Fox Corporation

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Ben Swinburne: Okay, everybody, we're going to get started. For important disclosures, please see the Morgan Stanley Research Disclosure Website at Morganstanley.com/researchdisclosures. If you have any questions, please reach out to your Morgan Stanley sales rep. I'm Ben Swinburne, Morgan Stanley's Media and Entertainment Analyst and we are really excited to welcome back to the conference, Lachlan Murdoch, CEO of FOX. Lachlan?

Lachlan Murdoch: Thank you very much, Ben, and thanks for having me again this year. It's a pleasure to see everyone this morning.

Ben Swinburne: Thank you so much for coming back. So, been kind of a crazy year, the last 12 months, in the media industry and I wanted to get a sense from you how you would size up the performance of FOX over the last 12 months, particularly in light of all the disruption we're seeing in and around television.

Lachlan Murdoch: Sure, it has been a disruptive year in television or in the media industry overall, that's for sure. But I think for us it's been a net positive because it's been a year where, once again, I think we've proven the wisdom behind the design of our business or our focus intensely and really pretty much exclusively on live news and live sport has really -- continues to pay off as we see the audiences and also the advertisers shift onto those two verticals. So, it's been a great year for us.

In a year, for instance, where we've seen -- you're talking about the disruption in the industry, where we've seen a decline of about 8% in cable subscriptions, even in that environment we were able to grow our television and cable revenue despite those headwinds. So, we see actually things shifting in our favor and it's been a great year for us.

Ben Swinburne: You also had some pretty important distribution renewals with the MVPDs over the last year that I know have driven the business financially. You may have also been aware, there was a pretty high-profile battle that spilled into the public between Disney and Charter, both of which will be at this conference this week. What's your perspective on the implications of the growing tension we're seeing between MVPDs and programmers when you think about FOX and the portfolio of networks that you guys own?

Lachlan Murdoch: In this fiscal year, we renewed about a third of our distribution agreements. In every case, we renewed those distribution agreements very successfully. Frankly, above in some cases our expectations, and our long-range plans. And that really goes to the value that our distributors see in our brands, particularly in News and in Sports and also, importantly, in our local stations. So, in every case, we were able to renew our agreements without going dark and at rates that were very favorable.

In terms of the Disney Charter friction and disagreements in their negotiations, I actually think that's a net positive for the industry because I think as -- if the bundle, the cable bundle, the big bundle, becomes more focused on the essential brands, that's good for consumers and it's certainly good for businesses like FOX.

Ben Swinburne: I know a year ago we were chatting about FOX’s decision to sell many of these assets to Disney a few years ago and to just stay out of the streaming wars, and I think you were comparing the streaming wars to the gladiator scene in Life of Brian on this stage, which sort of stuck with me for the last year, with FOX being the little guy running away and winning the day. You also, though, recently announced that you're getting into the streaming business, at least through a joint venture, a sports first streaming JV. I wonder if you could talk about whether you're going back in the arena now and how we should think about this product opportunity that you guys have announced with your partners?

Lachlan Murdoch: Yeah, we're not going back into the arena. We're out of the streaming arena particularly from an entertainment perspective. If the entertainment streaming wars were -- the arena is now like a sea of blood, everyone's bled out and we're happy not to engage and we're not going to engage in a bloody streaming battle; that's not for us. We are a different company with a very different focus.

What we are doing though, is we've always said that we are distribution agnostic. We want our brands and our content available to as big and audience and as many viewers as possible, wherever they are. And for us, that means the audience that are cord cutters, or cord nevers, which is a huge market in the United States, if we can put our sports in front of those fans, that will be accretive to us and it would all be incremental, or many of them will be incremental, subscribers to us. We think that's an important place to be, and that's the -- what our streaming -- sports streaming joint venture is all about.

