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Fox Corporation

FOX FY2025 Q3 Earnings Call

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CORPORATE SPEAKERS:

Gabrielle Brown

Fox Corporation; Chief Investor Relations Officer

Lachlan Murdoch

Fox Corporation; Executive Chair and Chief Executive Officer

Steven Tomsic

Fox Corporation; Chief Financial Officer

PARTICIPANTS:

Michael Morris

Guggenheim; Analyst

John Hodulik

UBS; Analyst

Jessica Reif Ehrlich

Bank of America; Analyst

Benjamin Swinburne

Morgan Stanley; Analyst

Steven Cahall

Wells Fargo; Analyst

Michael Ng

Goldman Sachs; Analyst

PRESENTATION:

Operator: Ladies and gentlemen. Thank you for standing by. Welcome to the Fox Corporation Third Quarter Fiscal Year 2025 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded. I'll now turn the conference over to Chief Investor Relations Officer, Ms. Gabrielle Brown. Please go ahead, Ms. Brown.

Gabrielle Brown: Thank you, Pauly. Good morning and welcome to our Fiscal 2025 Third Quarter Earnings call. Joining me on the call today are Lachlan Murdoch, Executive Chair and Chief Executive Officer; John Nallen, Chief Operating Officer; and Steve Tomsic, our Chief Financial Officer.

First, Lachlan and Steve will give some prepared remarks on the most recent quarter, and then we'll take questions from the investment community. Please note that this call may include forward-looking statements regarding Fox Corporation's financial performance and operating results.

These statements are based on management's current expectations and actual results could differ from what is stated as a result of certain factors identified on today's call and in the company's SEC filings. Additionally, this call will include certain non-GAAP financial measures including adjusted EBITDA or EBITDA, as we refer to it on this call.

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Reconciliations of non-GAAP financial measures are included in our earnings release and our SEC filings, which are available in the Investor Relations section of our website.

And with that, I'm pleased to turn the call over to Lachlan.

Lachlan Murdoch: Thank you, Gaby and thank you, all for joining us this morning. It's a particularly beautiful spring morning in New York this morning. I hope everyone's had a chance to enjoy it.

Our fiscal third quarter underscored the central role FOX plays in informing and entertaining America and our financial performance once again demonstrates the strength of the FOX platform. Whether it be our market-leading coverage, what has been a sustained active news cycle or a record-breaking broadcast of the Super Bowl, we delivered across-the-board milestones during the third quarter.

Total company advertising revenue grew 65% in the quarter including the Super Bowl, which generated over \$800 million of gross advertising revenue across our businesses. A record for both our national broadcast network and our local TV stations. This year's matchup between Kansas City and Philadelphia delivered 128 million viewers across FOX platforms making Super Bowl LIX the most watched telecast in U.S. history.

Our affiliate revenues also had a notable quarter with total revenue growth of 3% on the back of higher rates and improved subscriber declines for the third consecutive quarter. These robust results continue to build upon FOX's noteworthy first half and put us on track to complete a strong fiscal year. Notably, these third quarter results reflected the highest free cash flow in FOX's history.

While we recognize the commentary around the macro environment, we have seen no impact to our business.

Our ratings and engagement are strong, national advertising scatter pricing is outpacing last year's Upfront rates with solid demand and Tubi continues its top line momentum.

We remain confident that our best-in-class assets, disciplined approach and fortress-like balance sheet will continue to set us apart. In fact, in just a few hours, we will host America's top advertisers at this year's Upfront presentation here in New York.

We approached this upfront cycle on a uniquely strong footing, knowing that our focus on live sports and news programming, combined with Tubi's commanding position in the AVOD segments and our exceptional entertainment offering will continue to offer rare value to our advertising partners.

Nowhere is FOX's leadership more evident than FOX News, where once again the FOX News channel finished the quarter as the most-watched cable network.

