KORA

Spark nz
hello tomorrow

Spark New Zealand

FY24 Results Summary

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FY24 financial snapshot

$3,861m
1.2% decrease vs. adjusted FY23
ADJUSTED REVENUE(1)(2)

$1,163m
2.5% decrease vs. adjusted FY23
ADJUSTED EBITDAI(2)(3)

$342m
21.0% decrease vs. adjusted FY23
ADJUSTED NPAT(2)(4)

$518m
0.6% increase vs. FY23
CAPEX(3)

$330m
32.5% decrease vs. FY23
FREE CASH FLOW

14.0 cps
H2 FY24 dividend(5)
TOTAL FY24 DIVIDEND OF 27.5 cps
0.5 cps increase vs. FY23

$3,861m
14.0% decrease vs. reported FY23
REPORTED REVENUE(1)

$1,163m
32.5% decrease vs. reported FY23
REPORTED EBITDAI(3)

$316m
72.2% decrease vs. reported FY23
REPORTED NPAT

(1) Operating revenues and other gains
(2) FY23 EBITDAI is adjusted for the impact of the TowerCo gain on sale of $584m included in revenue and the Spark Sport provision of $52m included in operating expenses. Net EBITDAI impact of $532m. FY23 NPAT is further adjusted for the tax effect of the net gain on sale of the TowerCo transaction and the Spark Sport provision totalling $168m.
(3) Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) and capital expenditure (CAPEX) are non-Generally Accepted Accounting Principles (non-GAAP) performance measures that are defined in note 2.5 of Spark's Annual Report.
(4) FY24 NPAT adjusted for the impacts on tax expenses of $26m. Impact arises from the change in Government policy to remove the tax depreciation deduction on buildings, with a corresponding reduction in the associated deferred tax asset.
(5) Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

FY24 results summary

Performance below aspiration, growth targeted in FY25 as SPK-26 Operate Programme accelerates

FY24 growth offset by subdued demand in some markets, with cost interventions to be realised in FY25

- Mobile service revenues surpassed $1 billion for the first time and IT products, data centres, and high-tech continued to grow
- Economic conditions impacted demand in IT services, intensified competition in business mobile, and led to lower mobile device and accessories sales
- FY24 revenue of $3,861m declined 1.2% on an adjusted(1) basis and 14.0% on a reported basis, as subdued demand offset growth
- SPK-26 Operate Programme accelerated in H2 but could not adapt the cost base to changing demand quickly enough, with benefits to be largely realised in FY25
- As a result, EBITDAI of $1,163m declined 2.5% on an adjusted(1) basis and 32.5% on a reported basis
- Reported NPAT declined 72.2% to $316 million due to cycling the TowerCo and Spark Sport transactions, lower EBITDAI, higher finance expenses and depreciation, and a one-off $26 million non-cash tax adjustment relating to Government policy changes(2). Adjusted NPAT, excluding one-offs in both years, declined 21.0% to $342 million
- Free cash flow declined 32.5% to $330m due to lower EBITDAI and higher interest, lease costs, and non-cash earnings, contributing to higher net debt
- Customer satisfaction up 7 points, employee engagement remains strong, and top quartile sustainability benchmarking maintained against local and global peers
- Board declared a total FY24 dividend of 27.5 cps (100% imputed), with Dividend Reinvestment Plan (DRP) to be reinstated for the H2 FY24 dividend(3)

Business fundamentals remain strong, with clear plan to return to growth in FY25

1. Maintain leadership in growing mobile market through product innovation, customer demand for data, and annual price reviews
2. Scale data centre growth opportunity as AI and cloud drive significant increases in capacity demand
3. SPK-26 Operate Programme to deliver further material labour and opex cost reductions
4. Remain committed to financial strength and flexibility and bringing net debt back to ~1.7x EBITDAI in line with A- credit rating
5. FY25 Guidance of $1,165m-$1,220m EBITDAI, lower capex of ~$460m-$480m, and a dividend of 27.5 cps (75% imputed)

(1) FY24 financial results are cycling the significant revenue and net profit declared in FY23 following the TowerCo and Spark Sport transactions. As such, both reported and adjusted year-on-year comparisons are provided – the latter of which strips out the impact of the one-off gain to provide a like-for-like performance comparison.
(2) Relating to the recent Government policy changes to the zero-rating of tax depreciation on buildings.
(3) Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

Telco market performance

Mobile growth sustained while consumer and business spending came under increasing pressure in second half

