
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2019

News Corp

NEWS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35769
(Commission
File Number)

46-2950970
(IRS Employer
Identification No.)

1211 Avenue of the Americas, New York, New York 10036
(Address of principal executive offices, including zip code)

(212) 416-3400
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01 per share	NWSA	The Nasdaq Global Select Market
Class B Common Stock, par value \$0.01 per share	NWS	The Nasdaq Global Select Market
Class A Preferred Stock Purchase Rights	N/A	The Nasdaq Global Select Market
Class B Preferred Stock Purchase Rights	N/A	The Nasdaq Global Select Market

Item 7.01 Regulation FD Disclosure.

News Corporation (the “Company”) and its subsidiary, NXE Australia Pty Limited (“new Foxtel”), recently engaged in discussions with certain potential lenders regarding a refinancing of new Foxtel’s existing debt. In connection with such discussions, the Company provided certain information to these potential lenders relating to new Foxtel, which was confidential until the date of this filing. Such information is furnished as Exhibit 99.1 to this Form 8-K and incorporated herein by reference. The Company and new Foxtel may from time to time engage in further discussions and may refinance, repay, redeem, amend and/or replace, in whole or in part, new Foxtel’s indebtedness.

The information in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
99.1	<u>Information relating to new Foxtel.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NEWS CORPORATION
(REGISTRANT)

By: /s/ Michael L. Bunder

Michael L. Bunder
Senior Vice President, Deputy General
Counsel and Corporate Secretary

Dated: May 10, 2019

Financial Information Related to New Foxtel

As of March 2019

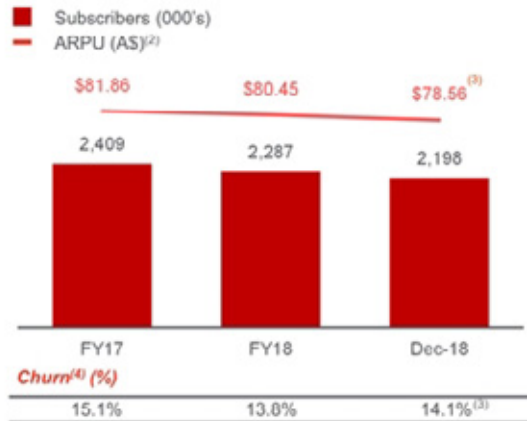
This information contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of News Corporation, NXE Australia Pty Limited or any of their subsidiaries (including Foxtel Management Pty Limited), shareholders, affiliates and associated companies (or any of their respective directors, partners, officers, employees, agents, management contractors, consultants or advisers) ("Foxtel") and cannot be predicted by Foxtel and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Foxtel and its related bodies corporate, joint ventures and associated undertakings operate.

Neither News Corporation nor Foxtel makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. The forward looking statements reflect views held only at the date of referenced above.

Except to the extent, if any, required by applicable law, News Corporation and Foxtel disclaim any obligation or undertaking to update any forward looking statements, whether as a result of new information or future events.

Operating metrics snapshot

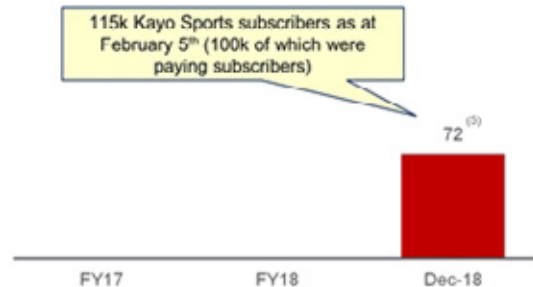
Broadcast subscribers⁽¹⁾ & ARPU



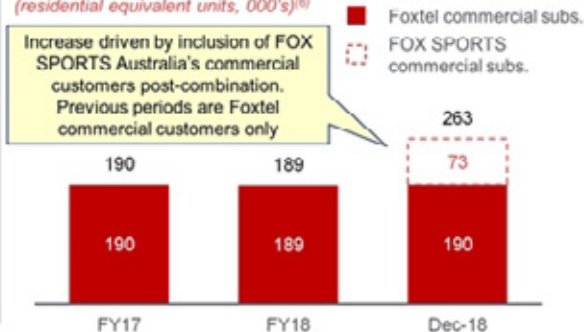
Foxtel Now subscribers⁽⁵⁾ (000's)



Kayo Sports subscribers⁽⁵⁾ (000's)



Commercial subscribers (residential equivalent units, 000's)⁽⁶⁾



(1) Includes Foxtel retail, Telstra and Optus subscribers.