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But even more remarkable is that during the quarter, FOX News was the second most watched network in Monday through Friday Prime in all of television, surpassing all but one broadcast network. This combination of an engaged audience and a dynamic new cycle led to record audience share in the quarter.

FOX News Channel had one of the highest rated quarters in cable news history, growing total day audience 48% in total viewers and 58% in the demo and reaching our highest quarterly share of cable news audience ever.

In fact, since the election, FOX News has delivered the top 1,013 cable news telecasts. This ratings and share momentum has carried into the current quarter with April total ratings up nearly 30%, prime time ratings up over 30% and prime time cable news audience share in the 60% range.

I should also highlight our digital consumption trends, which demonstrate our newest content is resonating with an expanded audience beyond the linear world.

FOX News Digital grew page views 18% year-on-year to a record 11 billion views and closed the quarter with the highest number of YouTube views in its history. Engagement at FOX Sports is also unmatched in the industry, especially after a solid NFL post season.

For the 2024-2025 television season to date, FOX Sports ranks as the industry leader in live sports event viewership, accumulating 3.3 billion hours of sports event viewing, 17% better than our closest competitor.

While the sports calendar in our fiscal fourth quarter tend to be quieter, we see strong audience and advertiser demand for our schedule including NASCAR, the inaugural season of IndyCar and FOX and the start of the baseball season.

Turning to digital, Tubi delivered another outstanding quarter with revenue growth of 35% year-on-year. This marks an acceleration compared with the 31% growth we posted in the December quarter, which is even more impressive when considering the last quarter benefited from political revenue.

As you know, Tubi played an essential role in extending the reach of the Super Bowl, bringing in over 24 million unique viewers on game day and 16 million peak concurrent viewers during the game.

Of those unique viewers, 40% were in the 18 to 34 demo, and half of those were female. Reciprocally, the Super Bowl provided a unique promotional opportunity for Tubi, which attracted over 8 million new registered viewers.

While engagement on the platform was certainly helped by the Super Bowl, retention and consumption trends at Tubi post the Super Bowl are also very encouraging with total view time up 24% year-over-year in April.

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Tubi has established itself as a leading player in the streaming world, offering premium on-demand entertainment and original content that is 100% free for consumers.

We think this, combined with Tubi's large, young and diverse highly engaged audience of mostly cordless viewers offers advertisers an unrivaled value proposition.

Also well positioned for the Upfront is FOX Entertainment, which had a strong broadcast season, leveraging the Super Bowl lead-in to launch the third season of *The Floor*. This, along with other top-rated shows like *Doc* and *Universal Basic Guys* helped propel FOX to the top spot in prime time season to date among adults 18 to 49.

As we wrap up another successful quarter, it is clear that FOX's differentiated and focused strategy continues to outperform. The reach of our brands and our compelling programming led to impressive annual consumption growth of 34% across the entire FOX portfolio during the third quarter.

When it comes to live events and news, FOX's leadership has never been clear. There's a lot to be excited about as we look ahead. The work of our dedicated team of journalists and staff at FOX News and our local stations across which we make substantial investments in news reporting nationally and locally, a compelling spring sports schedule, taking viewers from the racetrack to the ballpark and the leverage, the elevated brand awareness that Tubi has to drive increased engagement in homes across America. We're also excited about our direct-to-consumer plans.

Since the formation of FOX, we have created a unique platform of America's best-known media brands across the key verticals of news, sports and entertainment. These are the brands that resonate with our audiences and that advertisers value so highly. Whether it's the Super Bowl, the election cycle or the Upfront, our company is at its best when we work together as one.

That key attribute is the basis of our upcoming D2C offering, named FOX One, where targeted consumers, the cordless market outside of pay-TV, can find all the FOX brands they love. FOX One is on track to launch before the football season this fall, and we look forward to sharing further details about the service in the coming months.

With the risk tailwinds from both our strong operating momentum and financial results, we will continue to focus on execution and remain committed to delivering long-term value for our shareholders in a thoughtful and disciplined manner.

