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Keynote Lunch: Fox Corporation

Fox Corporation presentation delivered at the 47th Annual J.P. Morgan Global Technology, Media and Communications Conference on Wednesday, May 15, 2019 at 12:40 PM

Alexia Quadrani ("Moderator"): Good afternoon, I think we're going to kick off this next keynote to keep everybody on schedule. Thank you all for coming. We are thrilled to have the COO of Fox, John Nallen, at JP Morgan's TMC conference.

John has been instrumental in the formation of Fox following the sale of the majority of 21st Century's assets to Disney. This slimmed-down company is the leader in delivering compelling news, sports, and entertainment content through its iconic domestic brands, including the highest rated cable network, FOX News. John, thanks so much for being here.

John Nallen: Thanks for having us.

Moderator: John, I think we should start off by drawing on your wealth of experience at 21st Century Fox, and now, just a couple of months since the deal has closed at new Fox, can you provide some perspective on how Fox is uniquely positioned to thrive in this rapidly changing ecosystem?

John: Sure. Just for background, those that don't know, we're a fairly young company. We're only eight weeks old. We have a rich heritage.

The new Fox, Fox Corporation's uniqueness, first we're really differentiated in that we're focused on live product. There's a real heavy emphasis, if you look at live sports, live news, not only nationally but locally, across the stations as well.

And we're also focused on in-the-moment programming. Even on our local stations, gossip shows like TMZ and Dish Nation are important because they drive audiences right then.

In an era when scripted entertainment is increasingly time shifted, live kind of stands out as unique.

We use the tagline called, "The power of Now," in the moment, with both advertisers and investors to differentiate Fox.

The other part of the company that's unique, it is the phrase Lachlan used last week, "It is insanely simple." Half of our revenues come from subscriptions, including retransmission consent. And half of our revenues come from advertising, national and local.

And 70 percent of that advertising relates to, directly, news and sport, which are the least impacted by time shifted audiences.

Probably the last piece that sets us apart, as unique, is the financial complexion of the company, in that it's a robust cash flow company, enhanced by some pretty significant tax benefits we acquired in the Disney deal. It's got very little capital having to be dedicated to it, very little working capital. And it's poised for growth.

As a result, I think those are the unique parts. The fact that we're focused on live differentiates us dramatically. It's a simple company. We've got a great financial outlook.

Moderator: I know it's only been eight weeks. Is there anything that you maybe didn't appreciate as much previously, part of a bigger conglomerate, that now, in a much more streamlined company, you're seeing as a value?

John: I thought I knew the company pretty well.

Moderator: [laughs]

John: Been around it 25 years. I appreciated all the assets. I think particularly the ones that Disney acquired are fantastic businesses.

The business that stands out more, that gets more of a spotlight now in Fox, that didn't at all and was underappreciated by the market are our television stations.

We've got 28 stations across the nation, 10 of the top 14 DMAs or markets. They are really the storefront of Fox in those local markets. Everyone thinks about FOX News and realizes the national news footprint that we have, but on a local basis, those stations alone will do a thousand hours of news a week next year.

In those markets, it really differentiates those stations. It supports our sports programming. It supports some of the things we do nationally. They work closely with FOX News. The standout or the business that's getting more attention in the new Fox, that got precious little attention at 21CF, I'd say, is the TV stations.

Moderator: How about scale? Scale is a huge theme in media right now with the FANG players potentially or possibly, depending on how you look at it, are viewed as competitors. Do you think you need more scale?

John: This morning, we were talking a lot about scale with some groups on a one-on-one basis and reflecting on it. The transformation and the scale plays that have gone on in our industry in the last two years have been pretty significant. I'd like to think we triggered them.

If you go back just a little further, we knew at 21CF that we didn't have enough scale. Hence, we tried five years ago to acquire Time Warner. For reasons where it didn't make sense for our shareholders, we turned away and went elsewhere.

We still knew that we needed scale. We just didn't know how to get it. Lo and behold, we found this transformative transaction with Disney.

If you think then about the transformations in the short period that have happened from that transaction, just reflecting on. Disney got the 21CF assets. A couple weeks ago, Sinclair got the RSNs. Comcast got Sky. Yesterday, Disney gets Hulu. All of which where really the catalyst was the 21CF transaction, where each one of them in their own way got scale or diversity.

In our way, we didn't end up with scale in the monolithic sense. We ended up with intense focus. We're entirely US-based. We have two of the most watched networks in America through FOX and FOX News with us.

