



21st Century Fox 2018 Q1 Earnings Summary

May 2018

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The Emphasis On Premium Sports Content Will Command Higher Rates, Even On Skinny Bundles

DIGITAL MVPD

- **Always thought the increase in downstream competition and lower barriers to entry would expand the overall marketplace**
 - Increases their ability to monetize due to the strength of their brands and investment in content
- Deterioration of the cable subscriber base is not as fast as with the satellite and telco providers
 - **Seeing a lot of the cord-nevers acquiring attractive bundles from new entrants, particularly YouTube TV and Hulu Live**
 - **Have over 4 million digital MVPD customers, and it's probably split between cord cutters and new customers**

SPORTS

- **Local RSN and national sports networks generated double-digit earnings growth and were major drivers of overall profitability**
 - RSN saw higher viewership this past NBA season and ratings for the new Major League Baseball season are up as well
 - **Over the last several months, renewed a number of important RSN partnerships**
- **As they've proved with the IPL, their strategy of leveraging standout sports can drive strong returns for the business**
 - Expect no less from recent investments in NFL's Thursday Night Football or the BCCI rights in India

GLOBAL MARKETS

- In the Indian TV business, their entertainment channels achieved significant regional market share growth over the past year
 - Have also launched the #1 national free-to-air channel in the country, Star Bharat.
- **Hotstar continues to thrive as the go-to digital video platform and now sees 1 billion minutes of daily watch time regularly**
 - **Reach exceed 140 million in April and currently showing more than 2.5x growth in IPL watch time over last year**
 - Had 7 million concurrent live streams during a single IPL match this season

SKY

- **Remain committed to their bid to buy the remaining Sky shares they do not own and expect to receive U.K. regulatory approval in a month or 2**
 - **Given Comcast's fit for Sky, they are considering their options, with a further announcement to be made in due course**
- Continue to see strong demand for its products and services with the continued development and rollout of Sky Q in millions of homes across the U.K., Ireland, Italy and Germany

