



MARKET RELEASE – MONDAY 6 MAY 2024

Spark reduces FY24 EBITDAI guidance as tough trading conditions intensify

Spark New Zealand (Spark) today announced it is reducing FY24 EBITDAI guidance from \$1,215-\$1,260 million to \$1,170-\$1,210 million, as challenging trading conditions intensified in some parts of the business. There is no change to FY24 capital expenditure and dividend guidance.

At Spark's first half results the Company noted weaker demand in the enterprise and government market, which impacts Spark's IT revenues. Since the half, public and private sector spending cuts have deepened, and Spark has seen significantly reduced demand in IT service management and professional services and delays to planned digital transformation projects.

At the same time, while mobile service revenue and broadband performance remains in line with expectations, sales of mobile devices and accessories have been softer than expected as high interest rates and cost-of-living pressures dampened consumer spending.

While Spark has maintained strong cost discipline in an inflationary environment, the material deterioration in outlook for IT revenues, combined with subdued market conditions more broadly, has resulted in reduced FY24 EBITDAI outlook.

In line with these changes, Spark is accelerating its SPK-26 Operate Programme to bring efficiency benefits online faster. Strong progress has been made on the Company's operating model redesign, which is driving greater efficiency and rebalancing labour investment to changing growth profiles across the business. This work will continue alongside broader efficiency initiatives to mitigate the impact of softer trading conditions.

Spark Updated FY24 Guidance¹

	FY23 Actual	FY24 Guidance Updated	FY24 Guidance Prior
EBITDAI	\$1,193m ²	\$1,170m-\$1,210m	\$1,215m-\$1,260m
Capital expenditure³	\$515m	~\$510m-\$530m	~\$510m-\$530m
Dividend per share	Total 27.0 cps (100% imputed)	Total 27.5 cps (100% imputed)	Total 27.5 cps (100% imputed)

¹ Subject to no material adverse change in operating outlook.

² FY23 EBITDAI is adjusted for the impact of the TowerCo gain and Spark Sport provision.

³ Total capital expenditure including growth capex and excluding expenditure on mobile spectrum.

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