



FOX Corp. (FOXA) 2020 Q1 Earnings Summary

May 2020

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## Fox Has Seen Local Advertising Revenue Evaporate Despite Viewership Gains For News Programming

### ADVERTISING

- **Most immediate impact has been at local television stations, where inventory is sold on a spot basis**
  - If pacing continues at current levels, would expect Q2 local advertising to be down by approximately 50% as against prior year
  - Will only see the pattern of how these categories will return after states and municipalities open back up for business
- **Don't see a virtual singular upfront as the right thing to do today because clients are affected by COVID-19 in different ways**
  - Priority is to preserve these long-term relationships and do what they can to ensure the health and sustainability of their businesses and brands

### TUBI

- **Tubi provides a substantial base from which they will drive long-term growth in the direct-to-consumer market**
  - It is important that it is FOX brands, and Tubi's distribution, but are not getting back into the original production business
- **AVOD service puts their content in front of new markets with greater reach and gives more opportunity for their advertisers**
  - Can both strengthen Tubi from a content point of view, and can strengthen them from an ad sales point of view
  - The #1 television show on Tubi is The Marked Singer and it is driving a lot of important viewership and advertising impressions

### ENTERTAINMENT

- **Strategy to leverage the cross-promotional power of their platform to support shows they have an ownership interest in is showing encouraging results**
  - Programming investments will be close to \$170M in the first 3 quarters of the year and are on pace to hit their targets of \$200 to \$250M
- **Will enter the next broadcast year with a great deal of stability, partially because animation production has been less affected than live action**
  - Virtual writers rooms and virtual development are happening since people don't have to be on an expensive movie studio a lot

### SPORTS

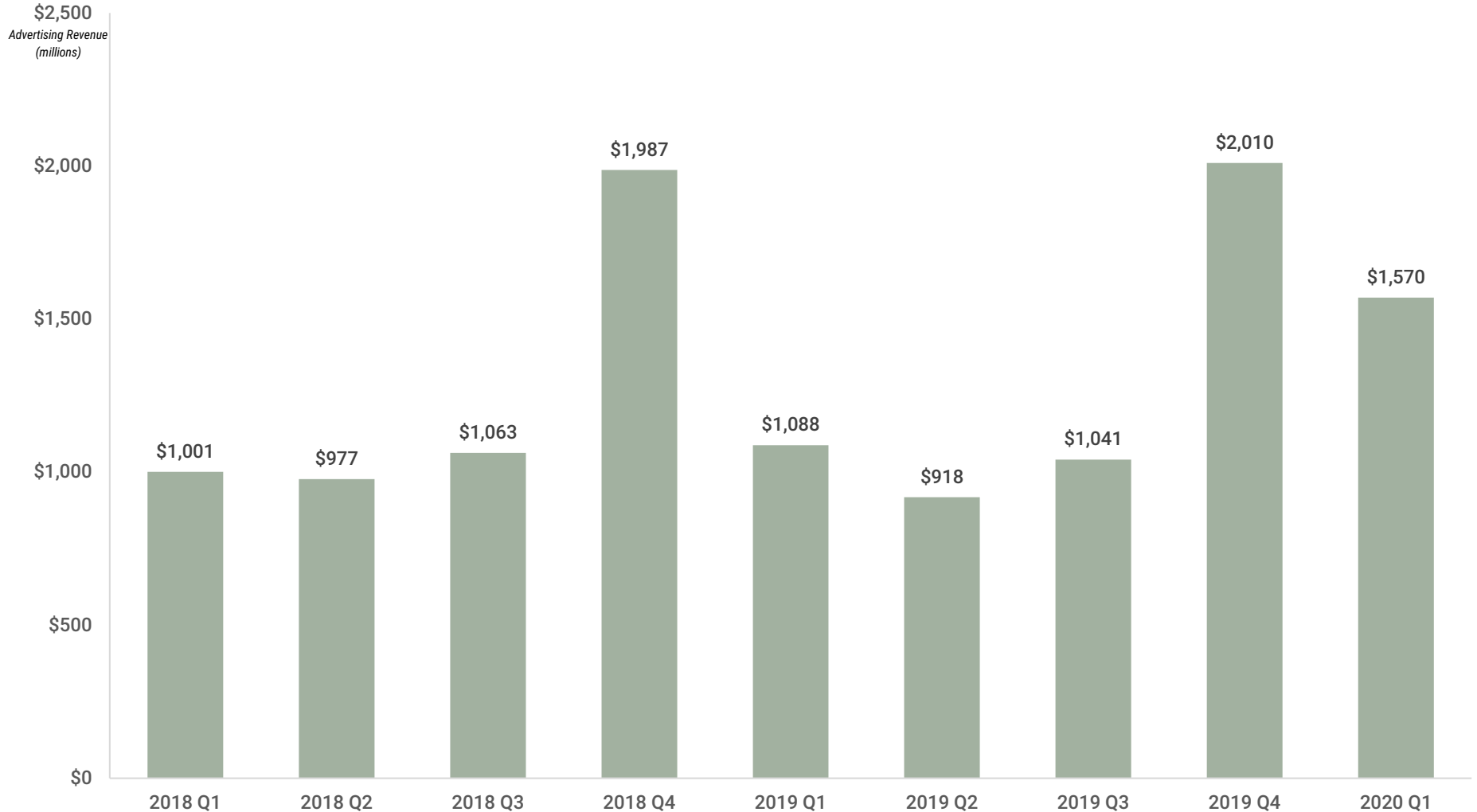
- **Sports accounts for over 40% of total annual advertising revenue, but very little has been affected so far by the shutdowns**
  - Sports revenue is concentrated in the fall when baseball's postseason and the college and NFL football seasons are most active
  - NFL will be releasing their schedule gives them a trigger to be much more specific in conversations with clients
- **Haven't been able to sit down across the table with the NFL to discuss their future plans and the renewal of deals**
  - There's nothing that they see in the marketplace today that makes them feel any differently about the value of their partnership with the NFL

