Fox Corporation

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John Hodulik: Good afternoon, everyone. I'm John Hudolik, the Media, Telecom and Communications Infrastructure Analyst at UBS. Thank you all for joining us. And I'm pleased to introduce our next speaker, Steve Tomsic, CFO of Fox. Steve, thanks for being here.

Steve Tomsic: Thanks, John. Thanks for having us back.

John Hodulik: So, we've got about 40 minutes. And as you all know, please send me any questions that you may have, and I will try to weave them into the discussion either through the application; you can e-mail or text me, and I'll try to make sure they get asked.

So, Steve, maybe we can start off by just giving us a quick overview of the company's priorities and a sketch of the positioning of the company as we look out into 2021.

Steve Tomsic: Thanks, John. So, I think, from a positioning perspective, and I'm sure we're going to talk about -- we'll go into a deep dive into many of these topics over the course of the next 40 minutes. But from a positioning perspective, I think calendar year '21 has been, notwithstanding COVID; and even, as Lachlan said, in spite of COVID, has been somewhat of a banner year for us.

So, if you think about sort of owning the attention of the living room over the course of the calendar year, we started the year, it feels like an ion (ph) ago, that we started the year with the broadcast of the Super Bowl, which was an enormous success for us. That then led into -- unfortunately, it led into COVID, but then our local TV stations became so important in terms of informing and communicating to the local communities they serve. And so, they've become hyper-relevant through that phase of sort of what the country and the world has gone through.

And then, that dovetailed into an election season for the ages, right, where Fox News's prominence has never been greater. And so, we sort of -- we're coming to the end of that. We still have a Senate run-off race in Georgia. We have Inauguration Day. If you look at calendar year '21, it's been pretty amazing from an on-screen perspective, notwithstanding all the other -- all the issues that have gone on in the world.

We enter the year with a fortress-like balance sheet, so it gives us enormous flexibility. Affiliate -- if I look sort of through the businesses and through sort of the revenue lines, affiliate, we sort of ticked off so many renewals over the course of the last two years that we're in great shape, from an affiliate perspective, going into the next couple of years, which are relatively quiet.

Advertising, I'm sure you're going to want to ask about, but has been a pretty robust market, much better than we expected when we were in April/May. And then, you go through the businesses. News obviously has had an enormous run over the last six months, and it's about continuing to be the leading news service in the market. Our local TV stations have again been able to leverage the political ad revenue, and that sets them up well for the second half of our fiscal year.

Sports and entertainment are both focused with different aspects to it that are very focused on getting product on-screen and going through all the sort of hoops of production difficulties with the pandemic. And sports has got the added pesky issue of an NFL renewal that's in the offing.

And then, when you look at those cluster of assets, what we want to do with those cluster of assets is shine a torch on some of the new businesses, use those assets to shine a touch and really cross-promote some of the new businesses that we've acquired since the spin. Things like Tubi, Fox Bet and Credible are all adjacencies where we're seeing the power of being able to take that cross-promotion strength across those big viewership assets and being able to really turbo-charge the growth in those assets.

So, we set up for calendar year '21 really, really strongly, so I'm sure you're going to want to ask questions more deeply into each one of those aspects. But in many respects, we couldn't be more pleased about where we stand right now.

John Hodulik: Perfect. That's a great overview. Yes, maybe we start with the advertising market. It's certainly been one of -- the strength of the return of the advertising market has been one of the themes of the conference so far. Fox News in particular is coming off a very strong year, as you said, record ratings. Maybe talk about the success you had during the political season. And as you look ahead, can you maintain the momentum that you've recently seen as we move into sort of a post-election cycle?

Steve Tomsic: Yes. So, Fox News specifically has had a great run. We just closed out November, obviously, which represents the 53rd consecutive month that it's been the highest rated cable channel. Its ratings since Memorial Day has essentially beaten everybody at cable nets and broadcast nets included. So, that ratings momentum has been extraordinary. It is feeding absolutely into advertising strength, and so we would expect to have a record advertising year at Fox News even though it doesn't -- and that's largely driven by the fact that it is converting sort of that viewership into ad dollars, because it doesn't accrue the same kind of political advertising benefit as what accrues to our local TV station. So, it really is driving sort of general advertising revenue.

