CREATING A LEADING INTEGRATED TELECOMMUNICATIONS AND MEDIA GROUP IN NEW ZEALAND

9 June 2016

IMPORTANT INFORMATION

Purpose: The purpose of this presentation and the announcement materials released today is to provide a high level overview about the proposed merger of Sky Network Television Limited ("SKY") and Vodafone New Zealand ("Vodafone NZ") to form the Combined Group. This material is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase any shares. Neither this material, nor anything contained in it, will form the basis of any contract or commitment. Further information will be contained in the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016.

Forecast and pro forma financial information: The forecast and pro forma financial information in this presentation is based on draft information which is subject to final review. The Notice of Meeting and Explanatory Memorandum will contain the final version of the forecast and pro forma financial information. SKY and Vodafone NZ reserve the right to change all financial information before issuing the Notice of Meeting and Explanatory Memorandum.

Reliance: Reliance should not be placed on the information or opinions contained in this material. This material does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Any decision to trade or vote shares should only be made after undertaking an assessment of the information contained in the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016, and after taking appropriate financial advice.

Forward looking statements: This material contains forward looking statements which are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements. The assumptions underlying, and risks and sensitivities of, the financial forecasts contained in this material will be further set out in the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016. Some of the risks associated with the Combined Group and proposed transaction are summarised in the "Key Risks" section in this presentation, but investors should read the Notice of Meeting and Explanatory Memorandum when it is made available for further information and context.

Estimates, forecasts and targets: Unless otherwise indicated, all references to estimates, targets and forecasts and derivations of the same in this material are references to estimates, targets and forecasts by SKY and Vodafone NZ (as applicable). Management estimates, targets and forecasts are based on views held only at the date of this material, and actual events and results may be materially different from them. Neither SKY nor Vodafone NZ undertake to revise the material to reflect any future events or circumstances.

Representations and warranties: No representations or warranties, express or implied, are made as to the fairness, accuracy or correctness of the information, opinions and conclusions contained in this material. To the extent permitted by law, SKY and Vodafone NZ and their affiliates and related bodies corporate, and their respective officers, directors, employees, agents and advisors disclaim any liability (including, without limitation, any liability arising from fault or negligence) for any loss or damage arising from any use of this material or its contents, including any error or omission therefrom, or otherwise arising in connection with it, or as to the accuracy of the likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. Accordingly, you are cautioned about placing undue reliance on forward looking or other statements contained in this material or otherwise in connection with it.

Jurisdictions: This material may not be unlawfully published in some jurisdictions or may only be provided to certain persons and you must not view this material if to do so would be unlawful in your jurisdiction or may otherwise place SKY or Vodafone NZ under obligations which it has not complied with.

Currency: All figures are expressed in New Zealand dollars unless otherwise stated. Where required the cross-rate assumed for conversion of British pounds to New Zealand dollars is 2.11.

PRESENTERS

Presenter	Position
Peter Macourt	SKY Chairman
John Fellet	SKY Chief Executive Officer and Director
Russell Stanners	Vodafone NZ Chief Executive Officer
Jason Hollingworth	SKY Chief Financial Officer

TRANSACTION OVERVIEW

Proposed transaction	• Merger of SKY and Vodafone NZ • Implemented as a SKY acquisition of Vodafone NZ for a combination of shares and cash
Consideration	• SKY to acquire Vodafone NZ for an Enterprise Value ("EV") of $3,437m (cash and debt free) – Issue of new SKY shares giving Vodafone a 51% interest in the Combined Group[(1)(2)] – Cash payment of $1,250m – Implies a Vodafone NZ EV / FY2017E EBITDA ratio of 7.1x and EV / FY2017E EBITDA less capex of 12.5x (prior to synergies)[(3)] • New SKY shares issued at $5.40 per share, representing a 21% premium to last close of $4.47 and a 27% premium to 1 month VWAP of $4.25[(4)] as at 7 June 2016 – Implies a SKY EV / FY2017E EBITDA ratio of 8.0x and EV / FY2017E EBITDA less capex of 12.3x[(5)]
Board support	• The SKY Board and management have conducted a review of SKY's strategic options to deliver long term value creation for shareholders • A merger with Vodafone NZ is the culmination of this process and the SKY Board fully supports the proposed transaction and unanimously recommends that SKY shareholders vote in favour of the resolutions to implement the merger • Independent adviser concluded that "Sky TV shareholders will clearly be better off if the Proposed Transaction proceeds than if Sky TV continues as a standalone entity" and that "the price and terms of the Share Issue are fair"[(6)]

(1) Based on 794.2m SKY shares on issue at completion; (2) Shares will be issued to Vodafone Europe B.V. (referred to as "Vodafone"), a subsidiary of Vodafone Group Plc; (3) Based on Vodafone NZ Enterprise Value of $3,437m (i.e. acquisition price), FY2017E Underlying forecast EBITDA of $481m and FY2017E forecast capital expenditure of $206m; (4) 1 month VWAP calculated over the period from 8 May 2016 to 7 June 2016 on the NZX; (5) Based on SKY Enterprise Value of $2.431m (i.e. based on the issue price of SKY shares to Vodafone at $5.40 multiplied by 389.1m SKY shares on issue prior to shares issued to Vodafone, plus $330m net debt target for SKY under the terms of the Sale and Purchase Agreement), FY2017E underlying forecast EBITDA of $305m and FY2017E underlying forecast capital expenditure of $108m; (6) Note that these are only some of the conclusions reached by Grant Samuel and it is recommended that you read the summary report to be attached as Appendix One of the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016

SKY IS THE #1 SUBSCRIPTION TV OPERATOR IN NEW ZEALAND

Snapshot

- The leading subscription TV operator in New Zealand with more than 830,000 subscribers[1] serving almost half of all New Zealand households[2]
- #1 linear TV operator in New Zealand with a complementary OTT Subscription Video on Demand (SVOD) platform
- Exclusive sports rights including rugby, domestic cricket, netball, Rio Olympics and the next 2 FIFA World Cups

Best content offering

Exclusive rights to key sports in NZ

SANZAR	NZ CRICKET
FIFA	NRL
RIO 2016	HYUNDAI A-LEAGUE
NETBALL	F1

All major studios and brands, with significant exclusive content

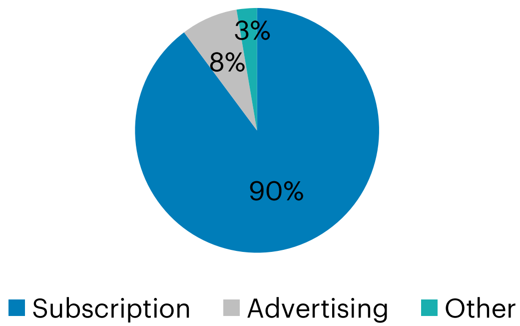
HBO	SHOWTIME	DISNEY
WARNER BROS	UNIVERSAL	VILLAGE ROADSHOW
SONY	MGM	PARAMOUNT
21 CENTURY FOX		BBC