Ben Swinburne: I want to ask you about some of the points you were just making. But one of the things that has come up a bunch with investors is this Kayo product that exists in Australia that I know you're very familiar with given the News Corp ownership. Can you talk a little bit about what Kayo is maybe for the broader audience, who isn't familiar about that from Foxtel? And why maybe it's interesting as we think about the streaming JV your launching?

Lachlan Murdoch: Sure. So, for those who don't know, and I wouldn't expect many to know this, although I already met an Australian in the audience just coming in. The Kayo is a sports streaming service started by Foxtel, which is our cable operator in Australia. It was started in late 2018, and it has today roughly 1.5 million subscribers, right, which in the context of a smaller country like Australia is a pretty good penetration.

It was the -- and is, remains, the creative inspiration, at least for us at FOX and myself, knowing the Kayo experience. It was the creative inspiration, and the user interface is inspired by Kayo certainly. Sports fans, the sports are the heroes, much more than the channels. So, if you go on the Kayo homepage today, you'll see it's the home of football in Australia, which is two codes AFL and the NRL. It's the home of soccer, home of basketball, home of netball, hockey. The brands are not seen, the channel brands, anywhere on that home page. So, it's marketed very much to the sports fans and not necessarily as a competitor to traditional linear brands. It's a new service using and utilizing the best and most creative and new technologies. So that absolutely is the inspiration for how Kayo will work for consumers, the consumer element of it.

But from a business point of view, it's a very different service. Kayo in Australia has effectively 90% of all the sports, or close to 100% of all the sports, in Australia are on the Kayo platform. That's not going to be the case in the United States. The United States service is going to be significantly more expensive than the Kayo service just because of the way sports rights packages are structured and are priced in the United States. So, it will be a different service with -- at a different scale here than it is in Australia.

Ben Swinburne: You mentioned -- that's very helpful. Thank you, Lachlan. You mentioned cord cutters, cord nevers. So, when we think about the U.S. market of broadband homes without the big bundle, we think it's about 50 million households, a big number and growing. And if you could penetrate that with your network, that's meaningful to the company. The question that always comes up, though, is why do you believe that there is a meaningful percentage of that 50 million who have decided they don't like the big bundle, but will like this, let's call it, my numbers, $40 to $50 a month kind of a sports bundle.

Lachlan Murdoch: Right. So, it depends on how you define the cord -- the cable universe first before you look at the cord nevers and cord cutters. I think in your calculation, you're using people that are in the skinnier bundles as well, that are sort of spin down bundles that the cable operators use, right? So, the opportunity is between say you have 50 million in terms of cord nevers, we think, between 50 million and 60 million, right? Either way, it's a huge opportunity of Americans that don't currently subscribe to a cable bundle, whether it's a big cable bundle or a smaller cable bundle. That's a huge market. It's half of the households, television households in this country.

And we know sports is the number one driver of TV viewing, it's something -- great sports in the storytelling and the narrative behind great sports, the drama behind great sports, is really something that drives viewership, drives subscriptions. It drives -- it still drives newspaper sales and Internet usage. And so that's a huge market that within that 50 million or 60 million, there is a -- we believe, there's a very high percentage of them that will be open to taking this new package.

Ben Swinburne: So, the idea then that the people that are in the bundle, skinny or not skinny, being essentially all the people that care about sports, you sort of reject that simplistic thought process?

Lachlan Murdoch: Yes. I think if you travel in Middle America, you're outside of San Francisco and Los Angeles and New York and the Northeast, a huge number of households are outside of the bundle for reasons other than that they don't love sports, right? I think there are economic reasons. There's -- obviously, the last number of years of inflation. There are a lot of people that are outside of the bundle that are still very strong, very passionate sports fans.

Ben Swinburne: Yes. This announcement, as you know, got -- has had a lot of attention, as I'm sure you're aware. So now I'm going to -- I was asking you why this is a big opportunity, but I also want to ask you about the other risk that comes up, which is that it starts to accelerate cord cutting, right? So, then we -- you had, at FOX, had to think about, and I'm sure you did, the risk that the remaining cord-cutting households that this product is so good that you're right, but actually a lot of the growth comes out of the existing bundle. How did you get comfortable with that risk?

