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8 November 2023

### **Sky ASM Chairman's and Chief Executive's Address and Presentation**

The 2023 Annual Meeting of Shareholders of Sky Network Television Limited (Sky) will be held today, Wednesday 8 November 2023, commencing at 10:00am (NZDT) at the Loyalty Lounge, West Stand of Eden Park, Walters Road, Kingsland, Auckland and via the Computershare online meeting platform at [www.meetnow.global/nz](http://www.meetnow.global/nz). Sky shareholders are warmly encouraged to participate.

Copies of the Chairman's and Chief Executive's addresses and presentation are attached and also available on Sky's website [www.sky.co.nz/investor-centre](http://www.sky.co.nz/investor-centre).

At today's meeting, Sky Chairman Philip Bowman will provide an overview of changes in the local and global operating environment, and the initiatives taken by Management over the past two years that have seen Sky's position materially strengthened. He will also make some brief remarks on the company's announcement this morning regarding the termination of discussions on a highly conditional, non-binding indicative offer (NBIO).

Sky Chief Executive Sophie Moloney will provide an overview of the key financial and operational highlights of FY23 and the achievements of the last three years.

In addition, Sophie will speak to Sky's purpose and ambition and the confidence in the Company's ability to deliver on the recently articulated three-year targets – including doubling the FY23 dividend by FY26.

An update on first quarter performance confirms that Sky is firmly on track to deliver on the FY24 Guidance ranges provided at the time of the Company's full year results.

ENDS

Authorised by Kirstin Jones, Company Secretary

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**Sky Annual Meeting 2023**  
**Chairman's Address**

Good morning fellow shareholders. I am Philip Bowman, and it is my pleasure, as Chairman, to welcome you to Sky's Annual Meeting for 2023.

My remarks this morning will begin by commenting briefly on Sky's market announcement regarding receipt of a non-binding indicative offer to purchase all Sky shares. I will then touch on the highlights of another successful year in the life of your company, and on the local and global themes that are shaping our industry and market. Finally, I will provide an early indication of progress in fiscal 24 and look ahead to where we have set our sights for the future, before asking your Chief Executive, Sophie Moloney, to discuss the business in more detail.

As you know, we disclosed in mid-October that we had received a highly conditional expression of interest from a third party to acquire all shares in Sky via a non-binding indicative offer (referred to as an NBIO).

Given this offer was highly preliminary, incomplete and confidential, we only disclosed receipt of the NBIO at that time in response to growing speculation about why the share buyback programme, paused in the run-up to the announcement of the Annual Results, had not been restarted.

Yesterday we received an updated NBIO from this third party proposing a transaction at a value range which falls short of the Board's view of the fair intrinsic value of Sky, and based on recent unsolicited feedback, the view of a number of Sky's significant institutional shareholders.

The Board has advised the third party accordingly, and discussions with it are at an end.

The Board has resolved to restart the share buyback program on the same terms as were previously announced.

Let's now talk about the 2023 financial year.

While we entered the year aware of the potential challenges ahead as the country faced tougher economic times, we held confident in our ability to navigate a successful path through the uncertainty.

Equipped with strong leadership, a clear strategy, a strong focus on execution, and with an ungeared balance sheet, Sky delivered a solid financial and operational result for FY23.

Customer relationships continued to grow, whilst key Revenue, EBITDA and NPAT metrics, when adjusted for one off items, each delivered in-line within the guidance range provided to the Market.

While capex came in slightly above guidance, this reflected the timing of additional investment in the new Sky Box and Sky Pod as we begin to accelerate the rollout of these exciting new products.

We finished the period with a strong balance sheet position of \$56m in cash on hand and no debt. And this was after returning the substantial sum of \$91 million to shareholders by way of a \$70 million capital return and \$21 million paid out in fully imputed dividends. Additionally, \$4.5 million of capital was deployed through the initial phase of the share buyback programme we commenced earlier this year.

Sky's positive performance has allowed the Board to invest in the company's growth, while also paying a meaningful cash return for shareholders. The final dividend of 9 cents per share brought the total of fully imputed dividends for FY23 to 15 cents per share, reflecting a payout rate of 89% of adjusted free cash flow – at the top of the 60% to 90% range introduced at last year's AGM.

Whilst acknowledging Sky's share price had suffered for some time in the lead up to the 2020 capital raise the direction of travel has reversed since then. Total shareholder return was 24% in the 12 months leading up to the day before the NBIO announcement] (the 'undisturbed' price) and 45% in the 2 years leading up to that date. This compares to returns for the NZX50 of 4% over 12 months and minus 13% over 2 years. These results see your company ranked as the 6<sup>th</sup> and 2<sup>nd</sup> best performer in the S&P/NZX50 respectively over these periods.

While it is positive to see the Market slowly recognising Sky's significantly improved results and outlook, your Board remains adamant that the current share price falls a long way short of the company's intrinsic worth, noting that the undisturbed price of \$2.47 reflected enterprise value multiples of 0.4x FY23 revenue and 2.5x FY23 EBITDA.

So why is this the case? There are a number of factors that may be standing in the way of a fairer assessment of the value of Sky, and I will address some of them now.

Firstly, let's look at the local and global landscape.

There is no question **economic conditions are challenging**, with inflationary pressure impacting many New Zealand households. However, our own cost base is well positioned to avoid the worst impacts of inflation given the largely fixed nature of the programming rights cost line.