Financial highlights[3]

(refer to appendix for further information)

$m, year-ending 30 June	FY2016E	FY2017E
Revenue	927	920
Underlying EBITDA	336	305
Underlying Operating Free Cash Flow	237	201
Subscribers, including NEON, FAN PASS and IGLOO ('000)	833	845
ARPU ($ / month)	78.7	78.6

Revenue by type – FY2017



(1) As at 30 June 2016 based on a forecasted number
(2) Based on an estimate as at 31 May 2016
(3) The forecast and pro-forma financial information in this presentation is based on draft information which is subject to final review. The Notice of Meeting and Explanatory Memorandum will contain the final version of the forecast and pro-forma financial information. SKY and Vodafone NZ reserves the right to change all financial information before issuing the Notice of Meeting and Explanatory Memorandum. Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

VODAFONE NEW ZEALAND IS A LEADING FULL SERVICE TELECOMMUNICATIONS BUSINESS

Snapshot

- #1 player in mobile with over 2.35m connections (data, voice and messaging)[1]
- Clear #2 player in fixed line with more than 500,000 connections (broadband and home phone)[1]
- SKY packages available via wholesale relationship
- Leading mobile 4G coverage with a nationwide fibre backbone and extensive fixed access network
- Wholly-owned subsidiary of Vodafone Group Plc[2]

Best distribution network

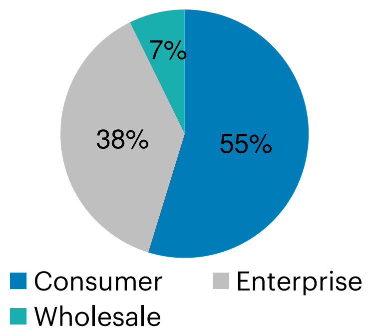
- 98% population coverage
- >90% population coverage
- High speed fibre backbone
- Own cable network passing c.200k homes
- TV over fibre, cable and satellite

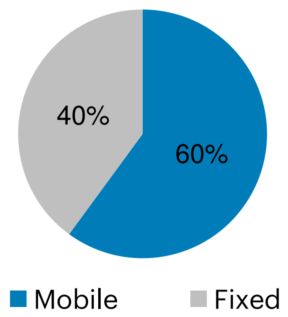
Financial highlights[3]

(refer to appendix for further information)

$m, year-ending 30 June	FY2016E	FY2017E
Revenue	1,999	2,024
Underlying EBITDA	453	481
Underlying Operating Free Cash Flow	189	266
Mobile connections ('000)	2,352	2,385
Fixed-line connections ('000)	509	523
Mobile ARPU ($ / month)	29.2	28.6

Revenue by type – FY2017E





(1) As at 31 March 2016. Market position based on connection numbers as at 31 December 2015 and information in the New Zealand Commerce Commission Annual Telecommunications Report 2015 (published 26 May 2016); (2) Owned via Vodafone Europe B.V.; (3) Vodafone figures recalendarised to June year end to align to SKY's fiscal year end. The forecast and pro-forma financial information in this presentation is based on draft information which is subject to final review. The Notice of Meeting and Explanatory Memorandum will contain the final version of the forecast and pro-forma financial information. SKY and Vodafone NZ reserves the right to change all financial information before issuing the Notice of Meeting and Explanatory Memorandum. Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements

CREATING A LEADING INTEGRATED PLAYER CAPABLE OF DELIVERING THE BEST CONTENT ACROSS ALL PLATFORMS AND DEVICES

SKY vodafone

Content	Distribution	Customers
The best premium content	Complete, at scale mobile, fixed and TV distribution platform	More than 3.7 million aggregate mobile connections, fixed connections and television subscribers

Content

SANZAR, NZ CRICKET, HBO, SHOWTIME, DISNEY

FIFA, NRL, WARNER BROS, UNIVERSAL, VILLAGE ROADSHOW

RIO 2016, A-LEAGUE, SONY, PARAMOUNT

NETBALL, F1, 21CF, MGM, BBC

Distribution

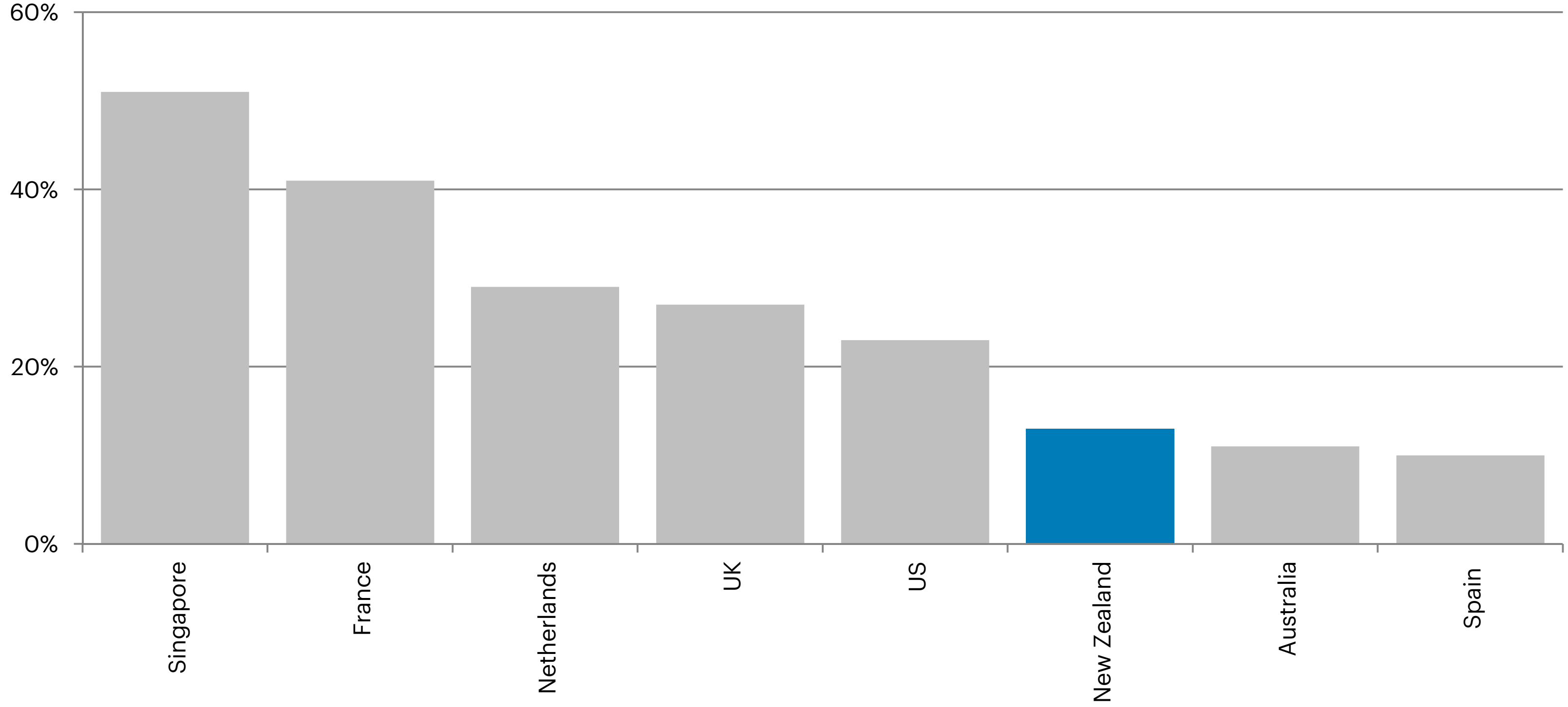
98%	Mobile network population coverage
>90%	Mobile 4G population coverage
100%	Addressable fixed connections coverage (copper/fibre/HFC)
100%	TV coverage with satellite and terrestrial