It's just, the things I don't have to worry about anymore. It's a lot more fun not having to worry about some of them. The scale play for us, I think we have it in the assets that we own, as opposed to saying we need to build into other areas.

Moderator: That makes sense. Would you say there's some assets that you previously owned that you wish you could have kept in new Fox?

John: I like them all. Our businesses, the businesses that were built at 21CF, they were recognized obviously for the shareholders.

If you look last night, using last night's prices, the consideration paid to the 21CF shareholders in that transaction was $100 billion. The value of what was built over decades was finally noticed in shareholder value.

We had a chance to obviously acquire one of the assets that Disney had to divest, the RSNs. It's not something that made sense for us. It made sense for the acquirer. It made brilliant sense for the acquirer.

In our business, we're focused on no longer lending the potency of our assets to anything else. We're looking to really maximize the assets of Fox, FOX News, FOX Sports and the stations, with all of our partners. To have acquired, let's say, the RSNs would have interfered with that story, because we would have had to use that potency to continue to support those businesses.

So no, I think if I look at the assets that went to Disney, there's nothing. Like I said, I have an emotional attachment to every one of them, given what we did for so long. In the new Fox, there's not one of them that really belongs in there.

Moderator: I guess putting it in a different way, it sounds like if you were to do M&A going forward, it's most likely to be in the areas that you currently are in, then.

John: Yeah. We had an investor day last week. Maybe some of you either attended or looked in on it. I use the analogy of a Venn diagram in news, sports, and entertainment to look at the areas that we would look for future growth.

Now there's probably a heat map, a real dense heat map in the center of that where it's obvious where we would look for future growth.

For example, we had a transaction to acquire a number of TV stations from Sinclair, had they been successful in acquiring Tribune. Right in our sweet spot, and they hit all of the filters that we would look at from a station standpoint.

As you edge out into those circles of competency, you start to touch other areas that are directly aligned. It would give us an incredibly opportunity for growth. TSG we announced last week, this online or wagering investment that we made with a product we're calling Fox Bet. It's still inside those circles, but you start to move yourself out toward the edges.

I think when we look at our assets, what we're trying to do is, how can we use the audiences we have to expand our business? I'm sure at some point we'll talk about FOX News and FOX Nation. That's core to using an engaged audience and creating bigger businesses off of it.

Moderator: While the rest of the industry is aggressively rolling out their direct to consumer products, you have a high concentration of revenues in linear. How do we see Fox positioned in this fast-changing landscape, where there is so much of a shift of at least some viewership in a more on-demand model?

John: I'm a contrarian in this area, and I've been that way for a while. Coming to many of these conferences, I'm still a believer, and I'm not a Luddite on it, that the bundle is still the way that American consumers are going to receive television.

Now, the bundle will be different. It already has been. It's evolved with the virtual MVPDs. A bundle of product is what drives consumption up. As far out as I can think, the bundle is going to be supported by bundlers.

In the case of now with Hulu Live and YouTube TV, Sony doing it on a digital side, and our traditional players continue to offer both big and increasingly smaller bundles. Nonetheless, it will be offered in a bundle.

For us at Fox, three brands, FOX, FOX News, FOX Sports, creating a D2C product of a Fox Corporate bundle is a solution in search of a problem. It's not like people at clamoring at our offices in LA or 6th Avenue saying, "If only we had a Fox Corporate bundle, the world would be well and good."

In the context of Fox, we don't have, for example, past season libraries. We got paid for that. The shareholders got paid for that in the sale to Disney. What we have is our in the moment live programming. For us, there's just not a meaningful market in D2C, direct D2C, offering a corporate bundle that we will deploy capital.

Having said that, we're still incredibly active in digital. The MVPDs, as I described the digital ones, are vitally important to us.

In fact, the biggest growth in our industry is coming from the digital players. So much so that likely in a few years one of the digital players -- it'll be either Hulu Live or it will be YouTube TV, I'm not sure which -- will be one of our top four distributors. They'll replace one of our traditional, the names that you're very familiar with on the traditional side.

Digitally, I'm not sure when we sell channels to digital provider, is that digital or is that linear? The lines start to blur.

Completely invested on the digital side there. And now increasingly putting money against things like FOX Nation, which a D2C direct. There's no question. It's a one-on-one relationship we have with a consumer, complementary to what we're doing at FOX News.

Then of course, when you look at our traditional channels, we do provide digital access, both through our own apps, authenticated, and then through the platform players, their digital apps that they're available on.