And with respect to that, we've really opened up the client base there, so we've got a much broader sort of palette of clients that are advertising on Fox News. There's no doubt that, sort of as we look forward into the second half of our fiscal '21, it's almost impossible to maintain or sustain the intensity of the political news cycle. So, we would expect all news channels to take somewhat of a breather in the next six months, once we get through inauguration and sort of have a settled election result.

But as we look at it, and as has proven the case over prior election cycles, is that, as that sort of intensity of viewership dies down, yes, it takes down the overall rating, but our share usually sort of picks up. And so, we would anticipate that that still remains the case as we get through this current election cycle.

John Hodulik: Got you. How does Fox News think about the potential for -- from a competitive standpoint, for new entrants entering this space?

Steve Tomsic: Yes. Listen, it's an amazingly strong platform, and I don't -- like, we don't have a hubris bone in our body, right, so we don't take lightly the potential for competition, whether it's the existing sort of classic MSNBC or CNNs, or the sort of emerging ones like Newsmax and OAN. But when we look at -- or anybody else that might emerge, for that matter.

But when we look at Fox News, and I think people take the simplistic view, and many of them are not viewers of Fox News, that Fox News is simply the sort of three hours of prime time that take place Monday through Friday. The service and the actual business is so much broader than that. And so, it is a 24/7 news operation. It took us $1 billion to get to -- $1 billion in cash burn to get Fox News to profitability. It's not a small undertaking to try and sort of compete at that level. People don't just tune into the editorial and the opinion in prime time. When there's a major national or international news story, they tune to Fox News, and you need to have that kind of coverage and that investment in that kind of coverage for people to tune into you.

The brand has got amazing loyalty. Over the last five years, you've seen a lot of changeover in both management and on-screen talent, some of it sort of quite high-profile changeover. And the ratings haven't missed a beat. In fact, they've grown all the way through. So, we're not beholden to any sort of one or two personalities on the network. It's a much bigger brand than that. It's not just the linear business, either. It is also all the digital accoutrements that go with that. So, our website generates enormous amounts of traffic. So, November alone, we had close to 4.5 billion pages for the foxnews.com website.

So, I think, when people think about competition, their knee-jerk reaction is to think, well, what we need is two or three talking heads to go head-to-head with ours. The business is much bigger than that. And so, we never take competition lightly. And as Lachlan mentioned I think on our last earnings call, we kind of welcome it, because it sharpens us up and gives us a real focus. But we think, in order to qualify to be competitive, you really have to put your best foot forward.

And so, we think we've got a business that has stood the test of time, and every time there's been skepticism about what the future looks like, we've pierced through and hit another high. So, we feel super-confident about Fox News being able to compete in any environment, going forward.

John Hodulik: Great. Maybe on the local TV side, you highlighted noticeable improvement ex-political on your most recent -- the fiscal 2Q call. Any impact yet on the local side from the rising rates of COVID that we're seeing, sort of the second wave of the pandemic?

Steve Tomsic: No. Listen, we watch it really closely, because it really is our -- pretty much all of local is spot business. And so, it is the canary in the coal mine for us. October is almost impossible to draw a real line around, sort of what we call base market advertising, because it was just absolutely overwhelmed by the amount of political advertising that was written through October. November is a more normal month. We still had the early few days of November with political in it, and we've also had Atlanta continuing through with even more political advertising.

But November, from a base market perspective, was actually up versus last year by a couple of percentage points, which is really encouraging. And we're on the lookout for

December. It's still early days in December, so I don't -- it's too early for us to call that. But from where we were, April, we were pacing minus 50%. So, to be pacing pretty much square to prior year is an amazing turnaround for us. So, we feel I think a little bit more than cautiously optimistic that our local TV stations are going to ride this through pretty well. And I would imagine that we'll close the first half of our fiscal year pretty close to a record in terms of advertising revenue, because the strength of the political beat has just been enormous.