$1,010m

3.1% increase vs. FY23

MOBILE SERVICE REVENUE

Mobile service revenue surpassing $1bn, driven by consumer price increases and connection growth

Consumer mobile service revenue up 4.3% and SME up 1.6%, while Enterprise and Government declined 3.5% as price competition intensified

Maintained #1 position in mobile market share by service revenue and total connections(1)

$613m

2.1% decrease vs. FY23

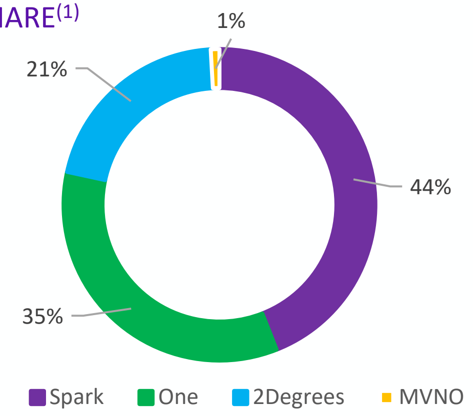
BROADBAND REVENUE

Macro-economic conditions intensified price-driven competition and bundling by non-telco competitors

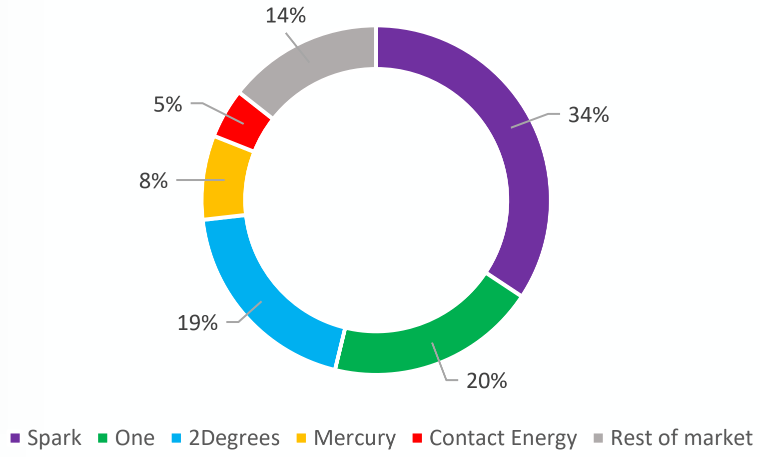
Actively managing profitability by passing through fixed input price increases

Wireless broadband held at ~31% of base. Focus on growing the addressable market through 5G rollout and expanding availability of unlimited plans for rural customers

MOBILE SERVICE REVENUE MARKET SHARE(1)



BROADBAND CONNECTION MARKET SHARE(2)



(1) Market share estimates sourced from IDC as at 30 June 2024. Mobile service revenue market share does not add to 100% due to rounding.
(2) Market share estimates sourced from IDC as at 31 March 2024.

Digital services market performance

IT services impacted by economic slowdown, while data centres and high-tech revenues grew

$692m

1.6% decrease vs. FY23

TOTAL IT REVENUE

Return to growth in IT products with revenues up $18m or 3.5%. Driven by cloud growth, up $16m or 7.7% as businesses digitise

Public sector spending cuts and deferred private sector investment impacting IT services demand

IT services market deterioration accelerated in H2 with full year revenues down $29m or 14.9%

$37m

54.2% Increase vs. FY23

DATA CENTRES REVENUE

Exceeded FY24 revenue target with Takanini POD2 delivered on time and budget, and revenue stream online

Secured land and resource consent on the North Shore for a third strategic Auckland location and a staged 40MW campus build

Partnered with University of Waikato to manage on-campus data centre and utilise as an edge location for business customers

$79m

21.5% increase vs. FY23

HIGH-TECH REVENUE

IoT continues to see strong growth with revenues up 53.3%, driven by connection growth and new solutions

Achieved milestone of over 2 million devices connected to our IoT networks across the country

MATTR built its position in the TrustTech market, with further expansion in Australia and North America

Toitū sustainability performance

ESG practices continue to mature, maintaining inclusion in the Dow Jones Sustainability Australia Index (DJSI)

ECONOMIC TRANSFORMATION

5G in 103 locations – two thirds of the way towards our FY26 ambition to have 5G in all towns with a population >1,500

Rural Connectivity Group connected its 500th rural cell tower – bringing the total households now served to 33k

DIGITAL EQUITY

Skinny Jump now supporting 32k households in need with subsidised broadband

New online protections launched – including SMS scam firewall and expanded CSAM blocking via membership of the Internet Watch Foundation

SUSTAINABLE SPARK

Tracking 18.6% above SBTi[1] emissions reduction target pathway, due to release of fire suppressant triggered by an alarm at an exchange. Without this event we would be 5.7% above our pathway

10-year renewable energy partnership with Genesis Energy – accounting for ~60% of annual electricity requirements. Will make a significant contribution towards SBTi[1] emissions reduction target from Jan 2025

[1] Science based target initiative.