Customers

>1m	Households served
#1	Mobile connections
#1	TV subscribers
#2	Fixed connections

SIGNIFICANT POTENTIAL FOR PACKAGING PRODUCTS

New Zealand triple play underpenetrated relative to other markets(1)(2)



Source: Ovum 2015. Company websites

(1) Penetration as at May 2014 calculated as percentage of NZ households connected to a triple-play broadband package. Triple-play broadband package consists of fixed-line broadband, fixed-line voice and pay television services, where the package must be sold as a single offering

(2) Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements

DRIVING DIGITAL PRODUCT INNOVATION, IMPROVING THE CUSTOMER EXPERIENCE

Fibre delivered TV(1)

- New Zealand is one of the fastest growing fibre markets in the OECD
- Ability to utilise new technologies for seamless viewing experience

Connected homes(1)

- Ability to deliver world class connectivity and service
- Ability to develop new entertainment propositions

Mobile delivered video(1)

- Vodafone has the largest mobile base in New Zealand, with over 2.35m mobile connections(2)
- Personalised video experience, anywhere, anytime

(1) *Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements*

(2) *As at 31 March 2016*

COMBINATION OF CONTENT AND PLATFORM PROVIDES SIGNIFICANT REVENUE SYNERGIES

- Cross-marketing of services between Vodafone NZ and SKY
- Drive increased penetration of subscription television
- Make content available as widely as possible and across more delivery platforms
- Develop new products that have greater appeal to customers

~$435m NPV(1)(2)

+

Additional synergy opportunities via monetisation of entertainment content on mobile devices

(1) *The NPV figures represent the net present value of the post-tax cash flows from future benefits expected to be captured after deducting any costs associated with achieving those benefits and assume that such benefits will continue to be delivered on an ongoing basis. Calculated assuming post-tax weighted average cost of capital of 8.00%, tax rate of 28% and terminal value based on a terminal growth rate of 1.0%. Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements*

(2) *Equivalent to $0.55 per share. Note that this amount per share solely represents the estimated aggregate post-tax NPV amount of the synergies divided by 794.2m shares (being the expected number of shares on issue following completion). <u>This amount does not equate to, and should not be read or taken as, an indication of any additional or increased share value or an indication of any likely movement or appreciation of the price or value of the shares</u>*

SIGNIFICANT COST AND CAPITAL EXPENDITURE SYNERGIES

- Rationalisation of overlapping functions
- Utilisation of Vodafone NZ's technical and network capabilities
- Sales and marketing efficiencies
- Access feature rich and lower cost set top boxes
- Reduce satellite capacity over the medium to long-term with the shift to fibre

~$415m NPV(1)(2)

(1) *The NPV figures represent the net present value of the post-tax cash flows from future benefits expected to be captured after deducting any costs associated with achieving those benefits and assume that such benefits will continue to be delivered on an ongoing basis. Calculated assuming post-tax weighted average cost of capital of 8.00%, tax rate of 28% and terminal value based on a terminal growth rate of 1.0%. Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements*

(2) *Equivalent to $0.52 per share. Note that this amount per share solely represents the estimated aggregate post-tax NPV amount of the synergies divided by 794.2m shares (being the expected number of shares on issue following completion). This amount does not equate to, and should not be read or taken as, an indication of any additional or increased share value or an indication of any likely movement or appreciation of the price or value of the shares*

LEVERAGING VODAFONE GROUP'S GLOBAL CAPABILITIES

Multi-market expertise

Mobile

>460m customers

Vodafone Group sourced handset

Global connectivity

Fixed and TV

>13.4m fixed customers

>9.5m TV customers

Roll out of new, transformational TV platform (including in NZ)

Purchasing power

~$18.2bn
capex last year(1)

Mobile network

Fixed network

Smartphone

Modem

STB

Fixed / Mobile / TV integration experience

TelstraClear

Kabel Deutschland

ONO

Cable&Wireless Worldwide

hol hellas online

(1) *Total capex for Vodafone Group as per Annual Report 2016. Capex defined as aggregate of property, plant and equipment additions and capitalised software costs*

