Fox Corp.

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John Hodulik: All right. Again, thanks for joining us this morning. I'm John Hodulik, the Media & Telecom Analyst here at UBS and very pleased to announce with us today is Steve Tomsic, the CFO of FOX.

Steve Tomsic: Hey, John, thanks for having us.

John Hodulik: Absolutely. We've got about 40 minutes and I've got a list of questions I'm going to run through. We also have the iPad here and if you scan the placard in front of you, you can log in and toss some questions in and I can work them into the conversation.

Steve, what's going on in the media space today? We just heard from Jeff Shell and prior to that we had the ad panel. Maybe you could set the stage with us by just giving us a sense for priorities for the company as you look out into 2023.

Steve Tomsic: Yeah. Immediate priorities for us, we're going through, we're sort of midway through a super cycle of events for us. And remember, our business, being focused on news and sports, is driven by big cyclical events that drive big audiences. We're right in the middle of one of those big ones which is the World Cup which is doing fantastically for us.

John Hodulik: You mean for us as FOX or for Australia?

Steve Tomsic: FOX. Unfortunately, the Aussies and the Americans got knocked out on Saturday. We're really pleased with how that's going. We just got through a huge political season for us which is big for both our FOX News business from an editorial perspective, but also massive for us from our local TV stations' perspective. And then it culminates, in terms of this sort of big cycle, it culminates early next year with the Super Bowl that we have, because we carry the Super Bowl this year.

If you look beyond that, when we -- I think the last time we did this conference was 2 or 3 years ago before COVID. And I think the questions around that was, are you going to renew NFL? Where are you at with your whole sort of runway of sports rights? If you fast forward back to today, like our sports business is in incredibly strong shape. We've got NFL locked up for a long period of time. College football is locked up. MLB is locked up. Our core sports rights are pretty much done. Around the edges, we've got negotiations and we'll see how the portfolio pans out, but from the sports perspective, that sort of fundamental foundation of rights is locked.

From a news perspective, we're continuing to expand that franchise, whether it be in dayparts across the linear channels. You've seen over the last 12 months, *Jesse Watters* who has gone from strength to strength in Access Prime. You've had *Gutfeld!* that's become the number one late night host. The news franchise continues to expand from a linear perspective as well as in adjacencies such as Nation, Weather, Audio. Those 2 assets continue to go from strength to strength.

As we think about 2023 from a monetization perspective, it's incumbent upon us to drive that in terms of driving affiliate fee, rate increases, because we've got a big renewal cycle over the course of this calendar year and next fiscal year, which is really important for us to execute on and we think that we've got a really powerful and concentrated stable of assets to make that happen. We also need to make it happen in next year's upfront, because a lot of our advertising is now pretty much done for this fiscal year.

And then we have an eye for our portfolio of growth investments and the most prominent one there is Tubi and so we will continue to execute against that Tubi growth plan and other sort of growth assets including Nation and USFL. We've got a pretty extensive agenda in terms of calendar 2023, but extensive but very focused and distilled on real quality.

John Hodulik: Gotcha. Let's dig into some of those monetization opportunities. First of all, the TV advertising market, your peers, and Jeff reiterated it here before you, talked about soft ad trends in 4Q. He actually said that the last month things have really fallen off. Maybe you can give us sort of a general overview in terms of how you view the TV advertising market.

Steve Tomsic: Yeah. It feels like the ad market is really heterogenous at the moment. I think the one thing that's thematic probably across all advertising players is visibility is lower and the money is coming in later. But then I look at our book and the bid for sports continues to be there. We're writing great cash flow, World Cup in the middle right now. We're super well sold on Super Bowl. And we're pretty much -- like when I look at our advertising book, a lot of it is first half versus second half, and so we feel really good about where sports is at.

