

21st Century Fox 2017 Q4 Earnings Summary

February 2018

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The Thursday Night NFL Deal Is The First Step In Building Out The “New Fox” Business

NFL DEAL

- **Concentrating the NFL audience and NFL products on the Fox Network in order to be the clear leader in NFL broadcasting**
 - **Offers great monetization opportunities, and creates a clear runway to further grow the value of the broadcast business**
 - Powerful platform for the network, both in terms of other promotions and promoting other nights and other programs
- **New agreement gives much more flexibility in terms of exploiting the digital rights**
 - Can bring the product to customers in new ways, both on a direct-to-consumer basis and over-the-top and on new devices

SPORTS

- **Live sports have never been more important than it is today, and it is integral to the New Fox strategy**
 - **The scarcity value of these major events is tremendous, even if fragmentation lowers the absolute number of viewers**
- Sports rights are straightforward and just have to make judgment calls in each auction, and with each package of rights
 - **Can compete against big tech platforms because they can offer a variety of rights to put together compelling packages**
 - It's never a question of all or nothing as there is no need to be all in on every set of rights and pay whatever it takes

OTT

- Very encouraged by the growth of these new digital MVPD platforms and starting to see it in the overall market
 - **Will continue to license their product to these new vMVPDs because they want their content and brands more available**
 - **Approaching 4 million digital MVPD subscribers, reflecting 50% sequential growth from September to December quarters**
- **Building out its capabilities in direct-to-consumer and will continue to push the pace on that**
 - Revamped all of its major over-the-top apps in the U.S., and some international ones as well

ADVERTISING

- **Making really good progress on non-linear advertising and new advertising formats in the linear stream as well**
- It's not an enormous audience, but starting to see growth in consumption of linear product on digital streaming platforms
 - **Having a data-driven advertising platform sitting underneath and being able to monetize that audience is very attractive**
- **Have dramatically better monetization on Hulu-owned and operated apps than on the traditional MVPD distribution**