*The recent acquisition of Tubi gives them a platform to better combine their linear and digital advertising inventory*

# Advertising



Fox News Is Becoming More Valuable As It Expands To Digital Platforms And Attracts Younger Audiences



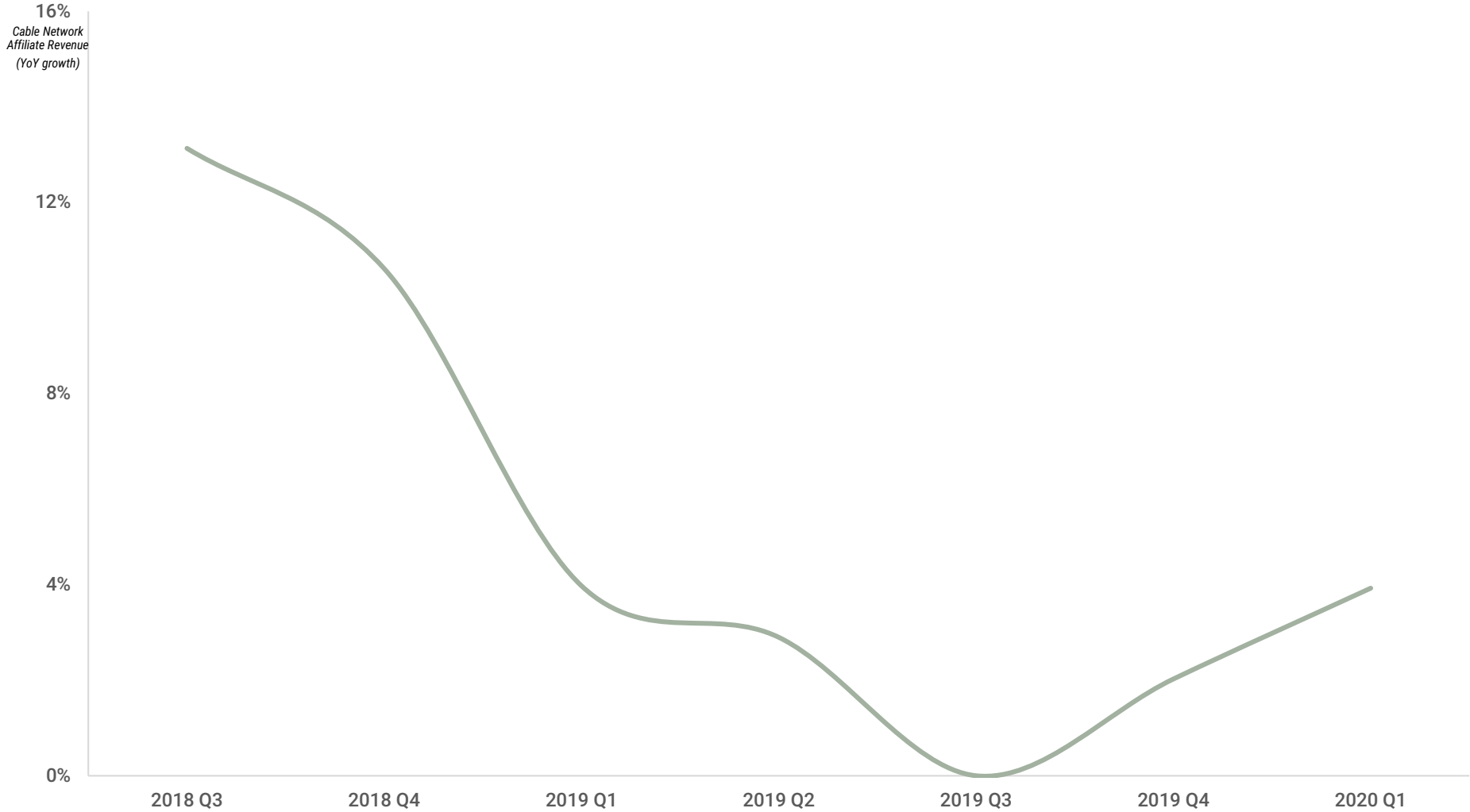
*There has been a slow down in political advertising, but expect that to pick back up ahead of the November elections*



