

Chief Executive Address
Sky Network Television Limited Annual Shareholder Meeting – 2 November 2022

Slide - Title

- Thank you, Philip, and kia ora Sky Investor e te whānau, nau mai haere mai, ko Sophie tōku ingoa, tēnā koutou, tēnā koutou, tēnā koutou katoa.
- Hello everyone, I'm Sophie and it's my privilege to be here and serve as your CEO.
- It's also a privilege to do what we do at Sky – providing kiwis with the sport and entertainment they love, in ways that work for them.
- Most great shows start with a recap of what happened in the previous episode to remind the audience of the story so far.
- With that in mind, building on Philip's succinct summaries, and as I address you for the second time as your Chief Executive, I set out a quick recap of the distance we've travelled and why I believe we are poised for future growth.
- After sharing these highlights, along with our strategic competitive advantages, I will focus on the current episode of delivery before wrapping up with a key acknowledgement of our crew, and of our commitment to playing our part in Aotearoa New Zealand.

Slide - Timeline

- Starting then with that brief recap of the highlights of the past two years, I refer you to the timeline and in particular draw your attention to:
- The successful launch of Sky Broadband, which is a proof point of the ability of our team to deliver an excellent new service.
- Securing the renewal of the Rugby League until the end 2027 – a vitally important win given its growing popularity and full winter schedule.
- The launch of Sky Rewards, which has been appreciated by customers as we tangibly recognise their loyalty while at the same time delivering a positive impact for Sky.
- Our disciplined and successful bid for the rights to the Premier League for the next 6 seasons, which was another key strategic content moment, supplying a summer schedule for our football-loving customers.
- And, of course it's been very gratifying to return to paying dividends to you, our owners – an important milestone in Sky's continued turnaround.

Slide - Content

- That timeline clearly supports the current strategy of connecting New Zealanders to the content we know they love, because of the viewership data we see every week.

- And from this rich data set, we can see that it isn't just sport that connects and engages our customer segments whether they be native streamers or heartland champions: it can also be shows such as Love Island that connect them!
- Our content variety means there really is something for everyone, including NZ stories commissioned by our Sky Originals team, with our recent feature film Rūrangi also getting noticed abroad and securing an International Emmy Award nomination; this is our second nomination with Sky Original INSiDE having won an Emmy last year.
- Speaking of international interest, undoubtedly 'shirts in black' on our screens continues to matter to kiwis and with this in mind, we are delighted to have secured the rights to World Rugby content for the next 7 years, including four Rugby World Cups. This innovative deal also saw us transfer ownership of Rugbypass to World Rugby with the clear desire to continue to partner to drive a global audience to the game, including in particular fuelling more interest and growth in the women's game.

Slide - Platforms

- And how do we deliver this amazing array of content? A vitally important plank of our strategic gameplan is the ability to meet customers wherever they are.
- Here, on this slide, we start that narrative with Sky Business (who serve close to 7,000 pubs, clubs, hotels, motels and gyms right across the country); where kiwis can discover and enjoy Sky content for the price of a pint or a workout, whatever their preference may be!
- There is then the powerful reach of our advertising-supported, free-to-air channel Prime – reaching around close to 1.3 million New Zealanders each week. Prime is a key pillar of our current advertising business and also provides the opportunity to showcase key sporting moments to all New Zealanders, for free.
- Then, of course, there is the reliability of our existing Sky Box with 100% reach across the country, along with the significant value-add of Sky Go, our companion app for Sky Box customers.
- Which takes us to the exciting new, hybrid Sky Box and the new Sky Pod, reconnecting Sky with our origin story of giving kiwis choice and ease. More on the new Box in a moment.
- The new Sky Pod is the first time New Zealanders can get Sky without a dish – if that's what they prefer, noting, of course that it comes without recording functionality or the reliability of satellite. It's a great alternative for our Vodafone TV customers, and, in future, for those who can't or choose not to install a dish.
- And it's quite a moment for the company and for you, as investors, especially when you couple it with Sky Broadband – creating many new product bundling opportunities for my Chief Customer Officer to go after!

