Seeking Alpha α

Transcripts | **Services**

News Corp (NWSA) CEO Robert Thomson on Q1 2020 Results - Earnings Call Transcript

Nov. 7, 2019 9:11 PM ET
by: SA Transcripts

FQ1: 11-07-19 Earnings Summary

Press Release

EPS of $0.04 misses by $-0.00 | Revenue of $2.34B (-7.29% Y/Y) misses by $-50.6M

Earning Call Audio

Subscribers Only

00:00 -41:13

News Corp (NASDAQ:NWSA) Q1 2020 Earnings Conference Call November 7, 2019 5:30 PM ET

Company Participants

Michael Florin - SVP & Head, IR

Robert Thomson - CEO & Director

Susan Panuccio - CFO

Conference Call Participants

Kane Hannan - Goldman Sachs Group

Eric Pan - JPMorgan Chase & Co.

Entcho Raykovski - Crédit Suisse

Craig Huber - Huber Research Partners

Operator

Good day, and welcome to the News Corp Q1 Fiscal 2020 Conference Call. Today's conference is being recorded. [Operator Instructions]. And at this time, I would like to turn the conference over to Michael Florin. Please go ahead.

Michael Florin

Thank you very much, Eduardo. Hello, everyone, and welcome to News Corp's Fiscal First Quarter 2020 Earnings Call. We issued our earnings press release about an hour ago, and it's now posted on our website at newscorp.com. On the call today are Robert Thomson, Chief Executive; and Susan Panuccio, Chief Financial Officer. We'll open with some prepared remarks, and then we'll be happy to take questions from the investment community.

This call may include certain forward-looking information with respect to News Corp's business and strategy. Actual results could differ materially from what is said. News Corp's Form 10-K and Form 10-Q filings identify risks and uncertainties that could cause actual results to differ and contain cautionary statements regarding forward-looking information. Additionally, this call will include certain non-GAAP financial measurements such as total segment EBITDA, adjusted segment EBITDA and adjusted EPS. The definitions and GAAP to non-GAAP reconciliations of such measures can be found in our earnings release.

With that, I'll pass it over to Robert Thomson for some opening comments.

Robert Thomson

Thanks, Mike. In the first quarter of fiscal 2020, News Corp showed strong growth at Dow Jones and higher revenues at Move, operator of realtor.com. So the company also faced challenges from pronounced currency headwinds, a sluggish Australian economy, in particular, a struggling Australian property market, as well as difficult comparisons with the prior year onetime revenue item, a noncash impairment charge in this quarter. For the quarter, the company reported total revenues of $2.34 billion with total segment EBITDA of

$221 million. This represents a decline of 7% in revenues and 38% in profitability versus the prior year. Of the revenue decline, 3% was directly attributable to currency and 2% to our onetime cash payment last year by Tabcorp in the U.K.

Before getting into the final details of the quarter by segment, I want to address a significant development that bodes well for our future prospects. There has been a fundamental change in the content landscape. For over a decade, News Corp has led the international debate in seeking fair returns for our high-quality content from the digital platforms. Clearly, the dominant digital platforms are under intense and continuing regulatory scrutiny on issues such as privacy and an opaque advertising market. There has, however, been a substantial development with Facebook's decision to pay a significant premium for our premium journalism at the WSJ and beyond. This decision begins to change the content equation, and we expect a positive impact on financials at our News and Information Services segment over the long term, beginning this fiscal year. The Facebook deal complements the agreement we reached with Apple in March when The Wall Street Journal became a launch partner for Apple News+, which expanded the reach of The Journal and its journalism to new audiences. Our brands and our content obviously benefit from the marketing region prowess of a partner, which has nearly 189 million phones in the U.S. and 1.4 billion devices globally.

We expect the sectoral shift in the value of digital content to have significant implications for our investors and our bottom line. And let us be clear, these unprecedented changes in the publishing industry would not have been achieved without the determination of Rupert and Lock and Murdoch and the unwavering support of the new score board, which has taken a long-term principal stand on the need to change the digital ecosystem. Other publishers around the world should feel free to send us a commission for services rendered.

Another development worth highlighting is the ongoing simplification of News Corp. As you are aware, we have put our News America Marketing business under strategic review and are in discussions regarding a possible sale of that business. We expect to update you in due course.

