TRANSCRIPT

08 - 05 - 2025

Fox Corp

Fourth Quarter and Full Year 2025 Earnings

TOTAL PAGES: 18

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CORPORATE SPEAKERS:

Gabrielle Brown
Fox Corp; Chief Investor Relations Officer
Lachlan Murdoch
Fox Corp; Executive Chair, Chief Executive Officer
Steven Tomsic
Fox Corp; Chief Financial Officer

PARTICIPANTS:

Benjamin Swinburne
Morgan Stanley; Analyst
John Hodulik
UBS; Analyst
Michael Morris
Guggenheim; Analyst
Michael Ng
Goldman Sachs; Analyst
Jessica Reif Ehrlich
BofA; Analyst
Steven Cahall
Wells Fargo; Analyst

PRESENTATION:

Operator^ Ladies and gentlemen, thank you for standing by. Welcome to the Fox Corporation Fourth Quarter Fiscal Year 2025 Earnings Conference Call. (Operator Instructions)

As a reminder this conference is being recorded.

I will now turn the conference over to Chief Investor Relations Officer, Ms. Gabrielle Brown.

Please go ahead, Ms. Brown.

Gabrielle Brown^ Thank you, [Carley]. Good morning. And welcome to our fiscal 2025 fourth quarter earnings call.

Joining me on the call today are Lachlan Murdoch, Executive Chair and Chief Executive Officer; John Nallen, Chief Operating Officer; and Steve Tomsic, our Chief Financial Officer.

First, Lachlan and Steve will give some prepared remarks on the most recent quarter, and then we'll take questions from the investment community.

Please note that this call may include forward-looking statements regarding Fox Corporation's financial performance and operating results.

These statements are based on management's current expectations, and actual results could differ from what is stated as a result of certain factors identified on today's call and in the company's SEC filings.

Additionally, this call will include certain non-GAAP financial measures including adjusted EPS and adjusted EBITDA, or EBITDA as we refer to it on this call.

Reconciliations of non-GAAP financial measures are included in our earnings release and our SEC filings, which are available in the Investor Relations section of our website.

We also refer to free cash flow, which we define as net cash provided by operating activities, less capital expenditures.

And with that, I'm pleased to turn the call over to Lachlan.

Lachlan Murdoch^ Thank you very much, Gaby.

Before we start, I preemptively apologize for my coughing, from the end of a cold, which Gaby and Steve are thrilled to be locked in a A/V closet with me, but I'm -- you guys should all be thankful that your -- this is telephonic.

Well Gaby, thank you very much. And thank you all for joining us this morning as we discuss our fourth quarter and full year earnings results.

Fiscal 2025 was another outstanding year for FOX, demonstrating the strength operationally and financially across all of our businesses and delivering our best year yet. The year was highlighted by our strong financial performance with revenue growth of 17% to $16 billion, EBITDA growth of 26% to $3.6 billion, adjusted EPS growth of 39% to $4.78 per share and free cash flow growth of 100% to $3 billion, all records for FOX.

We also generated record political advertising revenue of well over $400 million across the FOX platforms. FOX's broadcast of Super Bowl LIX broke viewership and advertising records as the most watched telecast in U.S. history, generating over $800 million of gross advertising revenue. And engagement at FOX News led to a record audience share, reaching over 70% of the cable news audience at times during the year.

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Our noteworthy fiscal 2025 results were underpinned by a 26% lift in total advertising revenue to $7 billion.

The momentum we have reported over the first three quarters of our fiscal year continued unabated during the fourth quarter, with 7% growth over last year, despite tougher comparisons from last year's UEFA Euro and Copa America soccer tournaments.

As we look to fiscal '26, the overall advertising market for FOX continues to be healthy and robust, as evidenced by our recently concluded upfront where we achieved record-setting double-digit volume growth and strong pricing growth across our portfolio. The power of our brands and our ability to deliver engaged audiences at scale across our platforms is exceptionally strong.

Nowhere is that scale and engagement more evident than at FOX News. FOX News ended the fiscal year as it began as the most watched cable network in total day and in prime time.