John Hodulik: Yes. And maybe on that political, I mean, it sounds like it was just massive. October, even the majority of the month of -- a lot of November didn't just end after the election. I mean, is there any way to sort of size it versus what you've seen in the past, from the past cycles?

Steve Tomsic: No. So, if I look at it from a calendar year perspective, so if you say the political gun went off in January this year and finishes sometime through November, we will have written across the whole business, local -- largely local, but also somewhat national, we'll have written close to $400 million worth of political. And that is significantly ahead of -- our most recent record on that was the most recent mid-terms, and that comfortably eclipses those numbers.

John Hodulik: Right. Maybe sticking with advertising, the upfront was obviously noticeably different this year. How did Fox perform, both in terms of volumes and pricing versus last year? And maybe talk about some of the contracts. Was there additional flexibility, given all the unknowns in the market right now?

Steve Tomsic: Yes. So, the upfront was unit beast this year, and it sort of took place over an extended period as visibility grew around different on-screen assets being available or not available. So, we took -- and Marianne Gambelli, who runs our ad sales business, took a tactical view to hold back on how much we actually sold upfront. So, we took a few percentage points of volume, we took that down a little bit in the expectation that scatter would be there for us and be there with pretty strong pricing, which is proving to be absolutely true.

So, across the board, we were sort of low- to mid-single digit pricing increases. There were a little bit more -- around the edges, there was increased sort of levels of flexibility offered. But now that we move into a very, very tight scatter market, it sort of is playing to our favor.

John Hodulik: Right. And then, just before we started, we were talking about the content production side. Where are you in terms of getting the content production back up and running? Are you back to sort of a pre-COVID pace? And then, how should we think of those shows coming back on line?

Steve Tomsic: Yes. So, listen, we were pleasantly surprised that we were able to get The Masked Singer up and running this side of the New Year, so we got another season of that in, and we're hopeful that we get another season in the New Year. Sport you can leave to one side, because I think everybody's pretty aware of what's happening with the NFL and College Football, and that's a week-to-week proposition that we sort of adjust to.

Entertainment, production-wise, the reality in competition shows have fared a lot better, and we were able to get a lot of that away. Animation, the same, so our Sunday night animation lineup has come through pretty well unscathed. Big scripted shows are in production now, and assuming that the California shutdown laws allow that production to continue going, we still fully expect to get those shows on the air at the start of the New Year as mid-season launches. So, at the moment, I think the slate that we have -- that we expected to have will actually eventuate, assuming that we can continue those scripted shows being produced. They're probably halfway through productions in terms of the season, so we feel pretty good that we'll be able to get a meaningful number of episodes through starting sort of that first or second week of January.

John Hodulik: Got it. So, no new production shutdowns, given the tighter sort of rules out in L.A. and California?

Steve Tomsic: No, not at the moment. And listen, I'm on the lot now, and a lot of our shows are produced on the sound stages we have here on the lot. And the COVID protocols that they have are really, really stringent. And so, I think they're very careful, but it does mean that production doesn't happen at the same pace as it used to happen. But no, we remain hopeful that we can get those shows away through -- into the New Year.

John Hodulik: Got it. Maybe switching briefly over to the -- onto the affiliate side, as you said, you're coming off a number of heavy years of renewal activity. Anything you can tell us about those recent deals, whether from -- directionally from a pricing standpoint, or qualitatively, just on any sort of new asks from distributors, or additional flexibility you guys have from a D2C standpoint?

Steve Tomsic: So, I think the two things that are worth really mentioning here is, from a pricing perspective, we achieved all of our internal objectives in terms of pushing rate. Most importantly around that, we made some statements at our Investor Day about where we expect retransmission revenue to grow. And so, we are absolutely -- all those renewals put us on a pathway to hit and exceed those targets. So, we feel really happy about rate.