Consistent with that theme of simplification, we have our Unruly ad tech business under strategic view and are also in discussions about a potential sale. We have learned much from the very talented team at Unruly, and those lessons will inform our ad business for many, many years to come. With simplification being an ongoing process, the company will continue to review its structure with the aim of bringing extra focus to our key assets, allowing investors to have a far clear review of their prospects.

Let me turn to the News and Information Services segment in which Dow Jones had a strong quarter with increased revenues and greater profitability year-over-year. Wall Street Journal subscriptions grew 8%, and we have crossed the 70% threshold for the number of digital-only subscribers. Important to note, we currently do not include readers of Apple News+ in that number. So it certainly does not fully capture the number of readers who are now paying for access to The Journal.

Advertising revenue at Dow Jones grew 2% in the quarter and led notably by strong digital outperformance at wsj.com, which grew 13% as compared to a decline of the New York Times. We also saw stronger circulation revenue growth and increasing profitability as compared to the New York Times. Dow Jones Professional Information Business continue to thrive, with the burgeoning risk and compliance sector, in particular, growing 25% year-over-year. With many companies under intensifying regulatory scrutiny, the imperative to minimize risk and to maximize compliance remains a burgeoning source of business. Overall, our Professional Information Business represents a pronounced distinguishing advantage over media competitors and provides multiple opportunities for us to upsell specialist content to companies, professional investors and individual investors who actively manage their portfolio.

Barron's group continued to report strong traffic growth in Q1, with total unique users up 27% year-over-year driven by MarketWatch and Barron's online. Barron's subscribers grew 7% to 587,000, while MarketWatch Q1 revenue was its strongest quarterly revenue performance ever.

In the U.K., digital subscribers at The Times and Sunday Times grew 19% to 312,000. Advertising in local currency was up for the first time since Q3 of financial year '18 as digital growth more than offset modest print declines. Digital advertising growth of The

Sun accelerated from the prior quarter rate and benefited from a growing audience and higher yield with approximately 129 global monthly unique users in September 2019. Meanwhile, at Wireless, the October radar results show that the reach of Wireless's stations grew 21% year-over-year with a 26% increase in listening hours. And propelled by Chris Evans joining the network, Virgin Radio experienced a 300% increase in reach and a 500% jump in listening hours.

Meanwhile, talkSPORT had a 20% increase in digital listening, thanks in part to the new Premier League rights, which drive Saturday listening up 120% year-over-year. In Australia, there were harsh economic conditions that affected all of our businesses, including HarperCollins. In media, we continue to execute on our digital strategy with the mastheads reaching more than 542,000 digital subscribers, representing 23% year-over-year growth. At the Australian, 65% of subscribers were digital, showing that a subscription sensibility is indeed evolving and more people expect to pay more for digital products. Circulation revenue was also lifted by cover price increases at our metropolitan mastheads. We took the bold step of sharply increasing the cover price of the New York Post in June, and there has been a 12% year-over-year increase in circulation revenue. Advertising also rose at a similar rate. It is worth noting that more than 70% of The Post advertising revenues in the quarter were digital.

Turning to subscription video services. Total subscribers at Foxtel grew 6% year-over-year despite the difficult conditions in Australia. The latest number of paying Kayo payer subscribers as of November 5 reached 402,000 with total subscribers at 443,000, and this is less than a year after its launch. With the Rugby World Cup ending last week, Kayo is now preparing for the seasonal shift to cricket and other summer sports in Australia. And Kayo customers continue to be highly engaged with over 75% of subscribers using the product each and every week. Kayo is a premium streaming service and shows that a far larger number of Australians are prepared to pay for content they had previously been presumed. Given that we have already acquired the sports rights, it's another important opportunity to monetize those rights without undermining the core. [Technical Difficulty] operator of realtor.com had a robust quarter, and we have reason to be optimistic over its prospects, thanks to signs of improving health in the U.S. housing market. Existing home sales are on the rise, and there has been rapid audience growth at realtor.com where there was an 18% year-over-year increase in traffic in the quarter.

