

The SKY logo is positioned at the top center of the page, enclosed within a blue downward-pointing triangle.

INVESTOR DAY 2015

26 May 2015

WELCOME


COME WITH US

A blue upward-pointing triangle is located at the bottom center of the page, pointing towards the 'COME WITH US' text.



DISCLAIMER

THIS PRESENTATION CONTAINS STATEMENTS THAT REVIEW CURRENT BUSINESS OPERATIONS. MEDIA RELEASES AND MANAGEMENT COMMENTARY, INCLUDING THOSE RELATING TO THE 2015 HALF YEAR RESULTS ANNOUNCEMENT, ARE ALL AVAILABLE ON SKY'S WEBSITE. PLEASE READ THIS PRESENTATION IN THE WIDER CONTEXT OF MATERIAL PREVIOUSLY PUBLISHED BY SKY.



The SKY logo is located in the top left corner, inside a black triangle pointing right. It consists of the word "SKY" in a white, italicized, sans-serif font.

CEO'S INTRODUCTION

JOHN FELLET
CHIEF EXECUTIVE OFFICER
FANATICAL ABOUT BASEBALL

AGENDA

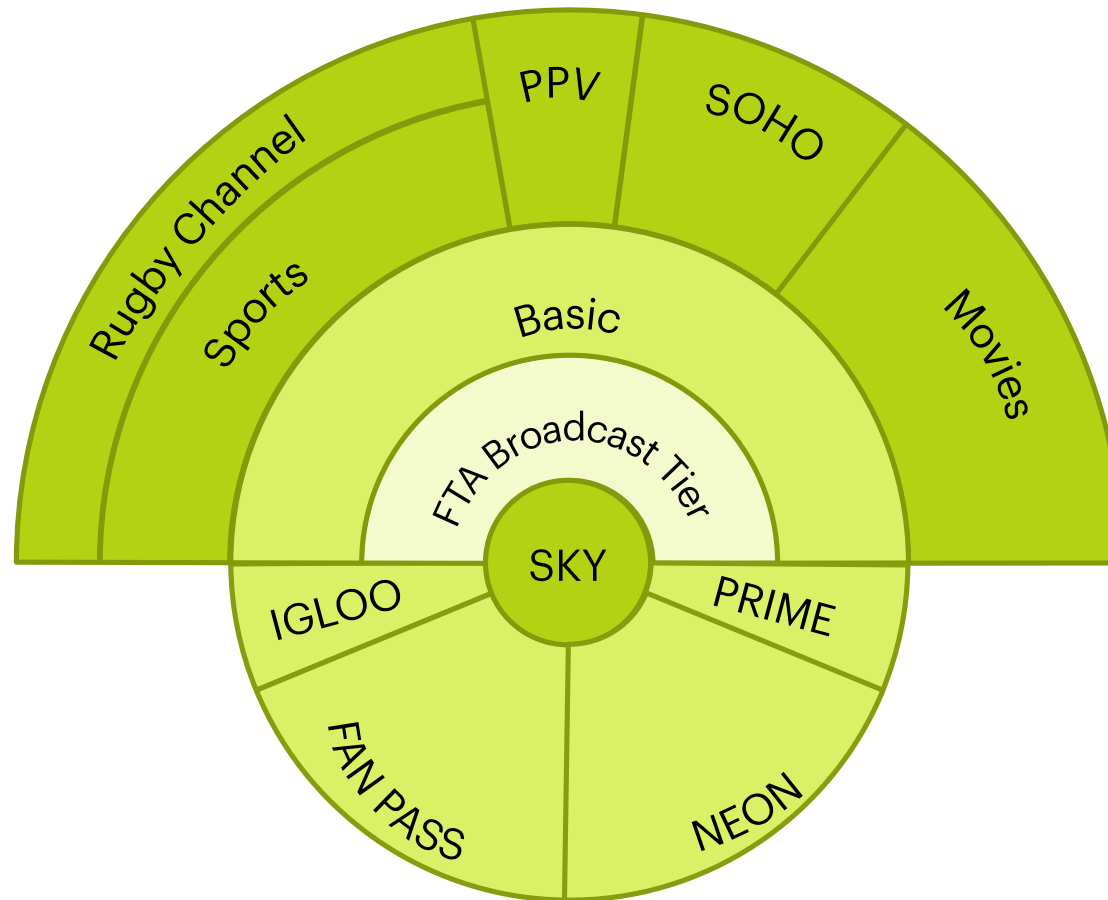
- 1. CEO'S INTRODUCTION**
- 2. CUSTOMER PERSPECTIVE**
- 3. STRATEGY AND PRODUCT ROADMAP**
- 4. ENTERTAINMENT CONTENT**
- 5. SPORT CONTENT**
- 6. ADVERTISING SALES**
- 7. GOVERNMENT RELATIONS**
- 8. GEARING AND DIVIDENDS**
- 9. Q & A**

