



Sky New Zealand
PO Box 9059
Newmarket
Auckland 1149
New Zealand

10 Panorama Road
Mt Wellington
Auckland 1060
New Zealand

T. +64 9 579 9999

sky.co.nz

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Sky increases guidance after continued better-than-expected performance

Following the recent completion and board discussion of a detailed reforecasting exercise after the results for the first four months of Financial Year 2021 became available, Sky Network Television Limited (SKT) announces that it is increasing its Financial Year 2021 revenue and profit guidance as a result of a positive start to the financial year, higher than expected growth in its direct satellite customer base and tight cost control.

Sky has delivered six consecutive months of growth in direct satellite customers (not including reseller subscribers), driven by an improvement in Financial Year 2021 year-to-date annualised churn to 12.2% (down from 13% in FY20, and 15% in FY19).

The improvements have been achieved through Sky's enhanced customer management processes and revitalised sales efforts, and reinforces Sky's value proposition as a 'one stop shop' for entertainment and sport content. Sky has also achieved greater-than-expected growth in streaming revenue, particularly from the newly merged Neon entertainment platform.

As a result of the above factors, Sky is increasing its revenue guidance range for Financial Year 2021, which is now expected to be \$680m-\$710m (previously \$660m-\$700m).

As well as an improved revenue outlook, the company's earnings are expected to benefit from one-off cost savings as a result of the renegotiation of certain content rights, which continue to be impacted by COVID-19 restrictions. Sky is also continuing to exercise careful cost control measures across its operations.

Off the back of the improved revenue outlook and tight cost control, Sky is increasing its EBITDA guidance range from \$125m-\$140m to \$140m-\$155m for Financial Year 2021 (and correspondingly its NPAT¹ guidance, per the table below).

\$m	FY21 Scenario	Guidance	Guidance
	21 May	10 September	11 November
Revenue	610 - 640	660 - 700	680 - 710
EBITDA	100 - 130	125 - 140	140 - 155
NPAT	5 - 15	10 - 20	20 - 30
Capital Expenditure	40 - 50	45 - 55	45 - 55

Martin Stewart, Sky's Chief Executive, says: "We have had a positive start to the financial year, and it is pleasing to be able to inform our investors of our improved expectations for Sky for the remainder of Financial Year 2021. While external economic factors remain challenging and uncertain, our internal performance in managing and serving our satellite customers well has resulted in much

¹ NPAT presented is prior to any non-cash adjustments

lower churn and improved acquisitions, leading to six consecutive months of growth in direct Sky satellite customers. We also continue to see pleasing growth from, and engagement with, our Neon streaming service.”

“The last few months have reinforced the ‘power of our bundle’ and our ability to offer a one-stop-shop for all of our customers’ entertainment and sport needs. We are looking forward to making life even better for our satellite customers when we add Sky Broadband to the mix in early 2021.”

In providing this improved outlook, Sky notes that the guidance is subject to no adverse change in operating conditions, including future economic impacts flowing from COVID-19.

ENDS

Authorised by: Sophie Moloney, Company Secretary

For further information, please contact:

Sophie Moloney
Chief Commercial Officer and Company Secretary
(09) 579 9999
sophie.moloney@sky.co.nz

Chris Major
Director of External Affairs
(029) 917 6127
chris.major@sky.co.nz

Investors can also submit queries to: investorrelations@sky.co.nz

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