



Market Release

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TELECOM COMPLETES FIRST STAGE OF MAJOR REENGINEERING PROGRAMME

Telecom announced today it has successfully implemented over the last week the first stage of its programme to reengineer and update key customer service IT platforms.

Telecom Chief Executive, Simon Moutter, said, "This major IT reengineering programme has been nearly two years in the making and has been completed on-time and on-budget, with only minor post-implementation corrections now required.

"The reengineering programme is a significant driver of our long-term strategy. It heralds a profound change for the business by bringing the customer rather than the copper wire connection to the centre of our IT systems architecture for the first time in our 100 year history.

"The first stage of reengineering has delivered major improvements to our foundation system capabilities and to our prepaid mobile customer systems, as well as to some customer facing systems including a brand new website. The foundation capabilities, including the introduction of a best-in-class CRM, provide a solid platform for future stages in the programme.

"This first stage implementation, costing around \$70 million to date, affected more than 120 major IT systems and took more than 430 person years of work to deliver. Implementation over the weekend of 17 and 18 May went very smoothly, albeit switching on the new systems had to be delayed by 12 hours when last Monday, as Murphy's Law would have it, we experienced an unrelated hardware fault on our internal IT network."

Successive stages will expand to post-paid mobile and broadband and will continue to improve the customer experience and provide for more efficient customer service operations. The next major stage of the reengineering programme is due to be completed in the FY15 financial year, with the emphasis on post-paid mobile and building on the foundation laid in the first stage.

Mr Moutter added, "In addition to our good progress in reengineering, we are encouraged by improving operating momentum in Telecom Retail and the continued repositioning of Gen-i towards Cloud services, mobility and managed ICT.

"The change of our name and core brand to Spark, scheduled to take place in August, is also on-track. Changing our name is an exciting next step in our strategy. It reflects the enormous change that has already occurred and provides a catalyst to a new approach for our business.

“We’ve evolved to a company that is leaner, faster and bolder – all necessary to win in a dynamic and competitive digital services market where earning customer preference is everything.

“We are well on track to meet our FY14 guidance. Our full year guidance for adjusted EBITDA from continuing operations remains unchanged at \$925 million to \$945 million, excluding the one-off AAPT sale proceeds and rebranding costs. As noted at the half year, our intention is to pay a minimum dividend of 16 cps for the FY14 year.”

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