The other thing that we feel really happy about is just the -- you've seen a lot of tempestuous renewals taking place in the market over the last 12 months with the exception of one, where we were off Dish for a period of time. We got our renewals done really -- with the usual sort of negotiation, but without the acrimony. So, we feel -- I think that talks to or speaks to just the strength of the brands that we bring and the resonance and relevance that they have, that they're must-haves for our distributors.

And so, our positioning with our distributors is strong. As you said, we got through a big volume of renewals over the course of the last two years, which means the next -- this calendar year and next calendar year are relatively light for us. And so, that rate will continue to play for us. And really, what is going to drive our affiliate revenue overall growth is going to be where industry subscribers go over the next year and a half or so.

But we were able to achieve all of our sort of objectives, making sure that we're carried on most available tiers. So, we feel really good about the progress we've made there.

John Hodulik: Great. Now, you've touched on subscriber growth. The numbers suggest that the cord-cutting trends have gotten a bit better over the last couple quarters. Third quarter in particular, there was virtual no cord-cutting, sort of hit the pause button. Just what's your view on the overall direction and course and speed of the multi-channel TV market? And what are you seeing in terms of from the traditional side, cable, telco, satellite, versus the virtual guys? And obviously, the virtual guys have been picking up some slack and actually, at least this quarter, doing quite well.

Steve Tomsic: Yes. No, I think to take your final point, yes, we are absolutely seeing the virtual guys really pick up the pace. I think that probably the two leaders there are YouTube TV and Hulu that are the best of the bunch at the moment, but they're the biggest (inaudible) by scale. And that's even with them taking price from a retail perspective over the last probably -- well, they've been taking it for a while now, but particularly over the last couple of months, where they've gotten price points to about $65 a month.

There's no doubt that traditionals have been lagging there. But our macro view is that we will continue at a rate of decline, and then our expectation is at some point that that probably plateaus, and you have -- and you end up with what is a core subscriber base that wants essentially live news and sports, which is most fundamental to that bundle. Our hope is that the bundle, whether it be linear, digital MVPD or some sort of new version of over-the-top bundles, begins to take shape in a much more sort of core form of bundle at a more affordable and approachable price point. Because we think it doesn't matter which bundle that is expressed in the market. The assets that we bring to the table are going to make -- are going to be pretty mandatory to any one of those bundles.

And so, we're hopeful that we do get to that point where we get to a core bundle, and we think that, given how much of our assets are so core to that bundle, pardon the pun, we think that we can disproportionately take price for our assets, given that others are trying to have their feet in both camps, whether it be the traditional bundle or going direct-to-consumer themselves. And so, we think our growth, at least in the initial term, will come from being able to continue to take price disproportionately against sort of the other people that are in the bundle, and that should more than offset the subscriber headwinds that we're facing.

John Hodulik: That makes sense. So, in your vision of how the bundle evolves, are you thinking sort of fewer entertainment-focused networks, especially as all that viewership and, frankly, content spend shifts to the Internet on these D2C platforms; and maybe, especially given your positioning now, maybe less RSNs, which seem to be, at least from an expanded basic standpoint, sort of less core to what people are -- about what distributors are offering and what people are buying?

Steve Tomsic: Yes, I think both of those points are right, John. And I think, when we look at should we take our service direct to consumer, this is saying sort of -- wouldn't say wedded to the bundle, because we've got a bunch of businesses that sit outside of the bundle that are delivering really nice results, and I'm sure we'll get into that. But I think when you look at if you have a foot in both camps, and it absolutely compromises your capacity to get price in the linear bundle because a linear distributor can stare you down and say, well, I'll just point my subscribers to your app at a pretty sharp price; and so, we don't have that sort of channel conflict. And so, we think that, as that sort of happens to some of our general entertainment channel colleagues, we think that value increasingly shifts to the people that are the essence of the bundle, which is live sport and live news.