- And last, but certainly not least, our streaming services Neon and Sky Sport Now, that have gone from strength to strength in the last financial year by serving the needs of those customers who simply want standalone entertainment and sport streaming services.

Slide – Our competitive advantage

- Ultimately, what these two slides talk to coupled with our high, ARPU Sky Box customer base, are our core competitive strengths of:
 - o understanding what our customers value based on what they watch;
 - o building on our strong market position as the ultimate aggregator, with a compelling ‘power of the bundle’ content offering;
 - o the ability to deliver reliably to the entire country – no-one else can do this in the way we can; and
 - o with a multi product and platform play, including free to access options that means we have something to offer for everyone.
- It’s a compelling overall competitive advantage that I will reference again a bit later.

Slide – FY 2022 Highlights

- This competitive advantage contributed to Sky achieving the positive inflection point of revenue growth in FY22, as significant growth in both Neon and Sky Sport Now, coupled with a slowing decline of the Box base, saw both customer relationships and overall revenues each grow by 4%.
- In turn, this contributed to the healthy 41% lift in Net Profit After Tax, and a 130% increase in Free Cash Flow to \$42.8 million.

Slide – 3 year targets

- And to complete this first recap, and marking our homework since we last met, as you can see from this slide, we’re largely on track to achieve our 3 year targets.
- But of course there is more to do. So, let’s talk about delivery.

Slide – Deliver - Digital Tech

- As referenced by Philip, **the launch of the Sky Box and Sky Pod** is a key moment for us. The new Box is the most transformative product we have offered our customers in many years, and we’re highly focused on delivering an excellent experience for them.
- Our immediate priority is meeting the needs of our Vodafone TV customers given the looming closure of that service. To give ourselves – and our customers – a little more breathing room, we have agreed with our partner Vodafone that the platform will stay open across the summer break.

- While we will start rolling out the new Sky Box and the Pod as soon as possible , we're mindful that the Christmas period is a busy time for many kiwis, and this gives everyone more time to make the move to our new Sky products in the New Year.
- As we have said from the outset, our core priority is to offer the new Box to our most loyal Sky customers first which we will do – but please be assured, this is not a forced migration, which means those happy with their current Sky Box can retain it.
- And yes, I'm conscious that the new Sky Box has been a long time coming. Some of the reasons for the delays are outside of our control – including Covid, chip set shortages and global supply chain issues. We are currently undertaking rigorous final testing and fine-tuning, and we look forward to starting customer trials very soon.

Slide – Delivery – Advertising

- Second, as also mentioned by Philip, we see **significant opportunity in the advertising space**. The Mediaworks process confirmed the need for specialist expertise at senior levels to seriously go after this high-margin revenue prize. With this in mind and to accelerate our plans, we have brought in highly experienced and talented experts from across 'the ditch' as we leverage the learnings of the likes of Foxtel Media from the highly-competitive Australian market place.

Slide – Delivery – Digital & Partnerships

- Third, for both our core subscription business and our renewed advertising lens, the **importance of data** cannot be understated. We have access to an extraordinary amount of data about our customers and their preferences, but there is much more we can do to unlock its power and maximise this competitive edge, within the bounds of our privacy laws, of course! Partnering with experts like Dot Loves Data will help us go faster, complimenting our internal capability.
- The focus on delivery also extends to our cost base. While growing our revenues remains vital, it is our costs that we must control: split broadly between programming and non-programming cost lines.

Slide – Costs: Programming

- Starting with programming (which includes the cost of the broadcasting rights, as well as production and related people costs): as Philip referenced, we have stepped into higher costs as we have secured key renewals and acquisitions in the past financial year.
- As with these recent deals, looking ahead to future content opportunities, we will be very disciplined in our approach and highly cognisant of our strategic competitive advantage mentioned earlier, in particular the power of our viewership data.

