



**SILVANA ROEST**  
**Company Secretary**

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ASX Market Announcements  
Australian Securities Exchange  
4th Floor, 20 Bridge Street  
Sydney NSW 2000  
Australia

21 August 2019

**SPARK NEW ZEALAND LIMITED H2 FY19 RESULTS**

Dear Sir/Madam

In accordance with the NZX Listing Rules, I enclose the following for release to the market in relation to Spark New Zealand Limited's H2 FY19 results:

1. Media Release
2. Results Announcement
3. Distribution Notice x 2
4. Annual Report
5. Investor presentation
6. Detailed financial information
7. Annual Corporate Governance Statement

Spark New Zealand's Chief Executive, Jolie Hodson, and Chief Financial Officer, David Chalmers, will discuss the H2 FY19 Results at 10:00am New Zealand time today.

ASX Appendix 3A.1 will follow this release.

Yours sincerely

Silvana Roest  
Company Secretary



## **MARKET RELEASE**

**21 August 2019**

### **Spark New Zealand lifts earnings on the back of mobile, wireless, cloud services and focus on productivity**

- **Winning in mobile: share increases across service revenue and connections, driven by growth in higher-value Unlimited plans**
- **Accelerating transition to wireless, growing wireless broadband and wireless voice services**
- **Substantial investments in mobile capacity and networks to prepare for Rugby World Cup, 5G and growing customer demand**
- **Spark Sport launched in March 2019, preparations on track for successful delivery of Rugby World Cup**

Spark New Zealand has delivered profit growth, stronger operating margins and market share gains in its financial results for the year to 30 June 2019.

Spark Chair Justine Smyth said the continued improved performance was founded on a clear strategy with strong execution and greater customer focus. It means Spark is on track to deliver on key financial aspirations communicated in June 2017 as part of the Company's three-year strategy.

"We've grown our business in the highly competitive mobile and cloud services categories, held our broadband position, entered new markets like sports streaming, led on cost management and transformed our company culture. It's very pleasing to achieve these positive outcomes in a year during which we implemented and embedded massive organisational change with the move to Agile ways of working."

Operating revenues and other gains of \$3,533m were flat year-on-year, as growth markets (mobile, broadband, cloud and security) were offset by expected declines in legacy voice and managed data & networks products.

Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) were \$1,090m, up 11.1% (\$109m) on reported prior year EBITDAI and towards the top end of guidance. When the prior year result is adjusted for implementation costs incurred in support of Spark's 'Quantum' business improvement programme, EBITDAI growth was 5.8%.

A continued focus on cost resulted in operating expenses being lower by 4.3% (\$109m), or 2.4% when adjusting the FY18 result to exclude \$49m of implementation costs



associated with the Quantum programme. The expenses reduction was driven largely by lower direct product costs (\$28m) and lower labour costs (\$38m).

Net investment income declined by \$33m, driven by an expected reduction in dividends from Spark's shareholding in Southern Cross Cables (\$15m, compared with \$50m previous year). Depreciation and amortisation were relatively stable year on year, while taxation expense increased by \$30m due to increased earnings and the impact of lower investment income.

Overall reported net earnings were \$409m, up 12.1% (\$44m), or 2.2% (\$9m) compared with the adjusted prior year performance.

Spark announced an H2 FY19 total dividend per share of 12.5c, which will be made up of an ordinary dividend of 11.0c and a special dividend of 1.5c, both 75% imputed. This brings the total FY19 dividend to 25c per share.

Chief Executive Jolie Hodson said a commitment to create a wireless future for New Zealanders was central to Spark's strategy. Spark maintained growth in mobile connections, revenue and average revenue per user (ARPU) over the year, driven by the addition of higher-value customer propositions such as the new shareable Unlimited plan. Spark significantly outperformed its mobile market competitors, securing over 60% of total FY19 market growth in service revenue and connections. "As customers use their mobile phones to do more, many of them are seeking larger data allowances and price certainty – which provides an opportunity for Spark to improve ARPU with the right products and plans," Ms Hodson commented.

