Sky Network Television

Results Presentation

For the six months ended 31 December 2024

21 February 2025

Agenda

- HY25 Overview
- Satellite Migration Update
- Operational Performance
- Financial Performance
- Outlook and Guidance
- Questions

Results Summary

Underlying results consistent with performance at the lower end of existing guidance reflecting reprioritisation for migration; economic headwinds and costs heavily weighted to H1

- Satellite migration has been and remains the number one priority. Accelerated migration timeframe interrupted planned projects, including revenue generating initiatives
- Programming costs are heavily weighting to H1, and will be broadly flat YoY for FY25
- Results are adjusted for one-offs. In all cases, the dividend is protected
- Sky's strategy and business model remain sound; positive trends evident
- Outside of Revenue, Sky remains on track to deliver against 3-year targets including 30 cps dividend

REVENUE (Adj[1])
$385.0m **-2.0%**
Reported: $384.8m -2.0%

EBITDA (Adj)
$60.7m **-25.6%**
Reported: $43.2m -47.1%

NPAT (Adj)
$10.9m **-62.3%**
Reported: ($1.7m) -106.0%

Free Cash Flow (Rep/Adj)
$7.5m **+9.4%**

CAPEX (Adj)
38.5m **+4.4%**
Reported: $43.8m +18.7%

INTERIM DIVIDEND
8.5cps **+21.4%**

1. Information on adjustments is available on slide 18 and page 6 of Sky's 2025 Interim Report

Satellite Migration

While inherent risk remains, we are on track for early April migration to preferred satellite; support agreements expected to largely off-set incremental costs

Project Milestones

- ✓ **Migration pathway confirmed** to preferred satellite ensuring lower risk, lower cost and smoother customer transition (27 Jan)
- ✓ **Satellite in position** at 160° East (11 Feb)
- ✓ **Configuration and testing** underway (11 Feb)
- **Test channel launch** (late Feb)
- **Uplink service configuration** underway (mid-March)
- **Switchover to new satellite completed in early April**

Financial Impacts

- Support agreements in place with Optus largely off-set capex through cash leasing lines by FY26
- Additional support agreed in principle for incremental revenue and cost impacts resulting from accelerated expiration of D2 (e.g. customer credits, additional resourcing and tech call-outs)
- While some uncertainty remains, the positive impact of confirming the preferred satellite option, additional unanticipated impacts due to signal disruption, and confirmation of additional support from Optus, Sky remains confident the programme will be largely cash neutral

Recent Actions to Improve Customer Experience

- Additional steps have improved D2 performance and mitigating eissues. 31% reduction in technical calls since January highs
- New IP switchover functionality mitigates rain fade events for customers using the new Sky Box (11 Feb)
- Customer Care numbers increased, and in-field service capacity more than doubled, recognising in some cases customer service has fallen short of the standards we endeavor to deliver
- Customers impacted by prolonged signal disruption have been provided credits

Sky's Multi- platform strategy

Providing choice for customers and an attractive opportunity for content partners and advertisers, while maximising the value of our unrivalled content

Sky Box and Sky Pod

2.4 Million
VIEWERS
MONTHLY[1]

Streaming

1 Million
VIEWERS
MONTHLY[2]

Free to Air

1.9 Million
VIEWERS
MONTHLY[3]

Commercial

6k
CUSTOMERS

Sky Social Media

2.6m
FOLLOWERS[4]
ACROSS CHANNELS

1: Nielsen TAM, AP5+, Sky Pay, Average Monthly Reach, July to Dec 2024, Consolidated data. 2.Nielsen CMI Q4 2023 – Q3 2024 3.Nielsen TAM, AP5+, Sky Open Network, Average Monthly reach July to Dec 2024, Consolidated data. 4. Sprout Social Report

Strong Content Slate in H1

POPULAR WITH SPORTS FANS

MUST WATCH SHOWS

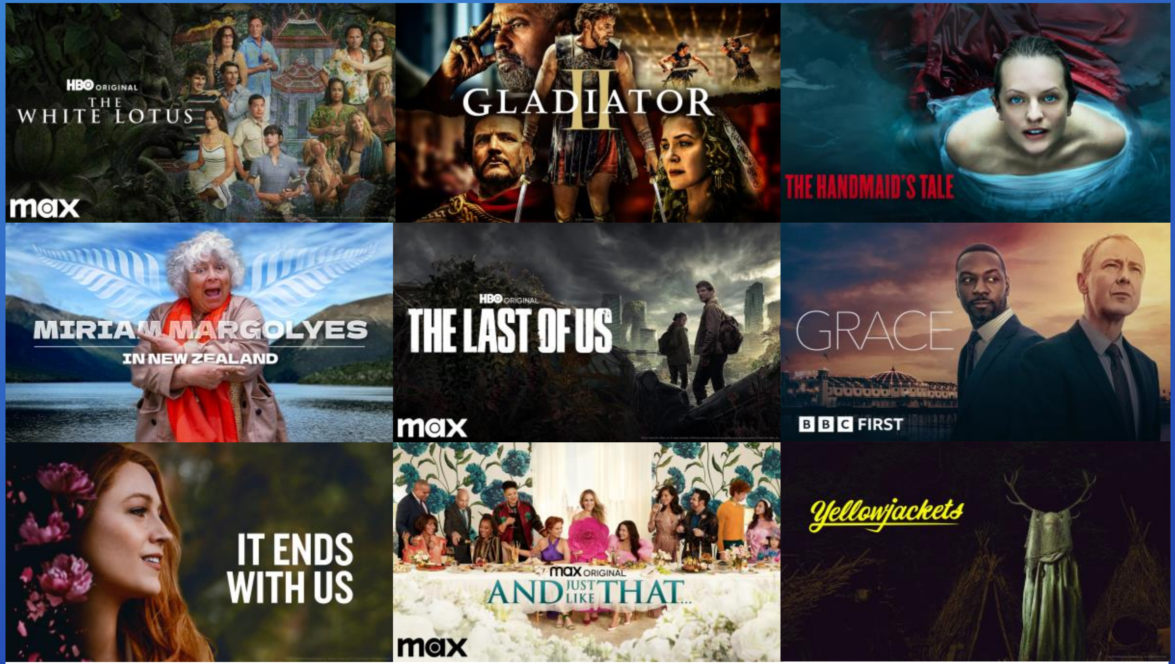
BLOCKBUSTER MOVIES

CONTENT WINS & RENEWALS

BBC	WBD	A- Leagues Football	BCCI Cricket
BBC uktv, BBC FIRST, BBC EARTH, CBeebies BBC	HBO, max, WARNER BROS. DISCOVERY	ISUZU UTE A-LEAGUE, LEAGUES, NINJA A-LEAGUE	