THE IMPACT OF THE INTERNET

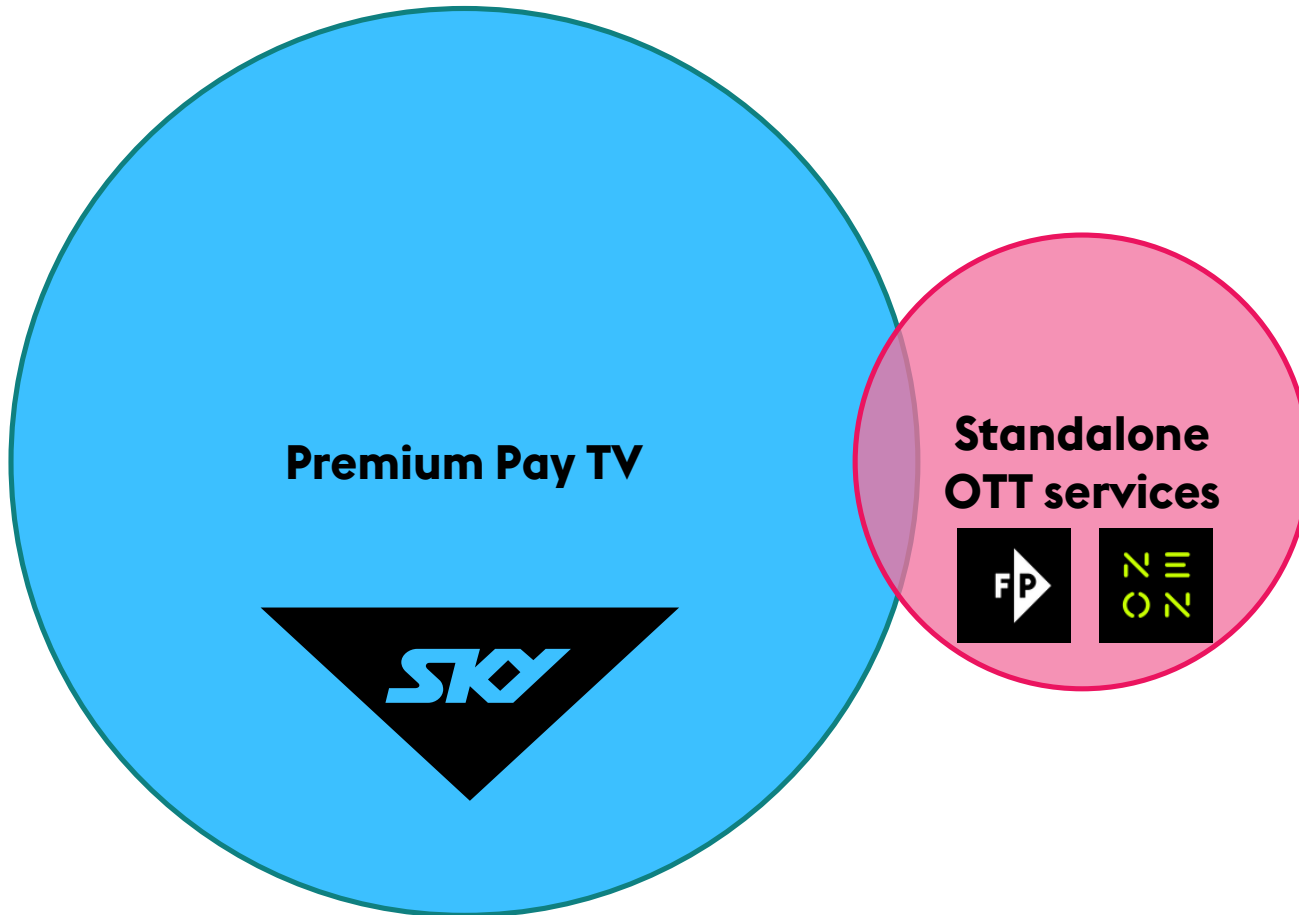


CONTENT MONETISATION ENGINE

Best content monetisation engine in NZ



WE ARE QUICKLY REALISING IT'S TWO MARKETS FOR PAID CONTENT



- Limited cannibalisation with our own products
- Reports of limited cannibalisation from overseas
- Sky UK approach is of interest to us

NOW TV



- Launched in UK in 2012
- A subset of Sky UK channels and content
- Entertainment and Movie content available in On-Demand and Linear form
- Sport channels available in day or week bundles
- A dedicated “puck” box has been developed as well as apps for mainstream devices
- Helping drive subscriber growth in UK

CONTENT COSTS

- Historically, SKY has been in the 30-33.5% range for programming costs/ revenue ratio
- Guidance for FY16 is for this ratio to be in the 35% range
- Sky UK: Approx. 33% including Telco revenues
- USA: 40 – 45% of video revenue
 - Direct TV
 - Comcast
 - TWC

PRICING

OUR RECENT PRICE INCREASE

- We increased our basic and sport tier price by \$1.15 and \$1.61 respectively
- This was partly due to increasing content costs
- We have increased the volume of content available on the SKY platform
- Over the last year we have launched a range of OTT products for customer segments that demand lower priced products and services

WATCHING BRIEF ON ALTERNATE PRICING MODELS

- We are aware of the emergence of alternate pricing and bundling models in other markets (e.g Foxtel in Australia)
- We are keeping a watching brief on these models but have no immediate plans to move to alternate models

KEY DEVELOPMENTS AND INTENTIONS

- Extend partnership with Vodafone to offer broadband through SKY
- Exploring the option to provide NEON to customers with both SKY Movie & SoHo subscriptions, at no additional cost
- Plan to enhance FAN PASS to include SKY SPORT linear channels

The SKY logo is located in the top left corner, inside a black triangle pointing right. The logo itself is white and consists of the letters 'SKY' in a stylized, italicized font.

CUSTOMER PERSPECTIVE

MICHAEL WATSON
DIRECTOR OF MARKETING
FANATICAL ABOUT MAD MEN!

