

SPARK NEW ZEALAND ANNUAL MEETING 2015

Order of Meeting:

Introductions and formalities

Chairman's address

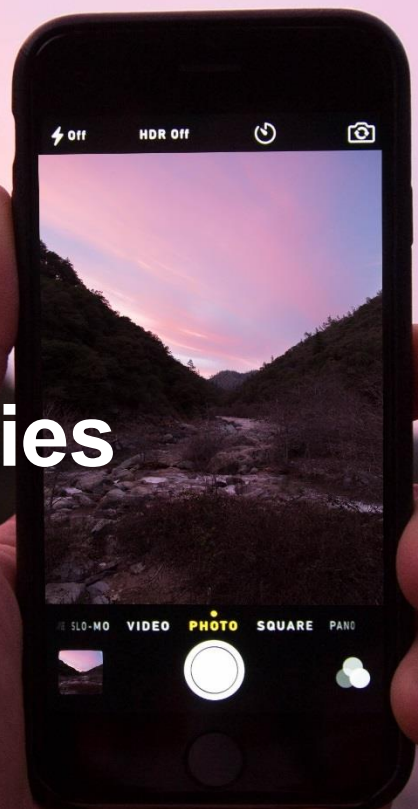
Managing Director update

Resolutions

Shareholder questions

Conduct of polls

Meeting close



Introductions

Jolie Hodson – Chief Financial Officer

Ido Leffler – Director

Dr Murray Horn – Director

Simon Moutter – Managing Director

Charles Sitch – Director

Paul Berriman – Director

Justine Smyth – Director



Formalities

- **Notice of Meeting**
- **Quorum**
- **Proxies**
- **Annual Financial Statements**





Chairman's Address

Spark New Zealand has changed enormously

Now a competitive digital services retailer not an old-fashioned Telco

Reliance on old telephone products shrinking, with a greater emphasis on data, mobile and ICT platform services

Focused solely on serving New Zealand, with a fast rising Spark brand supported by specialty brands





We're investing significantly in New Zealand's digital future:

- Nationwide fibre
- 4G mobile
- Optical Transport Network
- Best in class data centre and Cloud capability
- Re-engineered IT systems putting customers at heart
- New growth ventures like Lightbox, Qrious and Morepork

Results reflecting ongoing execution:

Returned to modest earnings growth in FY15, driven by excellent market performance

Significant improvement in free cash flow, providing confidence to increase dividends for shareholders

Share buyback and special dividends helping to return gearing to more appropriate levels



FY16 measuring up well:

First quarter results on-plan

Executional focus being maintained across Spark

As a result, we are reaffirming our guidance to the market of 0-3% growth in reported EBITDA



Next phase of growth strategy won't be easy:

Demand for data and mobile is booming and we see significant market opportunities

But monetising it will be hard

New ventures will take time

Competition will not be standing still

Customer service being challenged by fibre processes



We have competitive advantages:

- A clear and consistent long-term strategy
- Proven executional ability and performance
- Judicious investment in network leadership, digital capability and growth opportunities





Outstanding people committed to our customers:

- Strong leadership team and talented people
- Wide range of talent development programmes now in place
- Greater focus on ensuring our people better reflect diversity of customer base
- Having right incentives in place to create value for customers and shareholders

A diverse and active Board with a strong renewal programme:

Actively engage with investment
community

Arrival of Ido Leffler in 2014 to replace
Kevin Roberts

Strong, diverse skills and views

Actively recruiting a new director to
replace Maury Leyland



New Zealand's success is Spark's success:

Thank you for your ongoing support

Shareholders are our champions in the community

Our success depends on how well we serve New Zealand

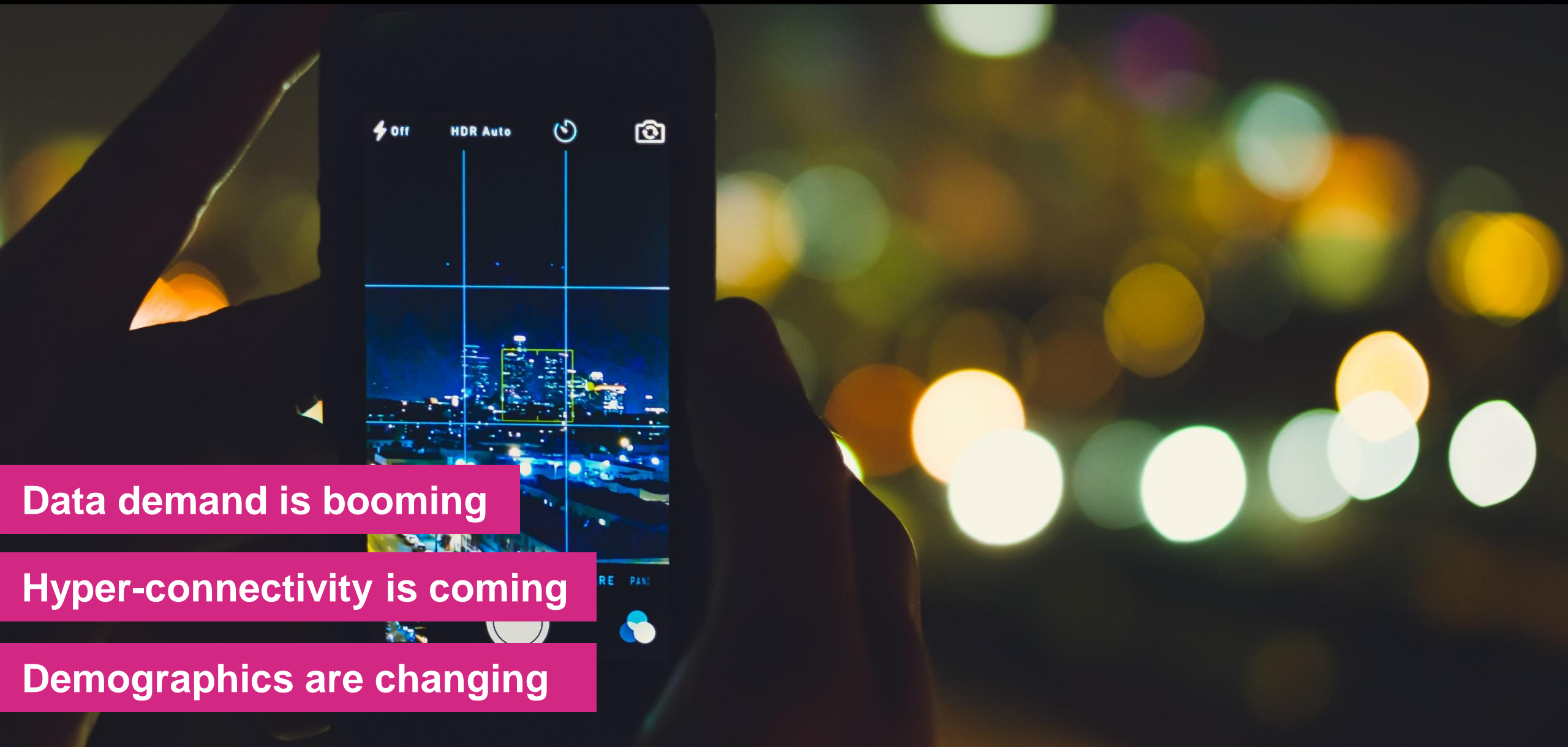
When New Zealand succeeds, we succeed



Managing Director Update



Our world has been dramatically changed by technology



Data demand is booming

Hyper-connectivity is coming

Demographics are changing

THE WORLD'S MOST POPULAR
MEDIA OWNER, CREATED NO
CONTENT.



THE MOST VALUABLE
RETAILER HAS NO INVENTORY.



THE WORLD'S LARGEST TAXI
COMPANY OWNS NO VEHICLES.