She said Spark has led the transition to a wireless future with the number of customers on fixed wireless broadband and fixed wireless voice products growing by 36,000 over the year to 166,000. "These products are easy to set up and, in many cases, deliver a higher-quality experience for customers transferring from old copper lines, while lowering Spark's input costs. The future rollout of 5G will enable a step change in our fixed wireless broadband offering."

Ms Hodson said Spark is moving fast towards 5G with the November 2018 launch of its innovation lab and collaboration space in Auckland, extensive planning for the network build, and a partnership with Emirates Team New Zealand – which intends to use 5G services from mid-2020 to assist in its defence of the America's Cup.

"Spark is gearing up to launch 5G services as soon as relevant spectrum is available. We are pleased the Government signalled recently it is considering an early, temporary allocation of some spectrum within the 'C Band' earmarked for 5G – as this would



enable rapid delivery of 5G services while the details of the longer-term spectrum allocation process are sorted through.”

In the business sector, Spark’s strengths in digital and cloud services are helping companies transition their current legacy applications and infrastructure to operate effectively in a digital world. As more devices and environments become connected, helping businesses with cybersecurity is increasingly an area of opportunity for Spark.

Ms Hodson said the launch in March 2019 of Spark Sport – from a standing start less than a year prior – was a huge milestone. “We are now successfully changing the way New Zealanders engage with and view sports. In the five months since launch, the performance has rapidly improved and the streaming platform has successfully delivered about 800 sporting events and 12,000 hours of linear channels.

“Spark Sport is well on the way to successfully deliver the Rugby World Cup 2019, which kicks off in September 2019. The tournament represents an opportunity to make a step change in adoption of streaming by New Zealanders, as the importance and visibility of the event makes it the ideal catalyst.”

During FY19, Spark advanced its ongoing programme of simplification, digitisation and automation – with more than 100 ‘bots’ (automated digital processes) now performing a range of tasks, from running back-end checks and processes to serving customers on the front line and freeing up Spark people. High-quality self-service options were experiencing strong usage growth and reducing demand on traditional service channels such as customer care centres. Spark App usage increased by 18%, while voice interactions reduced by 34%.

Moving forward, Spark is focused on using technology to understand and anticipate the needs of New Zealanders, applying data-driven insights to every interaction and helping serve customers better, Ms Hodson said.

ENDS

**For media queries, please contact:**

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**For investor relations queries, please contact:**

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Finance Lead Partner Product and Performance  
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NEW ZEALAND'S EXCHANGE

# Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Spark New Zealand Limited	
Reporting Period	12 months to 30 June 2019	
Previous Reporting Period	12 months to 30 June 2018	
Currency	New Zealand dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$3,533,000	No Change
Total revenue	\$3,533,000	No Change
Net profit/(loss) from continuing operations	\$409,000	12.1%
Total net profit/(loss)	\$409,000	12.1%
Interim/Final Dividend		
Amount per Quoted Equity Security	\$0.125 (comprised of an ordinary dividend of \$0.11 and a special dividend of \$0.015)	
Imputed amount per Quoted Equity Security	\$0.036458 (comprised of \$0.032083 in relation to the ordinary dividend and \$0.004375 in relation to the special dividend)	
Record Date	20 September 2019	
Dividend Payment Date	4 October 2019	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	As at 30 June 2019: NZ\$0.26	As at 30 June 2018: NZ\$0.29
A brief explanation of any of the figures above necessary to enable the figures to be understood	Movements from the prior year are compared to restated amounts for the 12 months to 30 June 2018 following the adoption of NZ IFRS 15 and NZ IFRS 16 in the current year. Changes in Spark's earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) are provided in the addendum.	
Authority for this announcement		
Name of person authorised to make this announcement	David Chalmers, Finance Director (CFO)	
Contact person for this announcement	Dean Werder, Finance Lead Partner - Product and Performance	
Contact phone number	+64 272597176	
Contact email address	investor-info@spark.co.nz	
Date of release through MAP	21 August 2019	

Audited financial statements accompany this announcement.