(2) The Company calculates Broadcast ARPU by dividing broadcast package revenues for the period, net of customer credits, promotions and other discounts, by average cable and satellite residential subscribers for the period and dividing by the number of months in the period. Average cable and satellite residential subscribers for the period is calculated by adding the beginning and ending cable and satellite residential subscribers for the period and dividing by two. Excludes Optus subscribers.

(3) For the twelve months ended 31 December 2018.

(4) Broadcast subscriber churn represents the number of cable and satellite residential subscribers whose service is disconnected, expressed as a percentage of the average total number of cable and satellite residential subscribers, presented on an annual basis. The Company calculates Broadcast subscriber churn by dividing the total number of disconnected cable and satellite residential subscribers for the period, net of reconnects and transfers, by the average subscribers for the period, which is calculated by adding the beginning and ending cable and satellite residential subscribers for the period and dividing by two. This amount is then divided by the number of days in the period and multiplied by 365 days to present churn on an annual basis. Excludes Optus subscribers.

(5) Includes paying and non-paying subscribers.

(6) Commercial subscribers are calculated as residential equivalent units, which are derived by dividing total revenue from these subscribers by an estimated average residential ARPU which is held constant through the year.

Unaudited pro forma condensed combined financial data

The following unaudited pro forma condensed combined financial data for the six months ended December 31, 2017, for the fiscal years ended June 30, 2018 and June 30, 2017, and for the twelve months ended December 31, 2018 ("LTM"), respectively, are presented to illustrate the full-period effect of the combination of Fox Sports Australia Pty Limited ("FOX SPORTS Australia") and Foxtel Group ("Foxtel") into a new company, NXE Australia Pty Limited ("New Foxtel" or the "Company," and collectively, the "Transaction"). The unaudited pro forma New Foxtel condensed combined financial data for the periods described above combine the historical consolidated statements of operations of New Foxtel and Foxtel, giving effect to the Transaction as if it had occurred on July 1, 2016.

The unaudited pro forma condensed combined financial information of New Foxtel for the LTM period ended December 31, 2018 was derived by adding the unaudited pro forma condensed combined statement of operations data for the year ended June 30, 2018 to the unaudited historical statement of operations data for the six months ended December 31, 2018 and subtracting the unaudited pro forma condensed combined statement of operations data for the six months ended December 31, 2017. The Transaction has already been reflected in the New Foxtel historical consolidated balance sheet as of December 31, 2018 and the historical statement of operations for the six month period ended December 31, 2018 and therefore no pro forma adjustments related to the Transaction are required.

In April 2018, News Corporation ("News Corp") and Telstra Corporation Limited ("Telstra") combined their respective 50% interests in Foxtel and News Corp's 100% interest in FOX SPORTS Australia into a new company, New Foxtel (defined above as the Transaction). Following the completion of the Transaction, News Corp owns a 65% interest in the combined business, with Telstra owning the remaining 35%. Consequently, New Foxtel began consolidating Foxtel as at April 3, 2018. The historical consolidated financial statements of New Foxtel are the continuation of FOX SPORTS Australia and therefore results for the period up to April 3, 2018 are the performance of FOX SPORTS Australia and its controlled entities only.

The historical consolidated financial information of New Foxtel and Foxtel have been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that are (1) directly attributable to the Transaction, (2) factually supportable, and (3) expected to have a continuing impact. The historical consolidated financial statements of Foxtel have been adjusted to reflect certain reclassifications to conform to the historical consolidated financial statements of New Foxtel. The pro forma adjustments based on the purchase price allocation for the Transaction are preliminary and based upon available information and certain assumptions which management believes are reasonable under the circumstances. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information has been presented for illustrative and informational purposes only and is not intended to represent or be indicative of what the results of operations would have been had the Transaction occurred on July 1, 2016. The unaudited pro forma condensed combined financial information presented below should not be relied upon as a representation of our future performance as if the Transaction had actually occurred on July 1, 2016. Certain transactions between FOX SPORTS Australia and Foxtel that occurred during the periods in this unaudited pro forma condensed combined financial information have been eliminated.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the Transaction, or costs necessary to achieve any cost savings, operating synergies or revenue enhancements.

