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Sky confirms preferred satellite option and provides migration programme update

As a further update to its announcement on 19 August 2024 and subsequent update at its 14 November 2024 Annual Meeting, Sky provides the following information on the status of its satellite supply:

Sky has been undertaking an accelerated migration plan to move from the current Optus D2 satellite to a new satellite by May 2025. The accelerated programme was initiated upon advice from satellite provider Optus that the current D2 satellite would reach the end of its commercial life earlier than anticipated. Optus provided two replacement options and to date Sky has progressed a dual pathway satellite migration plan.

Sky can now confirm that several critical milestones have been met on its preferred satellite option. As a result, Sky is now focusing its migration activity on the preferred satellite, which will be located in the same orbital slot as D2. The alternative satellite which is in a different orbital slot will remain a contingency option for Sky, further improving security of supply for its customers.

Based on project updates provided by Optus as well as progress on Sky's own programme milestones, Sky remains confident that it can achieve migration to the new satellite by May 2025, noting there remains inherent technology and logistical risks to the successful migration, some of which are outside Sky's control.

Sky will continue to prioritise a smooth transition for customers, noting that the preferred satellite significantly reduces the near-term requirement for home visits to customers (given the common orbital slot with D2). Sky is aware that a growing number of customers have experienced intermittent signal disruption in recent weeks following the decision by Optus to place the existing satellite into an inclined orbit to conserve fuel. Sky is working with individual customers to remedy these issues, and has increased its operational capacity in both Customer Care and in-field services to take every step within its control to ensure customer needs are met.

Sky is continuing to accelerate the rollout of the new, internet-connected Sky Box and the IP-only Sky Pod, alongside reminding customers of their existing complimentary access to companion app Sky Go which is available to all Sky Box customers. These actions also serve to mitigate potential disruption in the lead up to migration to the new satellite.

Sky is assessing the financial consequences of progressing the preferred satellite option, as well as the increasing cost and revenue impacts associated with providing additional near-term, pre-migration customer support as the D2 satellite reaches end-of-life. While Management fully assesses the impact of the final phase of the migration project, Sky advises that any revenue, opex or capex impacts will be treated as one-off items and therefore excluded from its normalized FY25 guidance and from the calculation of Free Cash Flow for dividend policy purposes¹. Sky will provide a further update at the time of its Interim Results.

¹ Sky's dividend policy is to distribute between 60% and 90% of Free Cash Flow, excluding one-off items.

Sky continues to receive assurance of security of satellite supply from Optus through to 2031 and is focused on ensuring a successful migration by May 2025.

Ends

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