Lachlan Murdoch: We obviously have done a lot of work on this. We've thought about it extensively. And when we look at the size of the market and why we believe it's going to be successful, our ability as -- we're both our channel providers or content providers to this bundle, but we're our joint venture partner in the platform. And so, our ability to make sure that this bundle is focused on the cord cutters and the cord nevers and is not focused on people within -- currently within the bundle. Our ability as owners or partners in this bundle is very important that we can make sure it's focused on the people that are currently outside of the bundle. But also, when we look at it, and we look at the cost of the bundle, effectively, the best way to look at this is that it's -- there's been a lot of focus on it, and it's some hyperventilation around it.

But it's effectively going to operate like -- or the mechanics behind it are like a DMVPD, right? So, it's -- and the economics are like that. So, FOX and Disney and Warner Bros. Discovery will get paid per subscriber just as we would if we were selling to a DMVPD, right? A YouTube TV or Fubo or a DIRECTV, we get paid on the same economics as if they were a cable subscriber. So that's very important. The pricing because of that, the pricing is going to be in the higher ranges of what people have talked about. And what that drives the output from all that is that our internal expectations and what we've built our plans around are that within five years, we will have five million subscribers within five years.

So, some of the talk about this being in the teens or 20 million subscribers, we don't think that's the case. We think it's a very good business for us. We think every single -- not every single subscriber, overall, it's an increment -- these subscribers are incremental to our base, our subscription base. And we think at around the five million subscriber mark, that's what we'll settle after about five years.

Ben Swinburne: Great. Well, that's very helpful. Thank you for that framework. I've had the benefit of meeting with Eric Shanks over the years, your Head of Sports and he always says, I think America runs on football is one of his sort of taglines. Does this -- when I think of what my consumer had on, Lachlan, and think about this 14 channel offering. It's got a lot of football, college and pro, but it doesn't have all the NFL. Do you think it's got enough of sort of that core IP to really hit those -- that five million number?

Lachlan Murdoch: Yes, absolutely. And the reason I think that is because this is a pro-consumer package. What we've done, and when I say we -- the world -- in media, right, we've made life for our audiences over the last several years, incredibly hard, right? You have to take -- you've got to take different packages, and you've got to find out where your football game this weekend, if you're a fan of whomever it is, what streaming platform it's on, what channel it's on. As the bundle has frayed in other ways, we've made the consumer choice incredibly difficult. And what this bundle does is it puts a majority of sports into one bundle. It's an easy place for people to come to. If you're a sports fan, this is absolutely -- and you don't get those sports already in the big bundle, this is absolutely a service you're going to be interested in.

Ben Swinburne: Is this a service you think that could really evolve over time with more innovation? I'm thinking of things beyond product, also adding tiers like local sports or some of those out-of-market packages like an MLB Extra Innings, do you see more coming over time?

Lachlan Murdoch: I think absolutely, there's a potential for that. We're running really hard and really fast to get the service up and running before the start of the college football season this year. There's a lot of work to do to get there, but we're going to get there. So, there are -- I'm sure there'll be innovations that will come later. But this year, we're just trying to have a relatively simple service by this fall.

Ben Swinburne: What about adding things like sports betting and other sort of product features over time which you could do with an app-based service that you really couldn't do in linear?

Lachlan Murdoch: Absolutely. Over time, I'm sure you could do all of that. At the moment, it's not envisaged. I mean, obviously, the channels and the partners that are on the platform have had their -- all have their own relationships with the different sports betting companies and those relationships will remain within their channels as those are ingested into this platform. But does the platform itself have sports betting capabilities and data? I can see that absolutely coming over time, but not for the launch.

