



SKY 2014 AGM



SPEAKING NOTES
October 2014

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1. WELCOME (CHAIRMAN)

A looped video of SKY content from the 2013/2014 financial year will play while guests enter and are seated. Once the doors are closed the video will be replaced with the SKY brand on all screens.

1.1. SPEAKING NOTES PETER MACCOURT

Good afternoon and welcome ladies and gentlemen to SKY Network Television's Annual Meeting of Shareholders for 2014.

My name is Peter Maccourt; I am Chairman of the SKY Board and I warmly welcome you all here today.

Shareholders holding 73% of the voting shares in the Company are here in person today or are represented by proxy.

Directors hold proxies in respect of 72% of the Company's shares.

As the quorum is present, I declare the meeting to be properly constituted and open for business.

I would like to now introduce you to those sharing stage with me today.

Firstly from SKY we have:

- John Fellet, Chief Executive Officer & Board Director
- And, Jason Hollingworth, Chief Financial Officer & Company Secretary

And the SKY Board of Directors;

- Robert Bryden
- John Hart
- Humphrey Rolleston
- John Waller
- Geraldine McBride
- Derek Handley

The agenda for today's meeting is as follows:

- I'll first outline the procedures for speaking and voting;
- Followed by apologies for the meeting;
- I will then make some introductory comments on SKY's 2014 performance;
- Next, I'll hand over to Chief Executive, John Fellet to review the 2014 financial year in detail;
- Lastly, there will be an opportunity for general discussion before we vote on the resolutions as set out in the notice of meeting.

2. SPEAKING & VOTING PROCEDURES

I will now explain some procedural guidelines to help the meeting to run smoothly.

SPEAKING PROCEDURES

If you wish to speak to a motion or speak during general discussion please raise your hand so that we can clearly see it.

Before you speak we will bring a microphone to you.

VOTING PROCEDURES

Voting on resolutions today will be done by a show of hands, unless a poll is demanded.

I will put each of the resolutions to the meeting separately and have each voted on one after the other.

Following the voting on each resolution, I will declare whether or not the resolution is carried.

I have asked Company Secretary Jason Hollingworth to prepare a summary of the Proxy votes that have been received for each of these resolutions. These results will be available before we vote.

The meeting will conclude when the voting on these resolutions is over. SKY will notify the Stock Exchange of the outcome of the resolutions put today.

APOLOGIES

I will now ask, Mr. Jason Hollingworth, to read the apologies.

[Apologies to be read by Jason Hollingworth]

3. CHAIRMANS ADDRESS

Before commencing on your company's operating results, on behalf of the Board, I would like to take the opportunity to acknowledge John Hart's remarkable contribution over the past 17 years.

John, who retires from the SKY Board today, brought his extensive experience in business and sport to SKY over an extended period that saw SKY grow from a tiny three channel UHF service to the household name it is today.

I am pleased to report that SKY had a very successful year in 2014.

In a rapidly changing environment John Fellet and his staff have worked tirelessly to enhance the SKY offering and develop new and exciting entertainment services.

For the year ended June 30 2014 we reported record revenue of \$909m an increase of 2.7%.

Net Profit after tax increased 21% to a record \$165.8m and we announced final dividend of 15 cents per share compared to the 12 cent dividend in 2013.

We have more customers than ever before with 865,055 subscribers at 30 June.

CEO John Fellet will soon present a summary of SKY's operating performance.

Looking at an increasingly competitive market we must continue to expand our product offering, embrace new technologies and ensure we are meeting customer aspirations.

So what new developments is SKY working on?

We are soon to launch a new video on demand service that will enhance the SKY experience for existing customers and attract new customers who don't currently subscribe to SKY. This service will include a library of thousands of popular movies and TV series.

At the beginning of the year we launched SKY GO which lets SKY customers view content on other screens such as phones, tablets and PC's. There have been over 200,000 downloads of the App since launch.

The next step for the SKY GO is to deliver the library of on demand TV and movies to mobile devices - giving our customers the convenience of more viewing options and better value for their SKY subscription.

Early in the New Year MY SKY decoders are being upgraded to enable an internet connection. Users will be able to simply press the remote control and watch on demand TV and movies for channels they subscribe to. For example, if you have MY SKY connected to the internet and subscribe to SoHo, you'll be able to download and watch TV series and box sets from SoHo at your convenience.

A new onscreen TV guide is also part of the upgrade. This will enhance the face of SKY in homes nationwide. New features like the ability to save all episodes of a series under one listing and better navigation including access to on demand content will take the MY SKY experience to the next level.

So, what about SKY customers that don't have a MY SKY decoder?

Well, next March we will start an 18 month project to replace all non MY SKY decoders with a new decoder that has the same features as MY SKY - like personal video recording and internet connectivity.

Existing customers will not be charged for the new decoder and they can choose which new services they wish to subscribe to.

When this MY SKY project is complete every SKY home will have the option of personal video recording and access to on demand content when their MY SKY is connected to the internet.

There is another benefit in replacing our older digital recorders. At completion in 2016, we effectively double our usable satellite capacity. Right now we are essentially dual broadcasting content to the two decoder types. This opens up future broadcasting opportunities for more channels, more HD content, and even ultra HD, with the increased capacity.

So, as you can see a lot had been going on behind the scenes and SKY is embracing internet delivered content.

John Fellet will give you more details on the recently announced subscription video on demand service developed for non-SKY customers.

SKY is proud to be involved in NZ communities.

Please take a look now at a short video highlighting some of our involvement over the past year.

PLAY VIDEO

As you just saw, as part of our \$1 million dollar pledge to the Christchurch Earthquake Appeal Trust, \$200,000 was donated to the rebuilding of West Spreydon Primary School's swimming pool. This pool is -- well was -- enjoyed immensely by the wider community.

We launched SKY NEXT earlier this year. SKY NEXT is SKY's sponsorship programme that supports 18 young talented Kiwi athletes as they strive to perform on the world stage. We give them financial support, advice and publicity.

SKY continues to be a very strong and passionate supporter of the Starship Foundation, contributing over \$500,000 annually in kind and cash donations.

We also continue to support Special Children's Christmas parties with a hundreds of SKY staff around the country giving their time to help at these events.

I can assure you that your board and the management team lead by John Fellet are committed to continuing to grow shareholder value and continue to focus on the future growth and direction of the company.

On behalf of all members of the SKY board thank you to all SKY shareholders for your support.

To the SKY team, chief executive John Fellet, the senior management team, all SKY staff and contractors thank you for your continued hard work in delivering another strong result this year.

4. CHIEF EXECUTIVES ADDRESS

JOHN FELLET TO PRESENT WITH POWERPOINT AND ONE VIDEO

Thank you, I'll now hand you back to Chairman Peter Macourt.

5. BUSINESS OF THE MEETING

Peter Macourt

Now to the business of the meeting

Receipt of Accounts

I would like to formally record the receipt of the annual financial statements, together with reports of the directors and auditors for the year ended 30 June 2014 by the meeting.

General Discussion

We have some time now for general discussion before we consider the resolutions to be put at today's meeting.

So, I now invite you to ask any questions regarding the 2014 financial statements, the directors' report or any general discussion from the floor in accordance with our speaking procedures.

Please raise your hand if you have a question and we will bring a microphone to you.

<Question and answer session>

6. RESOLUTIONS

We will now put resolutions to the meeting.

Appointment of Auditors

The first resolution to be considered by this meeting is:

To record the reappointment of PriceWaterhouseCoopers as auditors of the Company and to authorise the directors to fix the auditors' remuneration.

Can someone please move the resolution?

<moved>

Can someone please second the resolution?

<seconded>

I now invite discussion on the resolution.

<discussion>

I now ask you to vote on this resolution by a show of hands:
those in favour please raise your hands.

<count hands>

Those against, please raise your hands.

<count hands>

I declare that this resolution is (carried)

Election of Directors

The following two resolutions relate to the election of Directors.