FY24 indicators of success

Measure	Target 30 June 2024	Status
Mobile service revenue growth	~5%	Solid Progress
Additional sites that are 5G capable	+180-200 sites	Solid Progress
Wireless broadband connections	+10k-15k	Not Achieved
IT and procurement revenue growth	~2%	Not Achieved
Data centre revenue	~$35m	Exceeded
High-tech revenue growth	~$25-$35m	Not Achieved
IoT connections	~2m	Exceeded
Gross cost reduction	~$40-$60m	Exceeded
Customer iNPS	+3 points	Exceeded
Lift in employee engagement	+5 points	Not achieved
Reduce Scope 1 and Scope 2 GHG emissions against FY20 Baseline	Maintain at or under 22.4% below FY20 baseline	Not Achieved

SPK-26 Strategy Update

Dual focus on resilience and growth through SPK-26

Long-term strategy enduring, with near-term growth enabled by mobile and cost programme

- FY25 mobile market growth predicted to be ~3%[1], fuelled by ongoing demand for data
- Spark focus on dual brand strategy, product innovation, and annual price reviews to support ongoing growth

- Data centre strategy is a strong growth opportunity over the medium term
- NZ data centre market predicted to grow from ~90MW today to ~500MW at 2030[2], driven by AI and cloud uptake
- Development pipeline now at 118MW, positioning Spark to capture a significant share of this growth

- SPK-26 Operate Programme to reset cost base and insulate Spark from the economic environment
- Targeting net labour cost reduction of ~$50m in FY25
- Targeting net opex reduction of ~$30m in FY25

- Remain committed to maintaining financial strength and flexibility
- Focus on free cash flow growth and net debt reduction through higher EBITDAI and lower FY25 capex
- Exploring equity funding options to fund growth investments and data centre strategy

(1) Market size estimates sourced from IDC.
(2) Spark's assessment of total nationwide site capacity, based on market information available from research reports, announced developments, land transactions, and other publicly available information.

New Zealand data centre market set for rapid expansion

Growth drivers and return profile make data centres an attractive long-term investment for shareholders

- New Zealand data centre demand is growing rapidly
- Cloud migration still growing and driving uptake of public, private, and hybrid cloud
- Rapid acceleration in Generative AI predicted to significantly increase demand for additional data centre capacity

- Spark a natural owner – currently holding ~25%[(1)] of existing capacity in market, with significant pipeline of future development opportunities secured (land, power, fibre, and design)
- 10-year renewable PPA with Genesis and intention to explore additional renewable opportunities to support future growth
- Complementary digital infrastructure assets, such as fibre connectivity and subsea cable assets
- Relationships with cloud hyperscalers combined with local capability a compelling combination for customers

- Spark's 118MW development pipeline will require ~$1bn+ of capex over the next 5-7 years, targeting an IRR of ~10%-15%[(2)] over the expected investment horizon
- In the near term the Dividend Reinvestment Plan (DRP) and potential hybrid capital notes issuance will help fund growth investments while providing greater balance sheet flexibility
- Exploring other equity funding options, including capital partnerships