Ben Swinburne: My last question on this JV. I'm sure you're relieved. Any thoughts or concerns about regulatory approval of this. There's been a lot of noise in the press on that front as well.

Lachlan Murdoch: Look, I think this is a -- the answer is no. I don't think or have any concerns from a regulatory approval perspective. When you look at the service, it's pro-consumer, it's pro-competition. It's focused on a cohort of people on a segment that is not just -- it's not just underserved, it's not served at all with sports content. And that's quite incredible because if you think about the sports universe in this country, obviously, the U.S. is different from other countries. It's probably the most complex sports rights market in the world because you have national sports packages, you have regional sports packages, you've got cable packages, and you've got Pay-per-view obviously, you've got broadcast packages. But all of those, at the very top of that, you've got Sunday Ticket, a very premium service.

So, all segments at the top end, right, the top 50% of households are served incredibly well. But this 50% of households at the bottom that aren't served at all. And I just don't believe that they're not sports fans or there aren't a lot of sports fans in that cohort. So, we want to serve that part of the market that's not served today. There's no competition in that market today, and we want to do it in a very pro-consumer, consumer-first manner. And so, we think for all those reasons, we -- I'm not overly concerned about the regulatory environment.

Ben Swinburne: Good. Wrapping up the sports before we move to FOX News. We were chatting about Tom Brady coming on at the broadcaster backstage. When you guys think about your rights portfolio, you and Eric, and think about where you're putting money to work, just given all the things we've been talking about, what sort of guides kind of your investment decisions? You guys let WWE go or you're letting it go --

Lachlan Murdoch: Me or Eric?

Ben Swinburne: We'll blame Eric because he is not here to defend himself.

Lachlan Murdoch: Eric, he's a sports fan. So -- but look, in all seriousness, we like our portfolio. We think our portfolio is pretty robust. We have long-term deals now in place with all of our leagues and our partners. And so, we're very comfortable with where we sit. What I mean by that is that we think for the long term, with these contracts in place, they underpin the value of our brands, particularly FOX Sports and FOX Sports 1 and FOX Sports 2 for the near to distant medium-term targets. And so, we're very comfortable with -- we have the sports, we have the rights we have the skills and the broadcasting to retain the value of that business for the long term.

Having said that, we will always look at it as a portfolio of sports and sports rights, and so we'll always assess new sports that come along. And we'll always take a hard look at sports that maybe have underperformed on the platform they're on. So, WWE was great for us. We took a swing at putting it on broadcast television just to see what it could do, and it just didn't meet the levels that we needed. So, I think we're pretty disciplined in how we look at sports rights and our investments in sports rights.

Ben Swinburne: Great. So, it's also been an eventful year for FOX News. Since you were here last year, big changes in the prime time lineup. You settled the Dominion lawsuit. I wonder if you could talk a little bit about the sort of relative health of the network sort of sitting here today, which at least this business by RS and it really drives the cash flows for the company.

Lachlan Murdoch: Sure. So, FOX News is in incredible health. The -- you talk about the changes in the prime time lineup, successful changes, all have gone very well and quite smoothly. But what you didn't mention, Ben, was the news gathering part of this business. And that's the thing that people often skip over because it's the news engine in FOX News and, frankly, in any 24/7 news channel, that's so important. This year has been an incredible year. Obviously, we have the election coming up. And in the past year, whether it was the attack on October 7 in Israel and the subsequent war in Gaza, or the war in Ukraine, now going into its second year, it's been an incredible new cycle. And it's actually FOX News' ability to cover those events and cover it with great clarity, but also great courage for the journalists that are involved.

And I was lucky over the last few months to visit both our journalists in Ukraine and bring Ben Hall back to Ukraine. Obviously, Ben was a journalist of ours, who was very severely injured a few years ago. He was able to interview with Zelenskyy then as Bret Baier did an interview with Zelenskyy just a week or two ago. So, we're very proud of that coverage, bringing, I think, a very important conflict in the world to people to better understand in America.

