

Spark New Zealand

Group result

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues and other gains	1,797	1,734	1,723	1,774	1,793
Operating expenses	1,361	1,205	1,266	1,240	1,320
Share of associates' and joint ventures' net losses	-	(3)	(2)	(3)	(2)
EBITDA	436	526	455	531	471
Depreciation and amortisation expense	224	229	224	222	215
Net finance expense	12	15	13	15	13
Net earnings before income tax	200	282	218	294	243
Tax expense	53	54	60	82	65
Net earnings for the period	147	228	158	212	178

EBITDA by business unit

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
EBITDA					
Spark Home, Mobile & Business	352	416	396	406	391
Spark Digital	192	204	193	218	191
Spark Connect & Platforms	(189)	(174)	(181)	(159)	(166)
Spark Ventures & Wholesale	98	84	63	68	57
Corporate	(17)	(4)	(16)	(2)	(2)
	436	526	455	531	471

Connections

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	000's	000's	000's	000's	000's
Mobile connections	2,114	2,178	2,212	2,293	2,353
Local service connections	1,350	1,323	1,281	1,251	1,222
Broadband connections	674	680	675	675	675

Dividends

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	Cents per share	Cents per share	Cents per share	Cents per share	Cents per share
Ordinary dividends	9.00	11.00	11.00	11.00	11.00
Special dividends	-	-	1.50	1.50	1.50
	9.00	11.00	12.50	12.50	12.50

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Operating revenues and other gains by business unit

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues and other gains					
Spark Home, Mobile & Business	910	932	971	992	985
Spark Digital	625	599	607	619	658
Spark Connect & Platforms	22	19	19	20	22
Spark Ventures & Wholesale	248	174	121	126	112
Corporate	47	65	26	41	35
Eliminations	(55)	(55)	(21)	(24)	(19)
	1,797	1,734	1,723	1,774	1,793

Group operating revenues and other gains

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues					
Voice	479	401	337	344	311
Broadband	324	326	339	346	344
Managed data	110	98	96	92	85
Mobile					
Service revenue	367	376	390	396	394
Other mobile revenue	137	139	173	175	194
	504	515	563	571	588
IT services					
Traditional IT services	101	103	92	97	104
Platform IT services	73	86	93	106	117
Procurement	121	108	137	133	163
	295	297	322	336	384
Other operating revenue	85	65	66	85	81
Total operating revenues	1,797	1,702	1,723	1,774	1,793
Other gains	-	32	-	-	-
Total operating revenues and other gains	1,797	1,734	1,723	1,774	1,793

Wireless Broadband revenues and connections are included in broadband revenues and connections.

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Voice revenue by type					
Landline only	221	177	169	166	155
Calling	241	209	153	164	142
Other voice revenue	17	15	15	14	14
	479	401	337	344	311

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Financial breakdown by business unit - Spark Home, Mobile & Business

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues					
Voice	199	190	171	176	157
Broadband	302	307	320	327	326
Mobile	389	414	459	464	478
IT services	1	-	-	1	1
Other operating revenue	17	20	21	24	23
Internal revenue	2	1	-	-	-
	910	932	971	992	985
Operating expenses					
Labour	55	51	56	58	69
Other operating expenses	484	446	504	510	511
Internal expenses	19	19	15	18	14
	558	516	575	586	594
EBITDA	352	416	396	406	391
EBITDA margin	38.7%	44.6%	40.8%	40.9%	39.7%

Analysis & KPI's - Spark Home, Mobile & Business

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Voice revenue by type					
Landline only	88	85	82	75	74
Calling	103	97	81	92	74
Other voice revenue	8	8	8	9	9
	199	190	171	176	157
Local service					
Broadband connections (000)'s	653	659	654	654	654
Landline only connections (000)'s	232	215	200	194	191
Total connections (000)'s	885	874	854	848	845

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Financial breakdown by business unit - Spark Digital

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues					
Voice	112	103	99	98	94
Broadband	22	19	19	19	18
Managed data	77	67	69	68	64
Mobile	107	93	95	97	98
IT services	290	294	322	334	383
Other operating revenue	3	2	-	-	-
Internal revenue	14	21	3	3	1
	625	599	607	619	658
Operating expenses					
Labour	121	106	106	104	122
Other operating expenses	291	274	304	292	341
Internal expenses	21	15	4	5	4
	433	395	414	401	467
EBITDA	192	204	193	218	191
EBITDA margin	30.7%	34.1%	31.8%	35.2%	29.0%

Analysis & KPI's - Spark Digital

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Voice revenue by type					
Landline only	45	41	39	40	37
Calling	64	60	58	57	56
Other voice revenue	3	2	2	1	1
	112	103	99	98	94
IT services revenue by type					
Traditional IT services	97	100	92	96	104
Platform IT services	72	86	93	105	116
Procurement	121	108	137	133	163
	290	294	322	334	383
Local service	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Broadband connections (000)'s	21	21	21	21	21
Total connections (000)'s	69	67	65	62	58

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Financial breakdown by business unit - Spark Connect & Platforms

