

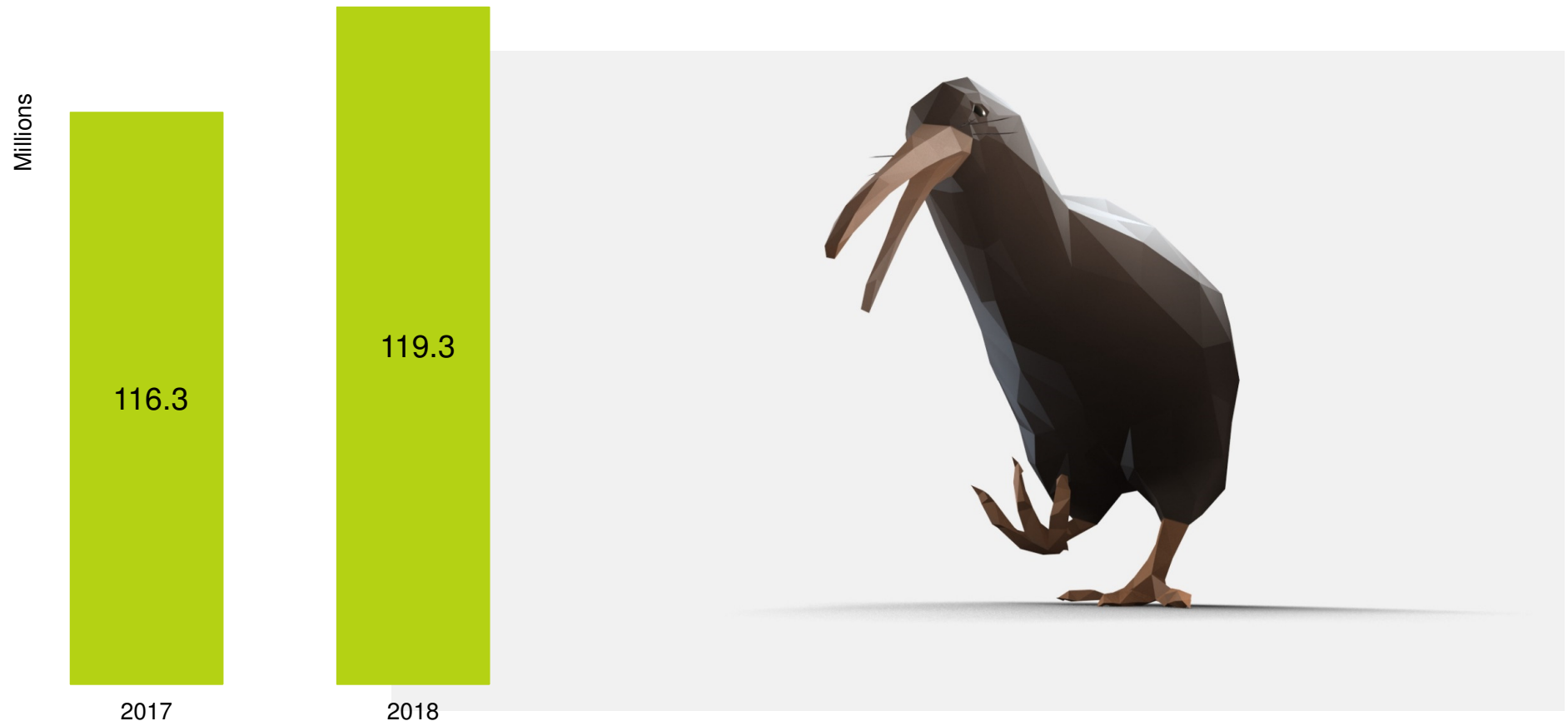
The Sky logo is positioned at the top center of the page, enclosed within a downward-pointing lime green triangle. The logo itself is in a bold, italicized, black sans-serif font.

REACHING EVERY KIWI

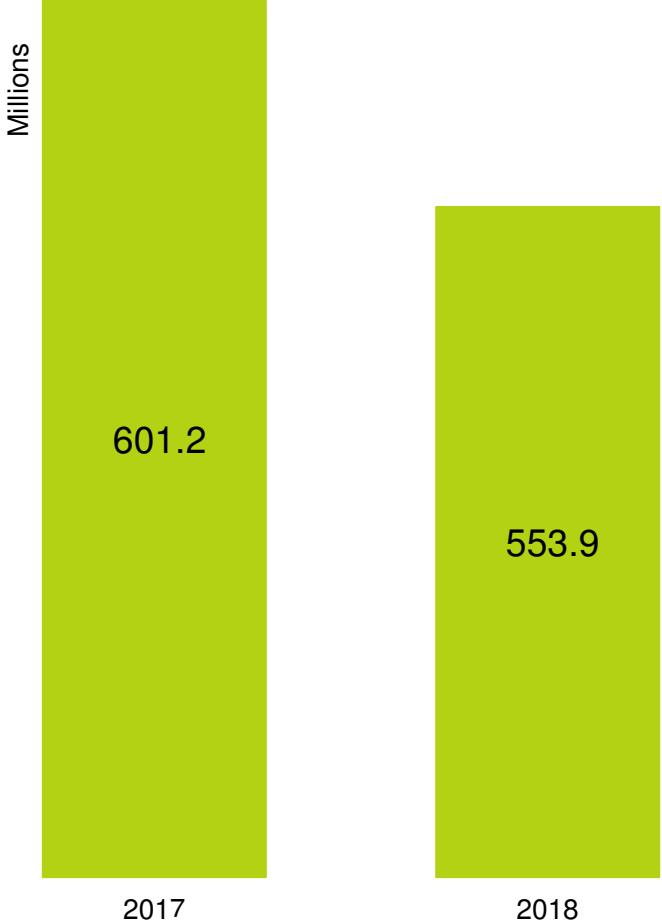
SKY NETWORK TELEVISION
ANNUAL RESULTS 2018

A small, upward-pointing lime green triangle is located at the bottom center of the page, mirroring the shape of the triangle at the top.

