

British Sky Broadcasting Group plc

Preliminary results presentation

Statements made which are not historical facts, may be forward-looking statements as the term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ materially from those currently anticipated.

25 July 2001



sky

A decorative graphic on a dark blue background. It features two large arrows: one orange pointing right and one pink pointing left. There are also four circles: two orange at the top left and two pink at the bottom right.

Tony Ball
Chief Executive Officer

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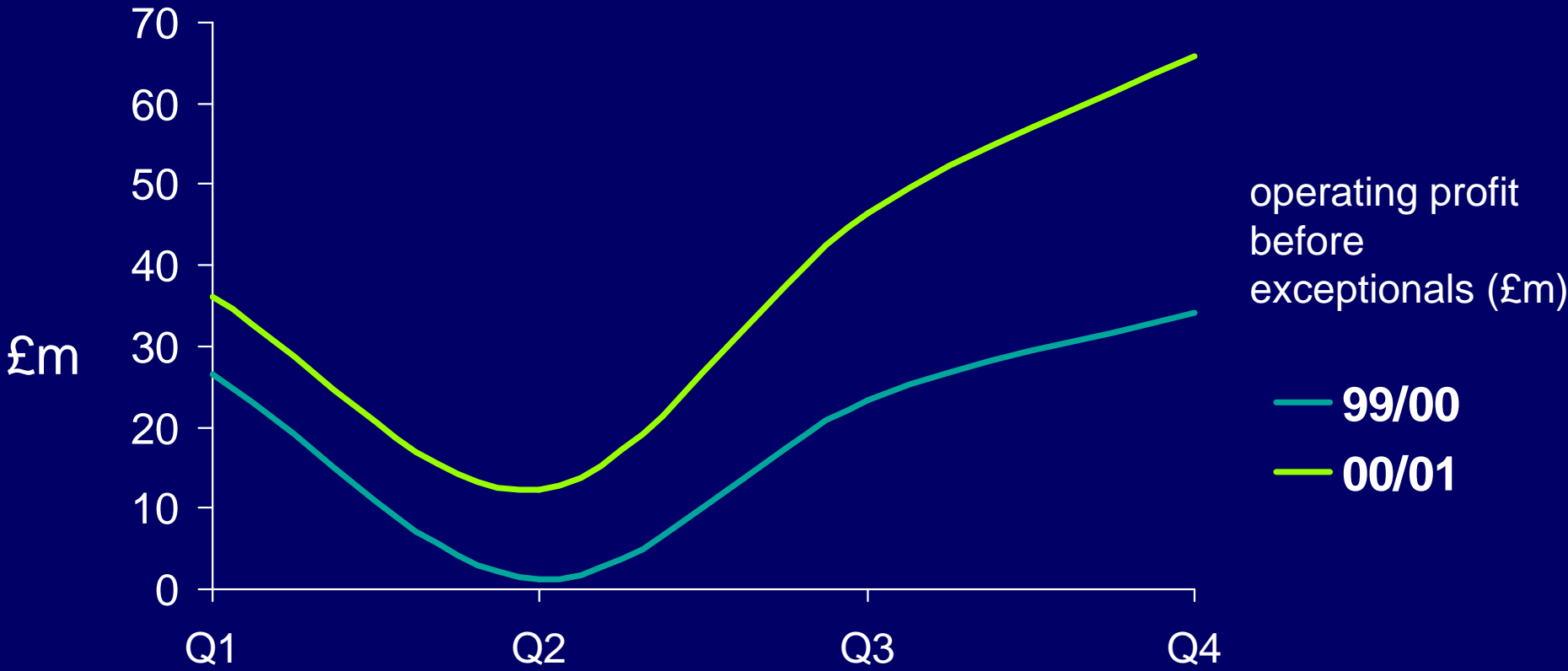
Operating profit of £160m

Increase of 88% on prior
year

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Sky Results 2000-2001

Operating profit up 88%



A large, stylized blue outline of a house with a gabled roof and a chimney, positioned on the left side of the slide. Above the house, there are several blue decorative elements: a curved line and two circles of different sizes.

