



2025 Annual Shareholder Meeting - Chief Executive's Address

Thank you, Philip.

Tēnā tātou katoa, good morning everyone.

It is my privilege to address you again as your Chief Executive in Sky's 35th anniversary year.

When I reflect on Sky's journey since 1990 - from the early days of satellite broadcasting to the dynamic, multi-platform media company we are today - I am reminded of how deeply woven Sky is into the fabric of Kiwi life.

And it feels especially fitting that in our 35th year, we have welcomed another iconic New Zealand media company into the Sky group, with TV3 also sharing a proud 35-year legacy in this country. I will touch more on that acquisition shortly.

Financial results

As Philip referenced, it certainly has been another busy financial year for your company, with additional demands from significant projects and the challenges of navigating a tough operating environment.

In this context, we are particularly pleased to have delivered a solid set of FY25 financial results, with all metrics (on an adjusted basis) within the updated guidance ranges provided at the half year.

While the customer experience impacts of the satellite migration project and economic strain on household wallets meant revenue came under pressure, our disciplined cost control continued, with the results demonstrating our ability to swiftly adapt to optimise business performance.

Delivery against strategic priorities

Our strategy continues to be guided by our **ambition** to be Aotearoa New Zealand's most engaging and essential media company, and of course, by our **purpose** – to share stories, to share possibilities and to share joy.

We have five Strategic Pathways to achieve that ambition. In the interests of time today, I refer you to our 2025 Annual Report, where we set out the achievements of each Pathway in more detail, with a brief capture in my address today of the ongoing priorities in FY26.

Underpinning everything we do is our enduring commitment: to be a responsible and sustainably profitable, Aotearoa New Zealand-focused business.

To demonstrate our ability to achieve this enduring commitment, in August 2023, we set ourselves some ambitious three-year targets, and it's gratifying to report that we have made good progress in the second year of delivery during FY25:



- Pleasingly, the Capex intensity and employee engagement results are already aligned with our FY26 ambitions.
- While the revenue and EBITDA margin targets remain challenging, disciplined spending means we continue to be on track with the critical revenue-linked programming cost target.
- Importantly, while customer NPS is not yet where we want it to be, we have seen continued improvement following the successful migration to the new satellite in April of this year.
- And, most notably, for the audience in this room and online, we remain firmly on track to deliver our dividend target of 30 cents per share - a strong signal of our resilience and focus on execution.

Speaking of resilience and our strategic pathway of making Sky a great place to work, as measured by the engagement of our people, I am delighted at the strides we have made in helping our crew be their most productive selves at work. We understand that empowering our people leaders is also critical to achieving this pathway. You can be assured that we have real bench strength in our senior leadership, which is giving me and my exec team confidence about our delivery into the future.

In terms of our strategic pathway of meeting customers where they are, delivery by satellite and via digital products remains key, as does the FY26 priority of supercharging the new Sky experience.

Satellite

When I addressed you last year, migrating to a new satellite was our number one priority with close to 450 thousand of our customers connecting to Sky's content via satellite at the financial year end.

This was an incredibly complex project, undertaken in a highly compressed timeframe, and it touched almost every part of our business. While it was not without its challenges, I remain incredibly proud of how our Sky crew pulled together to deliver for our customers and our business.

As we signalled from the start, we expected the project to be largely cash neutral by FY26 and this is still the case.

We are now operating from the KT6 satellite, delivered by our partner Optus. KT6 has a dedicated New Zealand footprint, with a superior signal for most customers compared to our prior satellite. With Optus anticipating further delays to the completion and launch of the Optus 11 spacecraft, it is of great comfort to have KT6 as our primary satellite, with security of supply until the end of our current contracted period in 2031.



Digital

While satellite delivery will remain an important component of our distribution strategy for some time to come, increasingly our customers' experience of Sky is a digital one.

At the full year this included 37 percent - close to 170 thousand - Sky Box customers who are already enjoying the significantly enhanced digital experience of our new Sky Box or the Sky Pod. For those on the new Sky Box, this includes the benefit of IP switchover capability, and, starting with today's Ashes Test, the new Box and Pod will offer 4K Ultra High Definition for certain sporting events.

Over half of all Sky Box customers are also using our popular Sky Go companion App to enjoy their Sky content while on the move.

Adding to this digital audience, we serve just over 400 thousand recurring streaming customers on Sky Sport Now and Neon – with many more subscribing for these services at other times throughout the year.

Our expansion in digital also includes the fast-growing digital advertising space, where we now offer high value digital Ad replacement on Sky Sport Now. As expected, this initiative has been a hit with advertisers, which, importantly, has not impacted the viewing experience for our customers as we simply swap out existing ad spots with targeted digital ones.

This initiative builds on our existing digital advertising revenue streams from Neon and has now expanded to Sky Go.

Accelerating advertising and the associated revenue is a strategic priority for Sky and created the opportunity for the acquisition of Discovery NZ.