News linear continues to be quite strong for us. I think the pockets where we see areas of weakness is to a certain extent digital news and programmatic there and to a certain extent DR. Local, we've just come out of a record midterm -- sorry, record political cycle full stop if you exclude the runoff that took place in Georgia two years ago. But the base market there, there's puts and takes in the base market, which makes it a little bit variable there. But then I look at our other big advertising effort, it's Tubi. And in Tubi, we have seen extraordinary growth in viewership which is translating into really, really strong growth in terms of advertising revenue. I think in Q1 we posted ad revenue growth at Tubi at plus 29%. And right now, that's advancing from that position.

John Hodulik: You accelerated that in the fourth quarter.

Steve Tomsic: Exactly. As I said, I think the advertising -- I think our other area which is probably, which is increasingly becoming the smallest component of our advertising book, which is network entertainment advertising, it's weaker there. But I think the weakness there is less about market and more about ratings and audience. But again, as I said, last quarter was the first time that Tubi meaningfully was ahead of our entertainment network in terms of ad sales. From our perspective, that's -- we've recognized that that's a small and reducing component of the portfolio and we continue to build out the pieces where we've got real strength. When we look at the advertising market, we think there's a real flight to quality, a real flight to audiences you can rely on in terms of either size or just engagement.

Oddly enough, the market feels variable, but the pricing remains quite strong. We're seeing nice premiums to upfront pricing, so it really is unique across I think the industry and I think we feel like we've got the best stable of assets to extract the greatest value in this market.

John Hodulik: If you think -- I guess summarizing that answer, which was great, but it's a mix of engagement and I guess inventory, the quality of inventory. Because I think what we heard from Jeff today is going to be a theme going forward here as we get into reporting season. But it just doesn't sound -- I guess it's a combination of the focus on sports and news and the strong engagement that you have that just sort of allows FOX to end up above those --

Steve Tomsic: No, I think there's a real -- I think to the extent that the money is coming late, it's like advertisers are becoming much more careful about where they place their dollars and they're becoming much more choosy about where those dollars go.

John Hodulik: Gotcha. And let's talk a little bit about sports real quick. First of all, how has the World Cup been trending for you guys, both in terms of the advertising side and the engagement side? And just how are -- we're almost halfway through the NFL season, how has NFL been for you guys this year?

Steve Tomsic: I think -- listen, I think they're both emblematic of the strategy that we've chosen to go down since the split of news. Since the split with 21st Century Fox. Both of those, like NFL continues to just set itself apart from most other broadcast assets in terms of driving viewership levels. And from our perspective, from a monetization perspective, being able to really drive that in terms of P&L.

And the World Cup has been the same. I think the World Cup, we've gone down a very deliberate path with respect to in this country we call it soccer. It's been a very deliberate path around choosing the international event soccer which we think captures the imagination of the American consumer a lot easier. All of a sudden, we've all become experts on Kylian Mbappe and how good a player he is. Whereas that's harder for people to translate from Club Cup 4 in Europe. We've gone down this -- and I think when you look at World Cup has been fantastic for us from putting that sport on the map here in the U.S., the viewership levels, both on the network as well as in FS1 and really sort of lighting up the circulation across those 2 networks.

And the monetization has exceeded our expectations. Unfortunately, the U.S. got beat on Saturday as did the Aussies, but you look at it in a few days, we'll have England and France in one of the titanic international games of soccer ever. It really has -- like it's a beautiful game, but I think it's really unlocked the romance season in this country around that sport. And if you think about it, we've got the Euros in a couple of years' time and we have the big one, the mother of all World Cups, which will be the one that's here in the U.S. in 4 years' time. I think the strategy we've chosen around football and sports generally is really paying off.

John Hodulik: Yeah, makes a lot of sense. Again, stepping back a little bit, can we talk a little bit about just remind us about how you guys did in the upfronts? Maybe if you can talk about how much inventory you sold in the upfronts and the flexibility in terms of that you guys have extended to advertisers as we look into 2023?

