 1. Powell cast doubt on a Dec. cut, citing diverging views.** Labor mkts show rising downside risks; inflation remains above 2%. CPI hit 3%, driven by energy and Trump tariffs.

Fed's \$6.6tn balance sheet shrank by \$2.3tn. Traders lowered Dec. cut odds to 67%. Stocks dipped post-annc't but rebounded. Data blackout adds uncertainty. ([CNBC](#))

Media Conglomerates

- **Warner Bros. Discovery (WBD) stock rose 1.8% after CEO Zaslav said the board rejected three takeover bids from Paramount Skydance, incl. a \$23.50/share offer.** Analyst Faber upgraded WBD to Buy w/ a \$28 target, citing strong rev synergies. Industry consolidation, streaming shifts, and bidder interest continue to fuel speculation around WBD's future. ([Investing.com](#))
- **John Malone, 84, will step down as chair of Liberty Media and Liberty Global, becoming chairman emeritus.** Liberty Media's Robert Bennett and Liberty Global's Mike Fries will assume chair roles. Malone, dubbed "Cable Cowboy," built a media empire via complex deals. His exit aligns w/ Liberty's motorsports focus incl. Formula One & MotoGP. ([Reuters](#))

Regulatory

- **French lawmakers annc'd two surprise tax hikes on multinationals, defying PM Lecornu's govt.** Measures include a levy on global rev and doubling the digital tax to 6%. Finance Minister warned of risks to intl. treaties and investment. ([Reuters](#))
- **FCC Chair Brendan Carr said no decision has been made on lifting the TV ownership cap, key to Nexstar's \$3.54bn merger w/Tegna. Current rules limit ownership to 39% of U.S. TV households.** Broadcasters argue the rule hinders competition w/global tech giants. Lawmakers oppose the merger, citing risks to local journalism. ([Reuters](#))
- **Comcast execs believe M&A is "viable" despite skepticism over a potential WBD deal.** Trump's public disdain for Comcast CEO Roberts may hinder regulatory approval. WBD, valued at ~\$53bn + \$30bn debt, is reviewing bids amid a planned split. Comcast's NBCUniversal spin-off, Versant, could align strategically. ([CNBC](#))
- **Meta, TikTok & Snap said they'll comply w/ Australia's ban on users under 16, despite opposing it.** Platforms will deactivate ~1mn underage accounts, using behavior-tracking to flag false ages. Meta, TikTok, Snap will offer data deletion/storage options. ([Reuters](#))
- **Trump annc'd a 10% tariff hike on Canadian imports, escalating trade tensions.** The move follows Ontario's anti-tariff ad using Reagan's 1987 speech, prompting Trump to suspend trade talks. Canada PM Carney expressed readiness to resume discussions. ([Supply Chain Dive](#))
- **Trump said the US and China are close to a trade deal ahead of his meeting w/ Xi at APEC.** The Asia trip began w/ trade and mineral pacts w/ Malaysia, Cambodia, Thailand & Vietnam, pledging to cut barriers and boost US goods purchases. ([CNBC](#))
- **Australia's ACCC sued Microsoft alleging it misled ~2.7mn users into pricier Microsoft 365 plans bundled w/ AI tool Copilot.** Personal plan rose 45% to A\$159 (\$103.32), family plan 29% to A\$179. Cheaper "classic" plan was only shown during cancellation. ACCC seeks penalties, redress, costs. ([Reuters](#))

- **US and China finalized a TikTok deal, set to be “consummated” by Trump and Xi on Oct. 30.** TikTok’s US ops, incl. algorithm and moderation, will shift to a new board; Oracle to handle security. Investors incl. Oracle, Fox Corp, a16z, Silver Lake. ([TechCrunch](#))

Satellite/Space

- **Globalstar is exploring a potential sale, engaging in early talks w/ SpaceX and other bidders, Bloomberg reported.** Shares surged 24%. The Co, which makes LEO satellites, is working w/ an investment bank. ([Yahoo Finance](#))
- **Virgin Media O2 annnc’d a multi-yr partnership w/ Starlink Direct to Cell, launching O2 Satellite to boost rural UK mobile coverage.** Using Starlink’s 650+ LEO satellites, the svcs will offer messaging & data in ‘not spots’, aiming for 95%+ landmass coverage w/in 12 mos. ([Virgin Media O2](#))
- **SpaceX plans to eliminate SIM cards and roaming by directly linking phones to its satellites.** In this vision, your smartphone will connect directly to satellites orbiting Earth, providing internet access in areas without reliable network coverage. The plan could change how people connect to the internet worldwide. ([Techcabal](#))
- **SD Government, a Gogo Co, secured a 5-yr, \$3mn sole-source federal contract to supply multi-orbit airborne satellite comms to a US agency.** The deal consolidates aero comms across the fleet, reducing procurement complexity. ([GlobeNewswire](#))