In the fourth quarter, total day audience was up 25% in total viewers and 31% in the demo, while maintaining over 60% share of the cable news audience.

And now for the second quarter in a row, FOX News was the second most watched network in Monday through Friday prime in all of television, surpassing all but one broadcast network.

But it's not only linear news driving that performance. FOX News Digital achieved new records for engagement during the quarter with over 1.5 billion YouTube views and over 3.7 billion social media video views, our highest totals ever.

Engagement trends are off to a good start in the first quarter of this new year, with FOX News finishing as the highest rated television network in America for the month of July, no doubt, aided by must-watch programming by *Jesse Watters Primetime* and *Gutfeld!,* the leading late night program on television.

FOX Sports once again cemented its position, finishing the year first among all networks in live sports. That engagement was driven by an impressive portfolio of sporting events including a riveting Major League Baseball post season, the launch of FOX COLLEGE FOOTBALL FRIDAYS, the NFL on FOX and, of course, the record-breaking Super Bowl LIX.

And while our fourth quarter has a lighter sports calendar, FOX's first presentation of the Indianapolis 500 was an unqualified success, averaging over 7 million viewers, a 41% gain over last year and the most watched running of the race in 17 years.

The power of live sports remains unmatched, and our sports portfolio is an increasing demand by advertisers and viewers alike.

We expect that to continue as we charge ahead to autumn when we welcome back post-season baseball, the NFL and College Football on FOX. FOX's *Big Noon* Saturday kicks off on August 30, with a highly anticipated rematch of last season's college football playoffs semi-final Texas versus Ohio State.

By then, you will be able to watch our entire sports portfolio, along with our news and entertainment programming on FOX One, our direct-to-consumer streaming platform. FOX One is a truly innovative digital offering launching across the U.S. on August 21 for $19.99 per month.

While FOX One will be marketed to cordless market, current pay TV subscribers will also have access to FOX One on an authenticated basis.

And yes, we will be offering bundling opportunities that make sense to achieve our targeted objectives.

We have said before that our aspirations for FOX One subscribers are modest, and our measured investment toward this initiative will match these long-range goals.

Speaking of the cordless market, Tubi notched multiple achievements in fiscal 2025 including delivering the most streamed Super Bowl in history, exceeding 100 million monthly active users, generating over $1.1 billion in revenue and reaching an all-time high of 2.2% share of total U.S. television viewing. The sustained momentum we have seen at Tubi throughout this fiscal year continued into the fourth quarter with 17% growth in total view time along with favorable progress in our direct response and partner channels, combining to drive revenue growth of 32% in the quarter.

Tubi's hard-to-reach audience resonates with advertisers looking to tap into the cordless market, as evidenced by this year's upfront results that saw Tubi volume grow over 35% year-on-year, while holding rates stable in a competitive connected TV market.

Fiscal 2025 was a decent year for FOX and a clear demonstration of the efficacy of our differentiated strategy, and there's more to come.

On these calls, we have long said that we aspire to engage with our viewers wherever it suits them best. The traditional cable bundle remains our favorite distribution channel, as we believe it continues to provide exceptional value to consumers.

Tubi, with two-thirds of its users cordless and outside of the bundle, serves a massive market hungry for free premium content, and soon FOX One will additionally service another important audience segment, those wanting a paid targeted offering encompassing all FOX brands. These pillars of our distribution strategy provide us access to the largest audience possible and will underpin our growth in the years ahead.

We enter fiscal 2026 with solid operational and financial momentum across our company, and we look forward to another exciting year that will see the launch of FOX One in just a few weeks, the renewal of 1/4 of our distribution revenue, a healthy advertising environment and, of course, FOX broadcast of the FIFA Men's World Cup beginning later this fiscal year.

Underscoring our confidence in the trajectory of the business, this morning, we are announcing a $5 billion increase to our share repurchase authorization.

With our balance sheet have never been stronger, we expect to continue repurchasing our shares while still accommodating our continued program of organic investment and preserving flexibility to thoughtfully invest in new businesses.