Steve Tomsic: Yeah. I think when people ask the question around flexibility, they're worried that dollars are going to be called back. I think you've got to understand the nature of our business which is we're probably a 60/40 first half/second half business, so first half our fiscal year. A lot of our ad book is already spoken for from the perspective of just that mix. Because we're just so heavy in terms of fall, and in particular sports. We feel pretty good about where that is. When you look at upfront, we took the view in April/May of this year to sort of upweight how much money we were taking in the upfronts. And that was particularly around our entertainment business. I think we were at about 85% of the book in entertainment right there and then. It's important for sports, but the upfront is less. There's no upfront for local, that's all sport, or spot I should say. When you look at news, the upfront is less important and a lot of it is either spot or DR. And the other one that we were able to monetize probably better than what we anticipated was Tubi where we wrote a reasonable amount of dollars in the upfront. But I think the Tubi strength we're seeing now is not a virtue of how many dollars were written in the upfront, it's just the usership is growing so much.

John Hodulik: Got it. Maybe transitioning to affiliate, obviously paid TV losses are accelerating. Jeff commented on it in our last session. You've got a number of -- you're sort of hitting the new renewal cycle this year and next year. Do you believe that you can keep, that you've got enough pricing power that you can keep that line item in the P&L growing through the cord cutting that we're currently seeing?

Steve Tomsic: Yeah. Listen, when you look at short term/long term, there's no -- we've got just over 1/3 of our affiliate book came due for renewal this year, another 1/3 next year. I think it's well publicized that we had DirecTV come due a couple of days ago and that got done. When I look at the pricing with Chase so far, with the distributors that we're pre-negotiated with and renewed with, they're all at or better than our expectations. I can't control where volumes go, but I definitely -- like when we look at the overall sort of affiliate revenue trajectory, we definitely see growth in that going forward. We think that we are probably the most friendly partner to our distributors given how closely aligned we are with them. Let's see where volumes end up. I think when you look at the trajectory for us over the next year or 2, you'll continue to see growth. That growth will probably be skewed towards the TV segment rather than the cable segment, but we definitely see medium- and long-term growth in there, assuming that the volumes don't deteriorate further from here.

John Hodulik: They don't roll over, yeah. Can you give us a sense -- you mentioned that pricing has met your expectations. Can you give us a sense of how pricing trends are versus what you've seen sort of in the last renewal cycle? Are they similar or changing?

Steve Tomsic: It's hard to draw a comparison, John, because the last really big renewal cycle was when we were 21CF. And there, we had a lot of mouths to feed in terms of the portfolio channels that we were representing. Now, it's very concentrated. And as I said, I think you'll see the pricing -- I think just given the maturity schedule and the way our deals work, you'll see the pricing growth skew towards retrans, so the TV side of the business. You'll see cable come along on a delayed basis and I think you'll see from our perspective it's almost fungible the amount of money we get across sports, whether that be for retrans or FOX Sports 1 and 2, and so we kind of negotiate that as sort of one big whole. But you should expect to see news pricing continue over the coming years as well. News has become such an important network across the whole ecosystem, we increasingly -- we compare ourselves less to the other news brands.

John Hodulik: Yeah, because you get the ratings --

Steve Tomsic: Yeah, absolutely. And we increasingly compare news to sort of we have a full broadcast now and we can just go head-to-head with them often as the third or fourth in terms of audience share on any given evening in news as opposed to the other 4 broadcasters.

John Hodulik: And is that resonating with distributors? I mean is there a way to give a sense of how much upside there is over time? Just as those ratings continue and the comp set really should change?

Steve Tomsic: No, the comp set -- I don't see the news channel getting to sort of retrans rates any time soon, but there's definitely -- I see news having upside monetization opportunities both in terms of rate where we think we've still got a lot of headroom given the importance. The relativity of its importance continues to grow. As other networks are either flat or down, news continues to grow. And then I see it, from a CPN perspective, we're under monetized on news given the audience it delivers. We see both of those levers being appropriate for us to pull on.

John Hodulik: Makes sense. Any impact on the renewal conversations as result of not having Thursday Night Football? Does that affect the conversation at all?

Steve Tomsic: Not really. Listen, we've had such a strong NFL package for such a long period of time, and that's supported with a really, really strong setup of other sports rights, that Thursday Night Football was really helpful for us from the perspective of putting Fox Corp on the map. But when we looked at it, I think we had more than enough in terms of that portfolio of rights to carry the retrans aspirations that we had.