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues					
Voice	1	1	1	1	1
Mobile	2	2	2	2	3
Other operating revenue	19	16	16	17	18
	22	19	19	20	22
Operating expenses					
Labour	68	64	68	63	65
Other operating expenses	141	128	132	116	123
Internal expenses	2	2	1	-	-
	211	194	201	179	188
Share of associates' and joint ventures' net profits	-	1	1	-	-
EBITDA	(189)	(174)	(181)	(159)	(166)

Analysis & KPI's - Spark Connect & Platforms

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Voice revenue by type					
Calling	1	1	1	1	1

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Financial breakdown by business unit - Spark Ventures & Wholesale

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues					
Voice	167	107	66	69	59
Managed data	33	31	27	24	21
Mobile	6	6	7	8	9
IT services	3	1	-	1	-
Other operating revenue	15	6	3	3	5
Internal revenue	24	23	18	21	18
	248	174	121	126	112
Operating expenses					
Labour	9	6	6	6	8
Other operating expenses	138	78	48	49	46
Internal expenses	3	2	1	1	-
	150	86	55	56	54
Share of associates' and joint ventures' net losses	-	(4)	(3)	(2)	(1)
EBITDA	98	84	63	68	57
EBITDA margin	39.5%	48.3%	52.1%	54.0%	50.9%

Analysis & KPI's - Spark Ventures & Wholesale

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Voice revenue by type					
Landline only	88	51	48	51	44
Calling	73	51	13	14	11
Other voice revenue	6	5	5	4	4
	167	107	66	69	59
Local service					
Total connections (000)'s	396	382	362	341	319
Landline only connections (000)'s ¹			89	82	76

¹ Comparative information for periods prior to H1 FY16 is not available.

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Financial breakdown by business unit - Corporate

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Operating revenues and other gains					
IT services	1	2	-	-	-
Other operating revenue	31	21	26	41	35
Other gains	-	32	-	-	-
Internal revenue	15	10	-	-	-
	47	65	26	41	35
Operating expenses					
Labour	18	20	16	14	14
Other operating expenses	36	32	26	28	21
Internal expenses	10	17	-	-	1
	64	69	42	42	36
Share of associates' and joint ventures' net losses	-	-	-	(1)	(1)
EBITDA	(17)	(4)	(16)	(2)	(2)

Analysis & KPI's - Corporate

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Southern cross dividends	31	22	26	40	35

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Analysis & KPI's - Mobile (Spark Home, Mobile & Business and Spark Digital)

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Mobile revenue					
Service revenue - \$m	361	371	384	390	387
Other mobile revenue - \$m ¹	135	136	170	171	189
	496	507	554	561	576
Average revenue per user (ARPU) - 6 month active					
ARPU - \$ per month	29.77	28.61	29.47	28.74	28.17
Pay-monthly - \$ per month	48.56	46.94	48.17	47.19	46.00
Prepaid - \$ per month	11.57	11.39	11.72	11.87	11.65
Number of mobile connections at period end - 6 month active					
Pay-monthly (000)'s	1,018	1,045	1,069	1,091	1,118
Prepaid (000)'s	1,092	1,129	1,139	1,198	1,231
Internal connections (000)'s	4	4	4	4	4
Total mobile connections (000)'s ²	2,114	2,178	2,212	2,293	2,353

¹ Other mobile revenue includes handset sales and mobile interconnect

² Mobile connections exclude MVNO connections

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Group expenses

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Payments to telecommunications operators					
Baseband and access charges	205	169	162	184	170
Other intercarrier costs	97	73	43	48	47
Broadband cost of sales	140	114	119	120	127
Field services	11	8	10	8	7
	453	364	334	360	351
Mobile acquisition, procurement and IT services					
Mobile cost of sales	204	194	229	219	222
IT services cost of sales	164	160	184	177	215
	368	354	413	396	437
Labour	271	247	252	245	278
Other operating expenses					
Direct network costs	31	18	38	31	31
Computer costs	37	39	38	36	40
Accommodation costs	48	44	47	45	50
Advertising, promotions and communication	46	32	45	32	41
Bad debts	7	6	11	11	9
Impairment expense	-	-	-	9	2
Other	100	101	88	75	81
	269	240	267	239	254
Total operating expenses	1,361	1,205	1,266	1,240	1,320
Depreciation and amortisation expense					
Depreciation	126	130	126	122	122
Amortisation	98	99	98	100	93
	224	229	224	222	215
Net finance expense					
Finance income	(14)	(13)	(9)	(9)	(8)
Finance expense	26	28	22	24	21
	12	15	13	15	13

Group FTE's

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
FTE permanent	5,297	4,792	5,023	5,241	5,664
FTE contractors	321	300	301	328	279
Total FTE	5,618	5,092	5,324	5,569	5,943

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Group capital expenditure

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	\$m	\$m	\$m	\$m	\$m
Major programmes					
Optical transport network (OTN) and Carrier Ethernet	6	10	21	2	11
Re-engineering of IT systems	29	43	42	24	-
Mobile network	57	35	58	19	69
Takanini data centre	61	-	-	-	-
	153	88	121	45	80
Operating capital expenditure					
Southern Cross capacity	5	-	9	4	13
Customer growth and retention	91	81	86	116	131
	96	81	95	120	144
Total major programmes and operating capital expenditure	249	169	216	165	224
Mobile spectrum	158	-	-	9	-
Total capital expenditure	407	169	216	174	224

Capital expenditure is presented on an accruals basis.