



MARKET RELEASE

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Spark to divest 50% share of subsidiary Connect 8

Spark announced today that it has signed a conditional agreement to sell 50% of the shares in its subsidiary Connect 8 to electricity distribution company Electra Group. The transaction will also see Connect 8 take full ownership of Electra subsidiary Sky Communications – a telecommunications contractor providing design, build and supply of wireless networks for all of New Zealand’s major mobile network owners.

Connect 8 was originally formed in February 2015 as a 50/50 joint venture between Spark and Vocus Communications, to provide additional fibre construction and delivery capability across New Zealand.

Spark subsequently acquired Vocus Communications’ share of the company in December 2016 to make Connect 8 a wholly-owned Spark subsidiary. Over the past 12-months the business has started to also provide services to adjacent utility sectors.

Spark Chief Operating Officer Mark Beder says that bringing together the complementary capabilities of Skycomms and the current Connect 8 business will improve operational efficiencies and speed to market and provide a solid foundation for the rollout of future mobile technology – something that is crucial for Spark’s wireless strategy.

“This is more than simply a divestment – it is about forging a new partnership of strategic importance for Spark to support our fibre expansion programmes and growth in mobile capacity” says Mr Beder.

Electra Chief Executive Neil Simmonds says technology is critical to Electra’s core lines business as smart networks become an important way of lowering costs, improving reliability and driving a customer centric business.

“Spark has been an important supplier to the Electra Group and also a customer for Skycomms for a long time. I look forward to extending Electra’s partnership with such an innovative company as Spark.”

The transaction is expected to complete before the end of May 2018. Connect 8 will continue to operate as construction contractor for telecommunications and other utility sectors.

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