Unrivalled Content slate in H2

Strong schedule of new and returning content

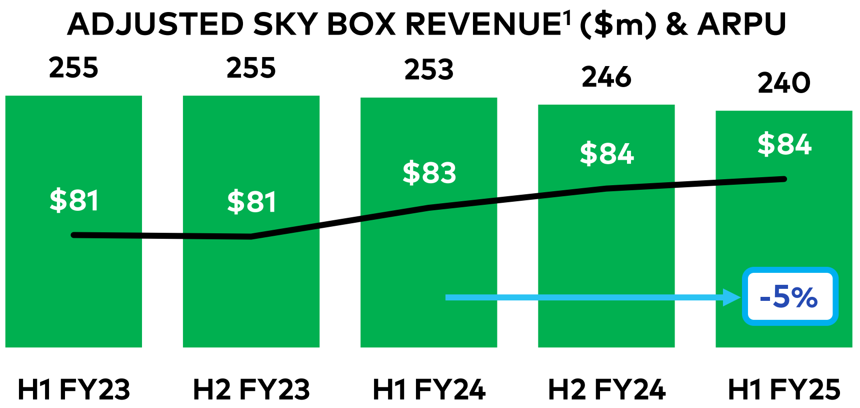


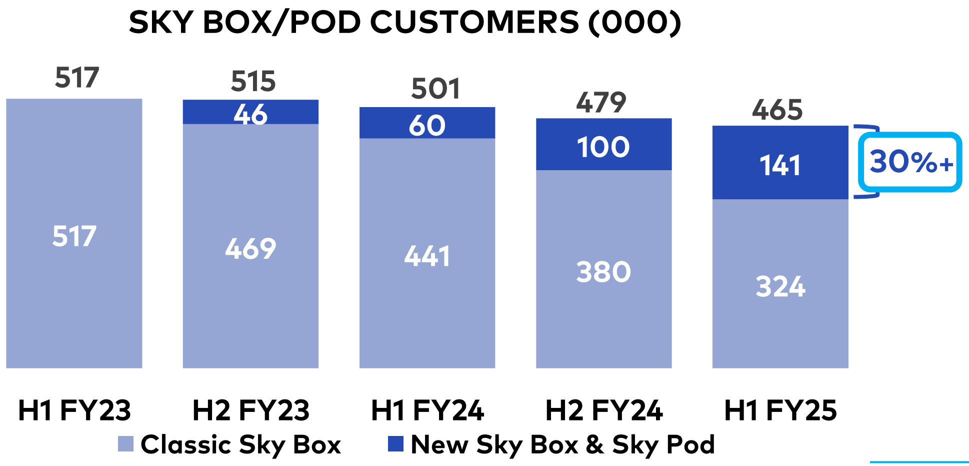
Great start to H2 and a strong lineup throughout

Operational Performance

Sky Box and Sky Pod

Strong take-up of new products and customer decline slowed





- **30%+ penetration of new products** to 141k from 100k at FY24 (126k Sky Box / 15k new Pod. Total new devices including multiroom of 157k (136k Box / 21k Pod)
- **Strong NPS rise for Box customers[3]** and highest for customers with a new Sky Box (+10pts YoY and 10pts above classic Sky Box)
- **2% ARPU growth** (+$1.57) through Sports and Entertainment pack increases[4] and growth in average monthly sport penetration to 73%, outpacing spin-down in non-sport packs/add-ons and increased foregone revenue (up YoY although well down against earlier periods)
- **Revenue reduced** largely due to lower opening customers following H2 2024 economic headwinds and delay of initiatives due to project migrate
  Customer decline has now slowed towards previous run-rate

Sky Box/Pod	H2 FY22	H1 FY23	H2 FY23^	H1 FY24	H2 FY24	H1 FY25
Closing base	530	517	515	501	479	465
Customer Trend	(15)	(13)	(2)	(14)	(21)	(14)

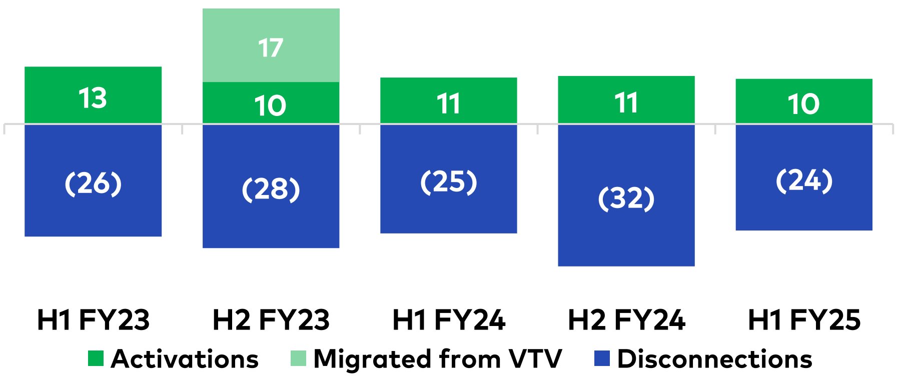
^ H2 FY23 included migration of 17k VTV customers

1. H1 FY25 Revenue is adjusted by $0.2m, related to satellite migration. Sky Box and Sky Pod access fee is included in Revenue but excluded from ARPU. 2. Sky Box ARPU is monthly average revenue calculated as the average for the period. 3. 3 month rolling at 31-12-2024. 4. Sports pack increased in Feb 2024. Entertainment pack net increase in October 2023.