As I am the subject of the next resolution, I will now ask Robert Bryden, Deputy Chairman to take the Chair

Mr Bryden takes the chair.

Thank you Peter. Mr Macourt retires by rotation and, being eligible, offers himself for re-election.

To re-elect Peter Macourt as a director.

Can someone please move the resolution?

<moved>

Can someone please second the resolution?

<seconded>

I now invite discussion on the resolution.

<discussion>

I now ask you to vote on this resolution by a show of hands:
those in favour please raise your hands.

<count hands>

Those against, please raise your hands.

<count hands>

I declare that this resolution is (carried)

Mr Macourt re-takes the chair.

Thank you Robert.

Mr Waller retires by rotation and, being eligible, offers himself for re-election.

The second resolution is:

To re-elect John Waller as a director.

Can someone please move the resolution?

<moved>

Can someone please second the resolution?

<seconded>

I now invite discussion on the resolution.

<discussion>

I now ask you to vote on this resolution by a show of hands:
those in favour please raise your hands.

<count hands>

Those against, please raise your hands.

<count hands>

I declare that this resolution is (carried)

7. CONCLUSION OF THE MEETING

Ladies and gentlemen, all resolutions to be considered by this meeting have been put and voted on.

As there is no other business before this meeting, I declare the meeting closed. Thank you for attending SKY's 2014 Annual General Meeting today.

Light refreshments will be available in the foyer following a screening of new content on SKY. I hope you can stay to meet my fellow Board Directors and SKY's senior management team.

If you have time please stay and take a look at some of SKY great entertainment before you leave.

Good afternoon.



SKY TELEVISION

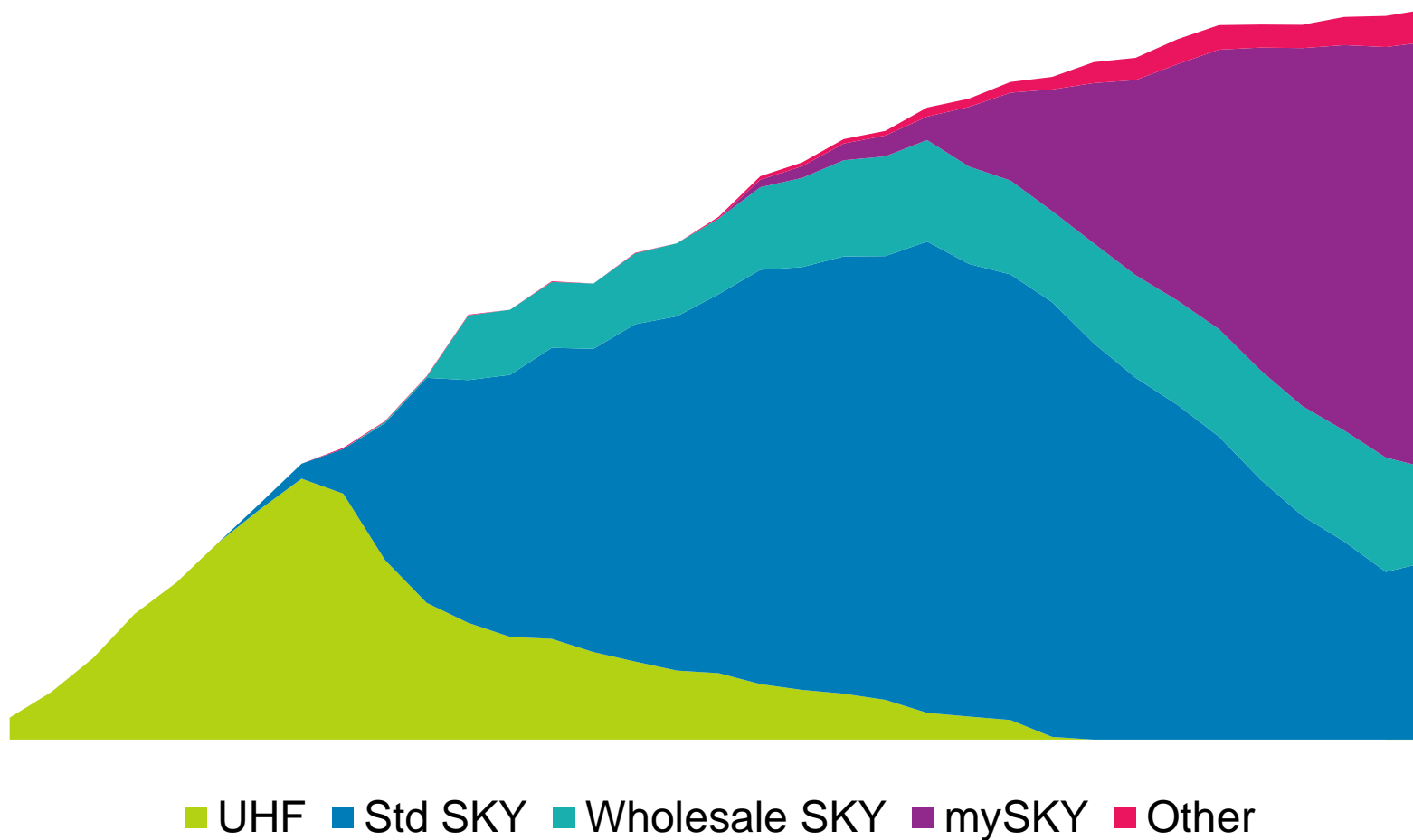
ANNUAL GENERAL MEETING

2014

COME WITH US



THE SKY JOURNEY SO FAR



THE YEAR END POSITION

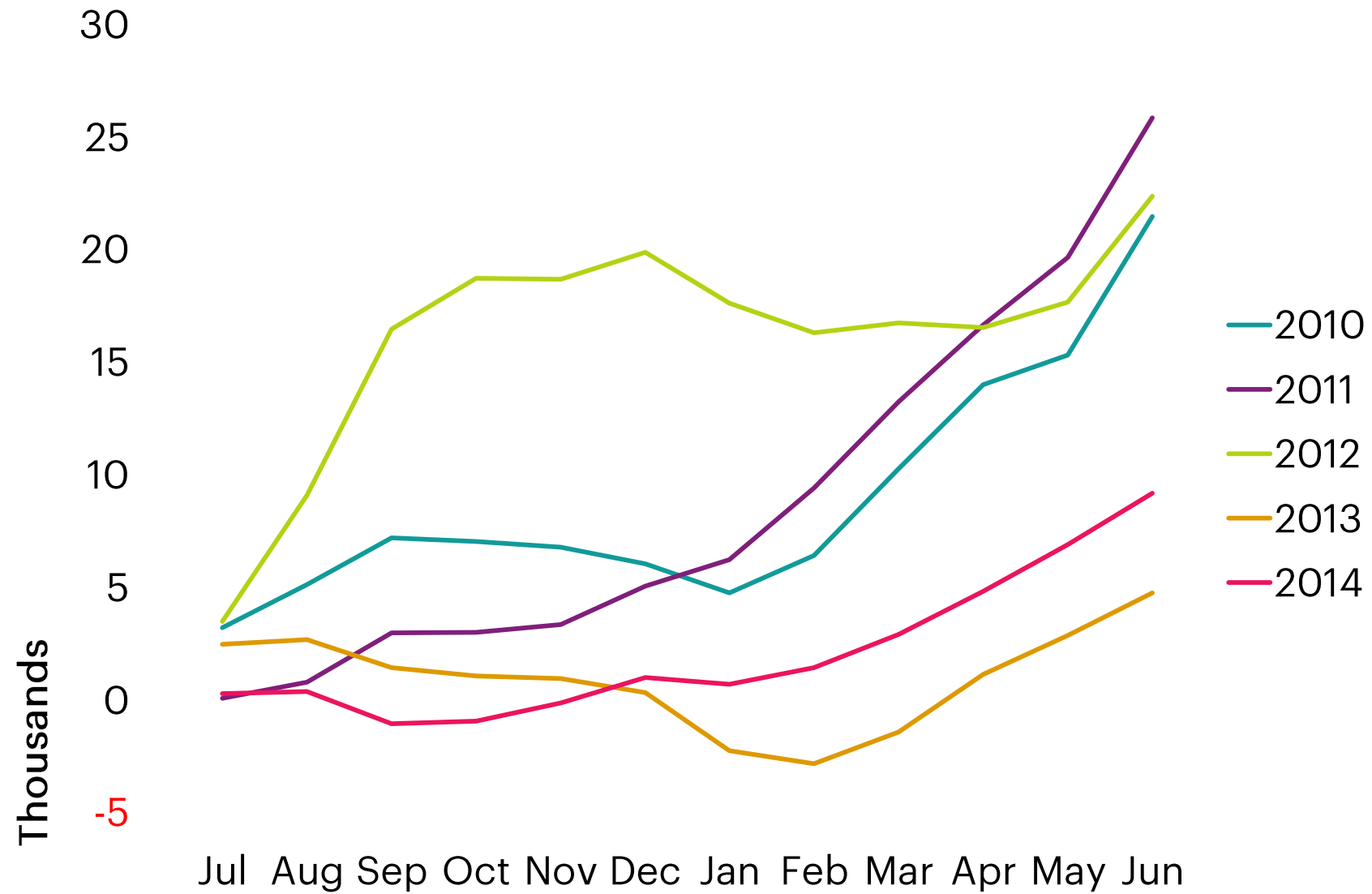
| | June 2013 | June 2014 | % Change |
|--------------------------|-----------|-----------|----------|
| DBS (Satellite) Domestic | 234.6 | 210.4 | (10.3%) |
| DBS MY SKY | 456.4 | 504.7 | 10.6% |
| DBS Wholesale | 131.6 | 111.4 | (15.3%) |
| Commercial & Other | 33.3 | 38.6 | 15.9% |
| TOTAL SUBSCRIBERS | 855.9 | 865.1 | 1.1% |