WHAT THE VIEWER WANTS

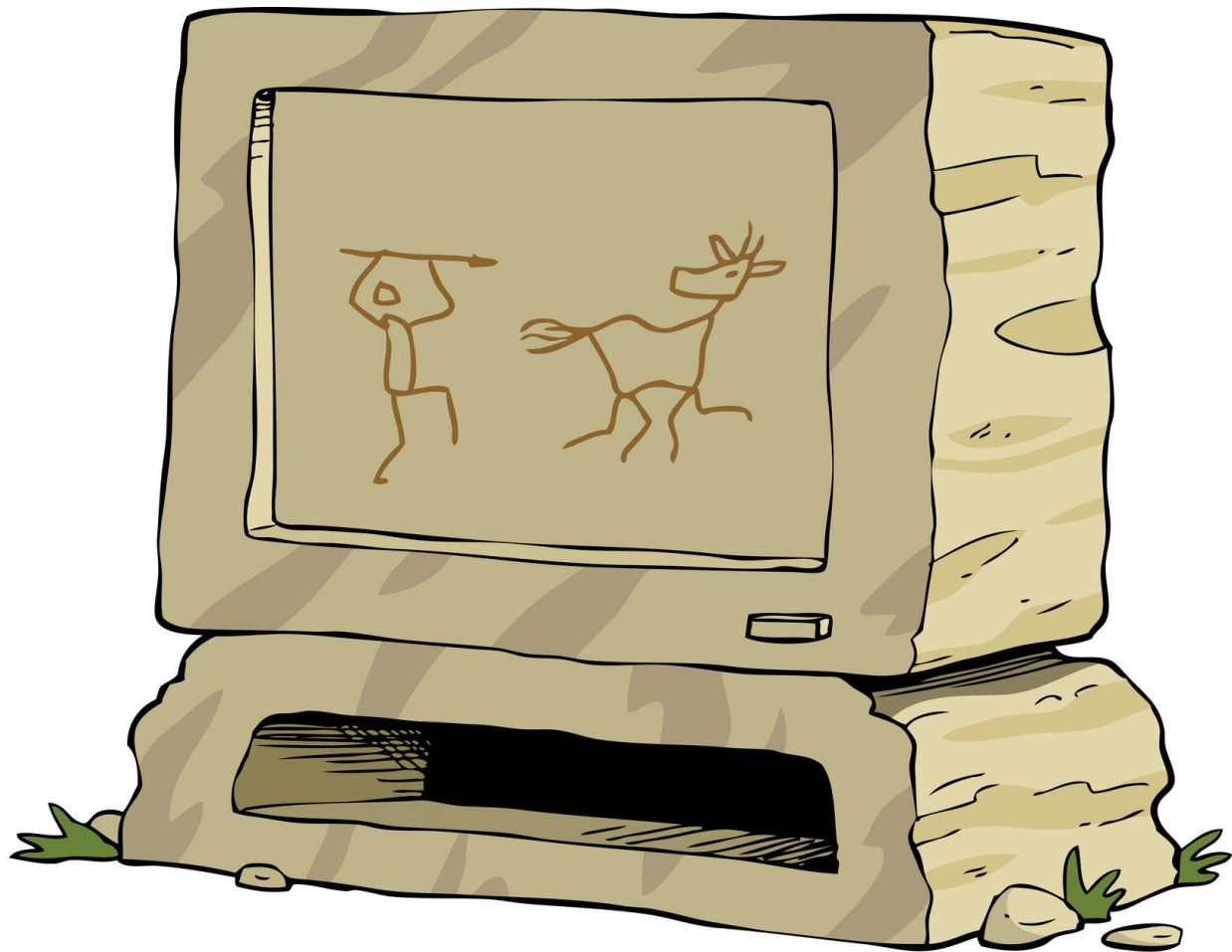
**UNDERSTANDING WHAT
VIEWERS WANT
& WHY, IS UNDERSTANDING
VALUE**


**UNDERSTANDING VALUE
UNLOCKS
THE POTENTIAL TO PROFIT
FROM CHANGE**



HUMAN NEEDS

*What does
viewing do
for the viewer?*





DESIRES & EXPECTATIONS

*How does the viewer
want to experience it?*



INFLUENCES

*What is shaping
viewing experiences?*

OUTCOMES

*What today's
viewing experience
looks & feels like*



SO WHAT?

So armed with this information what opportunities can we exploit?

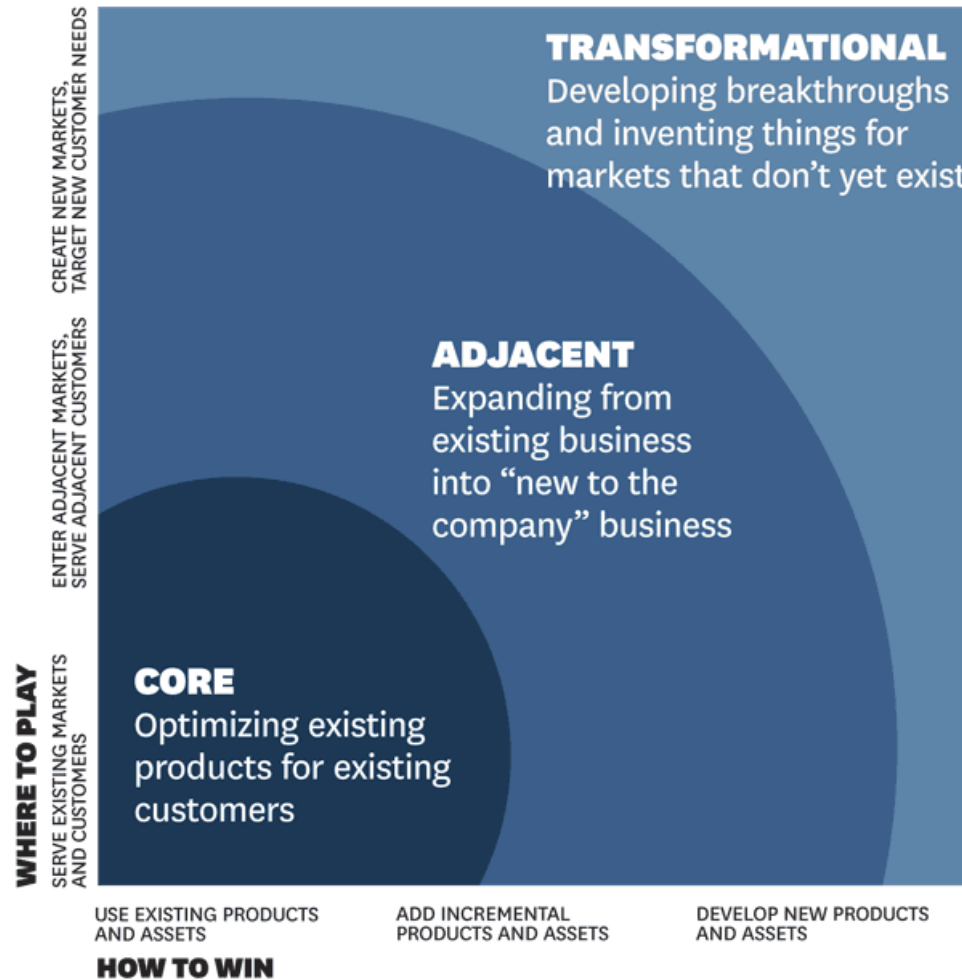


The SKY logo is located in the top left corner, inside a black triangle pointing right. The logo itself is white and stylized.

STRATEGY AND PRODUCTS

MATTHEW ORANGE
DIRECTOR OF STRATEGY AND PRODUCTS
FANATICAL ABOUT TRAIL RUNNING

INVESTING ACROSS MULTIPLE HORIZONS



Source: Harvard Business Review

CORE – PRODUCT PIPELINE



SKY Box – leading big TV viewing experience



SKY GO – multi-screen access to SKY content, anywhere, anytime

- On demand access to more of SKY's content
- All customers on a common SKY Box platform
- Close integration and feature consistency between SKY Box and SKY GO propositions
- Ongoing product innovation over the next 12-24 months:
 - Enhanced & Extended EPG
 - Restart TV
 - Personalised Recommendations
 - Shared Home & Cloud Planner
 - Premium version of SKY GO
 - Fan engagement

ADJACENT – PRODUCT PIPELINE



vodafone

Telco Bundle – SKY-led triple-play bundles



FAN PASS – online access to Live Sport



NEON – online access to TV and Movies content



OTT Device – getting OTT propositions to the big screen

- Imminent launch of new Triple Play options, leveraging strong partnership with Vodafone
- Initial versions of OTT offerings successfully launched. Ongoing commitment to roadmap and further investment.
- FAN PASS – introduce option for consumers to access SKY Sport Channels via day and week passes, indicative pricing \$15 and \$20 respectively
- NEON – seek opportunities to further leverage existing DTH linear channel and catch-up rights model
- OTT Devices – extend to TV-centric consumer devices (including option of a SKY branded OTT “puck”)
- Medium-term – consider option of converging NEON and FANPASS into a single integrated OTT proposition



ENTERTAINMENT

TRAVIS DUNBAR

DIRECTOR OF ENTERTAINMENT
(NON-SPORTS CONTENT)

FANATICAL ABOUT CONNOR MCGREGOR

SKY HAS A BROAD ENTERTAINMENT MIX

OWNED + OPERATED

AFFILIATE

OTT



PREMIUM AND EXCLUSIVE CONTENT SUPPLY IS AS CRUCIAL AS EVER!



