



Forward-looking Statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. These statements may include, without limitation, those that express forecasts, expectations and projections with regard to the potential for growth of free-to-air and pay-TV, advertising growth, DTH subscriber growth, Multiroom, Sky+ and Sky+ HD penetration, telephony and broadband penetration, churn, DTH and other revenue, profitability and margin growth, cash flow generation, programming costs, subscriber management costs, administration costs and other costs, and marketing expenditure, capital expenditure programmes and proposals for returning capital to shareholders.

These statements (and all other forward-looking statements contained in this document) are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, the fact that the Group operates in a highly competitive environment, the effects of government regulation upon the Group's activities, its reliance on technology, which is subject to risk, change and development, its ability to continue to obtain exclusive rights to movies, sports events and other programming content, risks inherent in the implementation of large-scale capital expenditure projects, the Group's ability to continue to communicate and market its services effectively, and the risks associated with the Group's operation of digital television transmission in the UK and Ireland.

Information on the significant risks and uncertainties are described in the "Risk Factors" section of Sky's Interim Management Report on form 6-K for the half year ended 31 December 2007. Copies of the Interim Management Report on form 6-K are available from the British Sky Broadcasting Group plc web page at www.sky.com/corporate. All forward-looking statements in this presentation are based on information known to the Group on the date hereof. The Group undertakes no obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

sky ²

The Ryder Cup September 2008

SKY SPORTS HD

sky

Jeremy Darroch
CEO

Our Strategy Is Delivering

- Growing **customer base**
- Selling **more products**
- Improving customer **quality and loyalty**
- Growing **broadband and talk** to scale
- Extending leadership in **customer service**
- Strengthening **on-screen** performance
- Building a trusted **brand**

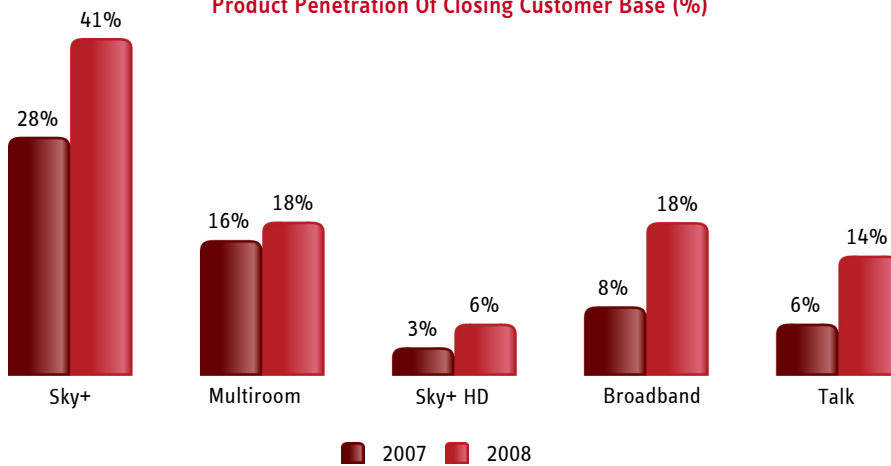
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New Product Growth

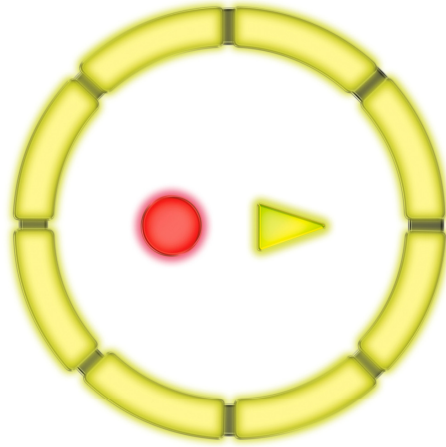
Product Penetration Of Closing Customer Base (%)



As at 30 June



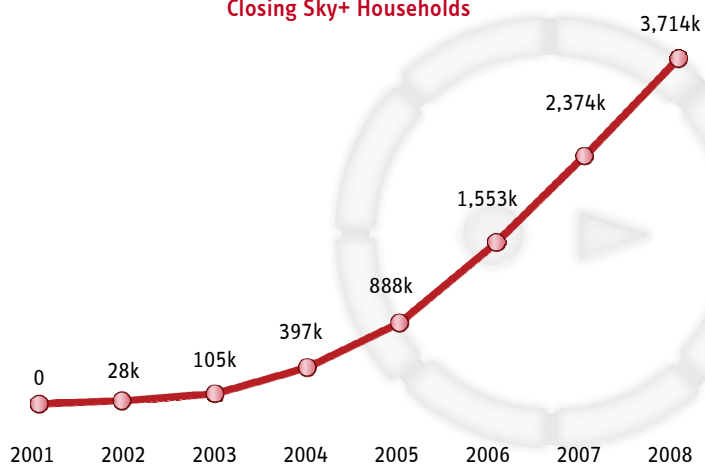
Sky+



sky 9

Sky+

Closing Sky+ Households



- 40% of Sky+ additions new to Sky in 2008
- Significantly lower churn rate
- Increased propensity to take multiroom