- This data confirms what content is valuable to customers, and therefore of value to us and, ultimately, to you as shareholders, as it allows us to assess the return on investment over the life of each rights negotiation.
- These advantages give us the confidence to be clear about what we need to hold exclusively (and therefore to potentially pay a premium for) or we are happy to hold either on a non-exclusive or a co-exclusive basis.
- And on the Production cost side, it's simple: we will continue to review the right level of production and cost efficiencies based on the event or content value – again, understanding what our customers watch.
- With this approach in mind, in FY22 we delivered \$17million of permanent savings from our programming cost line.

Slide – Costs: Non-Programming

- In terms of our non-programming costs, last financial year, we delivered a further \$12 million of permanent cost reductions, and we are now embarking on the next phase of cost out.
- We talked about the first phase communicated in December 2021 as being the low hanging fruit and we have now stepped onto the next rung of the ladder, looking right across our business at ways we can be more cost-effective.
- As referenced here, we are being much more deliberate about areas where we can use partners to achieve efficiencies. Our recent agreement with leading supply chain services provider Pacificomm Group to take over our warehouse, repairs, freight and logistics work is a great example of this.
- You will see us doing more partnering and outsourcing in areas where we can drive efficiency without compromising on our customer promise. In some instances, offshoring will be the most effective way to access the talent we need to support our business given the challenges of finding this talent locally, particularly in the technology sphere.
- The launch of Sky's new Box will also play a part in reducing our costs base, with the Box roll-out supporting a lower cost of acquisition – by enabling a greater mix of self-install and lower repairs and maintenance cost. These are just two examples – both of which will drive lower capital intensity.

Slide – Outlook and guidance

- Our twin focus on continuing to grow revenue while also reducing costs leads nicely to the outlook for the current financial year.
- As we stand today, notwithstanding the delay in delivery of our new box and new Sky Pod, we remain on track to deliver against the Revenue, EBITDA, NPAT and Capex guidance we provided at

the time of our full year results. As you can see, the dividend range has been increased following today's announced change to Sky's Dividend Policy.

Slide – Sky Crew

- Delivering on these results takes enormous effort from our talented Sky Crew.
- We are very mindful of the economic headwinds that we are all facing and the importance of securing key talent in these times impacted by scarcity of labour.
- To tackle this head on, we have just announced our salary review which included with an increase of 8% for those earning less than \$100,000 a year, and 5% for those earning up to \$250,000.
- In addition, in respect of our benefits package, notwithstanding what you may have read in the media, we are not taking away free Sky from our people, we are simply looking to adjust the way our crew access this benefit so it reflects how they and their households prefer to view Sky content – just as is the choice of our customers.
- And, we have also invested in the key work spaces at our Mt Wellington and vibrant new Viaduct Harbour locations – a clear draw card for attracting and welcoming new talent to Sky, and ensuring a great workspace for all of our crew.

Slide – Sustainability at Sky

- I've spent most of today speaking about our sustainability from a competitive advantage and financial perspective, but we are equally committed to playing our part to support the environment and the communities in which we operate.
- It goes back to the comment I made at the start – that we have a special and privileged role here at Sky.
- Each day we are entrusted to deliver entertainment and much-loved sport to New Zealanders on behalf of our partners.
- And we have communities and shareholders who expect us to act with integrity and empathy, minimising our environmental impact and being a responsible corporate citizen.
- I haven't got time today to speak about everything we aim to do in this space, but on this slide: I draw your attention to our Sky for Good programme, where we use our platform, our people and our presence in the community to make a difference including free Sky at Starship hospital and a 20-year partnership with the Special Children's Parties that positively impact around 10,000 children each year.
- We have also made a commitment to track and reduce our impact on the environment, working in partnership with environmental agency Toitū.
- I'm also really proud of our commitment to showcasing and supporting women's sport, helping our kiwi women and girls to 'See the Possible'.

Slide –Strategy on a Page

- In closing, I want to join Philip in thanking you for your continued support as the owners of this business. My team and I remain focused on continuing to not only turnaround Sky but to transform it, all the while meeting customer needs and achieving the desired financial results for all of you.
- And now, before I hand back to Philip, I'd like to play you a short video (by our award-winning creative team) highlighting our superb range of content. It speaks to the point I made earlier about the depth and breadth of content we have on offer, and the clear competitive advantage that brings.