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SKY AGM – CHAIRMAN’S ADDRESS
for immediate release, 17th October 2019

Attached is the Chairman’s address and slide presentation for SKY’s AGM to be held at 10.30am today at The Generator, 12 Madden Street, Auckland.

ENDS

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Sky AGM 17 October 2019

Philip Bowman, Chair

Prepared remarks

Welcome to the Sky AGM for 2019 and thank you for taking the time to be here. I am Philip Bowman, the recently appointed chairman and I'm delighted to be here and to have the privilege of leading the board in these interesting times.

Shareholders holding in excess of 10% of the voting shares in the company are here in person today or are represented by proxy. Directors holding proxies will vote as instructed. Where proxies may be exercised at the discretion of an individual director, votes will be cast in favour of each resolution.

As the quorum is present, I declare the meeting to be properly constituted and open.

It is my pleasure to introduce my colleagues on the board.

Peter Macourt is retiring from the board today, and we will mark his significant contribution to Sky a little later in today's proceedings.

It's also my pleasure to introduce you to our new Chief Financial Officer, Blair Woodbury, and Company Secretary, Sophie Moloney. Our Chief Executive Martin Stewart has brought together an outstanding new leadership team for Sky, and he will introduce the other leaders shortly.

We have a lot to cover in today's meeting, including some important resolutions. In particular, we were delighted to reach agreement with SANZAAR and New Zealand Rugby on a new 5-year rights deal over the weekend, and it is my pleasure to recommend to shareholders today that you approve the resolution to allow the company to complete that contract. We will speak more about that shortly.

Today's agenda is as follows:

- I will provide a review of the past year, with particular emphasis on the second half.
- Martin Stewart will give you an overview of the financial results we reported in August, and outline the new strategic direction we have set for the company.
- Martin will also report on specific progress against that strategy over the last seven months, and outline the priorities for the next twelve months.
- There will then be an opportunity for you to ask questions before we turn to the formal business of the meeting.
- As set out in the Notice of Meeting, we have six ordinary resolutions to consider, and two special resolutions.

Following voting I will close the meeting, after which directors and senior executives will join those shareholders who choose to remain for refreshments.

High-level review of past year

At the Results presentation in August, Martin and Blair talked about the year being a “Game of Two Halves”. There has been rapid change since the Interim Results in February and the arrival of Martin Stewart as Chief Executive. I am going to focus most of my remarks on these last six months.

The situation in February was that our business was experiencing a steady decline in subscribers, and facing increasing competition both from local and global players. Streaming services were increasingly attracting customers away from Sky, and costs - particularly for content - were rising.

The Board and the leadership team had two choices - keep trying to stem the flow, reduce costs and reinforce the reliability of satellite to deliver content to all New Zealanders; or radically step up the fight.

We chose to do the second. We have a proud history as a business: a start-up and disruptor who changed the way New Zealanders viewed television. We also have many of the fundamentals in place: an unbeatable range of original and acquired content, proven and trusted relationships with content partners, and a strengthened, talented and energised team. Our task is to deliver our content in ways that work for all New Zealanders – and that has meant making some changes.

The first is having an unrelenting focus on our customers and what they want, and then leveraging the best of modern technology, and particularly streaming services, to deliver this content in ways that meet or exceed customer expectations. We have a clear brief for our people: continue to support satellite customers who are the heart of our business - and will be for some years to come – while at the same time rapidly developing and delivering competitive streaming products.

Secondly, retain the rights that matter. We understand the important balance between what our customers want to watch (and what they are willing to pay), what our content partners need for their businesses to be profitable, and our need to make wise trade-off choices that in the long term provide a commercial return to you, our shareholders. Securing the SANZAAR rights this week for another five years was an absolutely critical part of that strategy.

Thirdly, pursue partnerships. In a global context, we operate in a very small market, and partnerships and wholesale arrangements are a practical way of achieving our ambition of having Sky in the hands of all New Zealanders, particularly in the face of increasing global competition.

The fourth area is pursuing alternative revenue streams. The purchase of RugbyPass is a clear example of leveraging our existing capabilities while also looking beyond our existing business and beyond the NZ border.

I will shortly ask Martin to take you through the strategy in more detail and outline progress to date, but before that I'd like to make a few observations:

The status quo of the past decade was not an option. Technology, consumer behaviour and commercial pressures are all changing at an unprecedented pace. In simple terms our business model needed to be reimaged.

We are fortunate to have a CEO of Martin's calibre and international experience now leading Sky. He is implementing an ambitious programme of change and innovation, and he has an unrelenting focus on returning the business to growth. It's been very pleasing to see the significant progress made by the team in the first seven months of Martin's tenure.

Whilst the Board is committed to generating value for all shareholders, building a successful enduring business in times of change is a long term rather than short term endeavour. In addition to providing governance to the company, the directors see their principal role as providing guidance and robust challenge on the strategic direction developed by management, and then holding management to account to deliver agreed objectives and outcomes.

The Board has had to make some difficult decisions in the last 6 months, including the goodwill and technology project write-offs, and the decision to suspend dividends. We recognise that we are asking you, as owners of the business, to support an ambitious turnaround plan, and to accept that we need first to invest to reposition the business for future growth. This is a responsibility we take very seriously.

We will leave plenty of time at the end for your questions, but I also believe that our presentation today will start to build your confidence in the changed strategic direction of the business and the capability of the refreshed leadership team to deliver on this.

[Remarks from Martin Stewart]

[Resolutions to be voted on]

Before I close the meeting, I would like to acknowledge the significant contribution of Peter Macourt to our company. Peter was appointed chairman of the board in August 2002, and his long service and commitment to Sky is remarkable and very much appreciated. Peter has spent most of his career in the media and entertainment sectors, and he has made a substantial contribution to Sky during his 17 years as chair. On behalf of current and previous board members and all Sky staff and shareholders I sincerely thank him for his contribution to Sky.



Conclusion of meeting

Ladies and gentlemen, that concludes the formal part of our meeting, and I declare the meeting closed.

Thank you for attending Sky's 2019 Annual General Meeting today, and thank you for your continued support as a Sky shareholder.

Your Board, leadership team and Sky staff are passionate about this business and are highly focused on the task ahead. We look forward to updating you as we execute on our strategy to transform the business and deliver on the promises that we have outlined today.

Ends.