As many customers absorb rising household costs, the increasing value of our offering, including securing fan-favourite content such as the Premier League, Formula 1, and 5 recent sporting World Cups is appreciated, and keeping customers engaged.

Combining this with the 'always on' everyday relationship we have with our customers has meant that, despite implementing necessary price increases, sports penetration levels increased on Sky Box, and Sky Sport Now and Neon customer numbers grew. Essentially, we have demonstrated a high degree of resilience as New Zealanders prioritise spending more time at home.

Many **media businesses** – particularly those heavily reliant on funding from advertising, **are visibly under pressure**. While the advertising market has contracted in New Zealand, Sky's historical underperformance, combined with our unmatched content and significant reach across multiple platforms, means there is real opportunity for us to grow revenues in this space.

From a **local competition** standpoint, we've seen a significant shift in the landscape over the past 12 months, with the exit of Spark Sport demonstrating the challenges facing new entrants to the New Zealand sports streaming market. It has also highlighted the real economic value of sports rights in a market that lacks true scale.

The local state-owned broadcaster, TVNZ, is also facing uncertainty given the failed merger with RNZ, changes in leadership, and a likely change in mission under a new Government. We have long been of the view that local players in our small market have more to gain from working in partnership with each other, particularly where we can deliver great local sport and entertainment to New Zealanders in ways that work for them, and we will continue to advocate for this approach.

On the **global stage** the rush to streaming has resulted in a sea of over 9 billion dollars US in red ink in 2022 amongst the leading studios.

As a result, we are seeing a rapidly emerging trend towards 're-bundling'. This trend plays to Sky's existing strength as the leading content aggregator in this market and our model of offering customers a full suite of packages and viewing options across Sky Box, the Sky Pod, Streaming, Free to air and through our Commercial customers.

We have also demonstrated the ability to moderate programming costs through the recent Warner Bros. Discovery renewal on more favourable commercial terms, providing the same quality of content - including exclusive access to HBO content. Once Warner Bros. Discovery's strategy for the Max app and associated content are clearer for this market, we look forward to discussing options for continuing our longstanding partnership. Should the exclusivity terms change, this would be reflected in the pricing. Regardless of the shape of our ongoing partnership, the app would be available via the new Sky Box and Pod.

The landscape has changed markedly since the last rugby renewal was negotiated in 2019. At the time we faced fierce competition from Spark Sport and were in a 'must win' battle to secure these rights. We also had a \$100 million bond repayment looming and with little room to manoeuvre. Since then, we are in a very different position - we've strengthened Sky's balance sheet and secured, or renewed, a number, of key sporting properties through multi-year deals including the NRL, Premier League, Formula 1 and World Rugby.

Our strategy is also much clearer - we value what our customers value. We now have a more disciplined data driven approach to determining a price that makes sense for the content we can be certain customers (and potential customers) will love. As we have seen with the recent Rugby World Cup viewership, New Zealand remains a nation that loves great rugby! We have strong relationships with New Zealand Rugby at all levels, including some positive recent engagement with the new leadership of NZR Commercial, and we look forward to robust but constructive negotiations about the future shape of this important partnership.

In summary, the overall impact of changes in the external environment combined with initiatives taken by Management over the past two years have seen our company's position materially strengthened.



Taking all this into account, our FY24 Guidance reflects the Board's confidence in the Sky team's ability to grow revenue and control costs.

This confidence extends to the increased capex investment that we are making to accelerate the roll out of the new Sky Box and Sky Pod products. As I said at the time of the results announcement, this will lead to a steeper but shorter period of elevated capex investment as we share the new Sky experience with more New Zealanders.

Against this backdrop, the Board has resolved that free cash flows for the purposes of determining the FY24 dividend will exclude the additional capex associated with the accelerated Box and Pod rollout and the satellite mitigation capex that we noted at the August results.

Our Guidance points to a FY24 dividend of at least 15 cents per share, demonstrating the Board's confidence in continuing to provide an attractive return for shareholders while also investing in the future development of your company.

I am pleased to be able to report that at the end of the first quarter of FY24 we have seen an increase in the number of customer relationships, supported by an exceptional sporting calendar that included several world cup events. This has led to an increase in sports penetration and driven a positive impact on revenue – including a meaningful increase in advertising revenue as the new team recruited over the past nine months begins to capture this opportunity. As expected, there have however been some challenges due to a slowdown in the release of new content caused by the industry strikes in the US which have started to impact Entertainment and Neon customers. And whilst a resolution now feels imminent, the effects of these strikes will take some time to work through.

In all, following a very positive start to FY24, the end of the first quarter sees us firmly on track to deliver on Guidance provided with the full year announcement.

Looking ahead, the Board has approved and published the 3-year targets (through to FY26) developed by Management. Sophie will expand on these in her address but suffice it for me to say that the Board sees a clear path to deliver these targets – including doubling the FY23 dividend by FY26.

In closing, I wish to acknowledge my Board colleagues for their service to your company.

At a structural level we formed a new Content Rights Committee given the strategic importance to the company and the impact on customers, partners and investors alike. The mandate of this committee is to provide guidance, challenge, strategic input and counsel to Management regarding specific content investment decisions.

