



# Peter Kennan

Managing Partner, Black Crane Capital





## Sky Television Network (SKT.NZ)

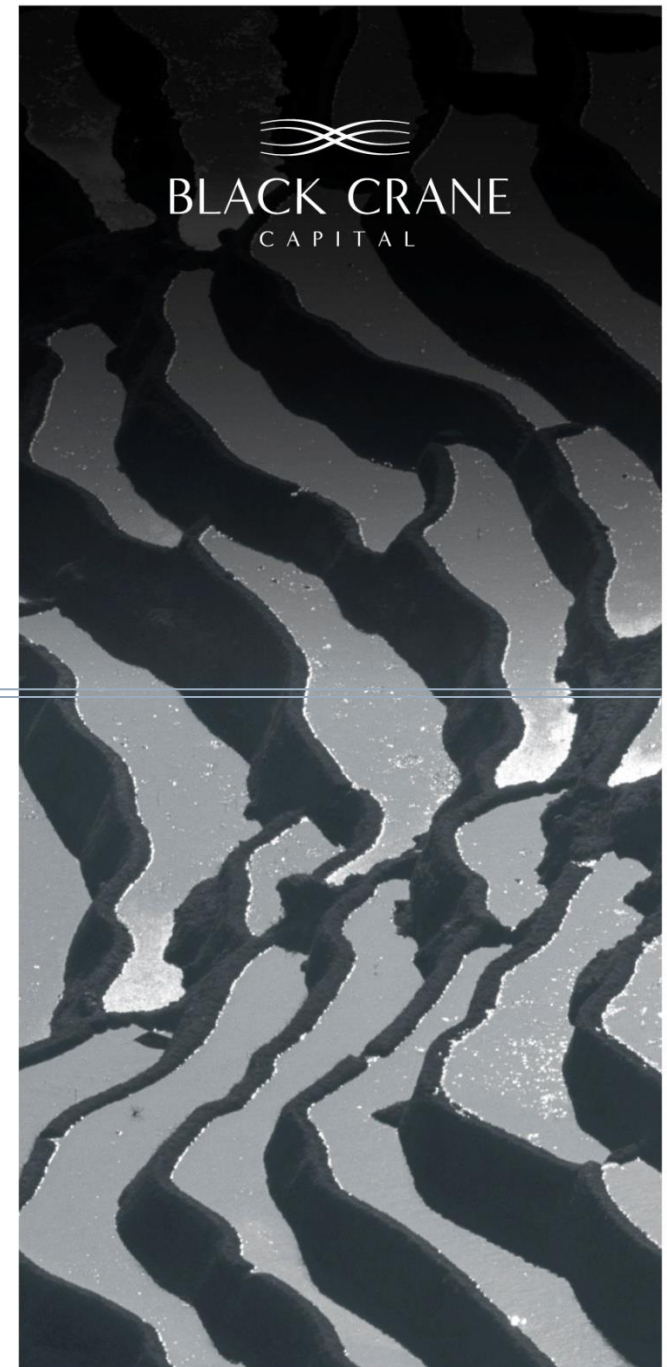
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# Sky Network Television overview



▶ Number 1 pay TV provider in New Zealand

▶ Exclusive rights over NZ Rugby

▶ Founded in 1990 and listed in 1997 in NZ

▶ Business model needs to transition

▶ Significant earnings uncertainty

▶ Strong balance sheet with zero net debt

▶ Complete overhaul of management and board

## Key figures

- 927k customers out of 1.65m NZ households
- Stock is trading at an estimated 2 times FY22EBITDA
- Equity free cash-flow yield at 30%+
- 160m right issue completed in May 20
- FY20 Revenue of NZD748m, adj. EBITDA of NZD192m
- Mkt cap of NZD314m, net cash of 22m



# Content in numbers

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**3million+**

**Sky reached over 3 million Kiwis a month on average in FY20<sup>1</sup>** through satellite, Prime and our streaming products Sky Sport Now and Neon.

