

Sky Investor Day

29 June 2021



Agenda

1. Our Strategy	Sophie Moloney	9:05am		
2. Our Customers	Maria Barlow-Cooper	9:15am		
3. Our Content & Partnerships	Jonny Errington	9:30am		
<hr/>			Q&A	9:45am
4. Connecting Customers and Content				
Streaming Customers	Ricki Taiaroa	10:00am		
Sky Box Customers	Corrie Labuschagne	10:10am		
Sky Broadband	Daniel Kelly	10:20am		
New Sky Fan Experience	Sophie Moloney	10:35am		
New Sky Box	Bridget McNeill	10:45am		
<hr/>			Q&A	10:55am
5. Our People	Michael Frampton	11:10am		
6. Financial Performance	Andrew Hirst	11:20am		
7. Summary	Sophie Moloney	11:30am		
<hr/>			Q&A	11:35am
Close		12:00pm		

▸ Our Strategy

Sophie Moloney

Chief Executive



Sophie is an accomplished New Zealand media leader who brings deep international experience to the Chief Executive role. She joined Sky UK in 2003 and has held senior commercial, legal and strategic roles at Sky New Zealand, Sky UK, Sky News Arabia, Abu Dhabi Media and OSN. Prior to being appointed Chief Executive, she was Sky's Chief Commercial Officer.



**Our
Strategy**

Our
Customers

Our
Content

Streaming
Customers

Sky Box
Customers

Sky
Broadband

Sky Fan
Experience

New Sky
Box

Our
People

Financial
Performance

Summary

▸ Our Strategy

- Significant satellite advantage enables New Zealand wide reach; accessing high ARPU customers
- Well established and growing streaming business
- A data driven and customer led focus
- Delivering the content that matters to customers
- Open to partnering where it makes sense
- Investing for growth and a more efficient Sky
- With a resolute focus on execution including recent examples:
 - Discovery and ESPN co-exclusive deals
 - Securing NRL and NZRL to the end of 2027
 - Neon merged platform and
 - Successful Sky Broadband launch

Sophie Moloney

Chief Executive



Our three-year targets include:

Stabilising Sky Box customers and returning to growth, including through the new Sky Box

Growing Neon and Sky Sport Now customers by 10% – 15% CAGR

Continuing to deliver the content that matters to customers

Growing revenue by \$75-\$100m+ p.a. by FY24

Achieving annualised non-programming opex saving of \$10-\$15m p.a. by FY24

Maintaining capex within a long term average of 7-9% of revenue

Investing 50-60% of capex in growth initiatives by FY24

Maintaining positive free cash flow throughout

Our strategy

Our customers

WHAT MATTERS MOST?



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 Nurturing and growing our Sky Box and Streaming customers
- 2 Being the preferred partner for key rightsholders, content creators and distributors
- 3 Growing revenues and reducing operating costs
- 4 Being a place where our crew are empowered to do their best work

HOW WE WILL DELIVER

-  Listening and responding to our customers to meet their needs
-  Securing the rights that matter, and creating local content that resonates with our customers
-  Evolving our Sky Box and Streaming technology to give customers the best experience, and use innovative technology to attract new fans

THE 'BEDROCK' OF OUR BUSINESS

- 1 Rapid and sustained execution, and enabling our people to succeed
- 2 Being an efficient, adaptive, and profitable business

▶ Presentation team



Our Strategy
Sophie Moloney



Our Customers
Maria Barlow-Cooper



Our Content & Partnerships
Jonny Errington



Streaming Customers
Ricki Taiaroa



Sky Box Customers
Corrie Labuschagne



Sky Broadband
Daniel Kelly



New Sky Box
Bridget McNeill



Our People
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Financial Performance
Andrew Hirst



Chair
Philip Bowman

Our strategy

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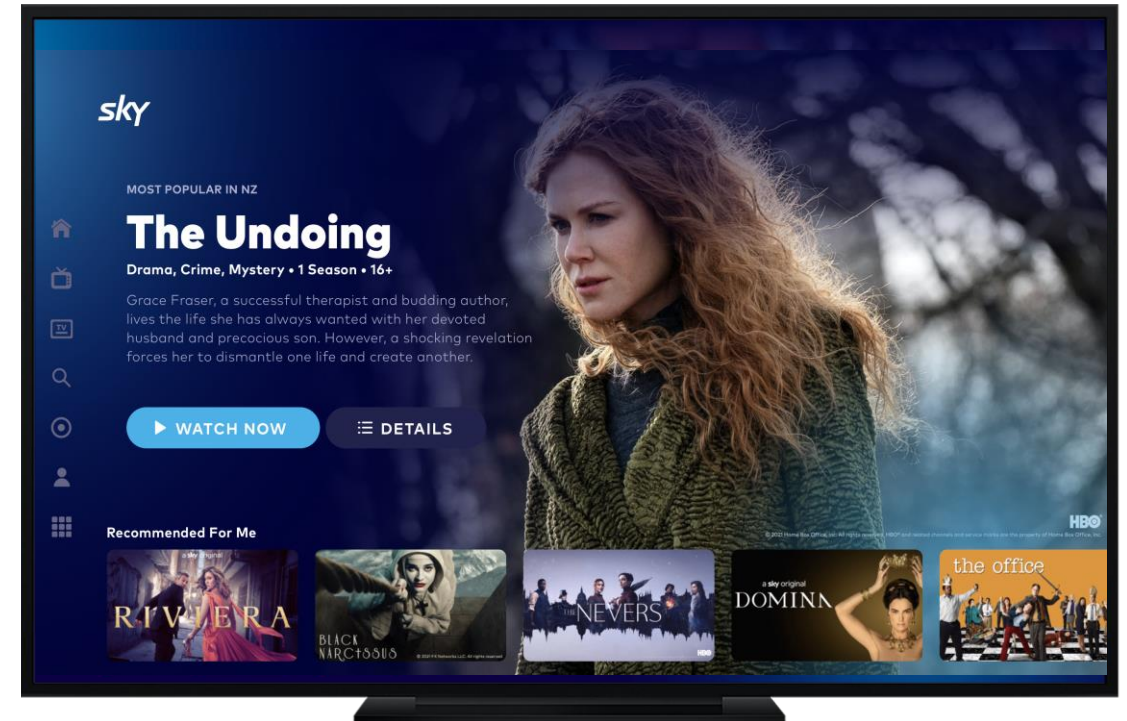
HOW WE WILL DELIVER

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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 continues to bring New Zealanders choice and ease of viewing with the ultimate aggregator play



▶ Our Customers

01.

What the data is telling us about existing and potential customers

02.

How our data and insights toolkit supports greater customer-centricity

03.

How insights are informing our customer life-stage opportunities

Maria Barlow-Cooper

Partnerships Content Strategy Lead



Maria has had a long relationship with Sky's customers having been with Sky since May 2003. Over this time, Maria has been in a variety of key content focussed roles including leading the launches of over a dozen of Sky's Entertainment channels. Previously she was a TV producer and worked in broadcasting aimed at youth.

Our Strategy

▶ **Our Customers**

Our Content

Streaming Customers

Sky Box Customers

Sky Broadband

Sky Fan Experience

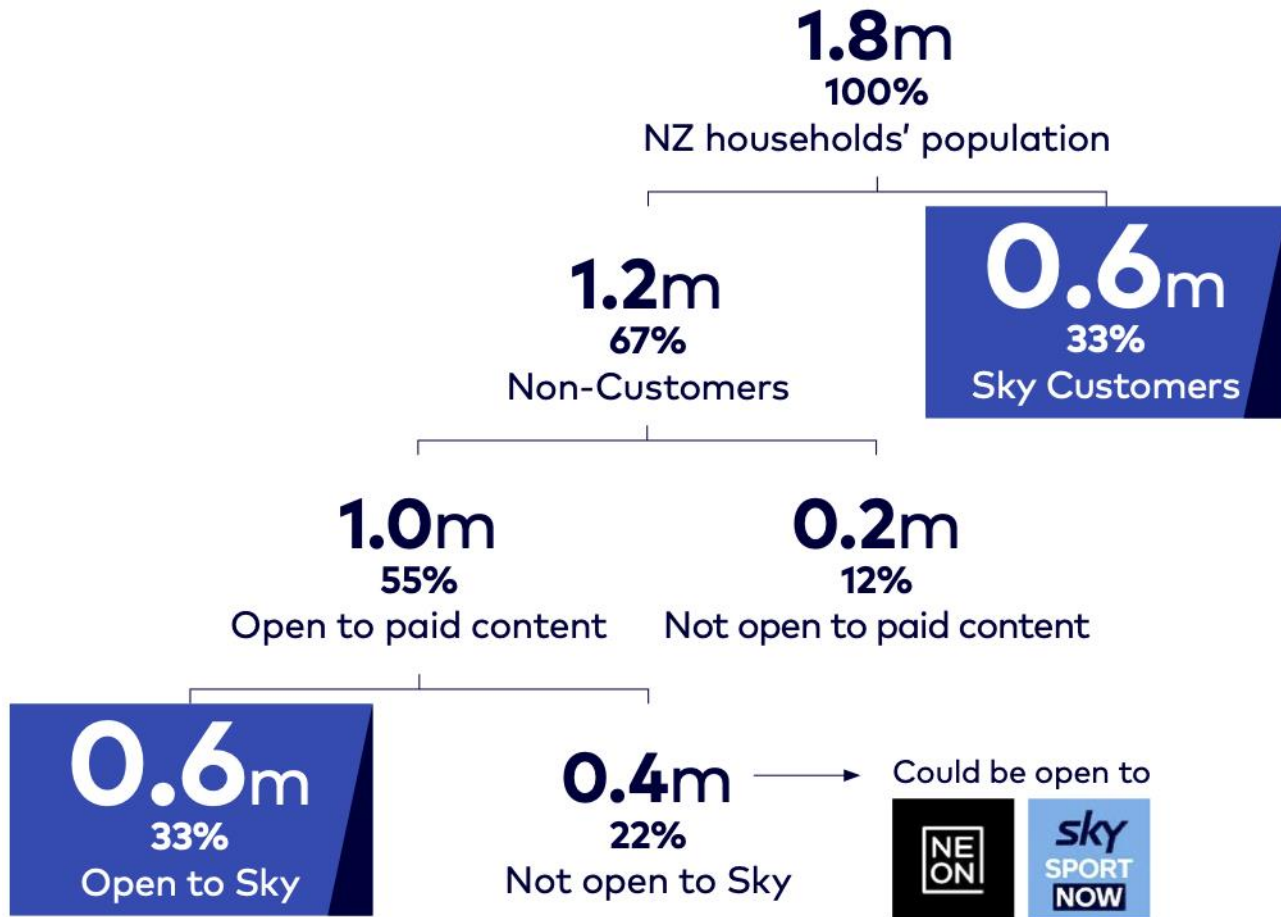
New Sky Box

Our People

Financial Performance

Summary

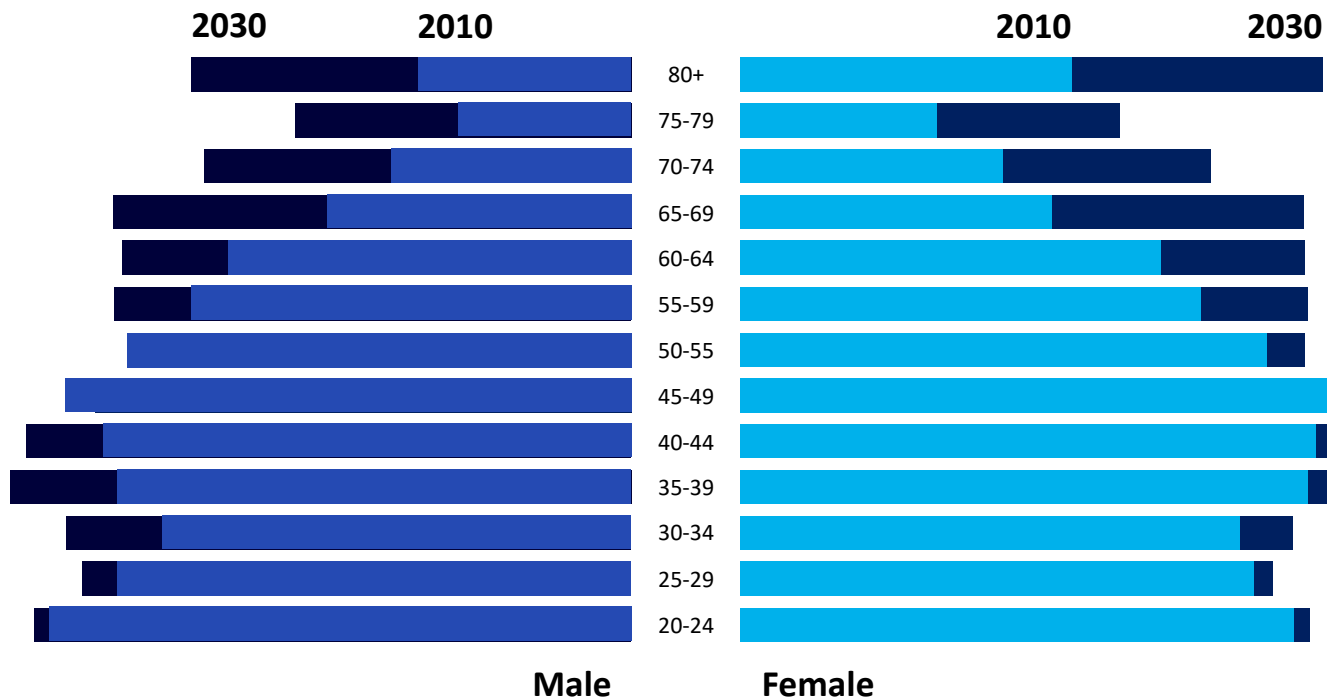
- ▶ 1/3rd of all NZ households are Sky Box customers and another 1/3rd are open to becoming customers¹