Likewise, in Israel, I visited Jerusalem and also some of the kibbutzes, Kfar Aza, a few weeks ago and visited our bureau in Jerusalem with journalists like Trey Yingst who have done just a brilliant job. And I've got to say our audiences see that. And our audiences appreciate the work that we do around the world every day. And we actually see it -- we see it in their engagement. We also see it in ratings, but that's not necessarily why we do it, but it's good to see that the amount, particularly in Israel, the amount of e-mails and letters that we've had appreciative of our coverage has been really heartwarming.

How does that affect the business? Well, on the downside, there's a lot of preemptions. We preempt a lot of advertising when there's live news, and that's important to do. But more importantly, I believe that the channels, the number one news channel on cable for 22 years, running 22 years, number one news channel on cable. And for eight years, it's been the number one channel of any cable's channel on cable. So, the channel is doing incredibly well, and it's incredibly diverse. More democrats, more independents, more Hispanics than any other cable news channels. So, we're very pleased with the positioning of FOX News and with the work that our journalists do.

Ben Swinburne: Anything we should be expecting different in terms of how you go after the political election opportunity this year?

Lachlan Murdoch: Well, I think, unfortunately, there's no primary cycle, right? And so, we'd love there to be more of a primary fight on both sides of politics. But unfortunately, that's not the case. So, we're looking forward to the fall, both from a FOX News perspective, obviously, but also from our local TV stations. The FOX television stations are incredibly strong in news. Because the FOX Network only broadcast two hours of entertainment a night, a lot of the rest of the 22 hours of our local programming, a lot of that is news, local news. And we have -- our station, we have five of the seven key swing states in our station group. So, it's like Wisconsin, Michigan, Pennsylvania, Georgia and Arizona. We're already seeing political money in those swing states start to being spent for the fall. So, we're going to cover the election robustly as we always do, and we're looking forward to the end of the year.

Ben Swinburne: Well, I may have lied that that was the last JV question. This is technically not a JV question, but I did want to get your sense of whether there's any risk of FOX News distribution from the creation of the sports JV because you're essentially creating a package that doesn't have both FOX Sports and --

Lachlan Murdoch: Well, I think because the JV is focused on the cord nevers and -- so that's an important distinction, right? So, we're not focused on people who can get or do get a FOX News now. So that's the first important thing. The second thing, though, is in the bundle, we are huge supporters, I think we're the biggest of the cable bundle, right? We think the cable bundle is still the most efficient, effective way. It's a -- with the best pricing for people who want everything, right? If you want news, entertainment and sports, you should have the big bundle. And within that bundle, FOX News is really an essential part of it. You cannot have the big bundle without having FOX News part of it. Our audience is too big, our audience is too engaged and it's too important a channel for the big bundle to miss out on.

Ben Swinburne: There's been some ad sales pressure at FOX News over the past year, I think direct response in particular. Any update there or a sense of how that -- what's driving that?

Lachlan Murdoch: Yes, sure. It's getting much better. I'm happy to report. So, there's been two ad sales pressures at FOX News, there's been the preemptions. So, in big new cycles, we run through -- whether it's an international or domestic news event, we'll run through ad breaks. And so that's a significant part of the ad pressure is the choice we've made to stick with news when we would otherwise be running an ad impression. The second is direct response advertising. So, two Upfronts ago, there was activity in the Upfront by a competitor that actually resulted in a lot of direct response, getting sort of dumped -- a lot of impressions or ad availabilities kind of being dumped into the direct response category.

We're now sort of working through that. So, it was sort of a onetime event, but it's affected the direct response pricing because of oversupply for now almost over 18 months. That's sort of working through. And this quarter, we're pacing the direct response pricing to be down sort of half as much as it was last quarter. So, we're getting back to a good position.