As at 30 June

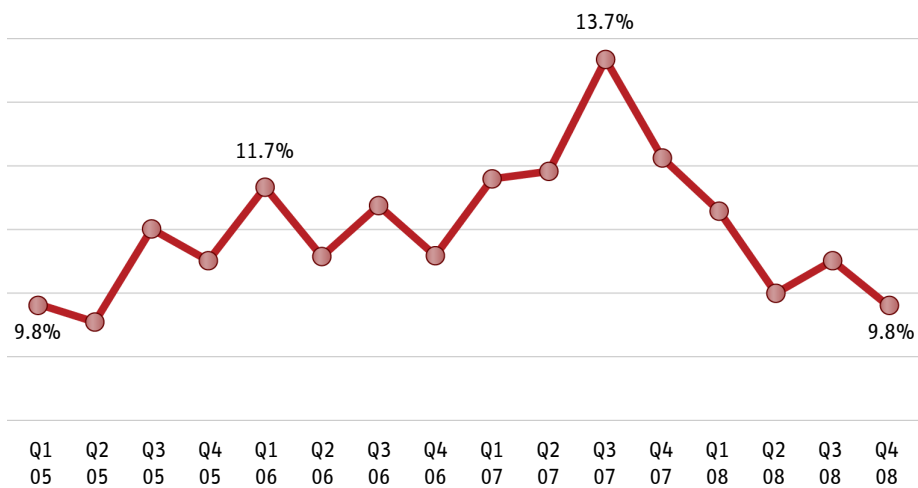
sky 10

Focus On Customer Quality

- Reduced viewing package discounts
- Launched See, Speak, Surf
- Re-introduced installation charges
- Reviewed retail channel
- Tightened debt management
- Accelerated take-up of Sky+
- Balance quality with rate of growth



Churn



Quarterly annualised churn for the financial quarters for the year ended 30 June



Strong Financial Model

- Subscription revenue up 11%
- Group revenue up 9%
- Operating profit of £752 million⁽¹⁾
- EPS of 25.1p⁽¹⁾
- Full year dividend per share up 8% to 16.75p

(1) Operating profit excludes exceptional charge of £28 million. EPS excludes net exceptional items of £566 million (adjusted for tax where relevant)