John Hodulik: Then just your view on sort of overall sports right. I guess -- is there anything in the portfolio right now where you think there's some cost savings opportunities? We've seen prices just continually get bid up really across the board. Or do you conversely see yourselves investing more in sports rights to sort of drive that inventory?

Steve Tomsic: When I look at the investment spend we have on sports across the network and the cable nets, I think we feel well spent. We look at everything. Anything that comes to market. Network guys want to buy everything. But we look at everything and we're super disciplined about how we approach it. Thursday Night, we were super disciplined about that exact calculus, like what is -- what's the net contribution in terms of rights costs versus the advertising revenue that we could generate from it? Does it deliver us outside benefit from a retrans perspective that sort of helps that equation? And it didn't, so we let it go to a different home. But I think aggregate spend feels about right. We always evaluate rights as they come up and does something make the grade or is something better to replace it. We took it away from our competition earlier in the year, which was good for us, but I think you should see it as at the moment the spend feels about right and we'll trade portfolios to what we think is going to deliver the most value for the end consumer as well as our most immediate consumers which is advertisers and distributors.

John Hodulik: Do you see the tech platforms as a new competitor in terms of driving sports rights? And is it a sort of long-term threat to the business model?

Steve Tomsic: It's certainly more active. I can see both Amazon and Apple playing a much more active role in that sports rights' ecosystem. But I think that most sports rights aren't as -- and if you look at the most recent sets of renewals, the NFL being the most significant of all of them, there is still a significant premium in place by the rights holders, or the rights owners I should say, on just sheer reach. I think -- look, we feel really good about the value proposition that we offer the rights owners and the reach we deliver them and the monetization that we get for them. We feel particularly good about the position that we have. But there's no doubt that the tech players are playing an increasing role there now. How competitive that gets over time remains to be seen. And what sort of packages are created to allow the tech players to come in so that the rights owners have some sort of digital sort of distribution on top of what they get for us in the more traditional view of the world.

John Hodulik: Lastly on sports, the USFL. Did performance of the USFL meet your guys' expectations? Is it sort of on the track that you guys have expected? And are there any other opportunities for that kind of thing? You guys own the league effectively, right, to now you're sort of playing in that sphere of rising sports cost inflation?

Steve Tomsic: I think USFL was a particularly unique opportunity. I'm not sure how many more opportunities there are to replicate that. But firstly, that absolutely hit our objectives in the sense that the audience levels were there which kind of proves that there was a place in the market for that product in spring. Pro football is so important in this country and NFL in some respects is such a concentrated product, relatively few number of weeks per season before you get into playoffs. I think there's an absolute appetite from viewers to have spring football and we proved that out with the ratings that delivered both on our network as well as NBC carrying it. We had both networks which I think was really good for promoting the game. As we shape up for this season, I think you'll see us. But one of the learnings was the ratings in Birmingham where we hubbed all the teams, were sort of off the charts. I think it's incumbent on us to find an economic model that pays so that we can take the teams closer to their sort of --

John Hodulik: And branch out to a few more markets.

Steve Tomsic: Exactly. And I think you'll see that in the coming season and seasons. Absolutely, we think that we can develop a really, really important sports franchise here. And we don't have aspirations for it to be competitive with MLB or NFL, but we think that it can carve out a really, really strong niche for us. At a quiet time of the year for us. As I said, we're very fall oriented from a lineup perspective, and this gives us something really, really attractive in the spring to sort of complement both NASCAR and MLB.

John Hodulik: Got it. Now let's turn to digital. You talked about Tubi seeing better growth and beating the 29% growth you guys saw last quarter. That is clearly not the message we're getting from a lot of others. If we could dig down into that. I mean, what are the drivers of that? Because it's entertainment programming, right? For the most part. I was just looking at the platform the other day. What are the big drivers there and what are you hearing from advertisers and ad buyers?