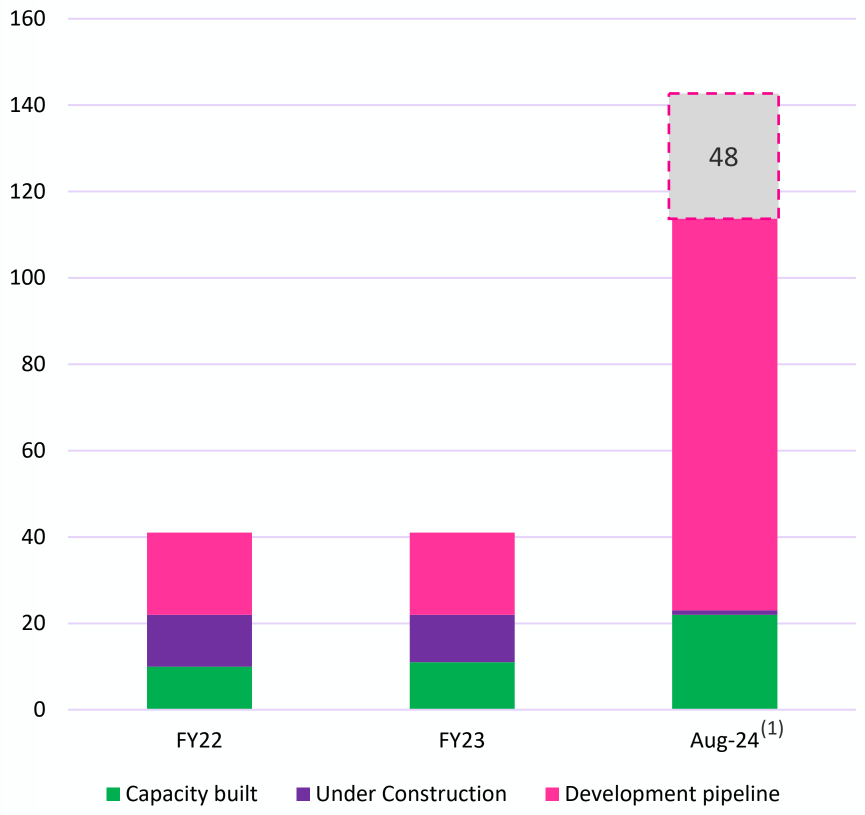
(1) Spark's assessment of total nationwide site capacity, based on market information available from research reports, announced developments, land transactions, and other publicly available information.
(2) Unlevered, post-tax IRR

Spark data centre development pipeline has grown to 118MW

Built capacity at 88% contracted utilisation, potential to scale business significantly over next 5-7 years

FACILITY	STATUS	SITE CAPACITY (MW)
Auckland – Takanini Campus	Built	12
Auckland – Aotea Campus	Built	3
Other sites	Built	7
TOTAL CAPACITY BUILT		**22**
Auckland - Aotea Campus	Under construction	1
TOTAL CAPACITY UNDER CONSTRUCTION		**1**
Auckland – North Shore Campus	Development pipeline	40
Auckland – Takanini Campus	Development pipeline	63[1]
Auckland – Aotea Campus	Development pipeline	15
TOTAL DEVELOPMENT PIPELINE (as at Aug 2024)		**118[1]**
TOTAL POTENTIAL CAPACITY (as at Aug 2024)		**~140**

DATA CENTRE SITE CAPACITY (MW)



[1] In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.

Three strategic Auckland locations deliver compelling investment portfolio

FY25 data centre investment of ~$70m-$90m to fund expansion, as future capital funding is secured

	Takanini Data Centre	North Shore Data Centre	Aotea (CBD) Data Centre
Overview	• 12MW site, with two pods close to 100% contracted[1] • New builds designed for sustainability, targeting LEED Silver certification • Equipped for high-density AI requirements	• New site within 43-hectare masterplan development with surf park creators Aventuur • Achieved resource consent in June 2024 • Designing for sustainability, targeting LEED Gold certification	• 3MW site, strategically sought after due to its customer ecosystem and location as a key connection point for international submarine cable systems and national networks
FY25 Investment ~$70m-$90m	• Stage 1 of POD3, commencing build of ~15MW capacity	• Land settlement	• 1MW expansion completes
Future Development Opportunity	• Adjacent land purchased in August 2024, bringing future development pipeline beyond FY25 to 48MW (total potential capacity of ~75MW)	• Total campus capacity of 40MW, with staged delivery planned	• Future development pipeline beyond FY25 of ~15MW (bringing total potential capacity to ~19MW)

Spark Data Centre Key Metrics[2]

- **Targeting EBITDAI margins of ~70%-80%**
- **Target IRR ~10%-15%**
- **Weighted average life of assets ~25 years[3]**
- **WALE 16.5 years**

[1] Includes contracted and reserved capacity.
[2] Based on new purpose-built data centre facilities only.
[3] May vary for future build depending on the mix of assets.