In March we welcomed Belinda Rowe to your Board. Belinda has brought highly relevant skills, especially in advertising, and a fresh perspective that has further improved the quality of board

discussions. You will have an opportunity to hear from Belinda later in the meeting as she seeks your support to confirm her appointment to the Board.

To my Board colleagues, thank you for your commitment of time, your constructive challenge to management, and above all your focus on generating value for shareholders.

My thanks too, on behalf of the Board, to Sophie and her leadership team for their determination to deliver the best viewing experience to customers, to improve service levels and to lead the business through a period of significant operational change whilst creating an environment where the wider Sky team is encouraged and equipped to do their best work.

And finally – a thank you to you, our investors, for your continued support of Sky.

ENDS

**Sky Annual Meeting Address 2023**  
**Chief Executive's Address**

Thank you, Philip and tēnā tātou katoa.

It's my privilege to present to you today in my third year as your Chief Executive.

I'll begin with our key performance highlights for FY23 and the achievements of the last three years. I'll then walk you through our new strategic story on a page and I'll conclude with our FY24 priorities, and an overview of our new three-year targets.

But first I want to reflect on the incredible moments of excitement that we have shared with New Zealanders in recent months.

How amazing to be able to share the thrill of the Football Ferns' historic win in the opening match of the FIFA Women's World Cup, the Warriors' fairytale run to the NRL elimination-finals, and of course the epic final for the All Blacks, even though it didn't turn out the way we all wanted. In the last couple of weeks we've also had the Black Ferns performing in the new Women's XV competition and the Black Caps fighting it out in the ICC Cricket World Cup. What a run of incredible content we have been able to share with all of Aotearoa, New Zealand.

Over 2 and a half million New Zealanders tuned in to coverage of the Rugby World Cup on Sky and Sky Open, and there were over 7 million streams across Sky Go and Sky Sport Now.

The combination of our unrivalled content, multi-platform approach and 100% coverage across the country continues to set us apart, and I am extremely proud of the Sky team and the compelling market position we have continued to carve out, together.

Turning to our FY23 results, we were pleased to see progress against our strategy translate into solid financial and operational outcomes for shareholders, including growth in our customer relationship numbers which rose by 2.5% to over 1 million, and revenue growth of 2.4%. Importantly, on a like-for-like basis revenue rose by 4.5% - a strong signal of Sky's resilience in the current economic climate, and with increased average revenue per user across all product lines.

After adjusting for one-offs, the underlying EBITDA of \$156.4 million was 1.8% higher than the previous period. Similarly, adjusted profit after tax of \$56.7 million was 15.2% higher than in 2022.

This result demonstrates our ability to deliver to our customers and shareholders today, while investing in the initiatives that will drive future value.

The continued growth trend in customer relationships sees us connecting more New Zealanders with our great content in the ways that works best for them.

The Sky Box continues to be valued and loved in hundreds of thousands of kiwi homes. While Sky Box numbers were slightly down year-on-year, disconnections remained stable. Looking at Sky Box revenue, we finished the year just -0.8% lower than in 2022, with increased average revenue per user and lower forgone revenue as we sharpened our focus on quality and margins.

Turning to streaming, in FY23 Sky Sport Now delivered an impressive 37% increase in customer numbers, and we achieved 8% growth for our entertainment service, Neon.

These increased customer numbers, combined with recent price rises, have delivered a 50% increase in Sky Sport Now revenue and a 19% rise for Neon.

Sky Broadband also delivered a steady performance in FY23, growing to 26,000 customers nationwide, and offering additional value for our Sky Box subscribers.

A key achievement during FY23 was becoming the preferred broadband partner for eight Somerset retirement villages, with an impressive 76% of residents choosing our service. And in a pleasing acknowledgement of our focus on customer care, Sky Broadband won the Canstar people's choice Most Satisfied Customers award for its quality performance during the year.

Our Commercial business has returned to pre-COVID levels, with revenue growth of 13%, and Sky's advertising revenue is bucking the sector trends, with 9% growth on a like for like basis, in a market that contracted by 5%. Our highly motivated team is delivering green shoots that support our growth ambitions to secure a greater portion of advertising budgets, and has already achieved an exceptional Q1 performance supported by the Rugby World Cup opportunity. As Philip said, while the advertising market continues to be challenged, we believe we can command a greater share of revenue by offering advertisers new digital products and deeper integration opportunities.

The launch of our new Sky experience was a key milestone in FY23, with the introduction of our new Sky Box and the Sky Pod, both of which bring a new experience with greater content discovery for our customers. As a reminder, the Sky Pod provides access to Sky's full range of content, without the need for a dish.

After only three months of promotion, by the close of FY23 we had 35,000 new Sky Boxes and 13,000 Sky Pods in use in customer homes.

While there were early teething problems with the rollout for some customers, these have been addressed on a prioritised basis by the team. Because we can continually update and refine the software, we have been able to resolve initial issues – such as split recordings and navigation responsiveness, as well as re-introducing valued features like the ability to remote record.

At the same time, we've been working to support customers adapting to what we acknowledge is a new and different experience. Our attention now turns to delivering on our programme of continuous improvement which is already seeing much higher satisfaction levels for our customers.

For those of you in the room, I encourage you to take a look at our showcase stands, where our crew will be pleased to show you the excellent features of these new products.

We aim to accelerate the rollout of the new Sky experience in FY24 so that more customers – both existing and new – can take advantage of these new features.

