MARKET RELEASE

16 February 2017

SPARK NEW ZEALAND H1 FY17 RESULTS

- **Financial results demonstrate another six-month period of dynamic change and ongoing progress**
- **Customer service experience improving**
- **Competing hard in a challenging market and operating environment**

Spark New Zealand Chairman Mark Verbiest said today the financial results for the half-year ended 31 December 2016 demonstrate it's been another six month period of dynamic change and ongoing progress.

"The financial results for the six months to 31 December 2016 are in line with our plan and reflect the continuing execution of Spark's long-term strategy.

"Customer service levels have recovered markedly and several new market-leading offers have been launched. However, some of the key indicators in the results also highlight the challenging market and operating environment and the need for us to maintain a fast pace of change and keep delivering for our customers.

"Despite vigorous price competition, top-line revenue growth has been pleasing, with total operating revenues up 4.1% on the prior half-year to $1.793 billion. Mobile revenue was up 4.4%, broadband revenue up 1.5%, and IT services revenue up 19.3%.

"While the revenue performance across mobile, broadband and IT services was good, it is clear the intense ongoing price competition, particularly at the lower end of the market, is driving margin pressure and reinforcing the need to increase our focus on our brand assets, as well as continuing to tightly manage operating and capital expenditure.

"Operating expenses were up 4.3% to $1.320 billion. Much of this was attributable to an increase in the cost of supporting IT services growth and bringing on new big business customers, as well as the additional resources deployed to improve the service experience for our customers and reduce call centre wait times."

Earnings before interest, income tax, depreciation and amortisation (EBITDA) lifted by $16 million, or 3.5% to $471 million in H1 FY17. This increase was driven by the inclusion of a full six months earnings from the CCL Group (acquired in December 2015) and the timing of Southern Cross dividends, with $9 million of dividends originally expected in H2 FY17 being recognised in H1 FY17.

Spark Managing Director Simon Moutter said, "The six months saw a big focus on a programme we are calling 'Upgrade New Zealand', designed to move as many of our customers as possible off older copper broadband onto newer and less fault-prone fibre or wireless broadband technologies.

"Spark is working proactively with local fibre companies (LFC's) to accelerate take-up of fibre through trialling initiatives such as 'street-in-a-week'. Trials to date have been very successful, with fibre orders well ahead of those achieved via more traditional marketing. Outside the trials, we continue to work with the fibre network companies to improve the fibre provisioning process and eliminate pain points for our customers. As at 31 December 2016 Spark had 138,000 UFB fibre broadband connections.

"While fibre is the preferred broadband technology for customers who use large amounts of data, as part of Upgrade New Zealand we have also ramped up the rollout of Wireless Broadband for customers with low to medium data usage, with over 40,000 Wireless Broadband connections on our network as at 31 December 2016.

"On Spark's customer service, there is much work still to be done but the investment in call centre resources and processes has led to reduced call wait times and significant improvements on customer service measures. Digitisation will be pivotal to future service measures as customer preference continues to shift to online and mobile self-service channels. A new Spark app is launching imminently which will provide customers with significantly enhanced self-service capability."

"Gains were made by Spark Digital with our business, enterprise and Government customers, with revenue growth fuelled by a series of successful customer wins and the

CCL Group acquisition, which helped to offset much of the decline in legacy telco revenues and the ongoing mobile pricing pressures.

"Over the half-year we have invested further to extend our existing network leadership and develop the future network pathway to ensure we can meet the growing demands of customers. The investment in additional capacity and resiliency at holiday hotspots ensured that Spark customers had arguably their best ever Christmas and New Year experience in terms of service continuity and coverage.

Mr Verbiest added, "While there will inevitably be more challenges to come and the market remains very competitive, Spark is confidently looking forward to the rest of the financial year, and to delivering on our ambitions for our customers, our shareholders and for New Zealand.

"We note that due to unplanned work following the earthquakes centred near Kaikoura, we are now guiding to capital expenditure of $415 million for FY17 (still within 11-12% of revenue). That said, the results for the first half reaffirm the Board's view on full-year EBITDA guidance of 0 – 2% growth and support an interim dividend of 11 cents per share and a special dividend of 1.5 cents per share."

- ENDS –

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Spark New Zealand H1 FY17 Results

Simon Moutter, Managing Director
David Chalmers, Chief Financial Officer

H1 FY17 Highlights

EBITDA result underpinned by ongoing momentum across IT Services and Mobile

- Mobile connections growth of 141k (6.4%) driven by multi-brand offerings and digital service inclusions Spotify and Lightbox
- Upgrade of customers to Fibre and Wireless Broadband progressing well; securing Fibre growth ahead of overall share and already over 40,000 Wireless Broadband connections
- Sustained revenue growth in Platform and Cloud IT services; up 25.8% reflecting good enterprise and government customer wins and bolt-on business acquisitions
- Investment in digital self service and additional call-centre resource driving material improvements in customer experience
- Expansion of Spark brand digital inclusions and entry of Skinny brand into Fixed and Wireless Broadband will strengthen share of revenue in future
- Price pressure continuing across Mobile, Broadband and IT services requires ongoing tight management of costs and capex to drive sustained shareholder returns and profit growth

Results Scorecard

Key Group Financials

	H1 FY17
Total Revenue Growth	4.1%
EBITDA Growth	3.5%
Dividend per Share (ord + special)	11.0 cps + 1.5 cps

Product Revenue

	H1 FY17
Mobile Revenue Growth	4.4%
Broadband Revenue Growth	1.5%
IT Services Revenue Growth	19.3%

Market Share & Connections

Mobile Share [1] (Service Revenue)	Mobile Customers	Broadband Share[1] [2] (Connection)	Broadband Customers [2]	IT Services Share[1] (Revenue)
38.3%	2,353k	42.3%	675k	#1
-1.0pp	+6.4%	-2.0pp	-	
vs December 2015	vs December 2015	vs December 2015	vs December 2015	

