

*The attached market release is being filed to ensure reciprocity of filings between ASX and NZX pursuant to a corresponding release on NZX dated 23 February 2017*



## MARKET RELEASE

23 February 2017

### **Spark New Zealand says New Zealand consumers are beneficiaries of decision to turn down Sky/Vodafone merger**

Spark New Zealand said today the Commerce Commission's decision to decline the proposed merger between Sky Network Television Ltd ("Sky") and Vodafone New Zealand ("Vodafone") is a big positive for kiwi consumers.

"We're generally supportive of market consolidation where it leads to better outcomes for consumers," said Spark's General Manager Regulatory Affairs, John Wesley-Smith, "however, the lack of modern on-demand options for how New Zealand sports fans can access 'must-watch' premium sports content today, which would have been exacerbated by the merger, meant the merger was not in the best interests of consumers and so we believe the decision to decline was the right one.

"In today's digital age, consumers want to be able to watch their favourite sports wherever and whenever they want. Viewers have been voting with their wallets away from out-dated content bundle models that force them to pay for unwanted content, set-top boxes or service providers. The lack of a meaningful wholesale market today for Sky's sports content means we and other mobile and broadband providers have been held back from offering our customers new ways to watch sports content in ways that are already the norm elsewhere in the world. That wholesale market would not have developed at all had the merger gone ahead, but will and must develop now.

"While Sky will no doubt be disappointed with the outcome, we believe there is still a line of sight to a promising and sustainable commercial future for Sky. Spark, alongside several other broadband and mobile providers, would welcome the opportunity to bundle modern, on-demand versions of Sky's core sporting content with their broadband and mobile packages, if Sky is willing to create a vibrant wholesale market for its content."



Wesley-Smith said the need for the market to be able to deliver better choice for sports fans will only grow. “This decision recognises that the sports content market in New Zealand needs to catch up with consumer reality, as it has in many other markets around the world. Increasingly, consumers are demanding greater choice and flexibility as to how they access premium content. Today’s decision is a welcome step in the right direction.”

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