Customer care has also been a key area of focus, and the 40% boost to capacity in our call centres is delivering early benefits in significantly improved response times. I am delighted that the days of average wait times of over 20 minutes are behind us. Over the last three months our speed to answer is averaging at one minute.

We are extremely pleased with the results so far. Attracting and retaining customer care staff in our market was incredibly challenging and having our in-house care team working with our partner Probe has allowed us to strengthen our response.

Changes to the way we access technology capability through our international partner TCS, is also having a positive impact. The relationship enables access to specialist capability and capacity in key areas of technology and content operations in a more efficient and cost-effective way. Again, the collaboration between TCS and our in-house team is coming together well to deliver improved experiences for our customers.

Alongside delivering great outcomes for customers and shareholders in FY23, we have remained committed to making a positive contribution to our country and community, as a company with deep roots and relationships throughout Aotearoa New Zealand. What does this look like?

- We've tangibly demonstrated our commitment to the Environment through an ambitious recycling programme for older Sky Boxes that are being retired from the fleet.
- At the same time, the new Sky Boxes and Pods that replace them are significantly more energy-efficient which is a win for our customers and for the environment.
- We have included additional disclosure in this year's annual report that shows the continued emphasis on our very strong approach to corporate governance.
- We've also been active in playing our part in the Corporate Social Responsibility space. It is a privilege to be in the lives and homes of many New Zealanders, every day, and we take our role as a responsible and trusted broadcaster very seriously.
- We're very proud to be championing diversity on screen through our 'See your Possible' initiatives. And also recognise the importance of the tangible support we provide to our charity partners in ways that make a difference for them.

As I reflect on the past three years, I'm proud of what's been achieved while also being upfront about where things haven't gone to plan.

We were late in delivering our new Sky Box experience which has had flow on impacts to our overall subscriber numbers, associated revenue lines and on our capex profile as we look to accelerate the roll-out in FY24 and FY25.

So, yes, not everything has gone to forecast, and we have had to adapt and learn along the way.

With that acknowledged, at this point of our journey, I am pleased to confirm that we are now in a very strong position.

- Customer relationships are over one million, at a year-end high.
- We have market leading positions in our high tenure/high value Sky Box base, our commercial business, and our Sports line-up; as well as in our ability to deliver to the entire country via satellite and IP.
- We have locked in unrivalled content that sees us well positioned as New Zealand's leading aggregator for customers and makes us even more compelling for partners, including those in the advertising space.
- We've built our multi-product suite, delivering the new Sky Box and Sky Pod, and added new features to our streaming products.

- We successfully launched Sky Broadband in 2021 and much more recently we have reinvigorated our Free to Air offering through the launch of Sky Open.
- At the same time, we have reshaped the business to align our organisational design with our strategic priorities and progressed key initiatives to make Sky a great place to work.
- Perhaps most importantly, Sky has returned to revenue growth. After many years of revenue decline, we've delivered two consecutive years of growth reflective of the portfolio effect of our multi-product business. This is a significant achievement and one we will continue to build on.
- At the same time, our focus on removing cost throughout the business has allowed us to reinvest in areas such as content and technology that drive future performance.
- And, as Philip mentioned, we end the financial year with a strong balance sheet with no debt and access to a \$150m facility while continuing to pay a healthy dividend.

With this backdrop in mind, I'd now like to share with you our refreshed strategic story 'on a page' starting with our purpose and ambition statements.

As many of you will be aware, a company's purpose describes its reason for being; its 'why,' and is thereby intended to be a higher order description about the unique contribution that an entity makes for the country and communities in which it operates.

In the case of Sky, when we reflected on our origin story and what this company has done since that inception, we recognise the privileged and unique contribution to Aotearoa of being able to:

**Share stories. To Share possibilities. To Share joy.**

No other entity in this country can deliver the plethora of live and on demand programming across the number of platforms that we do.

Every day we see the impact of doing this for New Zealanders, and the refreshed articulation of our purpose has been a wonderful motivator for our crew in recent months.

Now some of you might be thinking 'well that is all well and good, but how does that support the continued delivery of a profit and a return to shareholders?'.

Leaving to one side the benefits of a highly-motivated crew, it's a fair question and is where the ambition statement comes in. It is a statement about how we see our competitive advantage in the market and, intentionally, has more of an edge to it.

Like the distillation of our purpose into a simple set of words, I'm really happy with the **simplicity and depth of our ambition.**

Which is simply this: 'to be **Aotearoa NZ's most engaging and essential media company.**' Let me share a little more context:

- **We are of this place.** We are grounded in Aotearoa New Zealand. Our primary focus is our local market and it's important for us to reflect the full diversity of this country, including the bedrock of te Ao Māori, back to all of our community. Our Sky Originals programme is part of this expression, and we are proud of the special local content that our team and creative partners produce, for and about the stories of New Zealanders.

- **We deeply engage our customers.** They are fans of the game and of the story, and we fuel their fandom. We are not like a news site or just a social media feed – our customers come to be deeply engaged; enthralled – choosing to give us their full attention.
- Our platforms and our **content are essential** to our customers and to our partners. We are the privileged access point in the lives of many New Zealanders, with more to come, and our partners value the insights we can share about our customer base.
- We are a media company. Not just a satellite TV broadcaster. We are inside and outside of the paywall. We are with our customers every day.

That's our ambition statement. We've been on this journey for some time and I'm confident we're heading in the right direction.