And with that, let me turn it over to Steve.

Steven Tomsic^ Thanks, Lachlan. And good morning, everyone.

With a strong fourth quarter, capping off what’s already shaping up to be a strong year, FOX delivered record financial results in fiscal '25, with record total company revenues of over $16 billion, growing 17% year-over-year and record adjusted EBITDA of $3.6 billion, growing an impressive 26% year-over-year, converting to record free cash flow of $3 billion.

Advertising revenues across the company were up 26%, with strong growth at both our Television and Cable Network Programming segments. This growth was driven by both our banner year of events including record-breaking advertising revenues for both Super Bowl LIX and the Presidential election cycle as well as strength in our underlying core, highlighted by accelerating Tubi growth, robust news pricing and engagement growth and very healthy advertiser demand for our sports programming.

We successfully completed renewals with distributors, representing approximately 1/4 of our overall affiliate revenues this year, with the financial benefits of these renewals driving 5% growth in total company affiliate fee revenues, led by 7% growth at the Television segment. Total company other revenues were up 47% year-over-year, driven by higher sports sublicensing revenues at our Cable Network segment.

As we have previously mentioned, this growth in revenue was largely offset by a corresponding increase in rights costs with no material impact on year-over-year overall EBITDA growth. Total company expenses increased 14%, largely due to higher sports rights amortization and production costs including costs associated with Super Bowl LIX and the sublicensing revenues I just mentioned.

Net income attributable to stockholders was $2.3 billion or $4.91 per share, up versus the $1.5 billion or $3.13 per share reported in fiscal '24. Excluding noncore items, full year adjusted net income was $2.2 billion, and adjusted EPS was $4.78 per share, up 39% year-over-year.

Turning to our fiscal fourth quarter. FOX delivered another quarter of impressive results, highlighted by a 6% increase in total revenues and 21% growth in adjusted EBITDA.

Our advertising revenues increased 7%, led by continued growth at Tubi and strong engagement and pricing at News. Total company affiliate fee revenues grew 3% over the prior year quarter, once again demonstrating the strength of our brands and focused portfolio of channels.

Other revenues grew 33%, driven by higher content revenues.

Net income attributable to FOX stockholders was $717 million or $1.57 per share as compared to the $319 million or $0.68 per share reported in the prior year period. Excluding noncore items, adjusted net income was $581 million, and adjusted EPS was $1.27, up 41% compared to the $0.90 per share recorded in the prior year.

Now let's turn to the Q4 performance of our operating segments, starting with the Cable Network Programming segment, which delivered 7% revenue growth and 6% EBITDA growth. Cable advertising revenues grew 15% over the prior year, driven by the strength in FOX News engagement and supported by healthy national and direct response pricing. Cable affiliate fee revenues grew 2% over the prior year quarter, as pricing gains from our affiliate renewals outpaced the impact from net subscriber declines, which were consistent with the prior quarter at under 7%.

Cable other revenues grew 39%, led by higher FOX Nation subscribers. Revenue growth at the Cable segment was partially offset by a 7% increase in expenses, primarily attributable to an increase in sports rights amortization and production costs.

Turning to our Television segment, which delivered 6% revenue growth. Advertising revenues at Television grew 3% over the prior year, led by continued growth at Tubi, which more than offset the tough comparison against the UEFA European championships and CONMEBOL Copa America in the prior year. Television affiliate fee revenues increased 4% in the quarter, as healthy growth in fees across both FOX owned and affiliated stations more than offset the impact from industry subscriber declines. Television other revenues were up 34% year-over-year, primarily due to higher content revenues tied to our entertainment production studios.

Expenses at the Television segment decreased 5%, primarily reflecting the absence of the prior year broadcast of the UEFA Euros. All in, EBITDA at our TV segment was $308 million, an increase of over 100% as compared to the prior year quarter.