SPK-26 Operate Programme update

Significant cost reduction focus continues in FY25

Operating model

- Following H1 labour cost growth, operating model redesign held full year labour costs broadly flat at $512m
- FY25 targeting net labour cost reduction of ~$50m through Enterprise and Government transformation and business-wide efficiency improvements
- Enterprise and Government division transformation to address structural segment challenges by integrating subsidiaries into Spark to remove duplication, simplify product portfolio and processes, and deliver better customer experiences at a lower cost

Operating costs

- Driving operating cost reductions through operating model changes (above), new strategic supplier agreements, ongoing digitisation and automation and tight cost control
- Leading to FY24 operating costs reduction, despite inflationary pressures
- In FY25 targeting a net opex reduction of ~$30m

Scale AI

- Consistent AI investment over 5+ years has delivered efficiencies through data-driven marketing and network automation and enhanced competitive advantage
- Spark in a strong position to leverage this capability to deploy Generative AI at scale, supporting focus on cost reduction while improving customer experiences (see next slide)

Accelerating AI deployment at scale

Expanding use of AI through Generative AI deployment to support focus on customer experience and efficiency

- Acceleration of Generative AI capabilities enables use cases with wider applicability across the business
- Strong foundation for rapid deployment, with extensive in-house AI capability and existing governance structures
- Dedicated Transformation Lead and team driving testing and deployment of highest value use cases across Spark
- Combination of third-party tools and Spark-designed applications, leveraging existing decisioning engine
- Proactive workforce up-skilling and re-skilling through internal skilling centre
- Data Ethics Committee governs the operationalisation of Spark's AI Principles and Generative AI Policy

FUNCTIONALITY	DESCRIPTION	APPLICABILITY	STATUS
AI-ENABLED SALES AND MARKETING	• Predicting next best action for customer • Automated sales and marketing campaigns • Personalised offers and right-planning	• Consumer marketing • SME and B2B sales • Customer channels	• Live
AI CO-PILOTS	• Assistance with coding and testing • Content creation • Customer service support • Office productivity tools • Automated reporting	• IT • Product • Marketing • Call centres • All of Spark	• Co-pilots live across Spark • Scaling in customer care and IT in FY25
INTELLIGENT SEARCH	• Rapid retrieval of real time data • Automated responses to common questions • Research and idea generation	• All of Spark • Call centres • Retail • Service desks • Internal help desks	• Live in call centres, retail, and back-office functions • Enterprise-wide launch in FY25
AI-ENABLED NETWORK	• Automated monitoring and fault resolution • Advanced network planning matching investment to market opportunity	• Network • Sales and service teams	• Pilot live • To be scaled in FY25

Financials

Financials

	REPORTED FY23 $m	REPORTED FY24 $m	CHANGE	ADJUSTED FY23 $m	ADJUSTED FY24 $m	CHANGE
Operating revenues and other gains	4,491	3,861	(14.0%)	3,908	3,861	(1.2%)
Operating expenses	(2,769)	(2,698)	(2.6%)	(2,715)	(2,698)	(0.6%)
EBITDAI	1,722	1,163	(32.5%)	1,193	1,163	(2.5%)
Finance income	32	30	(6.3%)	32	30	(6.3%)
Finance expense	(99)	(144)	45.5%	(99)	(144)	45.5%
Depreciation and amortisation	(504)	(527)	4.6%	(504)	(527)	(4.6%)
Net investment income	1	(8)	NM	(4)	(8)	100%
Net earnings before tax expense	1,152	514	(55.4%)	618	514	16.8%
Tax expense	(17)	(198)	NM	(185)	(172)[1]	(7.0%)
Net earnings after tax expense	1,135	316	(72.2%)	433	342	(21.0%)
Capital expenditure[2]	515	518	0.6%	515	518	0.6%
Free cash flow	489	330	(32.5%)	489	330	(32.5%)
EBITDAI margin	38.3%	30.1%	(8.2pp)	30.5%	30.1%	(0.4pp)
Effective tax rate	1.5%	38.5%	37.0pp	29.9%	33.5%	3.6pp
Capital expenditure to operating revenues and other gains	11.5%	13.4%	1.9pp	13.2%	13.4%	0.2pp
Basic earnings per share (cents)	60.7	17.3	(43.4)	23.2	18.7	(4.5)
Total dividend per share (cents)	27.0	27.5	0.5	27.0	27.5	0.5

(1) FY24 tax expenses is adjusted by $26m for the tax effects relating to the recent Government policy changes to the zero-rating of tax depreciation on buildings.
(2) Excluding expenditure on mobile spectrum.