SKY

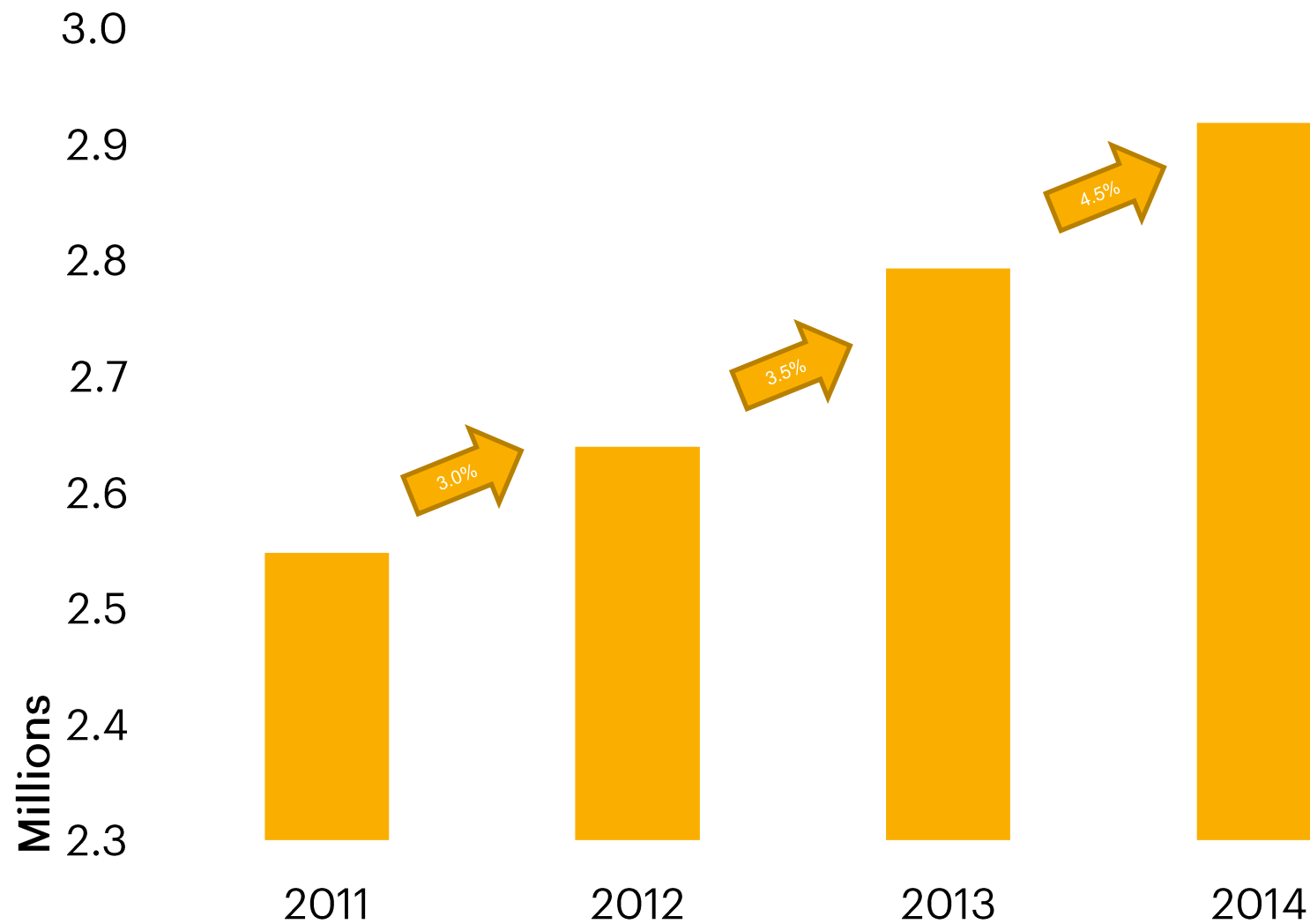


vodafone

NET GAIN BY MONTH



SKY PREMIUM PRODUCTS





 **MOVIES
PREMIERE**

 **MOVIES
CLASSICS**

 **MOVIES
EXTRA**

 **MOVIES
GREATS**

 **MOVIES
FAMILY**

 **MOVIES
ACTION**

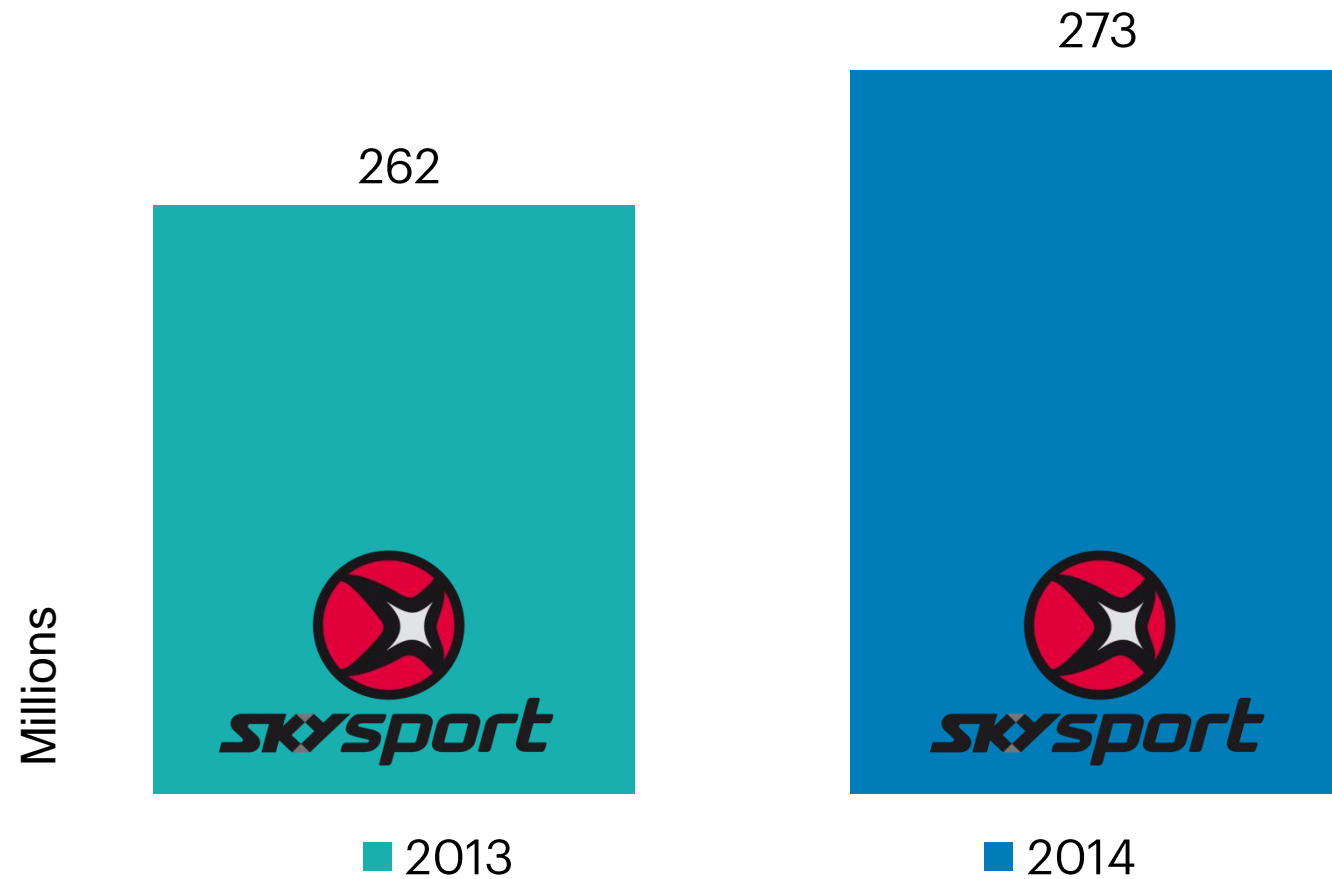
 **MOVIES
POP-UP**



POP-UP



TOTAL SKY SPORT VIEWER HOURS



SKY

SKY

EVERY FIGHT MATTERS!



CAMERON VS MEEHAN

Mahindra
SUPER 8
SUPER FIGHT NIGHT

SAT 22 NOV

NORTH SHORE EVENTS CENTRE 6:00PM

BOOK NOW: \$39.95* TEXT SUPER8 TO 4024

ONLINE AT SKYTV.CO.NZ/ARENA

0800 759 758

COVERAGE BROUGHT TO YOU BY
ROCKSTAR
ENERGY DRINK

SKY
ARENA

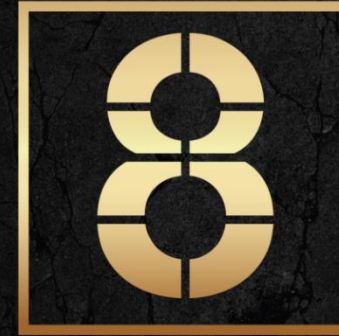
BOXER

flava

SKY
ARENA

PRESENTS

SUPER



LAST MAN STANDING
INTERNATIONAL HEAVYWEIGHT BOXING CHAMPIONSHIP

8 FIGHTERS, 7 FIGHTS, ONE CHAMPION

ONE NIGHT ONLY

EXPERIENCE IT LIVE HERE!