Long way of saying you're not going to see us put money behind offering direct to consumer of our channels, but we've got a lot of other places to play digitally.

Moderator: Can you talk a little bit about FOX Nation, how the reception has been so far? I know you're a domestically focused company. Isn't there the optionality of bringing that global?

John: The part about FOX News, and it's true with all the news channels, is that it's the one asset we have where we own all the content. It's in the moment. If it's breaking news, it moves on. If it's opinion, it's the opinion of that night.

We own all the content. For us to be able to move that content or offer that content differently, particularly internationally, we have that ability. We don't have to ask anyone.

In the case of our entertainment programming, certainly in the case of the sports programming, the rights sit with those owners. For us to go internationally would be a complete different discussion.

As it relates to FOX Nation, I think what's important to realize and hopefully those that tuned in for the investor day took this away from Suzanne Scott, is that FOX News is much more a brand. It's a media business.

FOX Nation is a complementary piece of what FOX News does on linear basis. It's another product. We've got FOX Nation, foxnews.com. FOX News is one of the top listened channels on Sirius. It's just an entire ecosystem.

FOX Nation has been built principally for the super fan of FOX News. It's had a great reception. It's early days. We had a big event last night in Arizona for some of the super fans.

It's one that we will, though, deploy capital against. We're going to put money behind growing FOX Nation.

Moderator: Let's talk about FOX News for a bit. Can you elaborate on what you believe has been the biggest drivers of its success?

John: Biggest drivers...it's audience, I think. I think it's audience. It's just got a passionate audience that engages so completely with FOX News.

It's true with all news I would say. FOX News does have a standout audience that stays with the channel longer. It also stays with its associated products longer. FOX News fans spend a hell of a long time on foxnews.com. And of course, they're the principal subscribers to FOX Nation.

Great talent, great production, all of that is on FOX News. That's a given. I think the audience has been engaged with that channel and that brand for so long that it's really the audience momentum that makes it such a significant brand.

Moderator: I guess what I learned last week from your investor day, it stayed number one even regardless of the administration in the White House.

John: Yeah, we get that question a lot about what we think about administrations. Not what we think about administrations, but what we think about FOX News in the context of administrations.

If you look historically, FOX News has been the number one news channel for 17 years. It just has been. And last year, it was the number one cable channel, in all of cable, number one channel.

It withstands the ups and downs of administrations, of news, of who's in, who's out. In fact, I would argue, and I think you may have seen this in some of the material we put together, that some of the competitors have actually done better in this administration than FOX News has.

Nonetheless, FOX News has maintained its number one position, regardless of the news cycle and regardless of administrations.

Moderator: I know there's lots of reasons for its success. You listed a few of them. Do you find when there is an elevated news cycle and there is a lot more to talk about it definitely has an inflationary impact on viewership? Or is it really not that simple?

John: No, it does. It does for everybody. What you'll see, if there's a breaking news story, you go back to things like the Kavanaugh hearings. You take moments where the nation is focused on a story. That elevates viewership across the board.

Both across the daytime and across all of the channels. All boats rise when there's a big news story out there.

Moderator: Who is the competition? Is it just other cable news? Is it all news? Is it all cable networks? How do you frame the competition?

John: I think the competition is the same for us across all our businesses. It's a competition for time, for engagement.

If you want someone to turn into FOX News or to that NFL game, it's that they're not tuning in to something else. We therefore have to make sure that the product has the attributes on that consumer has come to it for.

It's got trust. It has whatever qualities they've to come it. It's got great production quality. In the case of the NFL, some drama in it, in case of the NFL.

What we're competing with is not...what you won't see among the news channels is audience really moving that much. You won't see people moving from one to other. What you do see is it moving up and down, modulating, much more than moving from one side to the other.

The peaks of it are clearly related to events.

Moderator: Can you frame to us the opportunity for FOX News in terms of the affiliate growth outlook? I think you've mentioned in the past that as part of a bigger company, historically, you've had to use some levers to get everybody paid. Now you're more streamlined, it sounds like that's not the case. How should we think about the affiliate growth outlook at FOX News?

John: I'd rather put it in the context of the whole affiliate opportunity for Fox. Because increasingly we think about our relationships with partners, our distributors as one suite of products that we're bringing to their consumers. It's FOX Network, it's FOX News, FS1 and 2, Fox Business.