[1] Market share estimate
[2] Includes Wireless Broadband connections

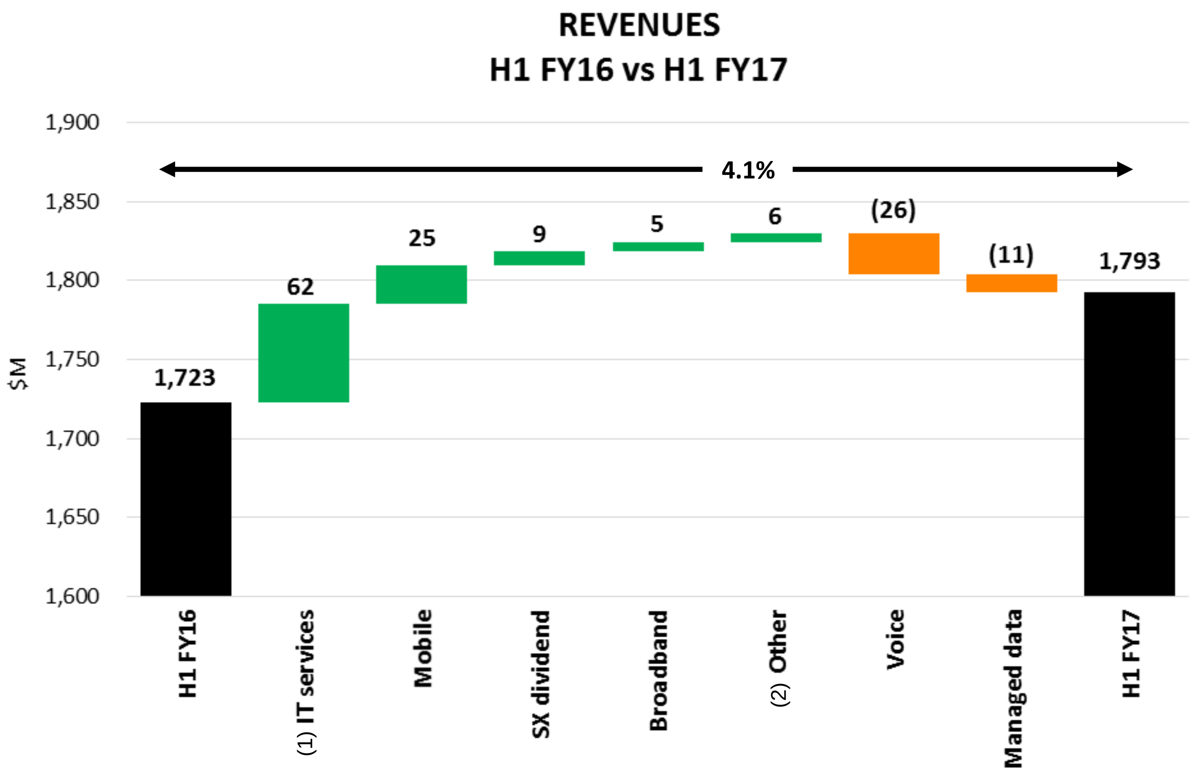
Reported Financials

	H1 FY17 $M	H1 FY16 $M	CHANGE %
Revenues	1,793	1,723	4.1%
Operating expenses [(1)]	(1,322)	(1,268)	(4.3%)
EBITDA	**471**	**455**	**3.5%**
Depreciation & amortisation	(215)	(224)	4.0%
Net finance expenses	(13)	(13)	-
Net earnings before income tax	**243**	**218**	**11.5%**
Income tax expense	(65)	(60)	(8.3%)
Net earnings after income tax	**178**	**158**	**12.7%**
Capital expenditure [(2)]	224	216	3.7%
Notional free cash flow [(3)]	247	239	3.3%

[(1)] Includes share of Joint Ventures
[(2)] Includes $2.0m in relation to Kaikoura earthquakes
[(3)] Notional free cash flow = EBITDA less Capital expenditure

