



FOX Corp. (FOXA) 2019 Q4 Earnings Summary

February 2020

Sign Up For Additional Research From Evolution Media Capital



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FOX Is Turning Its Attention To The Presidential Election Cycle After Record Revenues From The Super Bowl

LINEAR

- **Opportunity to use the full power leverage of both FOX Network and FOX News on a pricing and full distribution standpoint**
 - Achieved multi-year pricing at levels that were at or above what they planned, and full distribution with their partners
 - Absolutely still expecting to cross that hurdle of \$1 billion of additional affiliate revenue by calendar '22
- **The Pay TV ecosystem will still be the largest component of their revenues for some time**
 - The losses across traditional distributors, were at least partially offset by continued growth of digital MVPDs

ADVERTISING

- **FOX News audience is increasingly sought after by advertisers to reach a large audience, particularly across Middle America**
 - Expect to capture a significant amount of sort of the upside revenue as they run through this political season
- **The strength of the television advertising market for them is at a level that they have not seen for some time**
 - Working to build in as many advertising units as they can, including innovative formats, and others are following their lead
 - Having a split screen experience where they can cover some of the breaking news, while also showing the ad break

OTT

- **Evaluating opportunities where they can bring unique value directly to consumers while sustaining existing business models**
 - Own streaming technology that they are using to run DTC businesses with FOX Sports, Fox Nation and in a different manner through Credible
 - 80% of the people who take a free trial at Fox Nation convert to paid subscribers and the last 2 months were the highest for engagement
- **Playing to their strengths and right now that is very clearly live news, live sports and big event entertainment programming**
 - Have 2 of the most watched channels in America, the #1 broadcast network and #1 cable channel, so audiences are engaging with its content

NEWS

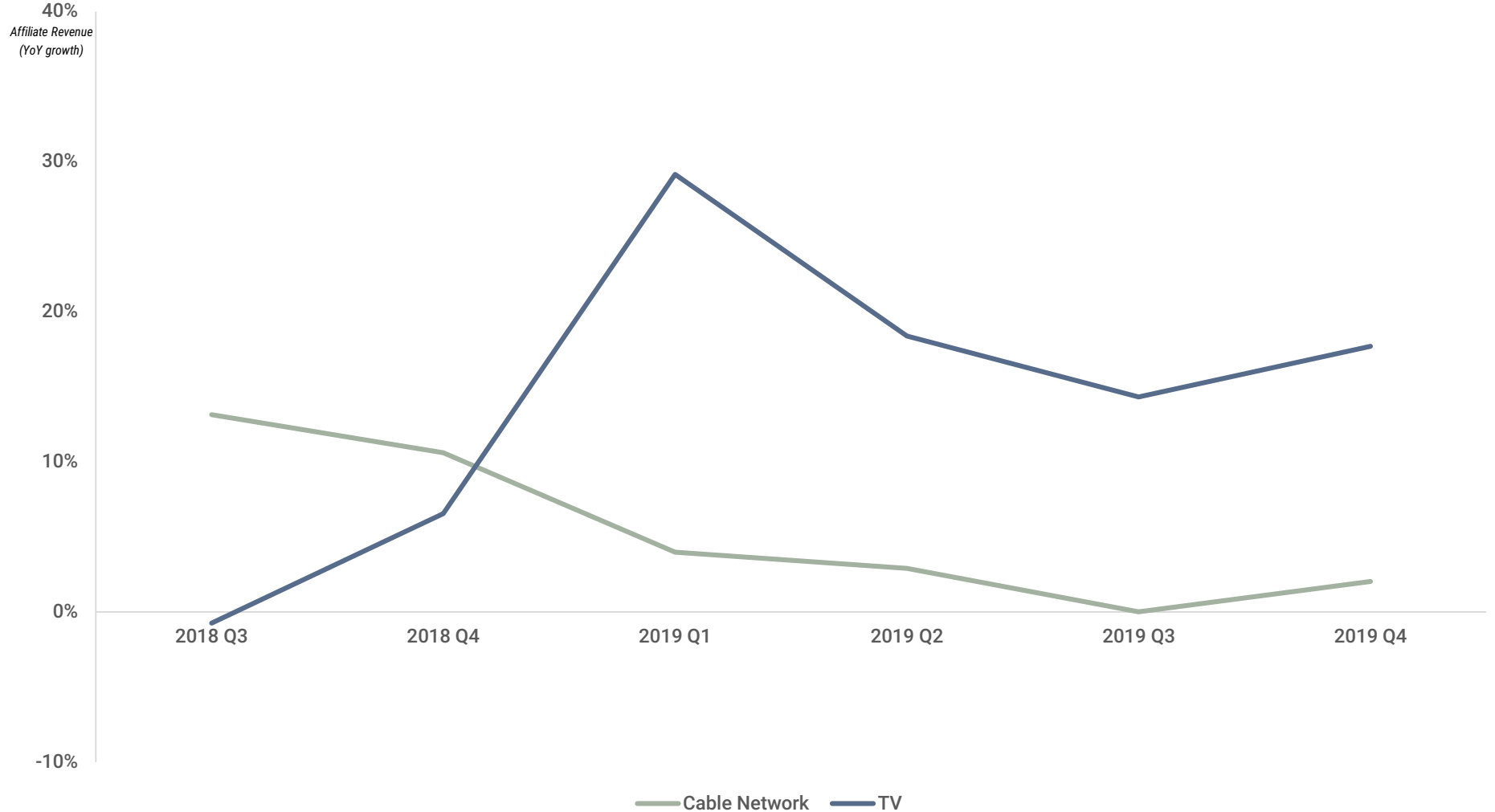
- **Audience levels and engagement will build significantly as the cycle progresses through the upcoming primaries and caucuses**
 - FOX News was the top-rated basic cable network for a fourth year in a row and achieved its highest-rated prime time in history
- **Already seeing signs of further increased political spending, with a vast majority dedicated to the unmatched reach of television**
 - Financial benefits are not limited to FOX News and will see a sizable ad revenue uplift at their local television stations
 - Confidence is further strengthened by the fact that they are expanding their station footprint into additional perennial swing states