Steve Tomsic: The primary driver is the content that we have gathered for that service. We're now at I guess 48,000 titles. We are quickly developing a nice selection of linear FAST channels on top of the VOD service. We promote the heck out of it on sort of the core FOX assets. We've got ubiquitous distribution. All of those things combined, we've got -- to go to your sort of first question, John, we've got the World Cup on a highlights basis there, which in the grand scheme of things is neither here nor there, but it's great primer for us and you see that Tubi is heavily promoted on the World Cup for us.

When you bring all those things together, you get this really, really significant increase in what we call total view time, TVT. That continues to grow in the 40% plus for us. That pretty much directly converts into revenue growth. [Audio distorted] advertisers see this as a pretty valid product to be in. We have been pretty strict with respect to ad load on it, and so I think it's really been generated by the end consumer demand for the service and how much they use it. There's more people using it and there's the existing people using it more often, and so that sort of flywheel effect continues to benefit Tubi from a monetization perspective. It's an asset that we're going to continue to invest in when we see these kind of topline growth rates.

John Hodulik: Yeah, for sure. How much of that ad spend on Tubi would you say is incremental to the company versus a shift from linear, number one? And then, just talk about how that ad inventory is sold. Is it largely part of the upfront? Or is it more programmatic?

Steve Tomsic: Yeah. In terms of is it truly incremental? From our portfolio perspective, it's truly incremental in the sense that when somebody buys something else in the portfolio, we don't sort of throw into and allocate the number two. There's no sort of -- they don't get a free kick from a revenue allocation from our ad sales team. But, to an extent, as you see viewership decline in traditional linear consumption of entertainment content, some of that viewership is going to platforms like Tubi and Tubi is the beneficiary of that audience and therefore the revenue that derives from it. From that perspective, there is sort of like a switch going on.

When I look at it from the perspective of how we monetize that, it's less than 1/3 of it is sold in the upfront, and then the rest of it happens both from a direct ad sales perspective as well as from a programmatic perspective. I think there's a nice healthy balance across those 3 where we monetize that platform.

John Hodulik: Gotcha. There appears to be a bit of a monetization gap between Tubi and Pluto. Have you seen that? Why is that the case and can that be closed?

Steve Tomsic: I'm not always convinced we're comparing apples with apples in terms of how we see revenue for Tubi and how the Paramount guys see revenue for Tubi. I think there is an element of Tubi has been and is starting to shift away -- not shift away from, but adding to. Tubi has been a VOD service and so the ad load on VOD is typically less than linear streaming. From that perspective, there's more opportunity to monetize. But to the extent that there is a gap, and it's a gap that is apples for apples, and we see that as headroom for us to just easily grow into. Because when we look at the consumption of the service, it can absolutely support more monetization.

John Hodulik: Right. And when you were talking about more investing against it, I mean what are we talking about in terms of new content? Is it sort of more of the same or are you going to have more sports? How should we think of that product evolving over time?

Steve Tomsic: I think it's absolutely one of the core tenets of Tubi is just having absolute breadth. It's almost like -- it almost is the YouTube of professional content. With 48,000 titles, if you want to see, type in Columbo because you want to see one of the classics, you will find that in Tubi. It's having that kind of sheer size of library that people can go there and reliably find something that they are going to be interested in. And a lot of that comes in the form of rev share and so it's not as if Tubi is taking this huge content investment risk because it's paid for on a variable basis. We continue to grow out originals and these are not kind of *Mandalorian* kind of cost originals, they are very, very value driven originals that continue to drive viewership and have really, really short cash payback cycles. We're going to continue to take that sort of base of audience and drive them into those original programming.

And then from a sports perspective, I think sports is largely going to be around the shoulder programming or the highlights. The Tubi model doesn't support big high profile live rights being monetized against that. I think those sorts of rights continue to belong where they are right now for us. But you'll continue to see us develop that side of the business. You'll see continued sort of stronger linkage between Tubi and the mothership from a content perspective. We've seen that with things like TMZ being much more prominent on Tubi now. It's sort of like building that in a really cost and value conscious way for us.