Revenue Waterfall

Revenue growth driven by continued IT Services, Mobile and Broadband performance

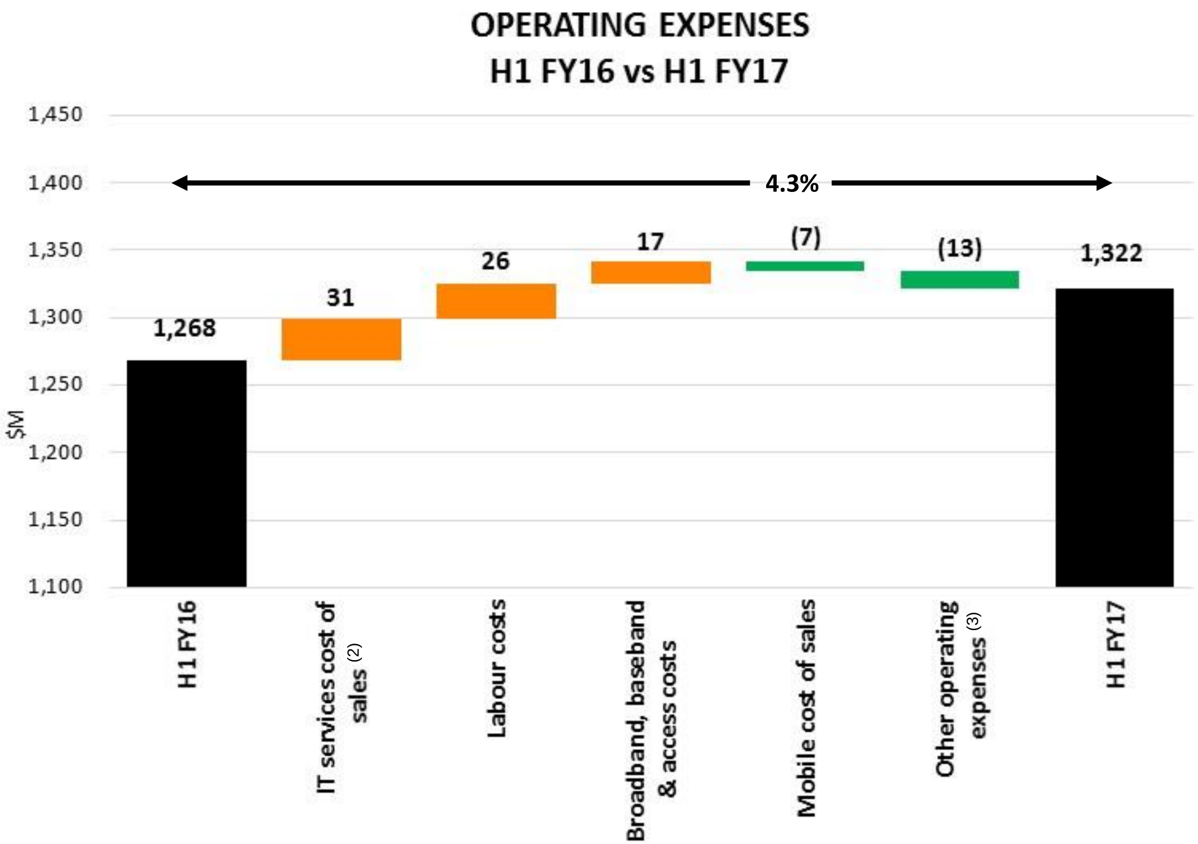


- IT services growth driven by bolt-on business acquisitions and continued shift to Cloud services
- Ongoing Mobile growth through upsell, value inclusions and shift away from handset subsidies
- Other revenue reflects progress of Spark Ventures businesses
- Rate of decline across legacy Voice and Data in line with prior period continuing operations at (8-10%)

(1) includes $29m increase in revenue from CCL Group (acquired in December 2015)
(2) Other revenue increase predominantly driven by Lightbox, Qrious and Morepork

Operating Expenses[1] Waterfall

Cost growth in support of IT Services revenue and improved mass market service experience

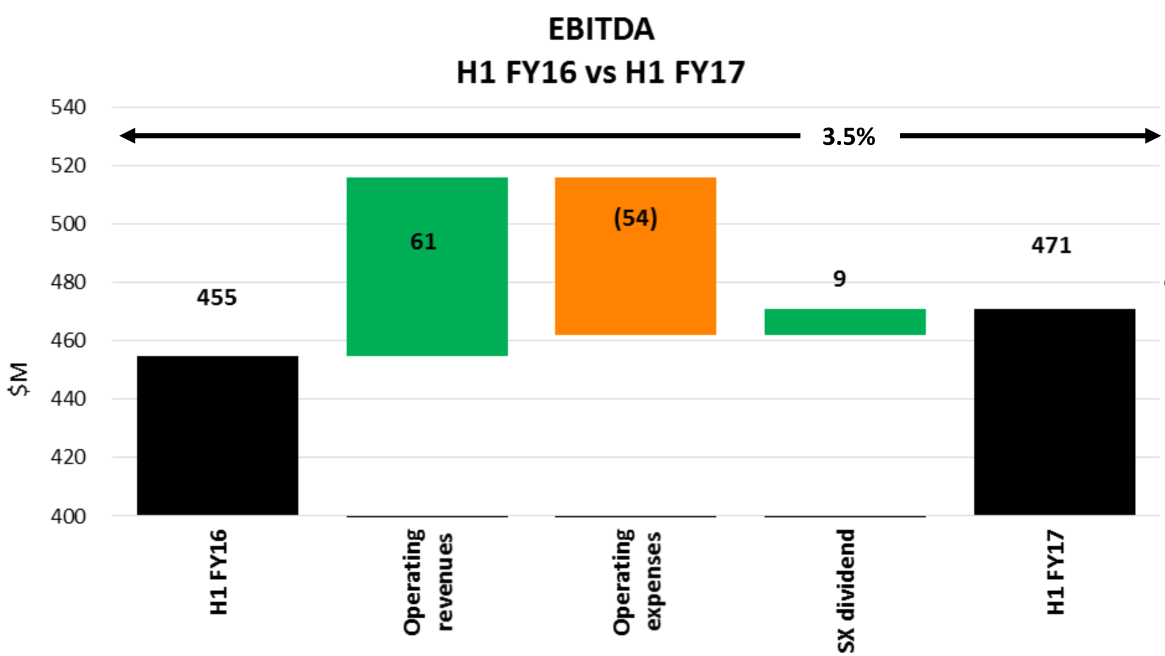


- IT Services Cost of Sale (CoS) consistent with strong revenue growth
- Temporary labour cost increase in support of service experience and IT service revenue growth
- Higher access input costs due to regulated price increases and penetration of higher speed UFB inputs, partially offset by Wireless Broadband adoption
- Mobile CoS decline reflecting improved customer retention
- Other expenses improved on tight cost control and recognition of new customer acquisition costs over customer contract periods

(1) Includes share of Joint Ventures
(2) Expenses increase in relation to CCL Group (acquired in December 2015) is $13m IT services CoS, $9m labour and $1m other
(3) Other operating expenses includes selling and support costs such as advertising, accommodation, computer costs, consulting and bad debt