WEDNESDAY 4TH JUNE, FROM 7PM

SKY
ARENA

SKY

MAINEVENT

BOXER

flava

arena

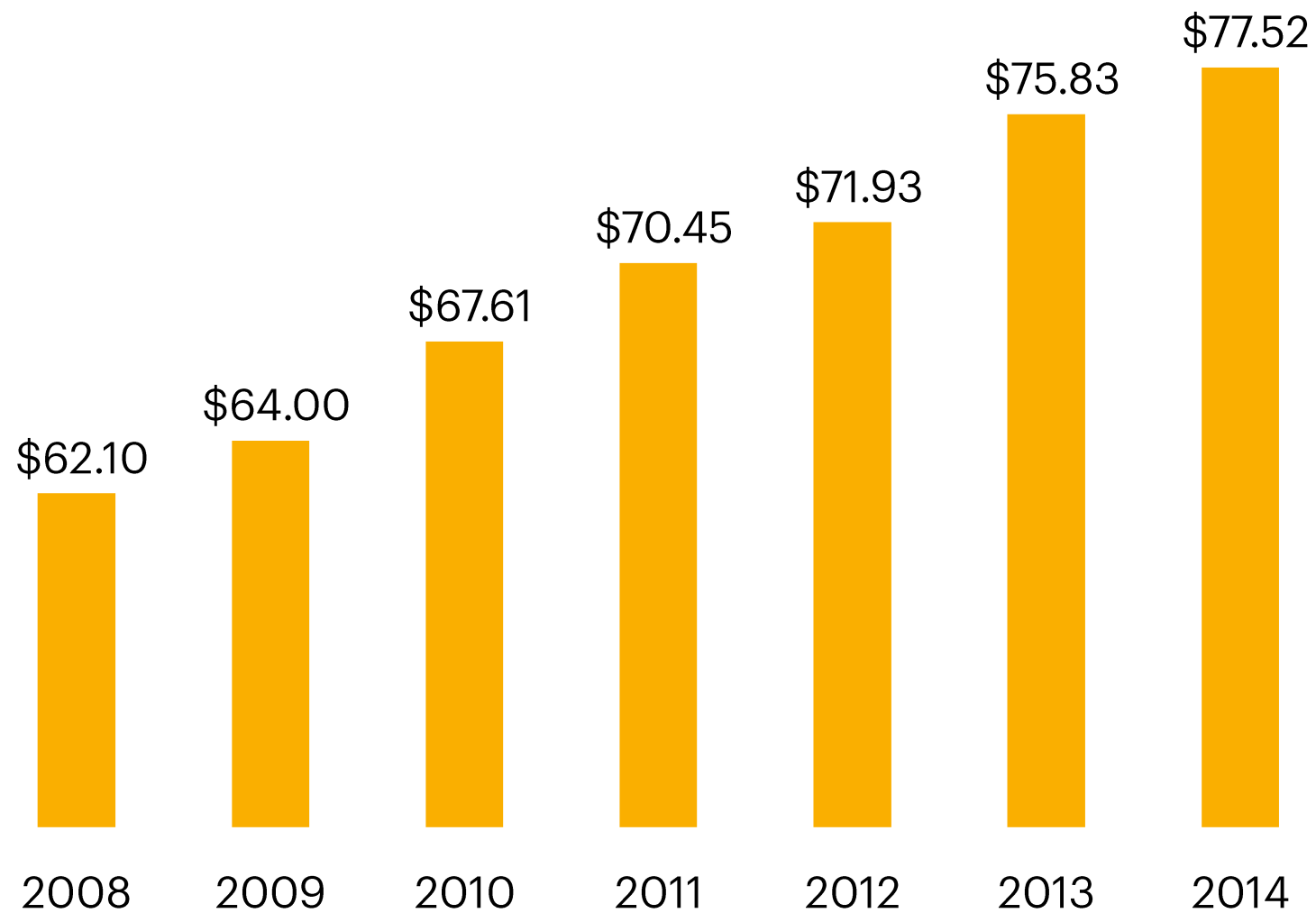
SKYCITY

VAPOR

WWW.SUPEREIGHT.CO.NZ

COME WITH US

TOTAL ARPU

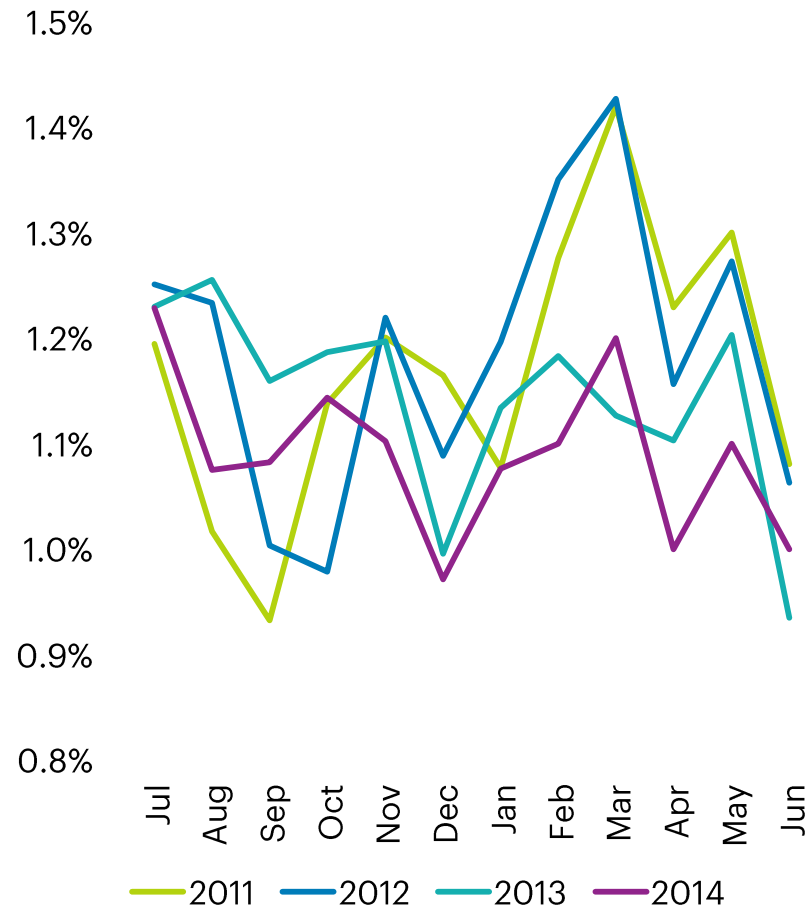


MOVING ANNUAL CHURN