Social/Digital Media

- **Bending Spoons annnc’d a definitive deal to acquire AOL from Yahoo, backed by \$2.8bn debt financing.** AOL, w/ ~8mn daily and 30mn monthly users, will join Bending Spoons’ portfolio, which includes Evernote and WeTransfer. The acquisition, expected to close by yr-end, aims to unlock AOL’s potential. Yahoo will refocus on its core products. Advisors included EY, J.P. Morgan, and Wells Fargo. ([Business Wire](#))
- **YouTube annnc’d a major AI-focused reorg, splitting its product team into 3 groups: Subscriptions, Viewer, and Creator & Community Products.** CEO Neal Mohan called AI the “next frontier” for the platform. A voluntary exit program w/ severance is offered to U.S. staff, though no layoffs are planned. Q3 ad rev hit \$10.26bn, up 15% YoY. Amazon also revealed plans to cut ~14,000 jobs amid AI shifts. ([Variety](#))
- **YouTube annnc’d it will age-restrict more gaming content showing “graphic violence”.** The update targets scenes w/ realistic human characters in mass violence or torture. Factors like scene length, zoom, and realism will guide restrictions. ([The Verge](#))
- **YouTube annnc’d updates to its TV app incl. shoppable QR codes, AI-powered upscaling, and improved search.** QR codes let viewers shop tagged items, boosting rev from shopping content (~35bn hrs viewed last yr). AI will upscale low-res videos to HD/4K. Thumbnail limits raised to 50MB for 4K. Contextual search now prioritizes creator content. ([TechCrunch](#))

- **Meta's Threads annnc'd "ghost posts," a feature letting users share content that disappears after 24 hrs.** Posts show a dotted bubble, replies go to DMs, and only the poster sees engagement metrics. Archived posts remain accessible to the creator. ([TechCrunch](#))

Software

- **Twilio annnc'd Q3 2025 rev of \$1.3bn, up 15% YoY, beating estimates.** Adj income from ops rose 29% to \$235mn. Messaging svcs drove 54.8% of rev. Despite margin pressure, free cash flow hit \$248mn (+31%). ([Investing.com](#))

Sports/Sports Betting

- **U.S. viewership for the Dodgers–Blue Jays World Series dropped 14% vs. last yr, avg. 12.5mn for first 2 games.** Despite this, combined viewership hit 32.6mn—highest since Cubs' 2016 win. Toronto's Game 1 win drew 13.3mn; LA's Game 2 win got 11.63mn. Canada and Japan set records: Sportsnet hit 7mn & 6.6mn; NHK avg. 10.7mn. French TVA Sports also saw record 502K. ([AP News](#))
- **Trump's Truth Social platform will launch "Truth Predict" in partnership w/ Crypto.com, enabling users to trade on election and sports outcomes.** Crypto.com donated \$11mn to Trump causes and seeks a US bank charter. ([Financial Times](#))
- **Lululemon annnc'd a collab w/ NFL & Fanatics to launch apparel/accessories for all 32 teams.** It's Lululemon's 1st NFL-licensed drop, featuring men's Steady State & women's Define, Scuba, Align lines. The move expands its sports push, adding to NHL ties & athlete deals incl. Lewis Hamilton. ([CNBC](#))
- **LSU fired coach Brian Kelly after a 49-25 loss to Texas A&M.** "We had high hopes that he would lead us to multiple SEC and national championships during his time in Baton Rouge," athletic director Scott Woodward said. Kelly is owed just more than \$54mn in buyout money. ([ESPN](#))
- **Banijay Group is in advanced talks to acquire German sports-betting firm Tipico from CVC Capital Partners for ~€4.5bn (\$5.2bn), per Bloomberg.** A deal could be finalized this week, forming a combined entity of Betclix and Tipico. Tipico's founder may retain a stake. Talks remain ongoing and could face delays or collapse. ([Investing.com](#))
- **Africa is vying for F1's return after 30 yrs, w/ bids from South Africa, Morocco, Rwanda & Nigeria.** South Africa seeks ~\$100mn for hosting rights; Morocco plans a \$1.2bn complex near Tangier; Rwanda annnc'd a \$1.2bn circuit near Kigali; Nigeria proposes a \$500mn track in Abuja. Each bid blends gov't backing, infrastructure, and private capital, signaling a shift in viewing sport as a long-term biz asset. ([Forbes](#))

Tech Hardware

- **NextEra Energy & Google annnc'd a 25-yr deal to restart Iowa's Duane Arnold nuclear plant by early 2029, marking a major step in meeting AI-driven power demand.** Google will buy electricity from the 615MW facility. The move follows similar deals by Microsoft & Amazon. ([Reuters](#))

