



MARKET RELEASE – Wednesday, 20 August 2025

Spark announces FY25 results within updated guidance

- Delivering EBITDAIⁱ, capex, and FY25 dividend within updated guidance
 - Reported revenueⁱⁱ of \$3,725m declined 2.5%; adjusted revenue of \$3,700m declined 4.2%
 - Reported EBITDAI of \$1,053m declined 7.7%; adjusted EBITDAI of \$1,060m declined 8.9%
 - Reported NPAT of \$260m declined 17.7%; adjusted NPAT of \$227m declined 33.6%
 - Final dividend of 12.5 cents per share declared, bringing total FY25 dividend to 25 cents per shareⁱⁱⁱ
- Significant transformation on track – with portfolio management delivering \$356m^{iv} in proceeds from non-core asset divestments and cost reduction programme delivering \$85m in H2 25 vs H2 24
- Sale of 75% stake in data centre business expected to deliver initial cash proceeds of ~\$486m^v at completion, while retained 25% stake supports long-term shareholder value creation
- New five-year strategy and capital management reset refocus Spark and its capital investment on its core connectivity business

Spark New Zealand (Spark) today announced its FY25 results within updated guidance, and a new five-year strategy and capital management reset that refocuses Spark on its core connectivity business.

Spark Chair Justine Smyth said, “The past year has been one of the most challenging periods in Spark’s history, as we navigated economic headwinds, materially lower customer spending, and ongoing structural change in some of our markets.

“Not all the challenges we faced were beyond our control, and at our AGM in November we outlined the significant transformation programme we would implement to improve performance. This included a renewed focus on our core business, a strategic review of non-core assets, an expanded cost-out programme, and a focus on realising value from our data centre business.

“We have made good progress since that time. We undertook a strategic review of non-core assets to recycle capital into our core business and reduce net debt. This culminated in the sale of our remaining stakes in Connexa and HTAL^{vi}, delivering combined proceeds of \$356 million.

“To support the growth of our data centre business, we were pleased to announce we had entered into an agreement to sell a 75% interest to Pacific Equity Partners (PEP) in August. The agreement values the business at up to \$705 million^{vii}, which represents a FY25 pro-forma EBITDA multiple of 30.8x^{viii} and compares favourably to similar transactions.

“The combined \$533 million^{ix} that will be received in FY26 from the HTAL divestment and initial cash proceeds from the data centre transaction are expected to reduce our net debt/EBITDAI ratio by 0.5x to ~1.7x.

“This progress lays the groundwork for ongoing performance improvements in the years ahead and is further supported by the Board’s renewed commitment to disciplined capital management. The dividend guidance we provide each year will be tied to a new definition of free cash flow (FCF), which now incorporates changes in working capital and capital expenditure used to operate our core business.

“When these changes are applied to the year ahead, in FY26 we are guiding to free cash flow of \$290-\$330 million and a dividend payout ratio of 100% of FCF.

“Recognising the environment has changed significantly since we announced our SPK-26 strategy, the Board has approved a new five-year strategy that focuses Spark, and its capital investment, from a broader digital services ambition to its core business of connectivity. Our focus is returning Spark to its

history of stable annuity-like returns, with predictable free cash flow and growing dividends over time for our shareholders.”

FY25 operating performance

Spark’s FY25 financial results include reported and adjusted figures (see note to editors). Reported revenue of \$3,725 million declined 2.5% on FY24, while adjusted revenue of \$3,700 million declined 4.2%. Reported EBITDAI of \$1,053 million declined 7.7%, while adjusted EBITDAI of \$1,060 million declined 8.9%.

Reported NPAT of \$260 million declined 17.7%, while adjusted NPAT of \$227 million declined 33.6%. Free cash flow remained steady at \$330 million despite reduced EBITDAI, as Spark reduced total capex by 17.2% to \$429 million.

The Board declared a final dividend of 12.5 cents per share, to bring the total dividend in FY25 to 25 cents per share^x – delivering on updated guidance and taking into account the return of some of the Connexa sale proceeds. Given the anticipated receipt of proceeds from the data centre transaction and subsequent reduction in net debt, the Dividend Reinvestment Plan has been suspended for the H2 FY25 dividend.

Mobile service revenue declined 2.3% to \$987 million, driven by price competition in enterprise and government and consumer prepaid, and further impacted by the removal of an insurance product in consumer pay monthly, which will not reoccur in FY26.

Positively, consumer and SME pay monthly connections grew, and when the impact of insurance is excluded, second half ARPU – a measure of the revenue earned per customer – increased by around 3%. In enterprise and government, price competition continued to put pressure on ARPU, while the connection decline stabilised in the second half.

Broadband revenue stabilised, with a small decline of 0.8% to \$608 million. Cloud revenues grew 4.4% to \$235 million as public cloud uptake continued to increase, and IT services revenue declined 7.7% to \$144 million in challenging economic conditions. Data centres revenue^{xi} continued to grow, increasing 11.1% to \$50 million.

The expanded cost-out programme delivered an \$85 million reduction in costs in the second half of FY25, compared to the same period in FY24.

Commenting on the results, Spark CEO Jolie Hodson said, “We have taken decisive action to transform our business and cost base, with a particular focus on our core business of connectivity.

“Our connectivity products and solutions account for 80% of gross margins and given the scale of our mobile business it is our number one priority. While our overall mobile service revenue declined during FY25, performance is stabilising and improving into FY26, and we remain market leader by some distance.

“In our largest mobile segment, consumer pay monthly, connections and underlying ARPU are growing, and the mobile fleet reduction we experienced as businesses and government reduced workforces over the last year has now stabilised. We were also pleased to retain over 95% of our top 50 business customers, demonstrating the strength of our competitive advantage in the market.