Based on the most recent comScore data, realtor's.com traffic is clearly going significantly faster than that of our nearest competitor. In addition, we are pleased with the ongoing integration of Opcity, a business that is helping realtor.com become even more connected to consumers and to REALTORS who are provided with higher quality refined leads that we expect to monetize in adjacencies such as mortgages. We are not entering the house flipping distressed sale business, but we want to offer vendors as many potential purchases as possible. The more competition for our house, the higher the price for the seller. While we have been in a period of reinvestment of Move due to the Opcity acquisition, we are seeing the benefits of that commitment with improving financials, and that will accelerate in the second half.

For News Corp, as the year unfolds, the simplification of our structure will continue, and we expect to see further benefits from the shift in a balance of power between creators of content and the digital distributors. Investors in News Corp should be the beneficiaries of that fundamental transformation.

And now for further insight, we will turn to Susan.

Susan Panuccio

Thank you, Robert. Turning to the financials. Fiscal 2020 first quarter total revenues were approximately $2.3 billion, down 7% versus the prior year, and total segment EBITDA was $221 million, down 38% versus the prior year. The results were impacted by last year's onetime benefit related to the exit of the partnership for Sun Bets in the U.K., coupled with continued currency headwinds and challenging prior year comparisons at HarperCollins.

On an adjusted basis, which excludes the impact of acquisitions and divestitures, currency fluctuations and the other items disclosed in our release, revenues fell 4%, and total segment EBITDA decreased 30%. Net loss for the quarter was $211 million compared to net income of $128 million in the prior year, reflecting a $273 million of noncash impairment charges, primarily at News America Marketing. For the quarter, we reported a loss per share of $0.39 as compared to earnings per share of $0.17 in the prior year. Adjusted earnings per share were $0.04 in the quarter versus $0.17 in the prior year.

Turning now to the individual operating segments. In News and Information Services, revenues for the quarter were over $1.1 billion, down approximately 8% versus the prior year. Currency had a $35 million or 3% negative impact. Digital revenues for Dow Jones and the newspaper mastheads represented 38% of the combined revenues. Approximately 34% of the segment's revenues were digital, up from 33% in the prior year, which included the onetime Tabcorp payment. Advertising revenues for the segment were down 8% in the quarter versus the prior year, with approximately $15 million or 3% due to negative currency fluctuations. Performance was stable versus the prior quarter rate. Improvements at Dow Jones and News U.K., absent currency impacts, were offset by declines at News America Marketing and News Australia. Circulation and subscription revenues rose 1% versus the prior year despite a $15 million or 3% negative impact from foreign currency. Growth was again led by Dow Jones.

Segment EBITDA for the quarter was $56 million, down from $109 million, with the decline due primarily to the absence of the net benefit related to the exit of the partnerships with Sun Bets in the U.K. last year. We reclassified approximately $7 million of costs in the first quarter of fiscal 2019 from the other segment to the News and Information Services segment. The costs are mainly related to initiatives, including News IQ, our global programmatic asset and some shared technology services to directly benefit the News and Information Services segment as part of our ongoing efforts to leverage our global scale to lower costs.

I will now talk through some segment highlights. At Dow Jones, consumer circulation revenues in the first quarter remained very healthy, growing 6%, benefiting from 17% growth in digital-only paid subscribers at The Wall Street Journal to approximately 1.9 million as well as subscription price increases. Digital paid subscribers accounted for 71% of the total subscriber base at The Wall Street Journal, up from 65% last year. We see a big opportunity to scale The Wall Street Journal, both directly and through valuable third-party relationships, as Robert mentioned. As a result, we expect to see incremental revenues from these partnerships this year. Total subscribers in the quarter for Dow Jones consumer products, which also includes Barron's and financial news in the U.K., reached approximately 3.3 million, again posting record levels. Of that digital-only, subscribers rose 20% versus the prior year to almost 2.3 million subscribers.

We remain optimistic about our Professional Information Business, which accounted for 29% of Dow Jones revenues this quarter. The key growth engine continues to be in Risk and Compliance, which accelerated its revenue growth to 25% in the quarter compared to the prior quarter. Overall, our Professional Information Business grew a robust 8% this quarter. Advertising revenues at Dow Jones in the quarter rose 2%, an improvement from the fiscal fourth quarter rate. It's led by digital growth with a relatively stable print performance. Digital advertising accounted for 42% of total Dow Jones advertising compared to 37% last year.

