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Expanded Sky business delivers strong FY26 result

Sky Network Television Limited (Sky) has delivered a strong FY26 result, with Underlying Revenue of $826.1m, up 9%, and Underlying EBITDA[1] of $157.0m, up 6% and at the higher end of guidance.

The Board has declared a full imputed final dividend of 17 cps, bringing the total FY26 dividend to 32 cps, up 45% year-on-year and 113% over three years, comfortably exceeding Sky's target to double the FY23 dividend.

Financial Highlights[2]

Underlying Revenue: $826.1m, up 9%, driven by the acquisition of Sky Free
Underlying EBITDA: $157.0m, up 6%, at the higher end of guidance
Statutory NPAT[3] of $59.8m, up 190% and **Underlying NPAT:** $41.8m, up 2%
Normalised Free cash flow: $58.9m, up 60%, contributing to a closing cash balance of $79.1m
Final Dividend: 17.0cps (fully imputed), full year dividend of 32 cps (fully imputed)
Capital Management: Targeting 10% p.a. growth in dividends for the next three years, with dividends now to be paid quarterly.

Sophie Moloney, Sky Chief Executive, said: "Three years ago, we set ambitious targets reflecting our confidence in Sky and the opportunity ahead. Since then, we have navigated a challenging economic environment while completing two significant projects - the accelerated satellite migration in FY25 and the acquisition and integration of Sky Free in FY26."

"We finish this period a stronger Sky - larger, more diversified and increasingly digital, with greater audience scale and more opportunities for growth."

"The benefits of the expanded business are already evident. We now reach more New Zealanders across paid and free-to-air, broadcast and digital, giving audiences more choice in how they engage with Sky, while advertisers can connect with larger and more diverse audiences through a single integrated offering."

"With the critical building blocks now in place - including a match-fit team with a demonstrated ability to drive margin and free cash flow, long-term sports rights secured, a flexible and audience-led entertainment strategy, greater audience scale and reach, and increasingly sophisticated use of data to inform our decisions - we are turning our focus to the next phase."

[1] EBITDA is a non-GAAP measure. Sky uses this measure when discussing financial performance as the Company believes it provides useful information on Sky's performance.
[2] Sky has provided underlying numbers to enable a like-for-like comparison. A reconciliation and information on adjustments is available on page 8 of the Annual Report.
[3] Including one off items, such as a $31.4m Gain on Bargain Purchase

"Development of our strategy through to FY31 is well advanced, with an ambition to significantly grow revenue, including 20-30% from non-subscription sources, alongside margin expansion and earnings growth. At the heart of this strategy is a shift from thinking about products and subscribers to audiences connected through one Sky ecosystem, with data and technology helping us unlock growth and simplify the business."

Key business highlights

Expanded audiences and advertising revenue: The acquisition and integration of Sky Free has significantly increased Sky's audience scale and diversified its revenue base. Advertising revenue more than doubled to $131.7m, with digital now contributing 22% of advertising revenue.

Sky also delivered $8m of year-one integration synergies, well above the $3m to $5m signalled, and remains confident of delivering at least $10m of incremental Group EBITDA in FY28 through further optimisation of the combined business.

Sport: Sky strengthened its premium sports portfolio with long-term agreements including NZ Rugby through to 2030 and the Olympic Games through to Brisbane 2032. More recently, Sky secured the hugely popular NRL for a further seven years, taking the partnership through to the end of 2034, subject to shareholder approval.

As of today, Sky has also secured a six-year extension of exclusive Premier League rights through to 2034, locking in one of the world's most-watched sporting competitions for New Zealand fans. Combined with Sky's existing rights portfolio, the strength and duration of these partnerships secure the sport our audiences love and provide certainty for Sky well into the next decade.

Entertainment: Sky reshaped its entertainment strategy during FY26, moving to a more flexible model that draws on a multi-studio approach. Partnerships with leading global studios including Paramount, Sony Pictures Television, NBCUniversal and BBC Studios provide a steady pipeline of premium entertainment, complemented by a strengthened commitment to distinctive local New Zealand programming.

Capital management

The Board's confidence in Sky's outlook and ongoing cash generation underpins a target to deliver 10% annual growth in dividends over the next three years. Sky will also move to quarterly dividend payments to provide a more frequent income stream for shareholders, with the first FY27 quarterly dividend expected to be paid in December 2026.

Sky's strong balance sheet, including $79.1m of cash on hand at 30 June 2026, provides further capital management flexibility. Subject to there being no superior opportunities to deploy capital, the Board will consider initiating an on-market share buyback following the announcement of FY27 Interim Results.

Outlook

Trading conditions are expected to remain challenging in the first half of FY27, with the timing and strength of economic recovery uncertain.

Sky's FY27 guidance is for Revenue of between $825m and $840m, EBITDA of between $155m and $165m, and Capital Expenditure of between $60m and $65m. In line with Sky's target to deliver 10% annual dividend growth, dividend guidance is for at least 35 cents per share.

Ends

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