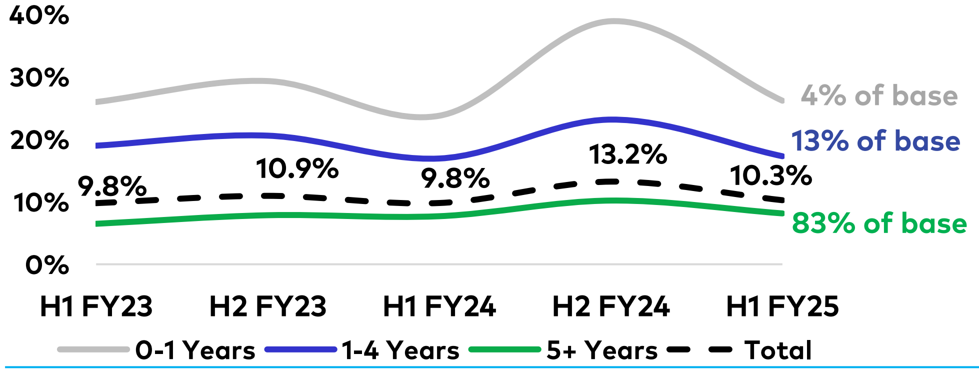
Sky Box and Sky Pod

25% fewer disconnections than H2 FY24 marks a return to run-rate churn levels

ACTIVATIONS / DISCONNECTIONS (000)



CUSTOMER CHURN BY TENURE

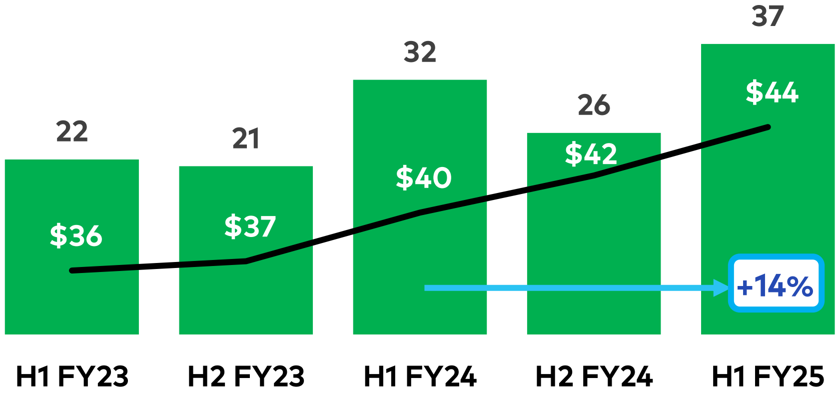


- **Activation levels maintained** and now with **20% Sky Broadband attachment** at acquisition (from 14% in H1 FY24)
- **Significant improvement in retention** against H2 FY24 and improved year-on-year, through strong focus on save initiatives and lower levels of price-linked disconnections
- **Annualised churn normalises** to 10.3% following spike in H2 FY24. Improved result across all tenure groups, including 33% improvement in year 1 churn
- **83% of customers have 5+ years tenure** and very low churn of 8% (consistent with year-on-year run-rate)

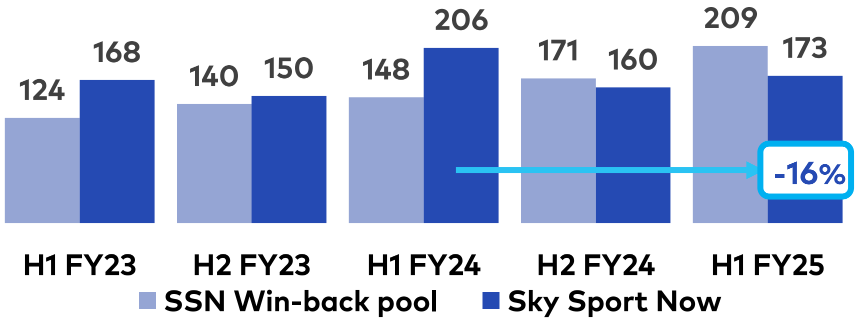
Streaming – Sky Sport Now

14% revenue growth and 6% increase in unique customers, through consistent, high value content

SKY SPORT NOW REVENUE ($m) AND ARPU[1]



SKY SPORT NOW CUSTOMERS[2]



sky SPORT NOW

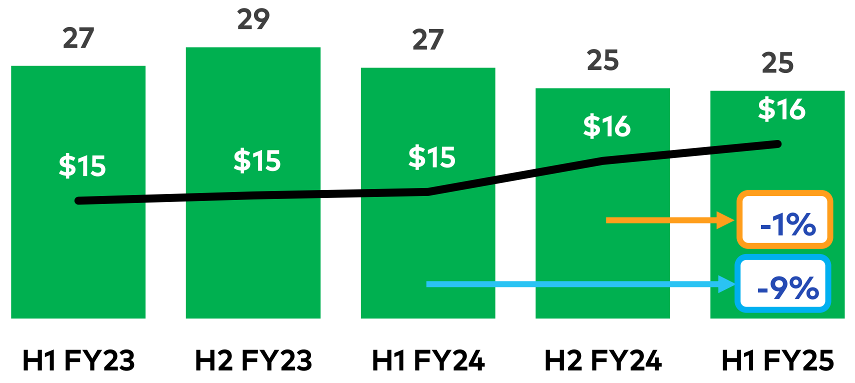
- **Significant revenue and ARPU growth** (ARPU+11%, $4.63), driven by:
  - continued strong content, recognising the prior H1 period included 5 world cup events, including Rugby World Cup
  - Strong Olympic pass sales early in H1 FY25
  - Sports price increases for Weekly (Aug 2023), Monthly (Feb 2024 and Annual passes (July 2024)
- **New digital revenue stream** through Digital Ad Insertion from Oct 2024 recognised in Advertising revenue
- **Increase Monthly Pass sales expected** following removal of Weekly pass from Jan 2025 with encouraging conversion of these customers to Monthly
- **10% Price rise** from 19 March 2025 on Monthly and Annual passes

1. ARPU is based on recurring subscribers (removing the impact of transactional passes), includes PPV
2. Sky Sport Now customers reported on a 90-day lookback basis The win-back pool includes customers that have subscribed to Sky Sport Now in the past 18 months but were not included in the active base at the end of the period.

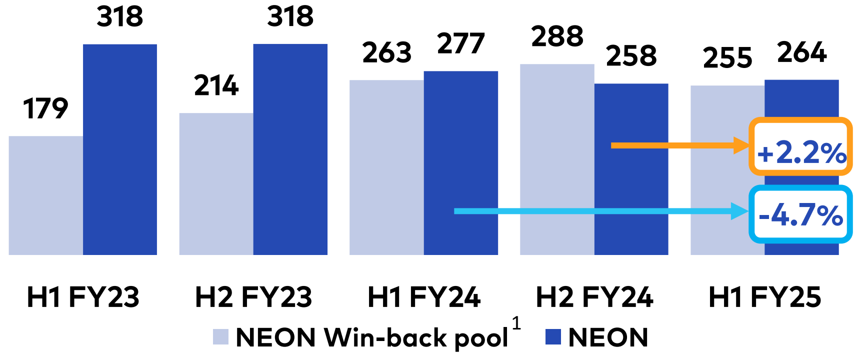
Streaming - Neon

Returned to customer growth in first half, supported by strengthening content pipeline

NEON REVENUE ($m) AND ARPU



NEON CUSTOMERS (000)