Turning to cash flow, where we generated robust quarterly free cash flow of nearly $1.4 billion. This strong quarterly free cash flow delivery is consistent with the seasonality of our working capital cycle, where the first half of our fiscal year reflects the concentration of payments for sports rights and buildup of advertising-related receivables, both of which reverse in the second half of our fiscal year.

Before we get to capital allocation and balance sheet, it is worth noting some key items for this coming fiscal year. From an affiliate revenue perspective, in fiscal 2026, we have another relatively light year of renewals, with approximately 1/4 of our total company distribution revenues up for renewal.

In fiscal '26, we expect to continue to invest in our digital-led growth initiatives. The excellent progress we have made at Tubi reinforces our confidence in Tubi's path to profitability, and its obvious asset value underscores the opportunity to drive ROI from our digital investments more broadly.

Tubi delivered moderate improvement in profitability in fiscal '25, in line with the expectations we laid out at the start of the year, and we anticipate a more substantial improvement in Tubi profitability in fiscal '26, which will be weighted toward the second half of the year. This total improvement will support our initial incremental investment in new opportunities including LatAm sports and, more notably, the launch of FOX One, which will be more concentrated in the first half of our fiscal year, as we launch this offering this month.

From a cyclical event perspective, we look forward to our broadcast of the 2026 FIFA Men's World Cup, which will span our fiscal fourth quarter of '26 and first quarter of '27.

We are encouraged by the momentum we are already generating and expect this North American World Cup to drive strong results for FOX.

And finally, as we look at free cash flow, the strong working capital tailwind from the Super Bowl in fiscal '25 will give way to working capital timing headwinds from the World Cup, where rights payments for the tournament will land in fiscal '26, while advertising receivables will be collected early in fiscal '27.

In terms of capital allocation, in fiscal '25, we repurchased an additional $1 billion through our share buyback program and made approximate $245 million in dividend payments.

As Lachlan mentioned, underscoring our commitment to return capital to shareholders, today, we announced both an incremental buyback authorization of $5 billion and an increase in our semiannual dividend to $0.28 per share.

With the payment of this dividend and taking into account share repurchase activity since year-end, we will have cumulatively returned $8.5 billion of capital to our shareholders since the spin. This includes $6.65 billion of share repurchases, representing 31% of our total shares outstanding since the launch of the buyback program in November 2019. This is all supported by the strength of our balance sheet where we ended the quarter with approximately $5.4 billion in cash and $6.6 billion in debt.

With that, I'll turn the call back over to Gaby.

Gabrielle Brown^ Thank you, Steve. And now we will be happy to take questions from the investment community.

QUESTION & ANSWER:

Operator^ (Operator Instructions) We have a question from Ben Swinburne with Morgan Stanley.

Benjamin Swinburne^ I'm going to ask Steve a question because I can't ask Lachlan a question.

That'd be cruel. Hope you feel better.

Steve, you gave us a lot of good color thinking about fiscal '26.

I know you're not going to guide.

I'm sure you also know that consensus is expecting like, I think, a 10% decline in EBITDA.

Obviously you lap political and the Super Bowl.

But I don't know if your revenue trends have been this strong in a long time.

So, I'm just wondering if there's any way you can help us think about fiscal '26, maybe a little more specifically.

One way might be just to talk about the sort of net drag on EBITDA from investment.

If you sort of put it all together, all the puts and takes, that digital drag in '26 versus '25 or anything else you can tell us to help us think about your expectations for EBITDA in the year ahead.

Steven Tomsic^ Sure thing, Ben. And thank you for sparing Lachlan. Yes. There's a ton of puts and takes for '26. And you're right, listen, when we're -- when we assemble our plan for '26, it starts with the really strong foundation of what the underlying momentum in the business is, particularly with respect to audience and advertising demand for our sports and news verticals.

So that's the starting point.

From an affiliate revenue perspective, as I've called out, it's relatively light in this coming fiscal year.

So only 1/4 of the book is up for renewal.

So, we'll be more driven by where subscribers land over the course of the year. And if you look at sort of the next thing that sort of drives the results into next year, we've got a lot of moving parts from a cyclical event perspective. So, we'll obviously have the political headwinds.