In some of those relationships, we actually go to market not only with all of them together, but as one price. Where we worry about internally what the price allocation is, it's a price for the suite.

In many relationships, we still have a price per product. You're right in that as we built businesses in the past, FXX, launching FS1 and 2, and getting Nat Geo out into the market, we used the power of our marquee assets to help grow those assets and get them distributed.

We don't have that anymore. Therefore, the runway available for the assets we have is untethered to anything else. Therefore, we do believe that the opportunity for growth is pretty significant.

Moderator: How about the younger demographic? How does FOX News think about ways to capture that demographic and get them more engaged?

John: I think FOX Nation is one of the ways.

The reality is cable news of anyone skews older. It just does. I've had this question before, and I asked if Fisher-Price or Mattel has an older audience strategy. Flip the other way around.

It just is. That's a fact. That's the demo that we cater to. You look at the advertising that's on news channels, caters to an older demo. Now, we know that, and we know our audience.

I think to tap into other audiences, you would feel FOX Nation as a younger product. The talent that's on there is younger. It's a different feel to it than the channel is.

The FOX News audience is the passionate audience it is. It's a demo that we cater to.

Moderator: Let's shift over to the sports for a bit, for FOX Sports. Are there any sports properties you're looking to bid in that you're not currently involved in? Are there plans to move more sport content to the network, seeing that you put the WWE on the network?

John: We've had a busy year.

Moderator: Yes.

John: Over the last 18 months or so, we put Thursday Night Football on, signed a five-year deal there. WWE comes in October. We signed a deal with Major League Baseball to have the World Series for the next 10 years on FOX. Collegiate-wise, we continue to expand our collegiate presence, particularly in football.

I think the only product that's available in the market, is there's a 21 expiry of the NHL. We're a big player in sports. Assume that the NHL will speak to all of the big players in sports as they consider what their options are on the renewals. We haven't engaged with them. We haven't had any discussions.

Our rights are secure through... NFL is through the '23 Super Bowl. NASCAR is beyond that. Baseball, as I described, is 10 years. There's nothing that's really sitting out there that we're just waiting for them to knock on our door so that we can jump in and expand our sports presence.

Moderator: Hearing from Commissioner Goodell last week, you really got a sense of what a close relationship and great working relationship you have with the NFL. Do you see yourself keeping both Sunday and Thursday night package when you go through the next renewal process?

John: I hope so. The NFL has been a really important part of FOX, and FOX a really important part of the NFL. That phrase "NFL on FOX" just rolls off the tongue, because we've had a relationship with them for 25 years.

You're right. When you heard Commissioner Goodell last week, as well as Commissioner Manfred, I think what you took away was they find broadcast television is incredibly important to their league, to get their league out, and the production quality, and the mass audience that they get.

Second, that Fox is an important partner to them. I think that is why baseball last year expanded our relationship for 10 more years. It's why the WWE came off of cable and came on to broadcast television, and luckily with FOX.

Now, what the NFL and when the NFL moves forward on their renewal, we have it through the '23 Super Bowl, it's going to be up to them. It will be hard to imagine the NFL not on FOX.

Moderator: Do you care to speculate? How do you think it might look beyond that? I think there's so much talk about, will a big part of it go to the digital platform? Will Disney put ABC's hat in the ring and try to also use the fact that there is this positive bias towards broadcast as a lever? Do you have any sense of how it will shake out?

John: No. No, I don't. I do think all of those, if you go through game theory on what could happen, you have to factor in all of those. Thursday's been a great product for us. Monday continues for ESPN. I have no idea what the NFL intends to do with those windows.

My guess is Sunday stays on broadcast right through the day, including Sunday night, but that's my guess. I have no inside football knowledge on where they're headed.

Of course, our number one priority is to maintain the package we have.

Realize that we built part of our business around the NFL, too. When you think about the TV station business we have, we have a station in every NFC market, except three. Seattle, New Orleans, and Green Bay are the only three markets that we don't own a station, where an NFC team is.

That's deliberate, because our package is the NFC package. When we looked to acquire stations, they were all pretty well filtered, initially, to attach to NFC markets. Because the promotional platform that we can provide, the audience that we can drive into a game based on that, and the partnership we can provide to the NFL, it's pretty important having that kind of distribution.

Again, our hope is that it's an NFC package and that it stays with FOX.

Moderator: Let's move on to the Stars Group. What was attractive about that asset? What is the opportunity for sports betting for Fox longer term?

John: Just by background, the Stars Group is an international group focused on wagering, sport wagering, and casino games as well.