John Hodulik: That makes sense. You brought up sports as sort of the core glue holding the bundle together. Maybe we can pivot there, starting with the NFL. How has that asset been performing for you? And how are you positioned going into the NFL renewal? Obviously gets a lot of -- I think, going into the pandemic, we thought that you would get the renewals done by now. Anything you can tell us on timing or your positioning in those negotiations?

Steve Tomsic: Yes. So, listen, I think NFL this year, it feels like a bit of an anomalous year from a sports perspective, given just how dislocated the overall sports calendar has been. And it's also ran straight into the competition from a viewership perspective from just everything that's happening in the world, whether it be the election or COVID. And so, we think -- and also, sport feeds off having a live audience. And so, we think this year, in terms of audience levels, we're down a touch from an NFL perspective. But we think there's a lot of factors that show that this will be just a one-off. And listen, NFL is super-important to us.

From a positioning going into the renewal, there's not a lot I can say. You're going to ask me 1,000 questions on this, though, now that (inaudible) don't hold back. But listen, we feel we're in a constructive dialogue with the NFL right now. We feel really well-positioned with respect to being able to get a good renewal away with them. It's hard to put a timeframe on it because there's just so much happening in the world that, in any given week, distractions can go to fixing up the COVID-mad (ph) week, or whatever it might be.

So, I don't want to give it -- in some respects, the timeline is certainly beyond my control, and so I don't want to speak for the NFL in terms of when they want to conclude negotiations. But we feel like we're a really strong partner of the NFL. Probably no one has an NFL to its core in terms of a business, in terms of on-screen, as we do with respect to the NFL. We've built a local station footprint that completely supports the NFC teams that we have in our NFL package. So, I think there's enough to line up to say that we're in a great position to renew it, but obviously it comes down to a negotiation, and there'll be a value judgment around all of that that needs to be made. And so, that'll play out in the coming weeks and months. But needless to say, I think we're as well-positioned as anybody to renew the rights on reasonable terms.

John Hodulik: Right. Just one more on the NFL, then I'll leave you alone. Can you talk to the importance of maintaining two NFL packages through the renewal cycle versus -- there's also a lot of thought that maybe -- that you guys just drop to one, just given the expected price inflation we expect to see.

Steve Tomsic: Yes. Listen, I think we're in, what, our third year of Thursday Night Football, and we're well into our second decade -- I think we're into our 25th year of Sunday. So, obviously, when you look at, if there is a choice between the two packages, then the heritage will be (inaudible). As I mentioned, the fact that the Sunday NFC package lines up so complementary with our local stations, that that is the one that is absolutely core to our hearts.

I think Thursday night becomes a judgment around value. And so, if we can make that continue to work, then obviously we'll be in the mix to have a look at that. But absolutely, the heritage of the company was built around Sunday afternoon football, and I think that is definitely the priority for us.

John Hodulik: Got you. Maybe quickly on WWE, again, suffering some ratings headwinds. And clearly, that's impacted by the lack of fans, right? I mean, the fans are clearly integral to that property, more so than any other sport by far, right? So, what are your thoughts there? I mean, obviously, the timing wasn't great in terms of what we've seen recently with the pandemic, but what are your views on those rights in the future as the pandemic recedes?

Steve Tomsic: Yes. So, we're -- what, we started WWE October of last year. And you're right, I think the fans are integral to the experience, because it's as much theater as it is sport. And so, without the fans, it does take away from some of the atmospherics around the on-screen presentation.

What I would say is that, sort of in deference to the WWE, they've been able to put product on week-in, week-out with the pandemic sort of skittling (ph) a lot of our pieces of production rights. So, they've been a reliable Friday night installment for us on the network. The viewership is a touch down versus where we were last year, but I think viewership of sports just generally has been down, and so we'll see, once the world normalizes, whether that comes back.

