



fuboTV Inc. NYSE:FUBO

Earnings Call

Monday, February 27, 2023 1:30 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	8

Call Participants

EXECUTIVES

Alison Sternberg

Senior Vice President of Investor Relations

David Gandler

Co-Founder, CEO & Director

John Janedis

CFO & Principal Accounting Officer

ANALYSTS

Dillon Griffin Heslin

*ROTH MKM Partners, LLC,
Research Division*

James Charles Goss

*Barrington Research Associates,
Inc., Research Division*

Laura Anne Martin

*Needham & Company, LLC,
Research Division*

Nicholas Todd Zangler

Stephens Inc., Research Division

Philip A. Cusick

*JPMorgan Chase & Co, Research
Division*

Shweta R. Khajuria

*Evercore ISI Institutional Equities,
Research Division*

William Lampen

BTIG, LLC, Research Division

Presentation

Operator

Good morning. My name is Rob, and I will be your conference operator today. At this time, I would like to welcome everyone to the FuboTV Fourth Quarter and Full Year 2022 Earnings Conference Call. [Operator Instructions] Thank you. Alison Sternberg, Senior Vice President, Investor Relations. You may begin your conference.

Alison Sternberg

Senior Vice President of Investor Relations

Thank you for joining us to discuss Fubo's Fourth quarter and full year 2022. With me today is David Gandler, Co-Founder and CEO of Fubo and John Janedis, CFO of Fubo. Full details of our results and additional management commentary are available in our earnings release and letter to shareholders, which can be found on the Investor Relations section of our website at ir.fubo.tv.

Before we begin, let me quickly review the format of today's presentation. David is going to start with some brief remarks on the quarter and full year and Fubo strategy, and John will cover the financials and guidance. Then I'm going to turn the call over to the analysts for Q&A.

Before we begin, I would like to remind everyone that the following discussion may contain forward-looking statements within the meaning of the federal securities laws, including, but not limited to, statements regarding our financial condition; anticipated financial performance, including quarterly and annual guidance and cash flow and adjusted EBITDA targets; our business strategy and plans; expectations regarding innovation, growth and profitability; consumer industry and advertising trends; the integration of Molotov; planned launch of the Unified platform and expected synergies and market opportunity.

These forward-looking statements are subject to certain risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from forward-looking statements can be found in the Risk Factors section of our annual report on Form 10-K for the year ended December 31, 2022, to be filed with the Securities and Exchange Commission and other periodic filings with the SEC.

These statements reflect our current expectations based on our beliefs, assumptions and information currently available to us. Although we believe these expectations are reasonable, we undertake no obligation to revise any statements to reflect changes that occur after this call. Except as otherwise noted, the results and guidance we are presenting today are on a continuing operations basis, excluding the historical results of our former gaming segment, which are accounted for as discontinued operations.

During the call, we also refer to non-GAAP financial measures. These non-GAAP measures should be considered in addition to and not as a substitute for or in isolation from our GAAP results. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are also available in our Q4 2022 earnings shareholder letter, which is available on our website at ir.fubo.tv. With that, I will turn the call over to David.

David Gandler

Co-Founder, CEO & Director

Thank you, Alison, and good morning, everyone. We appreciate you joining us today. I'm proud to report that Fubo's global streaming business achieved record highs in the fourth quarter and full year 2022 across several KPIs. We delivered over \$1 billion in total global annual revenue. We exceeded over \$100 million in annual ad revenue in North America. And at the same time, we achieved positive gross profit in Q4.

We also closed the year with 1,445,000 subscribers in North America, an increase of 29% year-over-year and 420,000 subscribers in our Rest of World streaming business, an increase of 117% year-over-year. 2022 was an inflection point for our business. Our goal is to continue on this trajectory by expanding

unit economics and generating positive free cash flow in 2025. My confidence and enthusiasm are not just based on our results, but on the dynamics and trends across the media and consumer landscape at large. Friction and fragmentation continue to persist in streaming, frustrating customers and creating a challenging path to sustainability for media companies.

As a result, we continue to see the aggregation model and bundling as a massive opportunity. Our service empowers consumers to seamlessly access all of their favorite content via a single app from anywhere in the house and on any device or operating system. Fubo plays an important role in the media ecosystem.

Our customers already spend over 100 hours on our platform every month on average, reflecting the value we provide to media companies, content creators and advertisers. And as an aggregator and distributor of content, we will continue to work to advance on our vision, and that is to give customers a gateway to all television, surprising and delighting them with a personalized and seamless user experience.

U.S. consumers are already supporting our vision. We are extremely proud to rank #1 in J.D. Power's 2022 customer satisfaction survey among live TV streaming providers. We believe this proves that consumers understand the value of an aggregated multichannel streaming platform, and in particular, Fubo's differentiated sports first offering.

On the content front, it's becoming clear that we have more leverage than we expected due to the certain content drops that historically have had almost no impact on subscriber growth and retention. As we optimize our content portfolio through our first-party data, we plan to selectively carry content that will drive subscribers and leverage our increased scale.

As a result, we expect to drive leverage on the subscriber-related expense line on a year-over-year basis going forward. Before John dives into our subscriber guidance, I wanted to give you added context. Fubo has always punched above its weight class. We recently increased prices of our U.S.-based plans by \$5. Additionally, we priced up against the recently added Bally's RSNs from \$11 to \$14 to be able to offer these in all our base plan and to the widest number of consumers.

