

14 December 2016

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### **Trading Update for year ended 30 June 2017**

SKY Network Television Limited (**SKY**) advises that it is forecasting its earnings before interest, tax, depreciation and amortisation (**EBITDA**) to be 5% to 7% below the \$325.2 million forecast that was provided in the Notice of Meeting and Explanatory Memorandum (**EM**) dated 13 June 2016 in relation to the proposed merger of SKY and Vodafone New Zealand Limited (**Vodafone NZ**).

Based on SKY's trading results to 30 November, forecast revenues are down slightly due to a reduction in subscriber numbers and a change in customer mix.

Sky continues to focus on providing customers with superior content and the decline in forecast EBITDA is also due to increased content costs, including the acquisition of rights to broadcast the 2017 America's Cup, Lions Tour to NZ and PGA golf. These investments are expected to generate incremental revenue opportunities over time but are not sufficient to offset the cost increase in the current financial year.

We also note that SKY updated the market on 20 October 2016 in relation to an error in its depreciation, amortisation and impairment forecast for the year ended 30 June 2017 and that this should be \$109.1 million rather than the \$101.3 million included in the EM

SKY is waiting on approvals to its proposed merger with Vodafone NZ from the Overseas Investment Office and Commerce Commission. The Commerce Commission recently announced it had extended the decision date on SKY's Clearance application from 21 December 2016 to 23 February 2017.

Ends

For further information please contact:

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