



NZX Retail Investor Presentation

8 March 2022

Disclaimer

This presentation has been prepared by Sky Network Television Limited and its group of companies (“the Company”) for informational purposes. This disclaimer applies to this document and the verbal or written comments of any person presenting it.

Information in this presentation has been prepared by the Company with due care and attention. However, neither the Company nor any of its directors, employees, shareholders nor any other person give any warranties or representation (express or implied) as to the accuracy or completeness of this information. To the maximum extent permitted by law, none of the Company, its directors, employees, shareholders or any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, and uncertainties, including material adverse events, significant one-off expenses and other unforeseeable circumstances. There is no assurance that results contemplated in any of these projections and forward-looking statements will be realised, nor is there any assurance that the expectations, estimates and assumptions underpinning those projections or forward-looking statements are reasonable. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release or to provide you with further information about the Company.

The Company has used the non-GAAP financial measures of Free Cash Flow and EBITDA when discussing financial performance, as the directors and management believe that these measures provide useful information on the underlying performance of the Company. Free Cash Flow is defined by the Company as net cash from operating activities, less net cash used in investing activities less payments for lease liability principal. EBITDA is defined by the Company as earnings before income tax, interest expense, depreciation, amortisation and impairment, unrealised gains and losses on currency and interest rate swaps. You should not consider this in isolation from, or as a substitute for, the information provided in the unaudited consolidated financial statements for the six months ended 31 December 2021, or the audited consolidated financial statements for the year ended 30 June 2020, which are available at:

<https://www.sky.co.nz/investor-centre/results-and-reports>.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. The presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any security and may not be relied upon in connection with the purchase or sale of any security. Nothing in this presentation constitutes legal, financial, tax or other advice.

Our Strategy

WHAT
MATTERS
MOST:

Our Customers

WHAT DO
WE DO:

We connect New Zealanders with the sport and entertainment they love, in ways that work for them, right across the country

WHAT
WE'RE
FOCUSING
ON:

1 CUSTOMERS

Nurture and grow our Sky Box and Streaming customers

2 CONTENT

Be the preferred partner for rightsholders, content creators and distributors

3 PEOPLE

Be a place where our crew are empowered to do their best work

4 FINANCIAL

Grow revenues and reduce operating costs

THE "BEDROCK"
OF OUR BUSINESS:

1 Rapid and sustained execution, and enabling our people to succeed

2 Being an efficient, adaptive and profitable business



Sky at a glance – our competitive advantage

- ▶ Significant Sky Box customer base
 - Reliable satellite delivery able to reach 100% of New Zealanders
 - High tenure and average revenue
- ▶ Established and growing Streaming business in both Entertainment and Sport
- ▶ Strong content offering and aggregator position in the New Zealand market
- ▶ Talented and passionate customer focused crew executing at pace on opportunities
- ▶ Strong balance sheet position



Sky at a glance – our content advantage

- ▶ Key content runway secured
 - Over 530 global and local partners
 - Disciplined content strategy
 - Strong partnership approach
 - World class sports production
 - Sky Originals creating local stories

Focusing on maximising significant depth and value of content rights



Sky has reached a positive inflection point

- ▶ Customer relationships continuing to rise
 - Sky Box customer base is stabilising
 - Strong growth in streaming customers