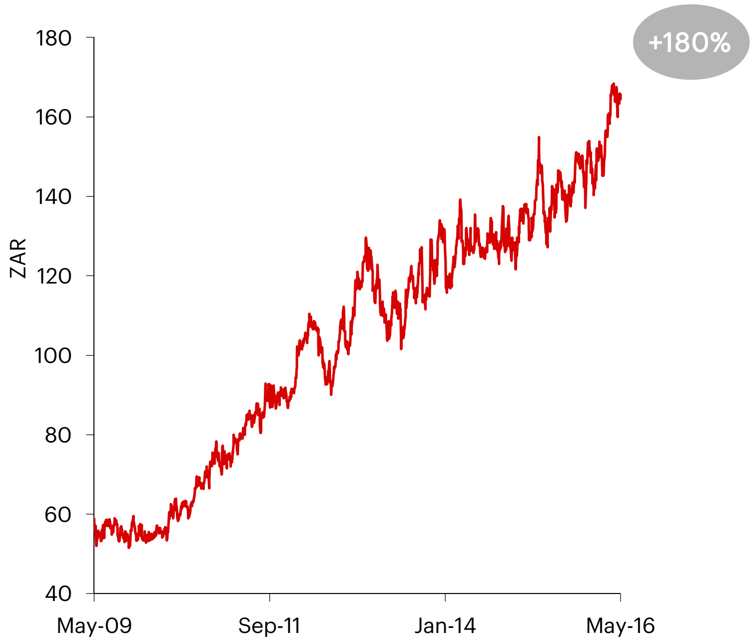
VODAFONE HAS A PROVEN TRACK RECORD OF CREATING VALUE IN PUBLICLY LISTED COMPANIES

vodacom

Vodafone ownership: 65%

IPO date: 18-May-2009

+252% Total value creation since IPO(1)



Safaricom

Vodafone ownership: 40%

IPO date: 09-Jun-2008

+160% Total value creation since IPO(1)

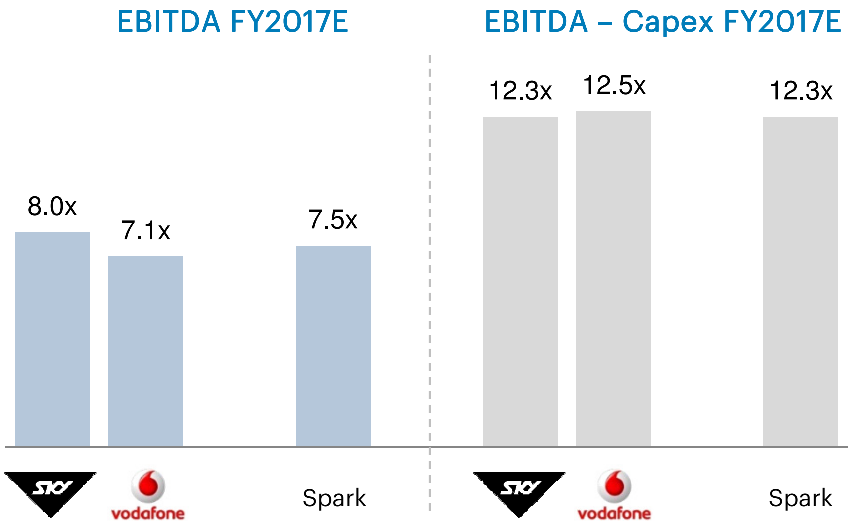
Source: Company filings, Bloomberg, Factset

(1) Value creation represents share price appreciation and dividends paid since IPO date in local currency. +119% for Vodacom and +66% for Safaricom converted to US dollar at relevant dates

TRANSACTION VALUATION

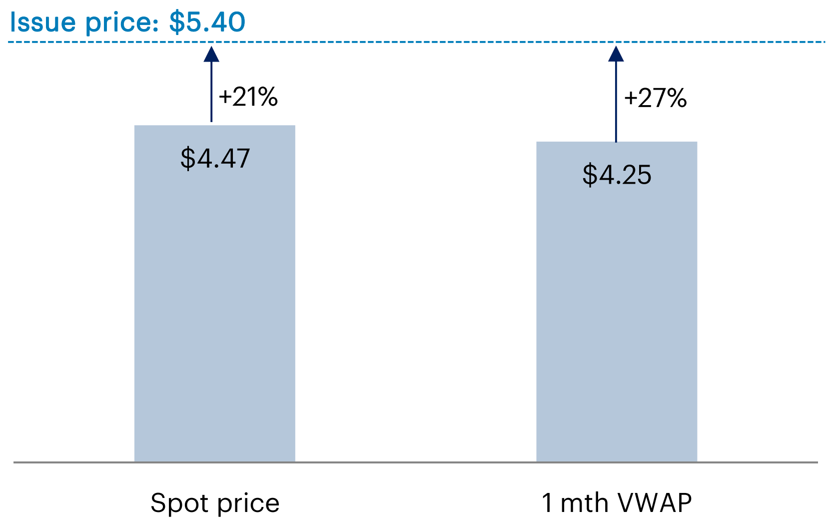
- Vodafone NZ acquired for $3,437m Enterprise Value (cash and debt free)
- Issue of new SKY shares to Vodafone corresponding to a 51% shareholding in the Combined Group and a cash payment by SKY of $1,250m

Relative valuation metrics(1)



Fair valuation for SKY and Vodafone NZ

Shares issued at a premium(2)(3)



New SKY shared issued at $5.40 per share, representing a 21% premium to last close of $4.47(2) and a 27% premium to 1 month VWAP of $4.25(2)(3)

(1) SKY and Vodafone NZ multiples based on transaction values. Spark multiple based on share price as of 7 June 2016 and reported net debt as at 31 December 2015 adjusted for dividend paid during April 2016

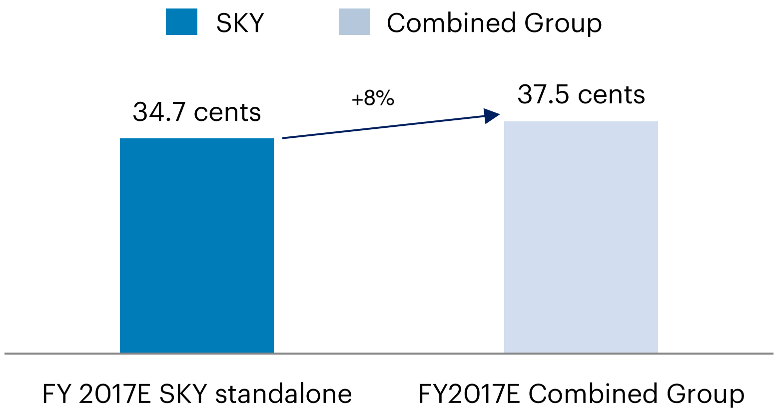
(2) Based on NZX Main Board data as of 7 June 2016

(3) 1 month VWAP calculated over the period from 8 May 2016 to 7 June 2016 on the NZX

SIGNIFICANT POTENTIAL VALUE CREATION FOR SKY SHAREHOLDERS

Free cash flow accretive[1][2]