With that, I will turn the call over to the thoughtful and disciplined, Steve Tomsic, to take you through the details of the quarter.

Steven Tomsic: Thank you, Lachlan. Good morning, everyone.

As Lachlan said, FOX delivered another quarter of impressive results, highlighted by a 27% increase in total revenues and record free cash flow.

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Our advertising revenues increased 65%, led by the combination of a record-breaking Super Bowl, accelerating growth at Tubi and strong engagement and pricing at News. Total company affiliate fee revenues grew 3% over the prior year quarter, once again demonstrating the strength of our brands and focused portfolio of channels.

Other revenues grew 20% year-over-year, driven by higher sports sublicensing revenues at our Cable segment.

Similar to prior quarters, this growth in revenue was largely offset by a corresponding increase in rights cost with no material impact on year-over-year overall EBITDA growth.

Quarterly adjusted EBITDA was \$856 million, as compared to the \$891 million reported in the prior year quarter as these revenue increases were offset by higher expenses. This was primarily due to higher sports rights amortization and production costs associated with our broadcast of the Super Bowl.

Net income attributable to FOX stockholders was \$346 million or \$0.75 per share as compared to the \$666 million or \$1.40 per share reported in the prior year period. Excluding noncore items, adjusted net income was \$507 million, and adjusted EPS was \$1.10, up slightly compared to the \$1.09 per share recorded in the prior year.

Now turning to our operating segments, starting with the Cable Network programming segment, which delivered 11% revenue growth and 7% EBITDA growth. Cable advertising revenues grew 26% over the prior year, driven by the strength in FOX News linear ratings and digital engagement and supported by healthy national and direct response pricing.

Cable affiliate fee revenues grew 3% over the prior year quarter as pricing gains from our affiliate renewals outpaced the impact from net subscriber declines, which continued to improve to under 7%. Cable Other revenues grew 79% due to the higher sports sublicensing revenues I mentioned earlier.

Revenue growth at the Cable segment was partially offset by a 16% increase in expenses, primarily attributable to an increase in sports rights amortization and production costs including amortization corresponding to the incremental sports sublicensing revenues.

Turning to our Television segment, which delivered 40% revenue growth. Advertising revenues at our Television segment grew 77% over the prior year led by Super Bowl LIX, which generated over \$800 million in gross revenues.

If we exclude the tremendous revenue contribution from the Super Bowl, we still saw solid underlying growth in our TV segment advertising revenues, led by accelerating growth at Tubi. Television affiliate fee revenues increased 4% in the quarter with healthy growth in fees across both FOX-owned and affiliated stations more than offset the impact from industry subscriber declines. Television Other

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revenues were up 3% year-over-year, primarily due to higher content revenues tied to our Entertainment production studios.

Expenses at the Television segment increased 47%, driven by our broadcast of Super Bowl LIX as well as continued investment at Tubi. All in, EBITDA at our Television segment was \$60 million as compared to the \$145 million reported in the prior year quarter.

Turning to cash flow, where we generated a record quarterly free cash flow of over \$1.9 billion. This strong quarterly free cash flow delivery is consistent with the seasonality of our working capital cycle, where the first half of our fiscal year reflects the concentration of payments for sports rights and buildup of advertising-related receivables, both of which reversed in the second half of our fiscal year.

In terms of capital allocation, fiscal year-to-date, we have repurchased an additional \$800 million through our share buyback program. This brings the total cumulative amount repurchased to \$6.4 billion or approximately 30% of our total shares outstanding since the launch of the buyback program in 2019.

We remain committed to utilizing our full buyback authorization of \$7 billion. This is supported by the strength of our balance sheet, where we ended the quarter with approximately \$4.8 billion in cash and \$7.2 billion in debt.

Since quarter end, we repaid our \$600 million debt maturity, which came due in April.

With that, I'll turn the call back over to Gaby.

Gabrielle Brown: Thanks, Steve. And now we would be happy to take questions from the investment community.

