



## **Sky 2021 Annual Shareholder Meeting – 28 October 2021**

### **Chair's Address**

Good morning. My name is Philip Bowman, and as Chairman it is my pleasure to welcome you to Sky's Annual Shareholders' Meeting for 2021.

I bid a warm welcome to all shareholders, proxy holders, and other guests who have joined our meeting today, whether in New Zealand or from around the world.

I am advised that we have a quorum present, and I therefore declare our Annual Shareholders' Meeting open. I am also pleased to officially open online voting.

I am joined today by our Chief Executive Sophie Moloney, our interim Chief Financial Officer, Andrew Hirst, James Bishop our Company Secretary (whom you have already met) and fellow board members.

- Keith Smith
- Joan Withers
- Mike Darcey
- And Geraldine McBride

Members of Sky's Leadership team are also in attendance today, and I also welcome representatives from our auditors, PricewaterhouseCoopers and our corporate solicitors, Chapman Tripp.

Turning to the format of today's meeting:

- I will shortly comment on the 2021 fiscal year as well as our plans for the current year.
- I will then pass the virtual lectern over to Sophie, who will provide more detail on the significant progress the management team made in fiscal 2021, including a summary of our financial performance and our priorities for the coming period.
- We will then move to the formal business of the meeting. There are three resolutions as set out in the Notice of Meeting, including the re-election of Geraldine McBride. I will ask Geraldine to make some brief remarks at that time.
- Finally, I will open the floor for questions from you, our shareholders. James has explained the process for submitting questions, and Sophie and I look forward to the opportunity to engage in a good discussion.

When I addressed the virtual shareholder meeting last year, I expressed the hope that we would be able to gather and socialise normally at the meeting this year. Evidently, we cannot, with Auckland in lockdown for over ten weeks and counting. The long term adverse psychological damage to citizens of repeated lockdowns, coupled with the massive damage to so many businesses and livelihoods across New Zealand, casts a long shadow over today's meeting. Governments across the world need to reflect on the decisions taken to manage this pandemic once the present crisis is past.

Against this background, I am pleased to report that so far Sky has weathered the latest challenges well, and I would like to thank Sophie and the whole Sky team for its professional and agile response to the latest lockdown. With New Zealanders restricted to their homes for many weeks, Sky has provided more than daily entertainment – we have also informed, comforted and distracted, and from the feedback from some of our customers, Sky has been a key source of company and a vital connection to the world.

Lifting the rate of vaccination is vital to New Zealand being able to emerge from the current restrictions. We are strongly encouraging every member of our team, as well as our contractors, to get vaccinated. The Board is very supportive of initiatives by management to work with other major businesses to drive the 'get vaccinated' message, including the use of our different platforms and talent to reach as wide an audience as possible, and our involvement in the campaign to trial rapid antigen testing alongside key Auckland businesses is another area of focus.

Viewership has been high across our Sky Box, as well as our Neon and Sky Sport Now streaming services. Whilst the lockdown at Level Four temporarily restricted our ability to meet the installation needs of new Sky customers, churn rates have continued to reduce and are 12.2% compared to 12.6% a year ago. Sophie can provide more colour on this as needed.

That said, we are acutely aware that the Covid restrictions have been particularly hard for our commercial customers in the hospitality and accommodation sectors and we continue to support these customers through these difficult times, valuing the long-term strength and symbiosis of these partnerships.

Despite the many external challenges, our results for the first quarter of our financial year remain in line with the Board's expectations and the guidance provided at the time of our FY21 results announcement, back in August. Against this background, let us reflect briefly on the previous financial year.

It was encouraging to present a result in August that exceeded the Board's earlier expectations. Part of the out-performance arose from underlying operating improvements, and part from one-off items. The delivery of a strong result suggests that the transformation strategy that we have outlined over the past year, including in my remarks to you at last year's ASM, is beginning to bear fruit.

It also reflects the hard work of the Sky team under the leadership of Sophie, who became Chief Executive on 1st December last year and who has worked tirelessly for our business and for you, our investors. It is encouraging to see the management team, under Sophie's leadership, so committed to our customers and with such determination to reposition our business in a rapidly changing media sector.

