FoxCorp

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John Hodulik: Okay, if everyone could please take their seats, we will get going with our next presentation. Again, I'm John Hodulik, I'm the telecom and media analyst here at UBS and I'm very pleased to announce our next speaker, Steve Tomsic, the CFO of Fox. Steve, thanks for being here.

Steve Tomsic: John, thanks for having us.

John Hodulik: We've got about 45 minutes, 40 minutes for Q&A. As always, I've got the iPad, already one question here. Keep them coming, and I'll work these questions into the discussion. So Steve, again, thanks for being here. As we always do this late in the year, obviously an eventful year for Fox. Can you give us sort of a summary of what you think were the high points and how the company is positioned as we look out to 2020?

Steve Tomsic: Sure. If you look, it's been a tumultuous year. We launched in March. If you look at where we're set up, we made the conscious decision around the Power of Now, Live Content, Driving Mass Audience into really high impact content. And I'm sure we're going to cover a lot of these things over the course of the next 40 minutes, but we had a second season of Thursday Night Football for us. We launched WWE on October 4th, which is working really well for us. Both Thursday Night and Sunday Football has had a fantastic year for us. On the entertainment side of the business, we've got the Masked Singer where we're back-to-back in terms of nights, so we're tonight and tomorrow night, and back-to-back in terms of seasons, so we're doing a second and third season in this fiscal year and it's the highest rated entertainment show on TV. So that's on the network side.

Locally, we continue to build out the news service locally and be as relevant as possible as we can be to our local communities. And then running parallel alongside of that is the ultimate live base which is Fox News which is live 24/7 and continues to go from strength to strength. Obviously, it's a really high-power political cycle at the moment and so you continue to see the resonance of that brand. So that's sort of where we focus the core and that provides, I guess, the core energy for the rest of the company. Because as we go, sort of as you build out from that core, we've obviously had to do a little bit of a reset on the entertainment side of the business because we untethered that from the studio that we once owned and that's now gone to Disney. So we have to rethink what the entertainment side of the business looks like and how we leverage these high audience properties into creating successful new entertainment shows. And we're seeing early signs of success there with Masked Singer, 911, Prodigal Son. That's working.

And as we then build out a little bit further from the core, it's incumbent on us to use that asset base to build out and expand the business. And so you've seen us do things like Fox Nation. You've seen us go with Fox Bet and the partnership with TSG which is now going to become TSG and Flutter. And then the most recent things we've done is around the Credible acquisition as well as the acquisition of some sort of tuck-in local stations.

So they are kind of the focus for the business. If we get all of that right, and we're on a great pathway to getting that right, then it obviously plays through in terms of the affiliate revenue and the growth we've got there. And then that, we have a particularly advantaged position with respect to our financial position because of the tax assets. So a lot of that incremental earnings slips right through into free cash flow. Then the obvious final point in all of this is, what do we do with that free cash flow in terms of creating the best return on investment for our shareholders? So that's -- I think as we close out 2020 and we look at not quite a year in review, 9 months in review since we launched, we couldn't be more pleased with the position of the business.

John Hodulik: That's great. That's a great summary and I think we'll tick through each one of those categories along the way. Maybe starting with affiliate, you recently completed some deals with Charter, with Dish, with Cox. Can you talk about sort of directionally about what you're seeing from a pricing standpoint and are there other areas sort of outside of price that are important to Fox and that will show through in results?

Steve Tomsic: Yeah, so we have gone through a reasonably concentrated period of renewals, both with distribution as well as our non-O&Os. I think testament to the asset base that we have, with the exception of Dish, where we were off there for 10 days, and in a summer of discontent in terms of affiliate renewals in the industry, we were able to pretty much get all of ours done without too much acrimony. We achieved our pricing objectives without exception and in many instances exceeded them. You'll see that we made a call at the Investor Day calling out television affiliate which is where we see the bias of growth in terms of the overall affiliate line. Over the next couple of years, we've said that we would grow that up by $1billion by calendar year 2022 and we're absolutely on track to nail that.

