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Sky finalises organisational changes

Sky has concluded a period of open and constructive consultation with employees on proposed organisational changes announced on 21 February 2023, and final decisions have now been made.

The changes involve partnering with international experts Tata Consulting Services (TCS) and Probe CX Group to enhance Sky's operations in Customer Care, Technology and Content Operations, alongside a number of leadership and organisational changes. Employee feedback has helped shape the final proposals, and organisational changes and partnerships that are now confirmed.

The changes will deliver:

- An immediate 40% boost in Customer Care to improve customer experience
- Access to specialist capability and scalable capacity in Technology
- \$6 million in annualised permanent operating cost savings to be delivered in FY24 and beyond
- Savings in future capex

The changes will be achieved with a one-off cost of approximately \$6 million.

Sky's Chief Executive Sophie Moloney commented: "The organisational changes we have announced today build on the positive operational and financial outcomes achieved in recent periods. The changes will enable Sky to simplify and enhance our operations, grow our Contact Centre team to better meet the needs of customers, and access relevant specialist expertise in key areas."

"Partnering with proven international providers gives us better access to the right technology, capacity and capability in a scalable and cost-effective way. Over the coming weeks, Sky's customers will benefit from an immediate 40% boost to staffing in our care teams, with 200 roles created in the Philippines dealing with more straightforward queries and 100 roles retained in New Zealand handling more complex customer needs."

Sophie added: "While we are pleased with the positive effect these changes will have on our business to enable consistent improved support for customers, we are very mindful of the impact on affected Sky team members. We are working closely with our crew to provide practical career transition support, including careers fairs with prospective employers that we expect to result in new employment opportunities for the majority of our impacted team members."

Permanent cost savings as a result of these changes primarily relate to lower people costs, with around 170 (Full Time Equivalent) roles disestablished, and with additional savings achieved through vendor rationalisation. The changes are expected to be completed by 30 June 2023, and deliver annualised cost savings of \$6 million from FY24 onwards.

In addition, the new partnership agreements will allow Sky progressively to reduce costs further through process efficiencies and automation. In FY24, the savings will support Sky's investment in future growth initiatives including advertising. The savings are in addition to \$35 million in permanent savings already targeted for FY23, and additional savings in future years including further targeted reductions in Sky's programming cost line.

One-off costs of \$6 million associated with implementing the changes predominantly relate to redundancy payments to impacted crew and transition costs, with these costs contained within the second half of the FY23 financial year. Given the one-off nature of these costs, they will be excluded from Free Cash Flow for the purpose of calculating the FY23 annual dividend.

Following the completion of the consultation process and today's announcement, Sky confirms the guidance ranges provided at the time of Sky's FY23 Interim Results on 23 February.

Ends

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