EBITDA Waterfall

Continued EBITDA growth built on revenue uplift



- Revenue uplift driven by continued IT services and Mobile growth, including revenue from CCL Group (acquired December 2015)
- Expenses increased in support of revenue growth and service experience improvement; partially offset by benefits of improved mobile retention and recognition of new customer acquisition costs over customer contract periods
- Timing uplift in Southern Cross (SX) dividend due to portion of expected H2 dividends being declared in H1

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Spark Home, Mobile & Business

Revenue growth continues with investments in systems, processes and staff driving improvements in service experience

	H1 FY17 $M	H1 FY16 $M	CHANGE %
Revenues	985	971	1.4%
Mobile	478	459	4.1%
Broadband	326	320	1.9%
Voice	157	171	(8.2%)
Other	24	21	14.3%
Costs	(594)	(575)	(3.3%)
EBITDA	391	396	(1.3%)

- Continued growth in Mobile revenue through increased customer base
- Broadband revenue growth fueled by migrations to higher value plans
- Fixed Voice revenue decline of (8%) in line with prior period; due to increasing penetration of Naked Broadband and ongoing Mobile adoption
- Cost uplift includes impact of regulated price increases for Copper Voice and Broadband services and investment in call-centre resource to address service experience
- Service related cost uplift now abating as customer pain points are resolved through simplification and digitisation; market NPS up 5 points during H1
- Successful full launch of Wireless Broadband delivering service experience and margin benefit
- Skinny playing bigger role, expanding its Wireless Broadband offer, moving into unlimited Fixed Broadband and launching Skinny Direct

NB: Includes Skinny, Lightbox and Bigpipe

Spark Digital

Platform IT revenue growth continues to outperform the market, however margin pressure remains a challenge across the portfolio

	H1 FY17 $M	H1 FY16 $M	CHANGE %
Revenues	658	607	8.4%
IT Services: Traditional IT Services	104	92	13.0%
IT Services: Platform IT Services	116	93	24.7%
IT Services: Procurement	163	137	19.0%
Voice	94	99	(5.1%)
Data[1]	82	88	(6.8%)
Mobile	98	95	3.2%
Other	1	3	(66.7%)
Costs	(467)	(414)	(12.8%)
EBITDA	191	193	(1.0%)

- Platform IT and Cloud revenue growth reflects CCL acquisition and new customer wins
- Telecommunications-as-a-service seeing strong adoption by eligible government agencies and high win rate by Spark
- Mobile revenue remains in growth on move towards high-end devices, offsetting impact of price pressure on average usage revenues per customer.
- Rate of decline in legacy Voice stable at (5%)
- Cost-base higher in support of Platform IT, Mobile and Procurement revenue growth
- EBITDA to increase in H2 on completion of major customer transitions and improving efficiency in IT service delivery

[1]Data includes Broadband and Managed Data

Customer Experience

Sustained improvement being driven by migration off Copper inputs and investments in digitisation and service resource

- Investment in call-centre resource has delivered results. Resource is now reducing as underlying pain points are addressed and resolved.
- Ongoing upgrade from Copper improving customer experience and reducing fault volumes; more than 25% of base now on Fibre or Wireless Broadband
- Fibre provisioning experience improving via initiatives such as our 'street in a week' programme
- Digitisation enabling pro-active assurance and effortless self-service, with launch of new Spark app imminent
- Migration from Yahoo to new mail platform underway

33pp

increase in calls answered in 180 seconds since June 2016

5pt

improvement in Market NPS since June 2016

Broadband

Performing well in core segments but struggling to maintain overall share in a commoditising market

- Continued price competition, particularly at lower end of the market
- Reinforces value of multi-brand strategy to meet all preferences
    - Skinny for low priced 'basic' broadband
    - Bigpipe for the tech-savvy
    - Spark for value-packed bundles
- 'Upgrade New Zealand' programme focused on moving customers off legacy Copper Broadband onto better, newer and less fault prone Fibre and Wireless Broadband
- Fibre remains preferred technology for customers using larger amounts of data; secured 43% of market growth in H1
- Wireless Broadband targeted to customers with low to medium data usage; delivering clear service and margin benefits
- Digital inclusions with Spark broadband driving clear retention benefits with churn down to 15%
- Lightbox progressing well towards 250k subscribers; upgrading platform in support of media strategy

43%

share of Fibre growth during H1 FY17

178k

Fibre and Wireless Broadband connections at 31 Dec 2016

Mobile

Revenue and base growth continues despite increased pricing pressure

- Migration away from subsidised contracts continues to deliver margin upside; more than 80% of HMB pay-monthly now on open term plans
- Lightbox and Spotify pay-monthly inclusions driving clear churn benefit; HMB churn at lowest level in three years
- Ongoing proactive re-signing to drive churn reduction across business customer base
- Skinny Direct proving that digital sales and service model can deliver market leading service experience *and* improved margins
- Investment in network leadership continues with 4.5G overlay commenced

10pp

increase in HMB pay-monthly customers on open term since December 2015

22%

growth in total Mobile gross margin since H1 FY15

Platform IT

Focus on Platform IT delivering very strong returns and differentiation

- Revenue growth continues to outpace the market with a number of substantial customer wins
- Acquisition of CCL has successfully complemented existing services
- Some margin pressure emerging as expected, with installed base maturing
- Focused on driving efficiency in IT service delivery via leveraged support model and more efficient vendor spend