You'll start to see we had a low growth quarter in terms of cable affiliate Q1 versus Q1 last year and you should expect to see similarly low growth Q2 versus Q2 as some of these renewals, the pricing change doesn't take effect until the New Year, so you'll start to see that growth build out. Most of that, I think what people need to understand is we're such a concentrated group of high-profile channels, that for us it's less about sort of the breadth of carriage, because we're pretty much carried across all of the basic fees across virtually every provider. With Dish, we manage to get, as we said we would at the Investor Day, we said we'd get Fox News on Sling and you'll see that come through in the New Year. But in terms of we got pricing and we've managed to preserve the broadest level of distribution. And I think when we talk about sort of the bundle, it's like we are such a core part of the bundle with the programming that we have, that getting the right type of carriage is relatively straightforward for us.

John Hodulik: Q1 over Q1 was certainly tepid growth on the affiliate side. It sounds like Q2 --

Steve Tomsic: Yeah, on the cable side. But increasingly, we look at affiliate -- with the exception of a couple of deals, we pretty much negotiate the whole portfolio as one. And so for us, we're almost indifferent to where the value goes, to the cable side or the television side. We think that on the television side, we're probably underpriced and there's more room for growth there. But in many respects, we're mostly feeling indifferent about where we get that affiliate growth.

John Hodulik: Got it. So Q2, similar to the trend we saw in Q1. And then so I understand, Charter, Dish and Cox all hit the following quarter, so we should see that in the March quarter?

Steve Tomsic: Exactly. And the other piece is, with the non-O&Os, so what we call a programming fee, our (inaudible) industry calls it reverse comp, we've managed in the renewals we've done there and there's more to come. Again, we've achieved the objectives we've had and we've also achieved not only the pricing, but the way the economics work which is these fixed rate deals. So that we're, at least in the term of deal, we don't have the buffering of where subscribers go. So we're both taking risk on that. If subscribers prove to be better or worse, then one or the other benefits from that.

John Hodulik: Have you given a sense for a range of what percentage of those non-O&Os you guys have renewed recently? And does that also affect the March quarter?

Steve Tomsic: We'll get through 80% of our -- if you look at our FY19 revenue, we'll get through 80% of not just the non-O&Os, but the whole TV re-trans in the next 2 years, this fiscal year and into next fiscal year.

John Hodulik: Got it. Moving onto subscriber trends, 6.5 million subscribers of the Pay TV bundle cut the cord this year. Meaningful over 4 million of that came from AT&T who spoke earlier today. We actually didn't get a chance to discuss that because we ran out of time. Just your views on the trend there. They should improve. I think for next year, we've got AT&T down to 2.6 million, but there's some of the things that roll off of the DirecTV Satellite. But just how do you guys sort of look at cord cutting and what are your expectations as we look into 2020?

Steve Tomsic: We look at it -- I think if you look at it from a micro perspective, and we do, we analyze it today in terms of which distributor, what are they seeing? What are we seeing via them? And you look at AT&T specifically, which accounts for about a quarter of our paid for base, yet represents about 3/4 of our churn. And so if you take them out, it's easy to do this, if you take them out, the rest of the industry, including the virtual MVPDs, are eroding at about 1.3%. We look at that and we look at that and we say, well if AT&T, DirecTV can get through this period of what looks to be sort of the eradication of the offer ride in their subscriber base, then it will be to the ultimate good of everybody in the industry. We see different swings in the virtual MVPDs in terms of recently we're seeing pretty robust growth in that part of the market, which is good.

But you can get fooled into trying to extrapolate a quarter out 5 years and you can think that the business is fantastic or the business, you should be splitting your risk depending on what that quarter looks like. I think the way we look at is, we look at is sort of on a quarter by quarter basis and how those micro trends work. We also sit back and look from a macro perspective. And you say we've got this concentrated level of content which is based around essentially big news, big sport, that the consumers vote with their eyeballs in terms of wanting to watch. And whether they consume us through the old bundle through a set top box, the new bundles which are virtual MVPDs, or whatever the next version of contemporary distribution looks like. Whether that's through an intermediary or whether we have to go there on our own, we think there's an enormous audience and an enormous subscriber base for us to lean into. So we actually keep close eye on the micro trends, but ultimately we think that the nature of our content supports a huge subscriber base.

