

21st Century Fox 2018 Q2 Earnings Summary

August 2018

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21st Century Fox Key Takeaways



With The Sale To Disney Approved, The Focus Will Be On Ramping Up “New Fox” As A Stand Alone Entity

NFL

- **NFL Thursday Night Football will enhance their already dominant position in television's highest rated programming**
 - 38 regular season NFL windows will be the most ever on a single network and will command about 40% of all regular-season NFL viewing
 - Expect to account for 3 of television's 5 highest rated programs this fall
- **Significant investment and gives them an incredible promotional platform not only for sport, news as well as entertainment**
 - Expect this property to be value accretive in the aggregate over the 5-year life of the contract, but early on in the cycle, they anticipate losses as they begin to fully optimize these rights from a revenue perspective

IPL

- **The addition of the 60-match Indian Premier League on STAR Sports has yielded dramatic results**
 - Average match reach and engagement has increased by double digits, 15% and 13%, respectively
 - 10.3 million concurrent live viewers during the IPL final match, which was the most concurrently watched live digital event in the world ever
 - The impressions that were delivered by the IPL was much higher than what Sony delivered with its previous ownership of it

ENTERTAINMENT

- **Due to their focus on sports, they are only programming entertainment Monday through Wednesday and Sunday nights**
 - Feel it's advantageous as they can really focus their programming choices onto those nights assisted by the country's best promotion platform in their sports lineup.
- **Have lots of partners who have helped create these programs and remain flexible and open-minded around downstream licensing**
 - Try to find the best result for the program and the best result for them and their and their partners

