Fox Corporation

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John Hodulik: Okay, if everyone can please take their seats, we'll get started. I'm John Hodulik. I'm the media and telecom analyst here at UBS. And I'm very pleased to announce our next speaker is Steve Tomsic, the CFO of FOX.

Steve Tomsic: Thank you, John.

John Hodulik: Steve, thanks for being here this morning. Why don't we start off with just a couple of big overview questions of how do you think the company is positioned and what are the priorities for FOX as look out into 2025?

Steve Tomsic: Yes, thanks, John. Thanks for having us again. We're kind of approaching the halfway point of our fiscal '25. We're a July 1 to June 30 fiscal year. And it's kind of the fiscal year that's emblematic of what FOX stands for. Two of the biggest events we have, and probably the 2 biggest events that happen in this country, are the election as well as the Super Bowl and so the priorities at the front half of the year has been really around news and the coverage around the election. And there, we've seen not the emergence of FOX News, but just reinforced FOX News business from an editorial perspective and its emergence is really internally what we think is no longer the Big 4 broadcast networks, but the Big 5 networks.

If you look at FOX News' audience share primetime since the start of our fiscal year, it's doing a 20% share, which puts us sort of equal of any of the other 4 big main broadcast networks. From an editorial perspective, and it's burnt off the cable news competition, and I'm sure you want to get into that.

John Hodulik: Yeah, for sure.

Steve Tomsic: Then you look at it from a commercial perspective, from a political revenue perspective, and we've had a knockout year from a political revenue perspective. Not just with the stations, but across the whole portfolio. Then we move on and so FOX Sports becomes sort of the key plank and the key pillar of the company for the next couple of months with the Super Bowl. And so you look at FOX over the course of this year and it really does stand for the leadership in the broadcast events that really matter to Americans. Sort of really delivering audience of scale. And it's not just audience at scale, it's real engagement and loyal audience. That's a key part of who we are, and this year really is emblematic of that.

And then you look further afield in terms of other priorities, and we've got a bunch of digital assets that are continuing to grow. The main one of which is Tubi which is this AVOD service where we are absolutely laser focused on continuing to grow the top line and then over time grow the bottom line into profitability and then into making reasonable margins for the company. So a lot of things we focus on, but we really are happy with the position of the company where we stand today.

John Hodulik: Let's fully dig into some of the specifics for FOX and the fundamentals. Let's start with some recent headlines of Comcast's decision to spin out its cable networks. What are your thoughts on this move, and does it have any implications for FOX?

Steve Tomsic: I think there's no obvious implications for FOX in terms of strategically us needing to adjust to this. Like I think we -- I don't think it changes the competitive basis or the basis of competition for us as FOX. If I look at it, it seems to be a nod to 2 things that we already, have already achieved as FOX, so it seems to be a nod towards focus and simplification, which is what we did 5.5 years ago when we split from -- when we split the company and Disney took 2/3 of the assets and we were with what we have as Fox Corporation today.

The other nod is I think the special position broadcast has with Comcast electing to continue to retain that as part of sort of the bigger company. We continue to believe in the power of broadcast, but we think that we've already got leadership positions in broadcasting, sports and news and so I think the basis of competition from a FOX perspective, whether it's just the entity that gets spun or if that then leads to further transactions, doesn't change much for us in terms of our direction of travel.

John Hodulik: And relative to peers, most of your linear programming, including your sports, is still exclusive to TV and not available D2C. Can you talk about why this has been the right strategy for FOX and how it's translated into results?

Steve Tomsic: Yeah. If you go back to sort of the proliferation of D2C, and largely SVOD, it was -- what you had was Netflix coming through with unlimited capacity from a programming perspective. All the other businesses that had big linear entertainment assets, which were defined by scarcity of capacity because of the linear schedule, all of a sudden had to defend their territory in terms of the infinite capacity for entertainment programming. That is not our business. When we created FOX, it was very sports and news heavy. We have an entertainment business and now we have a digital entertainment business in the form of Tubi, which is different altogether, and can get into that. But we didn't have to defend our territory. In fact, the opposite is true with Sports. Sports, the schedule is the schedule. And it happens when it happens. And the same with News. News, the news flow -- there's some schedule things in terms of political cycles, but the news of the day happens when the news of the day happens. You can't expand it with infinite capacity on these SVOD services.