John Hodulik: We've definitely seen some improving results over the last really quarter on the virtual side with Hulu and YouTube TV. Do you guys get a sense -- and you guys are to a certain extent driving it given that we think that there's a fair number of people that sign up to get NFL, to watch NFL. Are you seeing that in the sort of affiliate or subscriber numbers on the virtual side, some improvement? And I guess there could be possibly you could see it come off.

Steve Tomsic: Come back the other way, when the season ends? Yeah, I think we are in a way. Which the greatest friend of distribution plays used to a no-show, the subscriber used to just sit there and take what they were given. I think people are now more active and we potentially see more seasonality in the business in terms of surges when big sporting events come through and eases off when they come out. But we look at it and you saw YouTube TV be big advertisers on our airwaves with MLB post season. So we think that there's a strong bid for subscribers coming through these virtual MVPDs. I think we need to see a lot more experience in terms of how a subscriber behaves once they're in the system and how dynamically they manage their subscription. Because of the nature of the bundle, they might not be watching our channels at certain points in time, but other components of the bundle they are watching and don't want to switch it off at that point in time.

John Hodulik: You said this in your prepared remarks, but you've got to be happy with the way that your NFL investments have performed. Could you talk about maybe how the numbers stacked up for the Thursday night package versus what your expectations were? And then maybe talk a little bit about how you're positioned going into -- although it doesn't expire for a couple of years, maybe a renewal next time?

Steve Tomsic: We couldn't be more pleased with how NFL and I think football in general this season has been amazing for us. So if we look at Thursday night, our viewership is up 8%. Sunday, our viewership is up 10%. College football, which goes under the radar for us, but we've repositioned college football to have the noon kickoff, that's up 15% for us this year. So we couldn't be more pleased with our position in football and NFL specifically.

As we think about how we're positioned for the renewal, whenever that takes place, I think what -- there's no one -- sort of that we've had a 25-year history with the NFL, we had Roger Goodall at our Investor Day taking about the virtues of broadcast. I don't think we could be tighter in terms of partnership with the NFL and we're an important live holder for them, we have the Sunday package and the Thursday package. We've proven to them again and again the mass reach that we deliver. We prove to them the innovation we deliver. We prove to them the care we give the product in terms of pregame, postgame, saturation coverage through the local stations. So I think in terms of the technicality of delivering a Sunday afternoon broadcast where there's multiple games taking place simultaneously, we do that seamlessly. So as a partner, I think we take fantastic care of the NFL and NFL as a rights owner and a provider of product, so we couldn't be more pleased with the relationship. So without sort of knowing how the NFL renegotiation or renewal plays out, we feel super confident that we're in as good a position as anybody to renew those rights.

John Hodulik: Do you guys get a sense for what the new packaging might look like at this point? As we look at the cord cutting numbers, if you assume a sort of 5-year deal starting in 2020, 2022 rather, by the time we get out to 2027, there will be a pretty meaningful base -- even if you assume the trend improves a bit, a pretty meaningful base of people, especially young people, that don't have the bundle. So you would imagine the NFL would want to include a larger component of sort of D2C, the availability of some of these games outside. Is that something that worries you or something you think where the NFL might be leaning?

Steve Tomsic: It's something we consider. It's way too early for us to speculate the nature of the packages that will be presented to market and so how they deal with, like any of us in digital, how they deal with exclusivity and all of that. But no, we pay close attention to it. We're not light-outs, we don't turn our back on digital, but our primary form of distribution at the moment is leaning up because that's where the vast majority of people who want to watch that type of programming still are. But we have got the resources internally to flip the switch to go to sort of a standalone digital broadcasting sort of environment. But to your original question about what those package structures look like, it's way too early to speculate on that.