We continue to balance healthy revenue growth at Dow Jones with reinvestment, which is leading to ongoing profit growth. Elsewhere across our news portfolio, advertising conditions were mixed. News UK's advertising revenues were flat on a reported basis and up 6% in local currency, representing the first year-over-year increase in local currencies since the third quarter of fiscal 2018. The U.K. showed notable growth in digital, particularly at The Sun, which is growing in both audience and engagement.

Advertising conditions in Australia were more challenged, notably in print, with advertising revenues down 13% on a reported basis and down 8% in local currency. Digital growth helped mitigate print declines with continued growth from music stand, small medium business initiatives and news.com.au.

On circulation, our digital paid subscribers again grew at an impressive rate. Digital subscribers rose 19% at The Times and The Sunday Times and 22% at News Australia. The increase in digital subscribers, along with cover price increases at both News UK and News Australia, helped mitigate print volume declines and currency headwinds. Finally, at News America Marketing, revenues fell 10% driven by weakness in freestanding insert products given the ongoing digital migration, but partially offset by growth in in-store product revenue, which accounted for roughly half of the overall revenue.

Turning to the Subscription Video Services segment. Revenues for the quarter were $514 million, down 9% versus $565 million in the prior year, of which $34 million or 6% was due to the negative impact from foreign currency. Broadcast revenue trends were relatively similar to the prior quarter, with the revenue decline driven by a lower broadcast subscriber base and changes to the broadcast subscriber package mix. The revenue decline was partially offset by increased revenue contributions from Kayo and Foxtel Now. Importantly, as we look at a core driver of the business, TV subscription revenue, which includes both broadcast and OTT revenue, excluding the impact of currency, revenue growth from OTT products almost offset broadcast declines in the quarter, which will be key to the stability of the business.

Segment EBITDA in the quarter was $81 million, down 28% with the prior year, which, in addition to the revenue trends, was also impacted by $16 million of costs related to domestic cricket rights, which we didn't have in the prior year and $14 million related to the noncash accelerated amortization of certain of our entertaining -- entertainment programming costs, as we highlighted last quarter. We continue to expect approximately $30 million to $35 million impact from the accelerated amortization for the full year with a greater impact in the first half of the year.

Other costs notably in overheads were lower this quarter as the team is focused on rightsizing the cost base. We continue to expect full year capital expenditures to be approximately 20% lower than the prior year and for the cash flow generation to improve.

Turning to the KPIs. Foxtel's closing paid subscriber base was approximately 3.1 million as of September 30, with volume growing 6% versus the prior year driven by the launch of Kayo last November. Of that subscriber base, over 2.3 million of the total closing subscribers were broadcast and commercial subscribers, and the remainder consisted of Kayo and Foxtel Now. Kayo paying subscribers grew to 364,000, up from 331,000 last quarter or 12% of the total Foxtel subscriber base, including trial list Kayo rose 430,000 subscribers. We are seeing that customer activations are more pronounced around big events. The first quarter had less exclusive content, particularly following the Cricket World Cup, but we have seen notably stronger ads with the start of the Rugby World Cup, which began in late September. As of November 5, Kayo paying subscribers have increased to approximately 402,000.

We continue to see that Kayo subscribers are incremental to the subscriber base with very little cannibalization from the core broadcast business. Paying subscribers for Foxtel Now were approximately 375,000, down from 446,000 last quarter following the conclusion of the Game of Thrones, but still up from the prior year and have seen an improvement in ARPU from both the last quarter and the prior year. In addition, Foxtel is also planning a new entertainment product, which will leverage the Kayo platform with the commercial launch anticipated later in this fiscal year.

In the first quarter, broadcast churn was 14.4% versus 12.9% in the prior year, but down from 14.7% in Q4, reflecting continued focus on churn management in the Foxtel direct channel and higher penetration of the iQ4 set-top boxes.

As a reminder, lower ARPU customers on expiring contracts from the past 12 to 24 months compounded by a price rise is resulting in higher churn versus the prior year. Churn from platinum and sports teams remain materially lower than the base.