- We have a strong, stable customer base, and room to grow our market penetration
- The key to growing new audiences is getting the value equation right, aggregator partnerships and platform innovation

▶ The largest population growth to come is in the 65+ age groups

NZ Population by Age Groups¹



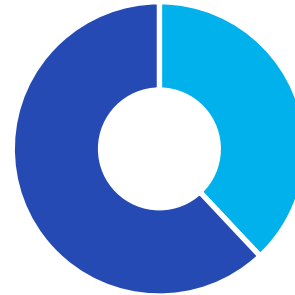
- A decade ago, older families and 'emptying' nesters had power in numbers
- Looking ahead we can see how important the over 65s will become – this group is core to Sky's current loyal base
- A segmented lifestage based approach to our product offerings will be critical to meeting the needs of an increasingly diverse population

- ▶ We must continue to serve existing customer strongholds while extending appeal to a wider audience

90%
are over 45

Sky Box Customers¹

62%
Male



38%
Female

- Our traditional customer base tends to be over-representative (vs NZ population); older, with a higher proportion of males, NZ European, from more provincial and rural locations and with higher income
- To broaden Sky's audience we need to attract a more diverse customer base, while maintaining our appeal to our traditional loyalists

59%
are under 45

Non Sky Box Customers¹

43%
Male



57%
Female

▶ Our Sky Nation panel connects us to valuable customer feedback



From Cape Reinga to Bluff



20%
In rural NZ



65%
Happy or delighted
with Sky

55%
Male

44%
Female

1%
Gender diverse



25,000
Sky Customers



15+
Business projects



65,000
Surveys received



10+NPS
Score increase

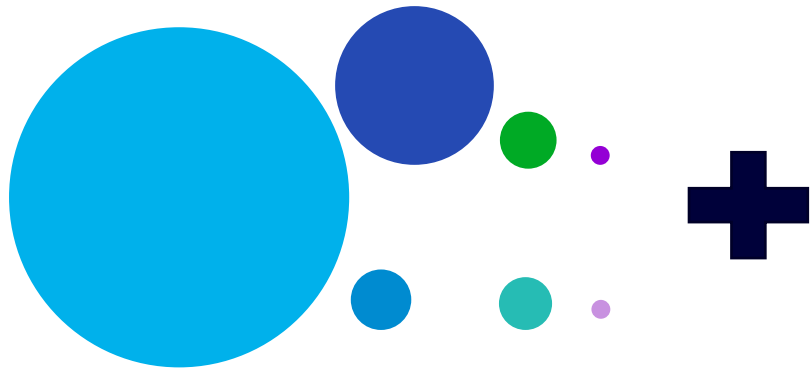
"Thanks for giving us the opportunity to have this voice"

"Thanks for listening to customers and trying to provide products that have been raised or requested"

"I am quite impressed that all these options are being discussed and I'm being asked for my opinion"

- ▶ We've transformed our wealth of data into rich insights with Dot Loves Data's help

Sky Data



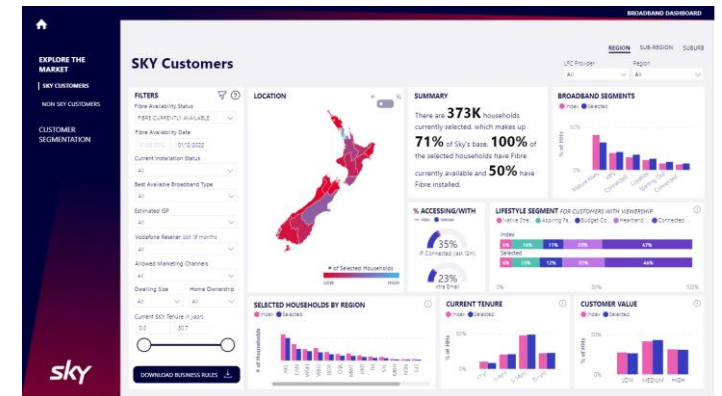
1.5b datapoints

Dot Loves Data

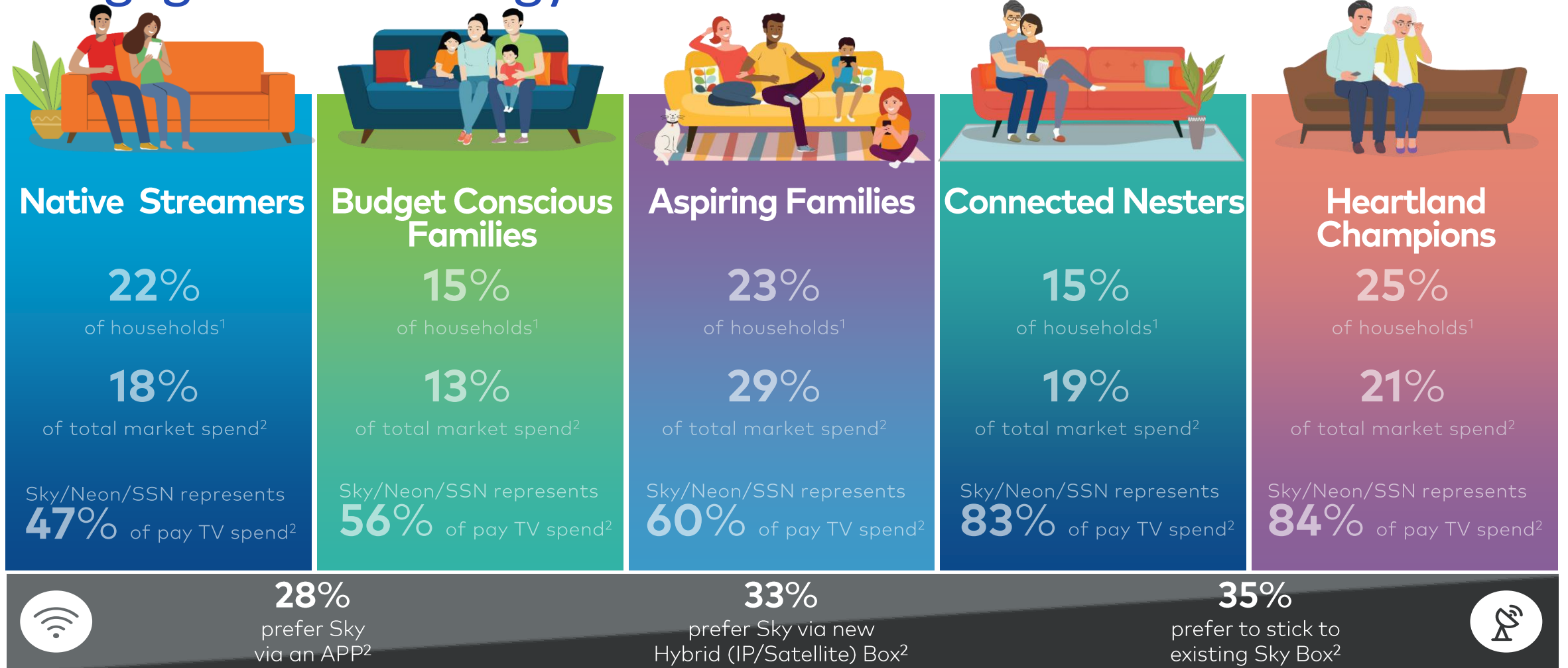


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Data insights at our fingertips



▶ Life-stages influence customer preference and our engagement strategy



► We understand how to acquire, grow, nurture and retain customers in each segment



Native Streamers

Seeking convenience and entertaining content that suits their transient lifestyle

Acquire through:
Sky Go, Neon and Sky Sport Now



Budget Conscious Families

Looking for affordable content that suits the whole family

Acquire through:
Price and package innovation



Aspiring Families

Looking for a one stop shop, simplicity and convenience

Grow through:
Becoming the ultimate aggregator



Connected Nesters

Interested in unique, curated content that's good value for money

Nurture through:
Innovation and recognition

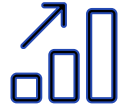


Heartland Champions

They love Sky and are committed, but with increasingly tight budgets

Retain through:
Service and recognition

▸ There is significant opportunity



Growth

A large proportion of NZ households are still open to Sky, representing a significant opportunity for future growth



Innovation

Evolving our offering to meet the needs and expectations of an increasingly diverse New Zealand will be key to realising our growth opportunity



Partnerships

Combining the strength of the bundle and partnerships with affinity brands will create an 'Ultimate Aggregator' position for Sky - the antidote to consumer frustration around an increasingly fragmented streaming landscape

▶ Our Content and Partnerships

01.

Decisions that deliver value for customers and Sky

02.

Changes in the content landscape

03.

Sky's positioning within the New Zealand market

Jonny Errington

Chief Commercial Officer



Jonny joined Sky in 2012 and has held a range of senior legal and commercial roles in that time, most recently as Head of Commercial and Head of Sports Partnerships. He has played a key role in negotiating content deals and leading Sky's commercial activities. Jonny brings over 20 years of media and legal experience to his role. Prior to joining Sky, Jonny worked at Spark, and at Warner Bros. and as a lawyer in both in-house and private practice roles in the UK and Europe.

Our Strategy

Our Customers

▶ **Our Content**

Streaming Customers

Sky Box Customers

Sky Broadband

Sky Fan Experience

New Sky Box

Our People

Financial Performance

Summary

► Our data driven approach lets us understand the value of content



▶ Using data tools to determine non-renewal impact – Sport X



Dashboard revealed characteristics including:

- Location of fans
- Sky usage metrics
- ARPU



Established the value of Sport X to households as a % of sport viewing



Quantified potential churn risk from engaged households - low



c.2,500 'Engaged' households

- Sport X comprised 20% of their Sky Sport viewing across the season

120 'Super Fan' households

- Watched over 5 hours per month during the season
- Sport X comprised 10% of their total viewing across the season

Transparent customer communications

- Proactive and personalised communications to over 300 households with the strongest engagement in Sport X, advising of the change
- Communications emphasised sport offerings we knew households also watch
- Clear pathway for further feedback or information

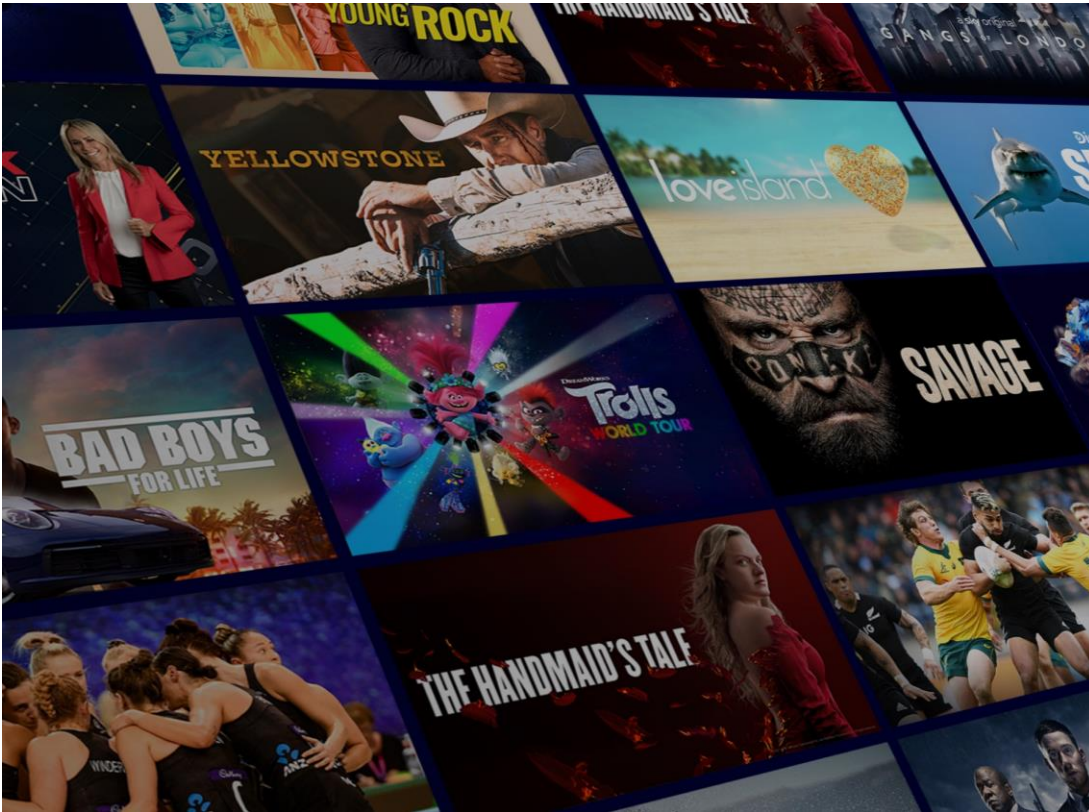
Reactive save offers in place

0.03% Sport X viewers' response volume



- 1 customer spin down
- No churn detected
- 0.5% of NPS customer surveys in period mentioned Sport X
 - No impact on NPS
 - No impact on Customer Satisfaction tracking