And then, I would say, from an advertising perspective, we've actually exceeded our own internal expectations from being able to write ad revenue, even though the audience levels have been down. And so, hats off to the WWE for being able to put product on-air for us. So, listen, we're just over a year into a five-year deal with them, and we still absolutely are committed to building that into a bigger service just generally, and a bigger service for us.

John Hodulik: Great. Maybe pivoting to sports gambling, obviously there was some news last week with Flutter and FanDuel. Maybe start by giving us an update on Fox Bet, and just how you believe that property is positioned as -- and maybe talk a little bit about the growth and evolution of the sports betting market here in the U.S. Is it unfolding the way you expected?

Steve Tomsic: Yes. So, I think, from a macro perspective, I think, listen, there's no doubt the equity markets are convinced about the size that this market grows to. You look at where Draft Kings is valued at the moment, and it's off the charts.

But this is not a two-, three-, five-year sort of play. This is a 10-year-plus, which goes to the nature of our partnership with Flutter. So, listen, we're encouraged. We're really encouraged by the extent to which we're seeing us being able to put stimulus in the market to promote things like FOXBET Super 6 with our on-screen assets and seeing that have an immediate impact on take-up. So, Fox Bet itself, the actual sports book, is kind of like one degree of separation removed from us because we don't -- we have an option in it. We don't have actual money in that business right now. If I look at FOXBET Super 6, we expected there to be much more natural demand for that. But then, as we went into NFL season, we made an absolutely concerted effort across all of our businesses to promote FOXBET Super 6.

And so, we've seen user take-up or registrations for that product increase from about mid- to high one millions, and now we've got 3.5 million registered users of that free-to-play product, which makes it, from the intelligence we have in the market, that's sort of order of magnitudes ahead, orders of magnitude ahead of where any competition is on those sort of free-to-play weekly games. And that, for us, is in some respects an asset in itself, because it helps engagement with our on-screen sort of presentation of sports. If you've picked five of the six results and you're waiting on that sixth result, you're going to watch the game because you've probably -- you might win $1 million. But it also is the top of the funnel that will feed Fox Bet's sports book.

And at the moment, the only thing that -- or, the main thing that is the barrier for that to become a real one-to-one equation is the fact that FOXBET Super 6 is a truly national platform, whereas the sports book is in three states at the moment. So, we're in Pennsylvania, New Jersey, and Colorado, with Michigan to come. And so, we think being able to harvest that funnel from a free-to-play game perspective and push that into sports book is going to give the sports book an unnatural advantage in terms of being able to drive player growth.

And the most analogous example of that is what we saw in Sky with their Super 6 product with Premier League and being able to drive that free-to-play product into sports book demand. And so, we're super-encouraged by the fact that we've been able to take the power of all of our assets, and I mean this in terms of all of our assets, because we've had the free-to-play game against the classics like Thursday Night Football, Sunday afternoon football, MLB, but we then expanded that.

And we had Fox News promoting Super 6 with the Presidential debates, the election results, and things like that, which were more tongue-in-cheek but still drove an amazing sort of user growth over the course of the last three months. And so, it's exceeded all of our expectations in terms of driving the top of the funnel. Fox Bet will be an investment that I'm sure will pay off over many, many years to come. If even half of the market excitement is accurate about how big this market could be, Fox Bet is positioned super-well. And then, we have this option over the FanDuel.

And then also, I think, what has become a really nicely performing investment for us is we've now -- we participated in the most recent Flutter capital raise and so we've now put in a touch under $400 million into that sort of (inaudible), which is now worth about $850 million. And so, that's real money.

And so, everything we've done from a sports betting perspective has really driven value for us. And I think most of that value sits below our EBITDA line in terms of sort of hidden asset values that we've been growing out (inaudible).

John Hodulik: Right. Just lastly on sports betting, I mean, just given your guys' experience and what you've seen in other markets around the world, Australia and the U.K., I mean, how many winners will there -- in terms of the sports betting market, do you think there'll be a dozen of these sports betting companies out there? Or is two, three, four the right number? I mean, how do you expect it to evolve as it becomes legalized throughout the country?