John Hodulik: Obviously with the growing importance of sports within the bundle, especially as entertainment eyeballs sort of migrate to Netflix and some of these others, any interest in increased -- I mean if you look out over the next couple of years, do you expect that your portfolio of sports rights will increase beyond what we've seen? Especially given all the success like you said you've had with football?

Steve Tomsic: The way I look at it and the way we sort of view it is, we manage our sport portfolio rights across both broadcast and cable. And the way we look at it is, the portfolio in terms of size and investment I think feels about right, right now. There's always a question about have you optimized in terms of the specific rights that you have and whether you would trade in and out through time. And that can mean that you've got gaps in terms of portfolio for a period of time or you've got overlaps and carrying costs for a period of time. But I think where we are now in terms of cost and spread of rights, it feels about right for us.

John Hodulik: Gotcha. Maybe let's segue into sports gambling. Obviously, Fox Bet has been launched, the deal with Stars. Can you give us an update on that property? And at this point, is the sports betting ecosystem evolving how you expected and maybe as fast as you expected in the US here?

Steve Tomsic: We're very pleased with the partnership with TSG, the Stars Group. And now that Flutter (inaudible), if that goes through, then we have a broader relationship which also captures FanDuel and all of that. We're very pleased with how it's going. So we are in New Jersey and Pennsylvania at the moment. I think for it to really catch fire it needs to get legalized in more and more jurisdictions. But the early signs for us are really strong from a Fox Bet perspective in those 2 markets.

We have a free to play game called the Super 6. I don't know if you've played it, John, but we have a million registered users of that game. And in New Jersey and Pennsylvania, that will give you a direct link into Fox Bet. So it's the free to play entrée into Fox Bet. We're not looking for the whale kind of gambler that wants to put $100,000 on Patriots versus Cowboys. We're looking for sort of the social wanting to have a wager, keep interest in the game. So pleased with how that's going. As I said, a million registered users that have played the game 15 million times which is probably one of the most widely played free to play games in the market on the sports side.

For us, it not only has the benefit of building out into adjacent space for us, and we think that -- I think don't expect it to hit our numbers anytime soon in terms of we have an option to invest in Fox Bet rather than being in it from day one. This is like a multiyear play for us and I think there's nothing in the domestic market that we see that would make us think that this opportunity could be anything other than as big as the opportunities we see in like markets like the United Kingdom and Australia, albeit scaled up to the size in the United States. And so we're very bullish on it. If the Flutter TSG deal gets approved, then as I said, we not only have exposure to Fox Bet where we can go up to 15% in those joint ventures, so we can also have an option of over 18.5% FanDuel which is pretty attractive for us to cover those 2 bases.

The other piece in terms of sports wagering and the benefit that it has on our business, is that the increased level of engagement a sports viewer has if they have a bet on the outcome of the game, and so it helps our own viewership. And the other piece is that it's becoming an increasingly important, I don't want to overstate it now, but it becomes as increasingly important advertiser category, particularly for our local stations. I think at the moment we're counting 13 different sports wagering advertisers in New York alone. And so for us, it's a pretty exciting space and so we're very bullish on it.

John Hodulik: It's a new category, right?

Steve Tomsic: Completely.

John Hodulik: Is it getting to the point where it's maybe starting to move the needle, even affecting the underlying growth? Or is that a couple --

Steve Tomsic: Nah, I think that's a (inaudible).

John Hodulik: Actually, that's a good segue to advertising. As we said, the NFL ratings have been strong, you had a 7-game World Series which is great. WWE. Actually, maybe that's a good place to start, WWE. How has that performed versus your expectations when you bought those rights?

Steve Tomsic: Really well. We started on October 4th. We've won every Friday since we've been on air with it. The ratings are up I think 20%, just over 20%, versus where they were when they were on USA. The other piece to it from an advertising perspective is, it was generating cable-like CPNs. We've been really disciplined about how the advertising team has sold that into the market and we've lifted those CPNs so they are more akin to broadcast CPNs. It's worked. It's less than 2 months old for us, but the early signs are really strong for us and it just reinforces our strategy of the importance of live event programming that differentiates us versus the rest of the landscape.