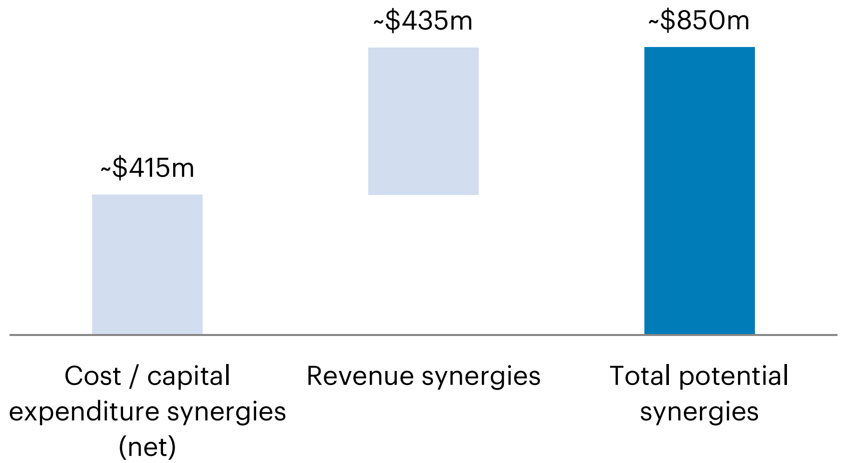
Underlying Free Cash Flow per share (prior to synergies)



- Transaction accretive to Underlying Free Cash Flow per share on a pro-forma FY2017E basis (prior to synergies)

Realisation of synergies[2][3]

Estimated NPV of synergies



- Cost, capital expenditure and revenue synergies have potential to provide ~$850m of NPV benefits[4]

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(2) *Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.*

(3) *The NPV figures represent the net present value of the post-tax cash flows from future benefits expected to be captured after deducting any costs associated with achieving those benefits and assume that such benefits will continue to be delivered on an ongoing basis. Calculated assuming post-tax weighted average cost of capital of 8.00%, tax rate of 28% and terminal value based on a terminal growth rate of 1.0%*

(4) *Equivalent to $1.07 per share. Note that this amount per share solely represents the estimated aggregate post-tax NPV amount of the synergies divided by 794.2m shares (being the expected number of shares on issue following completion). This amount does not equate to, and should not be read or taken as, an indication of any additional or increased share value or an indication of any likely movement or appreciation of the price or value of the shares*

FUNDING IMPACT AND DIVIDEND POLICY

Funding impact

- Pro-forma FY2016E Net Debt / Underlying EBITDA of 2.0x
- Debt facilities of up to $1.8bn provided by a subsidiary of Vodafone Group on attractive market terms
- SKY has right to refinance from alternative source

Pro-forma leverage[1]

$m	Standalone (as at 30 June 2016)	Combined Group (as at 1 July 2016)
Net Debt	325	1,575
EBITDA[2]	336	789
Net Debt / EBITDA[2]	1.0x	2.0x

Dividend policy[3]

- Payout ratio policy of 85-100 % of Free Cash Flow
- Dividend payout subject to:
  - Underlying performance
  - Current and future capital needs
  - Maintenance of appropriate and efficient balance sheet
- Dividends expected to be fully imputed
- Assuming an illustrative 1 July 2016 completion date, 85-100% payout implies a dividend of between 31.9 cents and 37.5 cents per share for the FY2017E period (based on pro-forma Free Cash Flow per share of 37.5 cents for FY2017E)

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(2) *FY2016E Underlying EBITDA*
(3) *Further information will be contained in the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016*

GOVERNANCE AND MANAGEMENT

Combined Group Board	• 5 directors from SKY to remain on the board – Peter Macourt to remain as Independent Chairman – 3 other independent directors – John Fellet (current CEO of SKY) • 4 directors from Vodafone to join the SKY Board – Serpil Timuray (Regional CEO Africa, Middle East and Asia-Pacific) – John Otty (Regional CFO Africa, Middle East and Asia-Pacific) – Phil Patel (Regional Commercial Director, Africa, Middle East and Asia-Pacific) – Russell Stanners (current CEO of Vodafone NZ)
Combined Group management	• Russell Stanners to be appointed CEO of the Combined Group • John Fellet to be appointed CEO of Media and Content, reporting to Russell Stanners • Remainder of management team to be drawn from existing SKY and Vodafone NZ teams
Vodafone shareholding and escrow	• Certain restrictions on Vodafone increasing interest to above 51% • Vodafone shares escrowed (subject to lock-up restriction) until Combined Group results released for FY2017

TRANSACTION PROCESS

9 June 2016	• Announcement of proposed transaction
Week beginning 13 June 2016	• Notice of Meeting and Explanatory Memorandum expected to be made available
Early July 2016	• SKY special meeting of shareholders
September 2016	• SKY entitled to pay a final dividend of up to 15 cents, subject to Board's assessment of underlying performance, current and future capital needs and the maintenance of an appropriate and efficient balance sheet (Vodafone is not entitled to this dividend)
Around the end of 2016	• Anticipated receipt of regulatory approvals and clearances • Anticipated completion of proposed transaction • SKY entitled to pay a dividend to SKY shareholders prior to completion (2.5 cents for each calendar month between 1 October 2016 and completion), subject to Board's assessment of underlying performance, current and future capital needs and the maintenance of an appropriate and efficient balance sheet (Vodafone is not entitled to this dividend)
31 March 2017	• Combined Group able to pay a dividend such that aggregate dividend paid within the six month period ending 31 March 2017 will be up to 15 cents, subject to Board's assessment of underlying performance, current and future capital needs and the maintenance of an appropriate and efficient balance sheet (Vodafone is entitled to this dividend)

- Unanimous recommendation from the Board of SKY
- Independent adviser concluded that "Sky TV shareholders will clearly be better off if the Proposed Transaction proceeds than if Sky TV continues as a standalone entity" and that "the price and terms of the Share Issue are fair"(1)