Stabilising Sky Box customers and growing Streaming

TOTAL CUSTOMER RELATIONSHIPS

+ 6% YOY

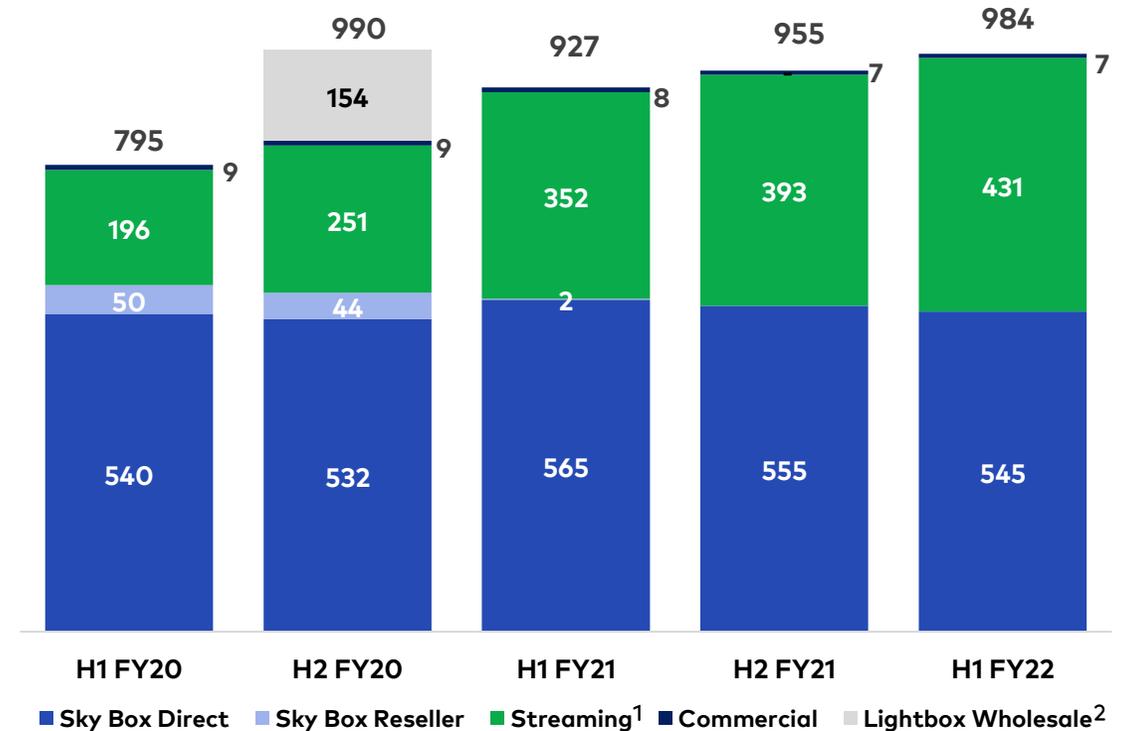
SKY BOX CUSTOMERS

- 3.8% YOY

STREAMING CUSTOMERS¹

+23% YOY

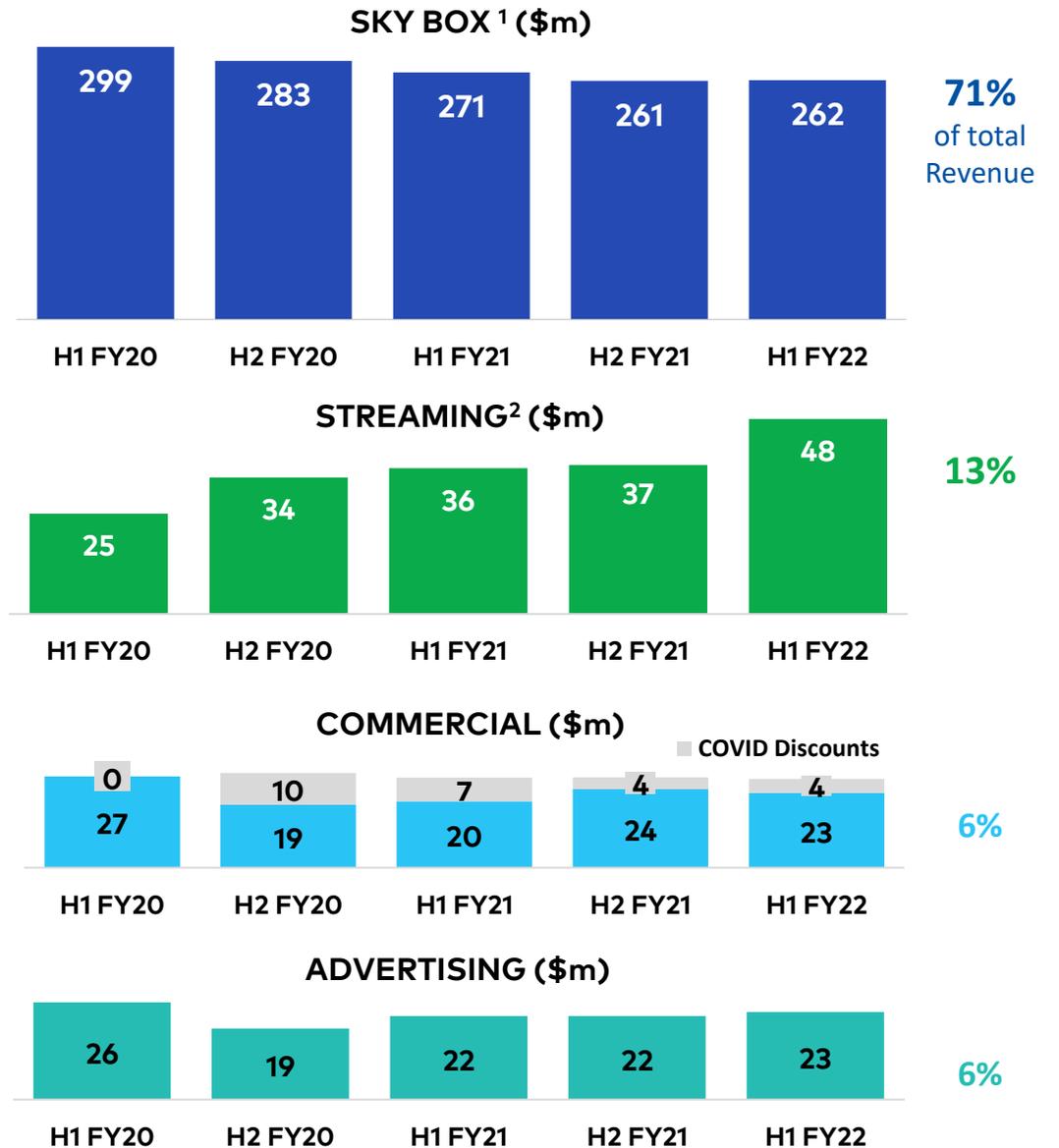
SKY CUSTOMERS



Sky has reached a positive inflection point

- ▶ Customer relationships continuing to rise
- ▶ **Returned to revenue growth**
 - Sky Box revenue stabilizing
 - Significant growth in Streaming
 - Supported Commercial customers through Covid
 - [Opportunities to grow Advertising]

Delivering core revenue growth



¹ Sky Box revenue includes an initial contribution from Sky Broadband. ² Streaming revenue includes Neon, Sky Sport Now, Rugby Pass subscriptions and Vodafone Retransmission. Note: Total Revenue includes Other Revenue of \$15m.

Sky has reached a positive inflection point

- ▶ Customer relationships continuing to rise
- ▶ Returned to revenue growth
- ▶ **Significant permanent cost reductions**
 - Laser focus on cost reduction as we step into higher rights costs
 - Transformational cost reset across all operating and capex lines in FY22
 - Further permanent savings to come in FY23

Achieving \$40 - \$45m in additional savings in FY22

Guidance upgrade provided December 2021:

\$m	Original FY22 guidance ¹ 25 August 2021	Revised FY22 guidance ¹ 7 December 2021
Revenue	715 - 745	725 - 745
EBITDA	115 - 130	150 - 160
NPAT	17.5 - 27.5	40 - 48
Capex	50 - 60	45 - 50

Sky has reached a positive inflection point

- ▶ Customer relationships continuing to rise
- ▶ Returned to revenue growth
- ▶ Significant permanent cost reductions
- ▶ **Returning to paying dividends from FY22 following:**
 - improved and sustainable performance, including faster return to sustainable free cash flows