Ben Swinburne: Okay. Last on FOX News. You've been building FOX Nation for a while. Any update on the relative size of that business or if that's an area you guys are investing a lot more capital into?

Lachlan Murdoch: We're not investing a lot more capital into FOX Nation. FOX Nation is a great focused streaming service for the FOX News super fan with all sorts of terrific content on it. The investments remain consistent over the last couple of years. We're not increasing the investment in it at all, but it's doing very, very well. We're proud of the service. It serves our audience incredibly well, drives engagement with them. And I think it was reported the other day it's around two million subscribers, and that's -- I wouldn't say that's an inaccurate number, it's around that number. So, it's small, it's focused, but it serves a great purpose for us.

Ben Swinburne: Let's talk about Tubi. It's a business you bought, I think, for about $400 million, over $400 million, a few years back. I think you’re, at least by our numbers, approaching $1 billion in revenue, for Tubi. Can you talk just about the long-term vision for that business and a little bit about sort of who the Tubi viewer is for maybe the audience that isn't familiar with it.

Lachlan Murdoch: Sure. So Tubi is a terrific business, and we're really, really pleased with it and how it's going. It started as an ad tech business. It really started from an advertising technology point of view. And then Farhad, the founder, realized that he could license content, attached it to his ad tech and start to drive engagement and drive advertising revenue. So, it started from its inception as an advertising business and an advertising-only business.

Since then, it's grown incredibly well. And since we bought it and bought it together with the leverage and some of the synergies with FOX, it's done incredibly well. It's now sitting at about 1.5% percent of American television viewing is through Tubi. And that's a growth from the last time our Nielsen researched or published those numbers, and we think it's going to continue to grow. And it's actually on all of its key metrics and key KPIs is doing extremely well.

And from a -- we believe, from an entertainment perspective, it will be the way that Americans watch free television, right? Subscription is different. Free television, Tubi will be the dominant free television player.

Ben Swinburne: Any sense of engagement levels or sort of who are the consumers watching this service?

Lachlan Murdoch: Sure. So, it's really interesting, actually. Tubi is -- engagement levels are very high. And one thing we can talk about and I'm sure you'll come around to revenue at some point, engagement has grown faster than revenue, which is a healthy problem. In media, if you don't have engagement, that comes first, right? If you don't have an audience, you don't have a business at all. So, the fact that the audience is so healthy and growing so strongly, that's our number one metric. Revenue is growing strongly as well but has a lot of catching up to do. And that's an opportunity, not a risk.

But from an audience point of view, year-over-year, Tubi is up, I think it's like 55%. Now it's 60%, 18 to 34-year-olds, year-over-year, 60%. We're up 55% with diverse audiences, so African-American audiences, Latino audiences, LGBTQ audiences we’re up 55%, and we're up 63% with females year-over-year. So, these are -- and this is a big business. These aren't percentages off of small numbers, these are percentages off big numbers. We're also -- and this is -- this is what's most important advertisers, also 63%, coincidentally, of our audience are cord nevers. Sixty-three percent of the Tubi audiences don't have a cable subscription, and they're not reachable by traditional TV.

Thirty percent of our audience is not reachable by any advertising platform, advertising video platform. And so, what that means is that we are really essential. If you're a marketer, and you're trying to gain reach, Tubi is an incredibly -- is an incredibly valuable spot of real estate. So, a long answer to your question, we are very pleased with how Tubi is going and very pleased with where it's positioned competitively.

Ben Swinburne: I think from a business model point of view, Lachlan, it's, I think, generally a rev share business. It's not that dissimilar from YouTube. Any help thinking about what the margins of this business could be over time now that you're reaching that scale?

Lachlan Murdoch: Yes. It was traditionally a rev share business. And now it's a mix of rev share and a traditional television license where you're paying cash, or you have a contract for a fixed fee. So, it's a combination of both now. And when you put that combination together, the library of Tubi is about 240,000 movies and television shows and has about 250 live TV channels. So that's the content engine that drives the revenue. And so going to your question about the margins, the mixture of rev share and some contracted fees, we think we will get to -- this is as close to an educated guess, right? We'll see. But we think the margins are like the subscription video on-demand margins, which is about 20%, which is where the business will, we think, over time will settle down to.