We had a very big relationship with them in the past, in that they were the business that acquired something called Sky Bet, which was a similar business that we had at Sky in the UK.

We entered into a pretty wide-ranging relationship with them last week, where we took nearly a five percent equity interest in the public company. More importantly, got into a venture with them where the Fox name will be used as Fox Bet in state-by-state wagering. Mainly, a free-to-play game, and potentially further wagering that will go on after that.

We have an option to acquire an interest in those state-by-state ventures, over time. The real outcome for us is three-fold. One is we get a brand license for Fox, being in there as Fox Bet. Second is a media spend that the ventures will have back to Fox, including to the local markets that they're in. Third, which I think is more important for us longer term and certainly for the leagues that we're involved in, is we expect the engagement level and the viewership level of these sports to just ratchet up.

When even casual gamers who have a play bet...we had this in India with Hotstar when we had the cricket on. People would just have a play bet where at the end of the day they gave out some notional prize. They were just so much more engaged in the game or in the match and would stay with it longer.

For us, that's our business. Drive advertising, drive subscription revenues out of big audiences. I think for us that's where the biggest upside is going to come for us.

Moderator: Let's move to the content side for a little bit. How do you navigate the content landscape when other networks are more increasingly vertically integrated? Your studio is part of Disney now. How do you see that playing out?

John: We have to put it in a relative basis for us. Again, FOX News, don't have to worry about it. It's our product. FOX Sports, we rent it from the leagues, so it's content that we acquire.

When you then consider...let me just give you an example of the fall scheduling. Charlie Collier will kill me for this, but I will nonetheless give the example.

In the fall, Thursday night is football. Friday, beginning in October is WWE. Saturday is college football. Sunday is the NFL, followed by animation. What we have left, this scarce shelf space that Fox has left, is Monday, Tuesday, Wednesday from 8 to 10. Six hours.

Where we have franchise products, like 911, that repeat in there, and we have to now fill with new products as we go through.

You're right. We sold the content assets to Disney. We are increasingly saying that if something goes on our air, new, because we have old relationships with TCFTV and Disney. If something goes on our air new, we've decided it's a hit, otherwise it wouldn't be on the air. If it goes on the air, and we think it's a hit, we want a piece of it.

As a result, anything that comes on Fox air going forward, since we don't have the content engine, we will take an equity piece of. Not full, we won't even own a majority of it. Just so we can participate in the lifetime value of that asset.

It's a slower way, a less capital-intensive way of getting back into the content ownership business. It's not one where we would have a full TV studio like we did at TCFTV.

Moderator: I do want to go into the station group a bit, but I thought I'd pause for a minute and see if there are any questions from the room.

It's such a big room with so many people, yet so quiet.

John: They were all at the Investor Day.

Moderator: I can't really see with the light. I don't see any hands, so I'm going to keep going.

On the stations side, we talked a bit about how you have stations in markets which you have a big football presence in. You've stepped up your investment not only in football with Thursday Night Football, but also in the WWE, like we spoke about. How do you see your relationships with the stations, obviously the ones you own, but also the ones you don't own, in terms of carrying that...begin to pay for some of these investments you made? Can you see overtime a pick-up in reverse compensation in terms of payments for these bigger investments your making? Any color longer term on how we should think about that.

John: On the macro basis around affiliate one point to make is given our size and concentration, and more importantly the concentration that's occurred by our partners, cable and satellite companies on the one hand and TV station owners on the other, our biggest source of revenue comes from just seven customers now, four cable and satellite, and three TV groups.

We don't have to go very far to have discussions around the biggest piece of our revenue side. With the cable and satellite, obviously it's a full suite discussion. It's one where we're talking about all our channels, and the price for those products.

With the station groups, you're right. We have put a significant amount of investment, and are putting, behind Fox. They, the station groups, are going to get compensated for that through their relationships with MVPDs because of what's on FOX. As a result, we want our share of it as well.

Increasingly, all of our relationships with the station groups are fixed fee, monthly checks that we get. No longer are they sub based.

Now granted, everyone's taking a punt on which way the subs are going in that negotiation over that period. They and we both guarantee on their side costs and our side revenue during the term of that affiliation.

There probably is no better station to own among the affiliates than a FOX station. People would say, "Why? You're only giving them two hours a week. NBC is giving them Today Show, late night."

