

FOX Corp. (FOXA) 2019 Q3 Earnings Summary

November 2019

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## FOX Is Revamping Their Digital Assets To Build A Unified Platform That Complements The Linear Networks

### LINEAR

- **The strength and value of their distinctive brands is evidenced by the momentum they have had with carriage renewals**
  - Have successfully renewed distribution agreements with Charter, DISH and Cox, along with affiliate agreements with Nexstar, Gray and Tegna
- **It's too early to draw conclusions from a Pay-TV market that is clearly fluid, especially with surging results from digital partners**
  - The rate of subscriber declines in the traditional MVPD universe escalated in recent months, with this quarter yielding industry declines of over 4%
  - The subscriber losses reported by just one distributor (AT&T), accounts for almost 80% of total losses they experienced over the past 12 months

### SPORTS BETTING

- **The proposed merger between Flutter Entertainment, the owner of FanDuel, and The Stars Group, will create many opportunities**
  - Confident in the dual-brand strategy to capitalize on the rapidly growing sports wagering market
- **In other countries where digital sports wagering is legal, having a free-to-play game to attract users is critically important**
  - Launched the free-to-play FOX Sports Super 6 app nationally and it has already achieved nearly 1 million registered users and 10 million plays
  - The very early and rapid success of Super 6 bodes well to dropping those top-of-funnel users down into a paying Fox Bet game

### ADVERTISING

- **Advertising has been quite strong, particularly across the entertainment and sports categories**
  - One of the critical goals of their upfront was to set the WWE pricing to broadcast pricing, not cable pricing, and they did that very successfully
  - The streaming services of Disney, Netflix and Apple have recently been spending a good amount of money
- **Have sold out of all of their A-positions and are well ahead of where they were for the last Super Bowl they broadcasted**
  - Very confident that the pricing will be the highest cost per 30-second ad in any Super Bowl to date

### LOCAL STATIONS

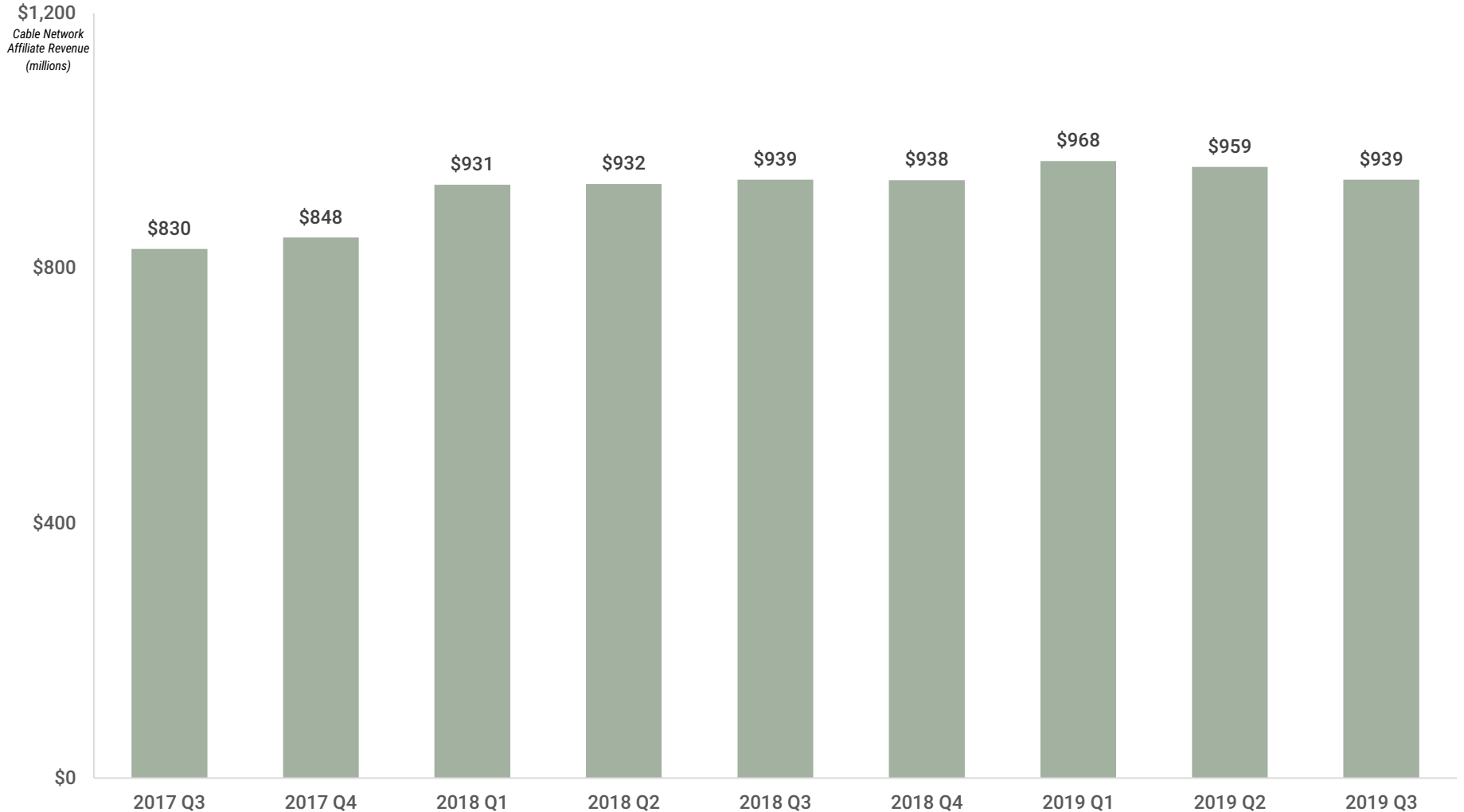
- **Announced an agreement with Nexstar to acquire their local television stations in the Seattle and Milwaukee markets**
  - In return, agreed to sell them their stations in the Charlotte market, which geographically aligns with Nexstar's existing operations in the Carolinas and Virginia
- **Grows the reach of their television stations portfolio, and further strengthens a highly profitable and cash-generative business**
  - Expands their market presence to 14 of the top 15 DMAs and importantly adds 2 major markets with NFL, Major League Baseball, Pac-12 and Big Ten teams