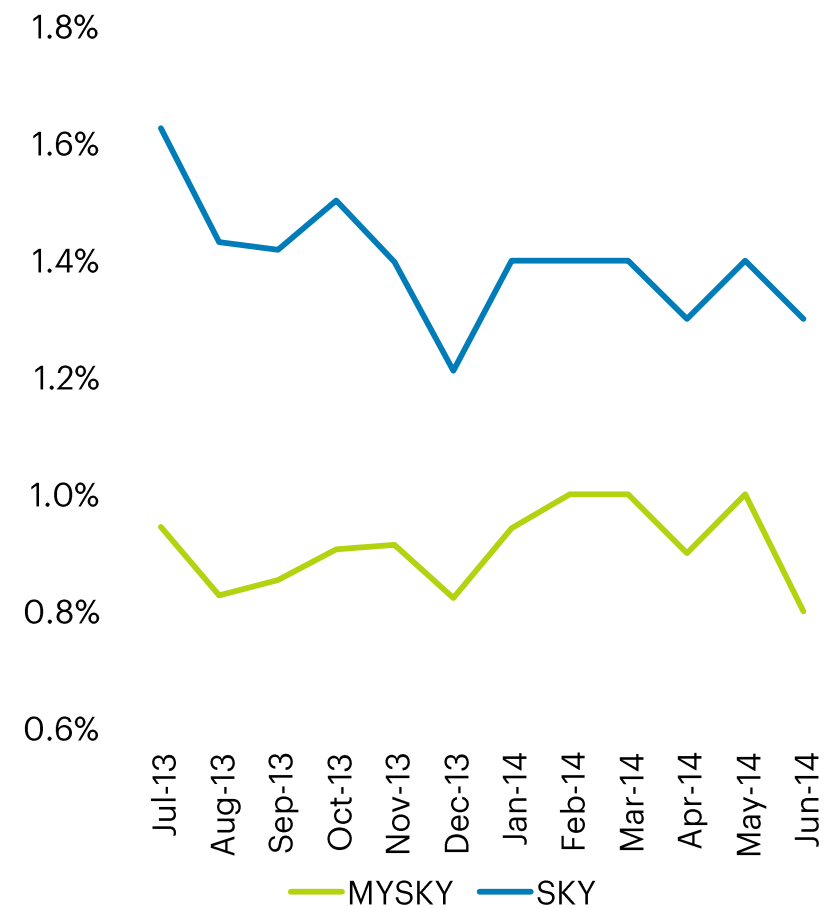


CHURN

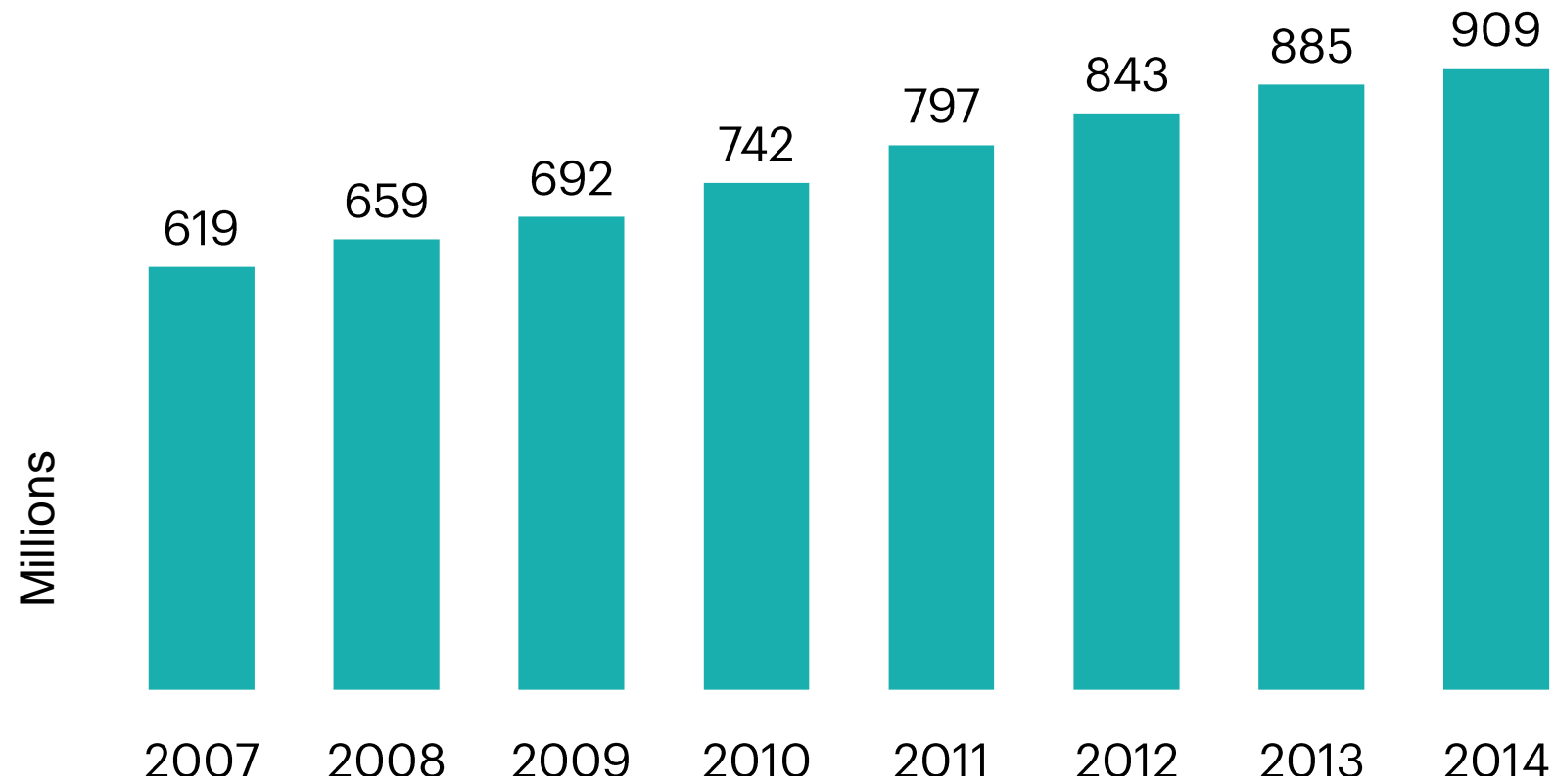
MONTHLY



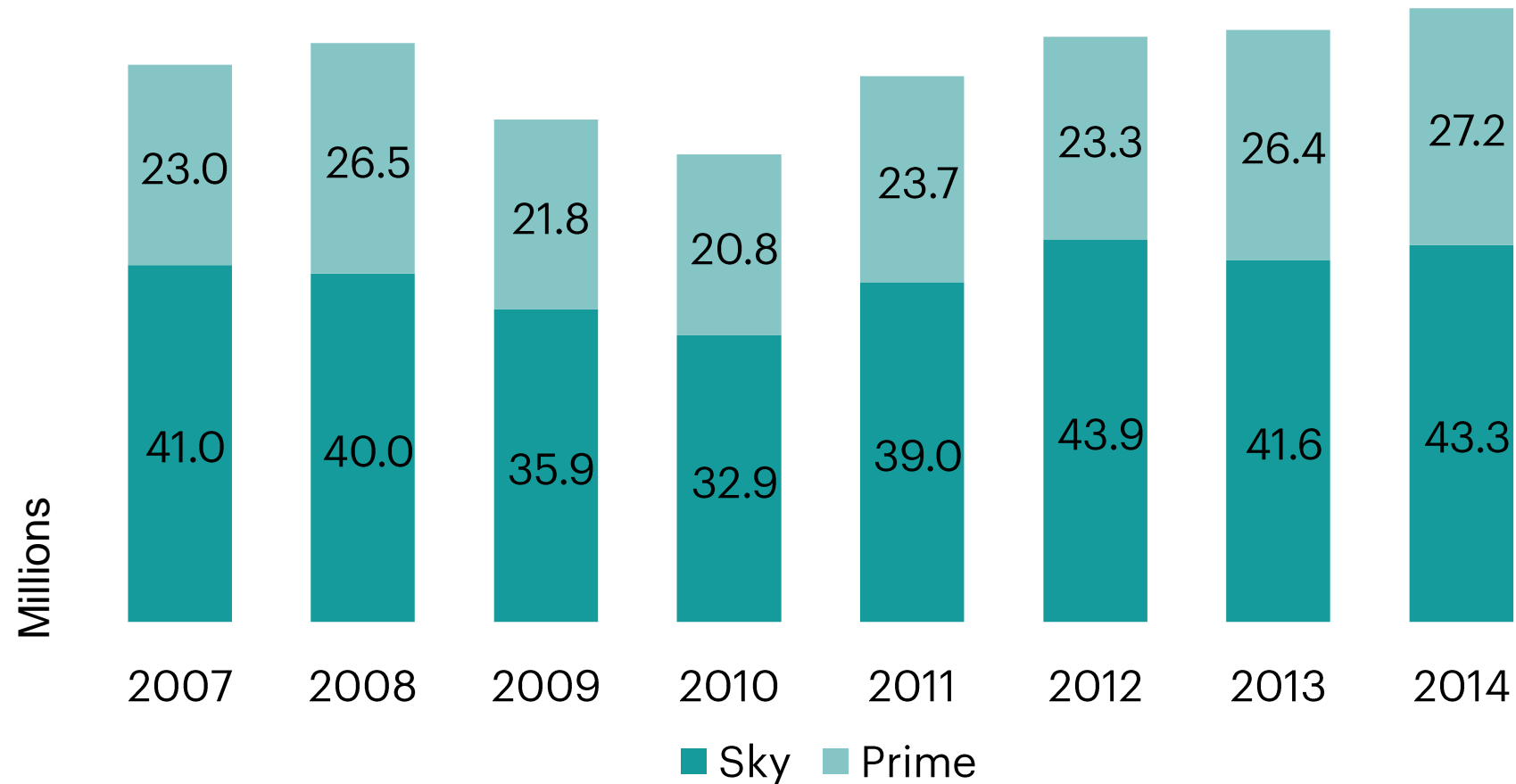
DEVICE



REVENUE

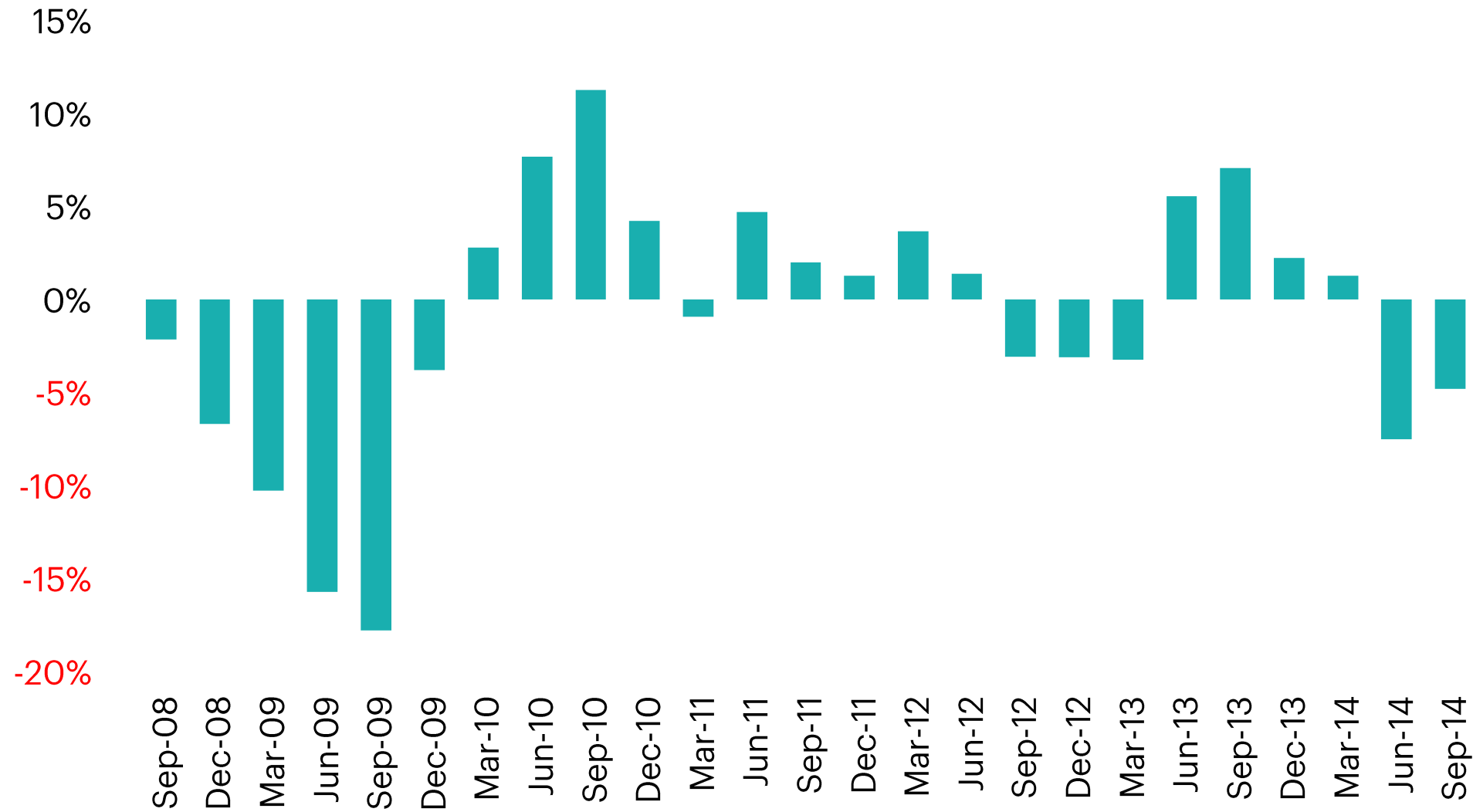


ADVERTISING REVENUE

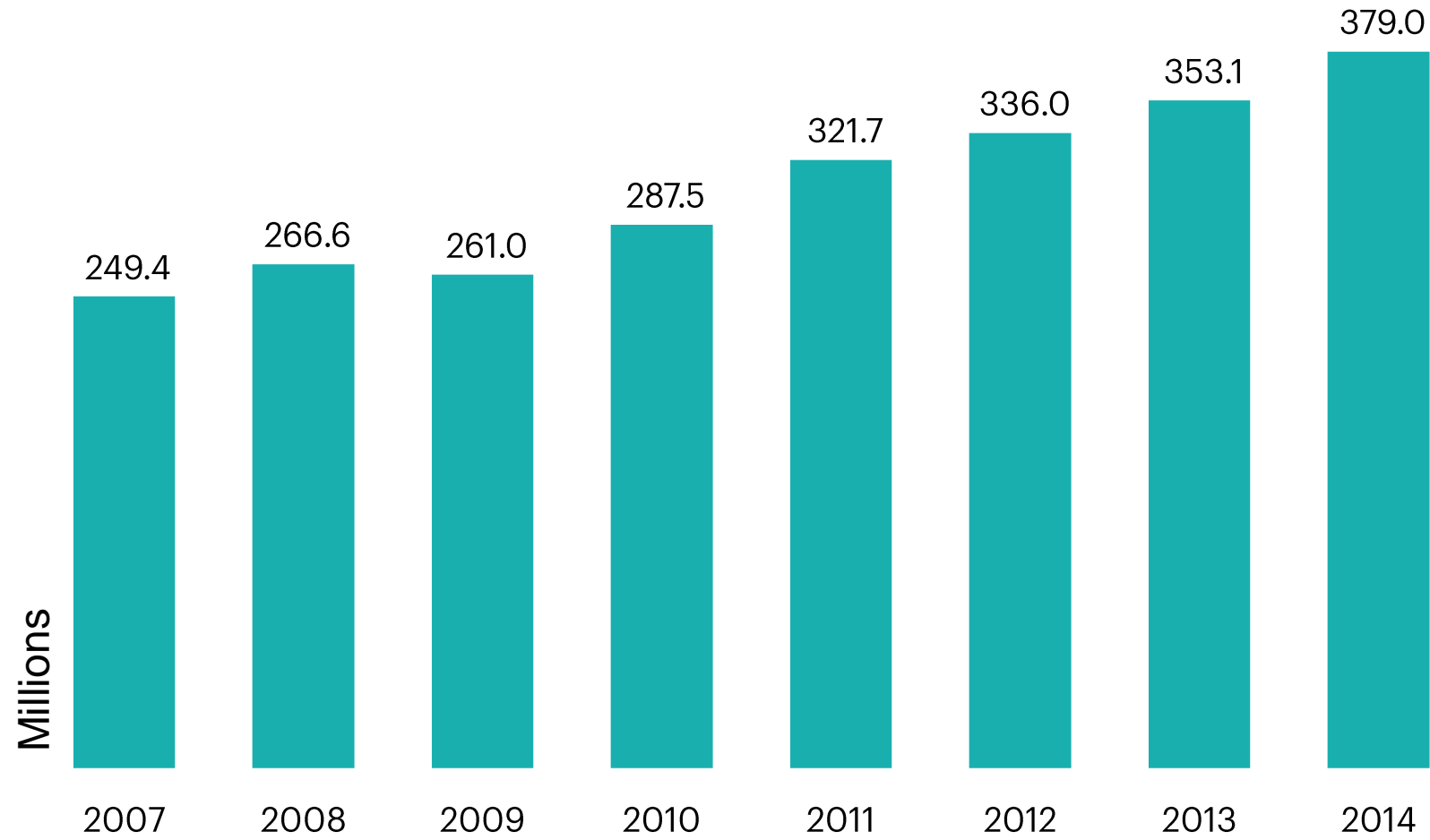