- **Samsung will begin showing ads on its Family Hub smart fridges in the US.** A new widget rotating every 10 seconds will display news, calendar, weather, and “curated advertisements.” Ads will appear only on Weather and Color themes, not Art or Album. A Daily Board screen will also include ads. ([The Verge](#))

Towers/Fiber

- **Verizon and Tillman Global Holdings ann’c’d a fiber agreement via Eaton Fiber to expand ultra-fast broadband beyond current Fios mkts.** Verizon gains full residential retail exclusivity during buildout. Eaton funds, builds, and maintains the network; Verizon handles sales, mktg, and support. ([Verizon](#))

Video Games/Interactive Entertainment

- **EA’s Sept. quarter rev fell 13% YoY to \$1.84bn; adj EPS hit 54¢ vs. 35¢ forecast.** Net income was \$137mn. EA suspended earnings calls/guidance amid its \$55bn go-private deal w/ Saudi PIF, Affinity Partners & Silver Lake. “Madden NFL 26” and “Apex Legends” drove growth. EA’s catalog includes “Battlefield,” “The Sims,” “Need for Speed,” “Dragon Age,” etc. ([Variety](#))
- **Battlefield 6’s update ann’c’d Blackwell Fields, a new map criticized for being too small, empty, and poorly designed.** Players report frequent sniping, lack of cover, and ineffective aircraft due to close base proximity. Compared to Redsec’s large BR map, fans feel let down. ([Kotaku](#))
- **Microsoft’s next-gen Xbox will be launching expected by 2027.** It will be a premium Windows-based gaming PC w/ a console-style UI, supporting full Xbox console libraries, PC titles, and stores like Steam & Epic. ([Windows Central](#))
- **Sony CEO Totoki confirmed that the Co won’t bid for Warner Bros.** Discovery, citing low profitability potential. Instead, Sony is focused on “growth mkts” like anime, which is expected to grow by double digits. Warner Bros. ann’c’d a strategic review after receiving interest from multiple parties, but no deal is assured. ([Gaming Bolt](#))

Video Streaming

- **Fubo and Disney’s Hulu + Live TV have cont’d their biz combo, forming a unique vMVPD w/~6mn subs, now the 6th largest Pay TV Co in the U.S.** Both svcs remain separate, offering flexible plans. Disney holds ~70% stake; Fubo mgmt leads ops. Synergies expected in content, ads, and ops. A \$145mn loan from Disney is due in 2026. Andy Bird chairs the board guiding strategic direction. ([FuboTV](#))
- **Netflix CTO Elizabeth Stone ann’c’d at TechCrunch Disrupt 2025 that the Co is rolling out real-time voting for live content to boost engagement.** Tested on “Dinner Time Live,” it’ll expand to “Star Search” next yr. Viewers vote via TV/mobile, influencing outcomes. Netflix aims for immersive, interactive svcs across formats incl. party games, podcasts & homepage animations. ([TechCrunch](#))

- **Netflix annnc'd a global redesign for kids' profiles on its platform, aiming to simplify navigation and enhance content discovery.** Updates include a cleaner homepage, real-time recs, and a "My Netflix" hub for saved/watched content. Character Rows, Mystery Box, and parental controls remain. ([TechCrunch](#))
- **Netflix CTO Elizabeth Stone, at TechCrunch Disrupt 2025, said the Co is testing vertical video feeds to offer more "snackable" content w/o competing w/ TikTok.** Features like Moments allow users to clip/share scenes, hinting at future integration. Netflix also annnc'd a Spotify deal to co-exclusively host podcasts. ([TechCrunch](#))
- **Paramount, a Skydance Corp. , and UFC annnc'd a 7-yr expansion of their media rights deal, bringing UFC to Paramount+ in Latin America & Australia from 2026.** Fans will access all 13 numbered events & 30 Fight Nights live w/no extra cost. ([PR Newswire](#))
- **Streaming ad rev surged 18% in Q3 to \$3. 8bn, nearing parity w/ linear TV, which fell 10% to \$4.65bn.** Netflix led w/ 108% growth to \$537mn; Disney+ rose 32% to \$186mn. Roku, Tubi, and Peacock posted gains of 26%, 20%, and 14% respectively. ([MediaPost](#))
- **Virgin Media O2 teamed w/ Netflix to launch Stranger Things pop-ups in 8 O2 stores across UK cities incl. London, Manchester & Edinburgh.** Fans can explore immersive 80s zones, win exclusive prizes via Priority, and preview Season 5 episodes before release. ([Virgin Media O2](#))

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