NEON

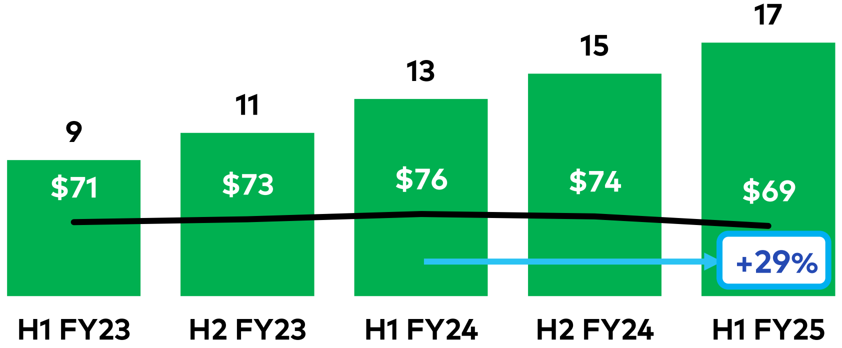
- **Neon delivers 2.2% customer growth HoH**, supported by strengthened content pipeline across acquisition driving titles, expanded library (doubled to 10,000 hours) and launch of dedicated Max hub (Oct 2024).
- **Growth in Basic with Ads tier** to 19% from 14%, providing secondary digital revenue stream recognized in Advertising
- **Revenue result** largely reflects a 16% difference in average customer base between H1 FY25 and H1 FY24
- **ARPU growth** of 8% (+$1.22) reflects price rise for Standard tier (Jan 2024) and product mix, noting no change to pricing of Basic with Ads tier in conjunction with Jan 2024 introduction of digital advertising

1. The win-back pool includes customers that have subscribed to Neon as a direct customer in the past 18 months but were not included in the active base at the end of the period.

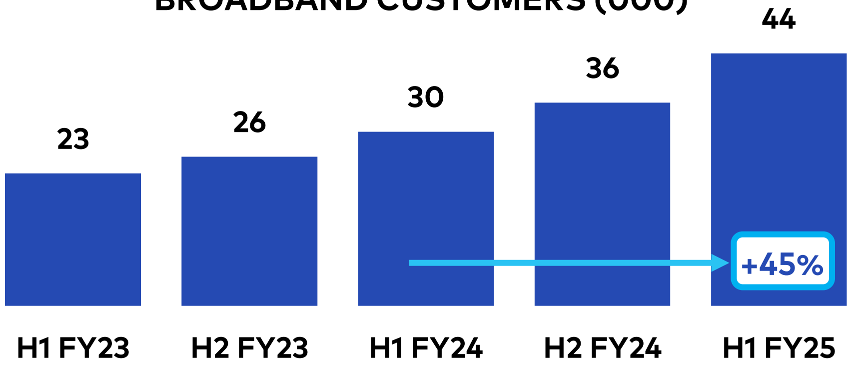
Sky Broadband

45% customer growth as Sky Broadband builds scale

BROADBAND REVENUE[1] ($m) AND ARPU



BROADBAND CUSTOMERS (000)



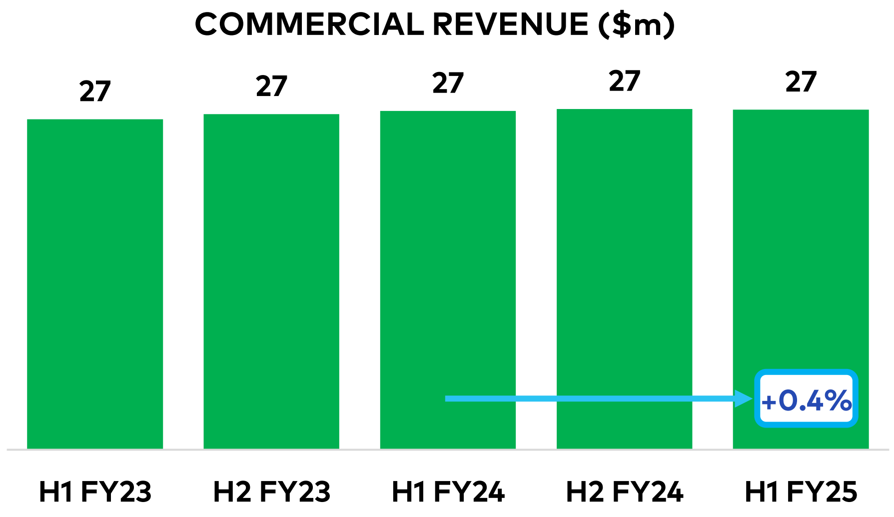
sky BROADBAND

- **Customer growth accelerated** through effective campaigns and bundling options. Leveraging product innovation and support from partners to underpin H2 campaigns
- **Sky Box attachment** reached 9% and delivered 10% churn improvement for bundled customers with 1-4 year Box tenure and 23% improvement for customers with 5+ years Box tenure with these groups making up 96% of the Sky Box base
- **Fibre Pro (1GB) penetration remains high** at 45%, although down from 50% in the prior period. Fibre Starter (50Mbps) penetration increased to 23% (from 9%) with some impact on ARPU. Margin has reduced due to mix and discounting but with support from partners recognised as an offset against cost

1. Includes add-ons such as land line, calling plans, Wi-Fi boosters and static IP fees.

Commercial

Delivers consistent performance in a challenging environment



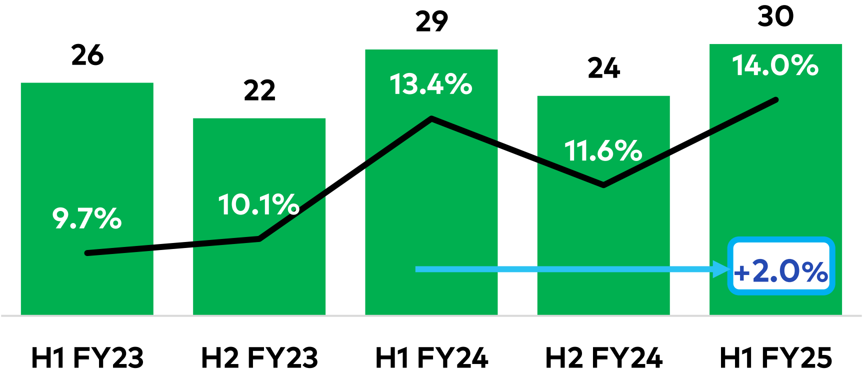
sky BUSINESS

- **3% Revenue growth in Hospitality sector** offsets softer Accommodation result and flat Retail
- **Strengthened Accommodation offer gaining traction** with bespoke bundle including in-room compendium service, guest casting service and TV package adding value to Sky's content bundle
- **20% growth in Believe It or Not revenue** through digital product innovation - value add opportunity for Hospitality customers