So from a consumer perspective, which is where we ultimately have our gaze on, us developing an SVOD service for the key programming assets of FOX, delivers nothing extra, nothing incremental from a consumer perspective. And if anything, the bundle is still the best way for us to deliver our programming because we don't have a mortgage over all the sports.

People want to watch our sports in combination with others. Being more loyal and having greater fidelity towards the bundle is actually serving our consumer. And being part of the bundle from a financial perspective has saved us a bundle. We haven't spent billions of dollars in terms of creating these SVOD services, the investment in customer acquisition, the investment in programming to develop these services to compete with Netflix.

When we look at it not only have we saved a bundle by being part of the bundle, which has gone back to shareholders largely in terms of capital return. We've also been able to drive topline growth. If you look at our trailing 12 months in terms of affiliate revenue growth, we're plus 2% on cable and plus 9% on TV and I'd challenge any one of our peers to be delivering those kinds of numbers domestically. Not only does it work from a strategic perspective, it works from a consumer perspective, and it also works, more importantly, from a financial perspective and from a shareholder value perspective.

John Hodulik: Absolutely. Can you talk about how Venu fits into the picture? What does that do for you in terms of monetizing your sports rights?

Steve Tomsic: Venu -- I think we were pretty clear in the lead up to Venu. And Venu at the moment is kind of in this -- we had Fubo came in and challenged Venu. They won a preliminary injunction and we're in the process of working through that appeal the preliminary injunction. We'll hopefully have more to say on that in the first quarter of calendar '25.

What Venu is completely designed to do was look at sort of where the consumer can buy sports right now. And when you look at it, it's like they either have the very big bundle, which is depending on which part of the bundle you buy can be pretty highly priced because you're paying for a lot of stuff in that bundle that is replicated in SVOD services. Or you have this super fragmented, really frustrating kind of sports experience if you have to buy the services that have taken sports within it.

And so Venu was designed for really the consumers that are currently outside of the bundle that had an interest in sports and this was a way of accessing that sport in a reasonably integrated fashion without paying the higher price points for a full bundle. It is super consumer-friendly, and we'll see where our appeal of that preliminary injunction goes, but I think the design of it was quite clear for us which is attacking the people outside of the bundle which are becoming tens and tens of millions of subscriber opportunity for us.

John Hodulik: To the extent that Venu is not launched because of this lawsuit, how would FOX adapt? And would you consider your own D2C bundle based on your existing assets?

Steve Tomsic: I think our participation in Venu is a signal of how we view our capacity to deal outside of the bundle. When we look at what we could potentially do outside of the bundle, what we want to be is how we deliver our programming, how we price that programming has to be consistent and complementary to how we price wholesale in the bundle. That's the starter. We think that that -- what we don't want to do is just create another me too offering of the bundle and compete with what is out there.

We want it to be something different. When we look at it, if you look at some of the more successful recent versions of the bundle, like YouTube TV or Hulu Live, their price has been sort of $70-$80 a month. And I don't think -- and they've had pretty reasonable pickup, pretty reasonable success but I don't think they necessarily have delivered a product that is responsive to what consumers really want.

If you wanted to -- if you wanted to ask a consumer to spend $80 a month on video at large, it probably wouldn't be all the linear channels you see cut down and then you just take the lower price. It would be a combination of taking the best you get from linear, which is largely sports and news which is where we play, combined with other services. And I think with general entertainment, the primacy of general entertainment has switched towards SVOD services. If you could come up with a bundle of our services, which we think sits better in bundles with other services, then we're all ears towards that. Latency might be part of that story, but we firmly believe in the power of the bundle and we think that that's the way the consumers want to consume, and it's the way the consumers get best value from video services.

John Hodulik: If Venu doesn't work, do you think there will be other competitors like Venu that emerge that would try to bundle all just this -- I think what you're talking about is just sort of putting together all these sports in something that makes it easier.

Steve Tomsic: No doubt that where we are today in terms of the old traditional bundle that's set-top box based, the virtual bundle, the kind of proliferation of sort of fractured and fragmented, single bundle SVOD services, will change. And it's going to be lots of different ways for consumers to consume video. And what's incumbent on FOX in all of that is to make sure that we've got the best-in-class programming. FOX News and FOX Sports are clearly best in class programming, which are always going to find a home to the end consumer. And whether that's direct to the end consumer or whether it's through intermediaries, we think we're super well placed in that environment.