A reference to \$ is a reference to Australian dollars unless specifically marked otherwise.

Summary of pro-forma and historical financial data

A\$mm	Full yearly			Half yearly	
	FY17 Pro-forma	FY18 Pro-forma	LTM Dec-18 Pro-forma	1H18 Pro-forma	1H19
Revenues					
Subscription	2,950	2,872	2,754	1,472	1,354
Advertising	349	322	306	166	150
Other	89	89	86	47	44
Total Revenues	3,388	3,283	3,146	1,685	1,548
Programming expenses	(1,437)	(1,556)	(1,604)	(759)	(807)
Transmission costs	(236)	(239)	(242)	(116)	(119)
Sales and marketing	(161)	(165)	(158)	(88)	(81)
Other non-programming	(578)	(592)	(560)	(303)	(271)
Non-programming expenses	(975)	(996)	(960)	(507)	(471)
Profit before share of profits, impairments, other expenses depreciation, amortisation, net finance costs and tax	976	731	582	419	270
Share of profits/(losses) of associates	(30)	6	4	5	3
Impairment of investment in associates	-	(471)	(471)	-	-
Other expense	(96)	(18)	(22)	(5)	(9)
Profit before depreciation, amortisation, net finance costs and tax	850	248	93	419	264
Depreciation	(310)	(319)	(324)	(155)	(160)
Amortisation	(74)	(74)	(74)	(37)	(37)
(Loss)/profit before net finance costs and tax	466	(145)	(305)	227	67
Net finance costs ⁽¹⁾	(107)	(123)	(112)	(66)	(55)
(Loss)/profit before income tax expense	269	(268)	(417)	161	12
Income tax benefit/(expense)	(61)	84	120	(41)	(5)
(Loss)/profit after income tax expense for the period	208	(184)	(297)	120	7
Capital expenditure ⁽²⁾	351	386			

(1) Interest is not pro-forma.

(2) Not reviewed and not pro-forma.

Definitions

- Subscription revenue** primarily represents revenue from subscription to New Foxtel's retail broadcast, Foxtel Now and OTT services. Subscription revenue also includes revenue from commercial customers, pay-per-view purchases, broadband / telephone services and installation revenue derived from the installation of equipment at subscribers' premises
 - Broadcast customers pay monthly and are on contracts ranging from nil to 24 months
 - Foxtel Now and OTT customers pay monthly with no contracts
 - Commercial customers pay monthly with contracts negotiated on a rolling basis
 - Installation revenues for new customer sales are deferred and recognised over the contract period to which they relate
 - Installation revenue for customer upgrades and relocations are recognised when the installation service is provided
- Advertising revenue** includes revenue from the sale of advertising time and is recognised in the period in which the advertising is broadcast
- Other revenue** includes revenue earned from programming sales, product & corporate sales, and MCN revenue
- Programming expenses** includes content / channel licence fees, production costs and contra expenses
- Sales and marketing** includes staff and marketing costs relating to sale of New Foxtel products
- Transmission costs** includes cable and satellite access costs, CDN costs and broadband access costs
- Other non-programming costs** include products / broadcast / technology costs, customer service and installation costs, corporate costs and MCN costs
- Amortisation** relates to amortisation of intangibles acquired as part of the business combination