And particularly, we'll see that in the TV segment from the stations, and that's a real sort of first quarter, second quarter phenomenon for us.

And so to give you some dimensioning of that, like I think the stations in the first half of the year in fiscal '25 did $270 million in political revenue. So, we'll be swimming against that.

We've obviously got Super Bowl in Q3, which will be an ad revenue negative for us. But from an EBITDA perspective, it's a bit of a push. And then we complete the year from a cyclical event perspective.

We've got FIFA, which we have high hopes for in Q4 of the coming fiscal year and Q1 of the next fiscal year. The other put and take is MLB.

We have massive MLB in Q1 and Q2 of fiscal '25. We hope for a blockbuster postseason again, but who knows.

And then to sort of address your digital growth, you'll remember, I think at the start of fiscal '24, we called out an envelope of about $350 million of EBITDA deficit that would be used towards funding our digital growth initiatives. And you will remember that we had expected that investment envelope to decrease in fiscal '25, and it has largely on the back of things like Tubi improving profitability.

And so I think when you look at fiscal '26 from that digital investment perspective, you should expect Tubi to improve quite a lot, but then -- and that will happen in the back half of our fiscal year. And then Q1 and Q2, we'll be looking to invest in things like Latin America and FOX One.

And when you put that all together, I think we're -- on a conservative sort of forecasting basis, I'd imagine that sort of collective investment portfolio moves back towards that $350 million mark.

Operator^ We have a question from John Hodulik with UBS.

John Hodulik^ I don't know if this is for Lachlan or maybe Steve can handle it, but just an update on the cable advertising trends and the efforts to sort of expand the advertising base and the receptivity you're getting from advertisers there.

And then maybe, Steve, can you just follow up on the LatAm comments? Just what's the strategy there? I don't know if you can give us a sense of how much spending, but just what the plan is and the potential growth opportunities in LatAm.

Lachlan Murdoch^ Thanks, John.

On the cable advertising trends, and we'll probably talk more later, someone asked about the sort of overall advertising market.

But if you're speaking specifically about the incredibly positive momentum at FOX News, advertising is very strong, both from an upfront perspective, from a CPM perspective and direct response.

So -- and this is all obviously driven off tremendous ratings.

I think in the fourth quarter, our P2+ ratings were up in both total day and prime about 25% and even better in the kind of all-important demo 25 to 54, which we obviously sell to where in total day, we were up 31%. And in prime time we were up, I think, 34%.

So, these -- this rating strength has really flown directly through to the 25% of our advertising revenue increase.

I think as you go forward and think about sort of the quarters ahead, obviously this time last year, there was the kind of horror of the Butler assassination attempt on July 13 against then candidate Trump and then Biden dropping out of the race, I think, a couple of weeks later, July 21. And so there was a big uplift in ratings then, which we've been able to sustain since then.

But the comps do get harder.

Having said that, if you think about our share in July, so as we've started this first quarter, our share has actually marginally increased against our competitors.

So in P2+ in total day, I think we're up to 64% of our cable news audience share versus MSNBC at 21%, CNN at 15%. And also in prime, the numbers are roughly the same.

So, we feel very good about maintaining our share and our elevated ratings, to be frank. And obviously that will flow through to the advertising revenue line.

On LatAm, and Steve can talk to the numbers, but we're very excited about our purchase of Caliente TV, our streaming service in Mexico. The FOX brand remains incredibly strong, both in Mexico and Latin America, and we see it as an opportunity for us to sort of further grow with a relatively modest investment spend in those markets.

Steve, do you want to --

Steven Tomsic^ Yes.

So, John, in the quarter, so LatAm is kind of being two things for us.

We've organically assembled some sports rights there, which impacted the P&L in this fiscal year and in this quarter, and that's in the sort of the low to mid-10s in terms of expenses on those. And then very recently, you would have noticed we acquired Caliente TV, which gives us a running start -- or a really fast start in terms of -- it's already got an SVOD platform there and already has distribution arrangements.