John Hodulik: Makes sense. Let's pivot to sports rights. You've obviously shown a willingness to sort of optimize your sports portfolio. Can you just talk about sort of how it sits now and sort of the trade-offs that come with some of the decisions you made around say Thursday Night Football, WWE, etc.?

Steve Tomsic: We kind of look at the sports in terms of what internally we call foundational, and then what are the kind of nice to haves on top of that? And we have a real foundation and bedrock of the sports rights that really matter, that are on foot from a rights perspective for many years to come. I'd first cap off the rank in NFL. I won't go into who ranks where, but then we've got the fantastic college football franchise, fantastic MLB franchise. I should say college sports more generally, I should say. And then you look at it with developed a summer of soccer product which incorporates FIFA as well as Copa America and the Euros. We feel as though that foundation layer of sports rights serves us really well.

When we've traded in and out of sports since the start of FOX, so over the last 5, 5.5 years, and so the 3 that really come to mind is we moved out of U.S. Golf, USGA rights for golf. We let the Thursday Night Football go, and most recently we let WWE go. When we look at it, foundational has 2 elements to it, and 2 clear elements to it. One is you can be pretty clear about what advertising revenue you can draw from that. It can be pretty clear about the fact that they draw mass audiences at scale, which is super important for our franchise. And because they deliver those mass audiences at scale, you can have a reasonably educated guess as to what they do from an affiliate value perspective.

The next sort of tiers of rights, it becomes more tenuous around, you can be clear about what advertising revenue and what audience they are likely to draw, but it becomes more tenuous around what kind of affiliate fee revenue you can ascribe to them. We take a pretty financially hardnosed view about them and so we'll trade in and out of those sports as we see fit.

John Hodulik: And is there anything sort of out for bid that strikes your fancy right now? I think the big ones are UFC and Formula One coming up. But just in general, are you -- do you think you have the right level of spend here or are you -- or how should we expect that going forward?

Steve Tomsic: From a level of spend perspective, I think where -- I think we're about 40% of the cost base is sports rights. Like when you look at that level of spend and where it's allocated towards, we feel pretty complete. But John, we look at everything, and when you look at everything, you look at it from the perspective of do I just want to add that incrementally to the portfolio? Or do I see an opportunity to add that and then maybe let go of something? But we look at everything and the sports guys would want everything literally, but there's obviously got to be financial discipline in all of those decisions.

John Hodulik: Great. Maybe switching over to advertising, obviously very strong results in the first quarter results on the advertising. How do you characterize the underlying health of the TV advertising market ? Obviously, political is going to help quite a bit here in the second quarter, but just how have things sort of played out as you look back at sort of calendar year '24?

Steve Tomsic: No, it's more than just political, John. I can only speak for our portfolio, which is sports heavy, news heavy, obviously political heavy, and obviously Tubi heavy. And if I look through those verticals, we just see continued strength. Sports, we saw sports have a really strong bid as early this fiscal year as our Summer of Soccer when we saw really, really good support from the sort of advertiser community for both UEFA Euros, as well as Copa America. We then sort of progressed through and we had an unbelievable MLB from both a match up perspective as well as from an advertiser demand perspective. You then continue to go through, college football has been fantastic. I don't -- I think the Michigan/Ohio State game was perhaps the biggest game we've had from an advertising cash perspective outside of the college Big 10 championships. The rating didn't hold up as well as we'd like, but from a cash perspective, the demand was off the charts. Same with the Thanksgiving football game. Unfortunately, again, the rating there was not so great, but the advertising demand was spectacular.

And we're seeing that all the way through to Super Bowl, where we're already sold out. The unit pricing is crazy. Sports franchise remains remarkably strong for us, in certainly in the 5.5 years of FOX being its own independent, it's never been stronger. And then if we sort of look forward, look beyond that vertical, news has also been super strong, largely supported by the fact that the ratings have been really, really strong. And so you've seen for a little bit longer than a year ago, our DR unit pricing rate was coming down. You saw that improve pretty meaningfully in Q1. It was up plus 19% in Q1 and we've seen that progress even further so far in Q2. That seems really, really encouraging for us.