Broadcast ARPU grew 2% to about AUD 78 per month. We expect to complete the refinancing of a significant portion of Foxtel debt in the coming weeks, which will include a package of bank refinancing, third-party financing and additional shareholder funding. As part of the refinancing, News Corp has contributed an additional AUD 200 million loan, and the new financing that will extend maturities for at least 3 years and, importantly, provide Foxtel with ample liquidity and flexibility to execute on its strategy. At Book Publishing, HarperCollins faced an unusually difficult comparison to the prior year due to the success of Rachel Hollis' Girl, Wash Your Face, Angie Thoma's The Hate U Give and Mark Manson's Subtle Art. As a result, revenues for the quarter fell 3% to $405 million and segment EBITDA fell to $49 million.

Notable releases this quarter include Daniel Silva's New Girl, Ann Patchett's, The Dutch House, Karin Slaughter's The Last Widow, Demi Moore's Inside Out and Ant Middleton's The Fear Bubble. Digital revenues declined 5% and represented 20% -- 22% of consumer revenues also impacted by the year ago comparison. At the Digital Real Estate Services segment, revenues were down 7% to $272 million, of which $10 million or 3% was due to the negative impact from foreign currency. On an adjusted basis, revenues declined 5%. REA Group revenues were down 14% and down 8% in local currency as higher yield and improved product mix was more than offset by an overall 15% year-over-year decline in new listing volume during the quarter. Developer revenues were also down on the back of a 26% decline in new project development. Revenue decline was also impacted by the extended duration of premier all listings from 45 to 60 days, which increased the revenue deferral for the period.

Please refer to REA's earnings release and their conference call that just concluded for additional details and comments on the outlook. Group revenues rose 4% to $123 million versus the prior year, with real estate revenues growing 11%, which is an improvement from the fourth quarter rate. The increase in real estate revenues, which represented 80% of total revenues, was led by a higher contribution from Opcity, combined with an improvement in lead volume and audience. This is in the context of the U.S. housing market showing signs of improvement, with existing home sales up low single digits in the quarter compared to the prior year.

As I mentioned last quarter, we began live testing a performance-based-only model in over a dozen markets starting on May 1 to analyze the impact and scalability of the platform. The test also allows us to better control the consumer experience and the transaction. Although it is still relatively early in the testing, every single one of the core metrics has gone up materially. Leads, meeting rates, home values and close rates are all trending in the right direction. We are very encouraged by the results and have continued to allocate more leads to the Opcity model, which will allow greater opportunities to further extend into ancillary revenues. On audience, we saw an acceleration in audience growth versus the fourth quarter growth rate with average monthly unique users at realtor.com reaching over 71 million, rising 18% versus the prior year, together with a notable pickup in both page views and time spent. Segment EBITDA fell 22% to $82 million due to REA revenue declines and investment at Move due to Opcity. Adjusted segment EBITDA declined just 2%.

Other costs increased to $47 million from $37 million. The majority of the increase is related to higher equity comp due to the performance, existing schemes and the stock appreciation since the grant date as well as the phasing of certain strategic initiatives. Most importantly, we do not expect this increase to be reflective of the full year.

I would now like to talk about some themes in the upcoming quarter. In News and Information services, advertising trends thus far remains similar to the prior quarter levels, although visibility remains limited. We continue to seek cost efficiencies, particularly in both the U.K. and Australia. Comparisons should ease now that we have moved past the Sun Bets benefit, and we expect to show improvements, particularly at our news brands.

In Subscription Video Services, we will anniversary the acquisition of the domestic cricket rights, and cost trends should be more favorable. We will also lap the price increase from October last year. In Book Publishing, as Robert mentioned, we're excited about the recent launch of Ree Drummond's Pioneer Woman The New Frontier, although we'll continue to face difficult comparisons as the prior year included Joanna Gaine's Homebody and strong backlist sales. Given the timing of the release schedule, we expect performance will be more second half weighted.

At Digital Real Estate Services, we anticipate improvements at Move as we lap the Opcity acquisition, particularly in the second half. As noted on their release, REA expects revenue growth to be skewed towards the second half of the fiscal year. Please see the release for more detail.

With that, let me hand it over to the operator for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions]. I'll take our first question from Kane Hannan at Goldman Sachs.

Kane Hannan

Just at Dow Jones revenue growth of 6%., can you give a bit more color around the level of cost growth during the quarter to drive that growth? And then I suppose, some comments around the revenue quantum we should be expecting from those digital partnerships this year, sort of next year? I -- should we expect them to be material?