Steve Tomsic: So, our sense is that the other markets have been much more distributed, right, and that's with -- what's happened in other markets is you had sort of High Street betting shops be overtaken by digital-first players, and particularly mobile first players, right? And so, they've had a much more distributed number of players that have been able to eke out a pretty nice existence.

Here, I think the jury's still out. I think out of the blocks, the two businesses that came out of a fantasy sports heritage have come out of the blocks really quickly, and particularly in New Jersey. You see Draft Kings, FanDuel really at the moment dominating the market. If you look at Pennsylvania, that's a little bit more distributed. And it's somewhat dependent on how quickly you are out of the blocks. And so, I think the jury's still out on whether this is a two-player market or half-dozen, dozen-player market. And so -- but irrespective of that, listen, there's a lot of -- I think there's a lot of pent-up demand for the product, and I think more than enough value to go around.

John Hodulik: Got you. Let's talk about D2C. If you could lay out for us Fox's D2C strategy and maybe the thought process behind it, the Tubi acquisition, and give us an update on the sort of advertising demand you're seeing there on that product.

Steve Tomsic: Yes, sure. So, D2C in some respects is a bit of a misnomer, right? D2C for me -- when you look at all these D2C announcements, one of the most immediate things that comes with them is a distribution arrangement with a Roku and Amazon and Verizon and Apple. And so, sort of true D2C, I'm not sure it actually exists, because what you're actually doing is substituting one intermediate--.

John Hodulik: --Form of distribution, yes, exactly.

Steve Tomsic: Yes. So, when we look at the flush of new -- sort of some of our peers, and I'll distinguish with what makes them our peers and what doesn't make them our peers, but when we look at all the new launches of D2C, they're really, really corralled around entertainment programming and time-shifted programming, where streaming as a business model is probably less attractive from a returns perspective and a margin perspective. But from a consumption model, Netflix has shown the way that the restrictions of a linear schedule is not what the consumer wants. They want to be able to consume these shows whenever and wherever they want. They want to be able to binge them. And they don't want to watch an hour once a week and come back, come back, come back, right?

So, the consumption model forces you to provide a streaming answer, because that's what the consumer wants. Our product, so that essence of what Fox is, is live sports and news, which doesn't lend itself to streaming. In fact, the windowing of sport is actually consumer-friendly, because it allows consumers to watch more games over the course of a game weekend, right? So, streaming from and answering a consumer problem doesn't really exist. In fact, I'd argue that the sort of -- the reception capacity of a streaming sports service is less than a traditional kind of traditional distribution, right? So, we're not trying to solve a consumer problem by going streaming.

When we -- that's not to say, though, that we've got our head in the sand and we're Luddites around where the digital -- where digital businesses are going. And it's not to say that we haven't made progress with our digital businesses. And so, when we look at our sort of overall revenue and how much of that is coming from digital sort of driven revenue, whether it be digital advertising revenue, digital subscription revenue, it's now coming to a real meaningful number. So, our digital revenue across the business for fiscal '21 is going to be a number approaching $1.2 billion (ph). And so, that's -- so we are making absolute progress there.

You mentioned Tubi, which has been, I think, a prescient acquisition for us. We bought that. We started negotiations before the pandemic and concluded sort of in the middle of the pandemic. We've seen just sort of everyone has their measures around monthly active users, and people have different ways of measuring that. But the acid test, I think, of engagement around that service is actual total viewing time. And so, when we look at Tubi, the most recent stat on that from November, we're at about 230 million hours a month of viewing time across a number -- across a broad spectrum of programming. We continue to drive that TV viewing time by putting -- by increasingly acquiring new titles, but also putting some Fox programming into the service. So, you've seen parts of our local news service being put on, as well as other new services being put on Tubi. You've seen some of our flagship entertainment shows being put on Tubi on a delayed basis, like The Masked Singer and Master Chef. And so, we completely expect to expand the number of hours of programming on the platform, and we completely expect to drive total viewing time.