**Being clear on how we're going to achieve our Ambition** is also vital and this is where the strategic pathways come in.

We have five such strategic pathways in place to achieve this ambition:

1. Making Sky a great place to work;
2. Giving our customers content they love;
3. Meeting customers where they are, with a range of products;
4. Giving customers the experience they expect; and
5. Providing innovative solutions for our partners and clients on the advertising front.

In the interests of time I won't go into more detail here and simply noting that we have already made significant progress against all of them.

More specifically, for the current financial year, we have three key priority areas of focus:

1. **Lifting employee engagement**
2. Accelerating the roll out of the **new Sky experience**
3. And 3, building out **new revenue streams**.

Looking further ahead, at our Results announcement in August we shared with you **our new three-year targets** through to FY26.

These targets, as signed off by our Board, demonstrate the confidence we have in the future of Sky as we continue to execute on our strategy, and realise the return on the investment we are making into the future of the business to deliver free cash flow and dividend growth.

We have a clear line of sight on revenue across our portfolio of products, and expect to build on the trend we've established in recent times to **deliver growth of 3-4% per annum through to FY26**.

We're focused on **achieving EBITDA margins of 21 -23%**. This will come through that revenue expansion, and our ability to moderate costs allowing that to fall to the bottom line. Putting this into perspective, on the current revenue targets every percentage point of margin increase would deliver between \$8.2m and \$8.5m to the bottom line by FY26.

We are well positioned to **reduce programming costs as a percentage of revenue**, given our strategic investments to date. By FY26 we are targeting for this to be within 47% to 49% of revenue. We value what our customers value and have deep insights into what really matters to them. We know we don't need to own everything, and we also know where it makes sense to pay an exclusivity premium.

**CAPEX is expected to return to between 7-9% of revenue** after we have invested the amount required to accelerate the rollout of the new Sky experience. Once we're through the new Sky Box phase this will again drop to the bottom line as free cash.

We are also aiming to **increase our employee and customer Net Promoter Scores** – both important factors in delivering on our purpose and growing a successful and sustainable business.

The combined effect sees us **doubling the FY23 dividend** of 15 cents per share by FY26.

To finish, I am enormously proud of the achievements we have made against our strategy to date and the results this has delivered for our customers and you, our shareholders.

To the Sky crew, including my executive leadership team - thank you as always for your dedication to delivery that has enabled this positive progress.

To Philip and the Board, thank you for your commitment, your guidance, your good governance and your unwavering support for me and the Sky team.

I would also like to thank you, our owners, for your ongoing support. We are excited about the opportunities in front of us and look forward to delivering on these to unlock further shareholder value.

ENDS



# 2023 Annual Meeting of Shareholders

8 November 2023

sky



# Board and Executives



Philip Bowman  
Independent Chair



Sophie Moloney  
Chief Executive



Keith Smith  
Independent Deputy Chair



Joan Withers  
Independent Director



Mike Darcey  
Independent Director



Mark Buckman  
Independent Director



Belinda Rowe  
Independent Director



James Marsh  
Interim CFO



Kirstin Jones  
Company Secretary

# Agenda

- ▶ Chairman's Address
- ▶ Chief Executive's Address
- ▶ Formal Business - resolutions
- ▶ General Business - shareholder questions





# Chairman's Address

# FY23 at a Glance

## CUSTOMER RELATIONSHIPS

1,015,125

FY22: 990,761

## REVENUE

\$754m

Adjusted<sup>1</sup> \$753m  
FY22: \$736m

## EBITDA

\$149m

Adjusted<sup>1</sup> \$156m  
FY22: Adjusted \$154m

## NET PROFIT AFTER TAX

\$51m

Adjusted<sup>1</sup> \$57m  
FY22 Adjusted: \$49m

## FULL YEAR DIVIDEND

15cps

89% of Adjusted  
Free Cash Flow

## RETURNED TO INVESTORS

\$91m

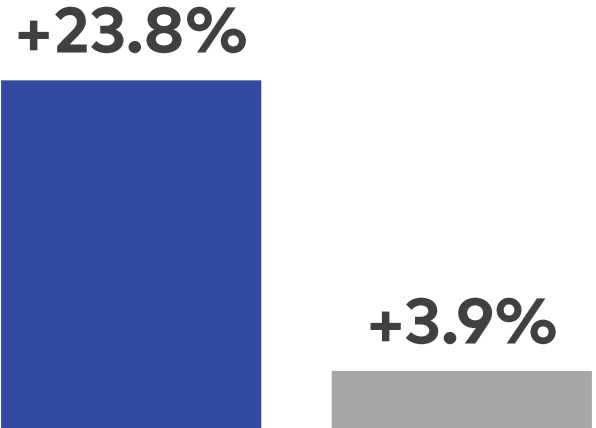
FY22 NIL

<sup>1</sup>. FY23 Revenue, EBITDA and NPAT adjusted for the impact of Organisational changes announced 29 March 2023 and the sale of RugbyPass completed 10 October 2022 as these items were excluded from FY23 guidance. FY22 EBITDA and NPAT adjustments relate to one off items as disclosed on page 73 of Sky's 2023 Annual Report, including the gain on sale of Mt Wellington properties in FY22.