Operator: (Operator Instructions) And we have a question from Michael Morris at Guggenheim.

Michael Morris: Thank you, good morning. I wanted to ask about FOX One. I know you said details will follow, but I'd love to try to get some details on your view of pricing of the product, the addressable market and whether you expect to take on any partnerships or bundle or things like that, and if I could squeeze in one more.

I know it's a little early, but Steve, could you give us any thoughts on looking into fiscal '26 and how we should think about any of the puts and takes after the strong fiscal '25 to date?

Lachlan Murdoch: Thanks, Mike.

So, I'll answer the FOX One questions.

I can't give you a great amount of detail, but we'll be rolling these things out obviously as we get closer to the fall and to the start of the football season, which we will be launching beforehand. The pricing will

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be in line with our wholesale pricing. So, we think that's the appropriate level that is most fair to our distributors.

So the pricing will be healthy. It will not be a discounted price. And very much as targeted to the, which goes to your addressable market question, we're targeting the service entirely to the cordless community, the cordless market out there.

It would be a failure of us if we attract more connected subscribers. We do not want to lose a traditional cable subscriber to FOX One, and we're doing everything we can to make sure, as much as humanly possible, that that's the way we market, and that's the way we plan the business.

But yes, we will be entering partnerships with other distributors and services to offer FOX One, as you see other streaming services do.

So we will be working with partners to gain as broad as possible distribution within the focus of that cordless viewer. Steve?

Steven Tomsic: Yes. Thanks, Lachlan.

So, if I look at fiscal '26 versus fiscal '25, obviously you look at sort of the big sort of seasonal cyclical drivers of our business.

So the big one from a sort of net margin perspective for us this year is political, which obviously is not there in an off year next year.

But then sort of Super Bowl from a purely advertising revenue versus rights cost perspective was a deficit for us this year, that's not there in fiscal '26.

But then we have FIFA coming through in the very, very back end, which crossovers fiscal '26 versus fiscal '27.

Against all of that, we've got really, really nice tailwinds with our advertising business, both -- particularly both at FOX News and Tubi.

Then we're also continuing to see solid tailwinds with our affiliate revenue growth.

And so I think some of the swing factor with fiscal '26, which is probably a little bit too early to call is the extent to which we moderate the investment in Tubi versus the D2C investment, particularly that launch cost investment going into the early part of next fiscal year.

So hopefully, that gives you a few breadcrumbs.

Gabrielle Brown: Operator, can we go to the next question please?

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Operator: We have a question from John Hodulik from UBS.

John Hodulik: Great, thank you. In the past, you guys have talked about increasing demand from brand advertisers on FOX News. Could you update us on that?

Are you seeing any quantifiable shift from DR to brand advertising?

And I know it's sold differently, but can you comment on the sort of difference in price between what you're getting from DR and what you're getting from brand advertising?

Lachlan Murdoch: Thanks, John. So I think we're now up to over 200 new advertisers since the election. I think when Steve let the cat out of the bag, it was over 100, 120, but that's grown to over 200 new advertisers.

I think the really positive and important data point to know here is that they are continuing to advertise.

So this is not a knee-jerk or one-off reaction to the election, but these advertisers have found our audience - the creative work and the positioning is working for them, and they're sticking on our air and continuing to advertise.

So we see that as a very positive recognition of the power of FOX News, the power of our ratings and our programming and that it's working for these new 200 advertisers, and they're sticking with us.

In terms of direct response, so I don't think this directly answers your question. I don't want to give specific sort of pricing out.

But just so you know direct response during the quarter on FOX News was up over 30% direct response. And our scatter pricing was up over 50% of upfront pricing.

So the momentum that we're seeing within FOX News obviously driven first by really sort of record-setting audience and share that's long through nicely to the revenue line, and that momentum seems to be continuing.

Gabrielle Brown: Next question, please.

Operator: We have a question from Jessica Reif Ehrlich from Bank of America.

Jessica Reif Ehrlich: Thank you. A couple of things.