When we look at revenue run rate for Tubi, we are running at a number that will be double sort of where -- our fiscal '21 will be double where fiscal '20 was. And we would expect that growth rate to continue for several years to come, to the point where you can see that the lines will cross out sort of what -- our broadcast entertainment network ad revenue will soon be eclipsed by Tubi advertising revenue.

And this is not like a 10-year sort of macro view of where the world is going. We expect that to happen in the next two or three years. And so, we feel completely vindicated by the use of capital to buy Tubi, because there's no doubt that its value increases by the day. And it's also -- not only has been assisted and supported by the content assets we bring to that business, but the monetization assets, by being able to plug that into our ad sales force, has been super-powerful. I think even Tubi, where Farhad, who was the founder of Tubi, has been a fantastic entrance to our business. And I think even he has been, in some respects, overwhelmed by just the power of plugging into that monetization engine.

John Hodulik: Do you expect to meaningfully increase the content spend to drive these fantastic growth rates that you referred to over the next couple of years, or maybe even shift some, or whether it's your existing entertainment book or sports rights to Tubi to try to drive that growth and maintain that kind of engagement we were talking about?

Steve Tomsic: We will. To the extent that six months' worth of ownership proves out the investment thesis, it absolutely justifies incremental investment. And that will be through all of the areas you mentioned. I'd stop short of saying we're going to put live sport on Tubi, but some of the shoulder (ph) programming absolutely can find a home on Tubi. We'll increasingly use time-shifted entertainment programming on Tubi, and we'll absolutely be in the sort of acquisitions market for content. But please don't construe that as meaning we're going into the SVOD kind of budget (inaudible) new series. We're not -- this model doesn't deal with Game of Throne-like budgets. Where you have to have massive marketing titles each month that cost you a small fortune. This is much more about having something available for somebody at every point in time, and so it's about breadth of content.

John Hodulik: Okay. Actually, last question. We're running out of time here. It went pretty quickly. One of the things you started with was the sort of fortress-like balance sheet that Fox has now coming out of the pandemic. You have over $5 billion in cash on the books. Talk about how you decide how to use that cash. I mean, obviously, we've seen number of smaller acquisitions that have created value along the way since you've been an independent company. Buybacks obviously are another option. How do you weigh -- are those the two options you look at? And then, how do you weigh those two as we look out into '21?

Steve Tomsic: Yes. So, listen, we've been consistent with this since Investor Day, John. We don't have a prescriptive formula on how we are going to apply surplus cash. So, the $5 billion is -- it's definitely overs in terms of how much cash we want to have on the balance sheet. But remember, that came about by us doing sort of an abundance of caution debt raise in May; which, touch wood (ph), we haven't had to sort of -- it has been abundance of caution. It's been absolutely superfluous to our need. And so, some of that is actually pre-funding a $750 million maturity we have in a little over a year.

The remainder is definitely surplus to sort of where we need to operate from. And there, you will see us continue to buy back stock. So, we -- at our last earnings results, we were a touch over $900 million in terms of cumulative buyback against that $2 billion authorization. As we sit here today, we're just short of $1 billion of that. And so, we have absolutely every intention of completing that $2 billion buyback.

And then, when it comes to looking at other opportunities, we'll look at it through the cycle and see whether we invest organically inside of our own business or if there are opportunities to invest in organically if the return profile is there, if the fit is there. And if we can bring real value to the asset, to light it up by using the platform that we have, then we're absolutely all-in on that. But it has to fit those kind of criteria of really us being able to lock that asset up with the assets that we have right now as a platform.

John Hodulik: Great. Well, that's awesome. I think that's all we have time for, Steve. Thanks for being here.

Steve Tomsic: Thanks, John. I really appreciate it. Take care.

John Hodulik: Okay. You too.