Revenue and opex performance summary

Revenue down, while lower product and labour costs mostly offset by severance costs and inflationary pressures

$3,861m

1.2% decrease vs. adjusted FY23

ADJUSTED REVENUE

- Impact of challenging economic conditions outweigh growth in mobile, IT products and high-tech revenues
- Mobile service revenue up $30m (3.1%) as demand for data continues to increase and price increases implemented. Growth slowed in H2 as competition intensified in the business market
- IT product revenue growth continued, up $18m (3.5%), driven by new client wins and increased workloads as businesses continue to move to the cloud
- Offset by declines in IT services and mobile device sales – with IT services revenue down $29m (14.9%) due to re-signs at lower rates and subdued project activity, and mobile non-service revenue down $26m (5.3%) as customers refresh handsets less frequently
- Voice revenue declined $51m (22.1%) in line with long-term customer transition off legacy technologies
- Other product revenue declined $36m (20.9%) due mainly to the exit of Spark Sport
- Other gains up by $69m due to strategic partners investing equipment in Spark networks to support future growth, changes to mobile tower leases, and equipment sales. Expected to normalise in FY25

$2,698m

0.6% decrease vs. adjusted FY23

ADJUSTED OPERATING COSTS

- Product costs down $53m (2.9%), through a combination of management intervention to re-shape the product portfolio, and the impacts of the economic environment
- Exit of Spark Sport delivering a reduction in other products cost
- Subdued economic activity saw lower procurement activity and associated product costs
- Voice product costs down 17.3% as input costs reduce in line with a lower customer base
- Labour costs broadly flat, reflecting SPK-26 Operate Programme intervention in H2 to align labour costs with changing revenue trends, with further benefits to be realised in FY25
- Other operating expenses increased $35 million (8.7%), driven by a full year of charges under the Connexa lease arrangement, bad debt costs, and severance costs

Capital investment[1]

Investing in a secure and resilient network and digital infrastructure that underpins growth

- FY24 capital investment of $518m[1] or 13.4% of revenue[2]
- Two-thirds ($350m) invested into network and digital infrastructure, underpinning growth and resilience
- FY25 capital expenditure guidance of ~$460m-$480m

Capacity for resilience and growth

- 98%+ mobile population coverage
- 28% increase in mobile network capacity
- 5G Standalone (SA) core build and site configuration in preparation for Standalone network launch
- +10MW new data centre capacity (22.3MW total)
- 2 million devices connected to IoT networks that reach 99% of the population[3]
- Established a network of satellite-connected small cells for greater resilience

