



MARKET RELEASE - FRIDAY, 16 DECEMBER 2022

Spark announces exit of Spark Sport in the second half of 2023 through content partnering agreement with TVNZ

Spark today announced that it has concluded content partnering discussions and TVNZ will become the home of the majority of Spark Sport content, subject to rights holder agreement, from 1 July 2023. Agreement has already been reached with New Zealand Cricket, meaning TVNZ will show and produce all BLACKCAPS, WHITE FERNS, and Super Smash matches, which are run by New Zealand Cricket, for three years from the start of the 2023/24 cricket season until the end of the 2025/26 season.

In making the decision to exit the sports streaming market, Spark noted escalating content rights costs and a broader range of investment opportunities across its business as the key drivers of the decision. The Spark Sport platform licenced from iStreamPlanet will also no longer be made available for third party use in the second half of 2023, requiring Spark to invest in a new platform and transition customers in order to continue operating the service.

Spark CEO Jolie Hodson said: “Since entering the sports streaming market in 2019, we have delivered a wide range of high-quality sporting content to our customers across Aotearoa, alongside our valued partners. With New Zealand Cricket we have successfully produced three seasons of world class cricket matches in New Zealand, which has grown cricket viewership, particularly among younger audiences, and increased the quality and quantity of women’s cricket coverage – and we are proud of those shared achievements.

“At the same time it has been challenging to reach the scale we aspired to across the Spark Sport platform, with Covid causing major disruption to sporting codes globally just a year after launch. That slower than expected start, coupled with the escalating costs of content rights globally, makes it difficult to justify the type of investment Spark Sport requires when we have a wider range of investment opportunities across our broader business.

“We have been working with TVNZ as our free-to-air partner on cricket since we won the rights, and this new partnership will deliver New Zealanders the largest volume of top tier free-to-air sports content in the last 20 years, while allowing us to share costs as we exit the sports streaming market.

“No new venture is without risk, and we recognise that this news will be disappointing for our valued customers and partners, and dedicated Spark Sport team.

“We are communicating to our Spark Sport customers today to thank them for their support, to explain the change, and to reassure them that they can continue to access Spark Sport as they normally do until 1 July 2023.

“As the Spark Sport platform winds down we will also be working with our people to look for redeployment opportunities across our broader business wherever possible. I would like to recognise the team for the role they have played in introducing sports streaming to Aotearoa, which is now globally recognised as the future of sports viewing, while making several codes more accessible to view in New Zealand than ever before.”

Spark and TVNZ are now in the process of discussing the agreement with individual rights holders and will confirm final details of the content that will transfer to TVNZ on 1 July 2023 in the new year.

Spark FY23 EBITDAI guidance remains unchanged

In August 2022 Spark confirmed FY23 EBITDAI guidance of \$1,185 million to \$1,225 million.

Since that time, Spark's sale of 70% of its TowerCo business to the Ontario Teachers' Pension Plan Board has completed, delivering net proceeds of \$911 million and a gain on sale of \$586 million.

As a result of the Spark Sport changes outlined today, Spark will recognise a one-off provision of \$52 million in FY23, which includes ongoing obligations under content rights agreements that extend to FY28. The resulting net gain of \$534 million sits outside of FY23 EBITDAI guidance, which remains unchanged.

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About Spark

As New Zealand's largest telecommunications and digital services company, Spark's purpose is to help all of New Zealand win big in a digital world. Spark provides mobile, broadband, and digital services to millions of New Zealanders and thousands of New Zealand businesses.
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