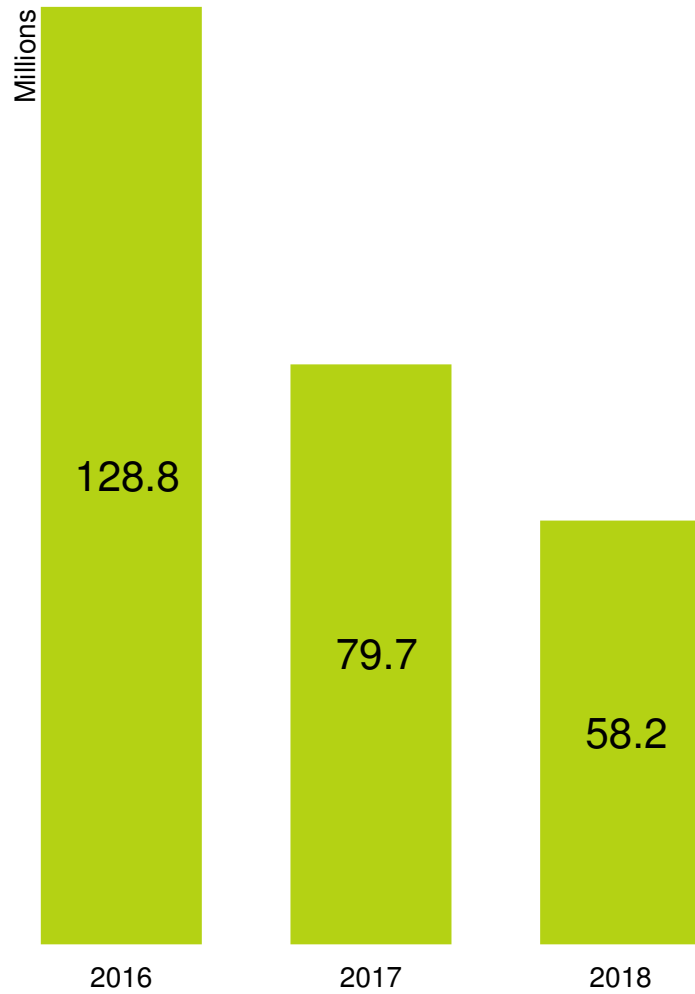
UNDERLYING NET PROFIT



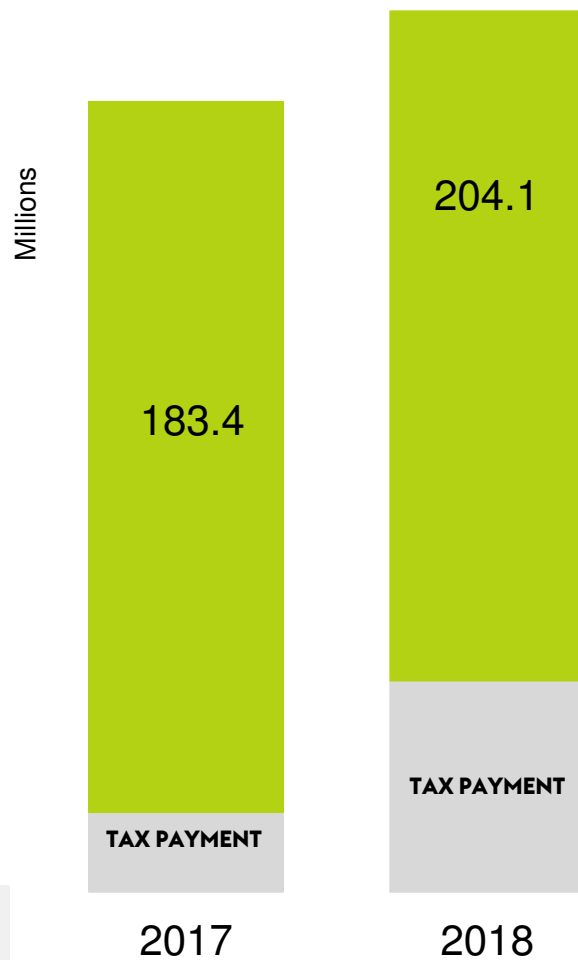
OPERATING COSTS



CAPITAL EXPENDITURE



PRE TAX CASHFLOW



© Photosport.nz

Page 5



OUR PLATFORMS REACH CUSTOMERS ACROSS ALL OF NZ



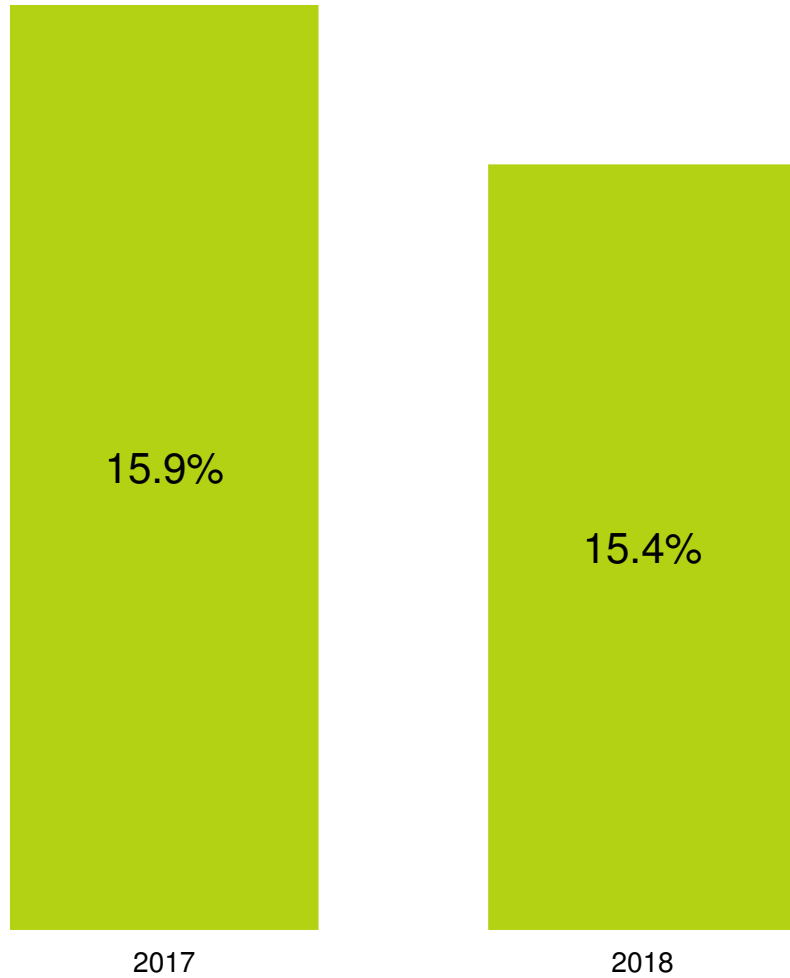
JUNE 2018
767,727
CUSTOMERS



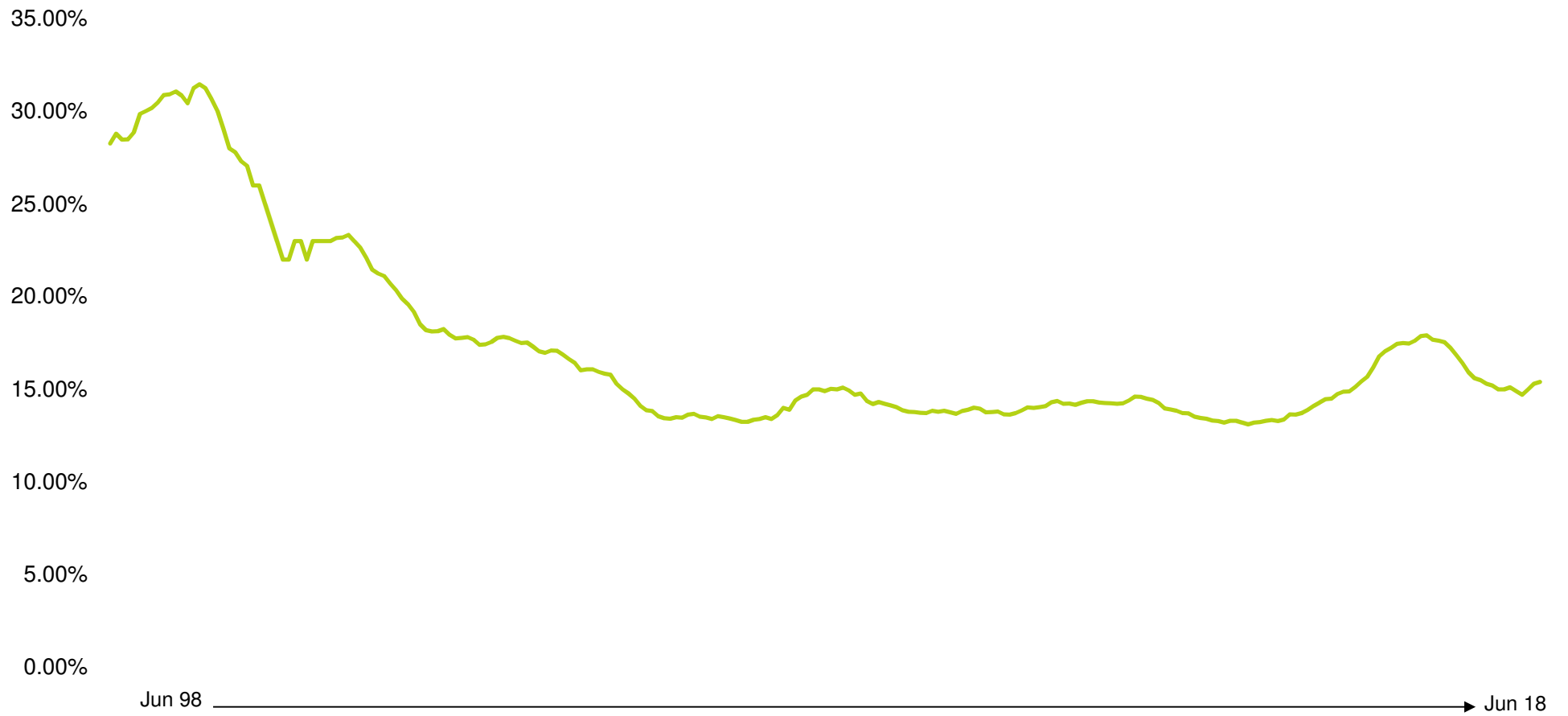
100% NZ Reach



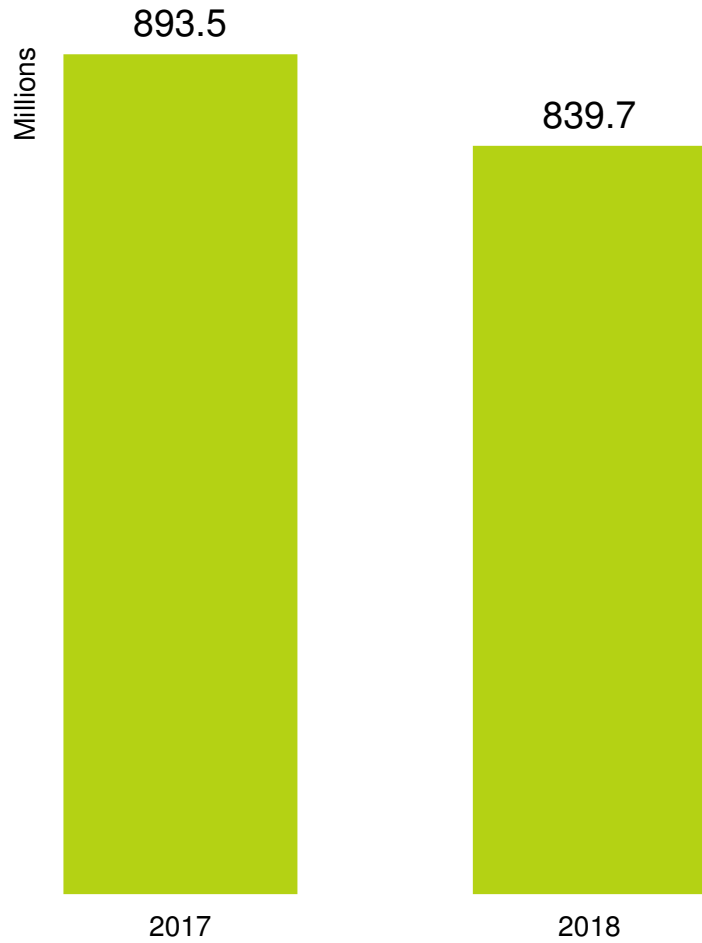
CHURN OF SATELLITE SKY



MOVING ANNUAL CHURN



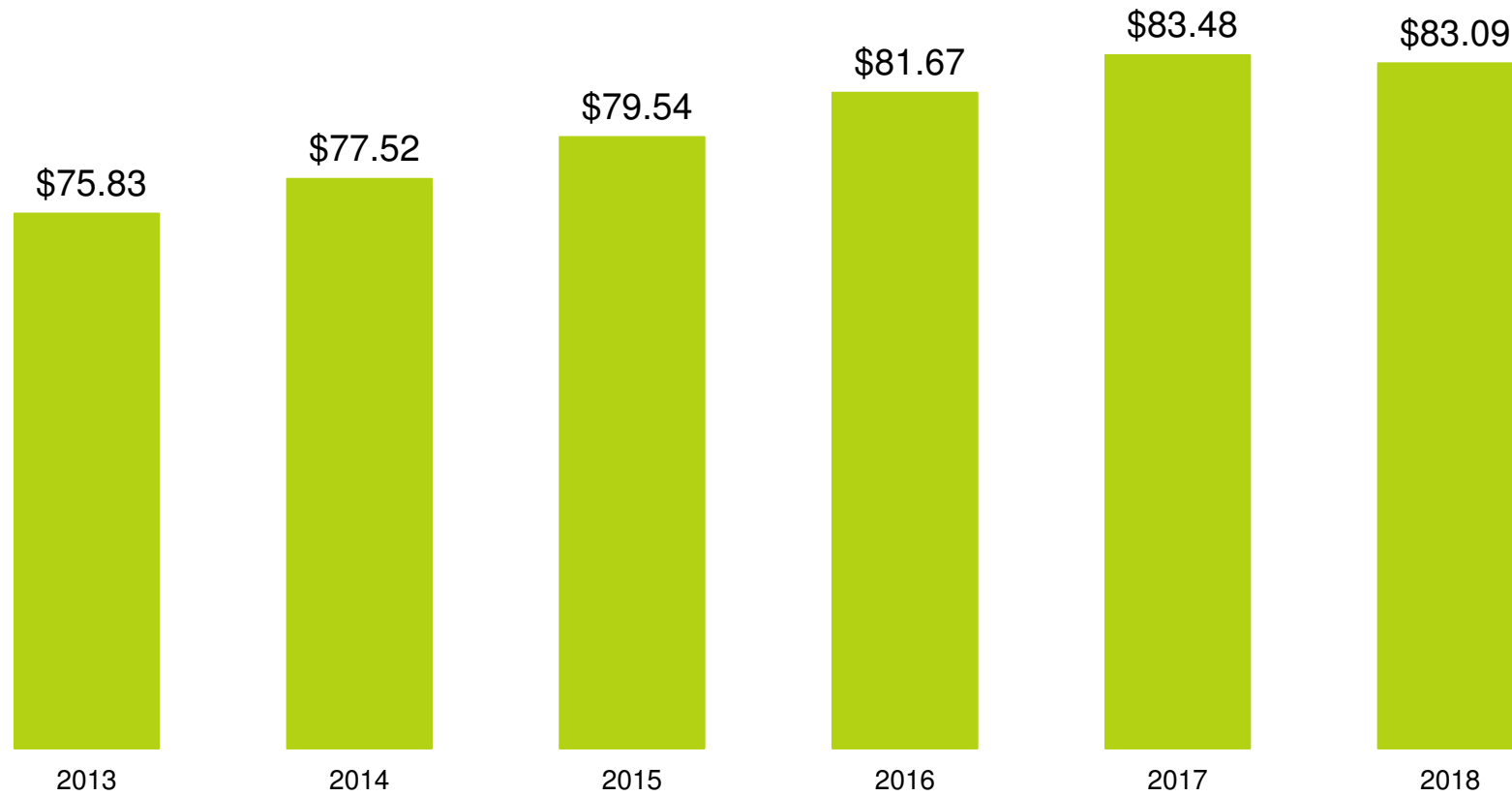
REVENUE



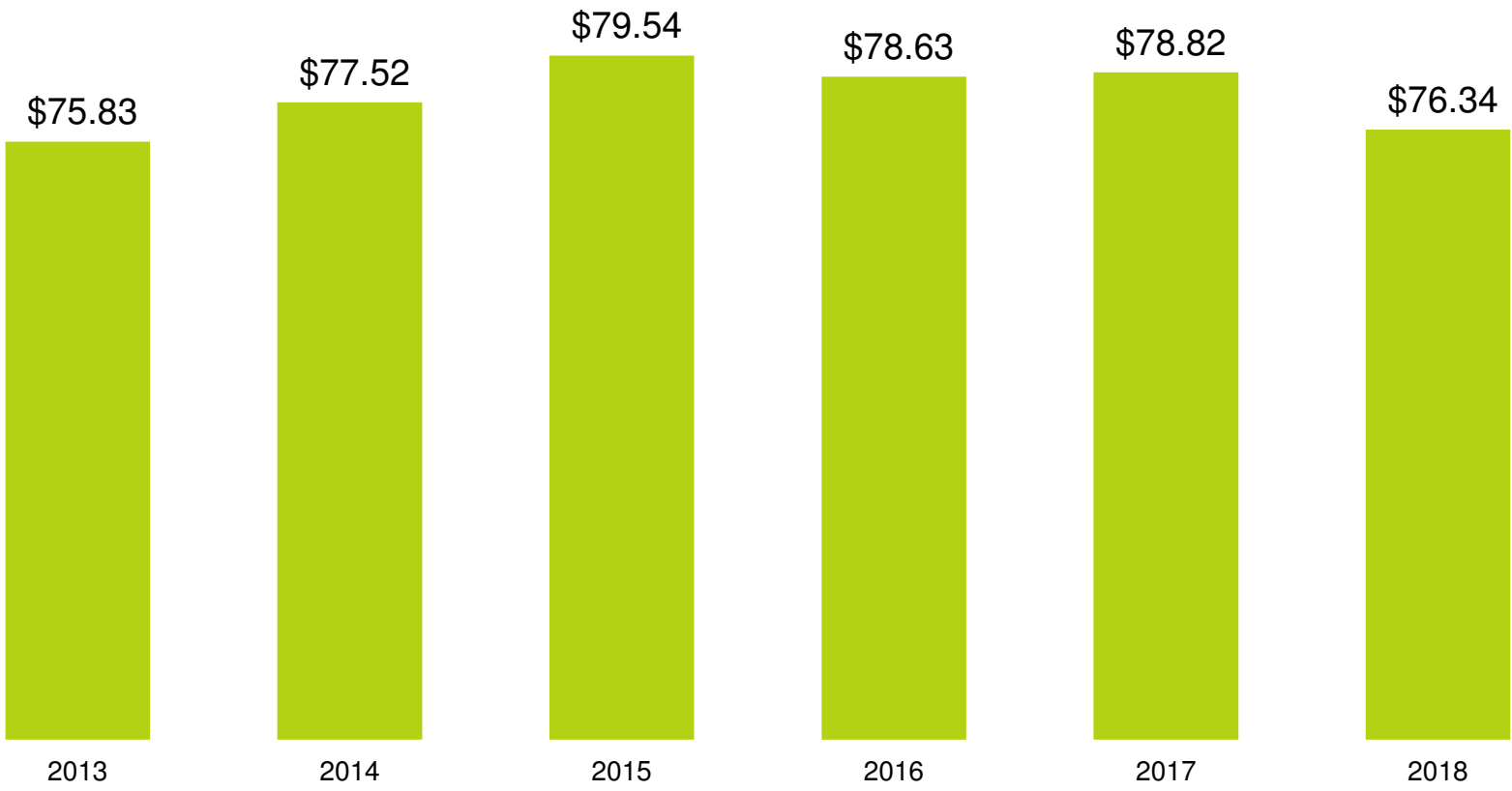
© Photosport.nz



ARPU FROM SKY TRADITIONAL SUBSCRIBERS

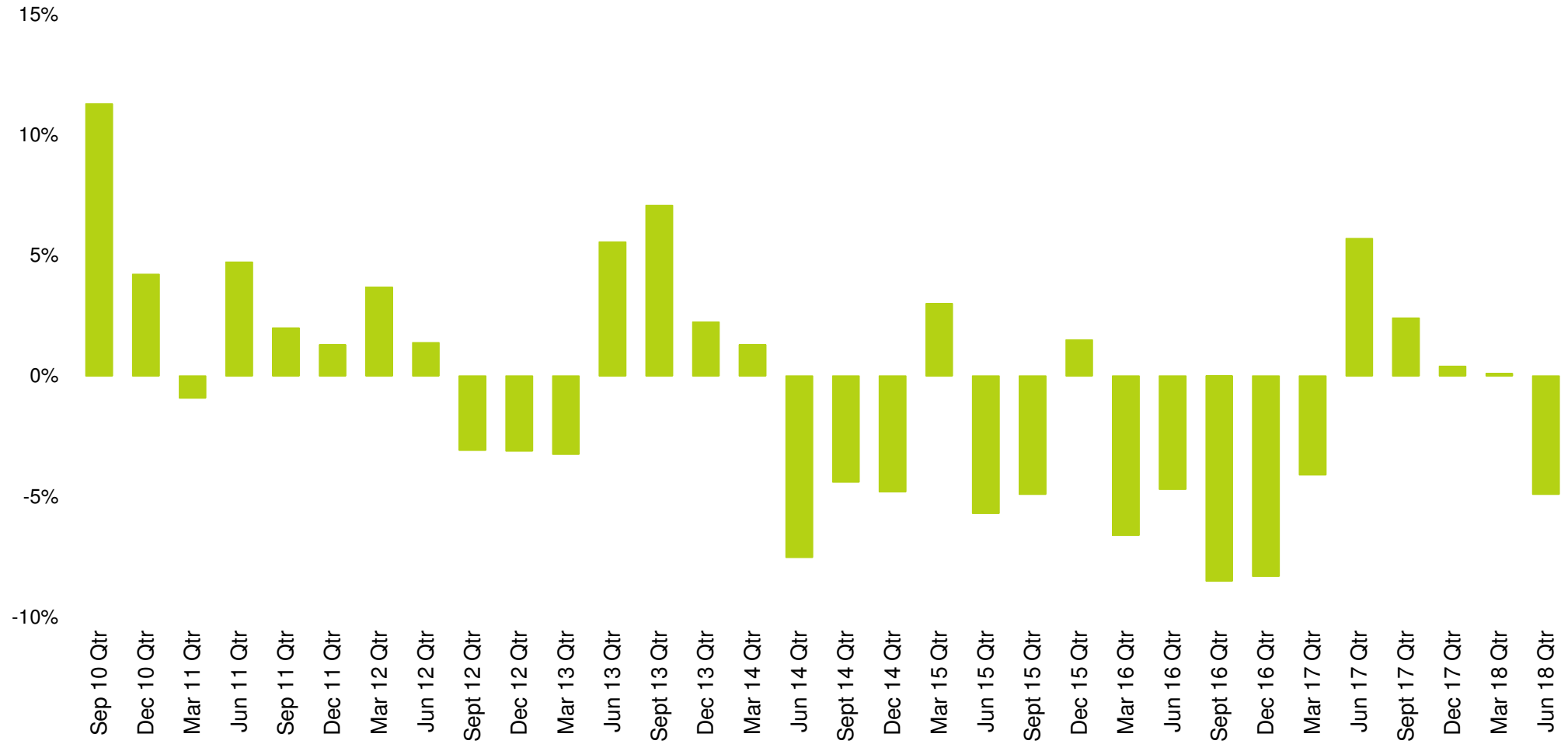