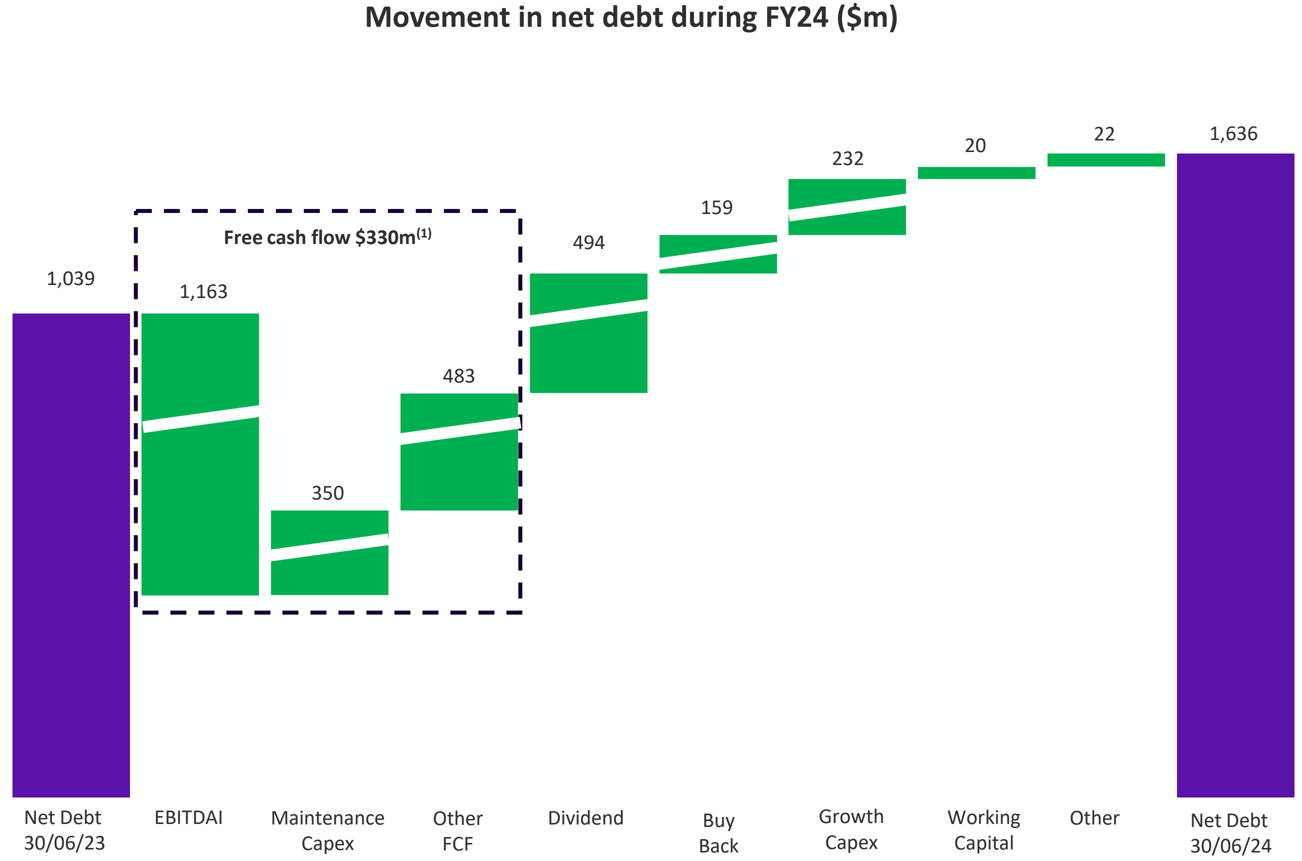
Enabling Spark

- Accelerated AI deployment and licensing for automation
- IT system investment to support efficiency and better digital customer experiences

[1] Excluding $23m of spectrum recognised in FY24 for long-term spectrum management rights of 80 MHz of 3.5 GHz c-band spectrum with cash payments made across FY23-FY25.
[2] Capital expenditure in the statement of cashflows was $592 million (including capitalised interest and excluding spectrum). The main drivers of this difference are related to network expenditure items that were received in FY23 but not paid for until FY24, together with payments of capex at the end of FY24 in relation to long term network projects that have not yet been implemented.
[3] Cat-M1 Internet of Things network.

Free cash flow and net debt

Free cash flow impacted by lower EBITDAI and higher non-cash earnings, with net debt exceeding 1.7x in the short term



- ~$0.5bn lower opening net debt reflecting FY23 receipt of TowerCo proceeds, which were reinvested and returned to shareholders during FY24
- Free cash flow and net debt primarily impacted by lower EBITDAI, higher non-cash items[2], and higher cash capex
- Net debt to EBITDAI of 2.1x[3] currently exceeding 1.7x
- On market share buy-back concluded[4]
- Clear plan to return net debt to EBITDAI to ~1.7x, consistent with A- investment grade credit rating, through:
  - EBITDAI growth, with other gains consistent with prior trends
  - Reducing capital investment to ~$460m-$480m
  - Reinstatement of the DRP[5]
  - Potential hybrid capital notes issuance to provide greater balance sheet flexibility

FY25 free cash flow aspiration of ~$400m-$440m

(1) Free cash flow calculation outlined in Spark's detailed financials workbook. Other FCF includes interest, tax, leases and non-cash other gains.
(2) Other gains of $102m, an increase of $69m vs. FY23. Non-cash component of other gains $78m vs. $18m in FY23.
(3) Includes lease liabilities, and captive adjustments. Spark estimates this aligns to S&P's credit rating calculation.
(4) On 22 August 2024, the Board resolved to withdraw the on-market share buy-back, bringing the buy-back to a conclusion.
(5) Shares issued under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

Capital Management Framework

Framework informs FY25 funding of dividend and capital investments, while maintaining an appropriate investment grade credit rating

Objectives

- **#1** Strategic alignment
- **#2** NPV positive
- **#3** ROI > Spark's hurdle rate in years 3-5
- **#4** Long run capex to revenue ~10%-12%[5]

Principles

Maximising shareholder value

- Dividends funded through growth in EBITDAI and sustainable free cash flow
- Dividend Policy: pay-out ratio of ~80%-100% of free cash flow[1] on a long run basis

Investing for growth

- Investing to sustain and grow the business organically
- Updated long run target of capex to revenues of ~10%-12%, with medium-term investment in excess of this target funded through new forms of capital management
- Investing for growth via mergers and acquisitions that are EPS accretive over time