“As we have focused on improving market momentum, we have also reshaped our business to deliver a more efficient operating model in the face of changing demand. This included the transformation of our IT and network operations through the establishment of four strategic partnerships with Nokia, Infosys, HPE, and Microsoft. This enables us to access the scale, capability, and innovation investment of these global businesses, to drive competitive advantage in New Zealand through the experiences we can deliver to our customers, at a better cost.

“It is important to acknowledge that undergoing a transformation of this scale has also brought significant change for our people. It is never easy to make changes that impact our teams, and we do not do so lightly. But to deliver a leaner, more competitive business, we have made the necessary choices to put Spark in a stronger position as we move into the years ahead.”

SPK-30 Strategy

Spark released a summary of its new five-year business strategy, which builds on the FY25 transformation focus by refocusing Spark to its core business of connectivity from a broader digital services ambition. The strategy includes four key focus areas – growing core connectivity, simplifying and optimising beyond the core, and delivering a better network and better customer experiences. These priorities are enabled by a focus on people and culture, embedding technologies such as AI across Spark, disciplined financial management, and an enduring commitment to sustainability.

Jolie continued “In an increasingly digital world, our products are only becoming more important and more relevant for New Zealanders and businesses. Customer use of data continues to grow every year, AI and digital transformation for productivity and efficiency gains remains an investment priority across the public and private sectors, and we approach these opportunities with a brand that is the most trusted in our sector^{xii}.

“Our ambition over the next five years is ‘It’s better with Spark’. Whether it’s the returns we deliver to our shareholders, our network performance, our customer experiences, or the culture we create with our people – we want it to be better with Spark.

“Our market focus is on our core of connectivity – which includes mobile and broadband in the consumer and SME market, as well as additional connectivity services in the business market, such as managed data and networks, collaboration, and IoT.

“In adjacent segments – such as cloud and IT service management – we will simplify and optimise the services we provide, transition legacy products to more modern solutions, introduce greater levels of AI and automation, and leverage our new global partnerships to improve customer experiences and efficiency.

“We will continue to invest in delivering a reliable and trusted network that is there when it matters for our customers. We are adding satellite-to-mobile services in the second half, and we can leverage the lead we have on 5G Standalone investment to bring new capabilities and monetisation opportunities to the market.

“Our focus on productivity continues with our multi-year programme lifting our cost discipline and efficiency, as we introduce new technologies, partnerships, and further simplify our business.

“Our business fundamentals remain strong. We are the market leader in mobile and broadband, our customer satisfaction has increased five years running, and we have the most reliable mobile network, with the widest coverage experience in the country^{xiii}. We move into this next chapter with renewed determination, to deliver more for our customers, our people, and our shareholders.”

Spark will release details of its five-year strategy covering the period FY26-FY30 at an Investor Strategy Briefing on 11 September 2025.

FY26 guidance

Spark provided the following guidance for FY26, subject to no adverse change in operating outlook. FY26 guidance deconsolidates data centres from H2 26.

- **Adjusted EBITDAI:** \$1,010-\$1,070 million (excluding any gain on sale from the data centre transaction)
- **Free cash flow:** \$290-\$330 million
- **BAU capital expenditure:** \$380-\$410 million
- **Strategic capital expenditure (data centres):** \$50-\$70 million^{xiv}
- **Dividend payout ratio:** 100% of FY26 free cash flow

Authorised by:

Rodney Deacon

Finance Lead Partner – Investor Relations and Commercial

For more information contact:

For media queries please contact:

Althea Lovell
Corporate Relations Lead Partner
(64) 21 222 2992
althea.lovell@spark.co.nz

For investor queries please contact:

Rodney Deacon
Finance Lead Partner – Investor Relations and Commercial
(64) 21 631 074
rodney.deacon@spark.co.nz

Note to editors:

Spark's FY25 financial results include reported and adjusted figures:

Reported

Reported revenue and EBITDAI exclude the data centre business, which is classified as a discontinuing operation; and include the Connexa transaction gain on sale (\$71m) and transformation costs (\$53m) associated with the cost out programme.

Adjusted

Adjusted revenue and EBITDAI include the data centre business and exclude the Connexa transaction gain on sale (\$71m) and transformation costs (\$53m) associated with the cost out programme. In addition, FY24 NPAT has been adjusted to include the data centre business results and exclude the \$26 million impact of the government change to tax depreciation rules. This provides a like-for-like, year-on-year performance comparison.

ⁱ 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.

ⁱⁱ Operating revenues and other gains

ⁱⁱⁱ 75% imputed

^{iv} \$309 million from Connexa transaction (net of transaction costs), \$47 million from HTAL transaction received 17 July 2025

^v Final net proceeds subject to completion adjustments

^{vi} Hutchison Telecommunications (Australia) Limited

^{vii} Headline enterprise value comprising base enterprise value of \$575 million and up to a further \$130 million of earn-out enterprise value

^{viii} Assumes FY25PF EBITDA of \$22.9m for Spark data centre business within the transaction perimeter

^{ix} \$47 million from HTAL transaction received 17 July 2025, initial cash proceeds of ~\$486 million from data centre transaction to be received at completion – final net proceeds subject to completion adjustments

^x 75% imputed

^{xi} Data centres like-for-like revenue changed from previous reporting as Data Centres previously reported under Cloud and those branded CCL were consolidated. Data centres revenue includes both continuing and discontinuing operations.

^{xii} TRA brand reputation monitor April – June 2025

^{xiii} Opensignal Awards – [New Zealand: Mobile Network Experience Report, September 2024](#), based on independent analysis of mobile measurements recorded during the period June 1 – August 29, 2024 © 2024 Opensignal Limited

^{xiv} Assumes a transaction completion date of 31 December 2025. The transaction is subject to regulatory and customary consents including Overseas Investment Office approval.