26%

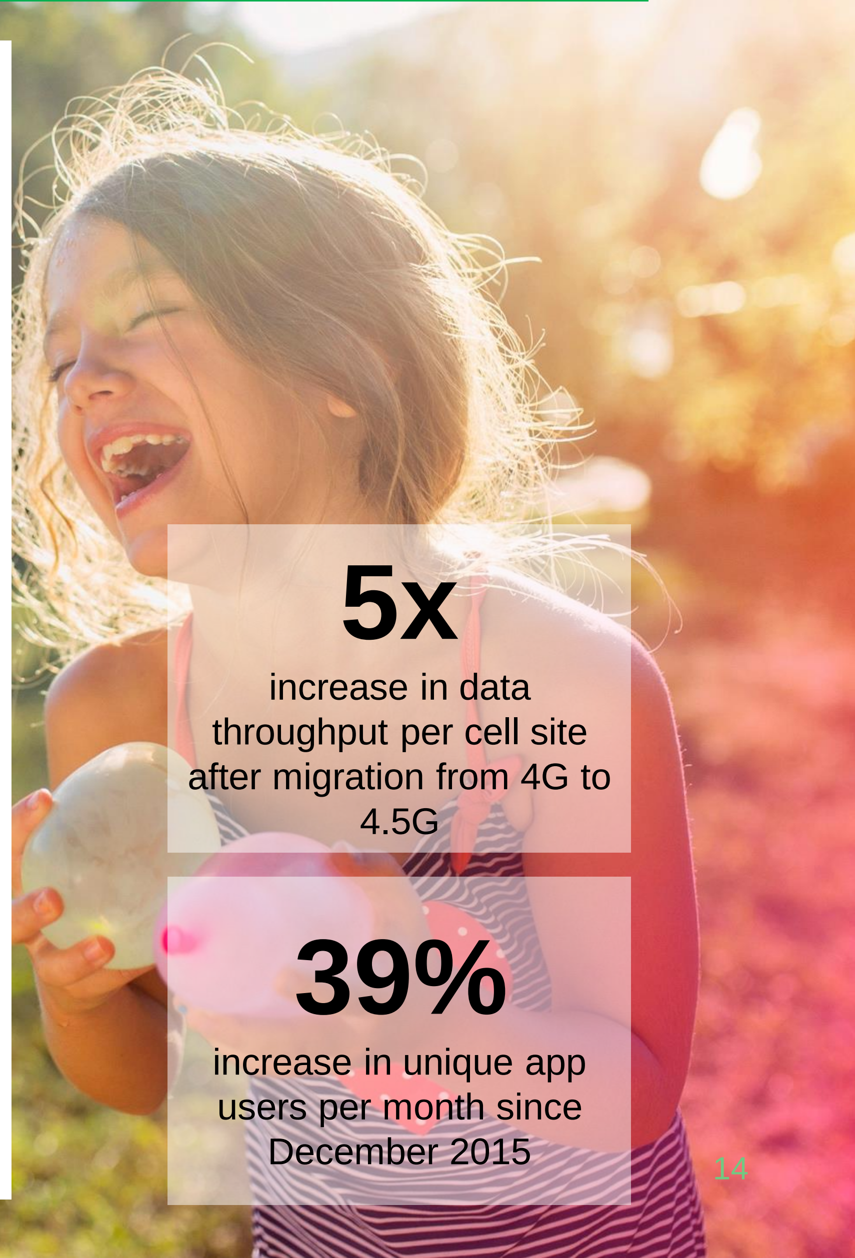
Platform IT 2 year revenue CAGR

30%

Platform IT share of total IT Services revenue

Investing In Our Future

- Strategic intent to 'own' CBD fibre progressing towards improving:
  - Customer experience
  - Network economics
  - Speed to market
- Connect 8 acquired to expand in-house fibre skill set
- Notice of Intention filed for proposed acquisition of TeamTalk
- Digitisation of service experiences enabled by completion of IT stack re-engineering programme;
  - Active app users up 39% YoY
  - More than 5,000 fault events already benefited from pro-active faults management
  - Several online buy and change journeys upgraded
- Improved network economics to be unlocked by 4.5G, ongoing core network augmentation and replacement of PSTN



5x

increase in data throughput per cell site after migration from 4G to 4.5G

39%

increase in unique app users per month since December 2015

Capex Update

Capex remains within 11-12% of revenue in support of network superiority, digitisation and ongoing operational improvements

- FY17 Capex guidance increased by approximately $15m in support of Kaikoura earthquake remediation and resiliency enhancements including:
  - remedying the damaged South Island eastern fibre route and adding a third South Island fibre route
  - increasing backhaul resilience, capacity and routing in Wellington and the South Island
- Wireless Broadband delivering strong return on investment via improved customer outcomes and input cost savings
- Mobile capex supporting data growth requirements and expanding 4G coverage. 4.5G overlays commenced with SRAN deployments progressing to plan
- New trans-Tasman submarine cable (TGA) build ongoing and on track to deliver improved resilience for international connectivity between NZ, Australia and USA from April 2017
- Ratio of capex to revenue of 11-12% will continue to allow for investment in strategic programmes which are prioritised based on returns

Capital Structure and Shareholder Returns

Principles

- Remain committed to conservative capital structure and S&P single 'A Band' Credit Rating
- Preferred method of shareholder distribution is to sustainably grow ordinary dividends over time in line with earnings growth as articulated in our long-term growth framework outlined in Appendix 1
- Special dividends used as appropriate to reset capital structure

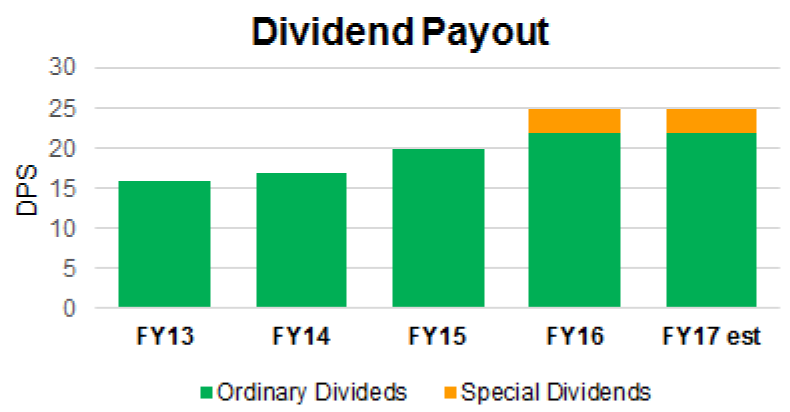
Total Debt increasing in support of:

- capital structure reset; and
- movements in working capital reflective of changing shape of margin recognition, particularly in respect of deferred handset payments and strong growth in IT services customer contracts

$m	at 31 Dec 2016	at 31 Dec 2015
Debt due within one year	199	182
plus Long-term debt	807	636
less Cash	56	60
Net Debt	**950**	**758**

H1 FY17 Dividend

- H1 FY17 dividend 11 cps, fully imputed
- Special dividend of 1.5 cps, 75% imputed
- DRP remains suspended



H2 FY17 Dividend (1)

- Anticipate H2 FY17 ordinary dividend of 11 cps and special dividend of 1.5 cps
- Anticipate ordinary dividend to be fully imputed. Special dividend anticipated to be at least 75% imputed

(1) Guidance subject to no adverse change in operating outlook

FY17 Guidance[1]

	FY16 Actuals	FY17 Guidance	Change to Previous FY17 Guidance
Total Revenues	$3,497m	0-3% growth	-
Reported EBITDA [2]	$986m	0-2% growth	-
Capex	$390m	~$415m	+$15m
EPS	20c	21c	-
DPS	Ordinary Div 22 cps +Special Div 3 cps fully imputed	Ordinary Div 22 cps fully imputed +Special Div 3 cps at least 75% imputed	-

(1) Guidance subject to no adverse change in operating outlook

(2) EBITDA guidance is relative to FY16 reported EBITDA and excludes potential net gains on sale of Mayoral Drive Carpark estimated at $17m-$19m. This transaction is expected to complete by 30 June 2017.

FY17 Indicators of Success

Outcome	Proposed Measures	Target 30 June 2017	Status
Restore call centre service levels to world class	Answer Time	90% in 180 seconds	Tracking up to Target
	First call resolution	75%	Improvement Needed
Advance toward amazing customer experiences through digital sales and service	Market NPS	5 point lift	On Track
	Reduction in call volumes	7.5% reduction	Improvement Needed
	Launch a new, more feature rich Spark App	Q3 FY17	On Track
	Introduce proactive faults management for mass market	Q3 FY17	Delivered
	Adopt and scale dev-ops model	Adopt H1 FY17; Scale H2 FY17	Adoption: Delivered Scaling: On Track
	Average daily log-ins to Spark App	20% increase	Improvement Needed
	Proportion of Skinny sales via Digital Channels	10%	Ahead
Expand margins and improve service experience through reduced reliance on third party access	Uptake of Wireless Broadband	50,000 connections	Ahead now aiming for 70,000
	Implement ‘owned’ CBD fibre model	AKL and WLG CBDs ‘owned’	In progress
	Expand coverage of 4G	95% population	On Track
Maintain revenue growth momentum to deliver long-term sustainable growth	Market share of UFB orders	45%	Slightly behind
	Mobile total revenue growth	5%	Slightly Behind
	Platform IT revenue growth	20%	Ahead
	Proportion of BB and Mobile custs. using inclusions	20%	Ahead
	Enter adjacent high-growth market	Significant entry into one additional market	Considering options

Spark nz

Working on Refreshed Strategic Plan

- Solid results but market changes and learnings from last three years of execution require a strategic response
- Customers strongly preferring wireless connectivity and digital self service
- Growing portion of the market is buying primarily on price
- If approved, merger of Vodafone and SkyTV will change the industry structure and competitive playing field; decision expected February 2017
- New leadership team now working on next evolution of market strategy to respond to current trends and future risks; expanding the Skinny brand into broadband is our first significant move
- Will share a refreshed strategic plan at an investor day before the end of this financial year

Appendix 1: Focused on sustainable long-term growth

Long-term growth

Evidenced by Total Shareholder Returns

SHARE PRICE GROWTH

KEY FOCUS AREAS

		Key focus areas
Consistent earnings growth	**Modest revenue growth**	• Grow core Mobile & IT • Enter high-growth segments • Selective bolt-on mergers and acquisitions
	Margin expansion	• Grow Wireless Broadband • Digitise the service experience to create operational efficiency
Sustainable business performance	**Competitive advantage**	• Amazing customer experience • Differentiate through multi-brand and inclusions • Superior IT platforms and networks
	Environmental and social sustainability	• Environmentally aware • Contributing to New Zealand communities • Socially diverse and engaged talent
	Strong governance	• Pro-active risk management policies • Diverse Board composition and skills
Rising dividend profile	**Tight capex management driving FCF growth**	• Capex maintained at 11–12% of sales • Investment focused on future revenue streams and transforming customer experience
	Prudent capital structure	• A– credit rating, with net debt under 1.5x EBITDA • Special dividends used to reset capital structure

Disclaimer

This announcement may include forward-looking statements regarding future events and the future financial performance of Spark New Zealand. Such forward-looking statements are based on the beliefs of management as well as on assumptions made by and information currently available at the time such statements were made.