John Hodulik: Gotcha. Any international ambitions for the platform?

Steve Tomsic: We are -- we do have international presence today. We're in Mexico, a bunch of other Latin America countries. We're in Australia and New Zealand. But there are rounding errors in the context of sort of really the focus of Tubi and the management there is really on prosecuting the North American business.

John Hodulik: FOX Nation, how should we think about how that business should scale? And maybe how big of a business could that get to over time?

Steve Tomsic: FOX Nation - we've deliberately set on a path for it to be a companion service for the core FOX brand, the FOX News media brand. We're not going to embark on this enormous SVOD spend to try and get FOX Nation to the kind of scale of some of our peers. But we absolutely see it as a place where we can aggregate an incredibly loyal and engaged FOX News consumer and monetize them with an SVOD product. And we see that -- we'll continue to sort of in a really measured way develop the content there. We'll kind of continue to see the FOX News linear, some of their brands like *Tucker Carlson* is on FOX Nation. You would have seen recently that we had Kevin Costner's *Yellowstone* 150 on the service, which is really great for us in terms of subscriber acquisition. But we'll do that on a measured basis and grow it over time. We're not trying to build this service into something enormous. I think for the time being, our aspiration is really on developing that into a companion service for the core, the core audience for FOX News.

And as we prove that out, the aspirations may change. It gives us, to the extent that we want to take more data seek, it gives us a great foothold there. But right now, we see it as a measured pace on that to the FOX News core service.

John Hodulik: Makes sense. To put it all together, and digital investment has been a drag on EBITDA for the last couple of years, I mean, when can we start to see that EBITDA drag start to slow and it start to contribute to EBITDA growth?

Steve Tomsic: In terms of -- a couple of points I'd make there. I think this year you'll see the incrementality of that drag dissipate, so that level of investment will make this year pretty similar to last year. I think within that EBITDA drag so to speak, Tubi is the most prominent one. And so far -- you would have seen in our Q1, we're trying to be more transparent around the numbers we give on Tubi. Last year, the EBITDA drag from Tubi alone was low to mid $200 million. That's -- when you look at that and you think about valuation for the company, you put a multiple on that and capitalizing that -- albeit the multiple is terrible at the moment at around 4x, 5x. You're getting implicitly people are tagging a negative valuation for Tubi when things got absolutely clear that that's the value for us. We'll continue to give the street more insight into that asset because we want to switch it from being a drag on the valuation positive to us. Because we think that the aspirations for that business are very large and we think that the headroom is there for us. Tubi, I think you'll continue to see us invest in that platform until we see -- until sort of our appetite is satisfied in terms of topline growth. But we don't see that capping out anytime soon. I think things like Nation with to a certain extent USFL, they'll become less of a drag on the P&L over the sort of short to medium term.

John Hodulik: We're probably hitting sort of peak drag now?

Steve Tomsic: I think we have hit peak drag. To the extent -- unless there's sort of another glaring opportunity we find. But I think when we look at that drag, Tubi is sort of where we have clear focus on.

John Hodulik: Gotcha. Let's talk a little bit about sports betting and maybe the Flutter arbitration. Can you give us your sort of view on how that worked out and sort of the benefits to FOX from the conclusion of that?

Steve Tomsic: Yeah. I think you've got to take a step back with sports betting and look at where FOX is versus other participants in the market. We haven't put -- with the exception of sort of $400 million we put into Flutter Topco which is now worth I think $600 million, we haven't put any hard money into the local sports betting market. But we've put in -- we've put our shoulder into our relationship with Flutter and we've put our shoulder into promotion of FOX Bet and the commercial agreements that go with that. So when you come out of arbitration, the most important thing from arbitration is clarity. We now know where we are with respect to the FanDuel option. Strike prices, when you look at it from a total enterprise value perspective, is $20 billion. When I look at where notes came out after the FanDuel Capital Markets Day a week or two ago, I think where people had FanDuel valuations pegged was like $17 billion, sort of mean or median. We've got a slightly out of the money FanDuel option with another 8.5 years to go there, so until the end of 2030 to exercise them. You put that through any kind of option valuation and you look at the volatility in the sector and you get an enormous value for that, for that optionality for us.