The NFL is their most important partner, and conversations are in early stages as they concentrate on securing a renewal

Affiliate Fees

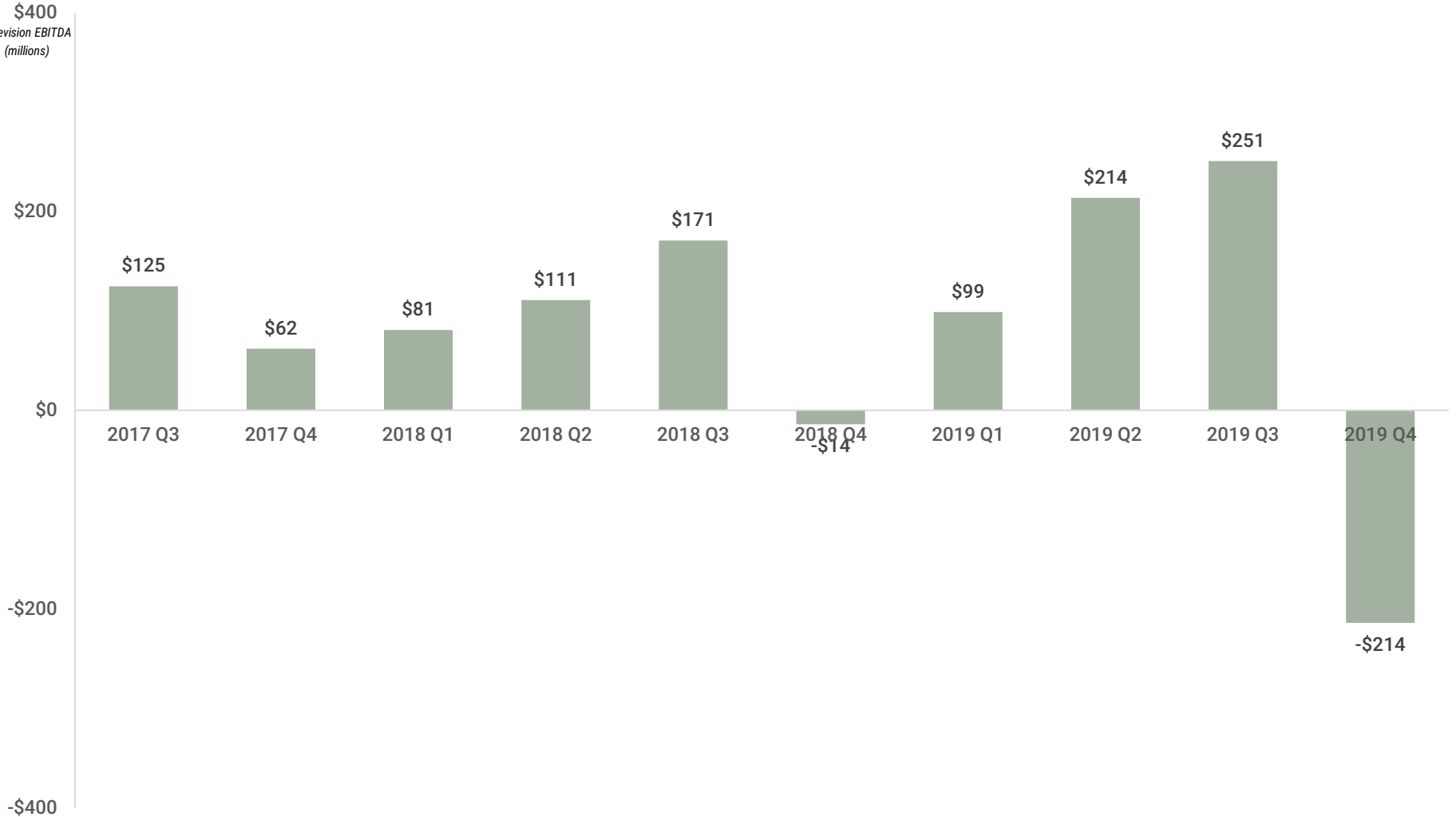


As Other Media Companies Shift Towards DTC, Fox Is Increasing Its Efforts Around The Pay TV Ecosystem