 - increased medium-term certainty over the majority of key content rights

Sky's Dividend Policy:

To distribute between 50% and 80% of Free Cash Flow¹ (excluding one-off items)

Sky's Board expects to resume paying dividends commencing with a final dividend in September 2022, consistent with this dividend policy

Sky has reached a positive inflection point

- ▶ Customer relationships continuing to rise
- ▶ Returned to revenue growth
- ▶ Significant permanent cost reductions
- ▶ Returning to paying dividends from FY22
- ▶ **Balance sheet strength providing opportunity to explore investment options**
 - Strong cash balance and with property sale proceeds expected in March

Management and the Board are continuing to assess opportunities to invest capital

- **to accelerate the growth of the business**
- **generate new revenue streams**
- **deliver improved returns for shareholders**

A further update on capital management will be provided at Sky's investor day in June 2022

Any decisions on capital structure, including details of any potential capital return, will be subject to market conditions and any other strategic opportunities that may arise

Sky's next-generation Box is on target to be in customer homes in mid-2022



Executing at pace on the opportunities ahead of us

- ▶ **Key content runway secured** providing increased certainty
- ▶ **Customer relationships** continuing to rise
- ▶ Returned to **revenue growth** for the first time in some time
- ▶ Significant **permanent cost reductions** in FY22 with more to come
- ▶ Returning to **paying dividends** from FY22 following a faster return to **sustainable free cash flows**
- ▶ Balance sheet strength providing opportunity to explore **investment opportunities**