In aggregate, this is a major price up of \$16 to \$19. Our biggest increase and the first time we raised prices in Q1, which is typically lighter on sports content. The price up and its timing, coupled with the World Cup cohort and typical Q1 seasonality is why we are delivering a conservative sub guide. That being said, we are still very excited about our growth prospects in 2023 and beyond.

Following these moves in Q1, we have been very pleased with our early retention metrics and are monitoring closely. Excluding the estimated impact of the 2022 World Cup, we believe we will maintain double-digit subscriber growth in 2023. We also remain committed to super serving sports fans, which is at the core of our brand DNA.

Fubo is the home for local sports coverage as evidenced by our carriage of approximately 35 regional sports networks. Our RSN portfolio gives us leading coverage of baseball when notably a large virtual MVPD recently reduced their coverage significantly. Fubo now delivers at least one RSN to nearly every U.S. subscriber and is the lowest cost streaming option for local teams.

FAST channels are a growing component of our margin expansion strategy as it relates to the leverage in our subscriber-related expenses. FAST channels help us achieve 2 goals. They provide a wide range of content, creating more fungibility and negotiating leverage with content partners. They also provide us with significantly more ad inventory relative to our current cable network deals. As a reminder, we do not have any inventory with broadcast networks.

The 80-plus FAST channels on our platform generated 5% of total ad revenue in 2022, significantly up from 1% in 2021. That's why we are working to improve discovery of our FAST channels to deliver even more ad inventory. In general, our advertising business continues to outperform, growing 30% in Q4 on a year-over-year basis, despite a very difficult quarter that impacted the entire industry.

Our largest advertisers from 2021 increased total spend with us in 2022 by 85%, and we added a record number of new brands. While we are excited about our success last year, we still have much to do. This

includes improving our ad tech, integrating more data products and packaging up our inventory. On the product front, Fubo has historically been first to market among virtual MVPDs with new features and capabilities from 4K streams to Multiview.

Our internally built tech stack has enabled us to be ahead of the innovation curve. We see AI and computer vision products as a natural evolution of our commitment to interactivity. In December 2021, we acquired a company called edison.ai, anticipating the power of artificial intelligence and computer vision to evolve the consumer experience and augment our advertising capabilities. With this technology, we can programmatically understand what happens in each frame of a live stream in real time.

We are now focused on building product features that can allow Sports West to lean forward and choose to engage on a per play basis, not just on a per game basis. Additionally, we can leverage this tech to reduce costs, maximize the value of our FAST channels, introduce new ad products and optimize subscriber growth. We currently have multiple patents pending with this technology. We're excited about the initial results of our new capabilities, and we'll also continue to explore opportunities with certain cloud providers about implementation on a B2B basis.

We look forward to sharing more on our progress in the quarters to come. And finally, the fourth quarter also marked the 1-year anniversary of our Molotov acquisition. The acquisition has been a success, delivering strong growth of our Rest of World streaming business, more than doubling subscribers and achieving meaningful revenue growth, all with a modest marketing budget.

Molotov's premium freemium model has proven to be effective and efficient, something we continue to evaluate as we think about the future of our business. I could not be more excited for 2023. There are still more than 62 million traditional pay-TV consumers here in the United States and a disproportionate number of cable customers who are cutting the cord continue to choose Fubo over many of our competitors.

In summary, we are very pleased with our record Q4 and full year 2022 results. We are continuing to prioritize profitable growth and remain confident of our mission to deliver a leading global live TV streaming platform differentiated by the greatest breadth of premium content and interactivity. I will now turn the call over to John Janedis, CFO, to discuss our financial results in greater detail.

John Janedis

CFO & Principal Accounting Officer

Thank you, David, and good morning, everyone. We had a strong quarter across our KPIs, including subscribers total revenue and ad revenue and delivered results well above our forecast. For the full year, total revenue was \$1 billion, a 58% increase versus \$638 million in 2021. This includes North America streaming revenue of \$984 million and Rest of World streaming revenue of \$24 million. Within the fourth quarter, North America subscription revenue was \$278 million, representing 36% growth year-over-year. This was driven by subscriber growth as well as total ARPU, which was \$72.50, representing 4% growth year-over-year. In the fourth quarter, North America advertising revenue was \$33.6 million, representing 30% growth year-over-year.

We added a record number of new advertisers completely sold out our World Cup ad inventory and had a record-breaking political season. This reflects our efforts and success to continue to expand our relationships with our largest advertisers. Now moving to Rest of World. Revenue in the fourth quarter was \$7.2 million. While our focus is primarily on integration, we are pleased with the performance of Molotov, particularly as subscriber growth and cash flow has continued to trend ahead of our expectations.

Turning to our path to profitability. As we announced in October, we ceased operation of our sports book in 4Q in support of this. As a result, to allow for a meaningful assessment of our streaming business, the following results are on a continuing operations basis, excluding the historical results of our former gaming segment, which are accounted for as discontinued operations.

On our subscriber relative expense line, we reported modest operating leverage in the quarter. Importantly, we expect deleverage in SRE to accelerate meaningfully in 2023 as we remain focused on improving operating leverage across all of our key cost buckets. Importantly, we also achieved positive

gross profit of \$3 million for 4Q and while we expect typical seasonal patterns in our business, we believe gross profit and all our key operating metrics will continue to improve on a year-over-year basis in 2023.