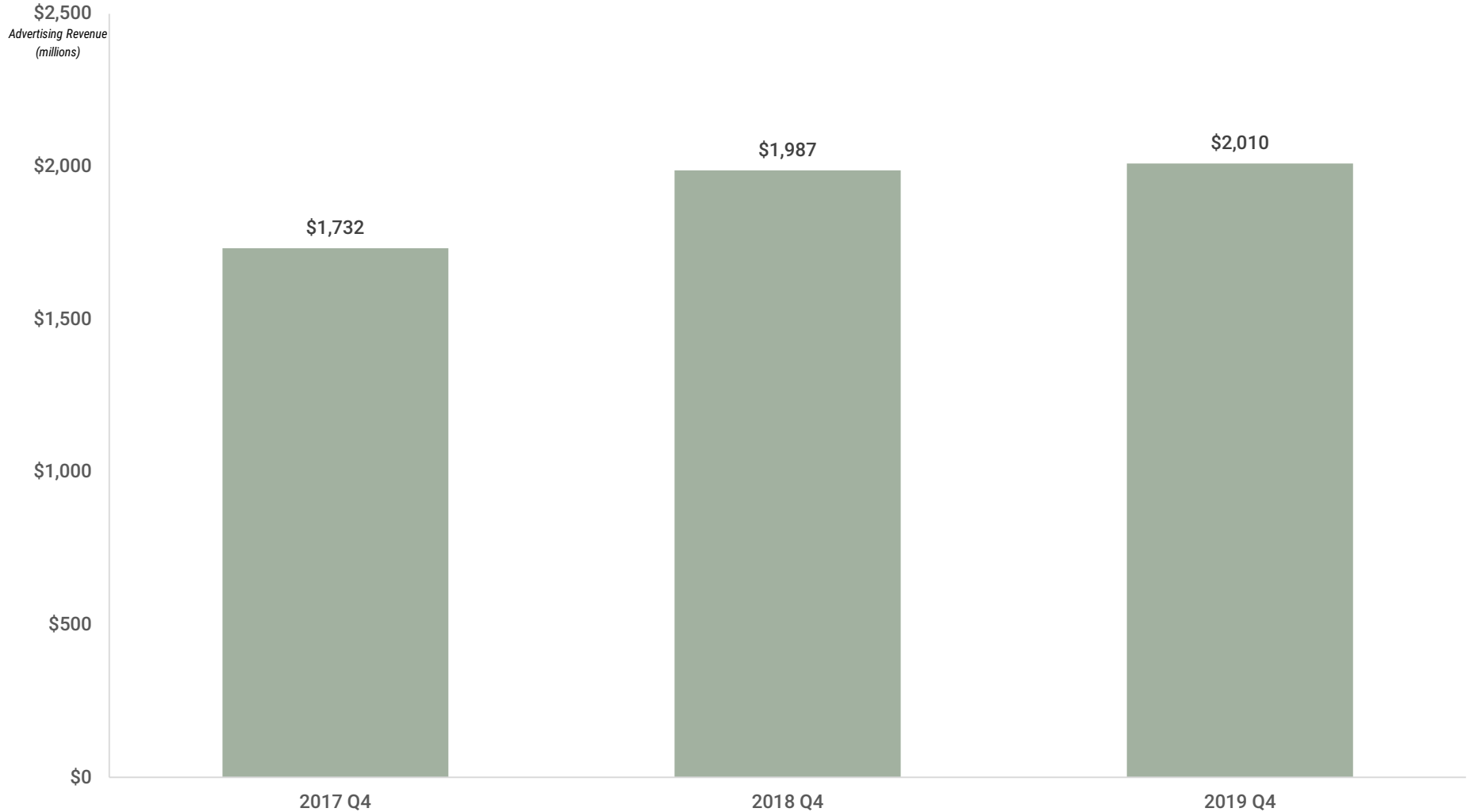
As highlighted by recent dispute with Roku, distribution renewals with leading OTT platforms may become more difficult

New Sports Contracts, Including The Debut Of WWE Smackdown, Led To The Decline In TV Profitability



Growing presence of sports gambling can help to reduce the seasonality impact around live sports programming

Election Years Provide An Uplift In Q4, And 2020 Should See Significant Gains In A Presidential Cycle



Local station footprint is well placed in swing states which are already seeing increasing in political spending