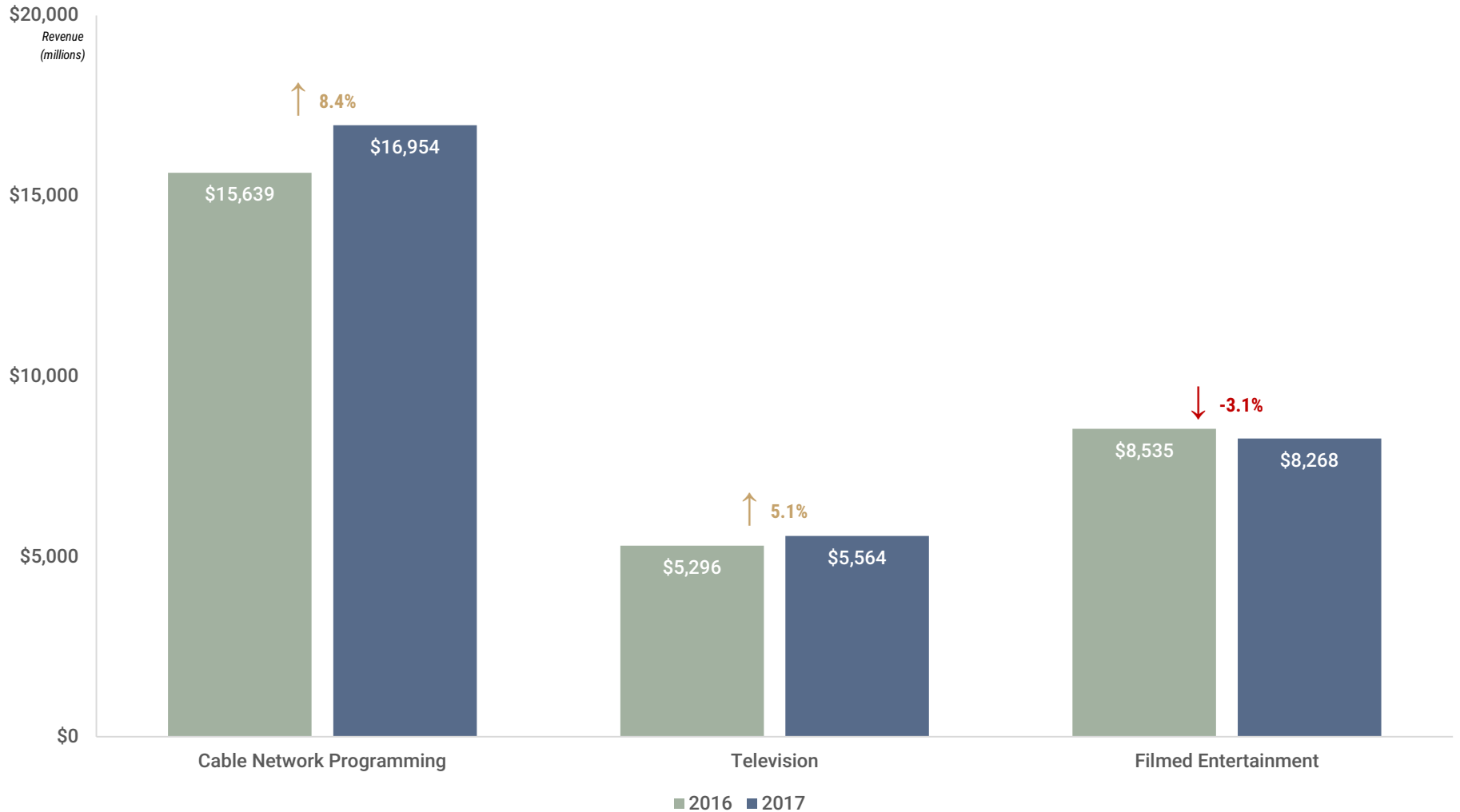
DISNEY TRANSACTION

- Very focused on closing all the transactions that they have up in the air (Sky, Disney, New Fox), but still have a ways to go
 - **Focused on operating the business at a high velocity and in a mode around building each business and each brand as best they can, and as they would have anyway**
 - As they get closer to closing, and the separation, then they will establish the kind of glide path for each different chunk
- **There will be a more dramatic change in terms of who New Fox is buying content from in the season after this coming season**

While other media networks focus on premium original scripted content, Fox is doubling down on live programming

Segment Revenue

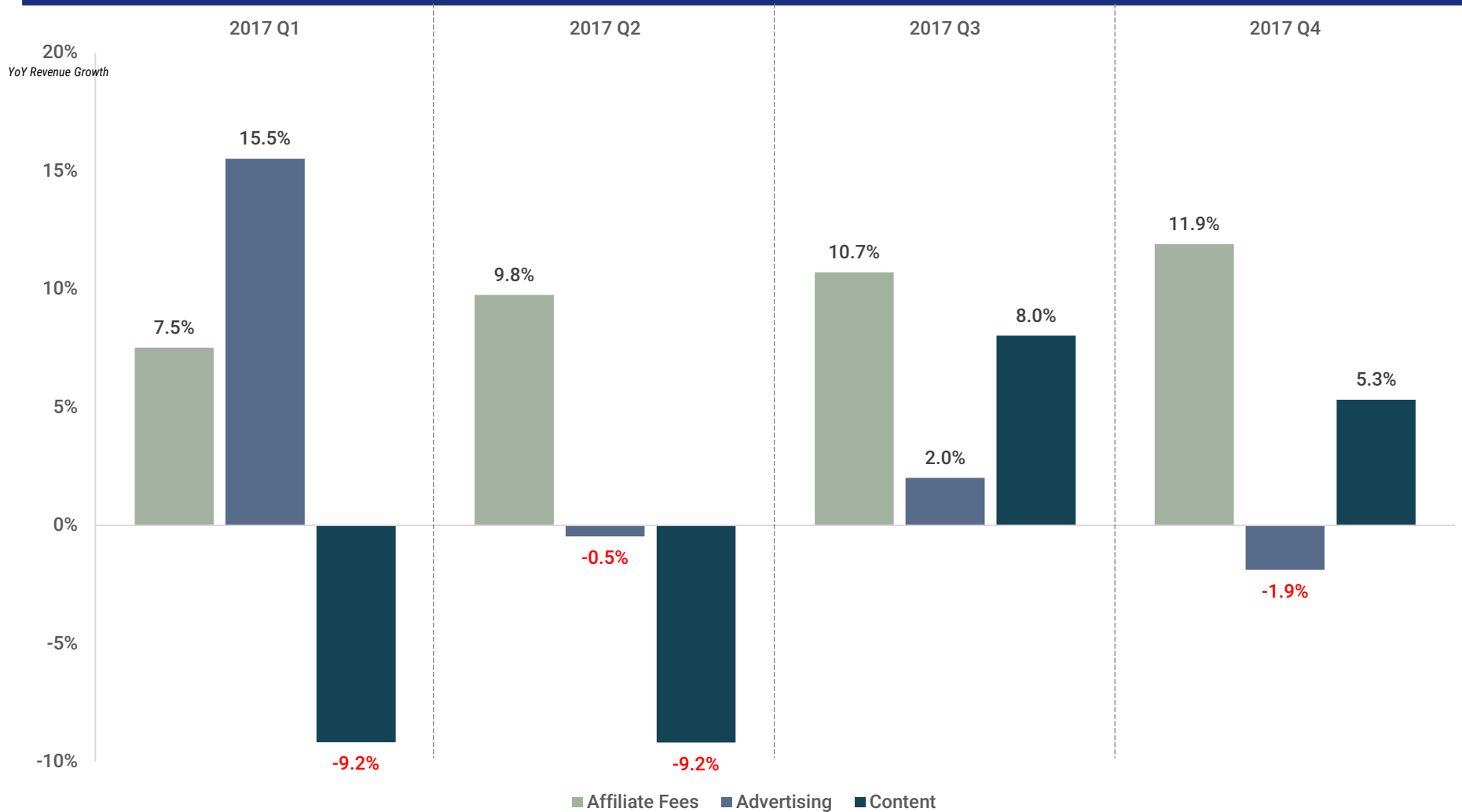
The Sale Of Library Assets To Disney Will Create A Much Leaner Company