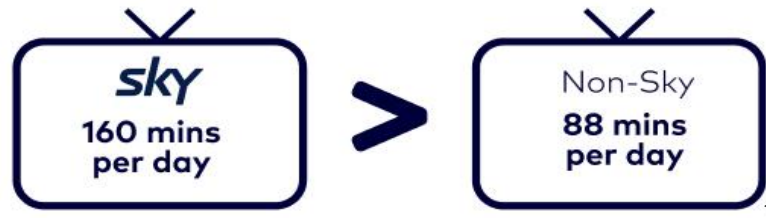
▶ The changing content landscape



- Consolidation - trend for global players reshaping the industry
- Covid impact and opportunity - content availability and right sizing the content that matters
- Direct to Consumer (DTC) - platforms have been in market for some time and continue to arrive
- Co-exclusivity opportunities - can reduce costs without compromising customer appeal
- The more they stay the same - what isn't changing is the size of our market, our geography and Sky's reliable delivery to all New Zealanders

▶ The power of the bundle sets us apart, providing a one stop shop for customers

Our customers watch more TV



Our customers love TV

Compared to non-Sky customers²



- **Power of the bundle** – Clear demonstration during lockdown with news and a broad entertainment slate keeping audiences engaged
- **Breadth of content** - Key exclusive content drives seasonal acquisition, and the breadth of content offering not available free-to-air is the main reason customers subscribe to Sky (44%)³
- **Content lovers** - Sky Box customers are not just linear consumers. They are just as likely to subscribe to streaming services²
- **Aggregation** - With dozens of direct to consumer options, fragmentation and app fatigue, Sky steps into the opportunity to be the aggregator

▶ Sky is a content business



- **Volume of content** – Continue to right size the level of content for Kiwis via over 530 global and local partners across sport and entertainment
- **World class sports production** - Remains in our DNA - over 500 hours of original local sports content created so far in 2021¹
- **Sky Originals** – Building on a successful local production strategy that appeals to core and new emerging demographics - funding available to support Sky Originals strategy²
- **Locally created channels** - Some of our most successful channels are created and curated by Sky³
- **Destination for sport and entertainment** –
- Value add to partners with rich content and customer insights enabling competitive and disciplined decision making

▶ Exciting, newly expanded partnership with NRL and NZRL



- Extended partnership with NRL and NZRL until 2027
- Focus from all parties on increasing engagement through:
 - Collaboration on developing exciting, long-term programmes to grow and develop Rugby League
 - Reaching wider audiences through a number of digital initiatives
 - Strengthening of the women's game and for our children and young people throughout Aotearoa

▶ The appeal of Sky's partnership with benefits model



- **Reach** – Sky's multi-platform and world leading PayTV penetration rates provide unequalled access for content providers to reach audiences and monetise content across a variety of revenue streams
- **Value add** - Our partnership approach with rights holders provides added value
 - Insights
 - Expertise
 - Innovation
 - Content
- **Dependable** - Reliable delivery across NZ, including commercial premises

▸ Our Content Targets

	3 Year Targets
Content availability	Continue to deliver the content that matters to customers
Content rights	Accessing co-exclusive rights opportunities
Programming costs	Return to within 45-50% of total revenue

▶ Streaming Customers

01.

Our streaming operating model

02.

Continued growth in entertainment and sports streaming

03.

How we are growing customer engagement and tenure

Ricki Taiaroa

Head of Entertainment Streaming



Ricki has been with Sky since September 2019 in a variety of digital leadership roles and led the integration of Lightbox in 2020. Previously he was a management consultant in the US before holding leadership roles at Telstra and Foxtel in Australia.

Our Strategy

Our Customers

Our Content

▶ **Streaming Customers**

Sky Box Customers

Sky Broadband

Sky Fan Experience

New Sky Box

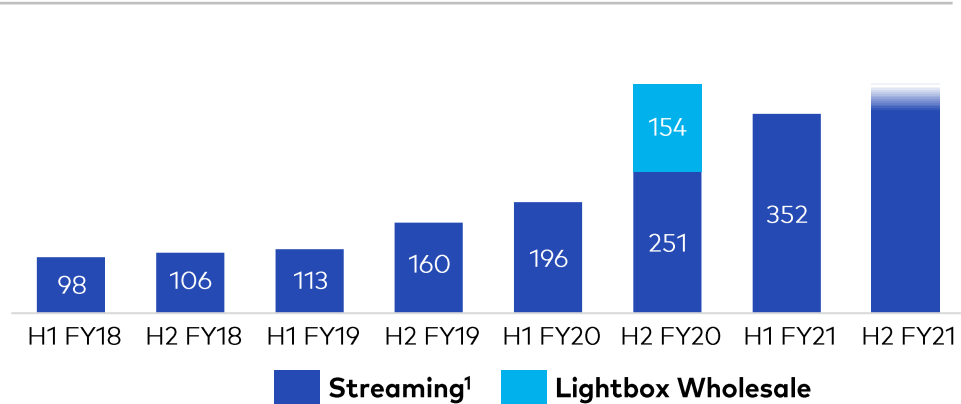
Our People

Financial Performance

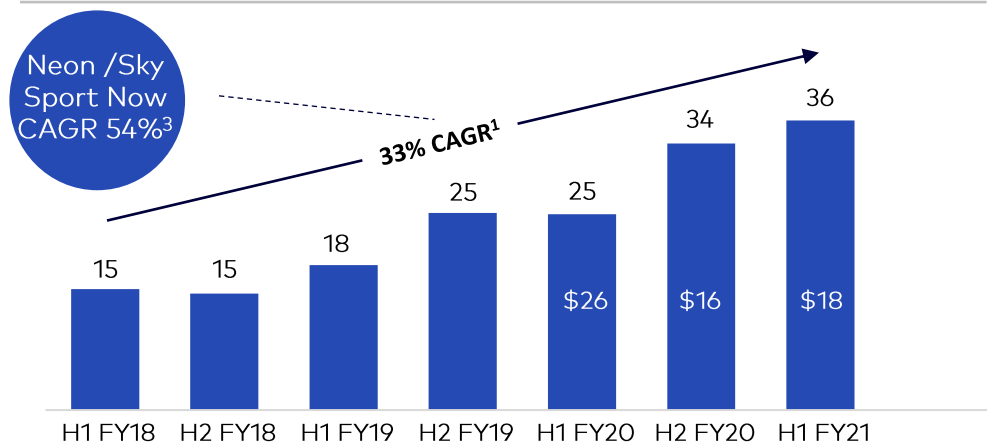
Summary

▶ Embracing the best of Sky delivered in a different way

STREAMING CUSTOMERS (000s)

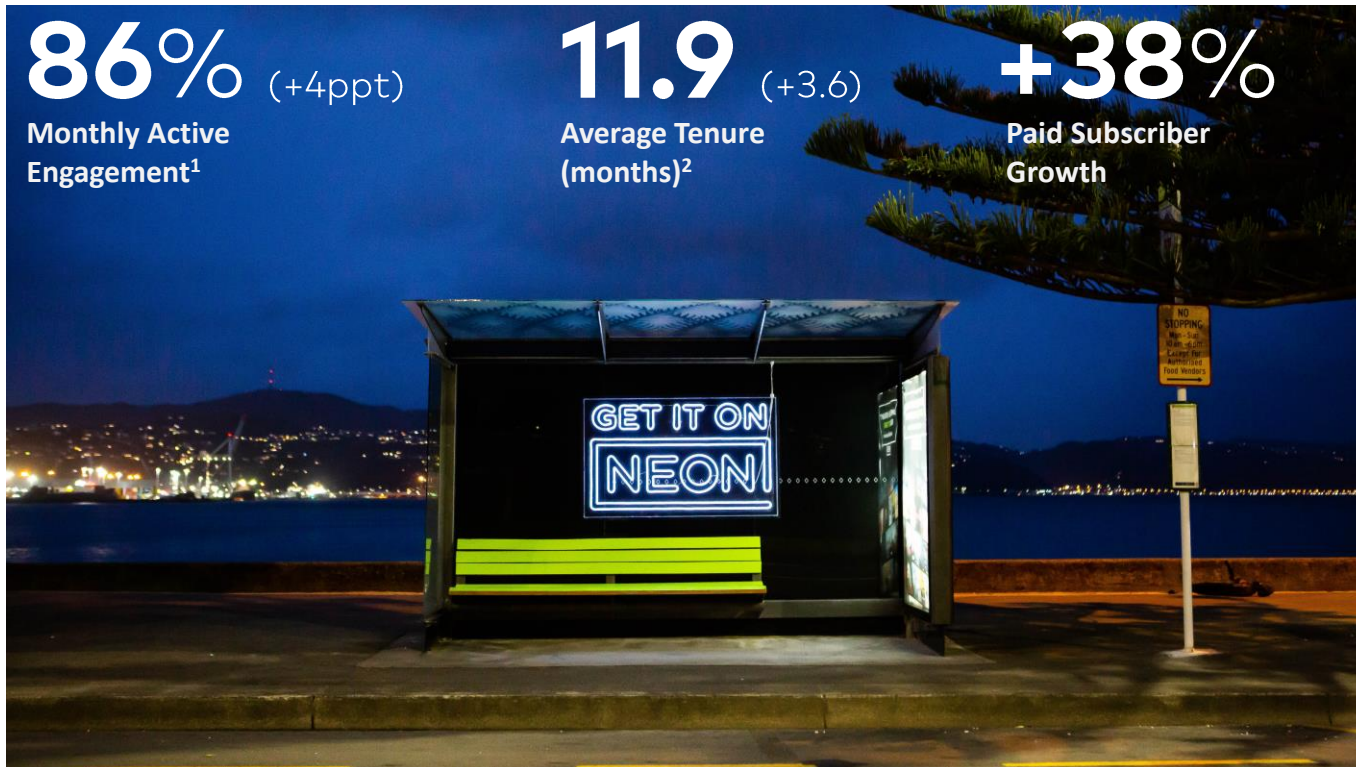


STREAMING REVENUE (\$m) & ARPU (\$)



- Consistent growth in streaming customer numbers and revenue, led through acquisition² and organic growth in Neon and Sky Sport Now reaching new audiences
 - Includes low numbers of RugbyPass customers and relatively stable Retransmission customers subscribed to Sky's package products
 - Compound Annual Growth Rate (CAGR) is 33% from H1 FY18 to H1 FY21; CAGR for Neon & Sky Sports Now only over the same period is 54%
- Neon and Sky Sport Now structured as nimble, semi-autonomous operations with a strong 'start-up' approach
- Significant developments completed within past two years
 - Aug 2019 relaunch of Sky Sport Now product with 12HD channels
 - Jul 2020 merge of Neon/Lightbox with increased functionality

▶ Neon has continued to strengthen its market position since launching the merged platform



- Engagement, tenure and subscriber metrics have all increased since we launched the new merged Neon service in July 2020³
- Free trial conversion has averaged over 70% in H2 despite the presence of dip-in, dip-out content such as Zack Snyder's Justice League
- Subscriber numbers have increased each week since we announced and implemented a 14.3% price rise from \$13.95 to \$15.99⁴

▶ Data-powered content discovery is growing audience engagement and retention



Identify high-potential viewers



Direct and social communications to targeted audience

Set viewing milestones



Send personalised, automated recommendations at milestones

Automated stimulation for less engaged customers

Define high-affinity shows



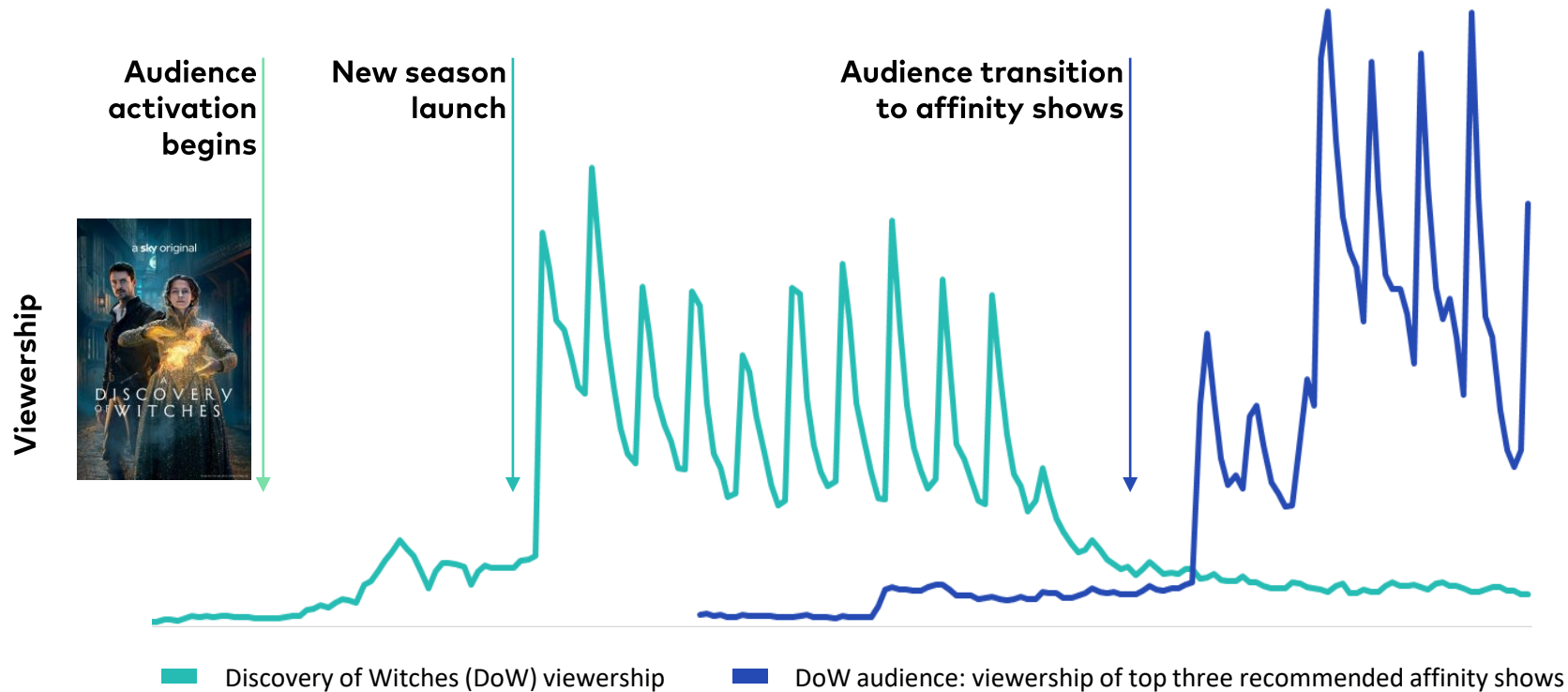
Adapt content schedule and promotions to address affinity clusters