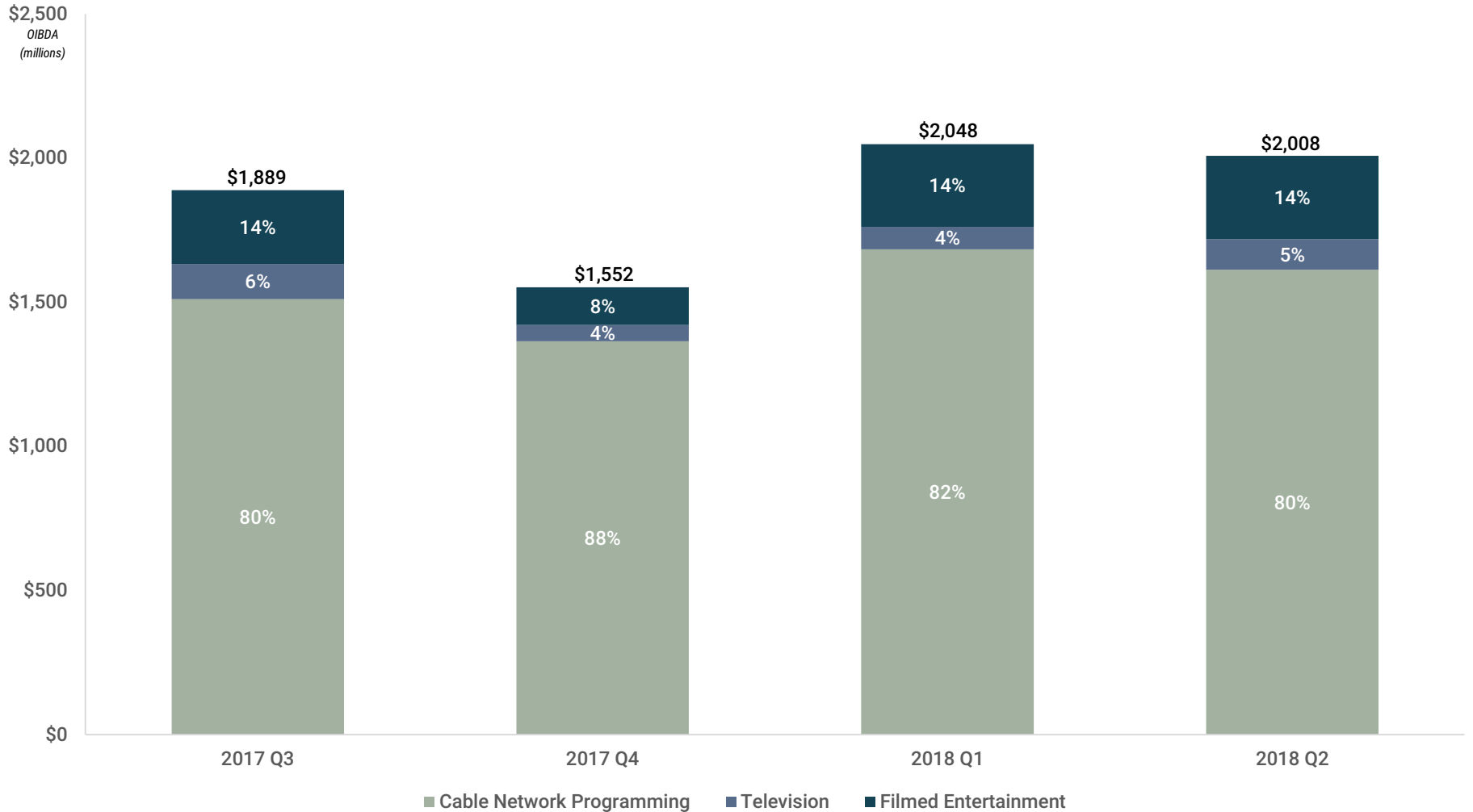
OTT

- **The success of Sky and Hotstar shows that the direct to consumer business has been a real core competence of the company and digital vertical integration has paid dividends**
 - Fox News will be launching their first direct-to-consumer offering towards the end of this year
- **Revenue from subscriber additions on virtual MVPD services are now exceeding revenue declines from subscriber churn on traditional platforms**
 - Have a very large FOX NOW authenticated business for all of their linear channels

Recent media rights deals for the NFL, IPL, and WWE signals their intent to become the leading sports broadcaster

Operating Income

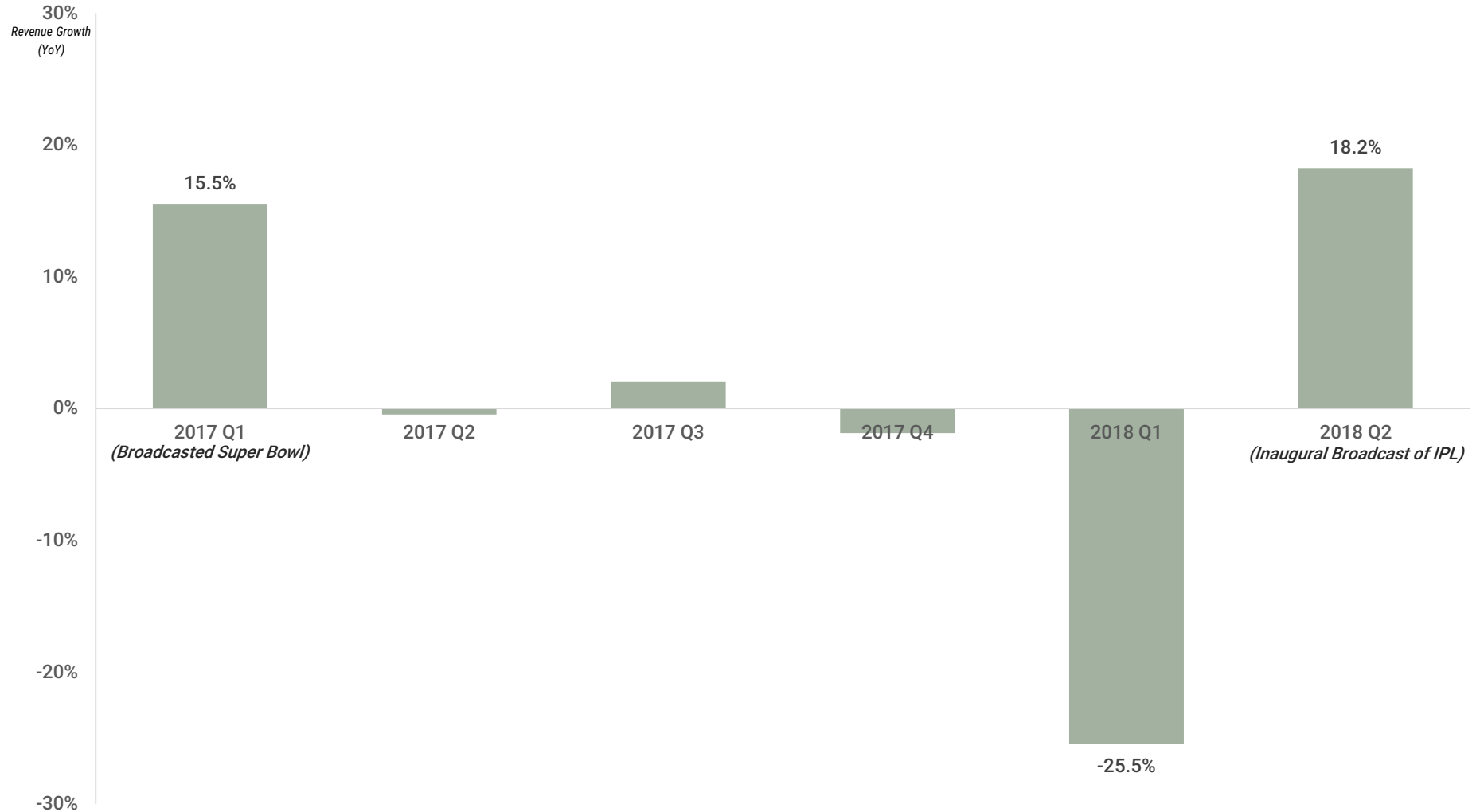
Without A Studio, There Will Be A Greater Emphasis On Their Leading Cable News Channels