As Philip mentioned the acquisition is a strong strategic fit that propels our growth strategy in a way that would have been difficult to achieve organically. This includes access to the fast-growing ThreeNow digital platform, which expands our reach to a younger, more diverse audience that is highly attractive to content partners and advertisers, alike.

As shared at the time, you do not get to acquire a business for \$1 if it is profitable and the combined teams are working hard to deliver on the complex technology integration programme, while also remaining clear-eyed on delivering cost synergies and moving to capture the revenue growth opportunities ahead of us, particularly from FY27 onwards.

In the more immediate term, our freshly renamed Sky Business team is now in market with a unified sales proposition, and we look forward to sharing the outlook for the combined business at the half year with more on this process to follow shortly.

As a further compelling proof point of the merits of this acquisition, our recent announcement that Sky has secured the exclusive rights to the Olympics through to Brisbane in 2032 was made possible due to the inclusion of Three and ThreeNow in the economic case backing this bid.



Overall, it exemplifies how our significantly boosted free-to-air offering means we can reach more New Zealanders than ever before, across more platforms, with more choice.

Sky's content strategy

As referenced by Philip, in terms of our content as a strategic pathway, securing the Olympics only serves to further strengthen our unrivalled sport bundle which remains a vital asset of our shareholders.

On the entertainment side, we are reinvigorating our strategy to deliver on the mix of entertainment programming that Kiwis enjoy from our broad range of studio partners.

Much like sport content, our approach in this space is grounded in data and a deep understanding of what resonates. For instance, in FY25 we know the standout hit for our customers was Paramount's Yellowstone. We're building on those insights to shape a strategy that curates the best entertainment content for New Zealanders.

Continuing to produce and showcase premium local content is a key part of this. We recently celebrated the launch of Sky Originals and BBC Scotland's psychological thriller, The Ridge, and we continue to support stories that feel uniquely Kiwi. The acquisition of Three has also enhanced our local content proposition, with loved shows like 7 Days, David Lomas Investigates and Married at First Sight now part of our customer offering.

Our deepening of content engagement as a priority is also about creating content that engages fans and sparks conversation beyond the final whistle – including through initiatives like League Lounge with Shaun Johnson, and Forever Auckland FC.

Q1 and outlook

Turning now to the performance of our business in the initial months of this financial year.

As we signalled at our Full Year Results in August, economic conditions were expected to remain challenged at least through the first half of FY26. So far, this is largely playing out as we anticipated, with continued pressure on revenues and added pressure on Neon subscriptions.

Notwithstanding this pressure, there is no change to Sky's FY26 Guidance provided in August on a stand-alone basis.

While trading conditions for Sky Free have been softer at the revenue level than expected in the initial 'stand-alone' period, lower than expected costs have somewhat offset the impact. Importantly, audiences have remained stable, and we are expecting positive signs in the 2026 calendar year as advertising brands and agencies see the benefits and new opportunities created by our unique combined proposition.

Our expectation of delivering \$3 to \$5 million of synergy benefits across the Group in FY26 is unchanged, as is our expectation that Sky Free will contribute positive Free Cash Flow in its first year. Looking further ahead, we are confident the acquisition will achieve at least \$10 million of incremental EBITDA for the consolidated group by the end of FY28.



As is usual following an acquisition, we are working through a Purchase Price Allocation process to establish the fair value of assets acquired, such as content, brands and the platforms. We expect this process will be completed by the time of our Interim results, along with an intention to provide updated guidance on a Group basis at that time.

Overall, at a Sky Group level, we are making good progress on each of the FY26 priorities that contribute to the financial outcomes we are targeting. As shared at the start of the financial year, our EBITDA guidance includes provision for some re-investment in people, marketing and customer experience after a challenging FY25. This reinvestment will lay the groundwork for accelerating our growth from FY27 onwards.

Thank you

In conclusion, I want to express my gratitude to Philip, and our dedicated and hard-working Board. Built on the work of preceding years, your guidance, challenge and unwavering support have been instrumental throughout what has been an intense and transformative year. This has been marked by major initiatives including the satellite migration, securing the Rugby rights and the acquisition of Discovery NZ. The depth of experience you bring is an asset to me and the entire management team – as well as our shareholders, thank you.

In addition to acknowledging the dedication and commitment of the wider Sky crew, I also want to acknowledge the contribution of my Executive team including the fresh perspectives brought by our newest members – Kym Niblock, Juliet Peterson and Nikki Goodman.

As we look forward to new CFO David Mackrell joining the team in January, I'd like to take this opportunity to offer a special thank you to Andrew Hirst on behalf of team Sky. Andrew, your care and expertise have made a significant impact for which we, and I personally, are very appreciative.

To our shareholders, including all of you in the room or online today, thank you for your continued trust and support. You can be assured that we are firmly focused on our strategic pathways and FY26 priorities to ensure we can deliver on our results and on the 2023 target to **double the dividend to 30 cents per share** in this FY26.

Ends