Robert Thomson

Well, look, I'll take the second part of the question first, Kane. The Facebook deal is a big deal. It establishes a clear precedent of paying a premium for premium journalism. And there are a couple of other initiatives that are notable. When you click on a headline in the Facebook News tab, you'll be taken to our site. So the story is not hosted by Facebook. And that means that we're able to sell advertising directly, and we'll have a more lucrative flow of permission data. And these were all essential preconditions for our ascent and our agreement, and will have a long-term benefit on our accounts.

The fact is that there'll be less providence if there's not a premium for Providence. And it's frankly clear that the revenue show flow had shifted dramatically from the creators to the distributors. So for us, there are -- commercially, there are 2 things that are meaningful and absolutely essential. Firstly, development of a subscription sensibility. There has to be more of a propensity to pay. Thankfully, Facebook understood that priority. Secondly, the digital advertising market is dysfunctional. The so-called open market is a virtual monopoly. We've been very public about our concerns on that segment, which is in dire need of reform, and is thankfully now under close scrutiny by 50 U.S. attorneys general.

Susan Panuccio

And Kane, just in relation to the costs, we saw about a 4% increase in cost for the quarter for Dow Jones. So you should use that number as your proxy.

Michael Florin

Eduardo, we'll take our next question please.

Operator

[Operator Instructions]. We'll now take the next question from Eric Pan at JPMorgan.

Eric Pan

You mentioned in your comments, you're bringing extra focus on your key assets. And given the proposed sale of NAM, how should we think about the company's overall strategy going forward? Are you looking to unlock the value of the assets via monetization? Or could you be looking to beef up your existing businesses with acquisitions?

Robert Thomson

Eric, simplification is indeed an ongoing process, and it doesn't stop at News America Marketing and Unruly. But we're very cognizant that the company trades at a discounted to some of the parts. We're seeking to rectify that situation and maximize value for all our shareholders. So it's fair to say that the institutional introspection will continue apace.

Michael Florin

Eduardo, we'll take our next question please.

Operator

Our next question comes from Entcho Raykovski at Crédit Suisse.

Entcho Raykovski

Robert. Just a couple from me related to SVs. And just firstly, Susan, wanted to clarify your comments around the next quarter. You said you've lapped the increase seen in domestic cricket rights, so should we expect any increase in the cost of the cricket heading into Q2? And then just secondly, your commentary around the launch of an entertainment-only offering in SVOD. Do you expect any additional costs associated with that offering? Or do you think that you can pretty effectively utilize your existing rights and offer streaming products? And then just related to that, sorry, to kind of carry on with this. But just your rationale for it given that it feels like it is a pretty crowded space in streaming services in Australia?

Susan Panuccio

I'll take maybe the first two, and Robert can take the last one Entcho, if that's okay. So just in relation to cricket, we would expect to see very, very modest increases over the course of the year. So the bulk of those costs have come through in Q1. But I think it's important to note when we think about the cost base, the largest increase that's come through is because of the noncash amortization in relation to those entertainment expenses. So over because of the noncash amortization in relation to those entertainment expenses. So over the full year, absent those costs, we would expect the whole cost base to be relatively stable. But it is important to note that the team down in Australia are continuing to focus on rightsizing their cost base and are continuing to look for opportunities as they move forward.

In relation to Aeries [ph], we are looking to launch that towards the back half of this particular fiscal year. We're not expecting to see significant incremental costs to your point. We do have a lot of the content covered within existing deals. We will, of course, have marketing costs as we scale up that product, but the actual incremental cost that we'd expect to see within the year is going to be minimal.

Robert Thomson

And if I could just supplement Susan's comments. And it will obviously be based on the Kayo distribution platform. So much of the engineering there has already been done. And I think when you speak of streaming, this salient point to note about Foxtel is the rapid growth of Kayo from nothing a year ago to 402,000 paying customers now and another 443,000 in total. And this is not a service that cost $6.99 a month. It's $25 a month. And given the view of feedback and satisfaction, there's obviously some longer-term elasticity in that price. And when you see the sluggishness in the Australian economy in advertising and real estate, which has obviously had an impact on our earnings, the results are even more impressive.

