

## PROFITS RISE FOR NEWS CORPORATION



News Corporation has recently made an announcement, stating that its quarterly profits have risen by 65 percent from the previous year. News Corporation is the owner of both The Wall Street Journal and Fox Broadcasting, which are familiar to many. The increase of profits comes primarily from an increase of television revenue. The net income for the company increased to \$1.06 billion from the previous year, when the net income was at \$642 million, which is equivalent to 24 cent per share. The CEO of News Corp., Rupert Murdoch, says that the vast majority of the profits the company brings in come from fees that are received due to pay-television for both cable programming television and broadcast television. And, the advertisement revenue for the company's television properties in the United States, which includes Fox News as well as FX, has increased by just about 9 percent. The media analyst for Davenport & Co. has said that the cable networks business is, in general, the most important function of News Corp., as it will continually grow and expand, which is something the company counts on. By the end of December, the total revenue for the quarter increased by 2 percent, up to \$8.98 billion. Many analysts were estimating about \$8.91 billion, which shows the company had a higher than expected increase for this particular quarter. In the meantime, revenue from publishing decreased by 9.2 percent due to the temporary shutdown of News of the World, which was forced to temporary shutdown and move as a means of containing the UK hacking scandal. There are over 800 victims of the UK hacking scandal, which included the hacking of phones for a number of top executives. Even with such a scandal, the company's business has not been negatively affected. Alan Gould, an analyst for Evercore Partners, says that instead of being affected negatively, the company's business is gaining power. While the Guardian reported that News of the World got access into the voice message account of a murdered teenager, Milly Dowler, the shares for News Corp. continued to gain by 8.6 percent. After that report was made, the company made the decision to move as a means of preventing a drop from occurring when it came down to the share price and decided to buy back tons of shares. And, by February 7<sup>th</sup>, the company had already re-bought at least \$2.67 billion worth of shares. Within the past few months, particularly the last 2-3 months, the rate of these purchases could have possibly slowed down. An analyst for RBC Capital Markets, David Bank, says that they would like to receive more clarity on what is expected to occur with the buybacks of these shares.

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