THE WORLD'S LARGEST
ACCOMMODATION PROVIDER,
OWNS NO REAL ESTATE.

Digital customer experiences are growing in value

SOMETHING INTERESTING IS HAPPENING
TOM GOODWIN

This gave us a burning platform for change



In 2013 we shared our strategy for transforming the business

Our aspiration

We will be a growing New Zealand company, winning by customers choosing us to connect them at the speed of life!

#1 in mobile

#1 in data

#1 in effortless service & cost



Four clear strategic priorities

1. Revolutionise Customer Experience
2. Simplify the Business
3. Win Key Markets
4. Win the Future

Strategic shift

FROM a traditional fixed and mobile infrastructure company ...

TO a future-oriented, competitive provider of **communication, entertainment and IT services** delivered over our networks and the Cloud

Everything's easier @MYTELECOM

Discover the new one-stop-shop to stay on top of everything Telecom



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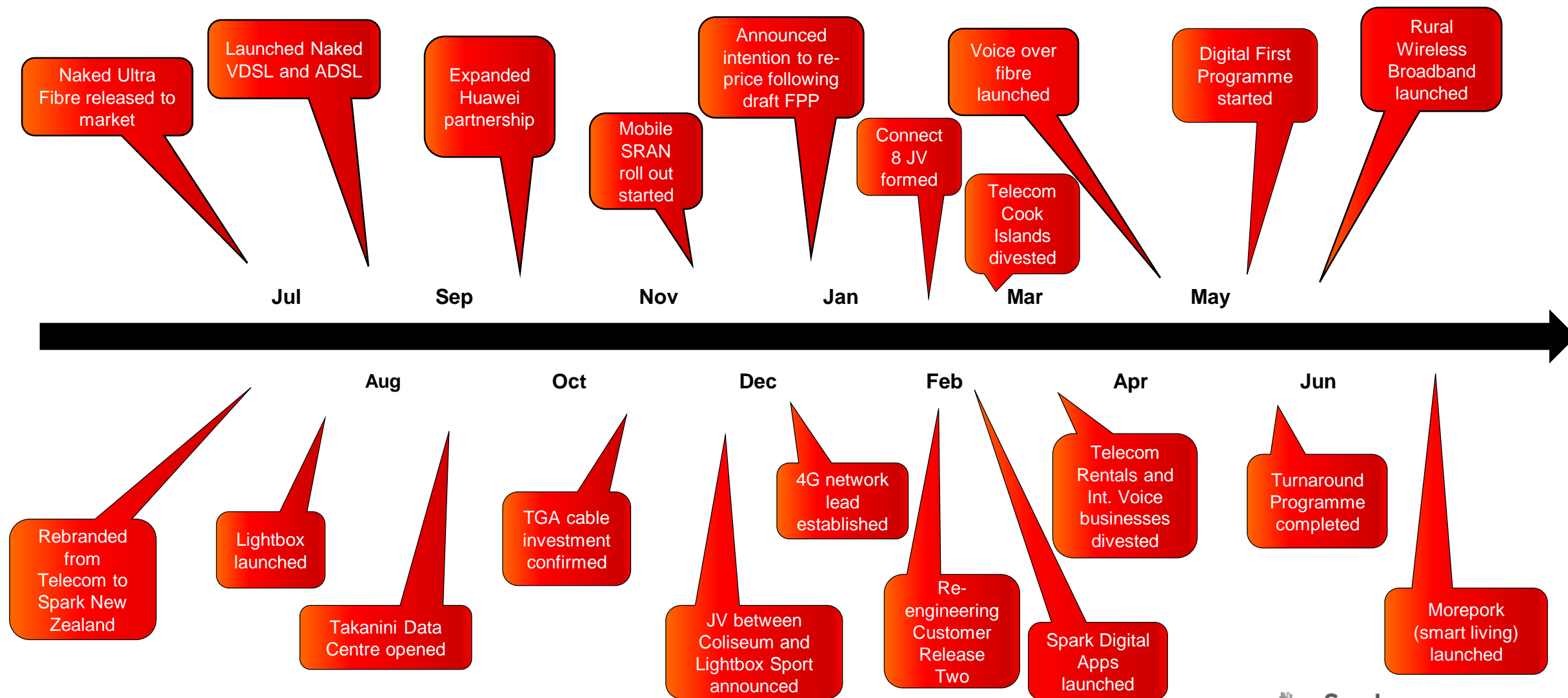
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As a result, Spark NZ is already very different from the Telecom of two years ago