Maintaining financial strength and flexibility

- Remain committed to an appropriate investment grade credit rating

FY25 Approach

- FY25 dividend of 27.5 cps[2]
- On-market share buyback concluded[3]
- FY25 capex guidance of ~$460m-$480m
- DRP reinstated from H2 FY24[4] and potential hybrid capital notes issuance will help to:
  - fund growth investments in the near term;
  - bring net debt back to target metric of 1.7x net debt to EBITDAI, consistent with an A- credit rating in the near term; and
  - enable greater balance sheet strength and flexibility

[1] Refer to Spark's detailed financials for free cash flow calculation.
[2] Subject to no material adverse change in operating outlook.
[3] On 22 August 2024, the Board resolved to withdraw the on-market share buy-back, bringing the buy-back to a conclusion.
[4] Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.
[5] Excluding any spectrum purchases and renewals.

Outlook

FY25 performance outlook[1]

Targeting return to topline revenue growth; significant cost reductions and reduced capital investment

REVENUE

- Targeting mobile service revenue growth of ~3% driven by ongoing demand for data, connection growth, and annual price reviews
- Targeting high-tech revenue growth of ~20%-25% underpinned by IoT and converged technology solutions
- Targeting FY25 data centre revenue growth of ~15% reflecting current capacity utilisation scaling, while additional capacity is built and comes online
- Stabilisation in IT services
- Revenue growth partially offset by market pressures and revenue declines in legacy products

LABOUR & OPEX

- SPK-26 Operate Programme targeting a reduction of ~$50m in net labour and ~$30m in net opex

CAPEX

- Reduced FY25 capital investment to ~$460m-$480m

[1]Not guidance. Subject to no material change in operating outlook.

FY25 indicators of success

Measure	Target 30 June 2025
Mobile service revenue growth	~3%
Data centre revenue growth	~15%
High-tech revenue growth	~20%-25%
SPK-26 Operate Programme:	
Net labour reduction	~$50m
Net opex reductions	~$30m
Customer iNPS	+3 points
Lift in employee engagement	+3 points
Reduce Scope 1 and Scope 2 GHG emissions in line with SBTi reduction target pathway	At or under 28% below FY20 baseline

Guidance[1]

	FY24 Actual	FY25 Guidance
EBITDAI	$1,163m	$1,165m-$1,220m
Capital expenditure[2]	$518m	~$460m-$480m
Dividend per share	Total 27.5 cps[3] (100% imputed)	Total 27.5 cps (75% imputed)

[1] Subject to no material adverse change in operating outlook.
[2] Total capital expenditure including growth capex and excluding expenditure on mobile spectrum.
[3] Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

Disclaimer

This announcement may include forward-looking statements regarding future events and the future financial performance of Spark New Zealand. Such forward-looking statements are based on the beliefs of and assumptions made by management along with information currently available at the time such statements were made.

These forward-looking statements may be identified by words such as ‘guidance’, ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘plan’, ‘may’, ‘could’, ‘ambition’, ‘aspiration’ and similar expressions. Any statements in this announcement that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark New Zealand’s control, and which may cause actual results to differ materially from those projected in the forward-looking statements contained in this announcement.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed herein and also include Spark New Zealand's anticipated growth strategies, Spark New Zealand's future results of operations and financial condition, economic conditions and the regulatory environment in New Zealand, competition in the markets in which Spark New Zealand operates, risks related to the sharing arrangements with Chorus, any impacts or risks to Spark’s anticipated growth strategies, future financial condition and operations, economic conditions or the regulatory environment in New Zealand arising from or otherwise with Covid, other factors or trends affecting the telecommunications industry generally and Spark New Zealand’s financial condition in particular and risks detailed in Spark New Zealand's filings with NZX and ASX. Except as required by law or the listing rules of the stock exchanges on which Spark New Zealand is listed, Spark New Zealand undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Appendix

FY24 net debt metrics

Net Debt	FY23 ($m)	FY24 ($m)
Net debt at hedged rates	$1,039	$1,636
Net debt at hedged rates including lease liabilities	$1,817	$2,377
Debt Ratios		
Borrowing costs (annualised)	5.5%	6.1%
Weighted average debt maturity (years)	3.9 years	3.7 years
Debt servicing[1]	1.4x	2.1x
Gearing	48%	60%
Interest cover	16x	9x

[1] Debt servicing is calculated as (Net debt at hedge rates+ Lease liabilities - captive finance adjustments)/(Adjusted EBITDAI - captive finance adjustments) which Spark estimates aligns to S&P's credit rating calculation.