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SKY RETURNING TO GROWTH WITH ACCELERATED FOCUS ON STREAMING

- **>50% increase in streaming customers**
- **Adjusted earnings of $97.4 million exceeded guidance**
- **One-off impairment of goodwill ($670m)**
- **No final dividend as the business focuses on investing to grow**
- **Significant progress in the first six months of new CEO Martin Stewart, including launch of sport streaming app Sky Sport Now, purchase of global streaming business RugbyPass, and key content rights secured**

Sky has delivered financial results for the year to 30 June 2019 that demonstrate positive progress on the strategy to grow the business by accelerating the focus on streaming services while continuing to super-serve all Sky customers.

Chief Executive Officer Martin Stewart said, "Our ambition is for Sky to be in the hands of every New Zealander, in ways that work for them. The FY19 Results demonstrate that we are moving in the right direction.

"The world is changing, and so are we. We are transforming Sky and building a new business.

"We are returning to growth by embracing streaming, with >50% growth in streaming subscribers leading to 16% growth in streaming and commercial revenues in FY19 the first indication of success.

"The adjusted earnings of $97.4 million are better than the guidance we provided in February, despite the disrupted market that we are operating in.

"We have made some key decisions in the period, like the decision to stop the IVP Project in order to focus our attention on streaming. This has resulted in a $38m write-off, but we're confident that our refocused technology plans will allow us to achieve our ambitions.

The Board has decided to write off $670 million of goodwill. It is non-cash and does not impact on bank covenants.

"We live in an uncertain world and we have looked at a range of different scenarios and assumptions for the future. For the purposes of accounting we needed to pick a point estimate and we have selected one that no longer includes increases in hybrid and satellite subscribers, and we have taken a more conservative estimate of our future average revenues, reflecting our decisions around where we invest and how we price our future offers to customers.

The Board has also decided to not pay a dividend for the final six months of FY19, reflecting the investment focus of the business.

"Our business is poised to compete vigorously for, and to win key sports rights, to introduce new digital services and to invest in better experiences for our customers. We are asking our shareholders to support us in our strategy to invest to grow." Martin Stewart has been in the CEO role for six months, and has built a new leadership team with a firm focus on growth and transformation.

"In the last six months a significant amount of progress has been made, and it's only the beginning.

We enter into FY20 with optimism and energy. In the last month alone we launched the new Sky Sport Now app and the new Sky Sport News service, supercharged our Sky Sport offer with 12 HD channels, acquired key sports rights like the Cricket Australia deal and a new deal with BBC that includes their award-winning children's channel CBeebies, and announced the acquisition of RugbyPass. We are pursuing opportunities to work with partners to offer Sky services to more customers, and are well on our way to achieving our goal of being in the hands of all New Zealanders.

Last weekend over a million New Zealanders engaged with Sky services on the night of the Bledisloe Cup match, including 55,000 on our streaming services, with excellent delivery across the board. Over the last year we have successfully streamed almost 11,000 live sports events for our customers.

"People talk about streaming being the future. Well, the future is happening right now, and we are the premier sport streaming service in New Zealand."

"Our laser focus on streaming, coupled with our commitment to super-serve all Sky customers, is the pathway to creating a long term sustainable entertainment business that balances the needs of our customers and the desires of our content partners, and delivers on behalf of our shareholders."

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For further information, please contact:

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