Note: Timetable is indicative only and subject to change

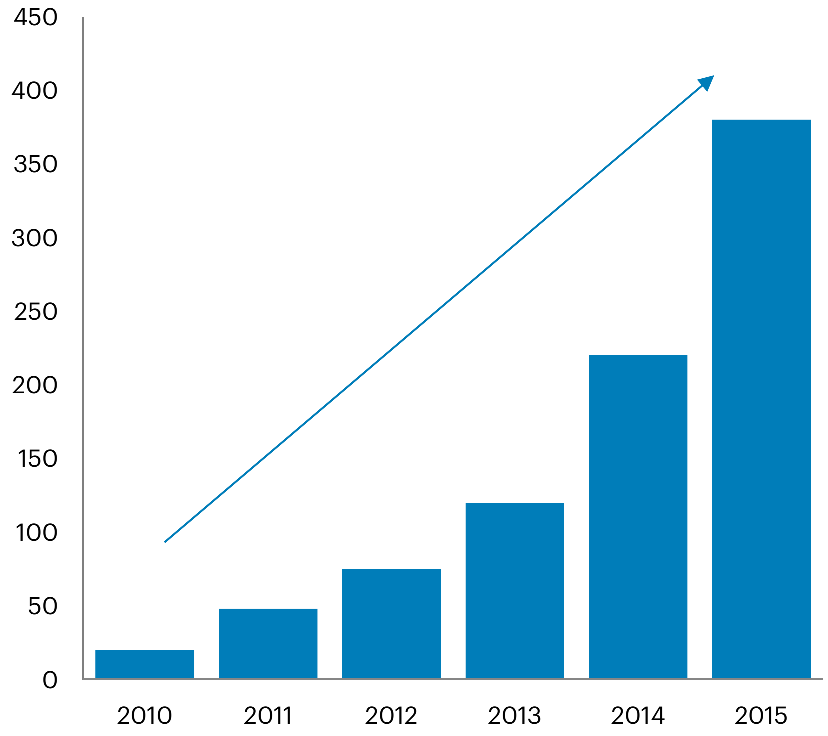
(1) Note that these are only some of the conclusions reached by Grant Samuel and it is recommended that you read the summary report to be attached as Appendix One of the Notice of Meeting and Explanatory Memorandum, which is expected to be made available during the week beginning 13 June 2016

APPENDIX

GROWING MOBILE DATA CONSUMPTION PARTLY DRIVEN BY VIDEO

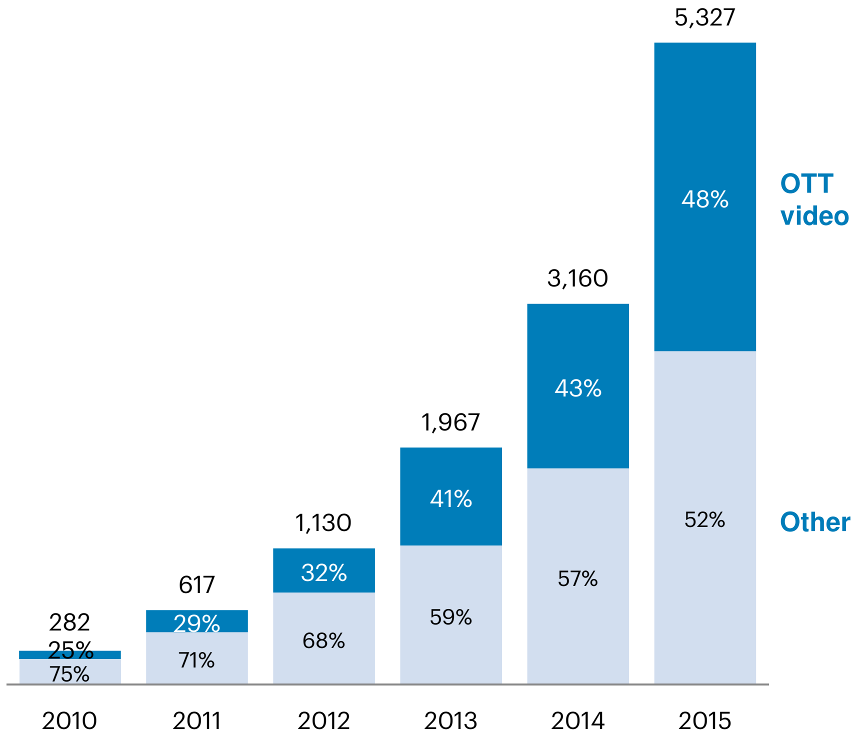
Growing mobile data consumption...

New Zealand mobile data usage, MB per month per connection(1)



...driven by digital video consumption

Global mobile data traffic by application, Total petabytes / month, % of total traffic (2)



(1) Source: NZ Commerce Commission Annual Telecommunications Report (2015)
(2) Source: Ericsson Mobility Report 2015: Other applications inclusive of audio, encrypted, file sharing, software download and update, social networking and web browsing

KEY TERMS OF PROPOSED TRANSACTION

Proposed transaction to be implemented through a Sale and Purchase Agreement, as summarised below:

Consideration	• 405m[(1)] new SKY shares at $5.40 per share to Vodafone, giving Vodafone 51% ownership of Combined Group • $1,250m cash payable by SKY at completion • Cash payment subject to certain adjustments • Vodafone NZ acquired cash and debt free
Funding	• Debt facilities of up to $1.8bn, available through Vodafone Overseas Finance Limited • Right to refinance from alternative source
Conditions	• SKY shareholder approval (requires 75% of votes) • Regulatory approvals and clearances (OIO consent and NZ Commerce Commission clearance) • Conditions precedent to new debt from Vodafone Overseas Finance Limited being satisfied • No material adverse change or prescribed breach event occurring in respect of either SKY or Vodafone NZ
Near-term dividends	Subject to Board's assessment of current and future capital needs and the maintenance of an appropriate and efficient balance sheet: • SKY entitled to pay dividend of up to 15 cents during September 2016 • If completion occurs before 31 March 2017, SKY entitled to pay dividends of 2.5 cents for each calendar month between 1 October 2016 and completion • Post completion, SKY also able to pay a dividend such that the aggregate dividend paid within the six month period ending 31 March 2017 will be up to 15 cents • Vodafone will only be entitled to dividends paid post completion
Vodafone Services Agreement	• SKY has, with independent advice and in conjunction with Vodafone NZ, agreed terms of services agreements to support the ongoing operation of Vodafone NZ

(1) Assuming the number of SKY shares on issue immediately prior to completion is the same as today