**Building a business with
increased scale, strong
profitability and greater value**



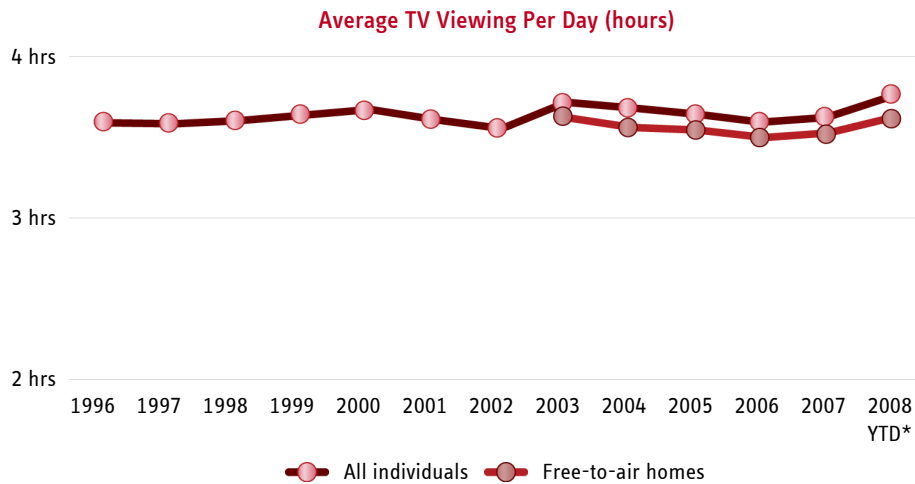
Outlook

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Opportunity

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TV Is A Durable Product

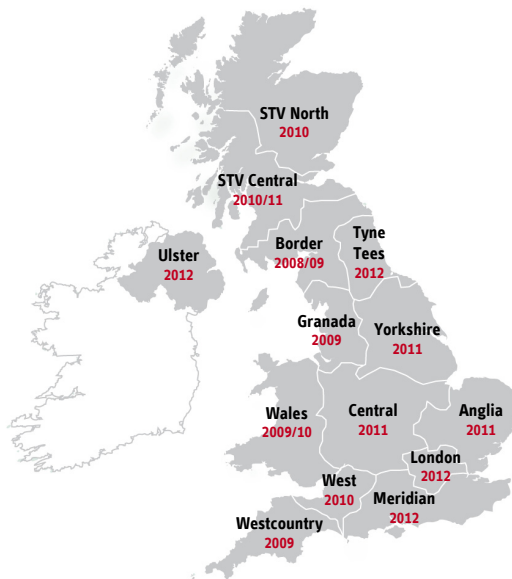


Source: BARB. All Individuals. Rolling average for the 12 months to December. *2008 data for the 12 months ended June.



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Catalysts - Digital Switchover

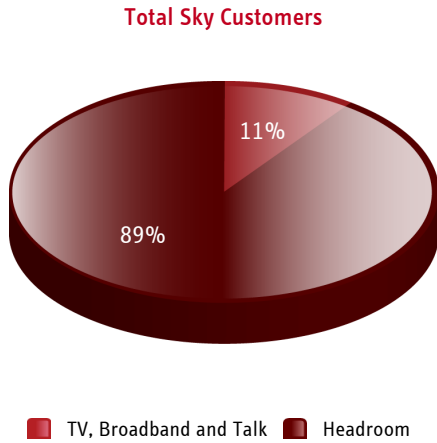


- 3.3 million analogue homes must consider how to switch to digital by 2012
- Digital UK and BBC supporting the switch
- Copeland success
- ITV Border region switch begins November 2008
 - Sky is the Most Cost Effective Option for DSO Helpscheme



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Catalysts – Demand For Multiple Products

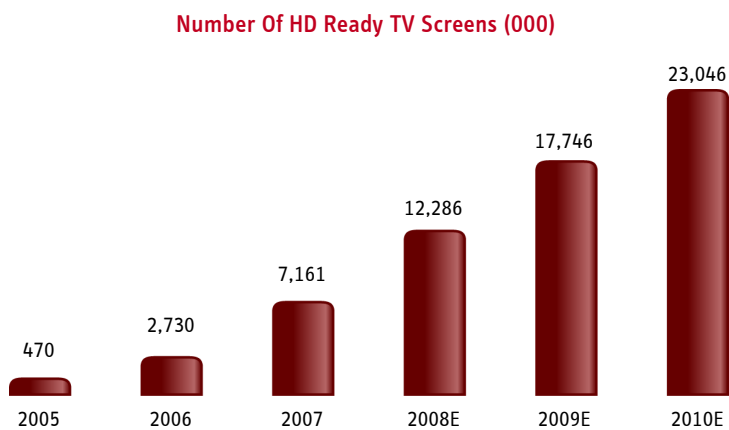


- Growing consumer appetite to consolidate services from one trusted supplier
- Strong demand
 - 11% of Sky customers already take all 3 services
- Significant headroom for growth
 - Mature providers have up to 50% penetration

Percentage penetration of TV, broadband and talk as at 30 June 2008



Catalysts – Migration To HD

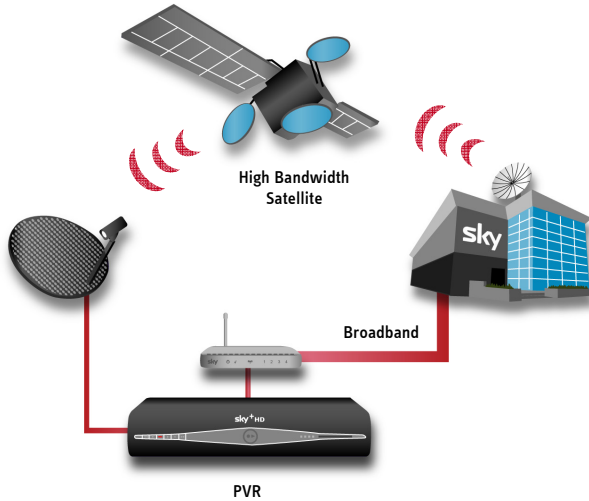


- Hardware prices falling
- Increased awareness of HD
- Growing penetration of HD devices (BluRay, PS3)
- BBC cross-promotion