TOTAL ARPU

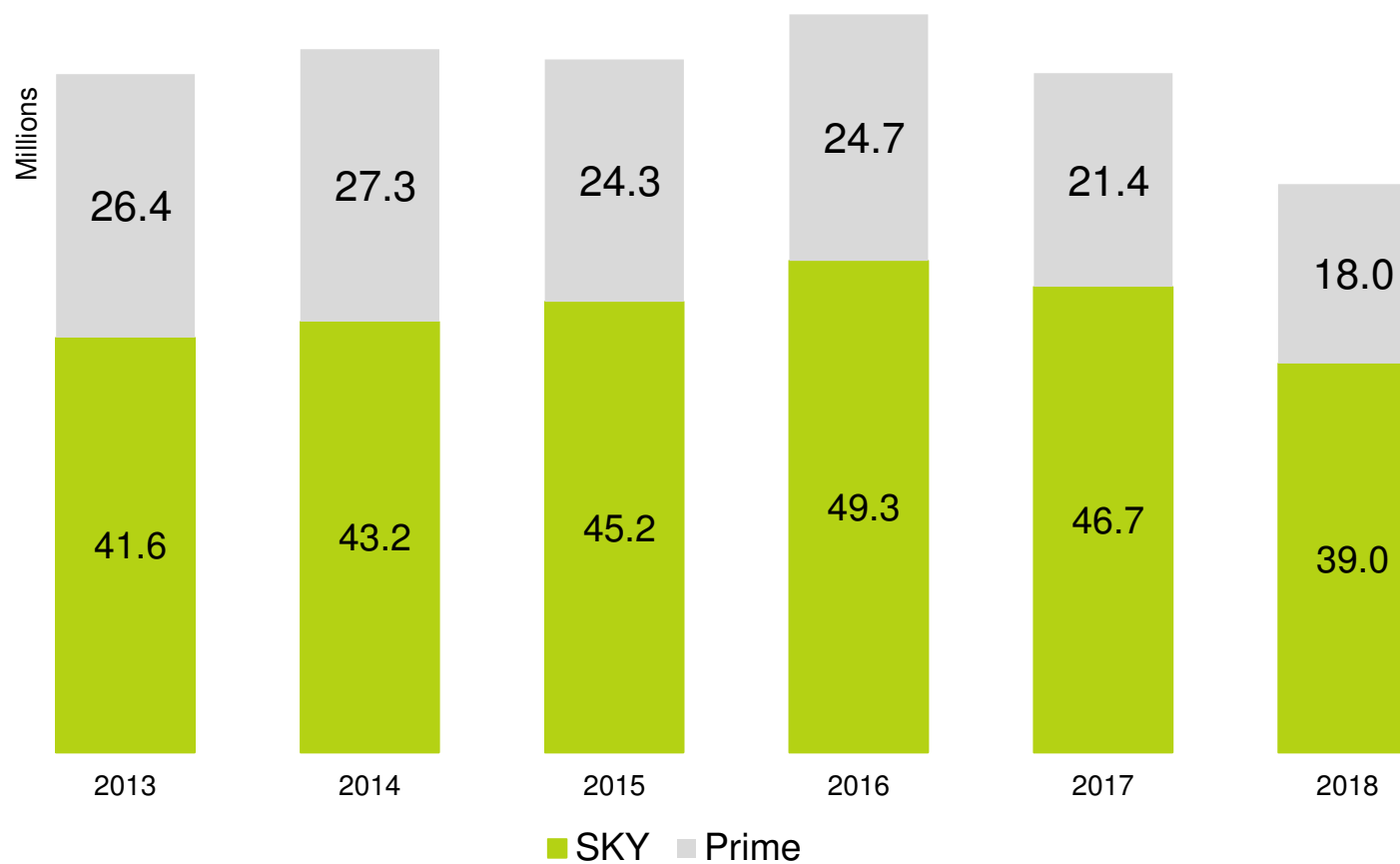


TOTAL TELEVISION ADVERTISING REVENUE

(YOY QUARTERLY CHANGE)



ADVERTISING REVENUE





BENEATH NEW ZEALAND



FINANCIAL DETAIL

RESULTS SUMMARY

	2017	2018	% Change
Revenue	893.5	839.7	(6.0%)
Operating expenses	601.2	553.9	(7.9%)
EBITDA	292.3	285.8	(2.2%)
Depn & Amort	105.1	102.4	(2.6%)
EBIT	187.2	183.4	(2.0%)
Interest	19.6	17.5	(10.7%)
Tax	51.3	46.6	(9.2%)
Underlying NET PROFIT after TAX	116.3	119.3	2.6%
Impairment of Goodwill	0	360.0	
NET PROFIT/(LOSS)	116.3	(240.7)	

REVENUE ANALYSIS

	2017	2018	% Change
Core satellite revenue	725.1	681.2	(6.1%)