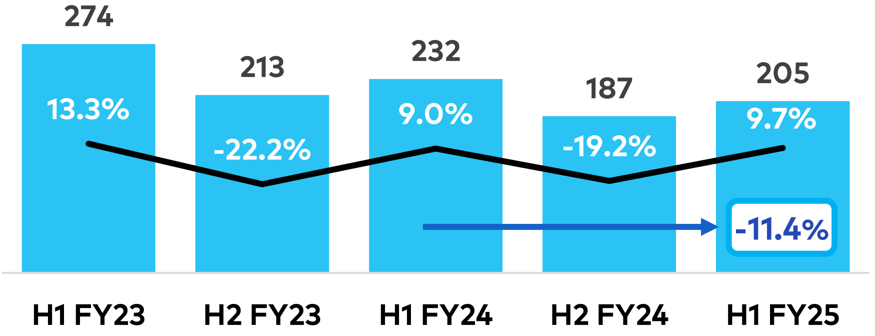
Advertising

Strong performance as strategic focus on growing Advertising continues to deliver results

ADVERTISING REV ($m) and REV SHARE[1] (%)



TOTAL MARKET REVENUE ($m) AND HoH CHANGE[1] (%)



sky SALES

- **Record 14% share** in this high margin revenue pool, representing a 39% increase since accelerating focus on advertising. Momentum continues to build with strong customer demand
- **Revenue growth** of 2% achieved against a backdrop of 11.4% total market revenue decline, including Olympic revenue more than twice that of recent comparable Games, and significant growth in integration and sponsorships
- **Launch of Sky Sport Now Dynamic Ad insertion** (DAI) in Q1 to strong demand for this high-attention content opportunity. Revenue contribution expected to lift in H2 through progressive roll-out to additional devices. Sky Go launch (rescheduled due to satellite migration), is expected in H1 FY26

DIGITAL REVENUE STREAMS

NEON	sky SPORT NOW	sky GO
Launched Jan 24	Launched Oct 24	Scheduled H1 FY26

1.. Source: PwC Quarterly Performance Comparison Report

Financial Performance

Financial Performance

First half result reflects some revenue softness, and programming costs significantly weighted to H1

$m	H1 FY25 Reported	H1 FY25 Adjusted[2]	H1 FY24 Reported	% change Adjusted[2]
Revenue[1]	384.8	385.0	392.7	-2.0%
Operating Expenses	347.9	325.6	311.1	+4.6%
EBITDA	43.2	60.7	81.7	-25.6%
Depreciation & Amortisation	43.1	43.1	41.2	4.5%
Net Profit after Tax	(1.7)	10.9	29.0	-62.3%
Capex	43.8	38.5	36.9	4.4%
Free cash flow before distributions	7.5		6.8	+9.4%
Dividend	8.5cps		7.0cps	+21.4%

- Result reflects revenue impacts from delayed initiatives due to focus on satellite migration and economic headwinds, combined with programming costs heavily weighted to H1
- First half numbers include four categories of one-off items which are excluded from Adjusted numbers:
  - **Satellite migration**: revenue and cost impacts resulting from the migration to the new satellite
  - **Organisational transformation**: costs resulting from organisational change
  - **Accelerated content amortisation**: resulting from a change in amortisation methodology
  - **Lease modification**: benefit to Other Income resulting from a modified satellite lease term

1. Revenue excludes Other Income of $6.3m. 2. Information on Adjustments is available on slide 18 and in page 6 of Sky's 2025 Interim Report

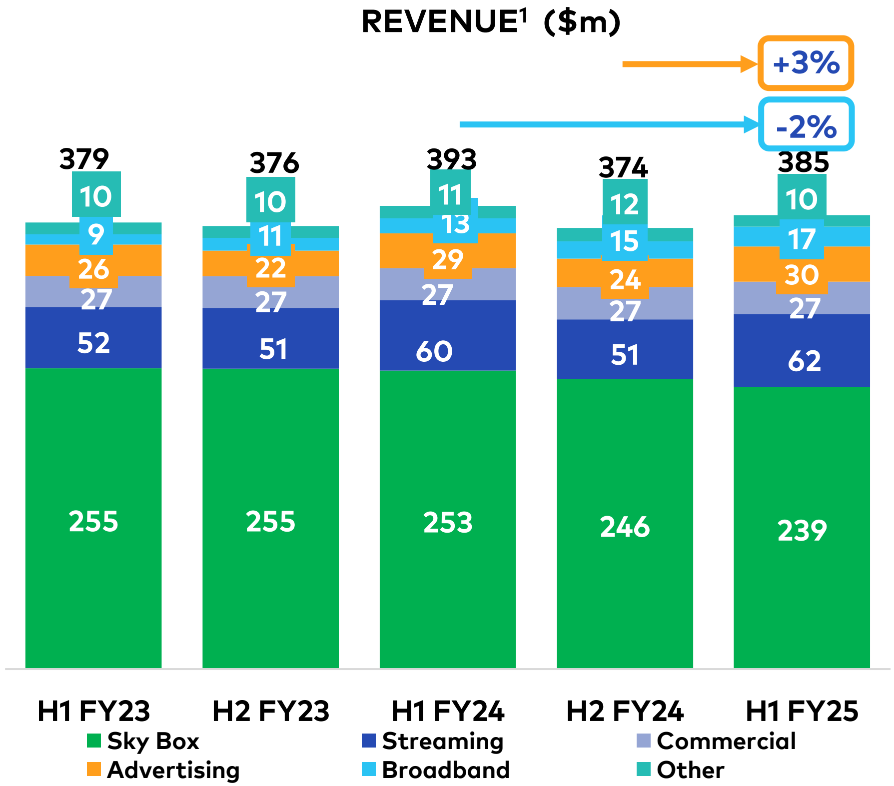
Summary of adjustments

To enable a like for like comparison of Sky's underlying results

Adjustments	H1 FY25	Description
Revenue and Other Income	($4.7m)	• $0.2m Revenue impact resulting from customer discounts due to service interruptions • ($4.9m) one-off, non-cash benefit to Other Income resulting from a modified (shortened) lease term for the existing satellite lease
Operating Expenses	$22.3m	• $18.3m non-cash acceleration of content amortisation due to change in methodology for Neon. Recognised in the programming costs line, and includes accelerated amortisation of Warner Bros. Discovery content (as advised on 22 Oct 2024) • $2.8m one-off transformation costs largely reflects redundancy. • $1.1m Opex impact from satellite migration, including increased costs associated with additional Care Centre staffing, consultancy costs and marketing
Net Profit after Tax	$12.6m	• After tax effect of the revenue, other income and operating expense adjustments
Capex	$5.3m	• $4.7m impact for satellite migration Capex includes technology infrastructure, capitalised installation costs from customer tech visits and equipment costs, which are largely offset by support from Optus coming through the leasing cashflow line • $0.6m accelerated Capex for new devices