# Total Shareholder Returns

Ranked 6<sup>th</sup>  
on TSR in NZX50



1 year  
to 12 Oct 2023

Ranked 2<sup>nd</sup>  
on TSR in NZX50



2 years  
to 12 Oct 2023

■ Sky  
■ NZX 50

# Recent trends net-positive for Sky

- ▶ Demonstrating resilience in a challenging economic climate
- ▶ Well positioned within the media sector
- ▶ Benefitting from reduced local competition
- ▶ Confident in multi-product, content aggregator strategy
- ▶ Significantly improved rights negotiating position

# FY24 Guidance unchanged

\$m	FY24 Guidance <sup>1</sup>
Revenue	765 - 795
EBITDA	150 – 165
NPAT	45 - 55
Capex <sup>2</sup>	75 - 90
Dividend <sup>3</sup>	at least 15.0 cps

**1.** Subject to no adverse change in operating conditions, including future economic headwinds. **2.** Capex guidance excludes one-off capital expenditure related to satellite mitigation. **3.** Adjusted free cash flow used for the purposes of dividend guidance in the context of Sky's 60-90% of free cash flow dividend policy excludes satellite mitigation capex and accelerated growth capex related to the rollout of the new Sky Box and Pod.



# Q1 Update: Firmly on track

- ▶ A positive start to FY24 sees Sky firmly on track to deliver FY24 guidance
- ▶ Total customer relationships increasing, driven by growth in sports streaming
- ▶ Strong sports line-up delivering increased sport penetration on Sky Box and meaningful increase in advertising revenue
- ▶ Impact of US industry strikes on acquisition driving titles causing some softness in Entertainment packages and Neon