Sophie will take you through the details of the last year, but I would like to make some observations from a Board perspective.

We have a clear strategy, one that is tailored to the unique characteristics of the New Zealand market but also draws on our knowledge of and relationships with comparable businesses (including Sky in the UK and Foxtel across the Tasman). Sky has a clear and unique role to play as the preferred aggregator of content for New Zealand customers, and as a trusted partner for local and global counterparties.

At its core, Sky is an entertainment company, connecting our customers with the great sport and entertainment they love, through the delivery mechanism that works for them, and with a strategic advantage of being able to reach New Zealanders wherever they live in this country.

We have recalibrated our strategy as Sky looks to transition to growth, and believe that success will be achieved by focusing on four pillars:

- Nurturing and growing our Sky Box and streaming customers
- Being the preferred partner for key rightsholders, content creators and distributors
- Growing existing and new revenue streams, whilst reducing operating costs aggressively by challenging our historic operating practices; and
- Creating a culture and environment where Sky crew are empowered to deliver their best.

Everything we do is informed by customer insight, and data is the cornerstone of our decision-making. As a Board, we are seeing an enhanced level of strategic assessment and reporting from the Executive team as a result of this firm focus on customer insight and the investment we have made in data analytics over the past two years.

Looking to the future, I see 2022 as an inflection point in terms of business performance. It is a year of investment to fuel future growth. Delivering the new hybrid Sky Box is critical to our plans to cement Sky's role as the preferred aggregator in the New Zealand market. Developing Sky Broadband is another key area of investment. The Executive team is firmly focused on successfully executing these projects and the Board is monitoring the initiatives closely, given past experience with complex technology projects. Equally important is the ongoing review of our operating model to adjust this to changes in the marketplace. Management has already developed and delivered significant sustainable cost savings and is focused on delivering further improvements in the second half of FY22 and beyond.

As outlined at the June investor day, our three-year targets also show a firm focus by management to reshape the business, grow revenues and reduce the cost base, whilst continuing to deliver positive free cash flow. Put simply, execution is the key word for FY22 – we have the strategy, we have the content that matters to our customers, and we must now deliver.

Earlier this year we initiated a process to monetise all or part of our property holdings at Mt. Wellington. While the level 4 lockdown restrictions forced Colliers to delay the sale process, I can report that good progress has been made in recent weeks. The response from the market confirms that the Board made the correct decision to re-frame the scope of the property offer to include all of our buildings on the site. Management, supported by external consultants, are finalising a property strategy that includes significantly downsizing our Mt Wellington footprint, a higher-profile presence in a central Auckland site, alongside a commitment to an 'anywhere works' programme that enables many of our crew to work flexibly between their homes and the Company's sites. Once implemented we will provide a workspace that supports cultural change, facilitates new ways of collaboration and working, and better meets the needs of our team.

Several shareholders have asked for more clarity on the Board's strategy for capital management, including the possibility of reinstating regular dividends or a possible share buy-back. The Board is committed to recycling capital to reinvest in areas of the business that create the most value for our customers and, ultimately, our shareholders. Subject to satisfactory completion of the property sale process, the Board will finalise a capital management strategy and provide details of this at the time of the Interim Results announcement in February 2022.

I commented in my Annual Report letter that we had commissioned Propero Consulting to undertake an independent Board evaluation and following discussion of the output of this review, the Board agreed to appoint at least one new director during FY2022. A formal process, managed by an external search firm, has been commenced.

In conclusion, I will now ask our Chief Executive to present her report on 2021 and the opportunities and the challenges that she sees for 2022 and beyond. But before I do this, I wish to reiterate my

thanks, and those of my board colleagues, for your continued interest and support for our business as Sky shareholders. The Board and the Executive team are very focussed on the task to transform and reposition this business, with a firm focus on growing revenue, reducing costs, and executing on our strategy to exceed the expectations of our customers, our partners, the community, and you, our investors.