John Hodulik: Given the sports, WWE, which I guess is sports, up in there, and what you said, Masked Singer on the entertainment side, I mean it sounds like the pieces are coming together for a sort of solid backdrop to a strong advertising number in the quarter.

Steve Tomsic: I think you've just got to be aware. And you've got to be aware with that number every year. Just the cyclicality in our numbers. So our Q2 this year is comping a massive political year that we had last year. So there's going to be swings and roundabouts in that number. But there's no doubt that there is a really strong bid in the advertising market at the moment. When we look at scatter pricing on entertainment, it's sort of low double digits versus where we were against upfront. Really broad-based growth amongst advertiser categories buying it. Sport is also strong and we're pacing ahead of where even we thought we'd be from a local perspective. And again, it is broad based category sort of strength. A lot of almost try and talk ourselves into a recession with the financial press, but we're not seeing any of that in our numbers.

John Hodulik: That's good, so solid backdrop there. Maybe talk about the political advertising opportunity as we look out into 2020. Is there any way you could sort of size it at this point? I mean do you guys look at like political fundraising and compare that versus where we were 4 years ago? Or how do you go about trying to --

Steve Tomsic: It's hard to size it like in 2016. Comp actually didn't spin a lot, but then you fast forward to 2018 and it was the biggest year we've ever had. Fast forward to today, you see sort of what's in the news, the candidates that are slugging it out on the Democrat side.

John Hodulik: Trump's raising a lot of money.

Steve Tomsic: Trump is raising money.

John Hodulik: Bloomberg just jumped in.

Steve Tomsic: Exactly. It all suggests that it's going to be pretty good. If you wanted to have an understanding of where/what in 2018, if we could replicate that, which was a record year. I think we did about $185 million gross in terms of political advertising revenue. And so, all the signs point to it being a bumpy year, but you never know until you know. But it really does look positive.

John Hodulik: I think obviously most of that accrues to --

Steve Tomsic: The local side.

John Hodulik: The local side, the broadcast side.

Steve Tomsic: You get some benefit on the news sides because the ratings obviously elevate by virtue of the fact that people are just more invested in what's happening on the day to day politics.

John Hodulik: The ratings are better, but do you get -- do you capture some of the political advertising there or do most people kind of stay away?

Steve Tomsic: People tend to push into local and fight the local fights with advertising.

John Hodulik: Gotcha, so less on that side. Maybe we can turn to the TV segment. Obviously, you made the investments on the sports side. And then some increasing investment on the entertainment side. How should we think about or size that as we -- and you've had some real success. How should we think of the spending? I guess not so much on sports, but maybe more on entertainment as we look out to 2020 and 2021.

Steve Tomsic: I think the way -- you're going to see us, we called it out on the Investor Day in terms of wanting to invest in the business. We think it's incumbent on us to use the schedule not only to drive re-trans and advertising revenue, but also (inaudible). And when I mean the schedule, I mean the high-profile sports. It's incumbent on us to use that audience flow to try and create asset value in other parts of the schedule. So part of the investment you see happening this year and goes into next year, we called it a net EBITDA investment when we called it out at the Investor Day. The reason we said that is because we think we've got precious little airtime available for the entertainment side of the business. And it is surrounded by the sort of enormous promotional platforms, Thursday Night Football, WWE, College, Sunday Football. So we're trying to take that audience and flow that into our entertainment product. And we think that, if we think that the programming proposition is strong enough to be on air, then we want to have an equity position in as much of that as possible. There will be exceptions to that, but we want to take an equity position, because in success, if that show takes off, and it's only taking off because of the fact that it's getting our promotional platform, we want to have a piece of it. And that creates some deficit funding around those content investments, but over time, we would expect that to pay off. And the ultimate payoff for us in terms of investing both in sports content as well as entertainment content, is not only in that sort of direct monetization through advertising revenue, but it is key to driving that billion dollars of re-trans growth. And that is key to starting to get the margins to a better place on the TV side of the business, particularly versus cable, but also where TV was years ago.