Revenue

Growth engines of Streaming, Advertising and Broadband deliver 6% growth YoY, and 21% against H2 FY24, as a partial offset for Box decline

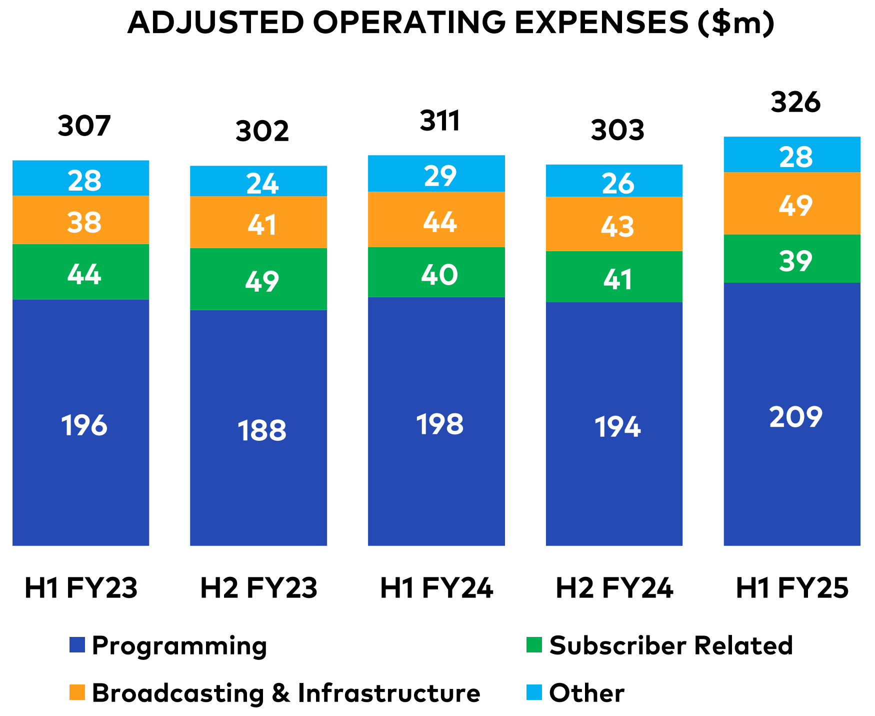


- **Revenue** softened as previously signalled, due to the delay of revenue generating initiatives, economic headwinds, and slightly lower average customer numbers year on year
- **Sky Box:** decline was weighted to H2 FY24 (-$7.4m vs -$6.1m in H1 FY25)
- **Streaming:** revenue growth story continues, driven by 14% increase for Sky Sport Now
- **Advertising**: growth of 2% includes additional diversity from digital revenue across both Streaming platforms
- **Broadband**: increased momentum with 29% revenue growth
- **Commercial**: delivered consistent performance 0.4% increase

1. Revenue excludes Other Income of $6.3m. 2. Sky Box revenue is shown as adjusted. Please see adjustment details on slide 18.

Expenses

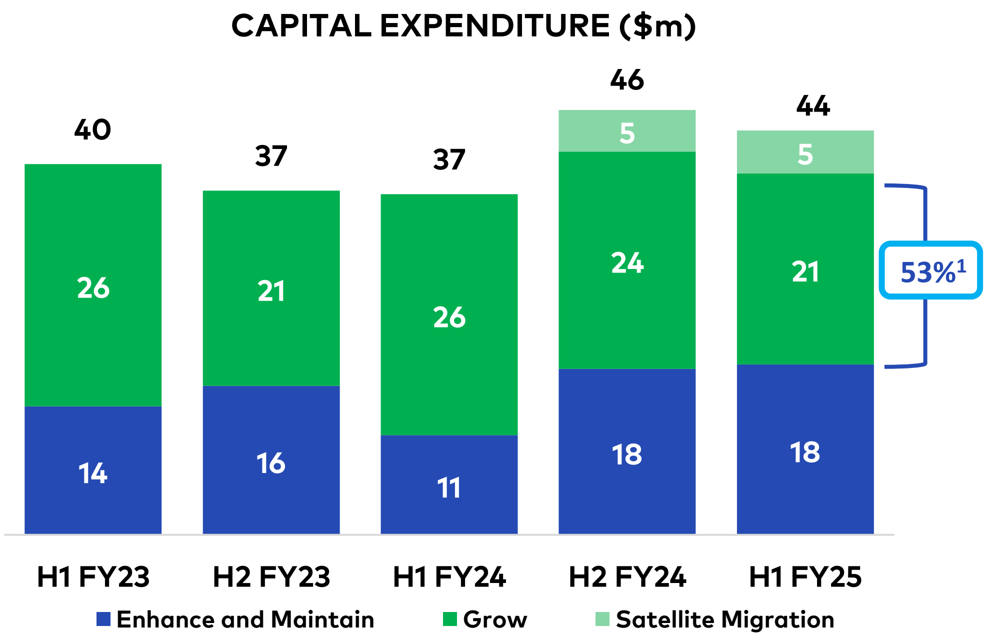
Significantly weighted to H1 FY25 due to programming costs; expected to reverse in H2, returning to run-rate levels by the end of FY25



- **Programming** net increase of $12m YoY due to 1H timing of rights and production costs for the Olympics, All Blacks matches (inbound tour, Rugby Championship and northern tour, all of which were either abbreviated, or did not happen, in the prior period due to the RWC), event timings and the expanded BBC renewal
- These increases were partially offset by:
  - Non-repeated events from prior period including World Cup tournaments (FIFA, ICC ODI)
  - Positive impacts of data driven content choices
  - Reduced fees negotiated at renewals
  - Production and technology efficiencies
- **Subscriber Related** cost reduction of $1m relates to lower people and contractor costs, partially offset by higher acquisition marketing spend
- **Broadcasting & Infrastructure** increase of $5m includes cost of growth in Broadband and Streaming customer growth.
- **Other** cost reductions of $1m included lower consultancy fees, partially offset by continued investment in strategic focus areas of advertising and people