One, all parts of your business have pretty much surprised on the upside over, I don't know a while, but maybe nothing more surprising than Tubi.

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Can you talk about the path to profitability and the drivers, whether it's programmatic and fill rates or content like what you're doing or what your plans are?

And then the balance sheet is just so strong.

So clearly, you have lots of options. Can you give us some color on how you're thinking about that?

Lachlan Murdoch: Sure, hi Jessica. I'll start and then hand it over to Steve for the second part of the question.

So no, thank you for acknowledging the strength of Tubi and the continued growth in Tubi. It's certainly not a surprise to us.

We've had a great faith in this business and in its management over the long term.

We believe not only has it had a great track record to date, but will continue to have a great prospects and has huge opportunity going into the future.

The growth in this quarter was fundamentally on Tubi. Like with any free media service, it comes back to engagement and Tubi grew 18% in total viewing time during the quarter.

But this flowed through to a 35% revenue improvement in the quarter.

So directly from TVT, then you run into your -- obviously your pricing and your fill rates, but this translated into a 35% revenue improvement in the quarter.

I think it's important to know, and without Gaby kicking me under the table, in April, that rate has accelerated in April. And so we are really pleased as we see the progress of Tubi.

There's a solid advertising base where people continue to advertise on the platform.

And there's a very healthy, both direct response and partner revenue streams.

Tubi really is becoming a mainstream service across America. That's the -- what we've seen the difference over the last year or two is Tubi becoming something that's a very good business that serves 65% of its audience.

It is hard to reach a cordless audience, but it's more and more becoming something that mainstream everyday Americans are using as their free entertainment service.

What - the only frustrating part about the business is that we don't get the appropriate evaluation within our stock.

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We think it's a tremendously valuable business, and we're looking forward to outperforming with Tubi for years to come. Steve?

Steven Tomsic: Yes. Thanks, Jessica and thanks for noticing the balance sheet.

So listen, yes, we're at \$4.8 billion of cash. The debt position is comfortable. And listen, that's only going to improve through the back half of the year because Q4 is typically a strong free cash flow quarter for us.

So obviously as we think about the usage of that capital, obviously we look at that on a balanced basis across buybacks and kind of running out of our authorization so you should expect that to be topped up as part of normal course board, business over the course of the remainder of the year.

Then if we look at sort of our other options with respect to that capital, we've obviously invested organically in the business and Tubi, which Lachlan just described, has been a key beneficiary of that investment over the last couple of years, and that's paid dividends for us.

We'll continue to do that and I guess the next cab off the rank there will be our FOX One venture.

Then we look at everything from a nonorganic basis, but the bar is incredibly high.

So ultimately, we'll deploy capital where it's best for the shareholders.

Gabrielle Brown: Next question, please.

Operator: We have a question from Ben Swinburne, Morgan Stanley. Please go ahead.

Benjamin Swinburne: Thanks. Good morning, everyone. Hope everyone is doing well. I wanted to ask about your strategy around direct-to-consumer and sort of the broader affiliate revenue growth at the company. You guys are growing nicely even with cord cutting, which is not true for your competitors. And a lot of them have gone down this path that you talked about Lachlan of sort of bundling the streaming service in with their linear networks.

While it's hard to tell from outside. In some cases, it looks like one plus one is less than two for those competitors.

And I'm just wondering how you're thinking about what you can get out of launching D2C versus any risk you see in your MVPD relationships because you're now going to be essentially competing with your networks through those bundles. And just to finish up the risk conversation, there's been some FCC noise around capping reverse retrans.

I would love to hear your thoughts on that if you see that as a real risk. Thanks so much.

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Lachlan Murdoch: Thanks, Ben. First on D2C and how we view that with -- and how that balances with our affiliate relationships and obviously the ongoing growth in the affiliate revenue line for us.

So, I should start with we remain incredibly supportive of and positive about our, the traditional cable bundle and the traditional cable distribution. And as that applies to both our cable channels and also our sort of broadcast affiliate stations.

