



MARKET RELEASE

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Spark reaffirms FY20 guidance and outlines Covid-19 response

	FY20 Guidance ¹
EBITDAI	\$1,100m - \$1,120m
Capital expenditure²	~\$370m
Dividend per share	Ordinary 25.0c at least 75% imputed

Telecommunications and digital services play a critical role in the lives of New Zealanders and in businesses across the country, and this has never been more evident than it is today, during the Covid-19 pandemic.

While Spark's services have become more important than ever before, this does not mean it is immune from the impacts of Covid-19.

Spark delivered a strong first half and most Covid-19 impacts have only materialised in the final quarter of FY20, which moderates the impact of the pandemic during this financial year. With the information that is known today, Spark reaffirms FY20 guidance.

Travel restrictions and border closures have significantly reduced higher-margin mobile roaming revenues, which on an annual basis account for approximately 5% of Spark's total mobile revenues.

Spark's network of retail stores is currently closed, with the exception of a small number that are operating as Emergency Distribution Centres for the provision of essential hardware only. As a result, retail revenues have also declined due to lower device and accessory sales.

While broadband usage has increased significantly, the majority of Spark's customers are on unlimited plans and those on data capped plans are not being charged overage fees as part of Spark's financial support package. Late payment fees and disconnections as a result of financial hardship have also been waived³.

While there has also been an uplift in voice calling, the majority of Spark's mobile customers are on unlimited minute plans and it is uncertain if the increase in calls to 0800 numbers will be sustained as New Zealand moves through Alert Levels.

Proactive moves to manage and reduce costs will partially offset these revenue impacts in FY20.

Chair Justine Smyth said: "This is an incredibly challenging time for New Zealand and we take our role as an essential services provider very seriously in this context. It is heartening to see that after many years of network investment we have been able to

¹ Subject to no adverse change in operating outlook

² Includes purchase of property, plant and equipment, intangible assets and capacity (including Southern Cross) but excludes spectrum purchases and leased customer equipment assets

³ Implemented on March 23 2020 for a period of 60 days.



manage a dramatic increase in usage across our networks at a time when connectivity is of such critical importance.

"Like all businesses we are preparing for a different set of economic conditions in the coming financial year and we need to take sensible steps now to ensure the business is equipped to respond."

To offset against both current and anticipated impacts from Covid-19 Spark will implement a Company-wide cost review and a reprioritisation of FY21 capital expenditure that will support New Zealand's economic recovery, such as the rollout of 5G.

CEO Jolie Hodson said: "We expect to experience flow-on impacts from the broader economic downturn, as our customers reduce usage or find it difficult to pay for our services, and with the indefinite closure of international borders we also expect the loss of all mobile roaming revenues.

"As an essential services provider we must ensure we are sustainable over the long-term so we can keep New Zealand connected, help to close the digital divide, and support the transition to new ways of working."

Spark remains committed to its S&P A- credit rating and continues to have sufficient access to funding.

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