Moving down the income statement. Net loss in the fourth quarter was \$95.9 million. This led to a fourth quarter 2022 earnings per share loss of \$0.48 inclusive of a \$0.02 impact from operating expenses associated with the Molotov business acquired in 4Q '21 compared to a loss of \$0.64 in the fourth quarter of 2021. Fourth quarter adjusted EBITDA loss came in at \$75.4 million compared to a loss of \$73.4 million in the fourth quarter of 2021 and adjusted EBITDA margin was minus 24%, an 814-basis-point improvement year-over-year.

Adjusted EPS in the fourth quarter of 2022 was a loss of \$0.39 but note that adjusted EPS excludes the impact of stock-based compensation, amortization of intangibles, amortization of debt discount and other noncash items. In the fourth quarter, we achieved cash usage of approximately \$24 million, including \$3 million related to the closure of our gaming segment and our most favorable in our time as a public company.

Our expectation continues to be that operating cash flow losses will moderate meaningfully in 2023. On a full year basis, 2022 adjusted EBITDA was negative \$323 million. We believe 2022 represents peak losses for our business, and both adjusted EBITDA and cash usage will improve on a year-over-year basis going forward.

From a capital structure standpoint, we remain highly disciplined to afford Fubo TV, the financial flexibility to fund measured and disciplined growth initiatives. As of December 31, 2022, we had 209.7 million shares of common stock issued and outstanding. As it relates to our balance sheet, we ended the quarter with \$343.2 million of cash, cash equivalents and restricted cash. This includes \$63.2 million of net proceeds from securities sales pursuant to our at-the-market program.

Now moving on to our guidance. Our Q1 2023 guidance reflects our continued emphasis on ARPU and unit economic expansion. In projecting 1Q, we took into account the impact of seasonality, the strong benefit from the World Cup in 4Q 2022, our recently announced price increases and our announced content portfolio optimization.

Our North America 1Q guidance calls for subscribers of 1,140,000 million to 1,160,000 and net revenue of \$295 million to \$300 million. While the 1Q subscriber guidance represents 9% growth year-over-year at the midpoint, the revenue guidance represents 26% growth year-over-year at the midpoint.

This reflects our emphasis on ARPU expansion and strengthened unit economics with revenue growing at roughly 3x forecasted subscriber growth. For the full year, our expectation is for subscribers of 1,510,000 to 1,530,000 representing 5% year-over-year growth at the midpoint and a revenue of \$1.195 billion to \$1.225 billion, representing 23% year-over-year growth at the midpoint. This again reflects our emphasis on ARPU and unit economic expansion with revenue growing at roughly 4x to 5x forecasted subscriber growth.

Within our Rest of World segment, our expectation is for 1Q 2023 revenue of \$5.5 million to \$6.5 million and subscribers of 368,000 to 373,000 and full year 2023 revenue of \$24.5 million to \$28.5 million and subscribers of 395,000 to 415,000. In closing, Fubo delivered a record fourth quarter and full year results across a number of key financial and operational metrics.

As we look ahead to 2023 and beyond, we remain focused on the unit economics of our streaming business, margin expansion, gross profit and cash usage as we track towards our previously stated goal of achieving positive cash flow in 2025.

Operator

We are now ready for a question-and-answer session.

David Gandler

Co-Founder, CEO & Director

Operator, excuse me. I'd just like to quickly make an announcement. John and I are thrilled to announce that we raised gross proceeds of approximately \$68.1 million this morning in block trades at a negotiated discount to Friday's closing price under our ATM program. This helps fortify our balance sheet and advances us on our path to achieving our positive free cash flow target in 2025. More importantly, we believe this financing demonstrates our continued ability to access capital as needed.

Question and Answer

Operator

[Operator Instructions]

Your first question comes from the line of Shweta Khajuria from Evercore ISI.

Shweta R. Khajuria

Evercore ISI Institutional Equities, Research Division

Could you please talk about the early impacts you've seen from the price increase on churn. I understand the guidance and the combination of ARPU and sub growth. But what have you seen on churn and retention rates from price increase? And could you please also remind us the timing of when the price increase actually went into effect?

John Janedis

CFO & Principal Accounting Officer

Shweta, this is John. I'll start. Thanks for the question. Yes. So for a reminder, we announced the price increase on January 6 for new subscribers and then it kicked in on February 6 or so for existing subscribers. The price increase was \$5, and then there was another increase on top of that for the RSN subscribers. I would tell you that to date, if we look at the cohort of existing subscribers starting from February 6, we only have, call it, 2 to 3 weeks of data. I would tell you, we expected elevated churn, but I would say that the churn that we're witnessing actually has come in below what we would have expected. And I'd also tell you that our marketing team is doing a great job in terms of coming up a different ways to reach potential subscribers. And we're also seeing, I would say, better trials, if you will, to start the year. David, anything else want to add or.

David Gandler

Co-Founder, CEO & Director

No, I think you hit the nail on the head. Shweta, I would also say that the guidance that we provided was relatively conservative just because of the price sub. The size of the price sub was pretty significant. The \$5 base price up was the \$11 to \$14 in the RSNs was pretty significant. And so if you think about that, plus the timing of the price that we typically price customers up in the third quarter. So this was our first time pricing up customers in the first quarter. And then you have -- you add on top of that the regular seasonality plus some other noise such as the CBS affiliates, and we felt we would err to the side of conservatism on this.