TOTAL TELEVISION ADVERTISING REVENUE

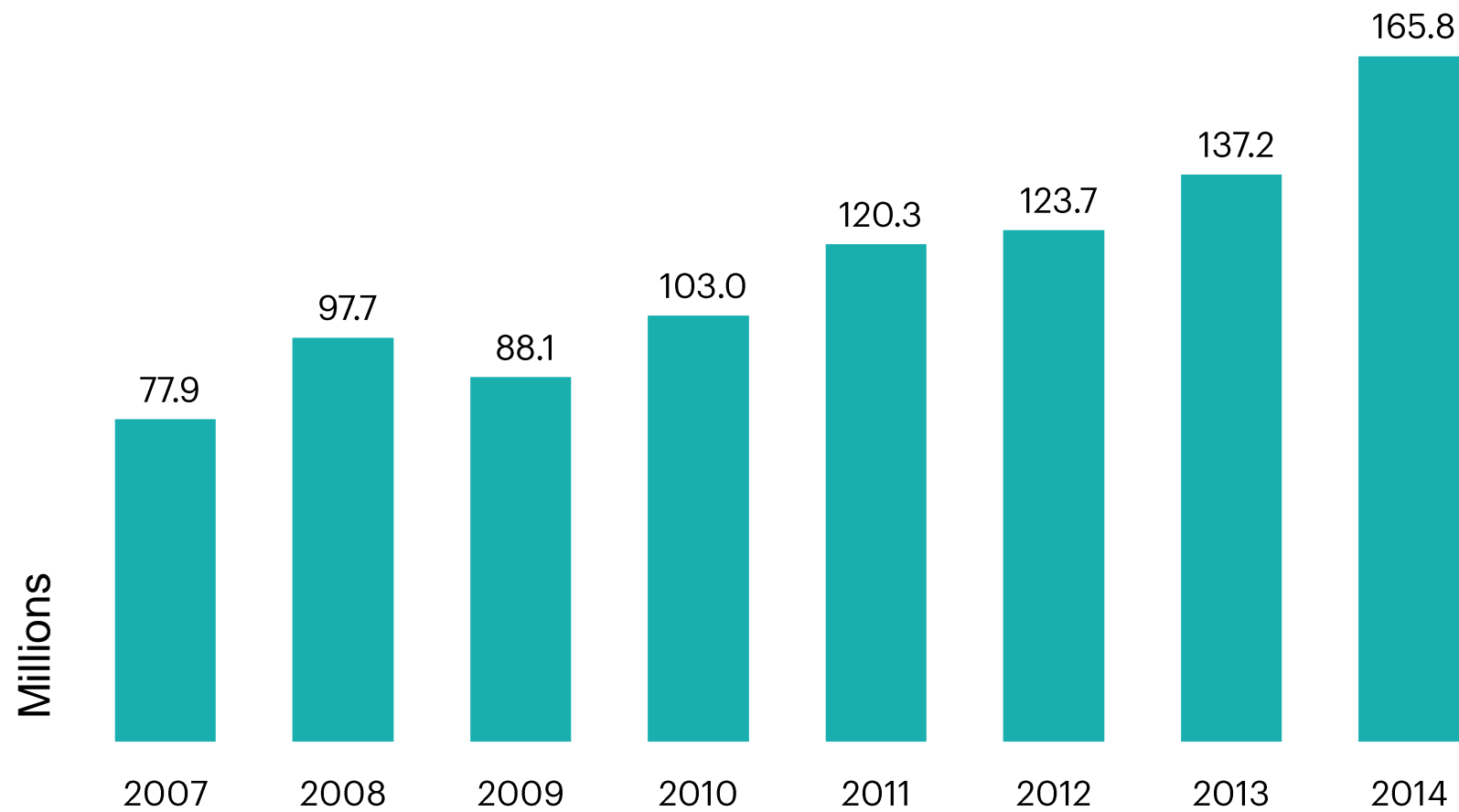
YOY QUARTERLY CHANGE



EBITDA



NET PROFIT



OPERATING CASHFLOW

| | 2013 | 2014 | % Change |
|------------------------------|--------------|--------------|-------------|
| Operating Cashflow | 290.6 | 305.3 | 5.1% |
| Less Capex | 82.3 | 93.0 | 13.0% |
| Plus Net debt drawn/(repaid) | 14.0 | (92.0) | (757.1%) |
| Less Dividends | 225.1 | 112.8 | (49.9%) |
| Less Other | 4.4 | 8.3 | 88.6% |
| NET CASH MOVEMENT | (7.2) | (0.8) | 6.4% |