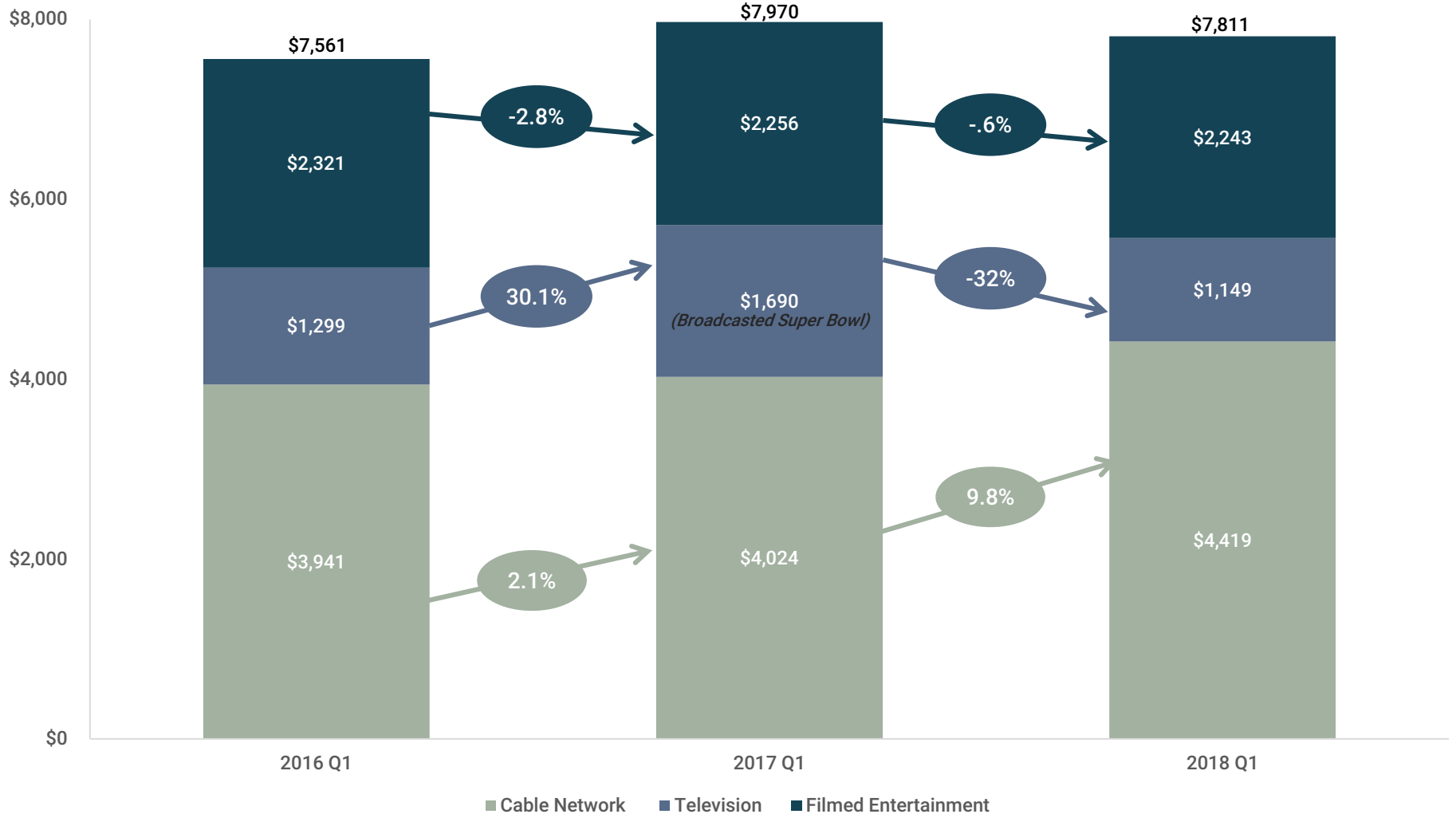
LINEAR

- **Had double-digit affiliate revenue growth at both their domestic and international channels businesses**
 - Reflects the strength of their video brands to distributors and audiences
 - **Cumulative domestic subscribers grew year-over-year, driven by subscriber gains at their younger channels**
- **Last year, they made the comment that Fox would own the fall and believe they will be in an even stronger position this year**
 - As they have in years past, will aggregate across both the Broadcast network and the Cable assets at Upfronts

The battle between Comcast and Disney for Fox's assets shows the need for scale to compete with the tech giants

Segment Revenue

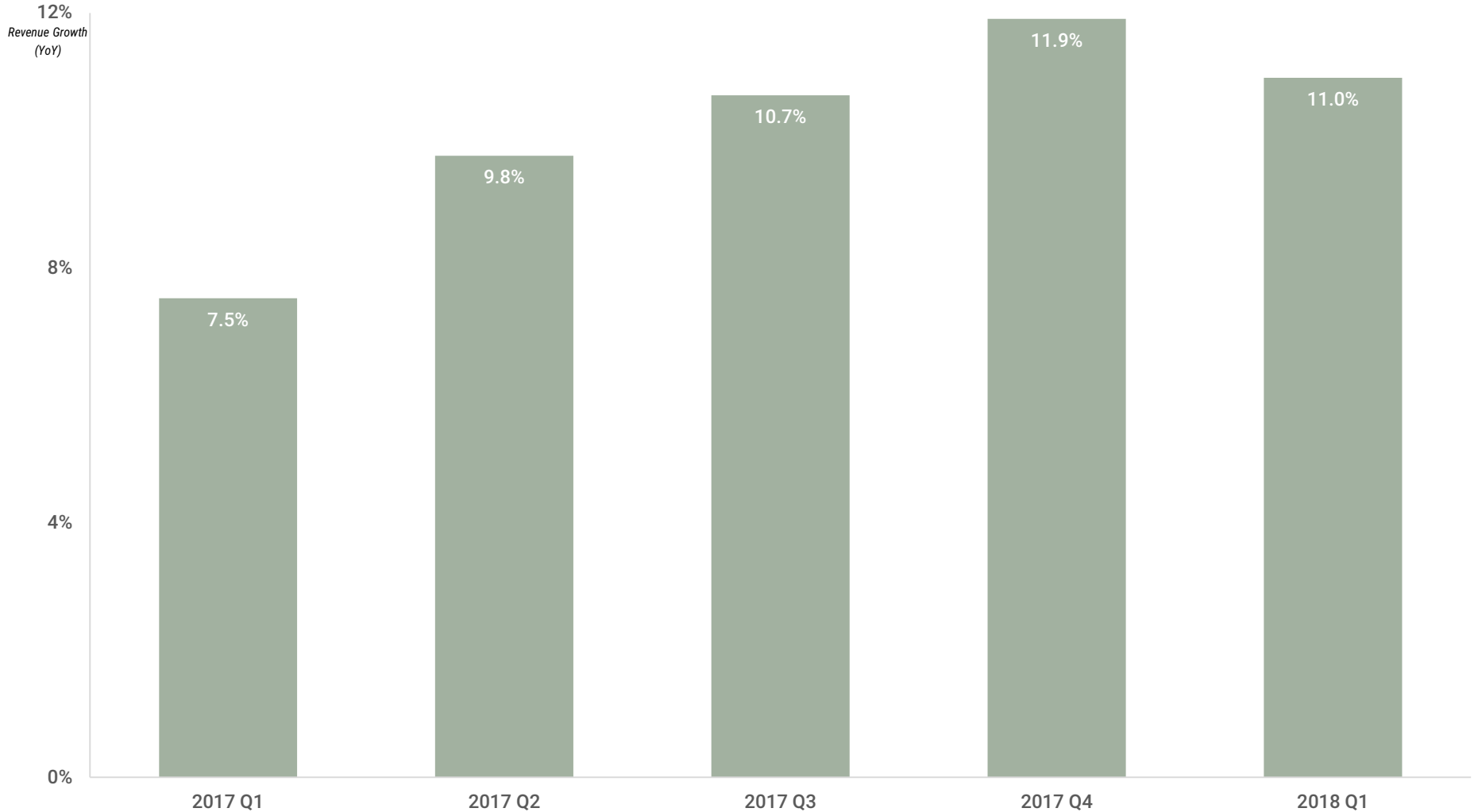
Cable Network Revenues Continue To Grow On The Strength Of Their Live Programming



Recent acquisition of 7 TV stations from Sinclair signals the ongoing intent to bolster their Broadcast group

Affiliate Revenue

Despite The Acceleration Of Cord Cutting, Affiliate Revenues Have Been Growing Consistently



Media rights for high profile sporting events will become even more competitive amongst the legacy networks

Sky and Hulu

Not Only Is Sky Profitable, But It Will Allow Disney (Or Comcast) To Expand Their International Presence



Increased investments into original programming at Hulu is leading to further losses