Other subscriptions	82.2	84.7	3.0%
Advertising	68.1	57.1	(16.2%)
Installation and other revenue	18.1	16.7	(7.7%)
TOTAL REVENUE	893.5	839.7	(6.0%)

Millions

REVENUE



SATELLITE ARPU



91%

**SKY customers have
SKY Entertainment**

EXPENSE ANALYSIS

	2017	2018	% Change
Programming	349.4	328.1	(6.1%)
Subscriber related costs	100.2	83.1	(17.1%)
Broadcasting and infrastructure	97.6	92.0	(5.7%)
Depreciation and amortisation	105.1	102.4	(2.6%)
Other costs	54.0	50.7	(6.1%)
TOTAL EXPENSE	706.3	656.3	(7.1%)

CAPITAL EXPENDITURE ANALYSIS

	2017	2018	% Change
Install	29.3	18.8	(35.8%)
Decoders	19.7	9.2	(53.3%)
Projects	30.7	30.2	(1.6%)
TOTAL CAPITAL EXPENDITURE	79.7	58.2	(27.0%)

OPERATING CASH FLOW

	2017	2018	% Change
Net Cash from operating activities	244.5	213.6	(12.6%)
Net Cash used in investing activities	(79.6)	(58.2)	(26.9%)
FREE CASH FLOW available to Shareholders	164.9	155.4	(5.8%)

FUNDING PROFILE

	FACILITY	DRAWN	MARGIN	MATURITY
Bank Debt	\$300m	\$131m	145bp	Jul 2020
Bond	\$100m	\$100m	Fixed rate at 6.25%	Mar 2021

FOREIGN CURRENCY HEDGING

For USD exposures

- ▶ 95% hedged for 30 June 2019 @ 0.7165
- ▶ 56% hedged for June 2020 year @ 0.7134
- ▶ 24% hedged for June 2021 year @ 0.7057

For AUD exposures

- ▶ 90% hedged for 30 June 2019 @ 0.9303
- ▶ 42% hedged for 30 June 2020 @ 0.9387
- ▶ 17% hedged for 30 June 2021 @ 0.9121

Average \$US payment rate for Opex for the year to June 18 @ 0.7081

DIVIDEND

The Board has declared a fully imputed final dividend of 7.5 cps (\$29.2m) to be paid and a supplementary dividend of 1.3235 to be paid to non-residents.

Record date is 7 September 2018.

Payment date is 14 September 2018.

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Interim	7.5	15.0	15.0	15.0	14.0	12.0	11.0	8.0	7.0
Final	7.5	12.5	15.0	15.0	15.0	12.0	11.0	10.5	7.0
Ordinary Total	15.0	27.5	30.0	30.0	29.0	24.0	22.0	18.5	14.0
Special				0	0	0	32.0	25.0	0
TOTAL	15.0	27.5	30.0	30.0	29.0	24.0	54.0	43.5	14.0