Game of Thrones. ©2015 Home Box Office, Inc.
All Rights Reserved.



Ray Donovan ©2014 Showtime Networks Inc.
All rights Reserved.

PREMIUM AND EXCLUSIVE CONTENT SUPPLY IS AS CRUCIAL AS EVER!

THE BIGGEST AND THE BEST



CONSISTENT OUTPUT/MULTIPLE RIGHTS

A CONSISTENT PIPELINE OF THE BEST

- OWNED & OPERATED content
- AFFILIATE content

MULTIPLE RIGHTS OVER MANY PLATFORMS

- E.G. HBO:
 - Premium Pay
 - SVOD/EVOD-Box Sets
 - Preview rights
 - FTA rights
 - Basic Pay
 - Mobile/Tablet

CONSISTENT OUTPUT/MULTIPLE RIGHTS

MOST CONTENT COMES WITH MEANINGFUL

- Exclusivity
- SVOD holdbacks – i.e.: 12-18mth+ ‘holdback’ against other players exercising later access to this Premiere content as ‘library’

LINEAR SUPPORTS OTT

- Key Affiliate Channels’ Linear content is supplemented as VOD/Catch-Up on the new SKY box
- We curate our own Owned and Operated linear channel’s VOD offering in-house
- Linear and OTT Programming teams integrated in 2015

GIVES US FUEL FOR OUR UNIQUE CONTENT AMORTISATION ENGINE

THE MOVIE TIER EXPANSION



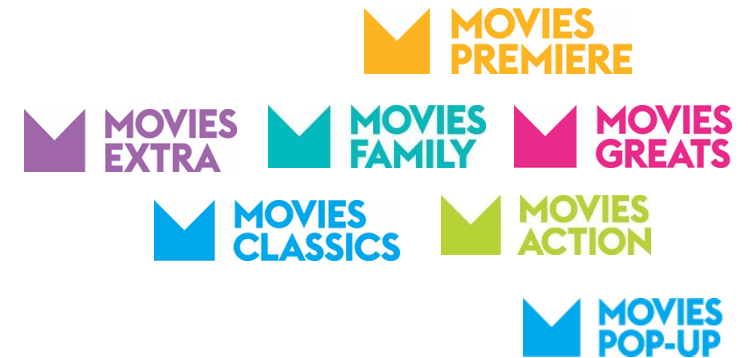
Frozen ©Disney. Available on SKY Movies Disney from July 2015.



The Hunger Games. TM & © 2012 Lions Gate Entertainment Inc.
All Rights Reserved.

THE MOVIE TIER EXPANSION

LINEAR → TO VOD → TO SVOD

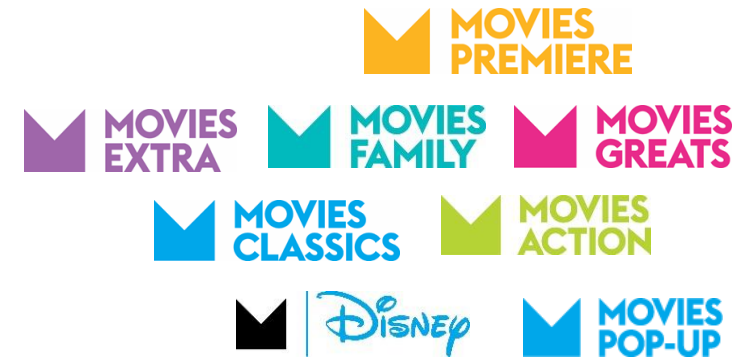


2014

- Movie volumes double (approximately 3000+ titles per annum)
- Linear channels double - genereization
- Launched SKY MOVIE POP-UPS:
 - SKY MOVIES Family
 - SKY MOVIES Marvel
 - Clint Eastwood Birthday POP-UPS

THE MOVIE TIER EXPANSION

LINEAR → TO VOD → TO SVOD



2015

- (Entitlement)-VOD offers movie subs 1,000+ movies at any time on new SKY box
- Starting July 2015 is a new Exclusive DISNEY deal including SKY MOVIES DISNEY 24/7 Family Movie channel
- Exclusive Premiere rights to new Marvel and Star Wars franchises
- The highly popular SKY MOVIE POP-UP channels will also continue
- Exploring the option to provide NEON content to SKY customers with both SKY MOVIES and SoHo subscriptions

BRINGING VOD TO OUR CUSTOMERS

LINEAR → **TO VOD**

MYSKY UPGRADE ALLOWS CUSTOMERS GREATER CONTROL AND AN EXPLOSION OF VIDEO ON DEMAND (VOD):

- Linear viewing options combine with:
 - PVR functionality
 - Reverse EPG access
 - Endless hours of VOD tied to their favourite SKY and Affiliate channels
 - E.G.: 1,000's of movies On-Demand broken into genres for ease of access for SKY MOVIES subscribers
 - Series Box Sets (e.g. Game of Thrones 1-5/The Wire 1-5 for SoHo subscribers)
 - Weekly catch-up of their favourite series on SKY Basic

SVOD/OTT IN NZ: A RATIONALISED APPROACH

- An integrated business model to monetize content
- Large VOD volumes as a by-product of our successful traditional linear offering
- SKY subscribers have access to the bulk of NEON's content as Entitlement-VOD (e.g. Movie library on NEON goes to all SKY MOVIES subs gratis)
- This provides a standalone SKY-powered SVOD offer to a market of Pay TV ambivalents
- The flexibility to move to a NOW TV model with NEON
- SVOD/OTT and core SKY subs are demographically distinct

The SKY logo is located in the top left corner, inside a black triangle pointing to the right. The logo itself is white and consists of the letters 'SKY' in a stylized, italicized font.