Positive free cashflow from
end of year

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Martin Stewart
Chief Financial Officer

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Operating profit before goodwill and exceptionals



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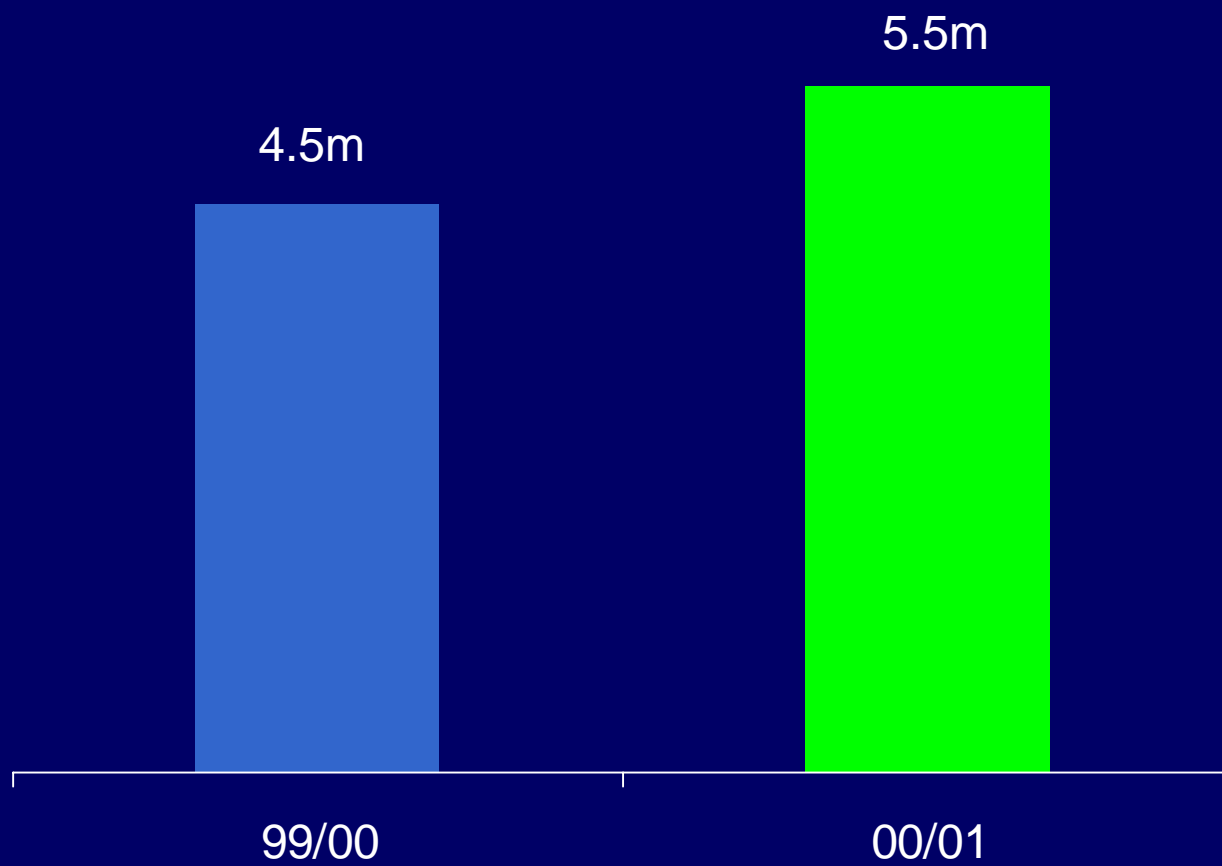


Key operational metrics

- 5.5m DTH customers
- 10% churn
- £313 ARPU

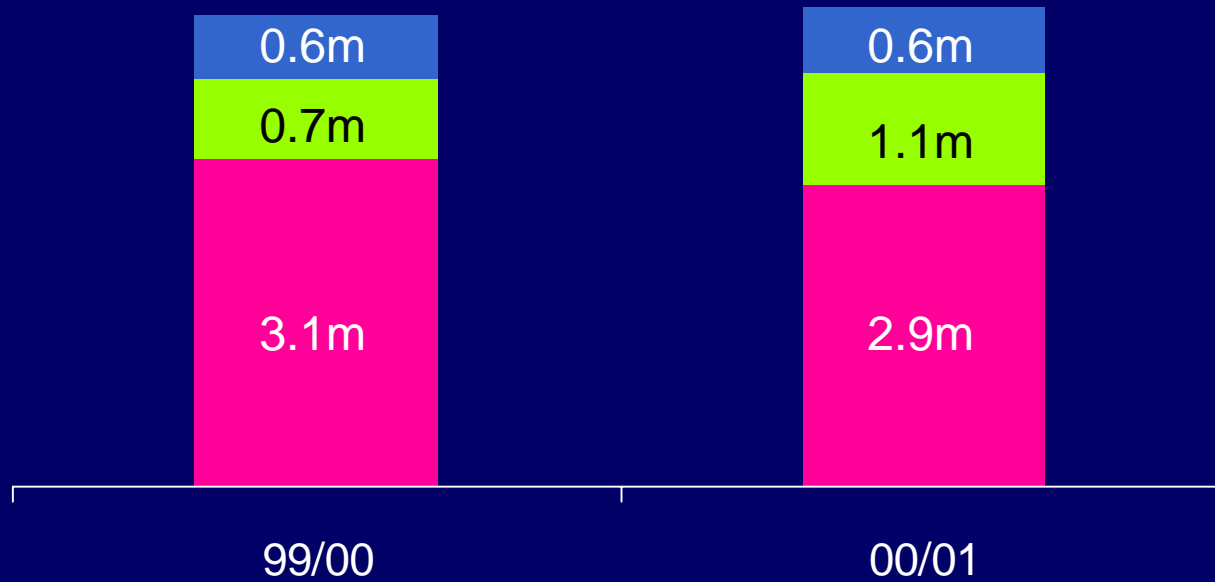
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DTH Subscribers