UNCHARTED

With Sam Neill



STRATEGY AND PLANS



OUR STRATEGY

**WORLD CLASS CONTENT THAT
MATTERS**

**UNDERSTANDING OUR
CUSTOMERS AND DELIVERING
GREAT EXPERIENCES**

**MULTIPLE PROPOSITIONS AND
PRICES**



EXCLUSIVE CONTENT

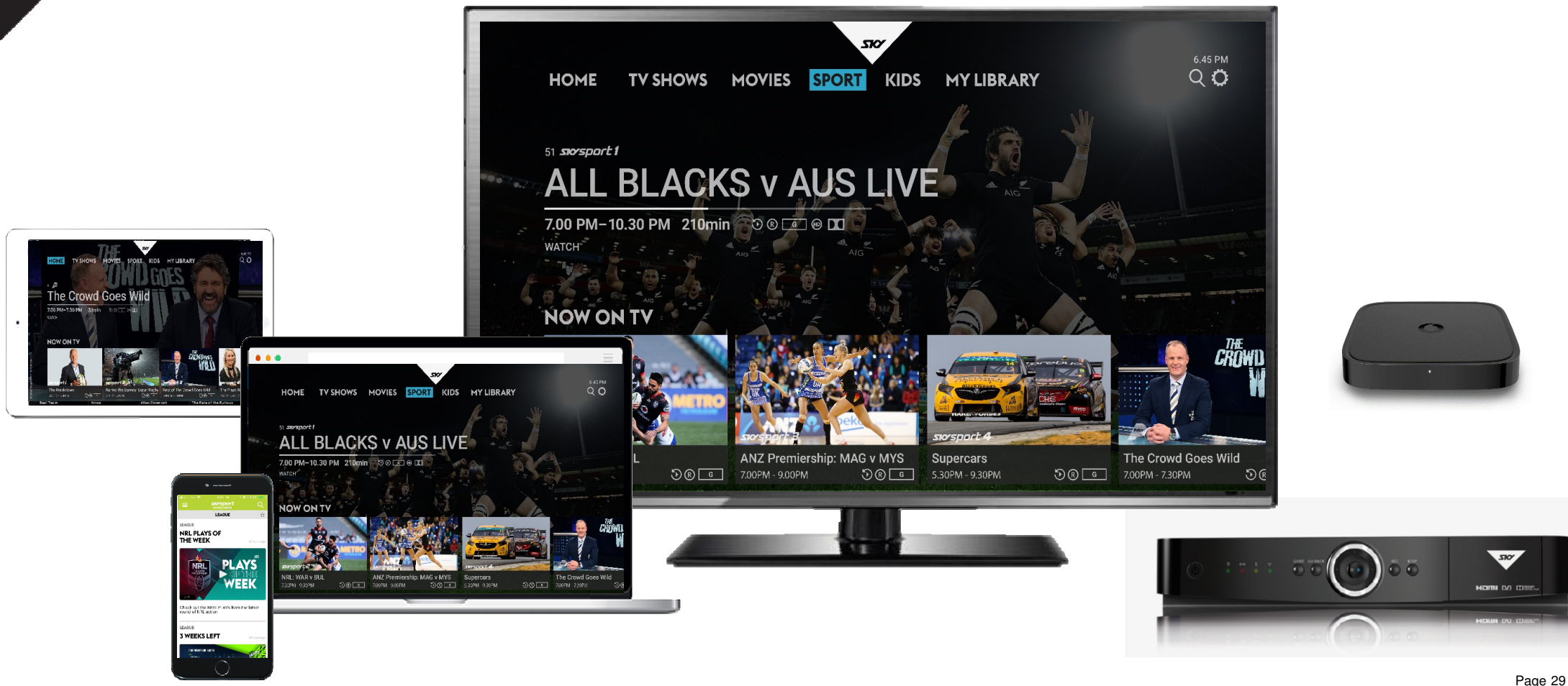
WORLD CLASS
CONTENT THAT
MATTERS





IMPROVED CUSTOMER EXPERIENCE

UNDERSTANDING
OUR CUSTOMERS
AND DELIVERING
GREAT EXPERIENCES



REACHING EVERY KIWI WITH OUR RANGE OF PRODUCTS

MULTIPLE PROPOSITIONS AND PRICES

FROM JUST UNDER
\$25



ON DEMAND



FROM JUST UNDER
\$12



FROM JUST UNDER
\$16

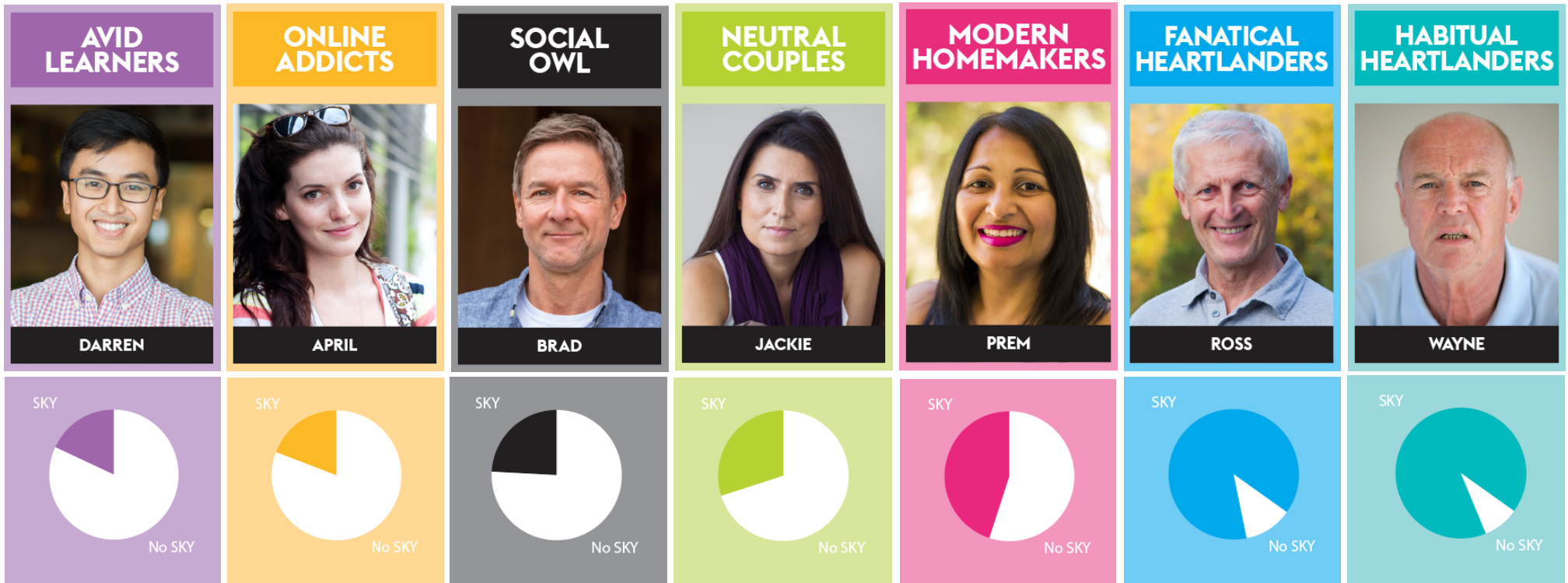


CONTINUE WORKING WITH OUR PARTNERS





THE SEGMENTS OF SKY CUSTOMERS



GROW



RETAIN

SKY

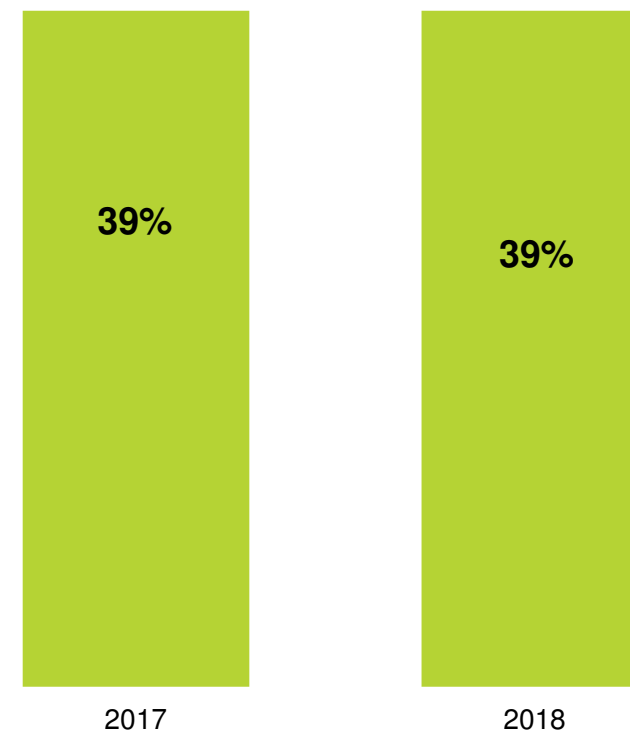




BIG PACIFIC



PROGRAMMING COSTS % REVENUE



CONTENT WARS



**VIEWERSHIP ON SKY NZ
AUGUST – MAY 2018**



0.24%

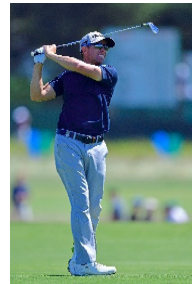
RECENT DEALS



- UK Super League
- French Top 14
- Guinness Pro 14



- Australian Open Tennis
- Roland Garros



- US Open Golf



- Moto GP
- FIM Speedway
- NASCAR
- Le Mans



- UCI Cycling



- Youth Olympics



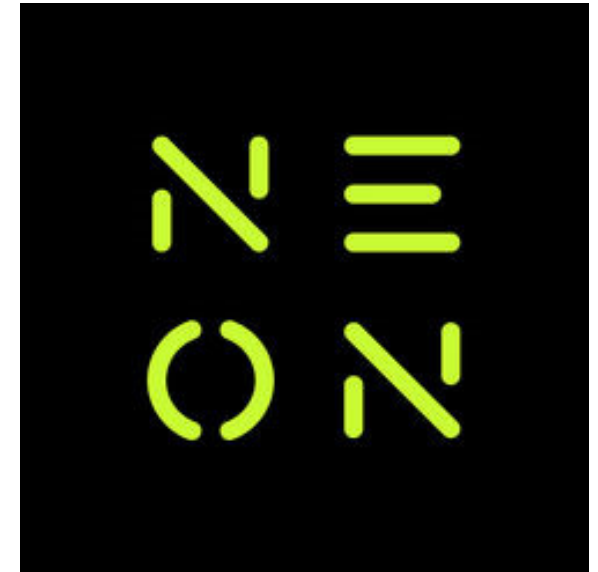
- UEFA Champions League
- UEFA Europa League



- World Snooker Tour

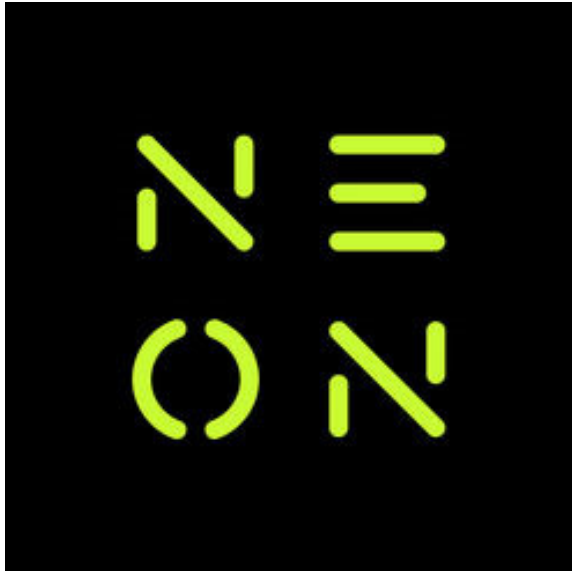


EMMY NOMINATIONS



**OVER 200 NOMINATIONS AVAILABLE ON SKY
PLATFORMS**

INCREASE IN DRAMA



SoHo

SKY

BLACK FERNS NOVEMBER 2018 TOUR



© Photosport.nz

Chicago, USA

Tripleheader at Soldier Field
4th November 2018

Toulon, France

Stade Felix Mayol
9th November 2018

Grenoble, France

Stade des Alpes
17th November 2018

skysport 

SKY

MAORI ALL BLACKS NOVEMBER 2018 TOUR



© Photosport.nz

Chicago, USA

Tripleheader at Soldier Field
4th November 2018

Brazil, South America

11th November 2018