SPORT

RICHARD LAST

DIRECTOR OF SPORT

FANATICAL ABOUT CHAMPIONS CHELSEA FC



PREMIUM CONTENT



WE CONTINUE TO SECURE PREMIUM SPORT CONTENT

KEY PROPERTIES



**SUPER
RUGBY**

**RUGBY
CHAMPIONSHIP**

THE LIONS



**ALL DOMESTIC
CRICKET**

**UPCOMING TOUR BY
AUSTRALIA**



ALL RACES

QUALIFYING



**ANZ
CHAMPIONSHIP**

**CONSTELLATION
CUP**



**FIFA WORLD
CUP**

**U17&U20
WORLD CUP**

**OTHER MAJOR
COMPETITIONS**

WE CAN GO DEEPER OR COVER MORE LIVE SPORT WITH OUR POP-UP CHANNELS

DEEPER COVERAGE



THE MASTERS POP-UP CHANNELS

The Masters at Augusta starts on April 11 and with three Masters POP-UP channels, SKY Sport's coverage is going to be three times better than ever.

FIND OUT MORE

FIFA WORLD CUP POP-UP CHANNEL

The world's biggest sporting event is also a big deal and it's back to the big game. SKY Sport's coverage is going to be three times better than ever.

FIND OUT MORE

MORE LIVE COVERAGE



MAKING LOCAL CONTENT MORE VIABLE

**FEWER STAFF PER
EVENT**

**LOWER
PURCHASE PRICE**

**HORSES FOR
COURSES**



BASEBALL

BOXING

HOCKEY

1ST XV RUGBY

FOOTBALL

MAJOR EVENTS



A CALL TO ACTION

**CEMENT OUR POSITION
AS PREMIUM CONTENT
PROVIDER**

**CONTINUE TO
PRODUCE WORLD
CLASS SPORTING
EVENTS**

**WE'RE IMPROVING THE
ECONOMICS**

The SKY logo is located in the top left corner, inside a black triangle pointing right. The text "SKY" is in a white, italicized, sans-serif font.