Traditional fixed and mobile telco infrastructure focus and mind-set	Customer oriented digital services provider with retailer's mind-set
Defending legacy product revenue, building bespoke IT with low margins	Emphasis on growth in data, mobile and ICT platform services
Low customer engagement and declining market shares	Stable and growing market shares through superior customer focus
Declining Telecom brand and static Gen-i brand	Fast rising and preferred Spark core brand with multiple highly preferred specialty brands
High cost driven by complex platforms, products, offerings and processes	Simplified platforms and products run at materially lower cost
Multiple geographic markets	NZ markets only
Slow, conservative and defensive culture	Fast moving, winning culture built upon an owners mind-set

These outcomes have been achieved by keeping the executional pressure on



Now we're shifting fast into the next phase of the strategy

FY14 & FY15: Stabilised revenue/margin and reduced costs:

- Reduced prices to compete
- Refocused on NZ market
- Rebranded as Spark New Zealand
- Divested non-core assets
- Completed Turnaround Programme
- Reduced costs for financial stability
- Invested in new growth areas and brands
- Expanded and upgraded data networks
- Re-engineered IT systems
- Built new organisational culture

FY16 & beyond: Drive market revenue/margin growth with continuing improvement in unit costs:

- Invest in market-leading digital products and services
- Digital First Programme to lead the market on digital customer experiences
- Drive revenue growth through brand preference
- Shift focus from acquisition to monetising demand
- Continue evolving leading data networks and digital platforms
- Maintain disciplined management to reduce unit costs

Which has been adjusted to suit the growth agenda

Ambition

At Spark New Zealand, our ambition is to be a winning business, inspired by customers to unleash the potential in all New Zealanders

Goals

To be New Zealand's:

- Benchmark for amazing customer experiences
- No 1 provider of mobility, data and cloud solutions
- Market leader in digital life and business services
- Best run and most efficient business

Strategic Programmes

Win Key Markets

Digital First

Spark Talent

Customer Inspired

Spark Brands

Foundation

New Zealand's best data network and digital services capability

Benefiting from rising brands – the investment is paying off

Decision to rebrand delivering uplift in brand preference measures across wider segments

Spark New Zealand rising in reputation indices

Net promoter scores (NPS) improved across all key areas – in HMB up 10 points for consumers and 13 points for business

Increase in foot traffic and online traffic driving sales performance

Multi-brand strategy paying off with key flanking brands performing well



Working hard to strengthen organisational capability for competitive retailing

Retailer's mentality of competing and winning every day

Major focus on talent and raising the bar on leadership and management of our people

Turnaround Programme completed providing headroom for investment in the future and strengthened performance management culture

Re-engineered IT systems putting customers at heart of Spark

Launched Digital First programme to accelerate development of digital customer experiences



Continuing to reorient ourselves for a data and digital services future

Invested in network leadership including nationwide fibre and 4G supported by core data transport network

Invested in growth options, with Cloud IT growing strongly and Lightbox, Qrious and Morepork ventures in market and building momentum

Established new platforms with open APIs in preparation for the Internet of Things



And turning the financial performance around

Modest growth after years of decline

Net earnings after tax from continuing operations for FY15 were \$375 million, up 16.1%

EBITDA from continuing operations were up 2.8%

Winning in the mobile markets with 2% growth in revenue share and excellent connection gains

Successful divestment of three non-core legacy businesses generating \$169 million of cash flow

