



**MARKET RELEASE**  
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## **Spark New Zealand releases three-year strategy**

Spark today released details of its three-year strategy covering the period FY21 to FY23.

The strategy builds on the momentum of the prior three years, which delivered compound annual growth in shareholder returns of 13% – the highest of Spark’s international peer group<sup>1</sup>.

Spark Chair Justine Smyth said: “Our next three year strategy builds on the strong foundations we have built over the last three years and remains focussed on what matters most – our customers, our people and supporting New Zealand’s economic transformation.

“We are starting this new strategy at a time of global uncertainty, and with the challenge of Covid-19 front and centre. However we are also starting with strong market momentum, a highly capable and engaged team, a leading network and a diversified business that is well positioned to support New Zealand to adapt and thrive in an increasingly digital world.”

Spark CEO Jolie Hodson said the Company will focus on a core set of organisational capabilities that will differentiate Spark and provide better experiences for its customers – fuelling growth in both established and future markets.

“At its heart, this strategy is about accelerating the things we know will give us a competitive edge because they respond to the trends that are shaping our market and the evolving needs of our customers.

“Customers are looking for ‘uber-like’ digital experiences and will move to the brands that make their lives easier, so we will accelerate our focus on delivering simple, intuitive customer experiences that ‘just work’.

“To do this we need to continue to simplify Spark, but we also need to deeply understand our customers and show up in a way that is timely and relevant – and we will achieve this through a more sophisticated use of data, artificial intelligence and machine learning.

“Our sustained network investment will continue, with a focus on our 5G rollout and on building unconstrained capacity in wireless, which will allow us to respond to the increasing demand for data from our customers.

“We have hit a new milestone on this journey today, with the launch of uncapped wireless broadband in metropolitan areas across the country<sup>2</sup>.”

Building a culture defined by its engagement, diversity and inclusion remains a core strategic imperative, with an ambition to achieve top-decile Agile maturity and 40:40:20 representation<sup>3</sup> Spark-wide by FY23.

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<sup>1</sup> TSR calculated as share price and dividend per share (reinvested at the ex-dividend date) over Spark's FY18 –FY20 period (1 July 2017 to 30 June 2020). Peer group is not exhaustive but is a selected group of primarily integrated telco operators that are deemed the closest peers to Spark in terms of market exposure (Verizon, BT Group, Telstra, Swisscom, SingTel, AT&T, Orange, KT Corporation, Vodafone Group, Telecom Malaysia, BCE, Deutsche Telekom).

<sup>2</sup> Spark will remove data caps on Unplan Metro wireless broadband plans from 23 September 2020

<sup>3</sup> Spark has committed to the Champions for Change 40:40:20 ratio at all levels of employment (i.e. at each level of seniority, 40% of both women and men, with the remaining 20% being of any gender).



"Highly engaged and capable people create highly engaged customers and we want to build on the momentum we have created over the last three years," continued Hodson.

The new strategy is focussed on Spark's established markets of wireless, broadband and cloud, as well as three future growth markets – IoT<sup>4</sup>, digital health and sport.

"The benefit of focussing on a set of core capabilities is that they pay off immediately in our established markets, while also positioning us to grow in future markets.

"Our investment in 5G, edge computing and network slicing will open up new opportunities in wireless and will enable smart business solutions beyond connectivity alone. Our end-to-end digital services capability across cloud, security and service management positions us well to accelerate digital transformation as businesses adapt to Covid-19.

"We see significant opportunities for growth in IoT, as New Zealand transitions to future ways of working and pursues productivity improvements across all sectors.

"We created Spark Health several years ago and have been working in partnership with health providers across the country to provide telecommunications and cloud services. The healthcare sector is now looking to accelerate this digitisation, and 5G will open up new possibilities for advanced healthcare applications in the future.

"With Spark Sport we have been focussed on increasing choice and value for New Zealanders, and a year on from launch we have bolstered the content on our platform, including signing New Zealand Cricket. We will continue to make targeted content investments that differentiate Spark through the dual lens of customer desirability and commercial value."

"At the same time, we will remain focussed on improving our operational effectiveness and productivity, so we can continue to provide good value to our customers while creating the fuel for growth.

"Our FY23 aspiration is to be primarily wireless, digitally native and a leading cloud custodian, with 5G and IoT deployed nation-wide, unconstrained capacity, and a top-decile culture defined by its engagement and inclusivity."

The strategy also articulates Spark's three sustainability focus areas – improving the Company's own sustainability performance, lifting digital equity, and supporting New Zealand's economic recovery and transformation.

"Our purpose is to help all of New Zealand win big in a digital world – the key word being *all*. In New Zealand over 200,000 homes have no internet connection – some by choice, but for the majority this is due to barriers such as cost, or a lack of access or skills. This divide has never been as stark as during Covid-19, and we want to work in partnership with Government, businesses, and the community to drive meaningful change," finished Hodson.

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