COMPENDIUM OF FINANCIAL AND OPERATING MEASURES

	In NZD million	Vodafone NZ Group: Pro forma historical 30 June 2015 ("FY2015A")	Vodafone NZ Group: Pro forma prospective 30 June 2016 ("FY2016E")	Vodafone NZ Group: PFI 30 June 2017 ("FY2017E")	SKY Group: Historical 30 June 2015 ("FY2015A")	SKY Group: Pro forma prospective 30 June 2016 ("FY2016E)	SKY Group: PFI 30 June 2017 ("FY2017E")	Adjustments and eliminations: Pro forma historical 30 June 2015 ("FY2015A")	Adjustments and eliminations: Pro forma prospective 30 June 2016 ("FY2016E)	Adjustments and eliminations: PFI 30 June 2017 ("FY2017E")	Combined Group: Pro forma historical 30 June 2015 ("FY2015A")	Combined Group: Pro forma prospective 30 June 2016 ("FY2016E)	Combined Group: PFI 30 June 2017 ("FY2017E")
Profit & loss	Total Revenue	1,960	1,999	2,024	928	927	920	(20)	(22)	(30)	2,868	2,903	2,914
	Total operating expenses	1,497	1,545	1,543	548	591	615	(20)	(22)	(30)	2,025	2,114	2,128
	Underlying EBITDA[1]	463	453	481	380	336	305	-	-	-	843	789	786
	One-off items included in operating expenses	18	-	2	-	11	9	-	-	2	18	11	13
	EBITDA[1]	445	453	479	380	325	296	-	-	(2)	825	779	774
	Depreciation and amortisation[2]	370	319	298	109	100	101	-	-	-	479	418	399
	Amortisation of acquired intangibles[4]	19	16	13	-	-	-	-	-	84	19	16	97
	Impairment	-	-	-	11	-	-	-	-	-	11	-	-
	EBIT[1]	56	119	169	261	226	195	-	-	(86)	317	345	278
	Finance costs, net[5]						18			54			71
	Profit before tax						177			(140)			207
	Income tax expense[6]						52			(39)			62
	Profit for the year						125			(100)			145
Debt	Net Interest Bearing Debt[1]					325	295		1,250	1,250		1,575	1,544
	Net Interest Bearing Debt / Underlying EBITDA[1]					1.0x	1.0x					2.0x	2.0x
Cash flows	Underlying EBITDA[1]	463	453	481	380	336	305	-	-	-	843	789	786
	Working capital and other[8]	(19)	27	9	10	(6)	(4)	-	-	-	(9)	21	5
	Underlying Cash Generated From Operations[1]	483	427	472	370	342	309	-	-	-	852	769	782
	Underlying Capital Expenditure[1][2]	316	238	206	116	105	108	-	-	-	431	343	314
	Underlying Operating Free Cash Flow[1]	167	189	266	254	237	201	-	-	-	421	426	467
	Interest paid						18						72
	Income tax paid						48						97
	Underlying Free Cash Flow[1]						135						298
	One-off items included in operating expenses						9						13
	Adjustment to capital expenditure						(21)						(21)
	Integration capital expenditure						-						38
	Free Cash Flow[1]						147						269
Key metrics	Shares on issue (millions)				389	389	389			405			794
	Underlying Free Cash Flow per share (cents)						34.7						37.5
	Underlying Earnings Per Share (cents)						33.8						28.2
	% Underlying EBITDA margin	24%	23%	24%	41%	36%	33%				29%	27%	27%
	% Underlying Capital Expenditure / revenue	16%	12%	10%	12%	11%	12%				15%	12%	11%
	% Underlying Operating Free Cash Flow / revenue	9%	9%	13%	27%	26%	22%				15%	15%	16%
	Mobile customers ('000's)	2,346	2,352	2,385							2,346	2,352	2,385
	Fixed line customers ('000's)	507	509	523							507	509	523
	Media and Entertainment subscribers ('000's)				852	833	845				852	833	845
	Pre-pay mobile ARPU ($ / month)	12.9	12.6	12.8							12.9	12.6	12.8
	Post-pay mobile ARPU ($ / month)	60.5	55.4	51.4							60.5	55.4	51.4
	Media and Entertainment ARPU ($ / month)				79.5	78.7	78.6				79.5	78.7	78.6

Note: The prospective and pro forma financial information in this presentation is based on draft information which is subject to final review. The Notice of Meeting and Explanatory Memorandum will contain the final version of the prospective and pro forma financial information. SKY and Vodafone NZ reserves the right to change all financial information before issuing the Notice of Meeting and Explanatory Memorandum. Forward looking statements are subject to inherent risks and uncertainties. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

(1) *Non-GAAP financial measures*
(2) *Excluding amortisation of acquired intangibles and impairments*
(3) *Excluding integration capital expenditure*
(4) *Acquisition adjustments and amortisation of Telecommunications acquired customer base*
(5) *Finance costs, net estimate for SKY Group in FY2016E not disclosed in the EM*
(6) *Income tax expense calculated at 28% of Profit before tax for SKY Group in FY2016E (not disclosed in the EM)*
(7) *Adjustments relate to the one-off operating expenses and non-cash amortisation of acquired intangibles, which is tax effected at 28%*
(8) *For Vodafone NZ Group, calculated as difference between Combined Group and SKY Group. For SKY Group, calculated as the difference between Underlying Cash Generated From Operations and Underlying EBITDA*

KEY FINANCIAL ASSUMPTIONS

The assumptions below are a summarised version of the key assumptions underlying the FY2017E Combined Group forecasts. The Notice of Meeting and Explanatory Memorandum will contain the final version of the forecast and pro forma financial information. SKY and Vodafone NZ reserve the right to change all financial information before issuing the Notice of Meeting and Explanatory Memorandum.

Deal metrics / mechanics:

- Transaction assumed to occur on 1 July 2016. Whilst the actual completion date may be later than this, the 1 July 2016 date was selected so as to present a full 12 month PFI period
- Acquisition value of Vodafone NZ of $3,437m, satisfied with cash consideration of $1,250m and shares issued to Vodafone Group of $2,187m (shares issued at $5.40 per share)
- Treated as a reverse acquisition for accounting purposes (Vodafone NZ acquiring SkyTV) as Vodafone Group will acquire a controlling interest in SkyTV as a consequence of the Proposed Transaction
- As a result, the fair value on acquisition of SkyTV will result in value attributed to SkyTV's brands ($67m) and customer relationships ($354m), a related deferred tax liability ($118m), and the remainder of the intangible value being attributed to goodwill ($1,872m). These values are preliminary only, and will be assessed formally following Completion
- Vodafone NZ's forecasts have been normalised to present 30 June financial years consistent with SkyTV's financial year (as Vodafone NZ's underlying financial year is 31 March) and to restate the Vodafone Group charges for the new Vodafone Services Agreements that have been agreed

FY2017EForecast Assumptions:

The Combined Group will consist of two segments – 'Media and Entertainment' and 'Telecommunications'.