And so we would expect some investment spend over the course of this current fiscal year, but then once we get monetization into a sort of full force, then we'll start to see that come back to us.

Operator^ We have a question from Michael Morris with Guggenheim.

Michael Morris^ Two, if I could, please.

First, I just wanted to ask on Tubi. Appreciate the color and the strength you're seeing there. You're outpacing the broader CTV market pretty meaningfully.

So, I'd love to hear any detail on why you think you've been able to do that and how you feel about the ability to continue to beat the market in the coming year.

And then just bigger picture. There's been some press reports that ESPN and NFL might enter an agreement that would give the NFL an ownership stake in ESPN. And I'm curious if you could comment at all on what that might mean for FOX Sports and your relationship with NFL or sports leagues more broadly.

Lachlan Murdoch^ Thanks, Mike.

So first, on Tubi, you're correct. Tubi is competing very well in the CTV market. This is obviously for a number of reasons that I think we've spoken about before, the core technology, the ad technology.

I think we've now grown the library to over 300,000 movies and television titles.

So, it's clearly by a wide margin of the largest television and movie library in the country.

It reaches two-thirds of its users are outside of the traditional cable bundle. They're cordless. This is a very difficult market for advertisers to reach. And so it makes Tubi's engagement with our users incredibly valuable and coveted by our clients.

So, all of these things come together to really make it a tremendous and exciting product that we are -- we are enjoying the growth of and then the growth that we see continuing into the future.

Obviously in the quarter, we've announced 17% total viewing time growth in the fourth quarter.

We believe this sort of growth is relatively sustainable, and 32% revenue growth in the quarter and -- which is our highest growth of any of our segments. Tubi now I think, achieves in the upfront -- about 25% of our upfront committed revenue.

So, it's really become a significant part of the business.

And if you look at our competitors, I think that stat on the cordless market, we reach more cordless viewers than sort of any of our competitor set.

So it's not something that's actually simply applicable to the CTV market. The Tubi audience really does skew cordless and younger. And we saw that very much in the -- in our Super Bowl broadcast or simulcast earlier in the year.

Our median age watching the Super Bowl was 38 years old.

It was younger and more female significantly than the broadcast audience.

I think 40% of audience was between 18 and 34. And really, it was with the help of Tubi that really pushed the audience for the Super Bowl to the record highs of 128 million viewers that the Super Bowl achieved.

I don't think broadcast would have achieved that -- statistically, broadcast wouldn't have achieved that alone without Tubi simulcasting the streaming.

So, we're incredibly excited about Tubi as we go forward.

On the NFL and the rumored -- I don't know if they'll announce something tomorrow, but the rumored investment into ESPN, we have tremendous relationship with the NFL.

We appreciate that they -- they're fans of the broadcast and cable networks, and we look forward to working with them and deepening our relationship with them as we move forward.

Operator^ We have a question from Michael Ng with Goldman Sachs.

Michael Ng^ I just wanted to follow up with Steve on the comments around the collective investments for fiscal '26.

I think that implies at least $100 million to maybe $150 million of additional investments in LatAm and FOX One next year, just given the $50 million to $75 million improvement this year and the comments you made about Tubi profits further improving next year.

I just wanted to ask, is that kind of like the ballpark of the incremental investment levels that we're talking about? And maybe you can just help frame some of the expected returns on those investments, whether that be for LatAm or FOX One subscribers to just give a little bit more transparency there.

Steven Tomsic^ Thanks, Mike.

So to go through your math, but in terms of the investment, I think where we were for this -- when you look at it collectively across the P&L, if I look at our digital growth investments, which isn't just Tubi, it's Tubi plus things like Nation, Weather, across the portfolio, we're a touch under 300 across those for fiscal '25. And what I'm basically saying is as we get improvement in those kind of businesses, those growth businesses have become more mature, we'll give some of that back toward these new initiatives and, in particular, FOX One and Latin America, where the collective goes back towards that $350 million mark.

Now how we break that up and how we see that going through, I think we'll look at over the course of the year. But that's kind of the envelope we're looking at.

