



MARKET RELEASE

9 July 2018

Commerce Commission proceedings on operational and billing issues

The New Zealand Commerce Commission has notified Spark New Zealand that it intends to file court proceedings today against Spark under the Fair Trading Act 1986 in relation to three separate historical operational and billing issues:

- An equipment fault in 2015 that affected data billing for a small percentage of customers;
- Incorrect implementation of a 'welcome credit' when joining Spark for some fibre broadband customers during 2016; and
- A billing implementation issue relating to a 30-day notice period when customers left Spark

These were all system-based errors caused by genuine mistakes with no malicious intent involved on the part of Spark. In respect of all of these issues, Spark has already applied credits to the accounts of all impacted customers and has made extensive efforts to return all amounts owed to former customers.

Spark will review the Commerce Commission's proceedings and has yet to determine the position it will take in response.

Although the Commerce Commission has outlined the maximum possible penalties available under law for each of the charges, it has not yet advised Spark of the penalties it will actually seek. The decision as to actual penalties will ultimately be one for the court however these proceedings are not expected to have a significant effect on the financial position or profitability of Spark. As such there is no change to Spark's existing FY18 guidance, as provided to the market on 25 May 2018.

-ENDS-

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