



NZX Retail Investor Webinar

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Spark New Zealand

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Results overview

H1 FY21 snapshot



\$1,796m

REVENUE

(1.5%) decrease from H1 FY20

Revenues declined (mainly due to COVID-19)...



\$1,294m

OPEX

(2.3%) decrease from H1 FY20

But we reduced our costs...



\$502m

EBITDAI

0.4% increase from H1 FY20

Which meant our earnings were steady.



\$113m

FREE CASH FLOW

126% increase from H1 FY20

As a result of strong free cash flow confirmed a total FY21 dividend of 25.0cps



12.5c

H1 FY21 DIVIDEND

Total FY21 Dividend Guidance confirmed at 25.0cps⁽¹⁾

⁽¹⁾ Subject to no adverse change in operating outlook

H1 FY21 COVID-19 Impacts



H1 FY21 EBITDAI IMPACT

UPDATED FY21 COVID-19
EBITDAI IMPACT



Est. FY21 EBITDAI IMPACT

Impact of COVID-19 in FY21 expected to be less material at \$50m, vs. original estimate of \$75m.

This will be partially offset by non-recurring cumulative wire maintenance provision of \$17m

Guidance⁽¹⁾

	FY20 Actual	Previous FY21 Guidance	FY21 Spectrum Renewals ⁽²⁾	Change to FY21 Guidance
EBITDAI	\$1,113m	\$1,090m to \$1,130m	-	\$1,100m to \$1,130m
Capital expenditure	\$374m	~\$350m	\$50m	-
Dividend per share	Ordinary 25.0cps H1 FY20 (75% imputed) H2 FY20 (100% imputed)	Ordinary 23-25cps (100% imputed)	-	Ordinary 25.0cps ⁽³⁾ (100% imputed)

⁽¹⁾ Subject to no adverse change in operating outlook

⁽²⁾ 1800MHz and 2100MHz spectrum renewals paid in January 2021

⁽³⁾ Dividend Reinvestment Plan remains in place for H1 FY21 dividend. Shares issued under the Dividend Reinvestment Plan will be issued at a 2% discount to the prevailing market price as determined around the time of issue

Strategy Update



OUR PLAN ON A PAGE

Our Purpose

**TO HELP ALL OF
NEW ZEALAND
WIN BIG IN A DIGITAL WORLD**

Āwhinatia ngā tangata katoa o Aotearoa
kia matomato te tipu i te ao matihiko.



Our 3 Year Goals

- Brand **Strength** +10pp
- +40 **Customer Engagement** (NPS)
- +70 **Employee Engagement** (eNPS)
- Sustainable **Free Cash Flow Growth** and **Top Decile TSR**
- **Best Cost** ~31% EBITDAI margin
- Lift **Digital Equity** +25k



Our Strategic Pillars

- World Class **Capabilities and Culture**
- Grow **Established Markets**
- Accelerate **Future Markets**
- A **Positive Digital Future** for all of New Zealand



Our Values

- **Whakamana**, We Empower
- **Matomato**, We Succeed Together
- **Tūhono**, We Connect
- **Māia**, We are Bold

Strategic Update: World Class Capabilities and Culture

Building the foundation to ignite revenue momentum as market conditions improve

SIMPLE, INTUITIVE CUSTOMER EXPERIENCES

- Simplification progressing at pace - over 100 legacy plans retired in the half
- 18% YoY reduction in total customer care interactions driven by improving digital self-service
- Launched NextGen Spark App with enhanced digital journey functionality
- Some impacts to iNPS as a new frontline operating model was introduced, aimed at cross-skilling to deliver better customer experiences and improved productivity

DEEP CUSTOMER INSIGHTS

- Expansion of customer base in household view model leading to a 9% YoY improvement in marketing efficiency
- Propensity models developed to better target plan and device offers to Skinny customers
- Continued progress in cloud migration with 3 core systems migrated during the period