Michael Florin

Thank you, Entcho. Eduardo, we'll take our next question, please.

Operator

We'll now take our next question from Craig Huber at Huber Research Partners. All right. We'll now take our last question from Fraser Mcleish at MSC [ph].

Unidentified Analyst

Robert, I'm just interested in your comments upfront that you were talking about giving us a clear view of the assets and the value, you're willing to just give us a little bit more insight to what you mean there. I assume you're talking about The Wall Street Journal and timing of that. I mean do we now have to wait until the next financial year for that? And that's my first question. And then just secondly, just on Move, which the margins -- you've got to do a little bit of work obviously to back them out because you don't report them, but look later around about that sort of 10% level and have sort of been stubbornly at that level for a little while. Is it structurally just a low-margin industry in the U.S. because they're obviously very low margins relative to similar businesses around the world? Or do you think you can really see some margin improvement there over the next few years?

Robert Thomson

On your first question, we really can't go into detail about what simplification means in the longer term. What it does mean at the moment is News America Marketing and Unruly, which are under strategic review. But as I said, that strategic review does not stop with those 2 properties, and we are very conscious of the need to highlight the value of the company and provide more transparency for investors. As for Move, both short, medium and long term, we believe that realtor.com is a tremendous property. You could see that the growth in audience is far superior to that at Zillow at the moment. If you take the independent comScore figures from September, the unique users at realtor.com were up 17%, while Zillow grew at only 2%. And Trulia actually shrank by 2%. And the divergence was even more marked on desktop with 10% of growth at realtor and Zillow, down by 12% year-on-year. We're at a very early stage of the evolution of the digital real estate market in the United States. And we think as it evolves, those margins will surely increase.

Susan Panuccio

And Fraser, I think I'll just add to that, that part of the reason and the rationale for acquiring Opcity was to accelerate that revenue growth going forward and provide an opportunity for margin expansion via ancillary revenues and different services. And so we would expect to see for the balance of this year and over the full year that revenue and EBITDA will continue to grow within that business.

Michael Florin

Michael Florin

Thanks, Fraser. Eduardo, we'll take our next question.

Operator

All right, we'll now take the next question from Craig Huber at Huber Research Partners once again.

Craig Huber

Yes. Can you hear me this time?

Susan Panuccio

We can hear you.

Robert Thomson

Yes, we can hear you. Loud and clear, Craig.

Craig Huber

I have no idea what happened there. Look, I have two questions. Housekeeping question, circulation revenue across Dow Jones, Australia and the U.K. with and without currency. Did you give that? Maybe I missed it, but that's my first question. And my second question, Robert, you mentioned, I think a lot of people agree with you on this, that there's two large monopolies out there on the digital advertising front. I'd like to hear from you if you could just expand upon this, what do you think the solution is on that front?

Susan Panuccio

Craig, just in relation to your housekeeping question. So circulation at Dow Jones was up 6%. In the U.K., it was flat. But in reported numbers, down 5%. And in Australia, it was down 2% in local currency; reported, down 8%.

Robert Thomson

Craig, obviously, the tech topography is evolving very quickly. If you think back even 12 months ago, the prospects of Facebook paying for content, a carriage fee, as we called it, in fact, Rupert was the first to cite that as a need, the prospects seem remote. It's now real. And what we're finding generally in our discussion with the digital platforms is that, that they have indeed adopted a new approach. They realize that for various reasons that their past policies were unsustainable. But as I made clear to you, it's not just about paying a premium for premium journalism. It is also about sorting out what is an opaque advertising market, and there's no doubt that the regulatory pressure in that area is only going to increase. And a consequence of that, well, I suspect, be that as we're already seeing, more advertisers understand how dysfunctional that market is and seek association with high-quality content, and we will undoubtedly be a beneficiary of that given the excellent journalism that we have, not only in this country, but around the world.

Michael Florin

Thank you, Craig. Eduardo, we'll take our next question.

Operator

[Operator Instructions]. It appears there are no further questions at this time. I'd like to turn the conference back to Michael Florin for any additional closing remarks.

Michael Florin

Great. Thank you, Eduardo, and thank you for all participating. We look forward to talking to you soon. Have a great day.

Operator

This now concludes today's call. Thank you for your participation. You may now disconnect.