Chile, South America

18th November 2018

skysport

ALL BLACKS “END OF YEAR 2018 TOUR”



© Photosport.nz

Tokyo, Japan

Ajinomoto Stadium
3rd November 2018

Twickenham, London

Twickenham Stadium
10th November 2018

Dublin, Ireland

Aviva Stadium
17th November 2018

Rome, Italy

Olimpico Stadio
24th November 2018



Outside Broadcasting Limited
Mt. Wellington, Auckland
TARE 22700KG

SKYSPORT

BEST IN





THE BROKENWOOD MYSTERIES

The Brokenwood Mysteries ©2018 South Pacific Pictures

KEY MESSAGES

- We've managed to increase underlying profits and control costs while implementing a transformational strategy that ensures we keep delivering our great content to New Zealanders in ways that they want
- We're building up a strong suite of online products while continuing to deliver to our core satellite customer base, particularly those who don't yet have access to fast internet
- Our sport partners can rely on us – we won't leave any sport fan behind
- We have 768,000 customers across our satellite and OTT services, and we appreciate every one of them. In the next few years we anticipate that more customers will transition from our satellite service to our online products, and our goal is to serve them all in ways that meet their needs and budgets
- Underlying profit is up 2.6% on last year (\$119m) and we managed to take \$47m of costs out of the business. When the Goodwill impairment is applied to the accounts we end up with a \$240.7m net loss, but it's important to understand the context of the Goodwill issue and to note that it has no impact on our cash flows or bank covenants.



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REACHING EVERY KIWI

**SKY NETWORK TELEVISION
ANNUAL RESULTS 2018**

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