Guide viewers to other shows

We've automated the identification, stimulation and retention of customers

▶ Growing engagement and retention for 'A Discovery of Witches' audience



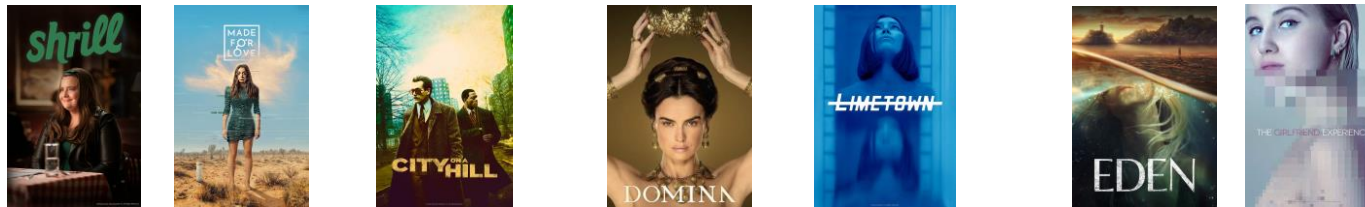
- Discovery of Witches viewers were transitioned towards high-affinity shows (Men In Kilts, The Nevers or The Handmaid's Tale)
- 67% of the Discovery of Witches base engaged with at least one of these three recommended shows

- ▶ Data-led scheduling maximises support for key content adaptive releases for our 'Drama Lovers'

Regular 'tent-pole' titles sequenced throughout the year

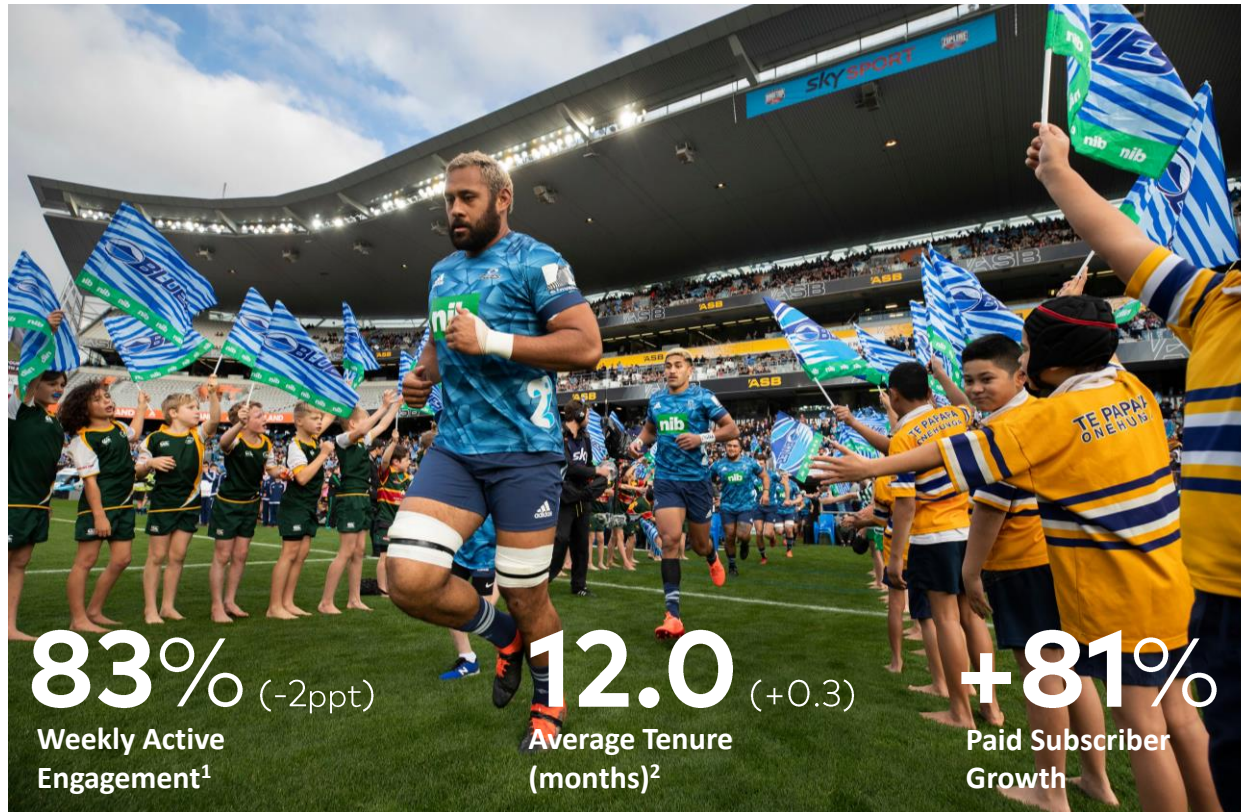


Smaller binge releases to maintain audience



Library titles automatically promoted on-platform and through direct comms

▶ Sky Sport Now delivering sustainable growth in new customer pools



- Engagement, tenure and subscribers have all grown relative to comparable period in 2020³
- Most significant viewing growth has been in on-demand content (+31%) and pay-per-view events (+73%)
- Engagement can fluctuate by time of year and availability of content. Sky's year-round content line-up across numerous sports encourages strong engagement and tenure

▶ Using data driven agility to grow customers and increase fan engagement

Rationale

Constantly scanning for tactical opportunities ...



- Customer data
- Sport data
- Sport schedules and results

... to quickly generate initiatives to attract new customers, increase engagement or trigger reactivation

Data Insights

Drawing from a range of sources



- Customer behaviour, viewing and purchase history
- Affinity sports
- Potential audiences and customers at risk or lapsed
- Sports calendar and marquee events
- Compelling state of a competition or match
- Winning streaks, unexpected results, 'hot' personalities

Examples



Outcomes

50% conversion of new customers via 'tactical' day passes to a subsequent pass



Europa League Final Day \$5 Pass
27 May 2021

- 9.7% of total viewing audience brought in on Day Pass
- 45% of Pass buyers were new to SSN
- 48% of Pass buyers purchased another Pass within 28 days.

▶ Streaming Customer Targets

	3 Year Targets
Maintain strong engagement ¹ for Neon / Sky Sports Now	80% / 75%
Increase customer tenure ¹ for Neon & Sky Sports Now	12 – 18 Months
Grow Neon and Sky Sport Now customers	10 – 15% average annual growth
Grow total Streaming revenue	15 – 25% average annual growth

▸ Sky Box Customers

01.

How we are stabilising the Sky Box customer base

02.

How Sky is unlocking value to drive retention and acquisitions

Corrie Labuschagne

Head of Sales and Operations



Corrie has been with Sky since 2019. Prior to joining Sky, he was Group Executive Head of Sales at the Multi Choice Group, Africa's leading Entertainment company. He also held various leadership roles at Samsung in South Africa from 2008 to 2016, including Head of Product and Commercial Lead for their mobile business.

Our Strategy

Our Customers

Our Content

Streaming Customers

▸ **Sky Box Customers**

Sky Broadband

Sky Fan Experience

New Sky Box

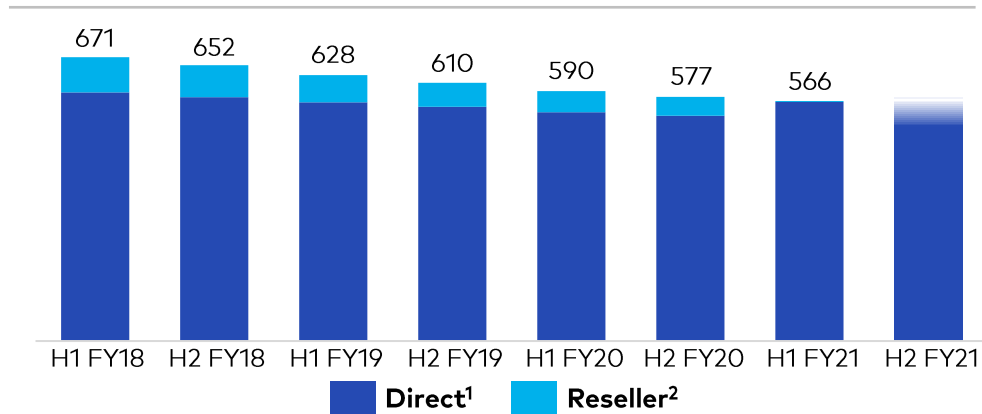
Our People

Financial Performance

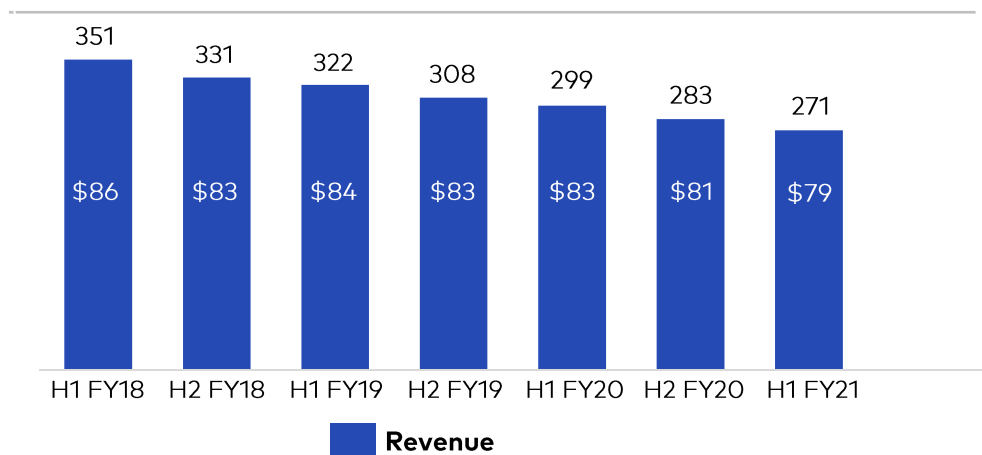
Summary

▶ The Sky Box customer base is stabilising

SKY BOX CUSTOMERS (000s)



SKY BOX REVENUE (\$m) & ARPU (\$)



- H1 FY21 indicated we are reaching a stable core with modest net positive increase in direct customer numbers, for H1, for the first time in 4 years³, although we expect some volatility to remain in the short term
- Annualised churn was 12.4%, with direct customer churn lower still, at 9.5%
- Revenue decline is relative to subscriber reduction
- ARPU decline is stabilising and slowing in the short term and was \$79 at H1 FY21 which included the impact of one-offs⁴

1. Direct customers are those with a direct relationship with Sky. 2. Reseller customers received their Sky Box subscription through Vodafone. Reseller customers were progressively migrated to a direct relationship with Sky between October 2020 and March 2021. 3. Increase excluded positive impact from Reseller migration. 4. One-offs include the migration discounts applied to Vodafone migrated customers.