<u>Media and Entertainment (SkyTV)</u>

- Revenue:
  - Total subscriber numbers growing from 832.5k at 30 June 2016 to 845.1k at 30 June 2017
  - ARPU assumed to be flat ($78.6 at 30 June 2017 vs $78.7 at 30 June 2016)
  - Residential satellite subscriber revenue declining from $752m in FY2016Eto $735m in FY2017
  - Continued growth in other subscription customers and revenue through products such as NEON and FAN PASS
- Costs:
  - Total operating costs are forecast to increase by 3.8% in FY2017E(from $601m to $624m), following a 9.8% increase in FY2016
  - Most of this increase relates to programming cost investments on content such as the Summer Olympics and the new SANZAAR contract, together with the associated operating expenses
  - Other costs (subscriber related costs, broadcasting and infrastructure) are forecast to be broadly flat, with increases primarily related to increased delivery network costs for online platforms such as SKY on Demand, NEON and FAN PASS
  - One-off transaction costs in both FY2016E($10.6m) and FY2017E($9.4m)
- Capital expenditure:
  - After a period of high capital investment in FY2016Erelating to the new internet enabled decoders, capital expenditure is expected to return to more normal levels in FY2017E($87m vs $126m in FY2016)

KEY FINANCIAL ASSUMPTIONS (CONT.)

Telecommunications (Vodafone NZ)

- Mobile customer connections increasing 1.3% to 2,385k, driven by ongoing growth in Consumer Postpay and Enterprise with continued customer demand for data sharing plans
- Fixed line customer connections increasing 2.7% to 523k, with strong growth in Consumer driven by demand for high speed data and uptake of Fibre.
- Revenue growth of 1.3% in FY 2017 to $2,024 million driven by Consumer of 2.1% and Enterprise of 2.9%
  - Market improvements and consistent pass through of regulatory cost increases.
  - Monetisation of core services and responding to customer demand for high speed data through expansion in UFB and Vodafone NZ's own HFC Network.
  - Growing share in Vodafone NZ's Enterprise business, harnessing the capabilities acquired through the TelstraClear and WorldxChange acquisitions to drive growth in both Government and Unified Communications sectors
- Costs
  - Total costs held flat in FY 2017, with inertial growth through growing customers and usage offset entirely by execution and delivery of savings of internal cost reduction programme.
- Agreed charges of $88m for Vodafone Services Agreements in place, and reflect only those charges for services that Vodafone NZ will continue to procure from Vodafone Group after the formation of the Combined Group
- Capex: fforecast in FY 2017 reflects a change in spend following the completion of major network investment projects in FY 2015 and FY 2016 (e.g. 4G), with total capital expenditure of $206m (vs $238m in FY 2016)

Combined Assumptions:

It is assumed there will be no material changes in the following:

- the economic environment in which the Combined Group operates;
- the political, legislative and regulatory environment in which the Combined Group operates;
- the competitive environment;
- the tax laws and tax rates;
- industry conditions and ability to operate;
- key suppliers and customers;
- financial and operating policies;
- the operating environment in which the Combined Group operates;
- associates, joint ventures, subsidiaries with no business acquisitions or disposals;
- changes in accounting standards and interpretations; and
- key personnel required to manage and operate the Combined Group

Other Combined Group Assumptions

- While significant integration opportunities and synergy benefits are expected, these are not assumed until after Year 1, and therefore the FY2017Eforecasts only factor in upfront integration costs, being operating expenses of $1.8m and capital expenditure of $37.5m
- Amortisation of the SkyTV brand and customer relationships over nine years
- Interest costs on the new acquisition debt $1,250m

KEY RISKS

Neither the proposed transaction itself, nor the business of the Combined Group going forward, is without risk. Key risks include the following. Full details of the risks will be set out in the Notice of Meeting and Explanatory Memorandum, which is expected to be released during the week commencing 13 June 2016.

Combined Group risks	• Adverse impact on Vodafone NZ from competitor actions, including entry of new mobile virtual network operators • Adverse regulatory and tax changes • Unanticipated capital investment requirements being higher or incurred earlier relative to expectations • Reliance on Vodafone for business services including Vodafone Services Agreements and insurance • Adverse impacts from unexpected network operation, security or privacy issues • Increased leveraging and refinancing risk
Risks specific to the transaction	• Proposed transaction is subject to various conditions and there is no certainty that the proposed transaction will be implemented • Potential inability to realise the expected benefits from the proposed transaction (i.e. integration issues) • Uncertainty of trading price of SKY shares following the shareholder meeting and / or completion • Potential adverse impact from change in control clauses on certain contracts (i.e. inability to seek waiver)

GLOSSARY

ARPU	• Average revenue per user
Bn or bn	• Billions
Cents	• Cents (New Zealand currency unless stated otherwise)
Combined Group	• SKY following the Acquisition, reflecting the inclusion of the Vodafone NZ business
Free Cash Flow	• Cash generated from operations less capital expenditure less payments for interest and tax
FY2015A	• Financial year ending 30 June 2015
FY2016E	• Financial year ending 30 June 2016 (except where data relates to Combined Group balance sheet, in which case FY2016E means pro-forma 1 July 2016)
FY2017E	• Financial year ending 30 June 2017
M or m	• Millions
Net Debt or Net Interest Bearing Debt	• Bank borrowings, bonds and finance leases less cash and cash equivalents (a non-GAAP earnings measure)
NPV	• Net present value
OTT	• "Over the top" which describes a service that provides content over the internet
PFI	• Prospective financial information
Underlying Free Cash Flow (or Underlying FCF)	• Cash generated from operations less capital expenditure less payments for interest and tax, adjusted to exclude certain one-off cash flow items (a non-GAAP cash flow measure)
Underlying Operation Free Cash Flow (or Underlying OpFCF)	• Cash generated from operations less capital expenditure, adjusted to exclude certain one-off cash flow items (a non-GAAP cash flow measure)
Underlying EBITDA	• Earnings before interest, tax, depreciation, amortisation and impairment, adjusted to exclude certain one-off expenses (a non-GAAP earnings measure)
Underlying Capital Expenditure	• Capital expenditure excluding certain one-off capital expenditure items (a non-GAAP cash flow measure)
Vodafone	• Vodafone Europe B.V.
Vodafone Group	• Vodafone Group Plc and its subsidiaries
Vodafone Services Agreement	• The Procurement Accession and Amendment Agreement, the Roaming Amendment Agreement, the Branding Agreement (including the related Branding Sub-Licence) and the Co-operation Agreement
VWAP	• Volume weighted average price, calculated as the total value of traded shares dividend by the total volume of traded shares over a certain period
$	• Dollars (New Zealand currency unless stated otherwise)