Capital Expenditure

Investment in growth focused capex spending continues, alongside satellite migration spend



	H1 FY23	H2 FY23	H1 FY24	H2 FY24	H1 FY25
CAPEX / Revenue %	11%	10%	9%	12%	11%
Growth Spending[1] %	65%	57%	71%	57%	53%

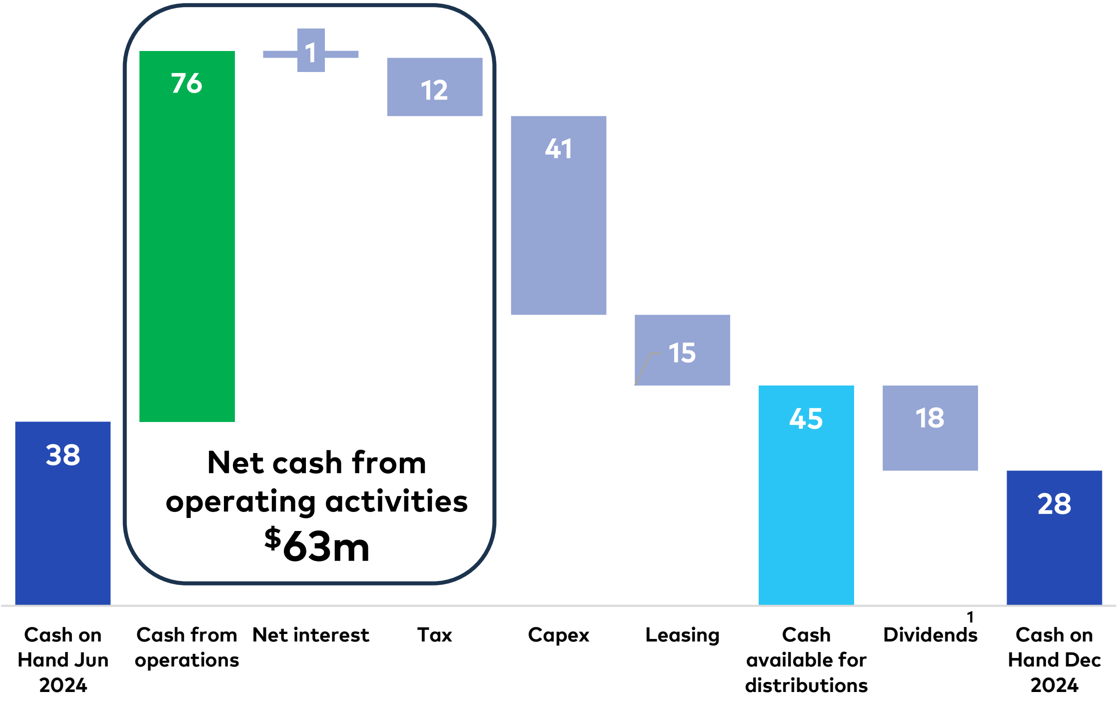
- Investment in growth focused capex accounted for 53% of the non-migration spend. This included:
  - Purchase of new Sky Box and Pod devices to meet customer demand, following the initial inventory build
  - Installations and equipment associated with new customer acquisitions
  - Software driven feature releases for Sky products, and
  - Investment in Advertising technology to support digital revenue growth (e.g. Dynamic Ad Insertion)
- Enhance and Maintain spend included platform enhancements, transmission equipment (including some brought forward due to satellite migration), system upgrades, and digital and data capability enhancements
- Satellite migration capex included capitalised installation costs from customer tech visits and dish hardware, and equipment and software infrastructure to support the migration
- Spending will continue in H2 FY25 ahead of migration in April. Full year migration capex is still expected to be within the $10-$20 million range previously advised, albeit towards the upper end

1. H2 FY24 and H1 FY25 Growth Spending percentage is based on capex ex-satellite migration

Free Cash Flow

Continued strong cash flow generation

CASHFLOW BRIDGE H1 FY25 ($m)



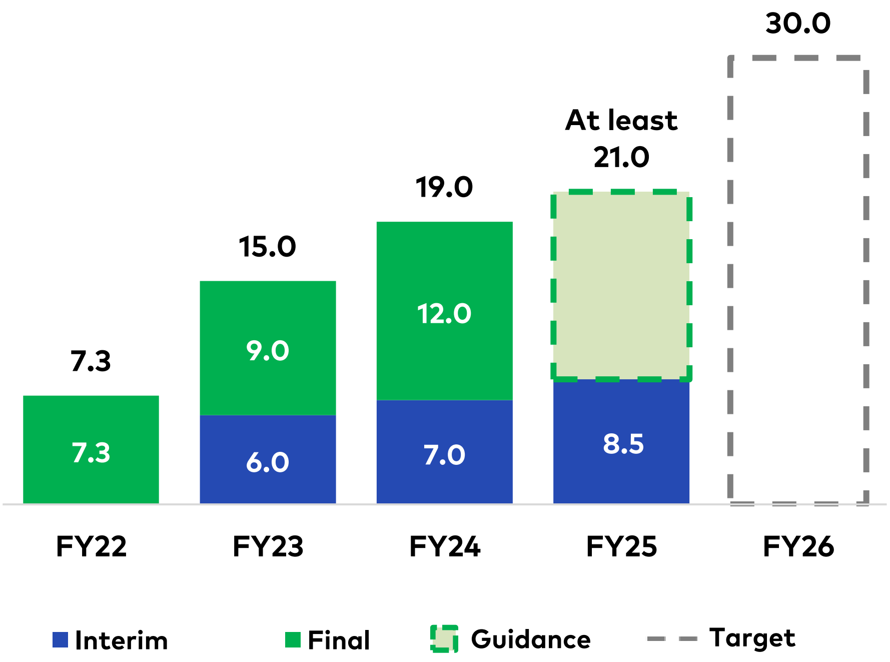
- Reported net cash from operations of $63m was broadly in line with the prior period, supported by a positive movement in working capital
- Cash inflows included a refund for prepaid content following the move to a new expanded agreement with Warner Bros. Discovery
- Capex included one-off spending of $5.3m for satellite migration and accelerated growth capex related to new Sky Pods.
- Leasing costs benefited from Optus support which will continue to flow through the leasing line in FY26, weighted to H1 in both years. By the end of FY26 this will largely offset the satellite migration capex spend
- Dividend distributions were $3m higher year on year (final dividend of 12 cps vs 9 cps)
- Sky closed the first half with cash on hand of $28m, and had an undrawn banking facility of $100m

1. Dividends include supplementary dividends.

Capital Management

Sustainable free cash flow funding dividend growth; potential to introduce leverage following completion of satellite migration and NZR negotiation

DIVIDENDS[1] (cps)



Dividends

- Sky confirms an Interim dividend of 8.5 cents per share, fully imputed, with a supplementary dividend paid to overseas shareholders
- This represents a 21.4% increase enabled through sustainable growth in free cash flow and reflecting Board confidence

Buyback update

- No shares were acquired during the first half as the programme was paused throughout the period
- A further $7.8m remains available for deployment before the programme expires on 31 March 2025, however due to the ongoing negotiations with NZ Rugby, the buyback remains suspended at this time

Capital Management

- Further capital management initiatives, including the option to introduce a prudent amount of leverage to the balance sheet, will be considered following satellite migration and NZR negotiations

1. Adjusted free cash flow for the purposes of dividend guidance excludes one-off items, satellite migration capex net of Optus rebates and accelerated growth capex related to the rollout of new products.