CAPITAL EXPENSE ANALYSIS

| | 2013 | 2014 | % Change |
|------------------------------|-------------|-------------|--------------|
| Install | 40.2 | 36.9 | (8.2%) |
| Decoders | 22.9 | 20.6 | (10.0%) |
| Building Improvements | 1.4 | 0.5 | (64.3%) |
| Igloo | 2.6 | 0.5 | (80.8%) |
| Other | 15.3 | 34.5 | 125.5% |
| TOTAL CAPITAL EXPENSE | 82.4 | 93.2 | 12.9% |

FUNDING PROFILE

| | FACILITY | DRAWN | MARGIN | MATURITY |
|-----------|----------|--------|---------------------|----------|
| Bank Debt | \$200m | \$80m | 160bp | Jul 2019 |
| Bond - A | \$200m | \$200m | 65bp | Oct 2016 |
| Bond - B | \$100m | \$100m | Fixed rate at 6.25% | Mar 2021 |

DIVIDEND

The Board has declared the following:

Fully imputed final dividend of 15.0 cps (\$58.4m) to be paid

Supplementary dividend of 2.6471 to be paid to non-residents.

Record date is 5 September 2014

Payment date is 12 September

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Interim | 14.0 | 12.0 | 11.0 | 8.0 | 7.0 | 7.0 | 7.0 |
| Final | 15.0 | 12.0 | 11.0 | 10.5 | 7.0 | 7.0 | 7.0 |
| Ordinary Total | 29.0 | 24.0 | 22.0 | 18.5 | 14.0 | 14.0 | 14.0 |
| Special | 0.0 | 0.0 | 32.0 | 25.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 29.0 | 24.0 | 54.0 | 43.5 | 14.0 | 14.0 | 14.0 |



COMING SOON



SKY



COME WITH US

SKY





SKY

Z
THE ZONE

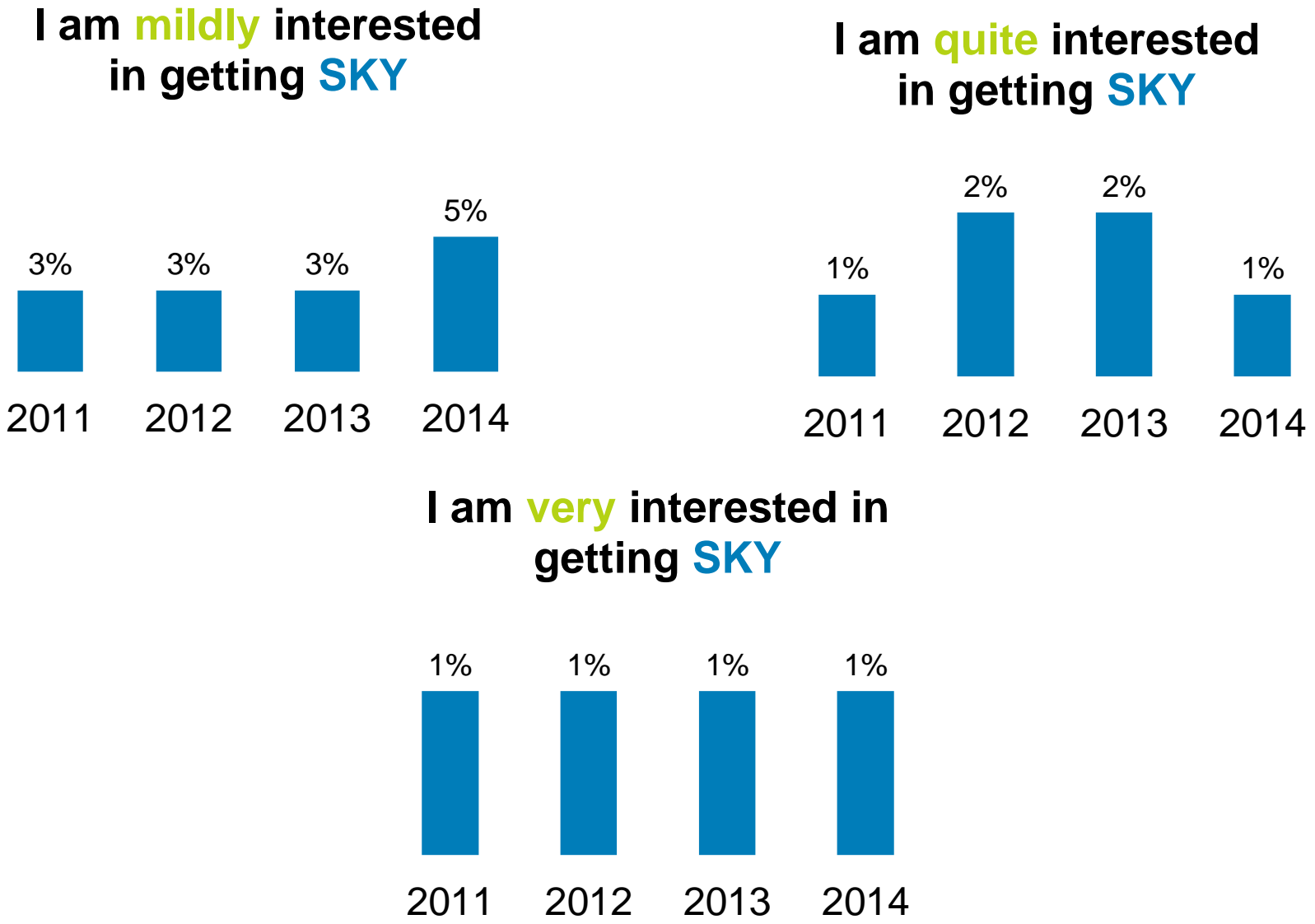
THE SKY JOURNEY SO FAR



■ UHF ■ Std SKY ■ Wholesale SKY ■ mySKY ■ Other



PROSPECTS TO SUBSCRIBE





COMING SOON





MOVIES

TV SHOWS

MY WATCHLIST

START FREE TRIAL

SIGN-IN

SEARCH



TV: FARGO

NEON. POWERED BY SKY

NEON IS COMING

Get unlimited access to great on demand movies and TV - \$20 a month with a 30 day free trial to get you started. No contract. No ads.

GET YOUR FREE 30 DAY TRIAL

LEARN MORE

COME WITH US

SKY



vodafone

ON DEMAND

SEARCH

| APPS

| SETTINGS

Popular

The Divide

(MVLS)

A district attorney uncovers new evidence that prompts the reinvestigation of a sensational murder case.



The Divide

Vibe (MVLS)



Duck Commander

The Box (ML)



Ripper Street

UKTV (16VS)



David Attenborough's
Natural Curiosities

BBC Knowledge (G)



Black Caps vs
South Africa
Highlights

Sky Sport (G)

BACK

SELECT SELECT

PLAY TRAILER

LIST

SEARCH

CH± PAGE UP/DOWN

SKY

GUIDANCE

Analysts' FY15 forecasts for SKY and guidance is:

| | Analysts' MEAN | SKY FY15 Guidance |
|--------------|-------------------|----------------------|
| \$m | | |
| Revenue | 940 | 930 - 940 |
| EBITDA | 379 | 370 - 380 |
| Depreciation | 111 | 105 - 110 |
| NPAT | 176 | 170 - 180 |
| CAPEX | 124 | 115 - 125 |



SKY TELEVISION

ANNUAL GENERAL MEETING

2014

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