ADVERTISING SALES

RAWINIA NEWTON

**DIRECTOR OF ADVERTISING
FANATICAL ABOUT SoHo**

34 ADVERTISING CHANNELS

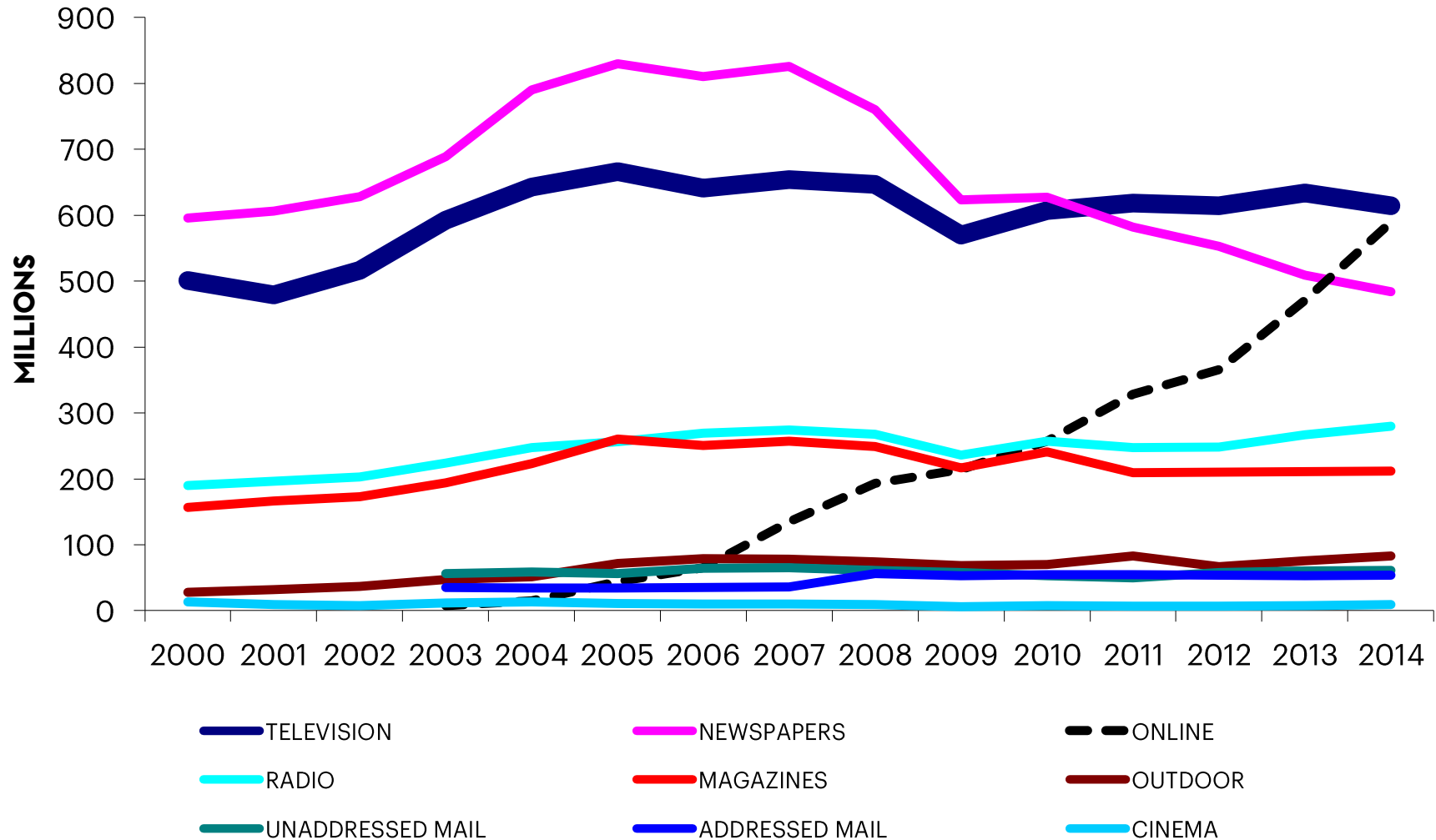


DIGITAL AND PRINT



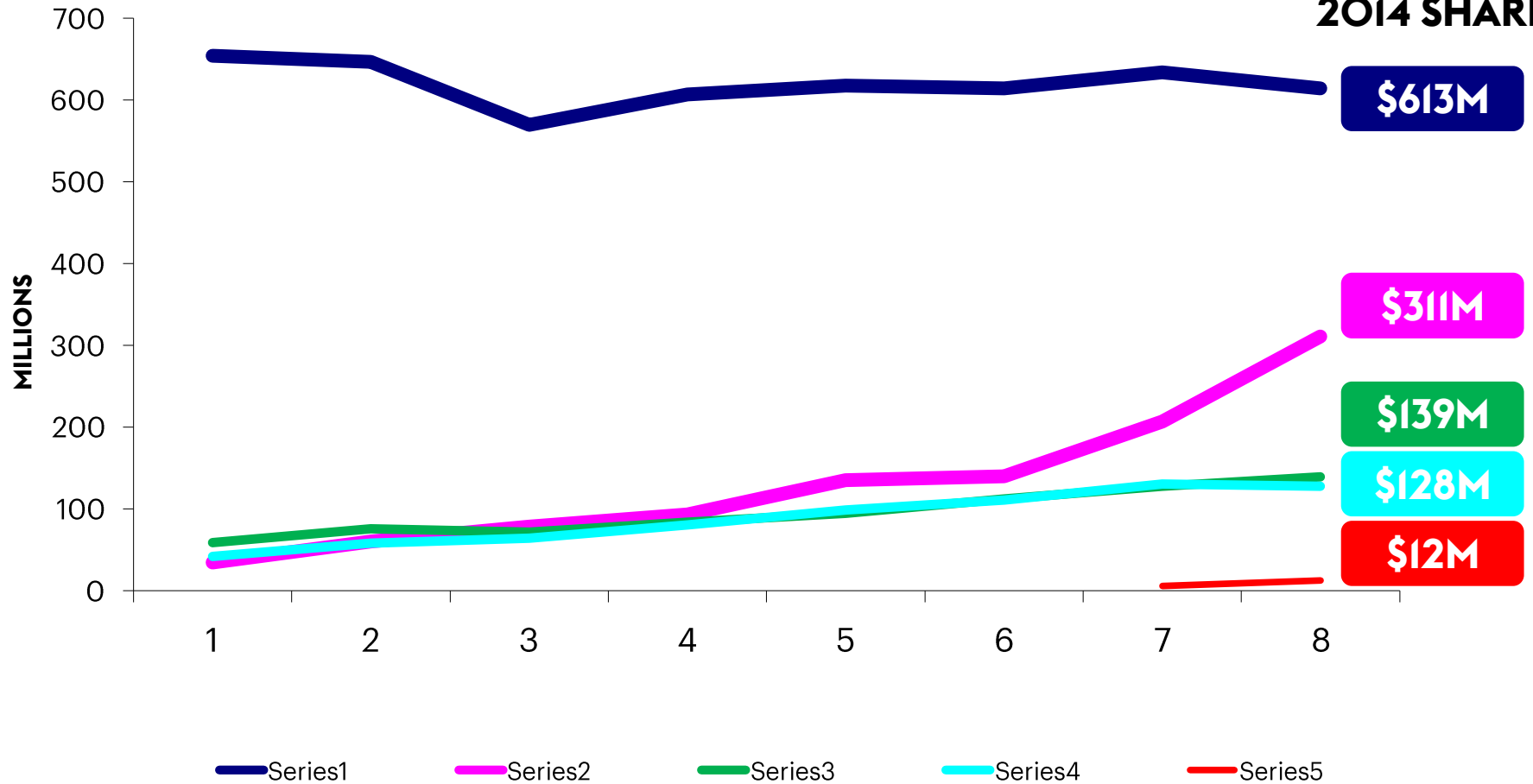