**Addendum:**

	Amount (000s)	Percentage change
Reported earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Reported EBITDAI)	NZ\$1,090,000	11.1%
Adjusted <sup>1</sup> earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Adjusted EBITDAI)	NZ\$1,090,000	5.8%

<sup>1</sup> Adjusted earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) reflects the impact of NZ\$49 million costs of change associated with the Quantum programme in FY18. EBITDAI and Adjusted EBITDAI are non-GAAP measures which are defined and reconciled in note 2.5 of Spark's financial statements.

Section 1: issuer information				
Name of issuer	Spark New Zealand Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	SPK			
ISIN	NZ TELE0001S4			
Type of distribution	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	No		
Record date	20 September 2019			
Ex-Date (one business day before the Record Date)	19 September 2019			
Payment date (and allotment date for DRP)	4 October 2019 AUST & NZ; 15 October 2019 USA			
Total monies associated with the distribution	\$201,981,074 (1,836,191,581 shares @ \$0.11 per share)			
Source of distribution	Retained earnings			
Currency	New Zealand dollars			
Section 2: distribution amounts				
Gross distribution	\$0.14208333			
Total cash distribution	\$0.11			
Supplementary distribution amount	\$0.01455882			
Section 3:				
Is the distribution imputed	Fully imputed			
	Partial imputation			
	No imputation			
If fully or partially imputed, please state imputation rate as % applied	75%			
Imputation tax credits per financial product	\$0.03208333			
Resident Withhold Tax amount per financial product	\$0.01480417			
Section 4: distribution re-investment plan (if applicable)				
DRP % discount (if any)				
Start date and end date for determining market price for DRP				



NEW ZEALAND'S EXCHANGE

## Corporate Action Notice

(for a Distribution)

Date strike price to be announced ( <i>if not available at this time</i> )	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	
DRP strike price per financial product	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	
<b>Section 5: authority for this announcement</b>	
Name of person authorised to make this announcement	David Chalmers, Finance Director (CFO)
Contact person for this announcement	Dean Werder, Finance Lead Partner - Product and Performance
Contact phone number	+64 272597176
Contact email address	investor-info@spark.co.nz
Date of release via MAP	21 August 2019



Section 1: issuer information			
Name of issuer	Spark New Zealand Limited		
Financial product name/description	Ordinary shares		
NZX ticker code	SPK		
ISIN	NZ TELE0001S4		
Type of distribution	Full Year		Quarterly
	Half Year		Special X
	DRP applies	No	
Record date	20 September 2019		
Ex-Date (one business day before the Record Date)	19 September 2019		
Payment date (and allotment date for DRP)	4 October 2019 AUST & NZ; 15 October 2019 USA		
Total monies associated with the distribution	\$27,542,874 (1,836,191,581 shares @ \$0.015 per share)		
Source of distribution	Retained earnings		
Currency	New Zealand dollars		
Section 2: distribution amounts			
Gross distribution	\$0.01937500		
Total cash distribution	\$0.015		
Supplementary distribution amount	\$0.00198529		
Section 3:			
Is the distribution imputed	Fully imputed		
	Partial imputation		
	No imputation		
If fully or partially imputed, please state imputation rate as % applied	75%		
Imputation tax credits per financial product	\$0.00437500		
Resident Withhold Tax amount per financial product	\$0.00201875		
Section 4: distribution re-investment plan (if applicable)			
DRP % discount (if any)			
Start date and end date for determining market price for DRP			



NEW ZEALAND'S EXCHANGE

## Corporate Action Notice

(for a Distribution)

Date strike price to be announced ( <i>if not available at this time</i> )	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	
DRP strike price per financial product	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	
<b>Section 5: authority for this announcement</b>	
Name of person authorised to make this announcement	David Chalmers, Finance Director (CFO)
Contact person for this announcement	Dean Werder, Finance Lead Partner - Product and Performance
Contact phone number	+64 272597176
Contact email address	investor-info@spark.co.nz
Date of release via MAP	21 August 2019