*Advertising dollars are already starting to flow through in the limited states where sports betting has been legalized*

# Cable Affiliate



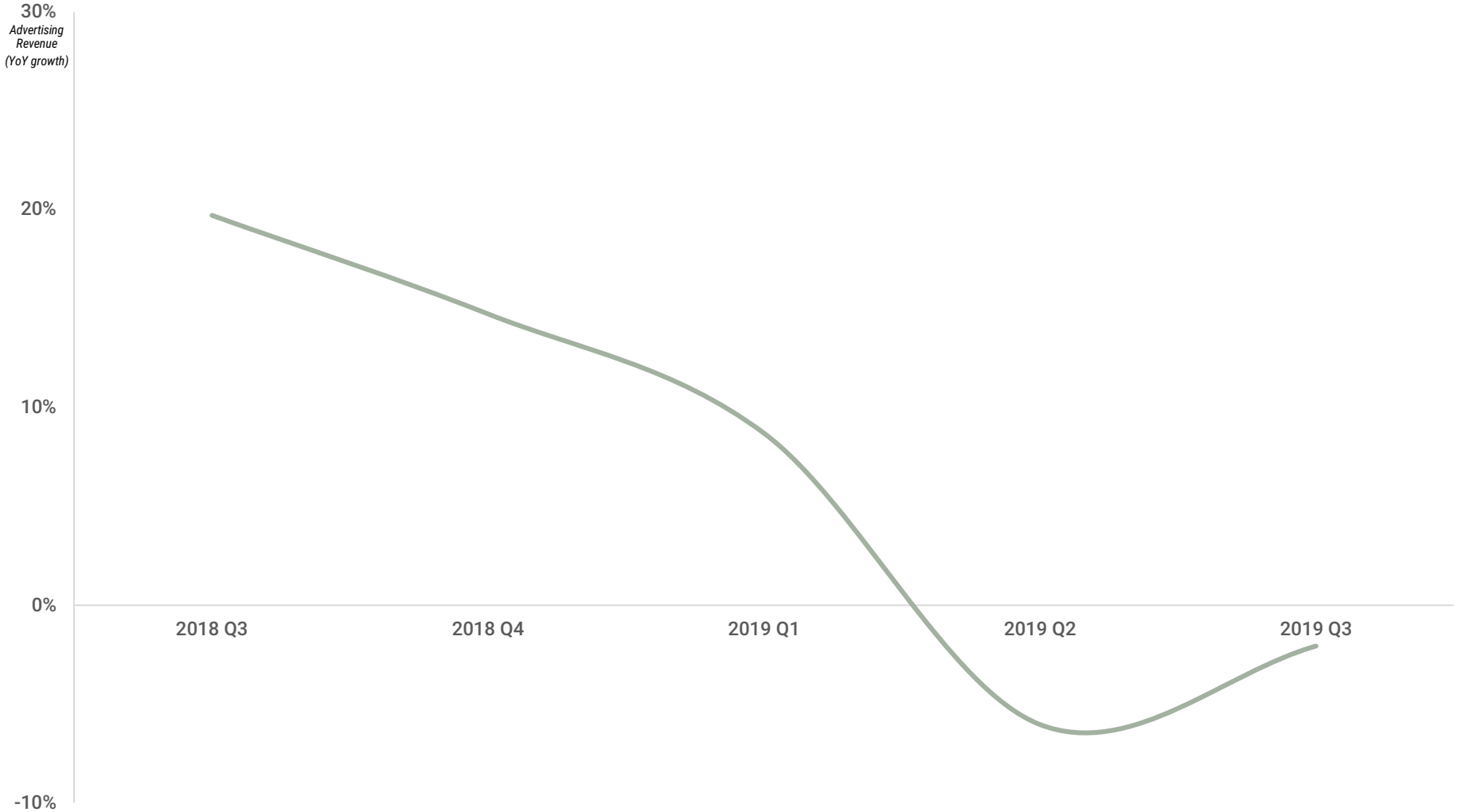
FOX News Remains The Undisputed Category Leader And Is A Key Component Of Distribution Negotiations



The power of live sports is clear as FOX Sports has accounted for 22 of the 50 most watched telecasts since NFL kickoff



## The Focus On Live Programming Is Attractive To Advertisers That Want To Reach Broad, Scaled Audiences



*Broadcasting the Super Bowl is a huge boost, especially as regular season ratings for the NFL have bounced back nicely*

# Revenues



Broadcast Revenues Are Buoyed By Local Advertising, Particularly During The Lucrative Election Cycles



*Premium sports programming will become even more competitive as linear networks try to hold on to their audiences*