News Corp profits plunge 75% – but media giant hails 'opportunity' of AI

News Corporation has reported a 75% fall in profits – but says it is optimistic about the future thanks to the "remarkable opportunity" of AI.

The media giant said it achieved net income of $187m (£147m) to the year ended 30 June, down sharply on $760m (£598m) the previous year.

But chief executive Robert Thomson said he was feeling positive about the months ahead and said generative AI – which can help create text, images, audio and other media – could boost the company's fortunes.

He also revealed digital products accounted for more than 50% of News Corp's annual revenues for the first time.

He said: "That momentum is surely gathering pace in the age of generative AI, which we believe presents a remarkable opportunity to create a new stream of revenues, while allowing us to reduce costs across the business."

"We are already in active negotiations to establish a value for our unique content sets and IP [intellectual property] that will play a crucial role in the future of AI," Mr Thomson added.

News Corp's full-year results reported higher newsprint and sports programming costs had contributed to the decline in profits internationally, along with lower book sales and negative foreign currency fluctuations.

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The firm's News UK division, which owns newspapers including The Sun and The Times, suffered a decline in print advertising revenues but it was "partially offset" by growth in digital advertising, the results report said.

News Corp, whose executive chair is Rupert Murdoch – who founded Sky News in the UK but ended his association following Comcast's takeover in 2018 – also owns brands including publisher Harper Collins, the Wall Street Journal in the US and TV channels in Australia.

The company also reported earnings before interest, tax, depreciation and amortisation (EBITDA) of \$1.42bn (£1.12bn), down 15% on \$1.67bn (£1.32bn) the year earlier.

Mr Thomson said the results highlighted the "durability and depth of our revenue streams and the impact of stringent cost controls as we navigated challenging macro conditions, supply chain pressures and currency headwinds”.

He added: “Our results showed marked improvement in the second half [of the fiscal year], so with inflation abating, interest rates plateauing and incipient signs of stability in the housing market, we have sound reasons for optimism about the coming quarters.”