**>530**

**Content provider relationships<sup>2</sup>** from large global content creators to local production storytellers across sport, entertainment and movies

**+2,440**

**Titles, events or series acquired in FY20<sup>3</sup>** Including sport and entertainment titles (excluding Lightbox)

**>10,000**

**Hours of entertainment and movie content<sup>3</sup> premiered** on Sky platforms in FY20

**>7,500**

**Live Sporting events broadcast in FY20<sup>3</sup>** covering over 50 sports codes on Sky in FY20

**130!**

**Emmy Nominations<sup>3</sup>** received by Sky content in 2020, including 69 Primetime Emmy Nominations

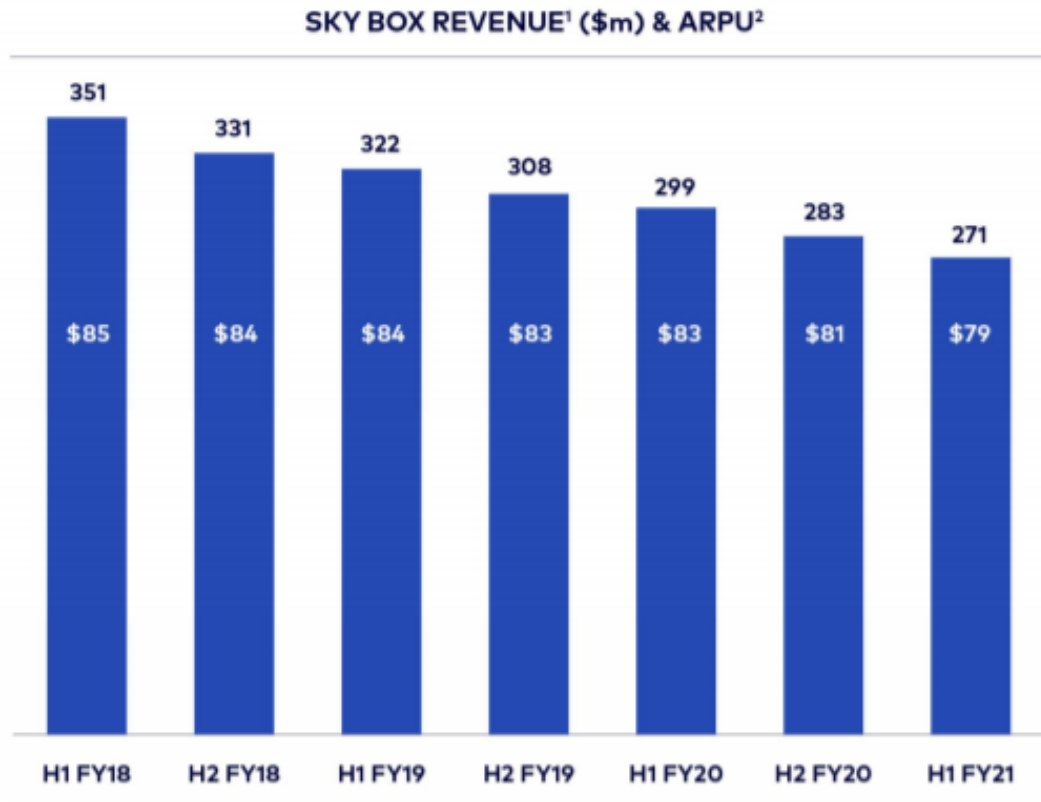


# Share price performance





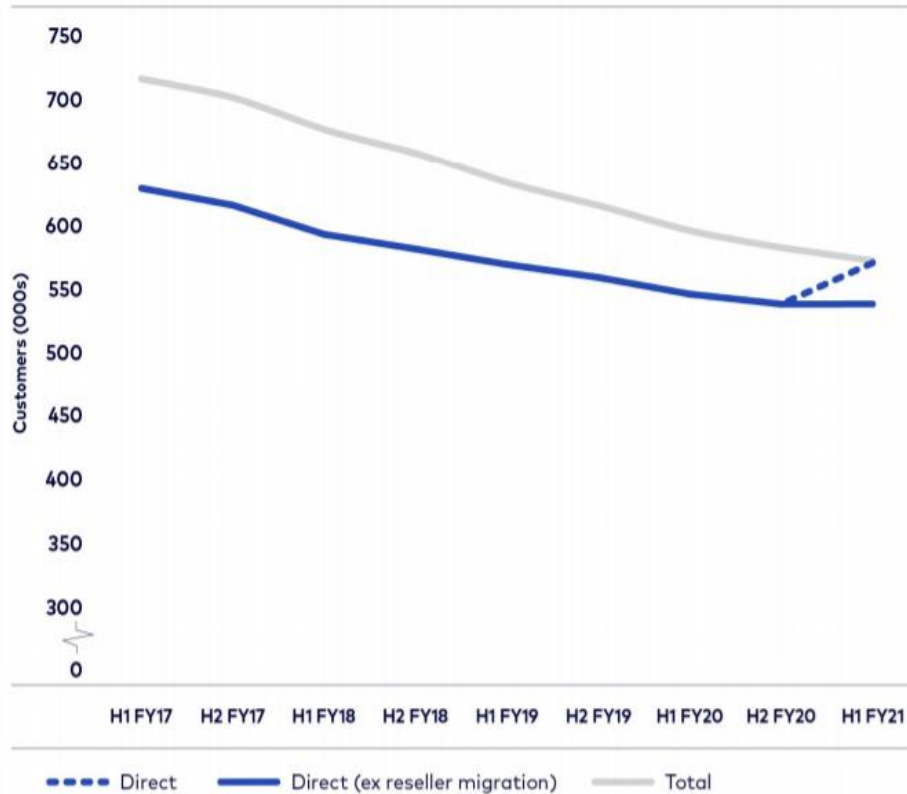
# Stabilization in revenue decline



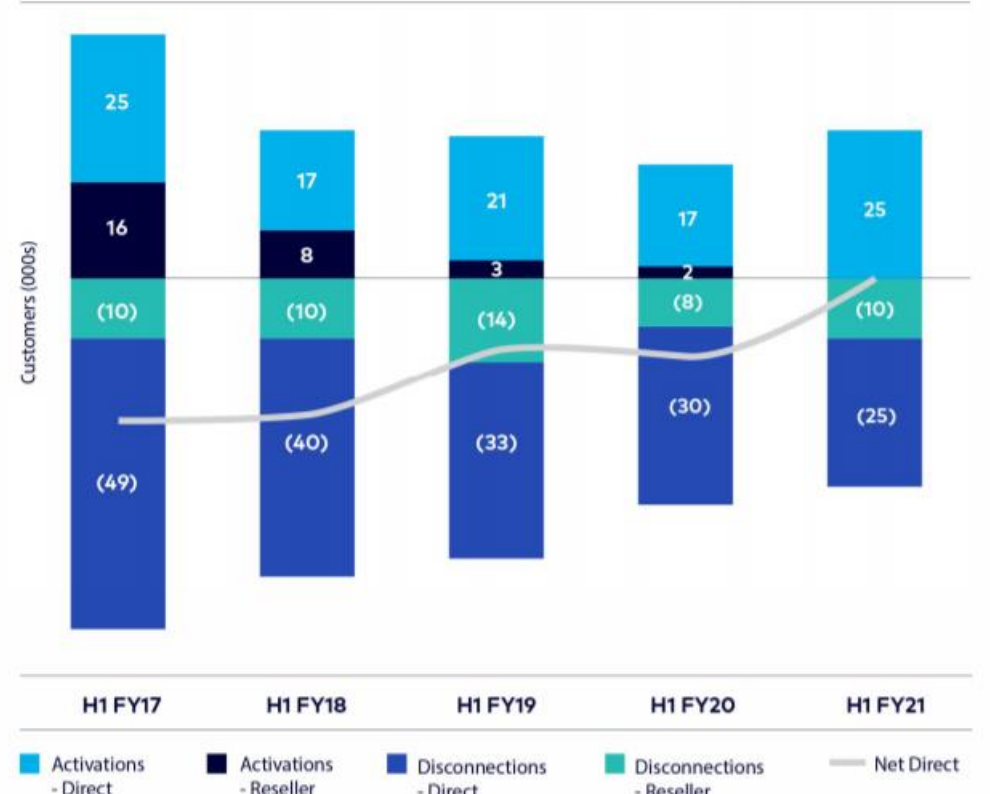


# Stabilization of Sky Box

SKY BOX CUSTOMERS



SKY BOX CUSTOMER ACTIVATIONS/DISCONNECTIONS

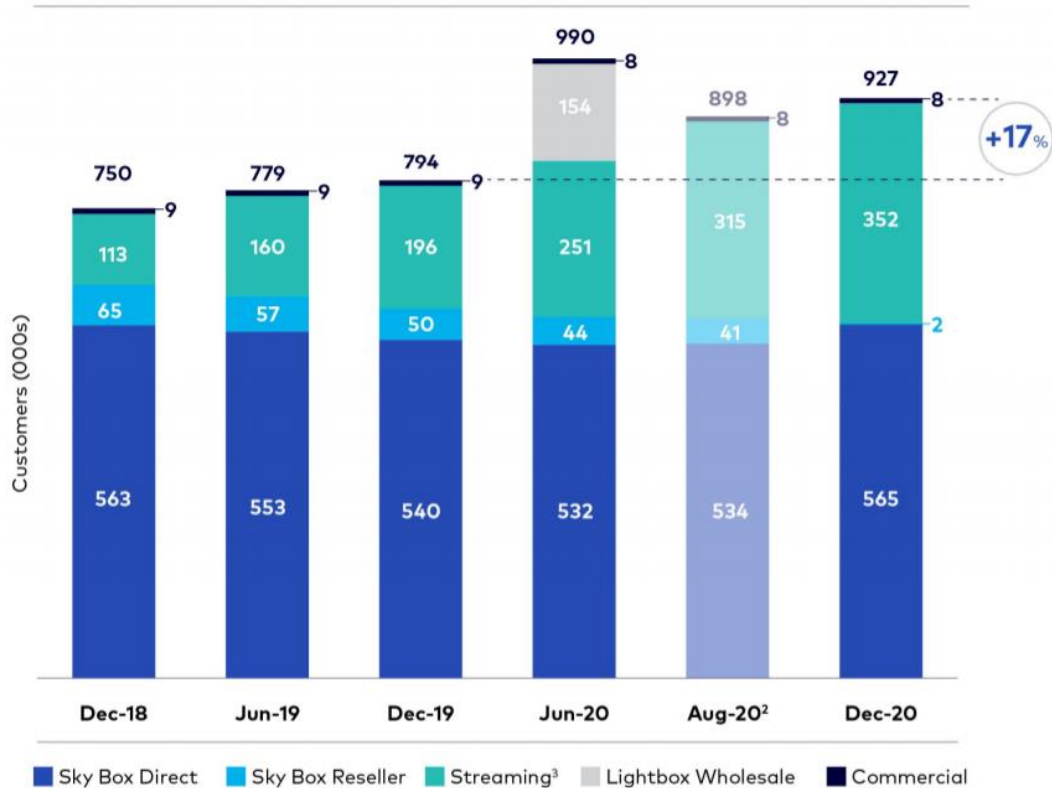




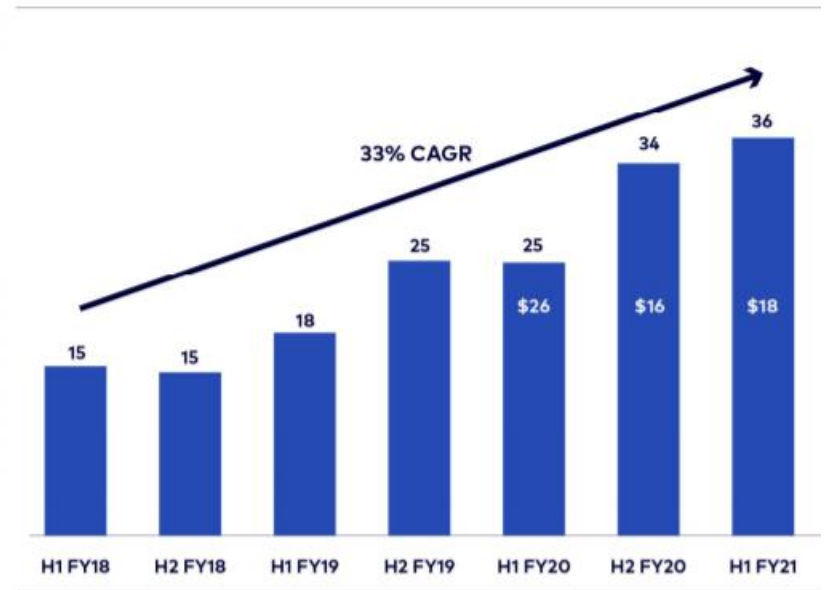


# Growth in streaming

### SKY CUSTOMERS



### STREAMING REVENUE (\$m) & ARPU<sup>1</sup>

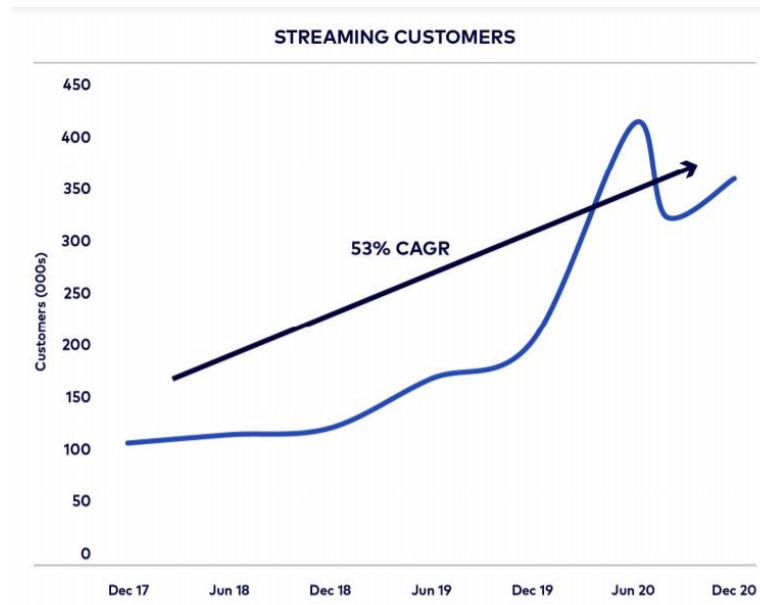




# Turnaround strategy



- Develop and grow a full suite of streaming products
- Develop local entertainment content
- Continue to dominate sport content
- Establish distribution partnerships with the leading telecoms operators
- Greater product customization



# Shareholding

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No controlling shareholder since NewsCorp sold stake in 2015, major institutional shareholders:

- Jupiter (9%)
- NZ Accident Compensation Commission (7.6%)
- Perpetual (4.8%)
- Vanguard (4.3%)
- NZ Rugby (2%)
- Black Crane holds 5.2%

# Valuation



- We use an equity FCF yield of 8% to reach valuation range of \$0.5-0.7/share
- Expect dividends to resume for FY22 with a high pay-out ratio
- Free cash flow will be stable in the range of \$70-100m per annum

Valuation	
Shares on issue	1'744
Net debt	0
Equity yield	8%
Free cash flow	70
Equity value	875
\$/share	0.50

Valuation	
Shares on issue	1'744
Net debt	0
Equity yield	8%
Free cash flow	97
Equity value	1'215
\$/share	0.70

# Contact Details

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