And then when you look at, I think, return profile, I think you should expect, like, Tubi is probably the best benchmark that we have, right, which is we've been investing in that. And as we have continued to see growth in that business and opportunity to continue to build in it, we've continued to invest in it. And now we're seeing at a point where we can continue to drive the growth and start to see sort of real meaningful profitability improvement over -- and that's been over three to four years.

I imagine for both of those two new investments, whether it be Latin America or FOX One, you should be thinking around that same sort of profile.

Lachlan Murdoch^ Can I just answer that in a non-math? Part of your question has a non-math answer, just on FOX One because FOX One is the larger piece of the new investment. And it's important just to remember that none of the investment in FOX One is original programming or exclusive programming to that platform. FOX One will encompass all of our existing FOX content with the addition as well of the FOX Nation content on a tier.

But none of that will include any incremental and sort of a sticky sort of additional spend.

So, the new spend in FOX One, other than some overhead and some relatively modest tech costs, is really the marketing and launch costs of FOX One. And it's important to remember that our subscriber expectations or aspirations for FOX One are modest. And therefore, our marketing spend, we can -- is relatively modest compared to our peers as well and it's something that we can toggle up and down depending on how FOX One is going and if we're meeting our relatively modest goal.

So, I think that's an important context when we think about both the initial upfront cost of launching FOX One, but the sustainability of that business and the return profile of that business going forward.

Operator^ We have a question from Jessica Reif Ehrlich with Bank of America Securities.

Jessica Reif Ehrlich^ I guess, the first question is your balance sheet. Even if you did your full -- newly announced buyback, you still have flexibility. And clearly, the industry is going to do M&A in the current year or the coming year. How will FOX participate or not? Your investment needs, as you guys just outlined, very specifically, very modest at $350 million.

So just curious, it seems like it's finally going to happen maybe as soon as next week.

So that's one. And then Lachlan, maybe just to go back to something you mentioned on advertising, just kind of bigger picture. You guys are like clearly outpacing the market. And so you gave us some color on Tubi and FOX News.

Just overall television, what are you guys seeing?

Lachlan Murdoch^ Yes.

Sorry, Jessica.

At the beginning of your question, I coughed. Your first question is on M&A overall and whether or not how we participate in any M&A activity, but the short answer is we don't have anything to announce.

We look at all sorts of opportunities.

We have a very high internal benchmark for the use of our capital. And so obviously we reject out of hand anything that we think would not be a prudent use of that and our shareholders' capital as well.

So -- but we're always looking at opportunities, but we haven't found anything yet that sort of surpasses our sort of benchmarks in terms of what we feel we need to do to inorganically kind of grow the business.

So, we're pretty focused on our organic growth at the moment.

In terms of the overall ad market, the ad sales are across the business, very strong. Again, we've talked before about the ad market that we see versus the ad market maybe that the rest of the market sees.

It is a little bit different because of the fortune of being so focused on the segments that we're in, particularly live news, live sports and, obviously a successful free streaming platform such as Tubi.

Ad sales nationally, Jessica, are very strong, really led by pharma category, financial services category, consumer packaged goods category. And this really played out in the upfront where we saw double-digit volume increases and strong pricing growth across all of our businesses.

I think we've called out earlier that FOX Sports had the record-breaking upfront.

If you exclude the impact of the Super Bowl.

I'm thinking over $2 billion committed in the upfront. Tubi saw a 35% volume increase with stable pricing.

I think the stable pricing on Tubi is important to call out because the CTV market is -- I know other people have mentioned this on their earnings calls, the CTV market is incredibly competitive, but Tubi has been competing and winning very strongly in that market.

I think while that market -- this is as an industry comment, while that market is competitive, it will remain the beneficiary of advertising revenue shifting from linear cable entertainment programming into digital and, frankly, also into news and then to sports.

So the CTV market, the people you're fighting for that advertising revenue, we're the beneficiary of that, but we see the volume of advertising dollars continue to stream into that market pretty heavily.