These forward-looking statements may be identified by words such as 'guidance', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'plan', 'may', 'could', 'ambition' and similar expressions. Any statements in this announcement that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark New Zealand's control, and which may cause actual results to differ materially from those projected in the forward-looking statements contained in this announcement.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed herein and also include Spark New Zealand's anticipated growth strategies, Spark New Zealand's future results of operations and financial condition, economic conditions and the regulatory environment in New Zealand; competition in the markets in which Spark New Zealand operates; risks related to the sharing arrangements with Chorus, other factors or trends affecting the telecommunications industry generally and Spark New Zealand's financial condition in particular and risks detailed in Spark New Zealand's filings with NZX and ASX. Except as required by law or the listing rules of the stock exchanges on which Spark New Zealand is listed, Spark New Zealand undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Spark New Zealand

Group result

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues and other gains	1,797	1,734	1,723	1,774	1,793
Operating expenses	1,361	1,205	1,266	1,240	1,320
Share of associates' and joint ventures' net losses	-	(3)	(2)	(3)	(2)
EBITDA	**436**	**526**	**455**	**531**	**471**
Depreciation and amortisation expense	224	229	224	222	215
Net finance expense	12	15	13	15	13
Net earnings before income tax	**200**	**282**	**218**	**294**	**243**
Tax expense	53	54	60	82	65
Net earnings for the period	**147**	**228**	**158**	**212**	**178**

EBITDA by business unit

EBITDA	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Spark Home, Mobile & Business	352	416	396	406	391
Spark Digital	192	204	193	218	191
Spark Connect & Platforms	(189)	(174)	(181)	(159)	(166)
Spark Ventures & Wholesale	98	84	63	68	57
Corporate	(17)	(4)	(16)	(2)	(2)
	436	526	455	531	471

Connections

	H1 FY15 000's	H2 FY15 000's	H1 FY16 000's	H2 FY16 000's	H1 FY17 000's
Mobile connections	2,114	2,178	2,212	2,293	2,353
Local service connections	1,350	1,323	1,281	1,251	1,222
Broadband connections	674	680	675	675	675

Dividends

	H1 FY15 Cents per share	H2 FY15 Cents per share	H1 FY16 Cents per share	H2 FY16 Cents per share	H1 FY17 Cents per share
Ordinary dividends	9.00	11.00	11.00	11.00	11.00
Special dividends	-	-	1.50	1.50	1.50
	9.00	11.00	12.50	12.50	12.50

Spark New Zealand

Operating revenues and other gains by business unit

Operating revenues and other gains	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Spark Home, Mobile & Business	910	932	971	992	985
Spark Digital	625	599	607	619	658
Spark Connect & Platforms	22	19	19	20	22
Spark Ventures & Wholesale	248	174	121	126	112
Corporate	47	65	26	41	35
Eliminations	(55)	(55)	(21)	(24)	(19)
	1,797	1,734	1,723	1,774	1,793

Group operating revenues and other gains

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues					
Voice	479	401	337	344	311
Broadband	324	326	339	346	344
Managed data	110	98	96	92	85
Mobile					
Service revenue	367	376	390	396	394
Other mobile revenue	137	139	173	175	194
	504	515	563	571	588
IT services					
Traditional IT services	101	103	92	97	104
Platform IT services	73	86	93	106	117
Procurement	121	108	137	133	163
	295	297	322	336	384
Other operating revenue	85	65	66	85	81
Total operating revenues	**1,797**	**1,702**	**1,723**	**1,774**	**1,793**
Other gains	-	32	-	-	-
Total operating revenues and other gains	**1,797**	**1,734**	**1,723**	**1,774**	**1,793**

Wireless Broadband revenues and connections are included in broadband revenues and connections.

Voice revenue by type	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Landline only	221	177	169	166	155
Calling	241	209	153	164	142
Other voice revenue	17	15	15	14	14
	479	401	337	344	311

Spark New Zealand

Financial breakdown by business unit - Spark Home, Mobile & Business

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues					
Voice	199	190	171	176	157
Broadband	302	307	320	327	326
Mobile	389	414	459	464	478
IT services	1	-	-	1	1
Other operating revenue	17	20	21	24	23
Internal revenue	2	1	-	-	-
	910	932	971	992	985
Operating expenses					
Labour	55	51	56	58	69
Other operating expenses	484	446	504	510	511
Internal expenses	19	19	15	18	14
	558	516	575	586	594
EBITDA	**352**	**416**	**396**	**406**	**391**
EBITDA margin	38.7%	44.6%	40.8%	40.9%	39.7%

Analysis & KPI's - Spark Home, Mobile & Business

Voice revenue by type	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Landline only	88	85	82	75	74
Calling	103	97	81	92	74
Other voice revenue	8	8	8	9	9
	199	190	171	176	157

Local service	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Broadband connections (000)'s	653	659	654	654	654
Landline only connections (000)'s	232	215	200	194	191
Total connections (000)'s	885	874	854	848	845

Spark New Zealand

Financial breakdown by business unit - Spark Digital

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues					
Voice	112	103	99	98	94
Broadband	22	19	19	19	18
Managed data	77	67	69	68	64
Mobile	107	93	95	97	98
IT services	290	294	322	334	383
Other operating revenue	3	2	-	-	-
Internal revenue	14	21	3	3	1
	625	599	607	619	658
Operating expenses					
Labour	121	106	106	104	122
Other operating expenses	291	274	304	292	341
Internal expenses	21	15	4	5	4
	433	395	414	401	467
EBITDA	**192**	**204**	**193**	**218**	**191**
EBITDA margin	30.7%	34.1%	31.8%	35.2%	29.0%

Analysis & KPI's - Spark Digital

Voice revenue by type	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Landline only	45	41	39	40	37
Calling	64	60	58	57	56
Other voice revenue	3	2	2	1	1
	112	103	99	98	94
IT services revenue by type					
Traditional IT services	97	100	92	96	104
Platform IT services	72	86	93	105	116
Procurement	121	108	137	133	163
	290	294	322	334	383

Local service	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Broadband connections (000)'s	21	21	21	21	21
Total connections (000)'s	69	67	65	62	58