As seen with the NFL deal, New Fox will be aggressive in the market in their pursuit of premium sports rights

Component Revenue

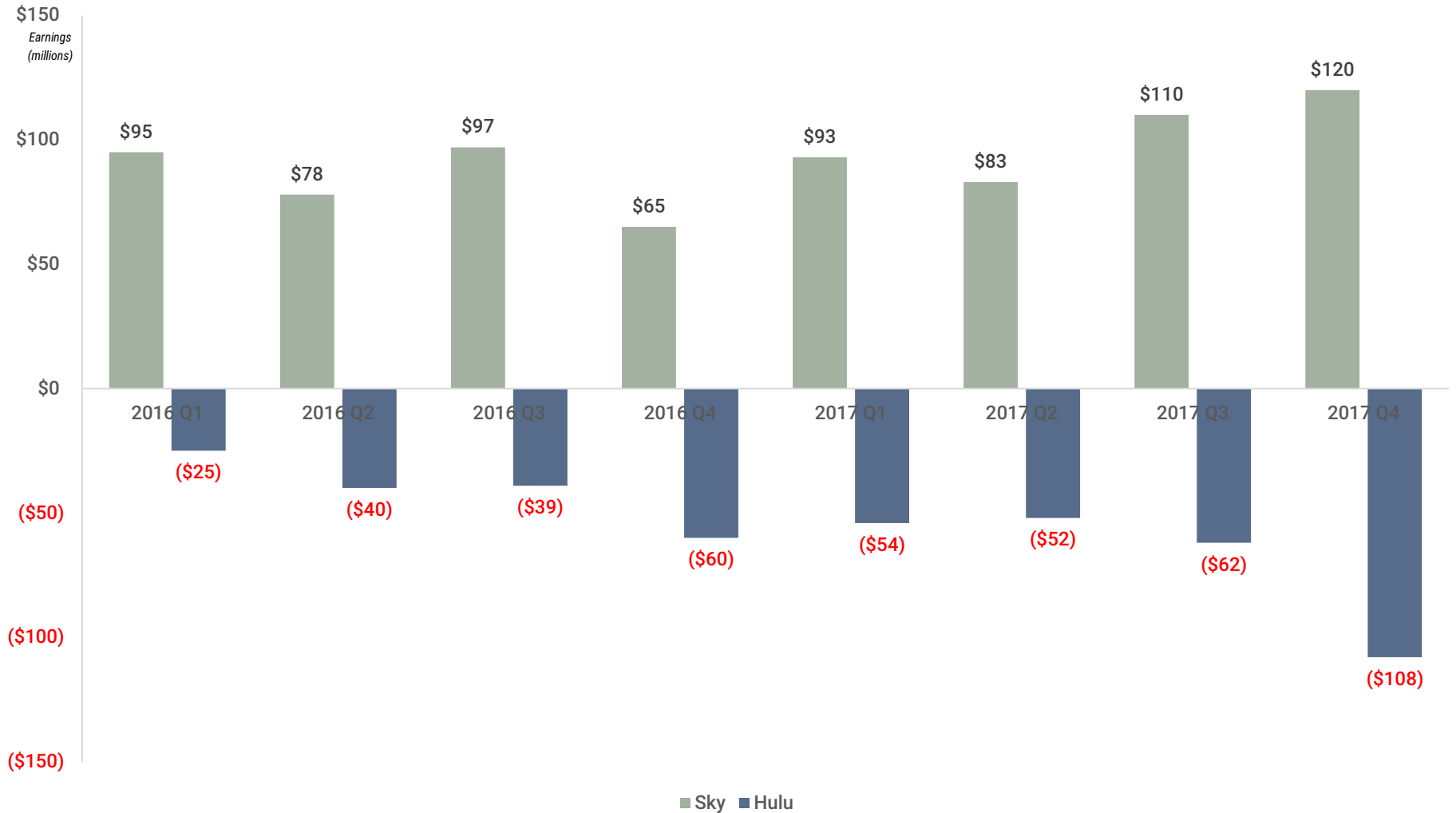
The Emphasis On Live Content Will Boost Affiliate Fees And Advertising Revenues



The smaller package of channels becomes a lucrative asset to the emerging skinny bundle providers

Equity Earnings of Affiliates

Hulu's Losses Are Adding Up As They Invest More In Original Content



As Sky furthers its push into original productions, it becomes a less attractive asset for New Fox