As SVOD continues its ascent, live programming will become a key differentiator to vMVPDs hoping to attract consumers

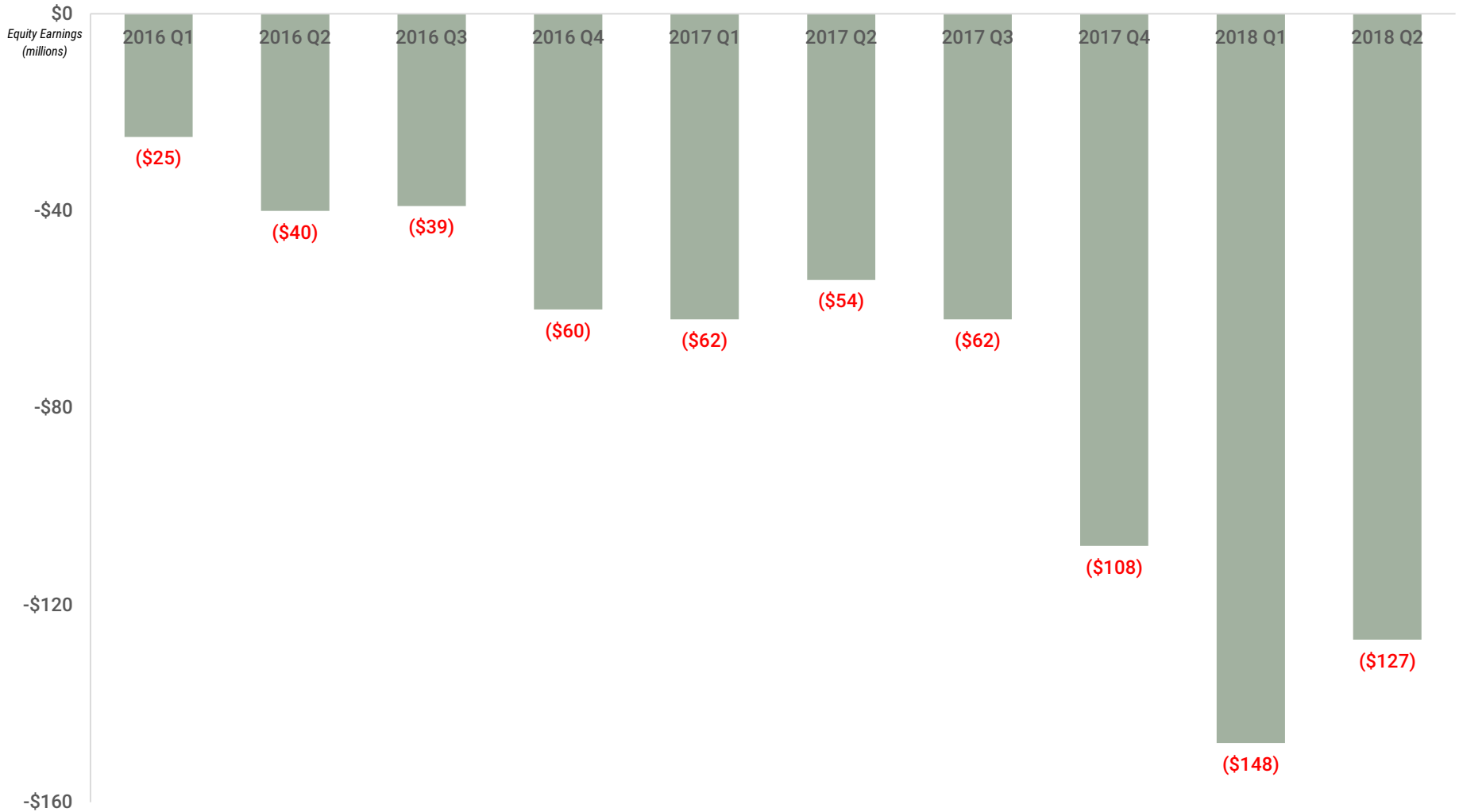
Advertising Revenue

Major Sporting Events Still Draw Large Audiences And Command Premium Advertising Rates



As the sports strategy evolves, more media rights can be added to eliminate some of the seasonal fluctuations

Hulu Continues To Invest Into Original Content In Order To Grow Their Subscriber Base



The service can become more attractive as part of a bundle with Disney's other DTC offerings