SMART, AUTOMATED NETWORK

- 5G launched in Auckland, Dunedin, Palmerston North, New Plymouth, Te Awamutu and now live testing in Christchurch
- OTN2.0⁽¹⁾ commissioned to support automation, self-healing of the network and resilience
- Infrastructure asset review to identify further opportunities to create value (see slide 8)

GROWTH MINDSETS

- Continuing to build Agile maturity across all parts of business
- New ways of working policy introduced to support flexibility, adapt to COVID-19 impacts and grow engagement
- Digital leadership development and talent management programmes delivered to significant portion of leadership population

⁽¹⁾ Optical Transport Network

Strategic Update: Future Markets



IoT⁽¹⁾

- **IoT connection growth:** 65% YoY demonstrating strong demand for service offerings
- **Growing awareness:** *Connecting NZ to the things that matter* national advertising campaign launched
- **Sector product development:** water metering devices and platform launched
- **Spark My IoT Platform:** live and in trial with customers



Digital Health

- **Tailored telco and IT services delivered:** at a time of unprecedented demand in the health sector
- **Digital Health Platform:** significant progress towards launch
- **Next Generation Health 5G Starter Fund:** and 2021 Spark Health Innovation Programme launched



Sport

- **Summer of Cricket:** great customer feedback on production and viewing experience during first two tours (West Indies and Pakistan)
- **High viewership:** more than 3 million hours of cricket viewed to date
- **Successful launch of Pay-Per-View boxing events:** providing new revenue stream
- **Leveraging Spark data capability:** to increase the cross-sell of Spark Sport to existing customers

⁽¹⁾ Internet of Things

Technology, ESG and Investment

Role of the digital economy in supporting NZ's recovery from COVID and transition to a low carbon economy

Five focus areas are key enablers of NZ's future success



Smart Infrastructure

Investment for NZ's digital economy



Digitisation for SMEs

Helping New Zealand business go digital



Digital Equity

Taking meaningful steps towards digital equity



Future Workforce

Building digital skills within New Zealand



Digital Trust

Establishing a digital trust framework

A POSITIVE DIGITAL FUTURE FOR ALL OF NEW ZEALAND

We will work **alongside New Zealand** to harness the **power of technology** and create a **positive digital future for all**.



Create a Sustainable Spark

Be bold in our business to have a positive impact on our communities and the environment.

- Invest in the capabilities of our people, equipping them to thrive in a digital future
- Reduce our footprint and meet our emissions target of -25% by 2025, investing in our fleet and infrastructure
- Be responsible, transparent and accountable for our social and environmental performance



Economic Recovery and Transformation

Help New Zealand transform to a high productivity, low carbon economy.

- Focus our infrastructure investment on supporting New Zealand's recovery and transformation
- Support Kiwi businesses to adapt to become more productive, resilient and sustainable through technology
- Support New Zealanders to upskill and adapt to new ways of working



Champion Digital Equity

Champion digital equity so all New Zealanders have the opportunity to thrive in a digital future.

- Extend the reach of Skinny Jump to benefit more households – 35,000 by June 2023
- Partner alongside the Spark Foundation to address barriers to digital equity, including access, skills, trust and motivation
- Champion diversity and inclusion in our business and our communities

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These forward-looking statements may be identified by words such as 'guidance', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'plan', 'may', 'could', 'ambition', 'aspiration' and similar expressions. Any statements in this announcement that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark New Zealand's control, and which may cause actual results to differ materially from those projected in the forward-looking statements contained in this announcement.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed herein and also include Spark New Zealand's anticipated growth strategies, Spark New Zealand's future results of operations and financial condition, economic conditions and the regulatory environment in New Zealand, competition in the markets in which Spark New Zealand operates, risks related to the sharing arrangements with Chorus, any impacts or risks to Spark's anticipated growth strategies, future financial condition and operations, economic conditions or the regulatory environment in New Zealand arising from or otherwise with COVID-19, other factors or trends affecting the telecommunications industry generally and Spark New Zealand's financial condition in particular and risks detailed in Spark New Zealand's filings with NZX and ASX. Except as required by law or the listing rules of the stock exchanges on which Spark New Zealand is listed, Spark New Zealand undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.