Spark New Zealand

Financial breakdown by business unit - Spark Connect & Platforms

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues					
Voice	1	1	1	1	1
Mobile	2	2	2	2	3
Other operating revenue	19	16	16	17	18
	22	19	19	20	22
Operating expenses					
Labour	68	64	68	63	65
Other operating expenses	141	128	132	116	123
Internal expenses	2	2	1	-	-
	211	194	201	179	188
Share of associates' and joint ventures' net profits	-	1	1	-	-
EBITDA	**(189)**	**(174)**	**(181)**	**(159)**	**(166)**

Analysis & KPI's - Spark Connect & Platforms

Voice revenue by type	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Calling	1	1	1	1	1

Spark New Zealand

Financial breakdown by business unit - Spark Ventures & Wholesale

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues					
Voice	167	107	66	69	59
Managed data	33	31	27	24	21
Mobile	6	6	7	8	9
IT services	3	1	-	1	-
Other operating revenue	15	6	3	3	5
Internal revenue	24	23	18	21	18
	248	174	121	126	112
Operating expenses					
Labour	9	6	6	6	8
Other operating expenses	138	78	48	49	46
Internal expenses	3	2	1	1	-
	150	86	55	56	54
Share of associates' and joint ventures' net losses	-	(4)	(3)	(2)	(1)
EBITDA	**98**	**84**	**63**	**68**	**57**
EBITDA margin	39.5%	48.3%	52.1%	54.0%	50.9%

Analysis & KPI's - Spark Ventures & Wholesale

Voice revenue by type	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Landline only	88	51	48	51	44
Calling	73	51	13	14	11
Other voice revenue	6	5	5	4	4
	167	107	66	69	59

Local service	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Total connections (000)'s	396	382	362	341	319
Landline only connections (000)'s [1]			89	82	76

[1] Comparative information for periods prior to H1 FY16 is not available.

Spark New Zealand

Financial breakdown by business unit - Corporate

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Operating revenues and other gains					
IT services	1	2	-	-	-
Other operating revenue	31	21	26	41	35
Other gains	-	32	-	-	-
Internal revenue	15	10	-	-	-
	47	65	26	41	35
Operating expenses					
Labour	18	20	16	14	14
Other operating expenses	36	32	26	28	21
Internal expenses	10	17	-	-	1
	64	69	42	42	36
Share of associates' and joint ventures' net losses	-	-	-	(1)	(1)
EBITDA	**(17)**	**(4)**	**(16)**	**(2)**	**(2)**

Analysis & KPI's - Corporate

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Southern cross dividends	31	22	26	40	35

Spark New Zealand

Analysis & KPI's - Mobile (Spark Home, Mobile & Business and Spark Digital)

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
Mobile revenue					
Service revenue - $m	361	371	384	390	387
Other mobile revenue - $m [1]	135	136	170	171	189
	496	507	554	561	576
Average revenue per user (ARPU) - 6 month active					
ARPU - $ per month	29.77	28.61	29.47	28.74	28.17
Pay-monthly - $ per month	48.56	46.94	48.17	47.19	46.00
Prepaid - $ per month	11.57	11.39	11.72	11.87	11.65
Number of mobile connections at period end - 6 month active					
Pay-monthly (000)'s	1,018	1,045	1,069	1,091	1,118
Prepaid (000)'s	1,092	1,129	1,139	1,198	1,231
Internal connections (000)'s	4	4	4	4	4
Total mobile connections (000)'s [2]	2,114	2,178	2,212	2,293	2,353

[1] Other mobile revenue includes handset sales and mobile interconnect
[2] Mobile connections exclude MVNO connections

Spark New Zealand

Group expenses

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
	$m	$m	$m	$m	$m
Payments to telecommunications operators					
Baseband and access charges	205	169	162	184	170
Other intercarrier costs	97	73	43	48	47
Broadband cost of sales	140	114	119	120	127
Field services	11	8	10	8	7
	453	364	334	360	351
Mobile acquisition, procurement and IT services					
Mobile cost of sales	204	194	229	219	222
IT services cost of sales	164	160	184	177	215
	368	354	413	396	437
Labour	271	247	252	245	278
Other operating expenses					
Direct network costs	31	18	38	31	31
Computer costs	37	39	38	36	40
Accommodation costs	48	44	47	45	50
Advertising, promotions and communication	46	32	45	32	41
Bad debts	7	6	11	11	9
Impairment expense	-	-	-	9	2
Other	100	101	88	75	81
	269	240	267	239	254
Total operating expenses	**1,361**	**1,205**	**1,266**	**1,240**	**1,320**
Depreciation and amortisation expense					
Depreciation	126	130	126	122	122
Amortisation	98	99	98	100	93
	224	229	224	222	215
Net finance expense					
Finance income	(14)	(13)	(9)	(9)	(8)
Finance expense	26	28	22	24	21
	12	15	13	15	13

Group FTE's

	H1 FY15	H2 FY15	H1 FY16	H2 FY16	H1 FY17
FTE permanent	5,297	4,792	5,023	5,241	5,664
FTE contractors	321	300	301	328	279
Total FTE	5,618	5,092	5,324	5,569	5,943

Spark New Zealand

Group capital expenditure

	H1 FY15 $m	H2 FY15 $m	H1 FY16 $m	H2 FY16 $m	H1 FY17 $m
Major programmes					
Optical transport network (OTN) and Carrier Ethernet	6	10	21	2	11
Re-engineering of IT systems	29	43	42	24	-
Mobile network	57	35	58	19	69
Takanini data centre	61	-	-	-	-
	153	88	121	45	80
Operating capital expenditure					
Southern Cross capacity	5	-	9	4	13
Customer growth and retention	91	81	86	116	131
	96	81	95	120	144
Total major programmes and operating capital expenditure	249	169	216	165	224
Mobile spectrum	158	-	-	9	-
Total capital expenditure	**407**	**169**	**216**	**174**	**224**

Capital expenditure is presented on an accruals basis.