From that -- would we have liked a lower strike price? Absolutely we would have. But that strike price could have gone a lot higher. It could have gone a lot lower. But we feel really, really -- FanDuel is by far and away the number one player in the market and we feel great about the fact that we could own 18.5% of it at our option anytime over the rest of the decade. From our perspective, without putting any real local capital down, we've probably got the best sports betting position out of any other media company in the country. I think we've done super well both from being able to get ourselves to this position from commercial negotiations with them, the arbitration outcome. We're in a fantastic position now. It's a volatile industry that with winners and losers, we think we're a winner. But now time is on our side in terms of being able to have a look at how that industry plays out and how and when we want to play in it.

John Hodulik: Are there any sort of -- now that you've got some clarity there, are there any areas where you could sort of move forward with the strategy outside of FanDuel? Obviously, there's FOX Bet, but other investments you could make or other licensing that you could do? Or anything else you could do to advance the strategy?

Steve Tomsic: In the medium term, I think we have really got ourselves to a neat position in terms of being able to -- going back to what I just said, the volatility -- we're big believers in the industry, but we think there's going to be a lot of volatility and there's going to be a lot of shake out in terms of players. We have -- we have the luxury of time to see how that plays out. We'll continue to be good partners with respect to FOX Bet and put sort of our promotional capacity behind that. And we'll obviously have a close watchful eye on FanDuel and how that sort of option could pay off over time. But with the luxury of time, we don't have to deploy capital against it anytime soon. We'll use that time to make the right decision when it's right for us.

John Hodulik: Got it. Now, because I have to ask, the News Corp recombination. I imagine there's not much that you can tell --

Steve Tomsic: Not if you want me here next year, John.

John Hodulik: Exactly. But is there anything you could say just generally about the timing? When should we hear anything or anyway to frame it differently than what we've been hearing?

Steve Tomsic: That's hard because I think when the announcement came out in mid-October, it was probably closer to the start of the process than the end of the process. I think it is now in the hands of the Fox Corp Special Committee, and News Corp has its own Special Committee, and so they will be really considered and they'll be very deliberate against that and they'll make the right decision. I think whatever happens, I think both the Special Committee as well as the track record of sort of the Murdoch's in terms of creating value for shareholders, that will be at the forefront of everybody's mind. I think there's a really, really long heritage of old, old News Corp, then morphing into 21st Century Fox, now with Fox Corp and News Corp, of always doing what is the value maximizing approach for the company and for all its shareholders. And I think that those principles will hold true with whatever the deliberations look like.

John Hodulik: Makes sense. The last thing for me, speaking of shareholder value, you've got $5 billion of cash on the balance sheet. How should we think -- you've got the Flutter arbitration behind you. Obviously, we're waiting on how the things at News Corp shake out. Just how should we think of uses of that cash over the sort of near to medium term?

Steve Tomsic: Listen, we recognize the fact that we've probably got -- we're a little bit bold in terms of cash on balance sheet. We're going to be balanced. It's hard to do anything in terms of with the News Corp transaction around all of this, but you should expect to see us continue to be balanced. When I look at what we have done over sort of the short lifespan of Fox Corporation in terms of where the priorities of that cash deployment has gone, we've put in $1.9 gross, $1.4 billion net in terms of M&A. And you compare that to what we've done from a share buyback perspective, which is now north of $2.9 billion. Plus, on top of that, north of $1 billion in dividends. So far, the track record has been the bias to actually return capital to shareholders. We remain watchful for whatever opportunities are out there, particularly with pressure in the market and pressure on asset prices. And we feel that in generally turbulent economic climate, we think that having a pretty fortified balance sheet is a key asset or us. But we're going to be balanced with it going forward.

John Hodulik: That's great. Steve, thanks for being here. Thank you all for joining.

Steve Tomsic: John, thanks for having us.