Political has been, political - let me give you some stats on political. A high watermark from a political perspective was 4 years ago in the presidential election. In fiscal '21 for the full year, we did $370 million in political advertising. In the first half of that year, I think the number was close to -- was around the $340 million mark. And that includes the Georgia runoff. If I fast forward to where we are so far in this fiscal year, remember we still got 6 months to go, we did close to $400 million in advertising in the half. The 2 things that surprised us -- there was actually a couple of a few things that surprised us. You look at that kind of number, we did not expect the local stations to make up for the Georgia runoff and they pretty much did. And that was a mid-10s of millions of dollars event 4 years ago. The bid for local advertise, local political advertising, remains as strong as it's ever been. Then we saw sports attract more money than we've seen in the past. Tubi emerged from nowhere and wrote significant political dollars in both Q1 and the early part of Q2. The one surprise was that FOX News, even though the ratings had been off the charts, didn't write that much political revenue. But we couldn't be happier with that.

Where we are from a political revenues perspective, a lot of which -- about 100 of that 400 appeared in our Q1 numbers, but the remainder will be in Q2. We feel really strong there. Tubi, I'm sure you want to talk about, but that advertising momentum remains. We feel, from the perspective of our book, we feel super constructive about where the ad market is and our capacity to deliver impressions to take advantage of it.

John Hodulik: Let's go down into the FOX News ratings. Obviously, there's been a lot written about sort of how the ratings in cable news pre- and post-election, FOX has held up very well. How do you expect that to trend? Given the results of the election, as we look out into sort of fiscal '25, '26, I mean do you think you guys can maintain the kind of momentum that you've seen?

Steve Tomsic: So, you need to see it from a couple of different lenses. The election is the Super Bowl of political, and so, you would expect that there's going to be a rundown in ratings. It's just natural. It's just a natural ebb and flow of news, and we'll see it when other news cycles take place post-election. But if I look at the numbers and if I look at where we are right now, we have maintained and grown share both in primetime as well as total day if you look at the 3 or 4 weeks that have passed since the election versus where we were in the months leading up to the election. If I look at just share of cable news, if I look at it from a year-to-date perspective, we're in the mid-50s percent. If I look at it from a quarter-to-date perspective, we're kind of 60% share of news. If I look at it for just the month of November, we're a 62% share of cable news. If I look at it in certain weeks of November, we've been around the 70% mark. Like from our perspective, FOX News has never been stronger from a ratings perspective.

John Hodulik: Do you think you're getting new viewers or is it just that the viewership on the other side has been coming off?

Steve Tomsic: I think it's a bit of both. There's no doubt that we are getting new viewers. And we're not -- people think of FOX News as just the conservatives of the United States. It's not. We capture more than our fair share of undecided. We even capture more than our share of Democratic-leaning voters. I think it's new viewers as well as some of the competition struggling a bit, which is why I think in many respects, we compare ourselves less with the cable news peers and look at FOX News to see how far we can take it from a comparison with broadcast. It's a really, really important asset, because not only is that audience being delivered at scale, but that audience is as loyal as it gets.

John Hodulik: And how is that resonating with advertisers? First of all, I'll start by asking about the mix of brand versus -- and DR advertising on the channel. How has that sort of changed over time? And then maybe any commentary on the DR market in general given the headwinds that we're lapping?

Steve Tomsic: Yes, DR market, as well as what we call national advertising, are both benefiting from the fact that we've just got more viewers on the platform. As I said, I think that DR pricing in Q1 was plus 19. We're growing even faster than that so far in Q2, so we feel pretty good about that. The other 2 pieces are national as well as digital, and both of those are coming along really, really nicely. We feel pretty good about where FOX -- I remember, it was I think this time last year, we were talking about a lot of changes to sort of our part time lineup in FOX News and that sort of the personalities trump the brand. And yet again, we've shown that the brand trumps the personalities, and so we feel really -- FOX News from a channel standpoint as well as sort of the broader assets we have around FOX News, whether it be the business channel, nation or digital website are all firing on cylinders at the moment.

John Hodulik: A week ago, maybe it was a couple of weeks ago, there was a -- we got a lot of inbound calls about pharma advertising. The potential changes in rules that prevent advertising against prescription drugs. Is that, one, is that a concern for you? And then is it a meaningful part of your overall sort of ad base?