First quarter tracking well and to plan, reinforcing full-year guidance



We've got even bigger long-term aspirations

Recognised as a **leader in delivering digital experiences**

Most **valued brand** in the home and **most important partner** to businesses

Number 1 in mobility, data and cloud solutions

Sustained, albeit modest, **revenue growth**

Improved efficiency driving EBITDA margin well into **top quartile** benchmarks

Annual capex maintained within **best practice investment** envelope

Very strong and **rising dividend profile**

What we do matters as does your support

Technology will play an increasing role in New Zealand's future success

Spark is a New Zealand company – New Zealand's success is our success

Spark touches the lives of all New Zealanders every day

Spark helps businesses be successful in a rapidly digitising world

Spark networks power the modern economy of our country

Spark's digital services help New Zealanders live more amazing lives

We value your ongoing support



Resolutions

- 1. Auditor's remuneration**
- 2. Re-election of Paul Berriman**
- 3. Re-election of Charles Sitch**
- 4&5. Issues of shares and provision of financial assistance to MD**
- 6. Directors' remuneration fee pool - Withdrawn**
- 7. Alteration of constitution**

Auditor's remuneration

Resolution to authorise directors to fix the remuneration of the auditor, KPMG

Re-election of Paul Berriman



Re-election of Charles Sitch



Issue of shares and provision of financial assistance to the Managing Director



Alteration of Constitution

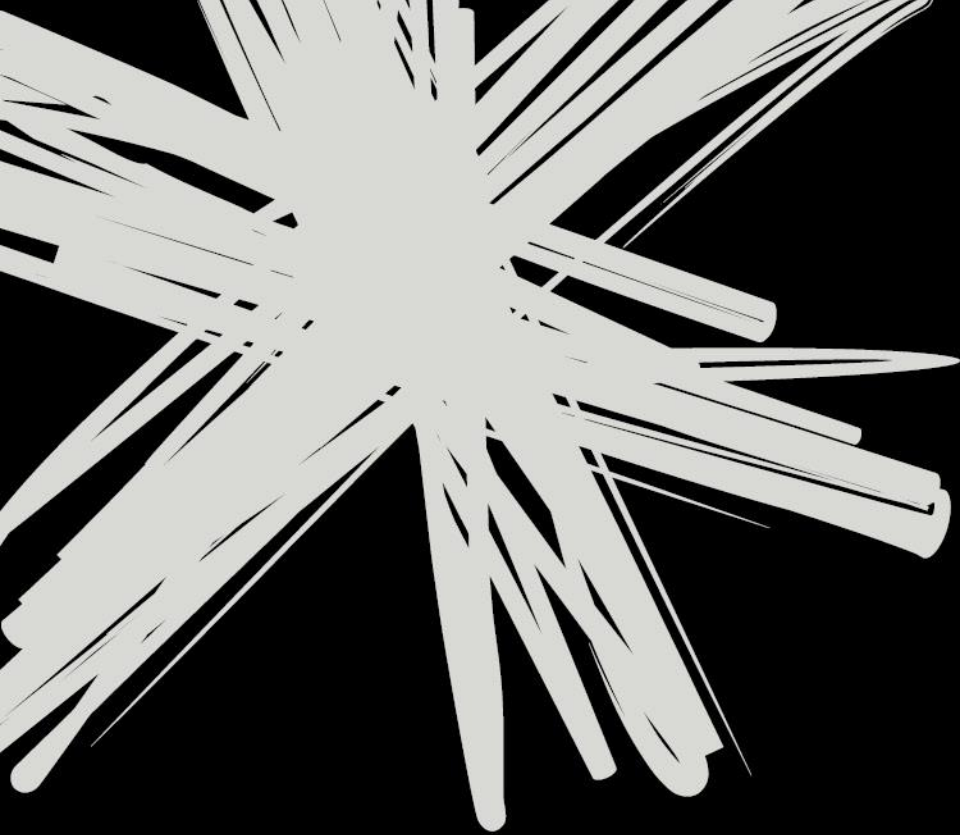


Shareholder Questions





Conduct of Poll



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