Because what happens is so much of the economics flow back to that independent owner in that market, that it's a much more profitable station. There's much more economics that go to the owner of that station, that they prefer a FOX affiliation, particularly when we're giving them the schedule that I just referred to, beginning with Thursday.

There is a great recognition by the non-O&Os of what FOX is doing to bolster the network, to support them getting increased compensation for the channel as well. I think we'll follow along that ride.

Moderator: Do you think there's a relationship...? We don't have to obviously get into the specifics. When you do make these investments in Thursday Night Football and WWE, do you think there's the expectation that therefore you should see a pick up in the fees you get back?

John: Yeah, that's been the history. When you look back at all the renewals we've ever done, two things are certain. They're more expensive. This is on the right side. Then on the revenue side, our revenue pie has grown. CPMs have grown as it relates to advertising, and affiliate fees have grown as it relates to the subscription side.

Now, I think the more questionable area looking forward is, for how long does the revenue side grow? Does this grow in perpetuity? If the NFL does a 10-year contract like we have now, how confident are you that it grows for 10 years?

I think what we can guarantee ourselves is that during a long period like that, that our business will stand out. Having the five most watched things in America, are the four networks and FOX News.

On any bundle that's being offered by anyone, you have to have those products. Otherwise, the product is not responsive to the consumer. I think during that period of time, our expectation is, yes, our affiliate revenues will rise. Whether the whole pie will rise I think is a question.

The question that you have to also ask is, will others suffer as a result? Is it not being carried? Or will their fees be reduced as a result of having to pay for what is the most significant programming of the top watched networks out there?

That question is still out there. It has to be answered.

Moderator: I believe you gave the billion dollar target by 2022, if that's correct, last week. How much visibility do you have in that?

I guess there's two questions. How much visibility do you have to that 2022 target for the billion dollars that you put out there last week?

And the second question is, you do make these longer-term commitments on the cost side, on the investment side with the sports rights. Do you find that it's in your interest also then to therefore make longer term distribution commitments, with the retransmission with the distributors?

John: To pick up the second one first, our distribution deals normally are in a three to five year period. The period always recognizes, do we have a big milestone event that we need to consider?

Clearly, if we went out beyond February of '23 with subscription deals, that has contemplated a new NFL contract. I think we'll know before then what the economics are of an NFL deal for us, and it'll get factored into renewals that come up after that.

As I said earlier, there's never been a moment where the rights costs haven't gone up, and the related revenue that comes from those contracts haven't gone up.

We'll continue this pattern of three to five years, recognizing these events. We have confidence that our share of the affiliate pie will move toward us, because of what we have invested in.

Visibility out to '22 is OK, but realize it will be really OK after next year, when 50 percent of our deals come up. We'll have a much better sense out three years how much of that target we're able to achieve. We feel very confident on being able to achieve it.

Moderator: You mentioned the NFL. Which we know obviously Super Bowl 23 is when it ends, and it will be decided before that, obviously. Do you have any sense of when it will be decided?

John: I don't. No, I really...it's a question that we had hoped would be asked of the Commissioner during the Investor Day. I'm sure he would have danced around it as well.

No, we don't have a sense to when the broadcast committee or the league will invite media companies to take a look. Nor do we have a sense of the shape of it. Are they going to keep the same NFC/AFC package? Is there going to be some mix? We just don't know at this point.

Moderator: We're almost out of time, so I'm going to sneak in one more. At Investor Day, you touched on use of cash. You said no major M&A in the immediate horizon.

You think anything else on the smaller side, like you've done with Caffeine or TSG, that we might get an inkling of in terms of what areas you might be interested in for Fox or just maybe general comments on use of cash?

John: What we've said is we're going to use our capital for growth. Initially, we want to grow our business not by a reduced share count, but by growth in our durable businesses.

We're still waiting for a buy-back authorization. If you listened in, there's some technical aspects that have to be covered there with our Board. That will be done by November.

Our intent is to grow this business. We're not sellers of this business. We're growers of the business, over the long term.

It's why I think, yes, you should expect us to enter into innovative partnerships or acquisitions like TSG that fit in that circle of competency. The dot may not be exactly in the center of heat map. It may satellite out a bit.

You shouldn't be surprised by us investing our capital for growth. You should be surprised if we do something way out of field. We have no intention of doing that. I think Lachlan also mentioned a couple things that we wouldn't do, including reuniting with News Corp.

We're going to use the capital to grow the business.

Moderator: Great. We're out of time. Thank you so much for coming.

John: Thank you so much, Alexia. Thank you all.