▶ Recent initiatives are supporting continued stabilisation



Vodafone Reseller¹ migration (completed by May 2021)

- Following the migration of 33.8k customers to a direct relationship with Sky, churn of these subscribers improved by 55%+

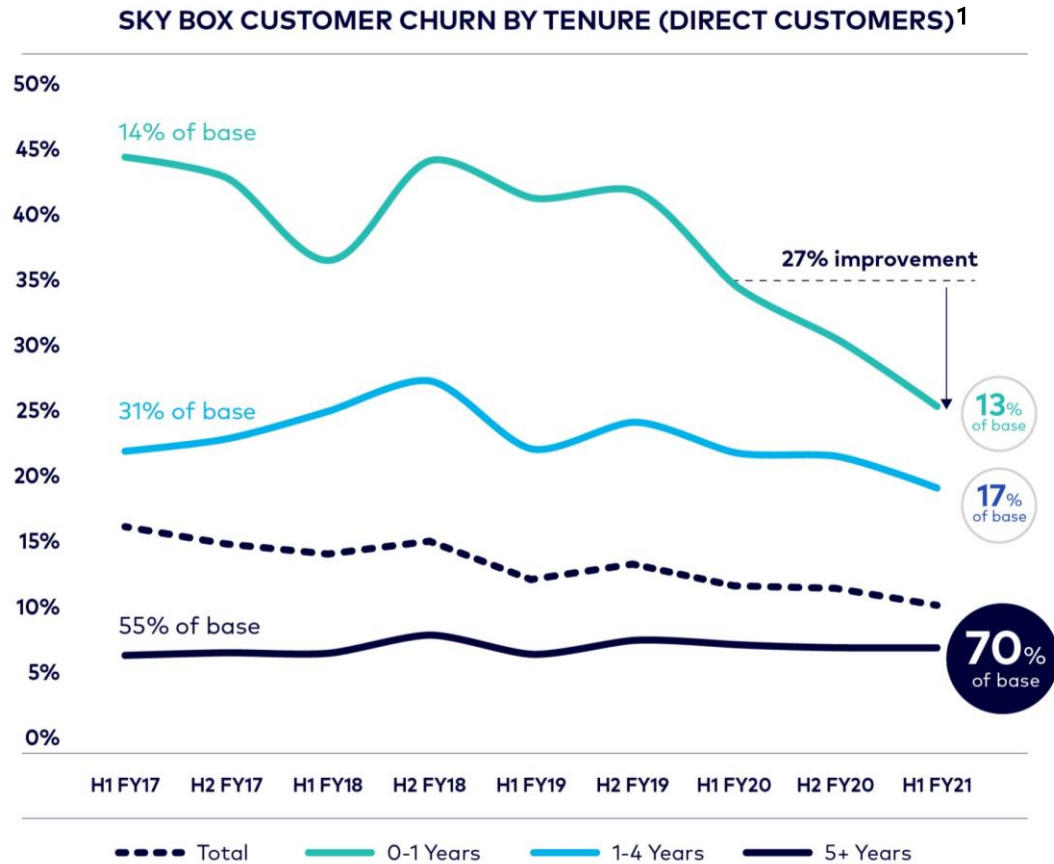
New Sky Go released (March 2021)

- Active monthly users increased by 27% since March with positive customer response to additional functionality and content
- Sky Go users have 8% lower churn in the first year of joining compared to non-users with new Sky Go positioned to improve this further

Sky Broadband (successfully launched)

- Positioned to add value for Sky Box customers and expected to further improve customer retention

► How Sky is improving retention through cost effective strategies



Customer value management initiatives use our improved data and insights capability and a test and learn approach to continue stabilisation

- Total churn improved from 12.8% at FY 2020 to 12.4% by H1 FY21
 - Once customers have been with us for over 2 years, churn rates fall dramatically (improving by 27% for 0-1 year tenure and by 15% for 1-2 year tenure)
 - Our core Sky Box customer base is loyal – 70% have been with Sky for over 5 years, with low churn rates of 6%
- Building the capabilities and foundations for improved retention
 - Salesforce CRM implementation enables personalised and timely communication
 - Loyalty program plan is underway with the expectation of further retention improvement
 - Focus on continuous improvement in Care Centre process, capability and technology

▶ Our approach to activating new customer acquisition



Our test and learn **acquisition initiatives** are delivering volume growth and positive cost improvement

- Data insights inform acquisition decision making and customer onboarding
- Returning customers, through targeted acquisition activities, make up >20% of total acquisition
- Deeper discounts removed from our largest volume sales channel (inbound call centre), with conversion rates maintained above 90%
- Web relaunch in October 2020 doubled digital sales channel contribution, reducing variable cost per acquisition
- Increased new customer ARPU by \$7 through driving attachment of 2 or more premiums to outbound telemarketing from March 2021

▸ Sky Box Customer Targets

	3 Year Targets
Sky Box customers stabilised and returned to growth	Achieve customer growth
Sky Box revenue stabilised	Revenue stabilisation achieved (exclusive of broadband)
Annualised Sky Box customer churn	<10%

▸ Sky Broadband

01.

Our approach to entering the broadband market

02.

Our broadband product and service proposition

03.

What success will look like

Daniel Kelly

Head of Broadband



Dan joined Sky as Head of Broadband in October 2020 to lead Sky's Broadband delivery and business. He has over 15 years of telco experience leading consumer and SMB teams to deliver innovation and optimise business performance.

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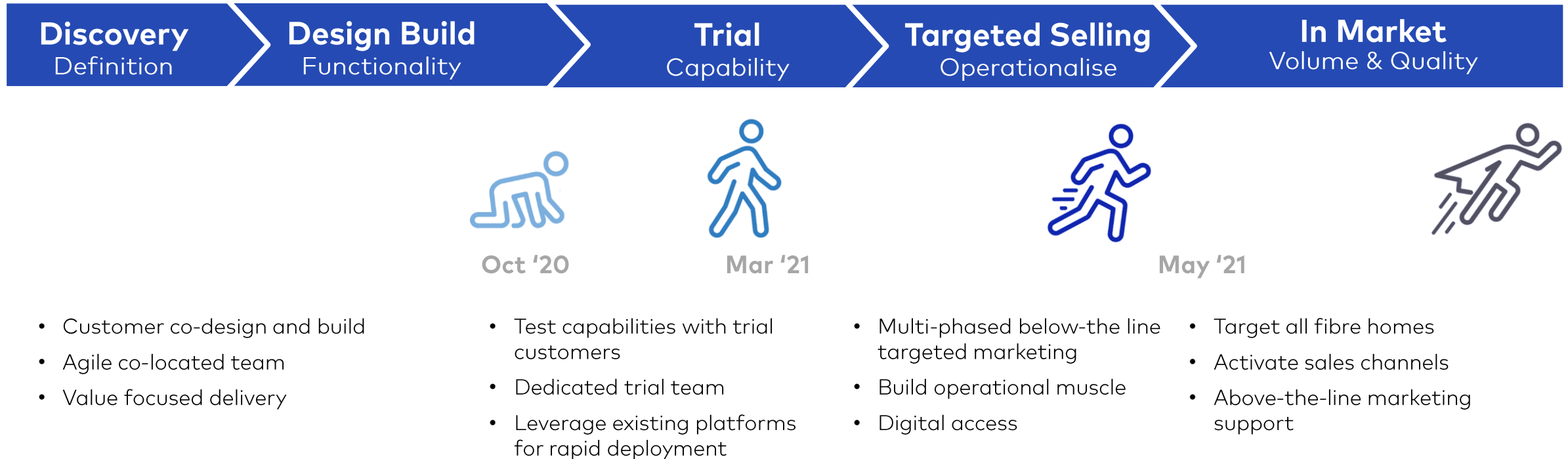
New Sky Box

Our People

Financial Performance

Summary

▶ We used a deliberate, phased approach to exceed customer expectation



▶ Using a partnerships model to deliver Sky Broadband provides a high quality experience with lower fixed cost

VOCUS C H ● R U S

ultrafast
FIBRE

enable
fibre broadband

Northpower

salesforce service cloud

salesforce marketing cloud

KAON

Disney+

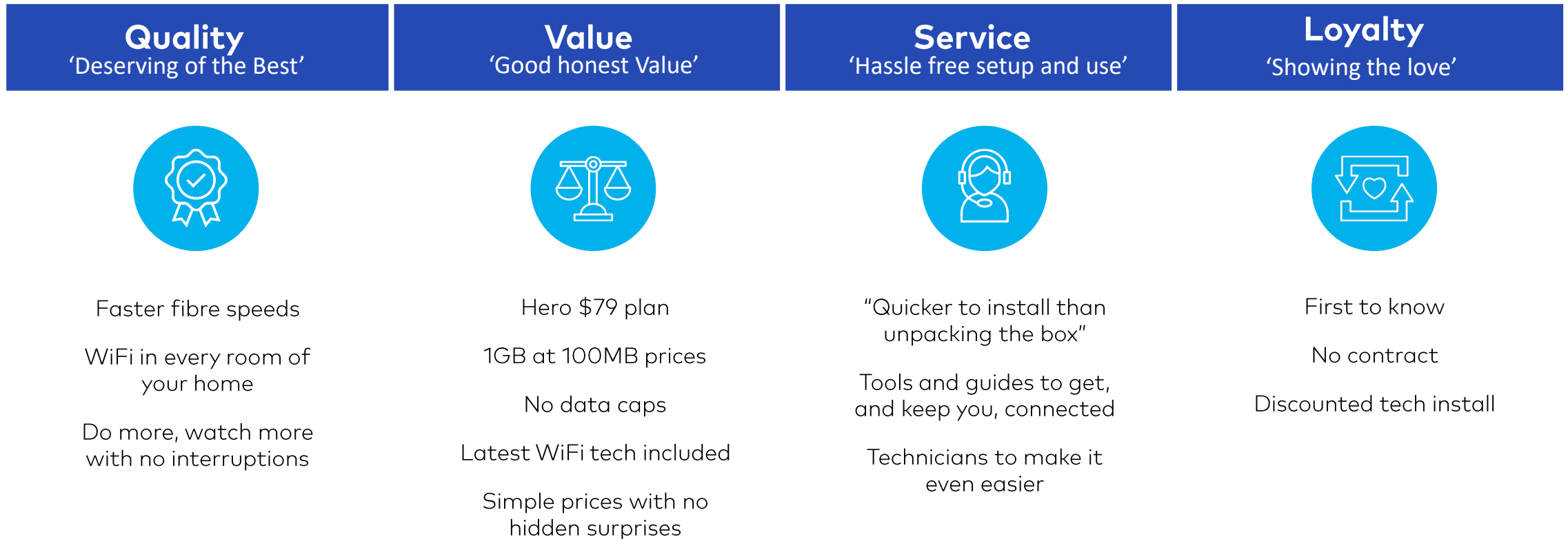
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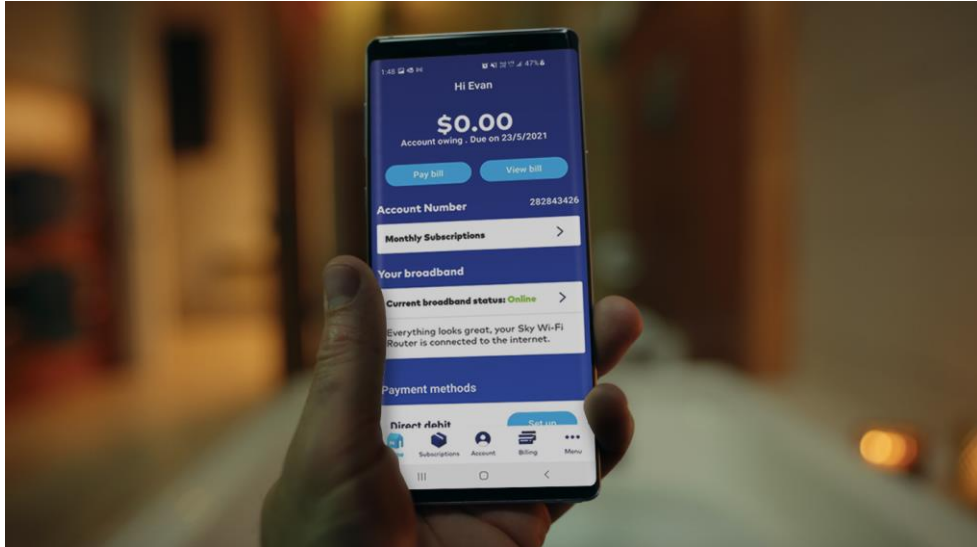
VIEWAR™

- Vocus strategic partnership injects telco expertise
- Fibre partnerships delivers on customer proposition, desired experience and support to grow
- Broadband creating foundation for even better service experience
- WiFi partners help to deliver best in market experience with optimised setup and fast fix
- Bringing WiFi to life with innovative world first
- Strengthening entertainment proposition through unique and exclusive content partnership with global leader

▶ We built our value proposition using a 'non-telco' approach



▶ Innovative service is delivered through a hybrid model



Self-Service

New Sky App putting powerful service and support tools in customer pockets



Kiwi Team

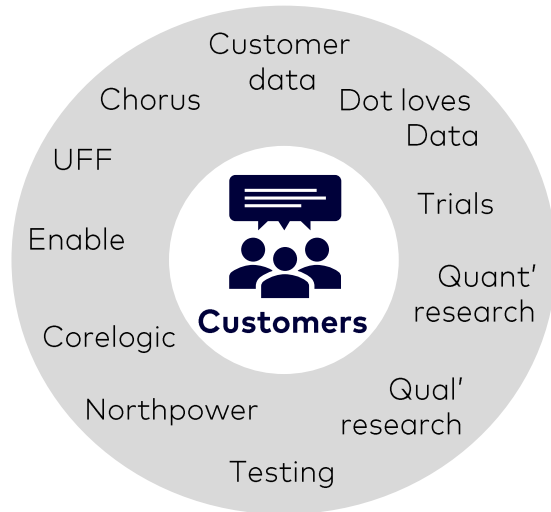
Local Sky crew and partners ready to help when customers need us most

▶ Data and insight driven marketing strategy with responsive reporting

Know our customers intimately

Market where prospective customers are

Monitor, track and respond



Deep customer insight from multiple data sources

- Identify customer opportunity
- Linked to Local Fibre Company opportunity

Awareness Building



Consideration



Conversion



Near real-time reporting and data insights

- Supported by new data platforms
- Accessible timely data insights
- Commercial decision making

▶ How we are doing - early response¹

Broadband 900/400 speeds

<p>HERO Ideal for most kiwi homes</p> <p>\$79 mth Non Sky Box price \$109</p> 	<p>For bigger homes where Wi-Fi needs to go further</p> <p>\$89 mth Non Sky Box price \$119</p> 
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100MB speed options available

\$69 mth	\$79 mth
-----------------	-----------------



93%
900/400 speed plans

20%
Sales online

\$82.58 inc GST
ARPU (Broadband and voice)

17%
Attachment of voice services

17%
Attachment of WiFi booster/s

▸ Sky Broadband Targets

	3 Year Target
Attachment rate to Sky Box customer base	8–13%
Market share	3–5%

▶ New Sky Fan Experience

Sophie Moloney

Chief Executive



Our
Strategy

Our
Customers

Our
Content

Streaming
Customers

Sky Box
Customers

Sky
Broadband

▶ 
**Sky Fan
Experience**

New Sky
Box

Our
People

Financial
Performance

Summary

What if you could see your WiFi?