Looking Ahead

Outlook and FY 2025 Guidance

$m	FY 2025 guidance[1] (21 Aug 2024)	FY 2025 guidance[1] (21 Feb 2025)
Revenue	760 - 785	755 - 765
EBITDA	150 – 170	145 – 152.5
NPAT	40 – 55	35 – 42.5
Capex[2]	55 - 70	unchanged
Dividend[3]	at least 21 cps	unchanged

Outlook

- Focus remains on satellite migration for Q3 and into Q4, which will continue to delay some revenue plans
- Programming costs to reduce significantly in H2
- Expect to deliver EBITDA around the lower end of the previous guidance range

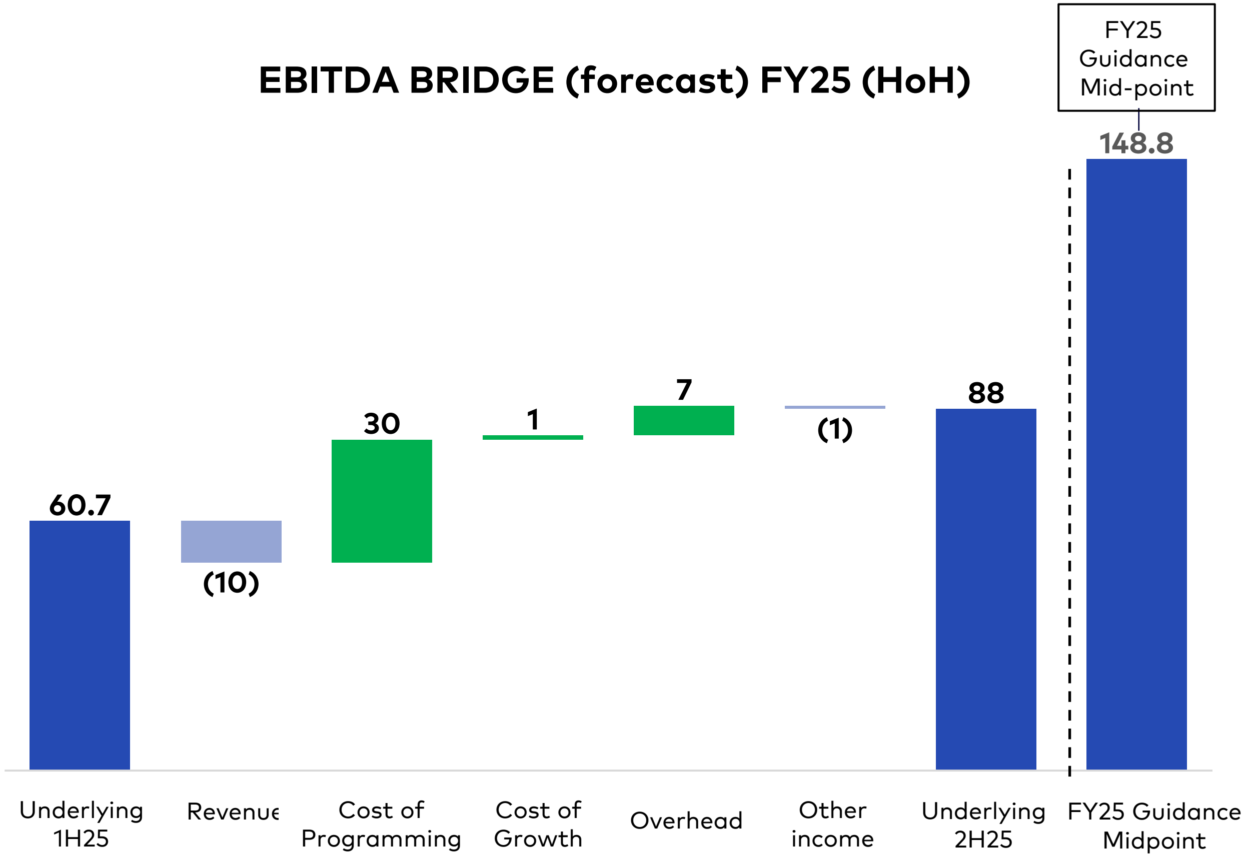
FY25 Guidance

- Appropriate to narrow and lower the guidance ranges for Revenue, EBITDA and NPAT
- Capex guidance (excluding satellite migration capex) is unchanged. Satellite migration capex expectations of between $10 to $20 million is also unchanged, with support from Optus to flow through the leasing line
- Continued confidence in dividend guidance of at least 21 cents per share

1. Subject to no adverse change in operating conditions, including future economic headwinds. Guidance excludes one-offs associated with satellite migration, accelerated amortisation and transformation initiatives. 2,3. Free cash flow used for the purposes of dividend guidance excludes one-offs, satellite migration capex net of Optus support, and accelerated growth capex related to the rollout of the new products.

EBITDA Bridge to FY 2025

Clear pathway to achieving FY25 Guidance, underpinned by programming and other cost savings which are largely confirmed



Comparing H2 FY25 to H1 FY25

- Revenue movement includes H1 Olympic related revenue
- 2H operating costs reset after a weighting to 1H, moderating towards a more consistent year on year profile
- Programming in 2H reset driven by:
  - Sporting events not repeated in H2 (e.g. the Olympics, All Blacks in bound and northern tours) and equitable reductions (e.g. ESPN move to co-exclusivity), improved pricing at renewals, and data driven decisions not to renew
  - Savings from organisational transformation
- Other cost savings in H2:
  - Modest reduction in cost of growth category
  - Targeted overheads savings, as well as the benefit from transformation and partnering efficiencies

Questions

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