So, we will continue to support in every way possible the traditional model. It served really the whole industry very well. It served us very well.

We will not be engaging in sort of activities or strategies that undermine -- that purposely undermine the traditional distribution models. Having said that, we think the D2C is time for us to launch a D2C service. It's time for us to target that service specifically to cord-nevers.

Going back to Jessica's question before, when I mentioned that 65% of the Tubi audience is cord-nevers, that's remarkably high.

And I failed to mention that that is actually higher for Tubi than anyone in our competitive set.

So, 65% of our audience reported users as being cord-nevers, that's higher than Roku, it's higher than Pluto, it's higher than Freevee, Max, Paramount+ or Peacock. And that shows two things.

It shows why Tubi is so valuable to advertisers who need the reach you can't get to that audience without us, but it also shows a growing expertise in the company about how we focus on this cordless segment.

And so we're going to really take a lot of the learnings we have from Tubi to focus our D2C strategy away from people who might be churning out of the cable universe.

You know, we do see this is part of the ecosystem that we're talking about.

Obviously, the emergence of the skinny bundles, we think are positive for FOX. The fact that our broadcast, our news and our sport are in all of these skinny core bundles, we think is very positive. It's too early yet to see the impact of the skinny bundles.

But we are very optimistic about them. And even though we've had a few quarters now of declining sub-erosion in the market, it's too early to see how much of that is working, the market getting towards a base level of subscribers or whether it's the impact of skinny bundles.

But I'd remind you that in the fourth quarter of '24, the sub declines are about 8.7%. They then went in the first quarter of '25 to 7.8%, in the second quarter, \$7.2 million and now minus 6.5%.

So continuing decline in sub-erosion, which we see is a very healthy trend.

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In terms of the FCC, we can't speculate on what the FCC is going to do, but we certainly see the affiliate network relationship as a healthy one.

It's always a negotiation that's left to the market and we think it's best left to the market.

We also do note that our affiliate agreements are unique, and our network is unique in one very important way.

Because we broadcast the fewest amount of network hours of any of the national networks, that leaves our stations to really be able to invest in their own programming, particularly in local news, which we think is critically important to the health of both the local news, broadcast industry -- the local broadcast industry and also to the local communities that they serve.

Gabrielle Brown: Next question, please, operator.

Operator: We have the question from Steven Cahall from Wells Fargo.

Steven Cahall: Thanks. So on FOX One, I think that's a pull forward in timing. If I recall it was going to be year-end and now it's before the football season. So, I think, is that right? And congrats on that.

And how are you thinking about bundling opportunities with FOX One?

I just think about cord-cutters and cord-nevers are probably looking for some integrated subscription options, some integrated viewing experiences that go across sports and across the NFL.

So just curious how you're thinking about partnering opportunities on FOX One.

Then, Steve, maybe just following up on Jessica's question.

Could you talk about the timeline for the FanDuel licensing that you need to go through?

And is it correct for us to assume that as soon as you're able to exercise that, it's in your interest because the option only gets higher over time?

Or are you still balancing the exercise of that option with other capital allocation opportunities and priorities?

Lachlan Murdoch: Thanks, Steve. So, first with FOX One. I think we might have originally -- you might be right or you might be half right in that. I think we might have originally said at the end of the year, but I think we did say after that, it would be available for the football season.

So, I think we have said that before.

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So once again we're not breaking any news on this call except for the name. The name is the breaking news.

So it is not -- it's an aggressive timeline, you're correct, to launch a service. But we've been planning this for a long time. We've had the technology in place for a long time. Obviously, we benefit from a lot of the work done around the Venu service, which didn't go forward. So, we feel confident in reaching that timeframe.

Of course, being up before the football season is a critical date for us. But we are very confident moving forward that we're going to make that date. And we'll announce the specific day in the weeks or months ahead.