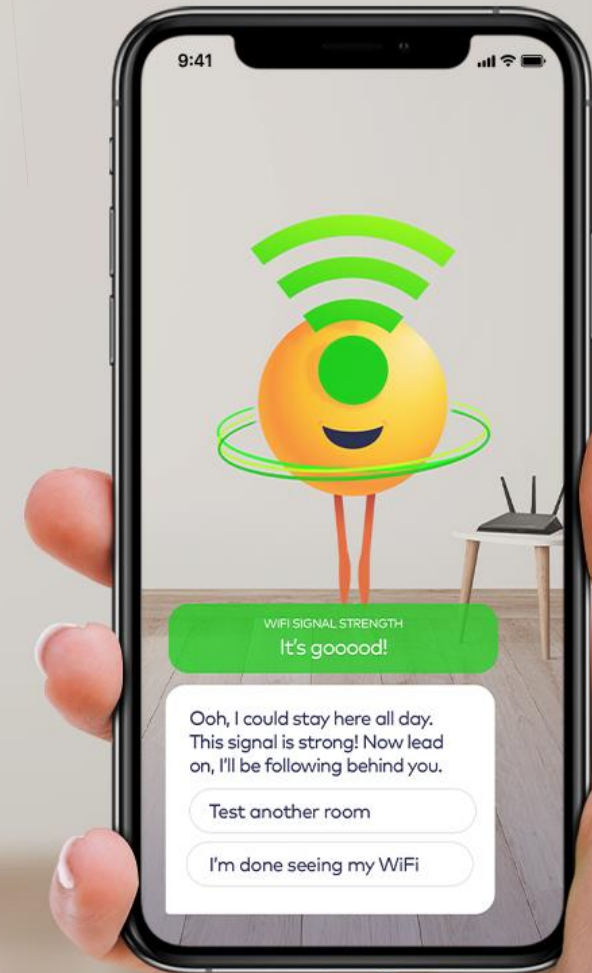
- When we were considering the question of customer value in a digital context, we started out thinking about the broadband experience
- One of the frustrations we identified were those pockets of the home that have coverage gaps, but you can't really figure out why
- This led to someone asking, "what if you could see WiFi"?
- It turned out to be a great question – with an exciting answer



Introducing WiFi Guy



WiFi Guy is the virtual assistant in Augmented Reality that is helping our Broadband customers troubleshoot and understand the service in more depth



Where else could this technology lead us?

- As we developed WiFi Guy, it became clear very quickly that we are only just scratching the surface of what's possible for supercharging customer experiences with Artificial Intelligence, Augmented Reality and innovative digital technology solutions
- We also see a strong opportunity to add more value to our sports partnerships



A new Sky fan experience emerges



We also see exciting opportunities in:

- Connecting with a wholly digital fan-base
- Adding more value to our sports partnerships, with collaborative solutions to fan engagement
- Generating new revenue streams, with inclusive revenue-sharing arrangements in respect of digital collectibles noting the recent success of NBA Topshots
- New ways to engage with content and players and fans at live events
- Sky has secured exclusive partnerships with technology providers MyWave.AI and Veve



Our next steps to revolutionise the Sky fan experience

- Collaborating with all partners to refine specific opportunities
- Developing robust, commercially viable models
- Moving quickly to capture the opportunity
- Leveraging partnerships to deliver at a faster pace

“This is an incredibly exciting opportunity that will allow fans to be connected to our game and our club like never before. Growing fan experience and supporting deeper engagement at home and at the park is a massive opportunity and Sky have really captured the potential of the digital realm with this initiative.”

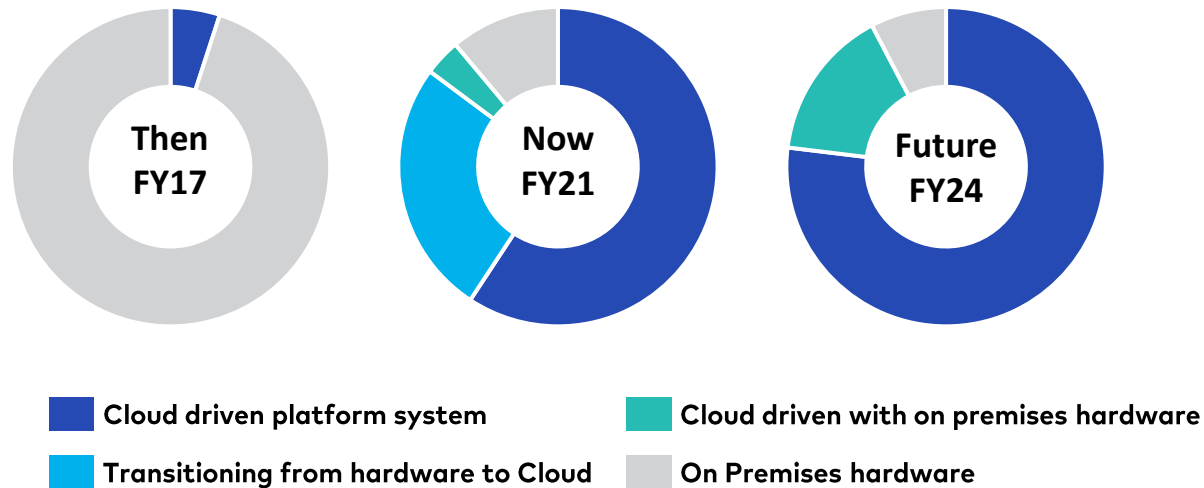
Rob Croot, Vodafone Warriors Chairman



Concept Digital Collectibles

▶ Technology transformation and additional capability is delivering a more nimble Sky

TECHNOLOGY TRANSFORMATION



- 86% of systems have moved to the cloud or are in transition, and investment is focused on software and cloud
- Streamlining operations is lowering operating costs, reducing risk and enabling a more nimble Sky
- A centralised data lake across platforms is allowing greater insight into customer preferences
- Reinvestment in new capability is creating opportunities (e.g. Salesforce)
- Transformation is enabling increased delivery capability and momentum (launch of merged Neon platform, enhanced SkyGo, and launch of Sky Broadband)

▶ New Sky Box

01.

Our customer-led approach to designing Sky's new box

02.

The product proposition and experience

03.

How we will deliver on success

Bridget McNeill

Head of Product



Bridget has been with Sky since 2017 and has held various leadership roles in our technology and product teams prior to being appointed to her current role in March 2021. Bridget has spent most of her career in the pay-tv industry in the UK and Europe, including 6 years in the Netherlands working for Liberty Global as Director of TV Design & Production, and Director of TV Product.

Our Strategy

Our Customers

Our Content

Streaming Customers

Sky Box Customers

Sky Broadband

Fan Experience

New Sky Box

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Summary

▶ Over 6000 conversations with New Zealanders informed our design



- Engaged over 6000 New Zealanders to pinpoint what Sky must do to remain, or become, the primary entertainment solution in their household
- Customers told us they don't just want to talk about a box, they want to talk about a better Sky experience
- Validated the things Sky does well, that customers love, that we need to continue to deliver on
- Explored what Sky needs to do better, to keep existing customer loyalty, and attract new customers

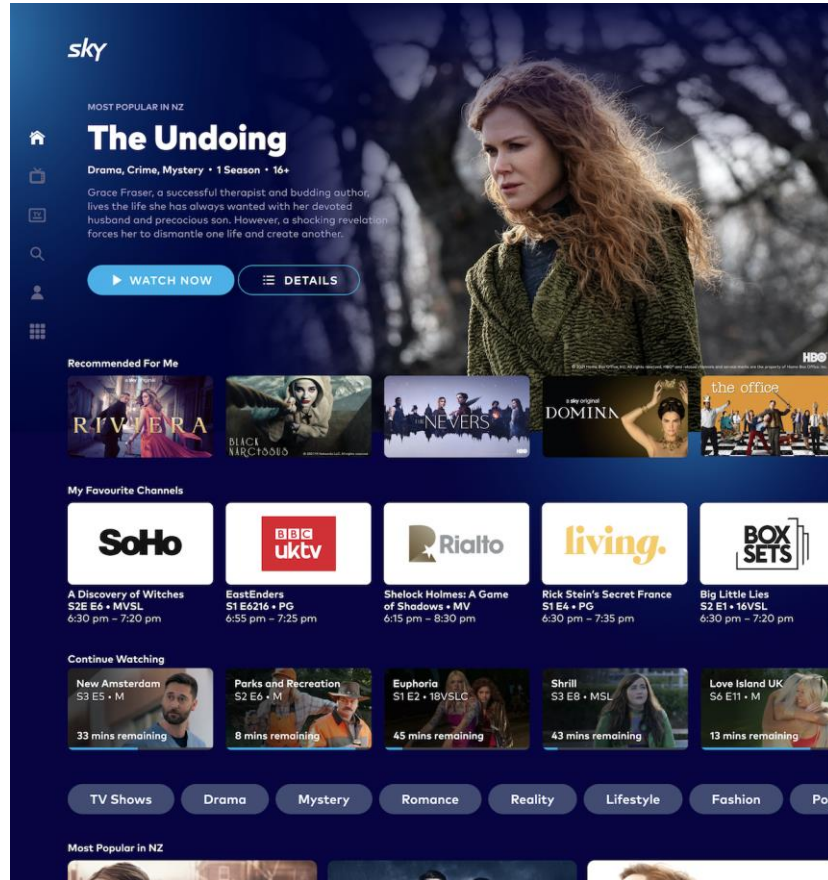
Identified
customer
needs with
in-home
interviews

Validated
problems to
solve

Tested
benefits
nationally

Validated
solution with
customers
and non-
customers

► Our customers want a connected entertainment experience



This is what they asked for...

- Reliability and dependability of satellite TV and hard drive recording
- An experience that is integrated, personalised, intelligent, easy-to-use and seamless across the Box and personal devices
- Easier, bundled access to other content services and Apps
- Our priority is to create a connected and enhanced experience that better serves Sky and partner content

▶ Sky's new entertainment hub is the solution



It's for you

Personalisation



It's easy

Discovery



It's everywhere

Multi-device



It just works

Performance

▶ Our new Sky box will deliver a market-leading experience for customers



It's for you

Recommendations based on what you've watched

Personal profiles for everyone in the family

It's everywhere

Unified experience across the Box and Sky Go

Switch between TV and personal devices with instant pause and play

It's easy

Voice enabled remote control for quicker discovery of content from Sky and partners

Skip credits and intro to get quickly to the next episode

It just works

A **hybrid Box** with the reliability of satellite TV for all Sky and Free-to-Air channels

Combined with **internet delivered on demand and App** content

More recording capacity

4K-HDR ready

▶ New Zealanders responded positively to the benefits Sky's new Box will bring

85% of existing customers found the new Box appealing

"It sounds great. I love the recording memory, the On demand, the movies, the High Definition etc., all of it"

"It is a great step forward and will provide us with all the TV viewing we need in our own time"

"All the channels on one Box. More hours recording. Voice control remote. It sounds so exciting. We will definitely get it when it comes."