But as John said, we've been very happy with retention, albeit it's only been about 3 to 4 weeks at the moment, but things are looking very good, and we're very confident about continuing to drive growth, double digits ex World Cup for 2023.

Shweta R. Khajuria

Evercore ISI Institutional Equities, Research Division

Okay. A quick follow-up. When was -- is this the first price increase ever? Or if not, when was the last one you did, how much was it? And what was the impact and that's it for me?

David Gandler

Co-Founder, CEO & Director

Yes, sure, Shweta. I would just say to your question, we did announce the price up of \$5. I think it was on April 2 of last year. And again, that was for new subscribers for the Pro and Elite package. And then it was for existing subscribers 30 days later, so call it around May 2nd of last year. I would note just to continue that theme, if you will, that we saw a little bit less churn than we would have expected in the second quarter as well.

I know that some investors had concerns around would there be a tail, if you will, through the summer. And just as a reminder, I'd say that we saw the lowest churn ever for the company in the third quarter of last year.

Operator

Your next question comes from the line of Laura Martin from Needham & Company.

Laura Anne Martin

Needham & Company, LLC, Research Division

Very nice numbers. So guys, I'll ask my 2 together. YouTube TV, you guys are differentiated sports first virtual MVPD and YouTube TV, your biggest competitor has announced Sunday Ticket. How do you retain? What's the impact on you if they become viewed as a sports first competitor? That's first. And then Bally's RSN. If they run into financial distress, tell me how the money works for your commitment and what you think that does to the value of your bundle, please?

David Gandler

Co-Founder, CEO & Director

Yes. Well -- I'll let John talk about sort of the RSN situation. So just in terms of YouTube TV, look, we are 2 companies that as of now are positioned to be sports first. We took -- we've taken very different roads. I'm actually very bullish on the direction we've taken. The RSN TAM is significantly larger than that of Sunday Ticket. And you're talking about 25 million to 35 million sports fans that care about their local sports that are still in the cable ecosystem.

At the same time, historically, we've seen that the Sunday Ticket averages about 2 million customers. So again, I think that we've taken the proper direction to superserve sports fans. We have some solid data around the RSNs. And with respect to the Sunday Ticket, we never actually had the Sunday Ticket. So we don't see that to be an impact.

And lastly, I would say that YouTube TV is not selling that exclusively, I believe, YouTube Premium, will also be selling Sunday Ticket. So basically, you don't actually need a YouTube TV subscription to get it if you want it. So our customers would have access to that if they so intended.

John Janedis

CFO & Principal Accounting Officer

And Laura, just on the Bally's front, I don't want to get too into the terms of the contract itself, but I'd say that we do expect the games to air, and I would also add that the term of the deal is very short term.

Operator

Your next question comes from the line of Clark Lapin from BTIG.

William Lampen

BTIG, LLC, Research Division

David, I wanted to go back to the comment that you made before Q&A began. I think you talked about \$70 million or so of financing as of this morning. So maybe pro forma something like \$400 million of cash on the balance sheet. Does that put you guys in a better position to now sort of navigate towards breakeven cash flow levels, maybe in '24 or '25? Or is there a sort of moderate incremental sort of financing that you guys might need from here?

And then stepping back, I wanted to see, I guess, if you could talk about sort of underlying sort of cable and ad market trends. Maybe for the latter, you talked about how the fourth quarter was strong from a sellout standpoint? How is the early part of '23 trended sort of relative to that? Or maybe what should we expect, I guess, sort of going forward?

John Janedis

CFO & Principal Accounting Officer

Clark, maybe I'll start with that and then maybe I'll take the second question first and maybe give you a little bit more flavor around it. For context, in the fourth quarter, I know everyone's heard by now in terms of what the market looks like. I would say for us, I think we certainly outperformed the CTV marketplace, and we grew around 30% that CTV market probably grew in the call low-ish 20s or so.

And from a month-to-month basis, October was the best month, November second best and as expected, December third best, but it was also up double digits for us. As we roll into Q1, what I would say is that if you think about that cadence, January for us is probably the bottom. And then we're seeing a bit of improvement in February. And then although early, call it, expectation would be that we would see further improvement into March. And so things can firming up a bit.

From a categorical perspective, for Q1, what I would tell you is some of the categories that are looking better for us would be, say, business. Auto is actually looking decent first in the finance, retail and then health and business. So that's the ad piece. As it relates to the cash component, I would say a couple of things there. You're right.

What we've said is that the -- we had to raise some capital to get to self-funding in '25. I would note that for the fourth quarter, our cash usage was, call it, around \$20 million ex -- call it, some gaming costs. And so the best quarter by far ever as it relates to cash usage. We had our 10-K filed this morning. You may have noticed in there. We had a clean audit. And so that suggests we have cash to get at least through the next 12 months. So that gets us into '24.

And as I said and David said before, we'll be self-funding in '25. So this further bridges that gap and narrows that pretty significantly. And then I'd also say that we may want at some point to have a little bit of cushion as well. And if we find things to invest in the business that have high returns, we consider doing it.

William Lampen

BTIG, LLC, Research Division

And if I could just ask a sort of quick follow-up. I know you guys don't formally guide to EBITDA or cash burn levels. But in terms of direction, are there seasonal factors or maybe relative levels that you could comment on to give us a better sense for how the year should trend or maybe shake out?