Source: GFK April 2008



Powerful And Efficient Network



- High bandwidth satellite
 - Superfast network into the home
 - 99% coverage today
 - Scalable
 - Cost efficient
- Supporting 19 HD channels and 7,500 hours of content a month
 - 700 hours on cable
 - 700 hours on BBC/ITV Freesat
- Driving efficiency in supply chain

sky 21

Great Value

 Basic		 6 Mix with SKY SPORTS		 World	
53p/day	55p	£6.92/week	£7.40/week ⁽¹⁾	£45/month	£45.00 ⁽²⁾

(1) Based on purchasing The Guardian from Monday to Saturday and The Observer on Sunday
 (2) Based on a Family of 5 to Odeon Stockport. Based on a ticket price of £6.20 for adults and £4.20 for children and an allowance of £4.00p.p. for drinks and snacks (source: cineworld.co.uk and The Sun 20 Feb 2008)

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Great Value

	sky Variety Mix	Freeview BT
Monthly cost	£31.00	£34.19
Pay TV Channels		
Broadband	Up to 8 Mb, 40 GB usage	Up to 8Mb, 15 GB usage
Talk	Free evenings and weekends	Free evenings and weekends

Small print text detailing the comparison between Sky 1 Mix, Sky Broadband Mid, Plus Sky Talk Freetime, Sky Talk line rental, and BT's equivalent products. It includes pricing for Option 2 Broadband with 12 month contract, line rental, and various service details like PVR functionality and on-demand content.





“Once you’ve used **Sky+**,
you can’t imagine life
without it”

Sir Michael Parkinson



08442 41 42 43 sky.com/join

Calls to Sky cost up to 5 pence per minute plus up to 7p connection fee for BT and Sky Talk customers.

Customer Service Excellence

- Joined up all call centres to minimise **waiting times**
- Enhanced and **simplified** our sales and order process
- Introduced **am/pm installations** and service visits with estimated time of arrival
- **Personalised** conversations with customers through new call guidelines and systems
- **Recommendation engine** for package and product sales



Efficient Business Model

- Balancing investment in customer growth with profitability
- Costs leveraged to customer and product growth
- Continuous improvement in customer experience
- Opportunity for cost efficiencies



Summary

- Challenging consumer back-drop
- Strong subscription business with low churn
- Significant headroom for customer growth
- Proven ability to cross-sell new services
- Organisational capability
- Clear path to returns

sky²⁷



Results Headlines

- Subscription revenue up 11%
- Group revenue up by 9% to £4,952 million
- EBITDA of £998 million up £40 million
- Operating profit of £752 million
- EPS of 25.1 pence
- Full year dividend of 16.75 pence per share, up 8%

All figures for the year to 30 June, and adjusted for exceptional items detailed in group profit breakdown



Revenue

£m	2007	2008	% change
Subscription	3,406	3,769	+11%
Install, Hardware & Service	212	276	+30%
Wholesale	208	181	-13%
Advertising	352	328	-7%
Sky Bet	47	44	-6%
Other Revenue	326	354	+9%
Total	4,551	4,952	+9%

All figures for the year to 30 June, and adjusted for exceptional items detailed in the reconciliation of reported earnings



Revenue

£m	2007	2008	% change	
Subscription	3,406	3,769	+11%	• Broad based growth in subscription business
Install, Hardware & Service	212	276	+30%	
Wholesale	208	181	-13%	• Remains challenging
Advertising	352	328	-7%	
Sky Bet	47	44	-6%	• Mixed picture
Other Revenue	326	354	+9%	
Total	4,551	4,932	+9%	

All figures for the year to 30 June, and adjusted for exceptional items detailed in the reconciliation of reported earnings



New Customers Create Value

- TV, broadband and Talk customer SAC of c£325
 - Including STB, wireless router and professional home installation visit
- £30 one-off connection fee
 - Upfront commitment and lowers churn
- £40 Monthly ARPU⁽¹⁾
 - Subscriptions of £31
 - Plus £9 of paid for telephony call charges
- Payback within 12 month contract period

(1) Excluding VAT



Revenue

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Gross Margin Expansion

£m	2007	2008	% change
- General Sports Costs	446	445	-
- Premier League	396	484	+22%
Sports	842	929	+10%
Movies	285 ¹	281	-1%
Third Party Channels	293 ²	298	+2%
Entertainment and News	184	205	+11%
Total	1,604	1,713	+7%
Gross Margin	64.8%	65.4%	+0.6%

- New Premier League contract
- Movies US dollar benefit
- Third Parties contract renewal savings
- Investment in Sky One
- Growth in gross margin
 - Around two-thirds of programming costs fixed