Steve Tomsic: Is it a concern? We shouldn't be flippant on it, but I think it's from a quantitative perspective, it's low single digit percentage of our overall revenue. But when we look at it, it's unlikely -- prepared to be proven otherwise, but it is going to be unlikely to be a blanket ban of all pharma. And then I look at it and it's like if you look at a few years ago when we had this enormous proliferation of sports betting advertising, particularly on the Sports Network, remove local for a bit because pharma is not a big piece of local. But if you look at local from a national perspective, all that sports betting money has largely been sucked out of the market. There's still a reasonable amount, but that initial wave of it has gone and the next advertiser comes up. Because we're fully sold nationally, and so if it becomes a substitutional effect, does it take some pain off in terms of price tension and CPM? Maybe. But it would take an enormously draconian ban on it for it to really have an impact. We feel pretty confident in our capacity to maintain our ad revenue growth, particularly given where those big assets, sports and news, are sort of trading from an audience perspective and an ad revenue demand perspective.

John Hodulik: Got it. Then moving to Tubi, you pointed to very strong October for Tubi. Did that continue into November? And then how are you thinking about future growth from here?

Steve Tomsic: Yes, so Q1 we were plus 19% at Tubi and it had the benefit of a little bit of political in Q1. October, early part of November, we saw incremental political benefit as well as pretty constructive demand both programmatically as well as direct sales. And so we continue to see Tubi grow from a sequential basis both on the basis of with political as well as if you extract political out. Tubi continues to really work nicely for us. If you look at where the asset is, it's still a bit of an unknown to many consumers as well as sort of the professional advice and the professional ad agencies. If you look at its usage, if you look at the Nielsen gauge, it's at about 1.8% and it sits shoulder to shoulder with Disney Plus, the Roku Channel, and comfortably ahead of things like Peacock and Max and Paramount Plus. It's just kind of, in many respects, it's a hidden gem that's one rating about a billion dollars of revenue a year, and we see it -- we'll continue to invest in growing that top line as well as driving better bottom-line performance for us.

John Hodulik: Yeah. Can you, speaking about the bottom line, can you talk about the sort of monetizing all this traffic and the engagement? I mean, do you see room for -- and I -- you explained to me, the CPMs have been relatively steady, but it's the fill rates that you guys use to run the business. Any visibility on improving fill rates over time?

Steve Tomsic: Yes, so we -- when we bought it, it was doing like -- it was 4 years ago. It was doing like a run rate $150 million a year of revenue. We've now got it to $1 billion of revenue, and that's fantastic. But we still see enormous upside in being able to improve fill rates, which are depending on any given week or month, are in the mid 30%. We look at our CPMs, which are in the mid-teens and see opportunities to drive that better. We think that even though the monetization has been fantastic, we still see a lot of headroom to drive improvement in that monetization. And so that will come through a number of measures.

We've now just crossed the 50% mark in terms of the amount of engagement where we have an e-mail address. And so that capacity to be able to personally identify and be able to drive more targeted advertising, and therefore drive CPM and drive fill, is an opportunity for us. Our capacity to not only drive revenue through sort of demand side platforms, which are bit of gatekeepers for us, and be able to go to direct clients, whether through agencies or end clients, is an important part of the sales force dynamic there.

Our capacity to put the brand front and center in the minds of consumers as well as in the mind of professional buyers, is something that you'll see us do more of. And you'll see us do a lot of that at this event early February. We feel as though even though we've been really, really successful in driving monetization today, we think that there's an enormous amount of upside still left in Tubi.

John Hodulik: Makes sense.

Steve Tomsic: And we're going to continue to invest in that.

John Hodulik: Speaking of investment, obviously the digital investment has been a drag on EBITDA, although that's coming down. At what point can DSC become a profit generator and is there a way to sort of frame the long-term margin opportunity?

Steve Tomsic: Yeah, I think -- it's somewhat frustrating in terms of SFA because we see Tubi as this enormous growing asset and true asset value there. And we look at it -- if I look at fiscal '24 from an EBITDA perspective, it was a deficit of close to $240 million, which people I don't think adjust for in terms of multiples and I don't think they adjust for in terms of the asset value that Tubi has within the portfolio. It's completely on us to drive better profitability out of Tubi, but we're going to play the balance between not wanting to stifle top line growth, but eventually wanting to get to not only break even for Tubi, but reasonable deliverance of margins. And I think we've said in the past, we expect it to be the sort of 20% to 30% range over time, but it is that balancing act of getting, making sure that we don't stifle that top line growth while over time delivering that bottom line turnaround.