SKYWATCH

DOLLARS SPENT ON ADVERTISING IN 2014 INCREASED 4.2%



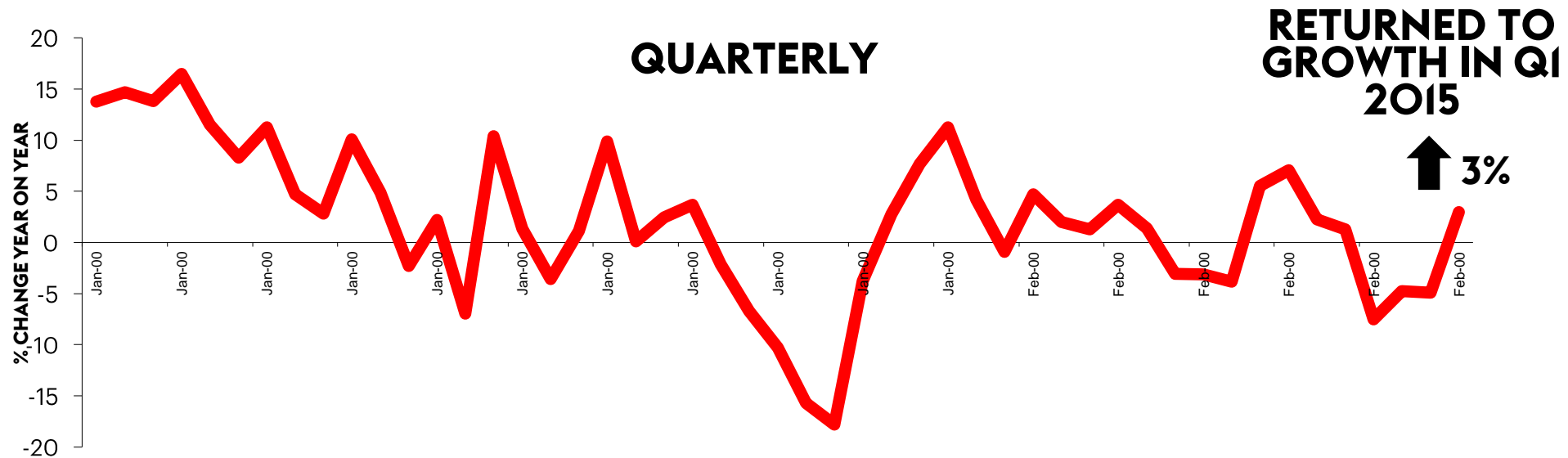
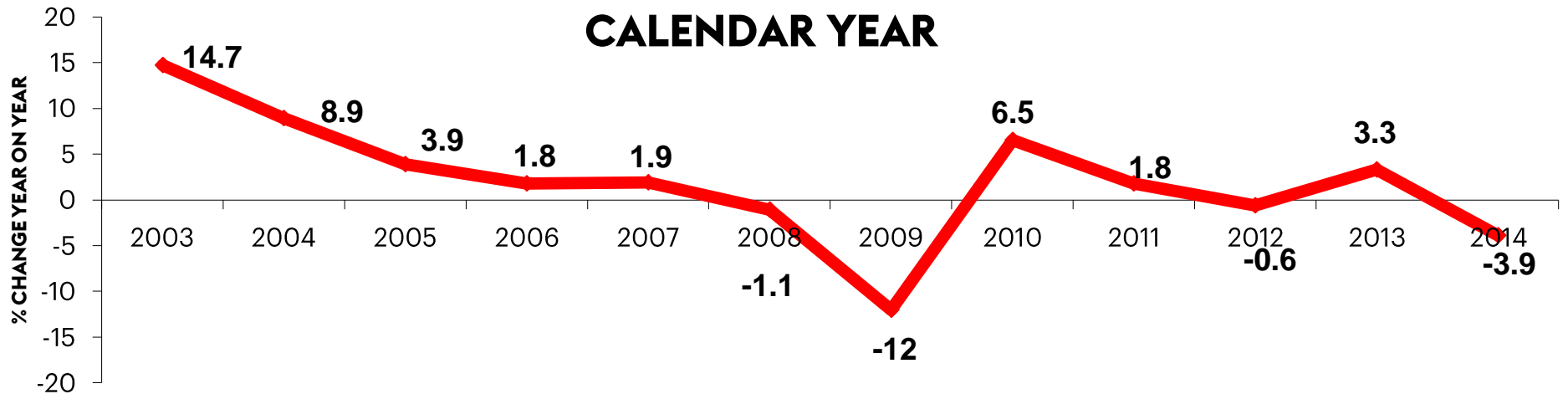
ONLINE EXPENDITURE BREAKDOWN