All figures for the year to 30 June

¹ The effective rate (after hedging) at which stock has been recognised over the year is \$1.85, compared to \$1.81 in the prior year

² Third Party Channels excludes one-off exceptional credit of £65 million for the year to 30 June 2007



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Other Operating Costs

£m	2007	2008	Variance
Transmission, Technology & Networks	402	542	140
<i>Of which broadband, telephony and Easynet</i>	224	361	137
Marketing	734	743	9
Subscriber Management & Supply Chain	618	700	82
Administration	427	502	75
<i>Of which depreciation</i>	76	116	40
Other Operating Costs	2,181	2,487	306

- Variable costs of broadband and telephony
- Additional product sales up 26%
- Corresponding install, hardware and service revenue growth
- Depreciation
- Legal and regulatory fees
- Consolidation of new businesses

All figures for the year to 30 June, and adjusted for exceptional items detailed in the reconciliation of reported earnings



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Group Profit

£m	2007	2008	
Adjusted Operating Profit	766	752	
Exceptional items	49	(28)	• EDS litigation costs of £21 million, £7 million restructuring cost
Reported Operating Profit	815	724	
Joint ventures	12	82	• £67 million gain for National Geographic stake
Finance Charges	(103)	(130)	• £3 million mark to market gain
ITV impairment	-	(616)	
Taxation	(225)	(187)	• Effective tax rate 30.7%
Profit (Loss) After Tax	499	(127)	
Adjusted Profit After Tax	461	439	

All figures for the year to 30 June



2008 Summary

- Resilient margins in the television business
 - Underlying Pay-TV margin growth of 2%
 - Offset by the step up in FA Premier League costs
 - Weakness in wholesale and advertising impacted margin by 1%
- Achieving scale in broadband and telephony
 - Annualised revenues more than doubled to £284 million in H2¹
 - Passed the peak level of investment in H1
 - Delivering benefits to the pay TV business

(1) H2 2008 revenues of £142 million annualised



Focus On Margin: Plan For Costs

Areas of opportunity

1. Supply chain
2. Customer service
3. Network optimisation
4. Central costs



Focus On Margin: Plan For Costs

Areas of opportunity

1. Supply chain
2. Customer service
3. Network optimisation
4. Central costs



Reliable technology and a quality installation

- Lower set-top box costs
 - 2004 Sky+ box cost c£200, in 2008 c£100
- Benefits from Amstrad acquisition
- “Right first time” installations
 - Fewer revisits required



Focus On Margin: Plan For Costs

Areas of opportunity

1. Supply chain
2. Customer service
3. Network optimisation
4. Central costs



Extend customer service leadership and drive efficiencies in costs to serve

- Lower churn rate
- Help customers serve themselves
 - Improved e-sales, e-service and i-service (via the TV)
- Deliver customer service efficiently
 - Intelligent call routing



Focus On Margin: Plan For Costs

Areas of opportunity

1. Supply chain
2. Customer service
3. Network optimisation
4. Central costs



Deliver efficiencies across broadband and telephony business as growth continues

- Backhaul
 - Rate savings on third party suppliers
 - Lower cost fibre dig for short distances
- Improved utilisation of exchange capacity
 - Improvement of 10% saves £10 million of capex



Focus On Margin: Plan For Costs

Areas of opportunity

1. Supply chain
2. Customer service
3. Network optimisation
4. Central costs



Hold rate of cost increase below rate of revenue growth

- **Technology**
 - Increased use of IT off-shoring
 - Rationalise data centres
- **Efficiency review programme**
 - Reduced ancillary spend such as consultancy, travel and subsistence
 - Headcount



Cash Flow

- Operating cash flow of £1,017 million
 - Net interest of £122 million
 - Taxation of £163 million
 - Net receipt from JV's of £5 million
- Available cashflow of £737 million after interest and taxation
- Capex of £339 million
 - £305 million pay-TV, broadband / telephony and Easynet
 - £34 million for financing of a new broadcast facility
 - Sale and leaseback opportunities in the future

All figures as at 30 June, and adjusted for EDS legal costs and restructuring costs



Strong Balance Sheet

- High visibility of revenues and low exposure to cyclical advertising
- Net debt at 1.9x EBITDA
- Long term debt profile – average maturity of 12.7 years⁽¹⁾
- Stable investment grade credit rating
- Absence of defined benefit scheme – no deficit
- Returns to shareholders
 - £1.9 billion in the last three years

(1) Excludes 2009 debt



Summary

- Strong subscription based financial model
- Headroom for customer growth and increased product penetration
- Focused on driving cost efficiencies
- Balancing growth and profitability