Opex and capex detail

	Cost type	LTM Dec-18 (A\$m)	Key dynamics	Opportunity and potential levers
Opex	Programming costs	1,604	<ul style="list-style-type: none"> Sports programming costs predominantly fixed through to expiry (providing attractive OTT economics) Non-sport programming costs comprise a portfolio of various contracts with continual renewals and a significant variable portion 	<ul style="list-style-type: none"> Reduce spend on non-marquee sporting content Non-sport programming costs can be adjusted quickly for viewer behavior given portfolio and shorter term nature of contracts Variable cost component of OTT
	Transmission costs	242	<ul style="list-style-type: none"> Currently operating multi-platform distribution model (cable, satellite, OTT) 	<ul style="list-style-type: none"> Future satellite / IP-delivered model to reduce transmission costs (currently ~25% of broadcast subscribers are cable) Cable access costs are ~\$72m for LTM Dec-18 Economies of scale benefits from growth of OTT product
	Sales and marketing	158	<ul style="list-style-type: none"> Current level of elevated marketing to support brand re-positioning New marketing expense associated with supporting the launch of Kayo Sports 	<ul style="list-style-type: none"> Reduced marketing spend as product renovation is completed and customer segmentation improves
	Other non-programming	560	<ul style="list-style-type: none"> Includes product, customer service and installation, corporate and MCN expenses Step-up in product costs related to launches of OTT products 	<ul style="list-style-type: none"> Reduce 3rd party spend Continued headcount and other cost rationalisation at MCN Product and corporate costs savings as part of integration of Foxtel and FSA
Capex		470 – 480 (FY19E)	<ul style="list-style-type: none"> Subscriber-related capital expenditure⁽¹⁾ makes up ~65% of total capital expenditure (remainder is project capex⁽²⁾) Significant project capex in FY19 to catch-up on prior year under-investment (e.g. 4K; Foxtel Go) and OTT strategy establishment 	<ul style="list-style-type: none"> Future multi-technology set-top box (i.e. IP and satellite enabled) Reduced project capex

(1) Subscriber capex includes set-top-boxes, installation costs and other installed equipment.

(2) Project capex includes capital expenditure which is not related to subscriber costs such as set-top-boxes, installation costs and other installed equipment.

Summary balance sheet

Balance sheet as at 31 December 2018

Assets	ASmm
Cash and cash equivalents	35
Trade and other receivables	323
Inventories	412
Derivative financial instruments	210
Income tax receivable	14
Current contract assets	2
Prepayments	343
Investments in associates	80
Property, plant and equipment	1,396
Intangibles	3,346
Total assets	6,161
Liabilities	
Trade and other payables	947
Derivative financial instruments	40
Borrowings	2,078
Provisions	88
Deferred revenue	133
Shareholder loan	50
Deferred tax liabilities	558
Total liabilities	3,893
Equity	
Contributed equity	3,397
Reserves	(1,148)
Retained earnings	19
Total equity	2,268

Commentary

- Property, plant and equipment consists of:
 - Digital set tops and installation (represents the majority)
 - Technical equipment
 - Machinery and equipment
 - Capital works in progress
 - Leasehold improvements
- Intangibles consists of:
 - Goodwill
 - Customer relationships
 - Brand and trade name
- Inventories consists solely of programme rights (current and non-current)

Additional Information Related to New Foxtel

Topic	Response
Set-top box and installation cost detail	<ul style="list-style-type: none"> • 65% of total cap ex of A\$470-480mm is related to subscriber cap ex. • IQ4 box costs Foxtel about A\$280-300. Cost to customer is A\$125, but can be waived. • If a customer requires a technician, the cost to Foxtel is ~A\$200. Cost to customer is A\$100 but can be waived. • For self-installation the cost to Foxtel is ~A\$40. • Approximately 45% of upgrading customers utilise self-installation.
Package pricing	<ul style="list-style-type: none"> • Foxtel management is reviewing the pricing for its various programming packages, including potential price increases for certain tiers.
LTM programming cost breakdown	<ul style="list-style-type: none"> • 50% of costs relate to sports rights and production <ul style="list-style-type: none"> – About 90% of costs fixed in nature – Variable agreements subject to subscriber numbers • 50% of costs relate to non-sports rights <ul style="list-style-type: none"> – 15% of this relates to movies, of which ~1/3 are fixed and ~2/3 variable, based on number of subscribers to the movie tier – Channel agreements ~40% variable based on subscribers – Remainder generally fixed price – Foxtel currently spends ~10% of its non-sports programing costs on original content • Despite programming costs being "fixed," Foxtel has ability to manage the base given the ongoing / phased maturity of contracts, particularly for non-sports.
Foxtel Now ARPU	<ul style="list-style-type: none"> • Foxtel Now ARPU estimated to be ~60-70% below broadcast ARPU.