# Chief Executive's Address



# Sharing moments of Joy

**2.5 million+**  
viewers<sup>1</sup>  
52.6% of NZers AP5+

**7 million+**  
streams<sup>2</sup>



**2 million+**  
viewers<sup>1</sup>  
43.1% of NZers AP5+

**14 million+**  
streams<sup>2</sup>  
(NRL season 2023)



**2.2 million+**  
viewers<sup>1</sup>  
46.1% of NZers AP5+

**4.4 million+**  
streams<sup>2</sup>



**935,000+**  
viewers<sup>1</sup>  
20.4% of NZers AP5+

**2.7 million+**  
streams<sup>2</sup>  
(so far!)



<sup>1</sup> Viewers across Sky Sport & Sky Open Source: Nielsen TAM, AP5+ reach

<sup>2</sup> Streams on Sky Go & Sky Sport Now Source: Sky Internal Data





# FY23 Performance

CUSTOMER RELATIONSHIPS

+2.5%

REVENUE

+2.4%

REVENUE

+4.5%

like-for-like basis<sup>1</sup>

EBITDA

+1.8%

Adjusted<sup>2</sup>  
Reported ▼ 12%

NET PROFIT AFTER TAX

+15.2%

Adjusted<sup>2</sup>  
Reported ▼ 18%

DIVIDEND

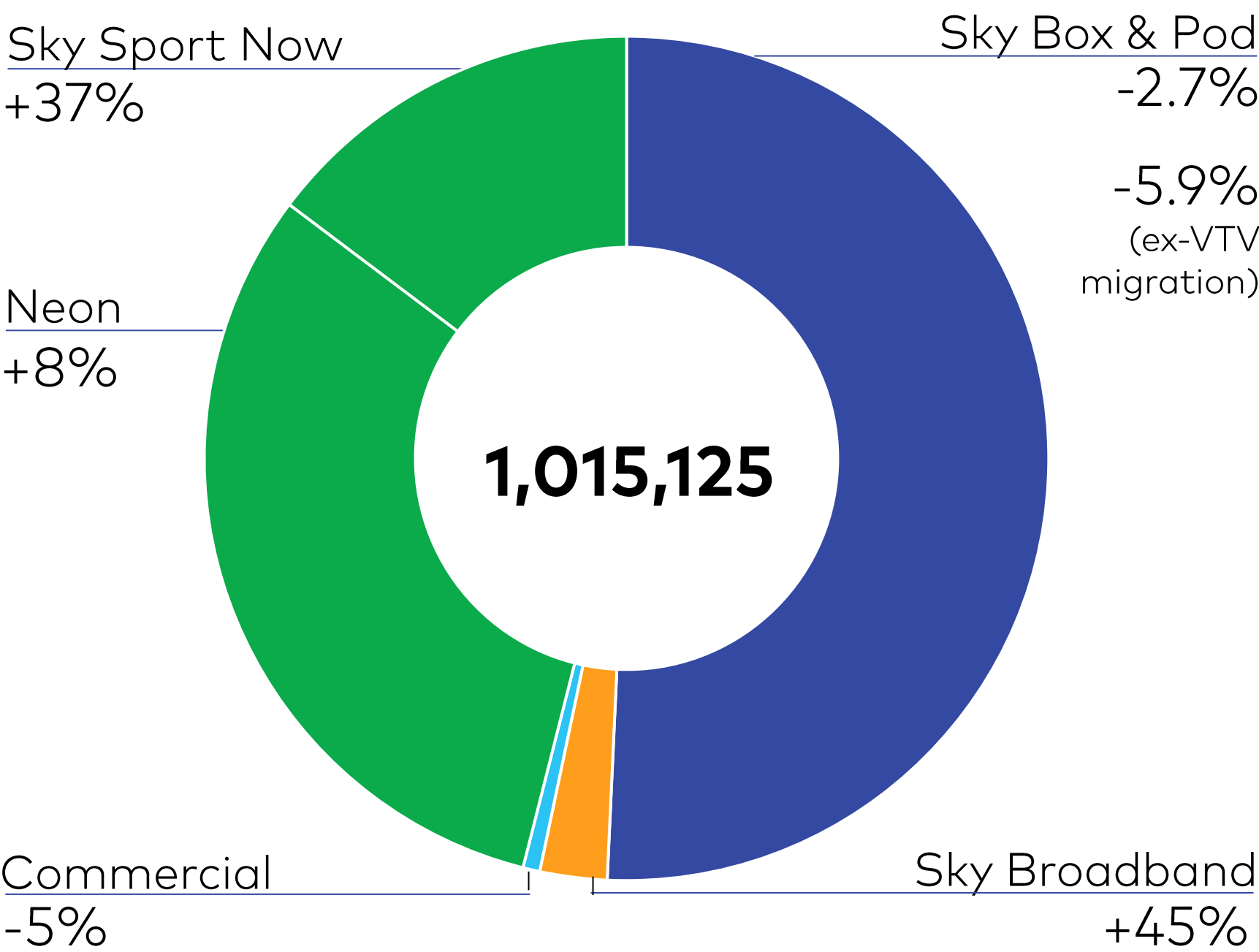
+105%

**1.** Removing the impact of Vodafone TV platform fees and RugbyPass revenue from FY23 and FY22 and one-off revenue from on-sold programming rights in FY22. **2.** FY23 EBITDA and NPAT adjusted for the impact of organisational changes announced 29 March 2023 and the sale of RugbyPass completed 10 October 2022 as these items were excluded from FY23 guidance. FY22 EBITDA and NPAT adjustments relate to one-off items as disclosed on page 73 of Sky's 2023 Annual Report, including the gain on sale of Mt Wellington properties in FY22.

