

## **SKY TELEVISION – INVESTOR UPDATE**

**26 March 2018**

SKY TV is today updating Investors and Analysts on our strategic priorities, and plans to achieve these priorities. A copy of the presentation is available on the NZX, ASX and SKY websites.

Having undertaken a robust review of our strategy, the objective of the session is to provide the investor community with more clarity about how SKY is moving forward after the terminated Vodafone merger, and how we are competing in the increasingly digital content market.

The company's strategy is based on three key areas: content, customer experience, and a targeted range of products and price points to suit all customers.

- **Telco partnerships**

The Vodafone merger had some unique appealing characteristics which cannot be replicated with an organic entry in the highly competitive broadband market, and SKY does not plan on entering this market on our own. We will focus on existing and renewed partnerships as we have in the past.

- **Exclusive content**

Our core focus as a Pay Television operator continues to be to secure exclusive content that matters to New Zealanders. Sports and Blockbuster Movies remain important, and Premium Drama is now as relevant as those two Pay TV mainstays.

- **Improved customer experience through technology**

Content is still King - but it now sits on the throne of products and experiences. SKY is investing in technology (including the Cisco Infinite Video Platform) to enable us to improve the On Demand experience for customers.

We are pleased to be partnering with a global player that is supporting over 100 million set top box customers around the world. It means we can operate like a scaled player and have a features roadmap for customers that matches what is being offered globally.

This does not mean we will move away from linear channels overnight, because they are currently still preferred by a large group of good customers, but over time we expect On Demand to grow significantly at the expense of linear. Our job is to deliver both types of services in ways that our customers want and need.

To ensure we can continue to serve customers who rely on our satellite-delivered content, particularly those New Zealanders in rural and other areas without reliable internet access, we intend to renew the satellite contract this year. Our 100% reach across New Zealand is a competitive advantage.



- **Content discovery**

With the growth of On Demand, customer choice increases, and while this is a good thing customers will need help in discovering the best content for them in an easy manner. Content Discovery and Data are therefore a key focus for our teams.

- **Range of products and price points to suit all customers**

We are expanding the range of products and propositions that we offer, ranging from the current satellite-centric service, to Fibre-based services using lower cost Puck set top boxes, all the way to being able to access SKY content as an App with no set top box. All of these propositions are being designed around different customer segments and contain different capabilities, features and price points.

To improve our ability to get experiences to customers faster and to ensure a sustainable business, we are embarking on a process of simplifying our operations.

#### **Financial update**

We expect to stabilise our core earnings with our recent changes to pricing and by improving the core experience, and to add incremental profitable customers on “smaller” OTT services. At the same time we are continuing to focus on managing the cost base through simplification of some existing processes and operations.

The financial analysis included in the presentation material is for illustrative purposes only and is not Guidance. There are a lot of variables at play and SKY is yet to fully design and launch all of these new products. The purpose of the presentation is to highlight the range of options that SKY has, and how our current satellite platform can transition to include a range of IP/fibre based products at different price points, with different content propositions and service models.

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