Ben Swinburne: Okay. Thank you. All right. I want to ask you -- we talked a little bit about the ad trends at FOX News, but just generally, Lachlan, how would you sort of size up the advertising market when you look across the rest of your platforms and networks?

Lachlan Murdoch: Advertising market overall?

Ben Swinburne: Yes.

Lachlan Murdoch: So, I think overall, a healthy advertising market. But as I said in our last earnings call, it's nuanced, depending on where you where you play. So, the sports market, very healthy. We had certainly very solid, strong NFL market this last year, but we had incredible strength in college football. College football had a tremendous year this year. So, sports market, very strong. News market, the direct response issues we talked about are ameliorating. They're getting much better. And some of that is that we're lapping better comps, but the sports -- the news business is doing well. And of course, as I mentioned before, we're looking forward to the political cycle coming towards the end of the year.

Entertainment. Entertainment is the one area where you're seeing your audience in entertainment across cable channels, across the broadcast networks where ratings are down. But within the down rating cycle, we're doing very well pricing and scatter pricing. Scatter, there's not a lot of scatter volume in the market, but scatter pricing is positive in entertainment. And then lastly, as we mentioned, Tubi is just going from strength to strength. So, we're incredibly pleased with how Tubi is going.

Ben Swinburne: Great.

Lachlan Murdoch: If I look forward to -- we're now getting closer to our Upfront in May, and we think it's going to be healthy Upfront, it's going to be competitive, absolutely a competitive Upfront, but a healthy Upfront.

Ben Swinburne: Great. Okay. In the time we have left, a little bit of a lightning round, I wanted to hit a couple of additional topics. First, sports betting, which is something that FOX has been around and invested in over the years quite a bit. It's a little less clear to me what your strategy is now in terms of driving value, what would you -- how would you size that?

Lachlan Murdoch: So lightning round, does that mean short answers?

Ben Swinburne: That's code for short answers.

Lachlan Murdoch: Sports betting, we've been very innovative with sports betting. Our big investments in sports betting, we have 2.5% of Flutter. I won't go into the history, how we got this 2.5%. We have 2.5% of Flutter, that's worth about $900 million. I'm not sure that's reflected on our -- in our stock price. That's a great investment we made more than double what we paid for. But part of that deal was we have 18-point -- an option for 18.6% of FanDuel in the U.S. It's -- you can think of it as an at-market option. We've got six years to run on the option. So, we think there's a tremendous value in an option. Aside from that, we now have the freedom to work with all the sports wagering companies in terms of our advertising and marketing promotions. So, we think we're well positioned in that space.

Ben Swinburne: Great. News Corp presented earlier this morning, and I wanted to at least take the opportunity to ask you about the proposal that was made a while ago, I guess a couple of years ago, to recombine News Corp and FOX. Is the logic for that recombination sort of still intact in your view? Are there opportunities to revisit that in some new way that might get more support?

Lachlan Murdoch: What did Robert say? No, we're always going to be looking for accretive transactions that drive shareholder value in the long term, whether that's a combination with News Corp, that's off the table, or combinations with other businesses. We have the best balance sheet in the media business, bar none. We have the best balance sheet in the business, and we're going to use that both to grow organically, to invest in our existing businesses, but also to look at M&A in a disciplined manner. And so, we'll certainly be putting that balance sheet to good use.

Ben Swinburne: Great. All right. Well, listen, I really appreciate you coming back. Thank you so much for the conversation. And thank you, everybody.

Lachlan Murdoch: Yes. Thanks, everyone. Thank you very much. I hope I am -- you invite me back next year.

Ben Swinburne: You bet, yes.