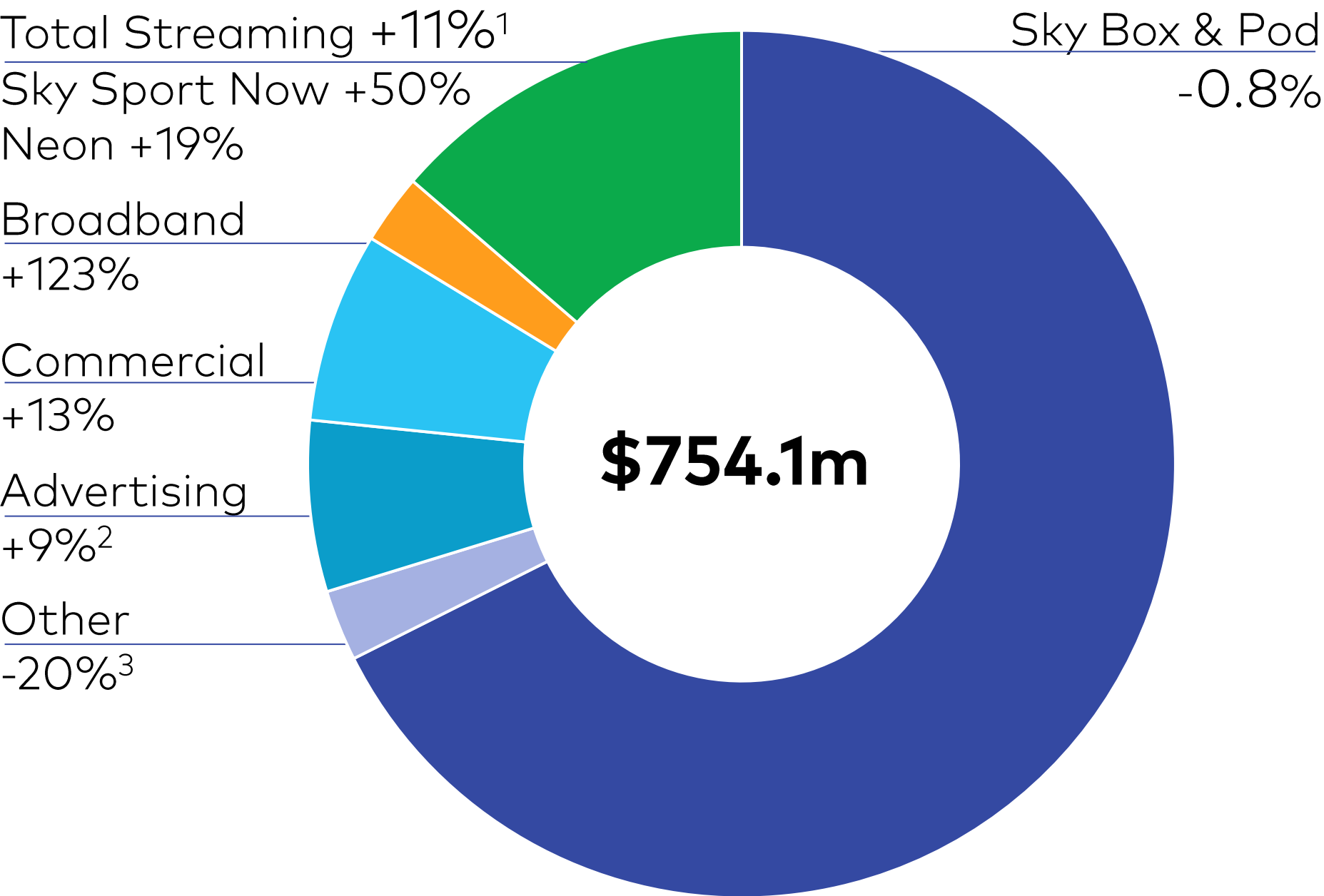


# Delivering customer & revenue growth

## CUSTOMER RELATIONSHIPS



## REVENUE



<sup>1</sup>. +16% on a like for like basis, excluding the impact of VTV fees. <sup>2</sup>. Excludes RugbyPass advertising revenue in both years due to the sale of this business in FY23. <sup>3</sup>. FY22 included one-off revenue from on-sold programming rights.



# New Sky Box and Sky Pod launched

**35,000**

new Sky Boxes

+

**13,000**

new Sky Pods

in use by FY23





# Customer care improvements

**40%**

increased capacity

**3 x faster**

response times





# Making a positive contribution

40,000

Sky Boxes recycled  
at end of use

108,900kg

of waste diverted  
from landfill



Certified FY23 emissions (tCO<sub>2</sub>e)

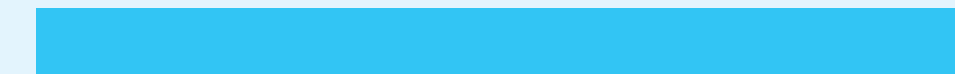
Scope 1: 136



Scope 2: 1,007



Scope 3: 10,338



TOITŪ



ISO 14064-1  
ORGANISATION

sky

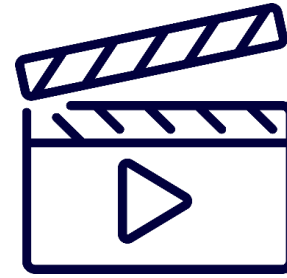


# Sky is in a strong position for growth



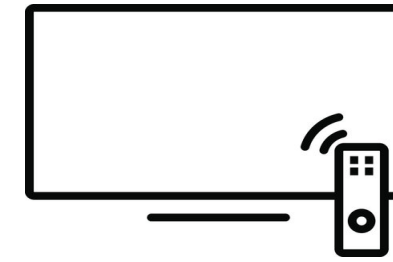
## Over 1 million customer relationships

High tenure/high ARPU Sky Box, #1 sports streaming, #1 local paid entertainment, leading in Commercial, emerging Broadband



## Unrivalled content

Key targeted content secured  
NZ's leading content aggregator for customers and partners



## Unmatched & enhanced products

Multi-product strategy across paid satellite, streaming, commercial and free-to-air  
Only provider with 100% reach



## Strengthened Leadership/Operations

Organisational design realigned with strategic priorities



## Revenue and ARPU growth

Second consecutive year of revenue growth  
ARPU growth in all core revenue lines



## Sharp focus on cost

Significant realignment of the cost base to re-invest for growth



## Strong Balance Sheet

\$56 million cash balance at 30 June 2023 and undrawn debt facility of \$150 million



## Capital Management Action

Returned to paying dividends  
\$70 million capital returned  
\$15 million buyback initiated

## OUR PURPOSE

---

Share stories. Share possibilities. Share joy.

*sky*

The background of the slide features a vibrant orange and yellow sunset sky over a series of misty, rolling mountain ranges. On the left side, there is a solid blue triangular shape that points towards the center. The Sky logo is positioned on the left, with the word 'sky' in white lowercase letters, where the 'S' is partially obscured by the blue triangle.

## OUR PURPOSE

---

Share stories. Share possibilities. Share joy.

## OUR AMBITION

---

**Aotearoa NZ's most engaging and essential  
media company.**





## STRATEGIC PATHWAYS

---

**Making Sky  
a great  
place to  
work**

**Giving  
customers  
content they  
love**

**Meeting  
customers  
where  
they are**

**Giving  
customers  
the experience  
they expect**

**Providing  
innovative  
solutions for our  
partners & clients**

## OUR ENDURING COMMITMENT

---

**A responsible and sustainably profitable, Aotearoa-focused business**

# FY24 Priorities

- 1. Lift employee engagement**
- 2. Roll out new Sky experience**
- 3. New revenue streams**

# 3-year Targets (to FY26)

Revenue growth  
**+3% - 4% p.a.**

EBITDA Margin  
**21% - 23%**

Programming  
**47% - 49%**  
of revenue

Capex returned to  
**7% - 9%** of revenue

Employee engagement  
**+14pts**

Customer NPS  
**+19pts**

**Double the FY23 dividend!**



# Unmatched content



sky



# Unmatched content



sky



# Formal Business



# Resolution 1

- ▶ That the Board be authorised to fix the auditor's remuneration for the ensuing year.

## Resolution 2



- ▶ That **Keith Smith**, who retires at the Annual Meeting and is eligible for re-election, be re-elected as a director of the Company.



## Resolution 3



- ▶ That **Mike Darcey**, who retires at the Annual Meeting and is eligible for re-election, be re-elected as a director of the Company.

# Resolution 4



- ▶ That **Belinda Rowe**, who was appointed by the Board on 1 March 2023 and retires at the Annual Meeting, be re-elected as a director of the Company.



# General Business





Thank you





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