John Janedis

CFO & Principal Accounting Officer

Yes, sure. Yes. So let me help you directionally on that. For context, the -- our cash usage was about \$330 million for the year in terms of 2022. For 2023, you're right, there's seasonality. And you know this from covering us, Q1 is always our worst cash burn in the quarter for the year. And so I would suggest that for those who are modeling do not annualize the Q1 cash burn, it will be better year-over-year Q1 to Q1, '23 versus '22, and then we expect that quarterly improvement in terms of the cadence for each quarter throughout the year. And that clearly -- should get you to a number in the fourth quarter of this year. That's somewhat as it relates to 4Q cash usage.

David Gandler

Co-Founder, CEO & Director

Yes. Clark, I just want to add one more thing. We have been working tirelessly to continue to improve the financial profile of the company. If you look at just in terms of our expenses, the leverage we see on almost every line, we are now very focused on subscriber-related expenses. We are spending, call it, \$900 million a year. There is an immediate company in the United States that would not want that kind of money because it's very difficult to replace.

We have about, I would say, half our deals are up in the next 30 months or so. And we anticipate that we'll be able to upgrade some leverage. We're already seeing it on the B&T line, you're seeing a very slight downtick on the SRV line.

We've raised prices now in the first quarter, again, an attempt to really drive down cash burn and increase profitability. And we're very focused on our content partners. One thing I will say that's quite interesting is

-- we dropped 2 -- well, one we dropped. We dropped one cable partner at the end of 2022 on December 31. We've seen relatively no impact. And at the same time, the CBS affiliates didn't renew.

And that tactic, I'm not sure worked in their favor. We haven't seen any negative implications so far. There's been some noise about it, but we feel relatively strong in our position to be able to negotiate better rates going forward. So we're excited about this year, and we are very much on track with respect to what we know today towards meeting our 2025 target.

John Janedis

CFO & Principal Accounting Officer

And Clark, one last thing. It didn't add this directly but indirectly because they're related. We did have a positive gross profit in the fourth quarter. And I would, again, say that we expect positive gross profit for the year, variability quarter-to-quarter given seasonality, but I would say we should be comfortably gross profit positive in 2023.

Operator

Your next question comes from the line of Phil Cusick from JPMorgan.

Philip A. Cusick

JPMorgan Chase & Co, Research Division

I wonder if you can just talk -- go back quickly to the free cash flow. Your working capital this quarter -- in the fourth quarter was a nice support of cash. I wonder if you can expand on that and whether that's durable from here and can continue? And then you've got a number of content contracts coming up in 2023 and '24. What do you think is the potential to actually reduce per subscriber fees on those rather than just see slower increases than you've seen in the past?

David Gandler

Co-Founder, CEO & Director

Yes. Well, look, as I said, when you look at the streaming losses, relative to the payments that we are sending out monthly and you look at our growth rate relative to affiliate growth rates, it's clearly we're overpaying. And so we're at the moment in time where we feel very comfortable that we only need 80% of the gross rating points to continue to grow meaningfully and take disproportionate share where we continue to do quarter in and quarter out, which was particularly evident in the fourth quarter with 2 other reporting companies.

So we're going to make that note. And the good news is that we dropped a number of partners over the years. And as you see from the Bally's RSN, we will work on deals that make sense that are mutually beneficial, and we'll bring content partners back and continue to optimize our content bundle well into 2025. But this is clearly one of our main items that coupled with advertising.

And again, just based on early indications from a retention perspective as well as the relatively limited impact with respect to the content drop on December 31, coupled with the affiliate drop as well. On the CBS side, we feel very comfortable that we're in very good to negotiate and improve deals.

John Janedis

CFO & Principal Accounting Officer

Yes. And so I would just add on that topic. The year or so that I've been here, I've probably seen about, call it, 10 deals of varying size over the course of the past 12 months. And the majority of those did see rollbacks as it relates to pricing of those deals. So that may be able to help you a little bit around that to have some context. In terms of working capital, look, there are obviously some swings. It's something we work on constantly. There's also some seasonality to it. So maybe we can help you more with that offline, but we can end try and grind that to our favor.

Philip A. Cusick

JPMorgan Chase & Co, Research Division

If I can follow up, I see the headlines coming across now on the \$68 million. So can you just remind us, you did, I think, \$60 million in the fourth quarter, another \$68 million this morning, and you say there is probably more ATM to come to build your cushion. But without that, do you think you could be -- get to that breakeven point in 2025 on your numbers?

David Gandler

Co-Founder, CEO & Director

I would say that we will get close to those numbers without any further capital raise. And so what we said before is the need is relatively modest and I would say now that we feel very confident that we can get there in the short to medium term if the capital is at a price that we're willing to accept.

Operator

Our next question comes from the line of Darren Aftahi from ROTH Capital Partners.

Dillon Griffin Heslin

ROTH MKM Partners, LLC, Research Division

This is Dillon, on for Darren. Could you talk a little bit about on the advertising side, what the contribution was from political and the World Cup as well given those are more cyclical in nature?

John Janedis

CFO & Principal Accounting Officer

Yes, I'll start. I don't know if I have a World Cup number here, but I would tell you that we've talked about political. That number, it was around, I think, \$4 million or so for the fourth quarter. I don't have the World Cup number in front of me. I am not sure if David has that, but we can get that to you later on.

David Gandler

Co-Founder, CEO & Director

Yes. We typically package up World Cup with other sporting events throughout the quarter. So -- but we can certainly get back to you on that.