So we feel good about the fact that we're going to drive the topline. We feel confident about that billion dollars, that 2.65 of re-trans revenue by calendar year 2022. And the question for us is making sure we've got the appropriate cost base. And probably the single biggest driver really long-term margin in that cost base is where the NFL renewal ends.

John Hodulik: Exactly. That was going to be my next question, sort of what's the target? Should we think of that -- should we look back a few years and say, okay, they can get back to where they were in terms of margins? I guess like you said, a lot of it is going to depend on --

Steve Tomsic: Yeah, I wouldn't want to say that you look back 3, 4, 5 years and say there was a TV margin which we're going to gravitate back towards. I think the world has changed. And so we just need to -- the way we look at it now is, what is the best return on investment sort of from a marginal perspective, from a marginal perspective in terms of programming to drive the greatest return for our business?

John Hodulik: That gets back to the role of sports, right? I mean if sports is increasing once the people in the bundle are watching, and obviously we've seen some inflation, the NBA deal that ESPN did couple of years back was a big deal. Do you expect to see -- do you think the sports rights inflation is accelerating because of these overall ecosystem dynamics?

Steve Tomsic: We did our baseball renewal last year and I think that was -- there was inflation obviously, but I wouldn't say that it was sort of rampant, out of control inflation. It was sort of where we thought it would be. NFL, it's hard to speculate on that and it's such a big amount in terms of the cost base and the overall ecosystem, that --

John Hodulik: It drags a lot of it. Okay. Obviously D2C has been a big -- we had Netflix, we had AT&T, the Viacom/CBS guys talked quite a bit about it. So obviously Fox strategy differs quite a bit given your positioning around sports and news. You do have the D2C service Fox Nation. Could you talk about sort of how that's progressing? And are there any other sort of initiatives that Fox could do, again, as you look out 5 years and the number of cord cutters or cord-nevers gets to be pretty chunky?

Steve Tomsic: On D2C we made a conscious -- the whole sort of thesis for the Disney transaction with 21st Century Fox was to create sort of a live base business which is Fox Corp, and also it gave Disney a whole chunk of fire power to create a D2C business with library. So when we look at D2C, it would be crazy for us to just blindly follow, because we just don't want to compete in that space. It's not a winning strategy to follow somebody where you're sub-scale and sub-scope. So from our perspective, we look at D2C a bit differently. We look at it on the basis of what can we expand from our core business right now? Fox Nation, which you touched on, is a key part of that, and at the moment, we've built that as being something that sort of caters to the Fox News super fan. And we've had pretty good take up. We have great conversion rates in terms of people who take it on a trial basis, 80% of them convert into a paid sub. But you're dealing with a very -- it's a very big audience, but you're dealing with a very loyal audience. And so that loyalty, like we often -- I don't know if you've heard this anecdote, but this time last year, a little bit earlier, 13 months ago when we first launched Fox Nation, we had these starter packs. And depending on what level of spend you had, you got a watch or a coin or whatnot as commemoration and sort of a badge for membership in this movement.

We had a NASCAR race in Talladega and the Fox Nation guys thought it would be a great idea to set up a Fox Nation tent and have people touch and feel the product. But it was unannounced, so if you turned up at that track, you'd realize there was a Nation tent, but you didn't know it going into the track. So people would come streaming into this tent and you'd have some people pull out the coin that they were given months ago. So that's the level of loyalty and membership the people feel to the product. Now do we expand that and make it even broader and bigger and it appeals to a wider part of Middle America? That's an active debate for us.

More broadly, when we look at D2C, there's -- we pretty much have the whole toolkit to be able to deliver the core product on a D2C basis. But right now, the vast, vast majority of subscribers to our product are actually still in the bundle. So I don't think we're solving a consumer problem by having a D2C sports app that people can buy standalone. We give them, we give meaning to the watch wherever you want kind of mantra by allowing people to watch it on an authenticated basis, but the vast majority of our viewing is still happening in the bundle. If that was to get compromised, then we would absolutely look at supplanting what we've left in the bundle with what we could do independently on our own.