# Affiliate Fee



**Strong Portfolio Of Channels Allowed Them To Increase Affiliate Revenue Despite Net Subscriber Declines**



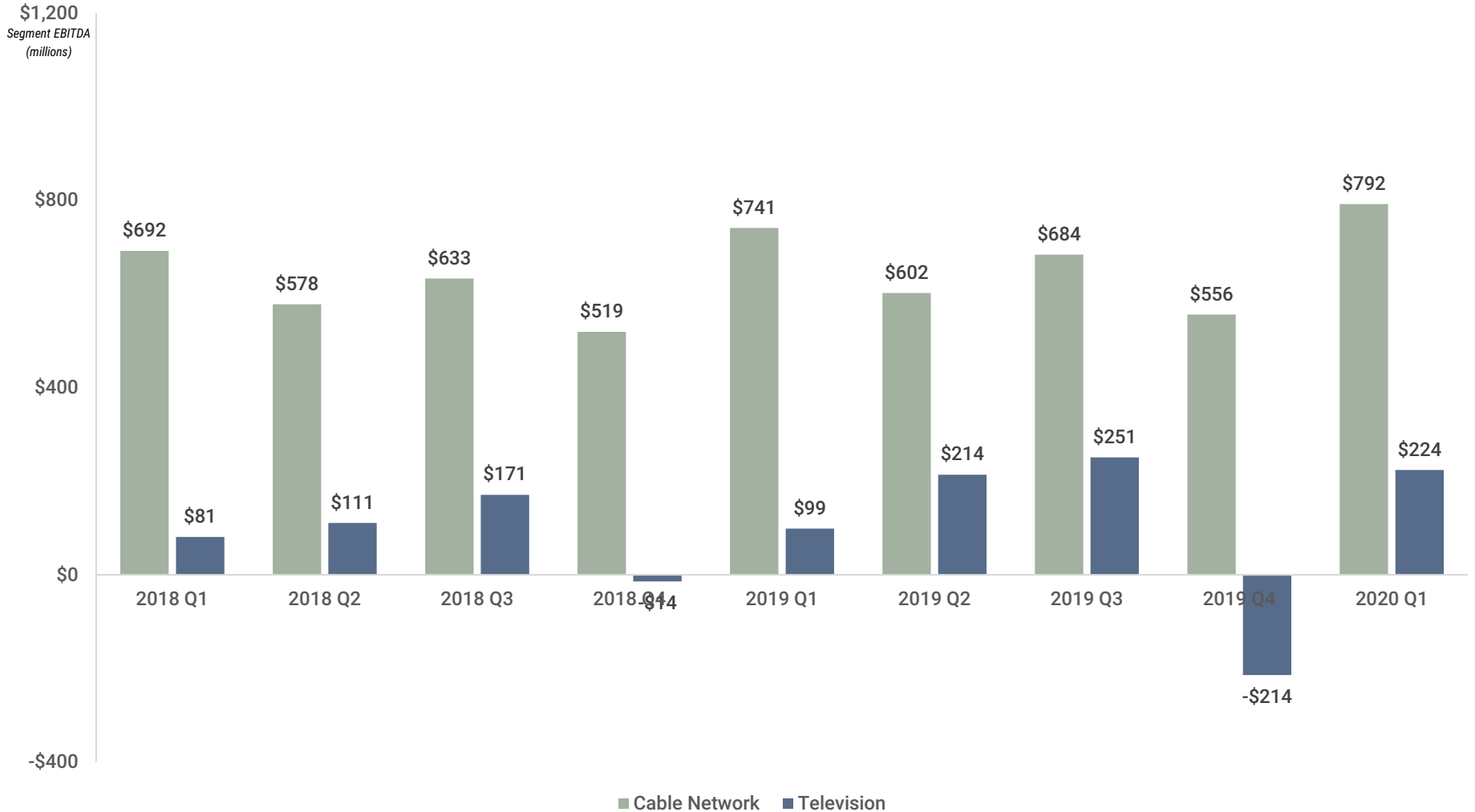
*Fox Nation continues to develop a passionate audience, with 80% of free trialists converting into paying subscribers*



# EBITDA



After The Sale To Disney, They Have Become A Lean Company With Much More Flexibility To Grow



Acquisition of Credible and Fox Bet give them new ways of monetizing their audience outside of the TV ecosystem