John Hodulik: Two more topics. One, sports betting, and capital allocation. First, help us think through the timeframe for getting licenses. Is it fair to assume that you would exercise the FanDuel option once you are licensed?

Steve Tomsic: Yeah. Sports betting is an enormously important asset for us. If you look -- like I was looking at it the other day. Your analyst is actually the median analyst in terms of FanDuel valuation. If I look at that median valuation for overall FanDuel, it's $37 billion, right? We have an 18.6% option over FanDuel. If I sort of do the math, the kind of the value of our 18.6% is $6.9 billion. We have a strike price for that option right now, $4.3 billion. That's $2.6 billion of intrinsic value that's in there. Not the option value, the intrinsic value of the option. And that option has still got another -- it runs all the way through to the end of 2030, so $2.6 billion of value there if I just take the median valuation.

On top of that, we own part of the head stock of Flutter itself, which currently is $1.2 billion. Our kind of notional asset value, again, I'm not sure we get a lot of credit for, but it's $3.8 billion of value that's coming from the adjacency of sports betting to our sports franchise, which is north of $8 a share for us. It's a serious asset for us. Our intention is absolutely to get licensed. FanDuel is operationally in 26 states, and the way licensing works in this country is, it's a state by state, tick them off and qualify for licensing in each one of those jurisdictions. We're in the process of working through regulators and advisors to work through that process with the ultimate aim -- we have absolute belief in the long-term asset value of sports betting. We've been bulls on that since day dot of

FOX. And so ultimately, we expect to get licensed and we expect to exercise.

John Hodulik: It would seem that -- is there anything you guys can do to sort of help to start to monetize or leverage that relationship now before you get licensed? Like FOX Bet, you wound that down, but doesn't sound like -- I mean you're not, it doesn't seem like the company is right now doing anything from a sports betting standpoint given, as we talked about, your huge portfolio of sports rights. Is there anything you can do before you get licensed? Or is it, you know, maybe with an arm's length agreement with FanDuel? Or is it do we do we wait for the strategy? Do we have to wait for the licensing process to play out before you --

Steve Tomsic: No, we're in talks with not only FanDuel, but we talk to all of sort of the big sports betting operators to see if there's something more that we could do synergistically between our broadcasting cable sports assets and their sports betting offerings. And we've had mixed take up with that. We had the FOX Bet business and we had Fox Bet Super 6, which is pretty successful. But we're in constant sort of dialogue with the sports betting community about what we can do more around that. I think we've got the most forward sort of exposure to that sports betting asset and the most preferred exposure to it where we stand right now.

John Hodulik: Sounds good. And lastly, capital allocation. $4 billion in cash on the balance sheet. You get this question all the time, I'm sure. $3 billion free cashflow annually, very, very little debt. I mean, how should we think of the uses of cash going forward? Is it a question of M&A versus share buybacks? Or just any sort of broad guidelines you could give us?

Steve Tomsic: No, it's a balance. Like most of, from an organic perspective, most of what we need to do is fund it out of free cash flow, right? Tubi is the most expansive to that and we fund that out of free cash flow. Then the balance does become, how much do we send back to shareholders and how much do we want to do to grow the business and drive the portfolio? And when I look at it over the last 5.5 years, it hasn't been balanced. It's skewed completely towards returning capital to shareholders. We've given in terms of in the form of buybacks, we're at $5.9 billion versus the $7 billion authorization. That's close to 29% of the share count that's been eroded since we've started the company. And another $1.6 billion in dividends.

Whereas if I look at our net M&A, it's about $1.7 billion. The shareholders have basically taken all of that and we've given shareholders the money more than we've taken M&A. And that's because even though we look at every asset on the market, we have an extraordinarily high bar. And so from an M&A perspective, it really does have to satisfy us being able to use the power of our sort of core verticals, whether it be sports or whether it be news or whether it be the capacity for us to aggregate mass audience, mass loyal audience at scale, and being able to leverage that audience into another asset. And the reality is that the sort of universe of opportunities for those kind of assets hasn't presented itself, but we do absolutely -- we don't see the need defensively to sort of fortify the portfolio, but we absolutely see our capacity to be able to aggressively sort of drive growth from the portfolio with a big top line as well as from an EPS sort of accretion perspective.

John Hodulik: Makes sense. Steve, thanks for being here, really appreciate it.

Steve Tomsic: Thanks for having us.