Dillon Griffin Heslin

ROTH MKM Partners, LLC, Research Division

Great. Appreciate it. And as a follow-up, when you sort of look at the guidance with subscribers, could you maybe provide some more color on the churn or just the drop-off in Q1 sort of how do you think about what's from the price increase, what's maybe World Cup subscribers? And then is any of it related to subscribers who might have been with you for over a year now rather than the typical seasonality from second half to first half?

David Gandler

Co-Founder, CEO & Director

I'll take that one. So Q1 has a lot of noise in it, and we were attempting to be somewhat conservative given all the nuances and I'll just give you kind of 5 -- in my view, 5 nuances that we needed to think about as we went into the guide. One is we pulled forward on the World Cup cohort. We had -- first of all, I'd say, quadrennial event. And not only that, it also happened in December.

So if you think about that as a pull forward, that was one item that we had to think about as it relates to Q1. The second item is the obvious seasonality of our business with the NFL and the Super Bowl closing out in February, which typically is a weaker quarter in terms of subs historically for the virtual MVPD space. The third is the price up, which was a relatively larger price up than we typically would price up.

And then also the timing of the price of which we mentioned earlier, was the fourth item. And then last but not least, which we did not prepare for which is the CBS affiliate situation, which caught somewhat by surprise. And therefore, when you put these 5 things together, we just felt we should be slightly more

conservative. But historically, for most quarters, I think we've guided appropriately. And as in the last quarter, we were able to exceed guidance.

So in terms of -- and the reason why I'm a little bit more comfortable right now, although we only have about 4 weeks of our new pricing in play, we've been tracking our retention and churn levels daily, and they are performing very well relative to our initial forecast. And so obviously, there are some time delays February 28, obviously, is an important day because it is the last day of the month and typically includes churn for end of the month for the 31st, the 30th, the 29th and the 28th.

So there's 4 sort of churn days, all in one. So that's the reason why we decided that we'd rather stay somewhat more conservative, but we feel really good about the quarter, and we feel very good about the year.

Operator

Your next question comes from the line of Nick Zangler from Stephens.

Nicholas Todd Zangler

Stephens Inc., Research Division

Congrats on the strong results and progress here. It doesn't sound like there's been much of an impact from this CBS affiliate impact, but I'm curious what steps you are able to take if any, just to gain access? Because I would assume you want the content because it's local news, valued by consumers. And as of right now, you're the [indiscernible] that doesn't have access to it, whereas your competitors do. So is there any way to negotiate with the affiliates directly? Or does this just all have to flow through CBS? And what can you do directly with them to gain access?

David Gandler

Co-Founder, CEO & Director

Yes. So I think there's -- let me unpack that. There's sort of 2 components to this. One is this is a negotiation between CBS specifically, and the affiliates we don't participate in that. We've negotiated pricing with CBS and it's their job to secure the deals with the local broadcasters. That's one side of it. The other side of it is that you are correct, it's great to have local programming. I think the good news is that this local news is now readily available on a number of FAST platforms.

And so I think that customers that are looking to get that content are probably able to find it very quickly elsewhere. And so we have not seen much of an impact there. I think the problem is that everyone is looking to double dip. And we're -- we've demonstrated that we're happy to pay a premium to bring in content that we feel is valuable to the bundles, such as the regional sports networks.

And at this time, I think what's happened is we've realized that what we may again have even more leverage than we initially had anticipated, particularly since we are growing double digits year-over-year. So at the moment, for us, we're kind of in a holding pattern, similar as you are waiting to see how this nets out. We're going to let this play out for a little bit longer. And then obviously, we'll reach out to you if there's anything that we can do to help. But under no circumstances, is this programming required for us given the retention levels that we've seen. It's certainly something we would love to return them.

Nicholas Todd Zangler

Stephens Inc., Research Division

Got it. And then just a longer-term question for you. That subscriber guide for the year in 2023 relative to your goal of \$2 million that you're aiming for in 2025, I think you might need like a 15% CAGR from '23 and beyond to get to it, you're calling for 10% growth in 2023. So the question is, following 2023, are you banking on acceleration of cord cutting? Are you banking on market share gains?

And for the 10%, I know it's the underlying growth, but that 10% that you're guiding for this year, does that include any weight on it by like recessionary concerns? Like do you think it could have been higher. But like given the macro and what you're seeing right now, you want to be a little bit more conservative in that guide?

John Janedis*CFO & Principal Accounting Officer*

So again, don't hold me to this. I believe for the 8 to 10 -- 10 or 11 quarters that we've been public, we would beat, I would say, almost all of them except for 2. And the 2 that I believe we did not beat were the Q1 and Q2 numbers. So as I said, there is some noise in that first quarter number, which has about 5 items that I think could have some impact -- material or not, that will be evident in the next few days for us.

As for the year, we feel very comfortable. There are still 60 million-plus households that have cable. And as you know, our job is to pull from that existing market. And if you again look at the fourth quarter numbers, you will see that we are continuing to take a disproportionate share of customers into the virtual MVPD space relative to the reporting companies that you've heard from very recently.

So from our view, we're going to continue to take share. And the number -- the 2025 number you just mentioned is something that I don't think is very far off from our current pace. But I do anticipate that as the product continues to improve, we continue to focus on more profitable customers that we think that there will be some reacceleration over the course of that period.