2014 SHARE

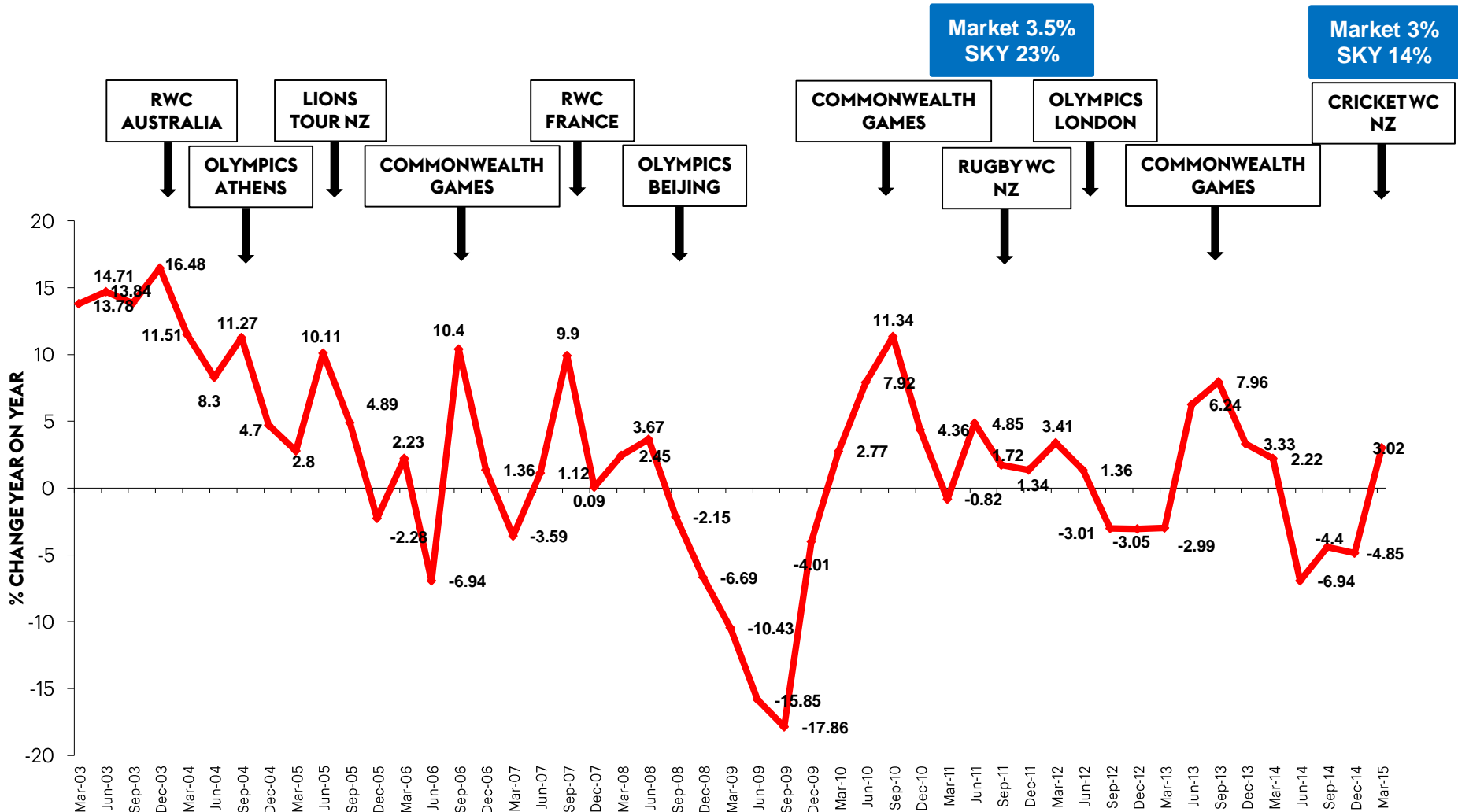


Source: ASA

TELEVISION REVENUE DECLINED -3.9% IN 2014



BIG TV SPORT EVENTS CONTINUE TO GROW TV REVENUES AND SHIFT SHARE



SPORT DRIVES ADVERTISING REVENUE



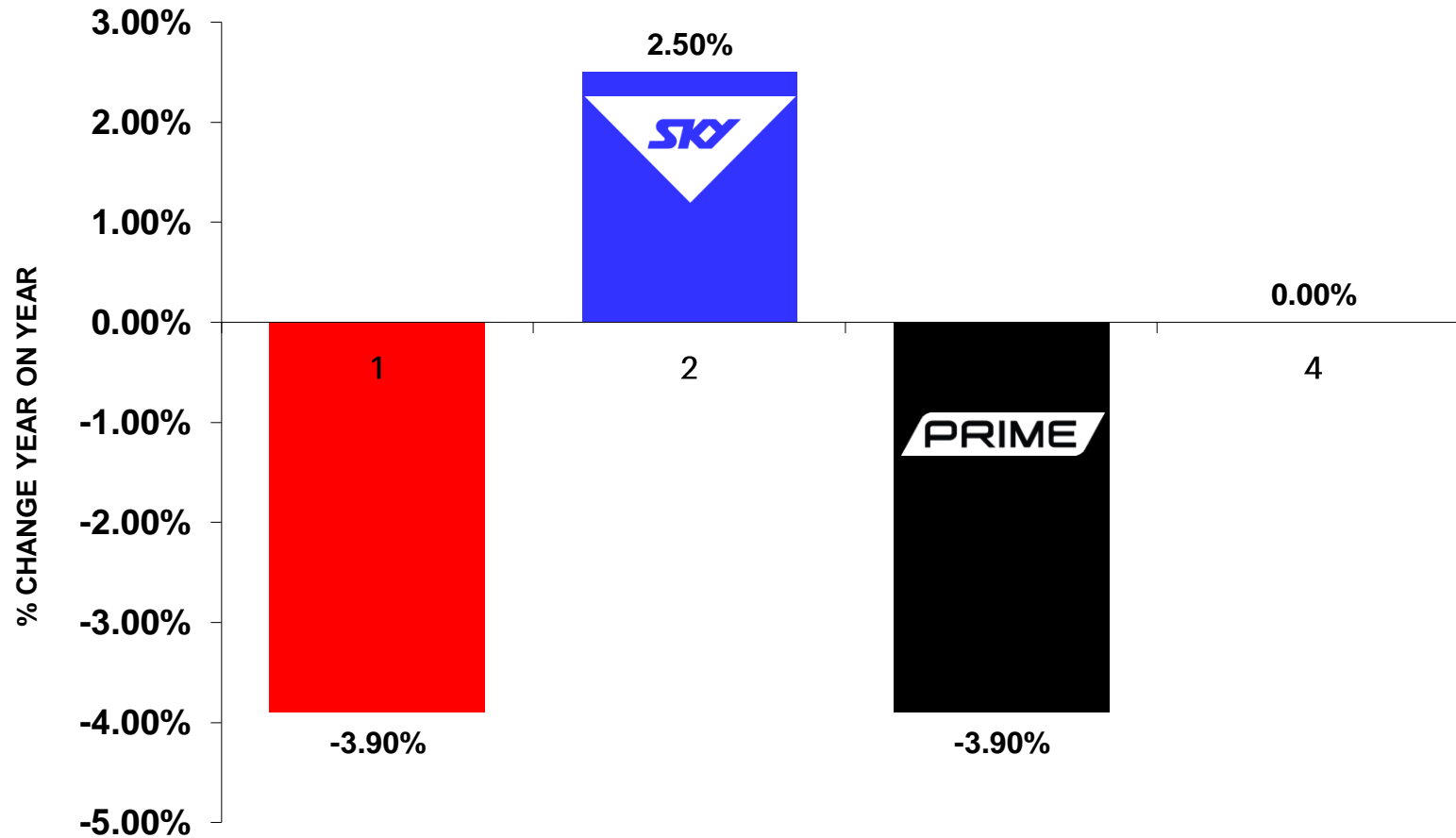
**9% SHARE OF AUDIENCE
IN SKY HOMES**



37% SHARE REVENUE

IN A DECLINING MARKET SKY HAS MAINTAINED REVENUE YOY

PERCENTAGE REVENUE CHANGE YEAR ON YEAR



INCREASED SHARE OF REVENUE JANUARY TO MARCH





**VIDEO DIDN'T
KILLED
THE RADIO
STAR**

CHANGING DELIVERY PLATFORMS



NEW AUDIENCE MEASUREMENT METRICS



TV REMAINS KING



TV \$40B
DISPLAY \$12B



**NO OTHER MEDIUM CAN COMPETE
WHEN IT COMES TO DELIVERING REACH**



**NO OTHER MEDIUM CAN COMPETE
WHEN IT COMES TO DELIVERING REACH**



DIGITAL COMPANIES UNDERSTAND THE POWER OF TELEVISION



MARKETERS ARE BECOMING INCREASINGLY FOCUSED ON BRAND SAFETY



Ad Age

**“KRAFT FOODS RECENTLY
REJECTED 75% TO 85% OF
DIGITAL AD IMPRESSIONS DUE
TO QUALITY CONCERNS”**


SUMMARY

FUTURE ADVERTISING MODELS AND MEASUREMENT

- Advertising needs to evolve to meet changing advertiser demand
- TV remains king and will continue to dominate
- Measurement metrics are critical

SKY ADVERTISING STRATEGY

- Continue to leverage our sport advantage to grow revenue
- Continue to sell SKY's premium audience
- Evolve measurement models to include all Video regardless of screen
- Position SKY as a quality brand safe advertising environment



GOVERNMENT RELATIONS

CHRIS MAJOR

**DIRECTOR OF GOVERNMENT RELATIONS
FANATICAL ABOUT SKY SPORT**

THREE KEY ITEMS FEATURE ON OUR REGULATORY RADAR

- Telecommunications Act review
- Regulation of online content
- Copyright Act review

The SKY logo is located in the top left corner, inside a black triangle pointing right. It consists of the word "SKY" in a white, italicized, sans-serif font.

GEARING AND DIVIDENDS

PETER MACCOURT

**CHAIRMAN OF THE BOARD
IRRATIONALLY OPTIMISTIC ABOUT THE
WALLABIES**

GEARING AND DIVIDEND DECISIONS ARE DRIVEN BY SOME KEY FACTORS

- Optus satellite commitments of \$30+m pa to 2023
- STB replacement program in excess of \$100m over 18 months
- We capitalise STB and Install costs of approx. \$50m in FY15, others Expense these costs
- TV station assets 9 years old, will require replacing (\$40m+?)
- \$200m Bonds mature in October 2016
- We will draw down debt in FY16 to maintain the current dividend pay out (70% of NPAT)
- Significant changes are afoot in the industry and an agile balance sheet is important
- Acquisition opportunities

The SKY logo is positioned in the top-left corner, inside a black triangular shape that points towards the center of the slide. The logo itself is white and consists of the letters 'SKY' in a bold, italicized, sans-serif font.

Q & A

The SKY logo is positioned at the top center of the page, enclosed within a blue downward-pointing triangle.

THANK YOU

26 May 2015

COME WITH US

