21ST CENTURY FOX

FRAMEWORK Investing

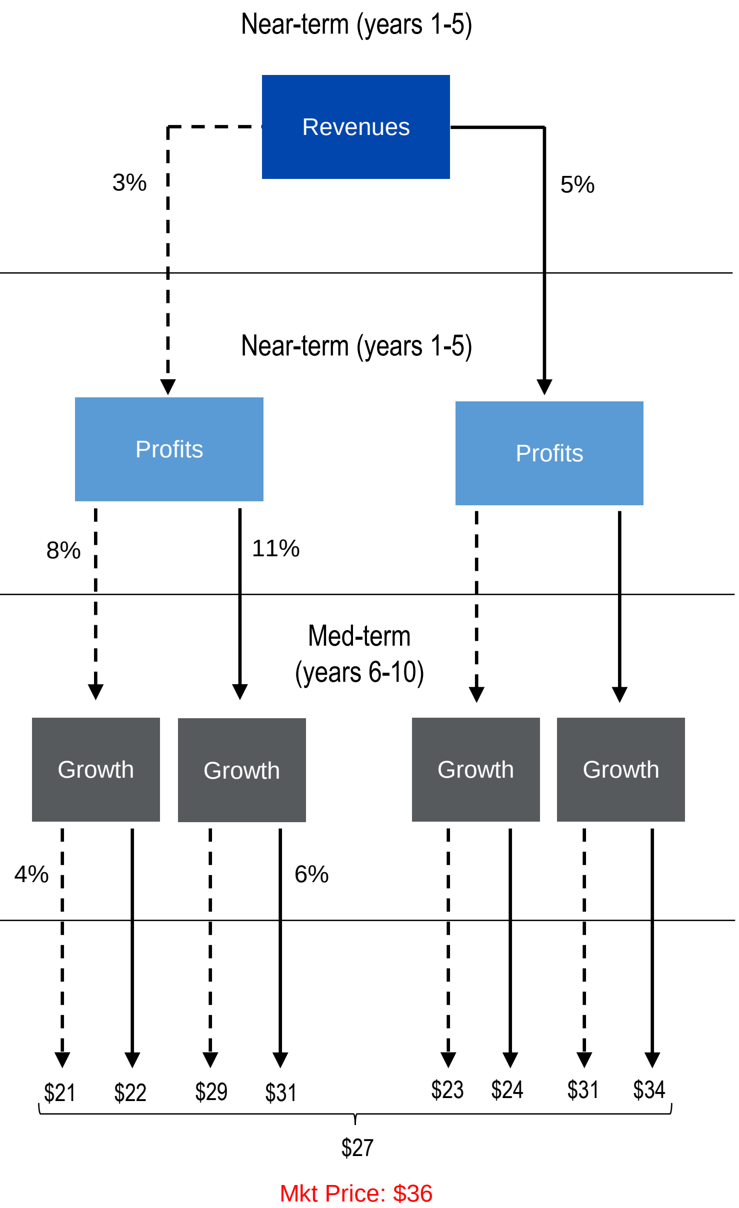
Valuation Waterfall

Revenue Growth
Fox main source of revenue is the growing Cable Network (~55%) business; Filmed Entertainment (~27%), and Television (~18%) is important as well. Continued growth in affiliate revenue led by higher average rates and advertising revenue due to higher rating, partially offset by lower content revenue, we expects the company will be able to achieve 3%-5% revenue growth in the coming few years.

Profitability
We have seen notable jump in profits (measured on an OCP basis) from 2015 onwards. Profit averaged 7% during the 3-year period from 2012-2014 and now is in the 10% range. Increasing programming expense, production cost and intense competition offset by international expansion, higher ad pricing and online licensing, we expects profitability to range between historical average of 8% and recent high of 11%.

Medium-Term Cash Flow Growth
FOX strategy to invest in its core cable network brands helped to secure strong pricing and broad distribution. Increasing subscriber base, multi-year agreements with pay-tv companies, growth in alternative video platforms and further acquisitions will drive the company's growth. Our best-case medium-term growth assumptions relate to improving economy and growth of online licensing. We expect it to be in the range of 4%-6%.

Fair Value Range
Our fair value range extends from $21 to $34/ share and four out of eight of the values lie between $29 and $34 per share. The average of all our FV scenarios is $27 per share, 25% lower than the present price. Best-best-best valuation driver scenario only a smidge lower than present market price.



01 February 2018

Methodology

Framework Investing analyses focus on three main valuation drivers: revenue growth, profitability, and medium-term cash flow growth. We estimate a best- and worst-case scenario for each of these drivers resulting in a total of $2^3 = 8$ fair value scenarios based on discounted cash flow methodology. Profitability is measured by [Owners' Cash Profit (OCP)] margin and our measure of free cash flow is termed [Free Cash Flow to Owners (FCFO)]. We use a discount rate of 10% for large capitalization stocks. A wide spread of lowest and highest fair values indicates a firm whose value is uncertain. Risk depends on the stock price's relationship to the valuation range. Best-case scenarios are represented with a solid line; worst-case scenarios, with a dotted one.