David Gandler*Co-Founder, CEO & Director*

Nick, I would maybe add off to -- as we look to the end of the year, we're we are going to be launching our unified platform. And I would just say that, that, I think, it gives us some opportunity to more or less expand the funnel to then drive more subs coming through. And so you'll, I think, start to see that if not end of this year, timing-wise, very early next year, but probably sometime later this year.

John Janedis*CFO & Principal Accounting Officer*

Yes. The only other thing I would add is that if you look at our paid marketing numbers, you'll see that we're continuing to acquire customers at the same level that we've acquired them 3 years ago, which is roughly a 1 to 1.5x first month's ARPU. That number continues to fluctuate closer to the low end of that range. And so again, we're very comfortable. You're seeing leverage on that line.

So there's certainly -- we've also grown 3x since going public. So I think we went public with about 550,000, maybe less customers. And now we're in North America at 1,445,000. So we've seen slower growth when we went public initially, and we've seen a reacceleration. Again, this is just one quarter. We're very comfortable in the World Cup pull forward, which is something we expected. We didn't expect it to the degree that we actually delivered.

So again, we're very comfortable. We've got solid product supported by the J.D. Power ranking #1 within the live TV streaming category. We continue to double down on our brand, which is sports-focused and differentiate there. We're doubling down on our product capabilities. I mentioned some of the AI stuff that we're working on, which will allow us to really develop a little bit more interactivity. Hopefully, there will be some testing that will be available to customers towards the end of this year.

And then we'll continue to differentiate on the content side as well adding in the Bally's RSNs to superserve sports fans. So all of work, I don't think there's anything that would make me feel uncomfortable with respect to hitting the 2025 target.

Operator

Your next question comes from the line of Jim Goss from Barrington Research.

James Charles Goss*Barrington Research Associates, Inc., Research Division*

All right. As Warner Bros Discovery approaches the launch of its combined HBO Max type service that could have Turner Sports programming. Is there any opening that you might have to create a deal with

them, to create an add-on service that would deliver about the sports that you've thought of that has seemed too expensive, that also would deliver added content sort of as an add-on as an incremental bonus value to them, value to you?

David Gandler

Co-Founder, CEO & Director

Yes. So Jim, this is David. Well, first, I'll say that we have a deal with Discovery that does not include Turner. If you recall, we dropped Turner when Turner was under the AT&T umbrella. So we haven't had conversations yet with the Discovery team. We would love to carry Turner. Obviously, that would have to be accomplished at a level that we feel makes sense given our subscriber-related expense line.

But what's also interesting is that, as I've said previously, we only need about 80% of the gross rating points. So we're open to doing deals. We're open to optimizing our bundle costs and we'll bring the best content portfolio and product that we can to our customer base. So hopefully, that conversation will take place at some point. Obviously, our teams are constantly speaking to all of the content providers on a regular basis. So -- but we'll keep you posted, should there be any changes there.

James Charles Goss

Barrington Research Associates, Inc., Research Division

Okay. And secondly, with the difficult World Cup comp, is there any way to carve out like subscriber attribution for that particular aspect to that -- I guess it was a little bit implied in some of the normalization of the changes year-over-year and quarter-to-quarter. But how many do you think doing more for that than anything else?

David Gandler

Co-Founder, CEO & Director

I don't know if we have an exact number. I would say that again, there were several things that were happening in the fourth quarter. We had a strong NFL and -- to the season for us. By the way, it's not impacted at all by Thursday Night Football either, which really speaks to the power of the platform. I would say that -- look, it's tough to say right now because so many of our -- I think let me put it this way.

When I think back to the 2018 spring cohort -- no, for the 2018 World cup, I can tell you that the churn level based on the first few weeks was significantly higher in 2018 versus 2022. The second thing I'll say is that the types of customers that came in, in '18, came in only to watch the World Cup. What we're seeing is probably what I'm feeling a little bit more comfortable with our initial Q1 retention numbers is that these World Cup customers are actually watching other programming as well. So this is a new territory for us.

And so we're just kind of, again, being a bit conservative. I would say it's probably in the -- I would say, maybe low to mid-teens maybe in terms of that cohort. That's just a clean, I would say, World Cup cohort, but clearly, it drove strong growth particularly in the beginning of the World Cup. So those users typically stay on longer than the ones who that just come in for the final. So again, tough to actually quantify at the moment.

John Janedis

CFO & Principal Accounting Officer

Yes, Jim, maybe I can help a little bit more with that. And I think it may be too soon to know. What we had the team look at was the number of subscribers that actually watched more than a certain number of hours in the World Cup. And I think it's too soon to know how many of those have turned off yet because they may not turn off for a while, they may not run at all. To David's point, in terms of that double-digit number, I think in terms of the -- as a percentage of sub growth for the fourth quarter, it was probably somewhere in the low to mid tens of thousands.

Operator

And I will now turn the call over to Ms. Alison Sternberg.

Alison Sternberg*Senior Vice President of Investor Relations*

Thank you, operator. As part of today's Q&A session, we have partnered with Say Technologies for the first time in order to open up a new shareholder Q&A platform. And this allows all of our shareholders to submit an upvote questions to management. We elected to use this platform because we really wanted to make sure that all of our shareholders have a voice and are empowered to engage with us. So we decided to focus on answering a handful of questions that were top ranked on the platform. And David, I'm going to direct these to you. Our first question that got a lot of upvotes was the following: where do you see the future of Fubo going?

David Gandler*Co-Founder, CEO & Director*

Well, it's a very broad question. Look, I think that there are 2 very strong trends here. One is that we're continuing to experience the secular decline of traditional television and Fubo continues to take a disproportionate share of customers in a very competitive field.