John Hodulik: No plans for a sort of traditional --

Steve Tomsic: Not immediately. But it's something that we have an active watch on. And obviously it plays into the first part of the discussion around where does the affiliate go, where does the bundle go?

John Hodulik: Perfect. My last topic here is capital allocation. How should we think about that? You have a $2 billion buyback authorization in place. How should we sort of think about the pacing of that?

Steve Tomsic: I think by having done various investor meetings since the split, I think there was a level of impatience around how long it took us to get that buyback authorization in place, and the board was very thoughtful about that buyback authorization as you know. The authorization covers both As and Bs, it's now in place, the framework is in place. And so to sort of extend that authorization, increase that authorization, it's a much more automated process from here on in. It's not a 6-month gestation period to get an authorization. As far as the $2 billion goes, we've announced that we were going to do $500 million of that on an accelerated basis and so $350 million of the $500 million we did by an accelerated share repurchase. And we'll do the sort of alongside $150 million in pretty short order. And then for us, I think to the extent that anybody thinks it's a good idea to allocate fixed percentages of capital to buybacks versus organic investment versus inorganic investment, for us that just doesn't make sense for us. We'll just -- at any given point in time we'll look at the landscape and see what is the available investment opportunities? Where do we think the stock price is at and the return we can get in buying back stock? And do whatever is the best thing, that drives the best return on investment for us and the shareholders.

John Hodulik: As far as the other investment opportunities are concerned, we started off saying 2019 was a busy year. You guys did a number of deals. Caffeine, Stars, Bento, Credible. I guess first, does -- as you look at the landscape, is 2020 shaping up to be as busy of a year for you? I mean obviously you can't, you never know what the future holds, but as you sort of survey the landscape now, is it still a target rich environment from that standpoint?

Steve Tomsic: No, I wouldn't say -- we don't have a view that we go into 2020 thinking we've spent X hundreds of millions of dollars in 2019 and we'll do it all over again in 2020. It really is opportunity-driven for us. And so we'll take it on a case by case basis, but it's not as if we've got another set of similar opportunities that will replay themselves again next year.

John Hodulik: Right, which is a question of being opportunistic when one presents themselves. But as far as sort of your overall view of M&A, is this the type of, or are these the size of transactions we can think about? I mean is there a bigger deal in your future if there is one that's attractive enough that could meaningfully change the overall profile of the company?

Steve Tomsic: For us, there's nothing on the table and there's nothing that we think we need to have. We think we've got a pretty complete portfolio with what we have right now. But we're going to stay opportunistic and if we think there's a small opportunity or a medium sized opportunity, we'll look at each case on its merit.

John Hodulik: Gotcha. Then lastly, you did the station swap, or announced the station swap you completed with Nexstar. Can you talk about the synergies that you get from I guess consolidating O&Os and where you also have NFL rights? And I guess maybe College rights, too, I hadn't thought about it from that angle as well, but is that still a priority? And is there potentially more to do in that area?

Steve Tomsic: Yeah, so they're pretty surgical strikes. You shouldn't expect us doing something that's sort of a big station group acquisition. Like these were surgical strikes, there were 2 NFL markets and we traded one back with Charlotte. It gives us another in the top 15 DMAs in the country. It's NFC markets that allow us to again have that saturation coverage around football. It allows us to capture older retransmission revenue as opposed to leaving some behind with the intermediary. The other thing is, from a synergies perspective, yes, you do get a little bit with cost, but really where the synergy opportunity for us is, is driving that retransmission rate higher than what we otherwise would have got through a non-O&O relationship. But I don't think you should expect us to sort of be doing anything mass on that front again. It will be these surgical strikes that will do.

John Hodulik: Gotcha. So going to stay disciplined. Perfect. I think that's all we have time for today. Steve, thanks for joining us.

Steve Tomsic: Thanks a lot, John, appreciate it.