77% of non-customers (open to Sky) found the concept appealing

"It seems to have all we need from an online streaming, and have the latest shows. Ability to record, that's great"

"It is combining lot of features from different platforms and giving it to its subscribers in one"

"It seems to tie in streaming and live tv, plus record features. So it appears it may cover everything I currently have with multiple providers"



▶ We will build the new Sky Box with our partners' help

We investigated multiple options to find a solution that would meet Sky's needs, including:

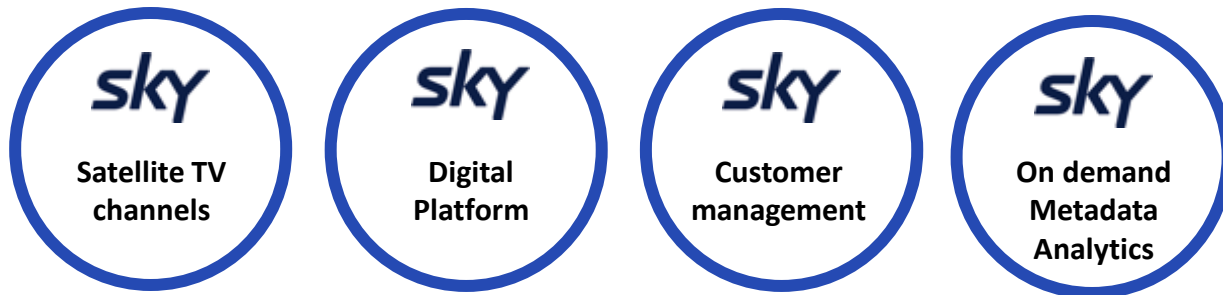
- ✓ Speed to market
- ✓ Able to be integrated with existing systems

- ✓ Proven in market
- ✓ Able to support our customer and business needs

The logo for Android TV, with 'android' in green and 'tv' in grey.

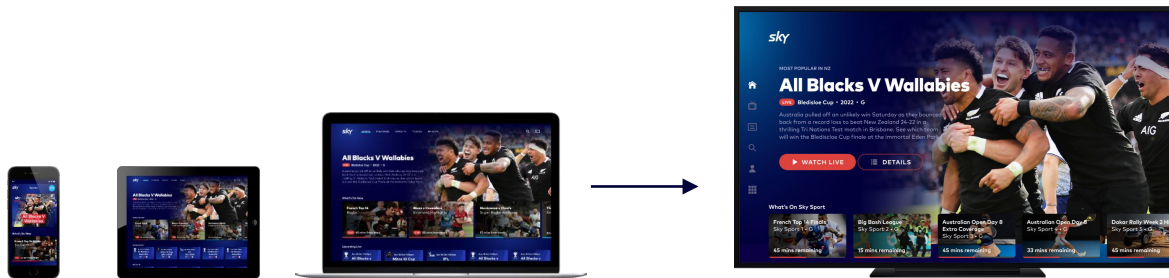
- Largest, global TV operating system – 140 partners in-market
- 100m customers globally every month
- Customisable experience for Sky customers
- Access to Google product road map
- Google PlayStore with 3rd party apps comes built-in
- Voice-enabled remote includes Google Assistant
- Speed to market – pre-built operating system

▶ The foundation for the new Sky Box infrastructure is already there



Our building blocks

- Large portion of the required capability for launch leverages existing Sky systems, as well as our Digital Platform
- A hybrid set top box has been selected as it is mostly a digital platform-driven device that uses satellite to access linear channels, with local recording
- It allows for a seamless, connected experience between the Box and Sky Go
- We have committed to retaining the parts of the experience that current customers love



▸ New Sky Box Targets

	3 Year Target
New Sky Box In New Zealand homes	mid-year 2022
Customer target	150-200k by end of FY24
Investment funding	Within 7-9% capex envelope

▸ Our People

01.

Our new
operating model

02.

Measures for
success

03.

Our Priorities

Michael Frampton

Chief People and Operations Officer



Michael joined Sky as Chief People Officer in September 2020 and was appointed Chief People and Operations Officer in April 2021. Michael is an award-winning HR leader with over fifteen years' executive experience in New Zealand and abroad, delivering people strategy, organisational transformation and service redesign.

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Sky Box
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Sky
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Fan
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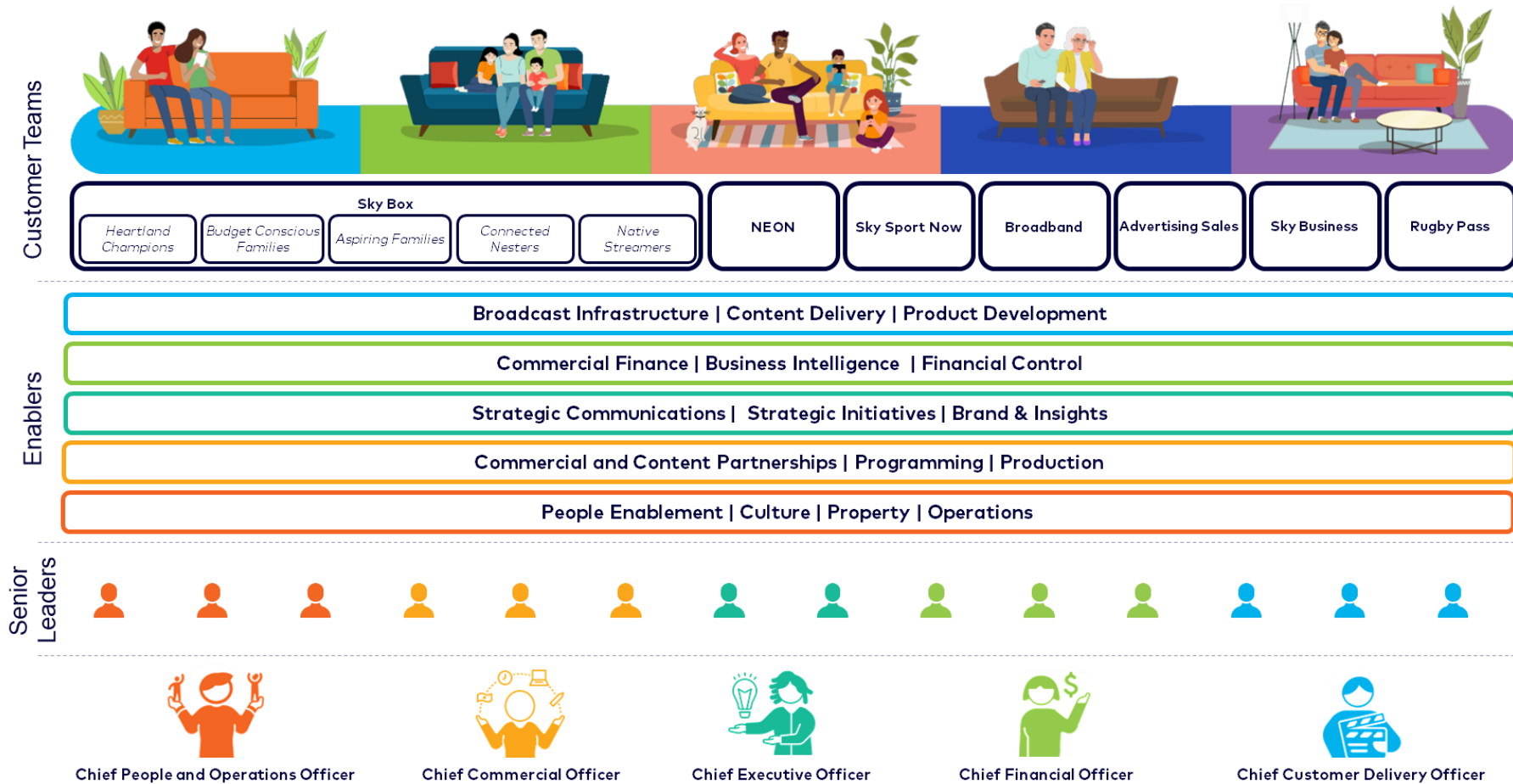
New Sky
Box

▸ **Our
People**

Financial
Performance

Summary

▶ An operating model¹ with customers front and centre



- Customer teams empowered and right-tooled
- Enabling teams aligned to customer priorities and value
- New ways of working built on rapid cycle test-and-learn
- A flatter, faster, fitter organisation

▶ Our new People Strategy is driving engagement, which underpins performance

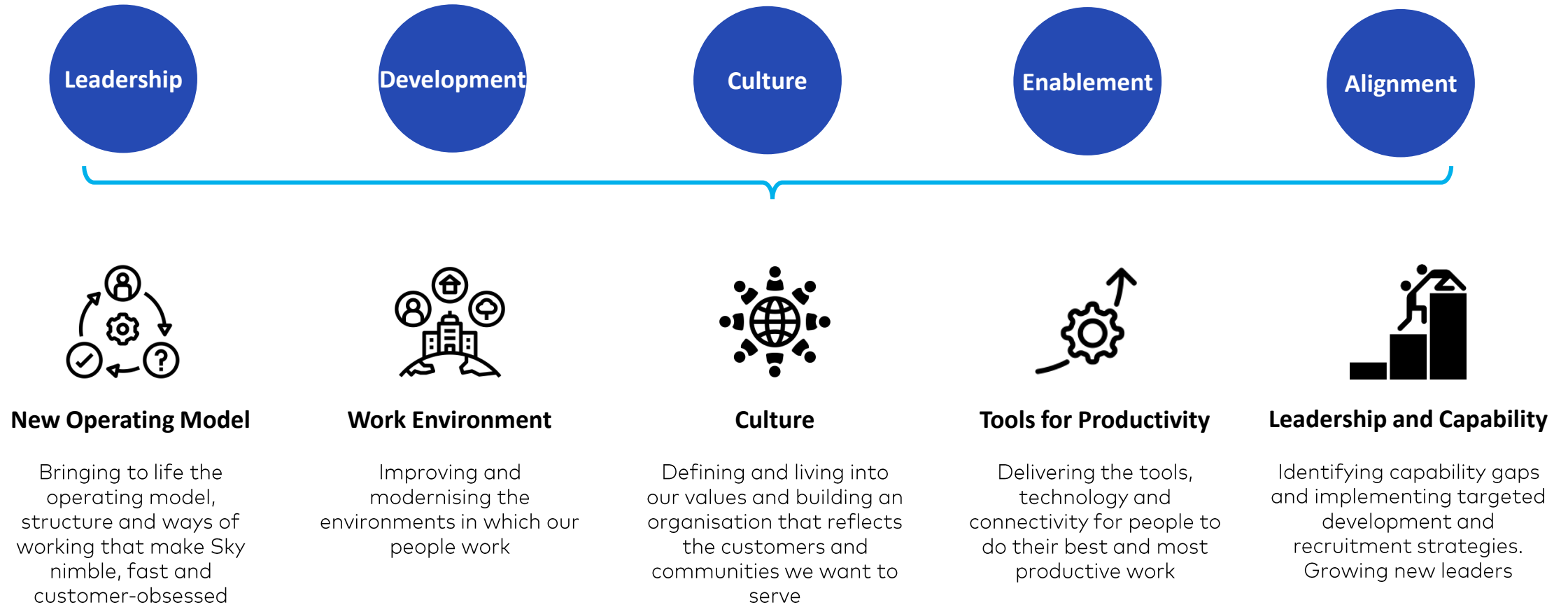
Employee Engagement measures whether our people are with us, and whether they get it

Leadership, Culture, Development, Enablement and Alignment are all drivers of engagement

Performance has shifted markedly in just one quarter



▶ We're right-sizing, right-skilling and right-focussing



▶ Financial Performance

01.

Revenue
stabilisation and
growth

02.

Costs
management
and capex
investments

03.

Outlook for key
financial metrics

Andrew Hirst

Interim Chief Financial Officer



Andrew is a Deloitte Corporate Finance Partner on secondment to Sky as Interim Chief Financial Officer. Andrew is a highly experienced strategic corporate financial advisor, and in his 15 years as a Deloitte partner has advised a wide range of New Zealand and offshore corporate clients NZX and offshore listed companies.

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▶ **Financial
Performance**

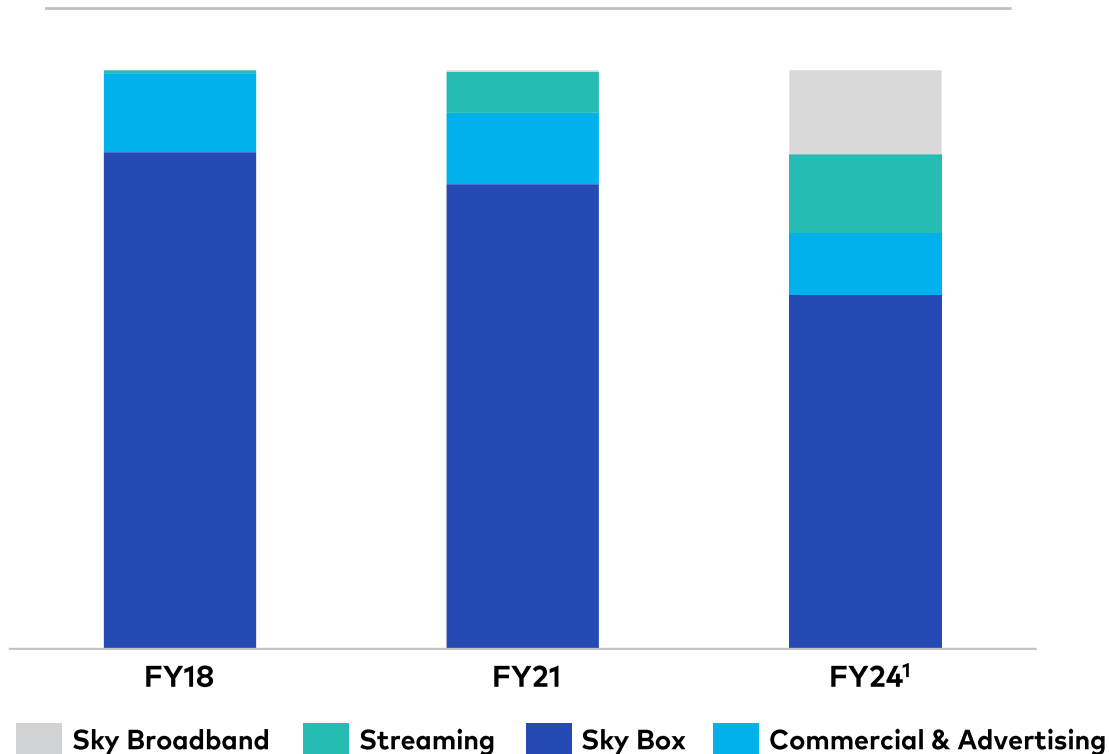
Summary

► Core revenues stabilised, with growth from existing and new business

	FY21F ¹	FY22 to FY24 Targets
Sky Box	\$525-\$535m	<ul style="list-style-type: none"> • Revenue transitions from declining to stabilised over next 2-3 years • Subscriber numbers stabilised and return to growth through increased acquisitions and reduced churn. Driven by improved customer experience initiatives and new Sky Box • Core Sky Box ARPU increases through Broadband attachment
Streaming²	\$70-\$75m	<ul style="list-style-type: none"> • Revenue growth continues, albeit at a more modest rate than recent years • Subscriber growth through Neon and Sky Sport Now, with stable ARPUs • RugbyPass revenue growth as audience and network business accelerates
Other (Commercial, Advertising, etc)	\$100-\$105m	<ul style="list-style-type: none"> • Commercial and advertising revenues return to pre-Covid levels
Other (New services - Broadband, etc)		<ul style="list-style-type: none"> • Grow new services revenues to be 10-15% of total revenues • Targeting 8%-13%+ Broadband attachment for Sky Box customers
Total revenue	\$695-\$715m	<ul style="list-style-type: none"> • Targeting revenue growth of \$75-\$100m+ p.a. by FY24, largely from Broadband as well as stabilised and growing core revenues