And again, hitting that \$1 billion revenue milestone, coupled with \$100 million of advertising sales, these are really strong numbers. We're very confident about the future. Our product, again, is probably, I would say, one of the best products in the world relative to what I've personally used and tested. And we're continuing to really improve that, both with our team in France as well as our team in the U.S.

And our newest team, which is the team of Edison AI, which is now Fubo India, which is continuing to innovate around the product to really deliver an interactive experience and provide users with some really strong metadata to be able to discover content in better ways to be able to interact on a sort of play-by-play basis versus on a per game basis.

So we're doing lots of interesting things. We're obviously very relevant. Customers are voting with their wallets. We have almost 1.5 million customers at the end of the year in North America. And we're seeing great growth in France from Malta. When we unify our platform, we think we'll continue to be able to absorb more cost-cutting measures, be more efficient and also increase product velocity.

So I'm very bullish. I don't know if there are many companies like us that are performing and executing the way we are and at the same time, delivering a product that people love. So I feel like we're in a very good position for growth, and I'm very confident in 2023 and also reaching self-sustainability in 2025.

Alison Sternberg*Senior Vice President of Investor Relations*

Thanks, David. Second question that got a lot of upvotes on the platform was related to the competitive landscape. So specifically, what is Fubo going to do to compete with the likes of Hulu and other streaming services?

David Gandler*Co-Founder, CEO & Director*

Yes. Look, this is a question that people have been asking us since 2015 when we were probably 2% or 3% of subs of a company like Sling, for instance, we're continuing to take the disproportionate share. So that numerous times now. I'm not sure it sinks in that we're doing that. We are growing, growing faster than the virtual MVPD space. We're going to continue to grow quickly.

We have, I would say, a differentiated content offering and a differentiated product and people are choosing Fubo every single day. And so I think that we're competing across 3 vectors, as I just stated, one on brand. You're clearly sports-focused. Customers choose us first for the sports. That's evident in downloads of certain [indiscernible] app, frankly, during a big sporting event days or beginning of the season. You'll see that in the NFL. You'll see that during the World Cup and other major events.

So -- and we're also differentiating our product, and that's the one where I think is the toughest for other companies because this is our DNA. We're a product technology company, similar to a Netflix or Spotify.

And over the long term, I think that we will be one of the leading players in this space in the United States, for sure. And with the potential opportunity, 5, 10 years from now to do this globally.

So we're positioning ourselves for the future. We're excited about our business and excited about our ability to drive value for our media partners and drive excellent experiences for consumers.

Alison Sternberg

Senior Vice President of Investor Relations

Great. David, thank you for that. And a big thank you to our shareholders for your engagement and your thoughtful questions on the Say platform. I'm now going to turn it back over to the operator.

Operator

This does conclude today's conference call. Thank you for your participation. You may now disconnect.

The information in the transcripts ("Content") are provided for internal business purposes and should not be used to assemble or create a database. The Content is based on collection and policies governing audio to text conversion for readable "Transcript" content and all accompanying derived products that is proprietary to Capital IQ and its Third Party Content Providers.

The provision of the Content is without any obligation on the part of Capital IQ, Inc. or its third party content providers to review such or any liability or responsibility arising out of your use thereof. Capital IQ does not guarantee or make any representation or warranty, either express or implied, as to the accuracy, validity, timeliness, completeness or continued availability of any Content and shall not be liable for any errors, delays, or actions taken in reliance on information. The Content is not intended to provide tax, legal, insurance or investment advice, and nothing in the Content should be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security by Capital IQ or any third party. In addition, the Content speaks only as of the date issued and is based on conference calls that may contain projections of other forward-looking statements. You should not rely on the Content as expressing Capital IQ's opinion or as representing current information. Capital IQ has not undertaken, and do not undertake any duty to update the Content or otherwise advise you of changes in the Content.

THE CONTENT IS PROVIDED "AS IS" AND "AS AVAILABLE" WITHOUT WARRANTY OF ANY KIND. USE OF THE CONTENT IS AT THE USERS OWN RISK. IN NO EVENT SHALL CAPITAL IQ BE LIABLE FOR ANY DECISION MADE OR ACTION OR INACTION TAKEN IN RELIANCE ON ANY CONTENT, INCLUDING THIRD-PARTY CONTENT. CAPITAL IQ FURTHER EXPLICITLY DISCLAIMS, ANY WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. CAPITAL IQ, SUPPLIERS OF THIRD-PARTY CONTENT AND ANY OTHER THIRD PARTY WORKING WITH CAPITAL IQ SHALL NOT BE RESPONSIBLE OR LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY DAMAGES OR LOSS (INCLUDING DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL AND ANY AND ALL OTHER FORMS OF DAMAGES OR LOSSES REGARDLESS OF THE FORM OF THE ACTION OR THE BASIS OF THE CLAIM) CAUSED OR ALLEGED TO BE CAUSED IN CONNECTION WITH YOUR USE OF THE CONTENT WHETHER OR NOT FORESEEABLE, EVEN IF CAPITAL IQ OR ANY OF THE SUPPLIERS OF THIRD-PARTY CONTENT OR OTHER THIRD PARTIES WORKING WITH CAPITAL IQ IN CONNECTION WITH THE CONTENT HAS BEEN ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES.

© 2023 Capital IQ, Inc.