Our sports upfront, as I mentioned, was very strong and remains healthy.

It's a single data point, but we had record revenue for the Major League All-Star game. The demand far outstripped the supply of our spots in that game. The NFL, College Football all are pacing very well. And we're incredibly encouraged by the demand that kind of -- incredible demand for the FIFA World Cup later on in the year.

News, we've talked about before, DR pricing is up by 30%.

Scatter pricing in news is up 54% above the upfront.

So all very good. The local market is the one that remains mixed with gains from, again, like National, a strong pharmaceutical segment, but that's offset by telecom. And I believe, restaurants are offsetting those gains in pharmaceutical.

And then just finally, and we talked about Tubi, but on entertainment, very healthy with double-digit increases in scatter pricing.

So, the advertising market is robust for us and strong, and it really is propelling us forward.

Operator^ We have a question from Steven Cahall with Wells Fargo.

Steven Cahall^ So first, Lachlan, sorry to make you speak, but you did mention that there could be some bundles coming for FOX One.

I was just wondering how you think about different partners there.

One partner has probably the most sports rights. There are some others who could be kind of complementary to your afternoon NFL package. And also how you think about sort of integrating apps versus just having them be sort of more pricing bundles for consumers.

And then over on the TV side of things. The FCC has been much more vocal around, I think, what it's kind of expecting in terms of reverse comp and splits between networks and affiliates. Do you think things have changed in this outlook for your network business and your relationship with affiliates? And is there any meaningful financial impact we need to think about for the next couple of years from that?

Lachlan Murdoch^ Thanks, Steve.

Let me start with the -- obviously within the order of your question with FOX One and bundling.

We will bundle FOX One with other services. That's absolutely in our marketing and sort of launch plans, but it will also be obviously available, the $19.99 as a standalone service.

One thing is with the bundles that we're cognizant of, there's two factors.

One is to offer the consumer the most convenient package of our content and channels and others that they desire to subscribe to. And so the most convenient, the most sort of valuable bundles that you could put together, we'll be in a position to help them do that.

But we're also very focused at keeping FOX One as a very targeted service, that's targeted on the cordless audience. And sometimes, those two things can conflict with each other.

So, we want to stay very targeted, but we also want to make it easy for our consumers and our viewers to gain our content, whether it's in conjunction with other services or not.

We don't really see -- and you'll understand this on the 21st when you see FOX One.

We don't really see this as a service that is -- that you can compare to a separate bundle of channels only. The FOX One user interface is incredibly innovative.

It can be very highly personalized and relies on some really very sort of clever technology to offer something that's truly unique in the marketplace.

So we see FOX One as all of our brands, all of our content, but in a truly kind of unique and, I think, important user interface that will be very cutting edge.

On FCC and affiliate, we are -- well first of all, I should say, on the FCC, we're very pleased that under the new leadership of the FCC, the FCC is pro-local stations, is pro-competitive. They bring a lot of fresh ideas to the regulatory environment, and we're very pleased to see that.

As regards to how it affects our affiliates, we remain, I think, the most affiliate-focused company -- certainly broadcasting company in this country. And we don't really see it impacting in any way with our affiliate relationships.

If anything, it could improve them.

I should mention, because it joins the two questions together. FOX One will uniquely combine both our FOX content, but our local affiliate's content.

If you're FOX One -- our aspiration is if you're a FOX One subscriber, you will be getting your local sports and local news not just through our owned and owned stations, but our affiliate stations as well available to you on that app.

So, we're excited and we're very happy to be pro our local affiliate groups and local independent stations.

I think that's an important place for us to be in the marketplace.

Gabrielle Brown^ Great.

At this point, we're out of time.

But if you have any further questions, please give me or Charlie Costanzo a call. Thanks again for joining us today.

Steven Tomsic^ Thank you.

Lachlan Murdoch^ Thanks, everyone. Thank you.

Operator^ Ladies and gentlemen, that does conclude the Fox Corporation Fourth Quarter Fiscal Year 2025 Earnings Conference Call. Thank you.