We will be bundling with a number of other services. Again, I wouldn't want to announce that prematurely on this call but obviously with services as valuable as FOX, a lot of other streaming services have approached us about bundling.

We will be moving forward with a number of those relationships. FOX One will also be available to every traditional subscriber of our services. We don't want to compete with our distributors. That's not our intent.

So if you're already paying for the FOX services through your cable subscription, you'll be able to download and receive FOX One as well.

Steven Tomsic: Steve, just to pick up on the FanDuel option, just to level set there.

So, we've got until the end of 2030 to exercise our option over 18.6% of that business.

So, it's a state-by-state licensing regime and so we're actively in discussions with each of the 26 states that we need to get licensed with.

As you would know, there's an incredible amount of value locked in that option.

So if I just look at where the street is at in terms of the - in the money, so the sort of the value of the 18.6% versus the strike price is worth about \$2.8 billion to us in intrinsic value.

And so it's absolutely in our interest to get licensed and we will get licensed over the coming years.

But I think when you look at the sort of the accretion in the strike price of about 5% a year, that's not a driving factor in terms of our decision on when to deploy capital towards that. It's really about sort of getting through the licensing regime and then we hit go.

Gabrielle Brown: Operator, we have time for one more question.

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Operator: We have a question from Michael Ng from Goldman Sachs.

Michael Ng: Hey, good morning. Thank you very much for the question. I was just wondering if you could give us an update on the digital investments. I think last quarter it was in the high \$200 million.

Obviously with the outperformance of Tubi to date as well as the greater clarity into the timing and launch of FOX One.

I was wondering if you could just talk about that for this year and then perhaps into next again.

Then secondly, there have been reports of plans for Disney to vacate the FOX lot in Century City. I was just wondering if you had any future plans there that you could discuss or options that you may have?

Lachlan Murdoch: So, on the digital investment, and Steve can give more detail, but Tubi continues to improve financially.

We are continuing to invest in Tubi, however, and we'll continue to do that really as we see it sort of suits the business.

We think we've built an incredibly valuable business in Tubi.

So we don't want to create kind of a false hurdle for us in terms of profitability, but it's sooner rather than later.

And Tubi, as you know, has now reached beyond \$1 billion in revenue for the trailing 12 months.

So the business is on absolutely the right trajectory, but we'll continue to invest in it for the near to medium-term future.

Obviously though, as that business reaches profitability, we continue to invest organically in the future of our businesses, and so the overall investment in digital properties remains broadly in line.

Steve can give you more detail on that but just let me quickly answer the Disney FOX lot question.

So obviously the sound stages are in very high demand, and we'll continue to work with Disney and others just to see them effectively booked out.

What Disney has announced, they will -- or what they indicate to us is they will vacate is their office space on the lot that is not connected to production. And that represents less than a third of the office space on the FOX lot.

It's highly valuable real estate, probably valuable lettable real estate in the Central City sort of Santa Monica region of Los Angeles.

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We think we'll have no problem in filling it. Steve, do you want to add anything?

Steven Tomsic: Yes.

So Mike, just on digital investment. I think in fiscal '24, we're in the mid-3s, we'd expect that come down for fiscal '25. Tubi included in our numbers this quarter was a bit of a surge into the investment spend.

It obviously had the Super Bowl and marketed heavily around that and really when really use that as a sort of marketing piece as well as a user acquisition piece, but you should expect to see that come back a bit in the final quarter and see our overall digital sort of growth investment envelope, shrink over the -- when you look at full year versus full year.

And it's probably a bit premature to talk about where we land in fiscal '26. I definitely expect Tubi, as Lachlan mentioned, to continue to improve, and that's a question of how we start to see FOX One investment.

Gabrielle Brown: Great. At this point, we're out of time.

But if you have any further questions, please give me or Charlie Costanzo a call. Thank you, once again for joining us today.

Operator: Ladies and gentlemen, that does conclude the Fox Corporation's Third Quarter Fiscal Year 2025 Earnings conference call. Thank you.