▶ Revenues continue to diversify; proven ability to launch new offerings

REVENUE BREAKDOWN %



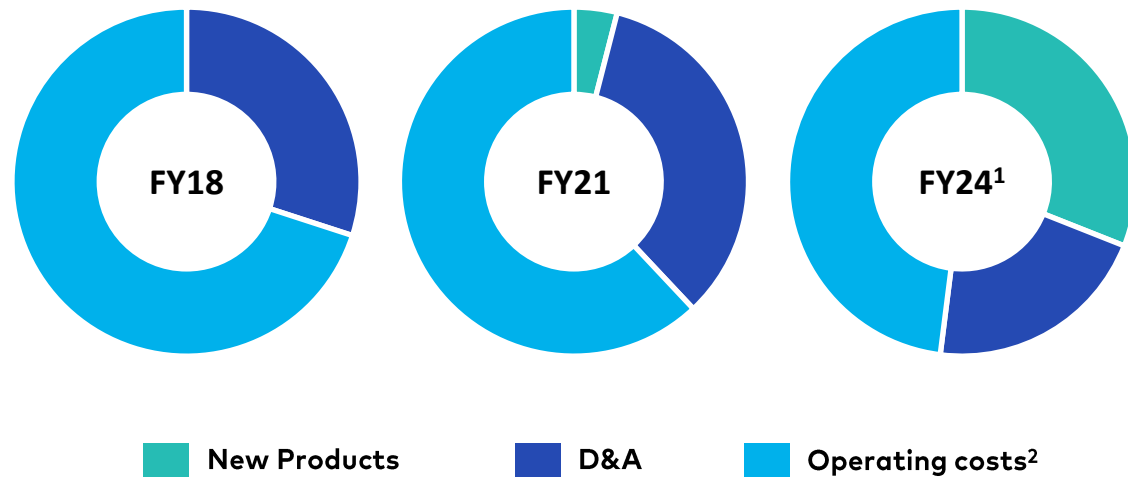
- Revenue diversified since FY18 following successful ramp-up of Streaming. This will continue with further Streaming growth and the addition of Sky Broadband
- Success in Streaming proves Sky's ability to successfully launch new offerings in response to customer demand, with revenue CAGR of 34% since FY18. Despite a more mature market, and expectation of new entrants to the Direct to Consumer streaming market in the next few years, expect Streaming revenue growth of 15-25% p.a.
- Recent launch of Sky Broadband to continue to deliver on our promise to customers will also help to stabilise Sky Box revenues, aided by the power of the bundle
- The same drivers that we expect will slow the growth of our Streaming business (i.e. new market entrants) will help drive our Broadband growth

▶ Programming costs largely locked in for next 2-3 years, targeting co-exclusivity savings and further non-programming cost savings

	FY21F ¹	FY22 to FY24 Targets
Programming rights and operations	\$320-\$325m	<ul style="list-style-type: none"> • Locked in key content that matters to our customers • Programming costs stepped-up from 2H FY21, mainly due to impact of new rugby deal • Targeting significant savings on deals through co-exclusivity and other partnerships • Disciplined, data driven renewal and acquisition decisions
Non-programming costs	\$215-\$220m	<ul style="list-style-type: none"> • Increase in sales & marketing spend (part of Subscribed Related cost) to support revenue growth in Sky Box and Streaming, as well as new services (e.g. Broadband) • Targeting further non-programming cost savings of at least \$10-15m p.a. by FY24 (on top of the net \$15m p.a. already achieved since FY18) • Broadband costs largely variable in nature
Depreciation & Amortisation	\$105-\$110m	<ul style="list-style-type: none"> • Deprecation & amortisation reduces by \$20-25m p.a. by FY24, consistent with lighter capital model and reduction in Optus lease costs (see below)
Right of use costs (included in D&A and interest costs)	\$40m	<ul style="list-style-type: none"> • New Optus deal delivers lower costs from December 2021

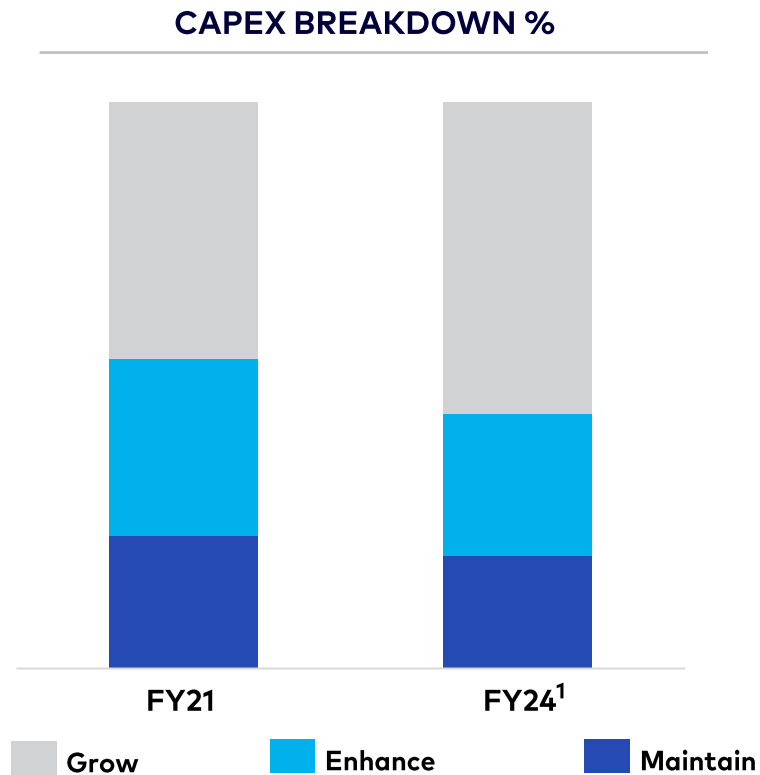
▶ Continue to deliver cost efficiencies as we move to a new, leaner operating model

OPEX BREAKDOWN %



- Since FY18, Sky has reduced non-programming operating costs by net \$15m p.a., and further reductions of at least \$10-15m p.a. targeted by FY24
- Transitioning non-programming cost base to a more lean and dynamic operating model, as our new product costs (e.g. Broadband) are largely variable in nature
- Moving to a lighter capex model following investments in software and cloud solutions, which will drive further operating cost savings and reduce depreciation & amortisation by \$20-\$25m p.a. by FY24
- Leaner operating model will enable programming cost challenges to be addressed, as our programming costs (made up of rights and production) as a percentage of revenue peak by FY24, before settling back at around 45-50%

- ▶ We continue to move towards a capital-light model, and focus our investment in areas that enhance and grow revenue



	Target range of Revenue/Capex	
Grow	50% - 60%	Initiatives that drive revenue and subscriber growth (e.g. new Sky Box development and units, Sky Broadband routers and mesh units ² , etc)
Enhance	20% - 30%	Initiatives that drive customers experience improvements, and a more lean and dynamic operating model, resulting in lower operating costs (e.g. automation, digitisation, etc)
Maintain	15% - 25%	Initiatives that maintain our current position and ability to broadcast (i.e. "keep the lights on")

► Summary – outlook for key financial metrics

	FY21F ¹	FY22 to FY24 Targets	Comments
Revenue	\$695-\$715m	Return to growth, with significant revenue uplift from new products	<ul style="list-style-type: none"> Core Sky Box and Other revenues stabilised; Streaming revenues continue to grow; 10-15% of total revenue from new products and services (e.g. Broadband and RugbyPass)
Costs	\$535-\$545m	Programming costs largely committed, target further non-programming savings	<ul style="list-style-type: none"> 'New normal' programming costs with recent strategic rights deals Significant programming savings targeted from co-exclusivity and partnerships Further non-programming savings of at least \$10-15m p.a. by FY24 (on top of net \$15m p.a. achieved since FY18)
EBITDA	\$170-\$182.5m	Re-set in FY22, with growth over the medium/long term	<ul style="list-style-type: none"> FY21 includes one-off impacts (e.g. Covid-19 content savings) and Other Income (e.g. gain on sale of OSB, contingent consideration settlement, etc) Reduces from FY21 for the next 2-3 years due to 'new normal' cost structure and without the one-off impacts in FY21
Capex	\$45-\$55m	Remain at 7-9% of revenue	<ul style="list-style-type: none"> Expect upper end of 7-9% target range as we invest in new Sky Box Increasing the proportion of growth capex following 2-3 years of re-investment
Free cash flow		Maintain positive free cash flow while re-investing for long term growth	<ul style="list-style-type: none"> Positive free cash flow generation, but at low levels, for next few years as we absorb 'new normal' programming cost base and invest for growth Capital management options (incl. dividends) considered in the context of our strong balance sheet and available free cash flows, which will be influenced by the need to return revenues to sustained growth, achieve further cost savings, and invest for growth
FY21 guidance	No change to guidance ranges provided on 3 February 2021, albeit we expect to be at the upper end (or possibly above) on EBITDA and NPAT		

▸ Summary

Sophie Moloney

Chief Executive



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▸ **Summary**

▶ What success looks like – Sky's 3 year targets

OUR FOCUS AREAS

- 1 Nurturing and growing Sky Box and Streaming customers**
 - Stabilise and then grow Sky Box customers
 - Sky Box customer churn <10%
 - Sky Broadband attachment rate of 8% – 13%
 - Grow Neon and Sky Sport Now customers by 10% – 15% CAGR
 - Average tenure for Neon and Sky Sport Now of 12 - 18 months
- 2 Being the preferred partner for key rights holders, content creators and distributors**
 - Continue to deliver the content that matters to customers
 - Accessing co-exclusive rights opportunities
 - Neon engagement 80%; Sky Sport Now engagement 75%
- 3 Growing revenues and reducing operating costs**
 - Sky Box revenue stabilised¹
 - Streaming revenue growth of 15% – 25% CAGR
 - Grow new business revenues to 10% - 15% of total revenue
 - Revenue growth of \$75m - \$100m+ p.a.²
 - Programming costs return to be within 45% - 50% of total revenue
 - \$10m - \$15m of non-programming operating cost savings p.a.^{2,3}
- 4 Being a place where our crew are empowered to do their best work**
 - Year on year increases in employee engagement scores

THE 'BEDROCK' OF OUR BUSINESS

- 1 Rapid and sustained execution and enabling our people to succeed**
 - New Sky Box in New Zealand homes by mid-year 2022
 - 50% - 60% of capex on growth initiatives
- 2 Being efficient, adaptive and profitable business**
 - Maintain positive free cash flow throughout
 - Depreciation & amortisation reduced by \$20m - \$25m p.a.²
 - Capex maintained at long term average of 7% - 9% of revenue

Corporate partnership

- The media industry is undergoing significant consolidation and change, both globally and domestically.
- Today's presentation outlines the steps Sky is taking to address these challenges and to succeed in a changing market.
- Over the last twelve months Sky has received a number of unsolicited approaches around potential transactions, all of which have been highly conditional and incomplete.
- With the capital structure now stabilised, a strong position in the NZ market, and a revitalised strategy, the Board does not believe the current share price reflects the underlying value of the company.
- Sky will review strategic investment partnerships that will deliver sustained ongoing growth to the rights content and distribution reach of the company, which in turn will accelerate the creation of shareholder value.
- In this context the Board has appointed Jarden to review any such approaches.
- Sky's leadership team and staff maintain their absolute focus on delivering the strategy outlined today, whilst being open to exploring opportunities to accelerate further sustainable value creation for shareholders.

Questions

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