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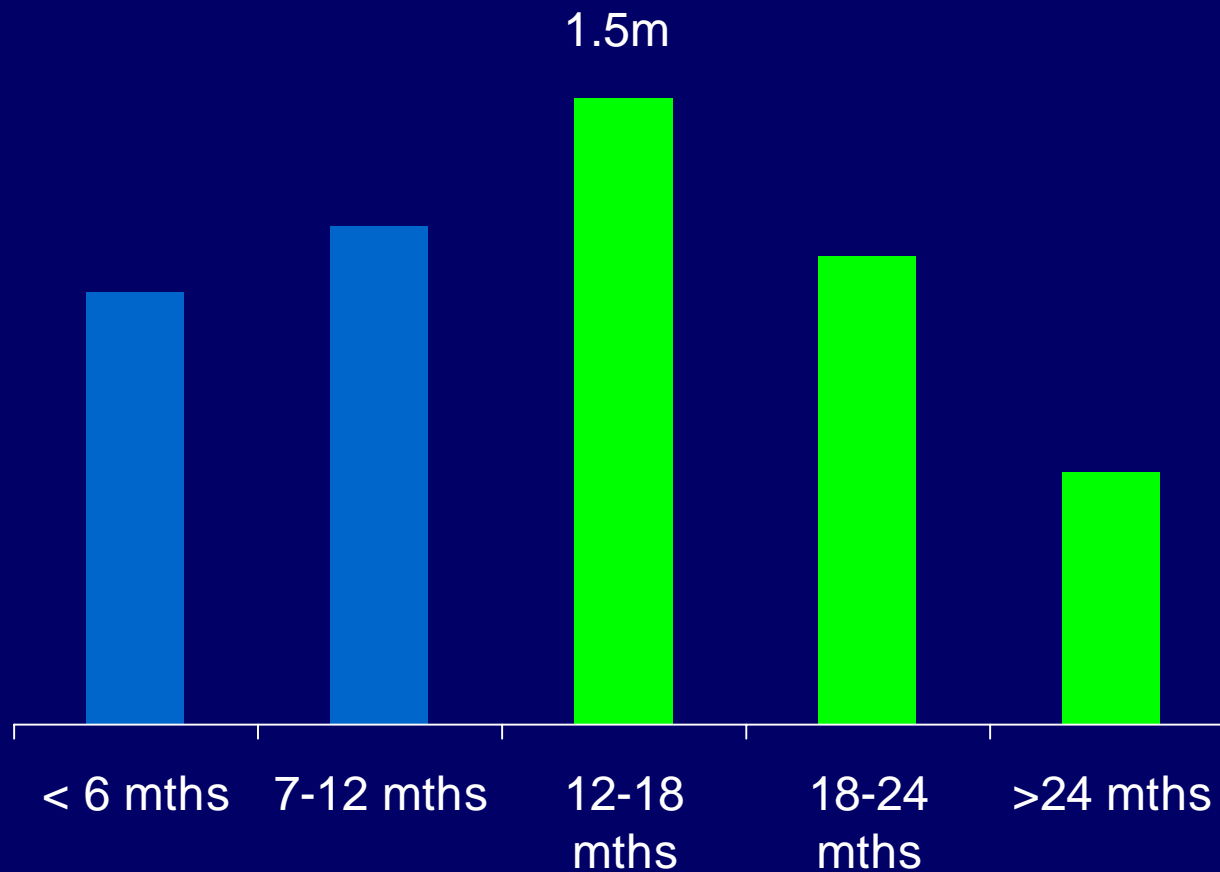
Wholesale Subscribers



■ Cable ■ DTT ■ EIRE

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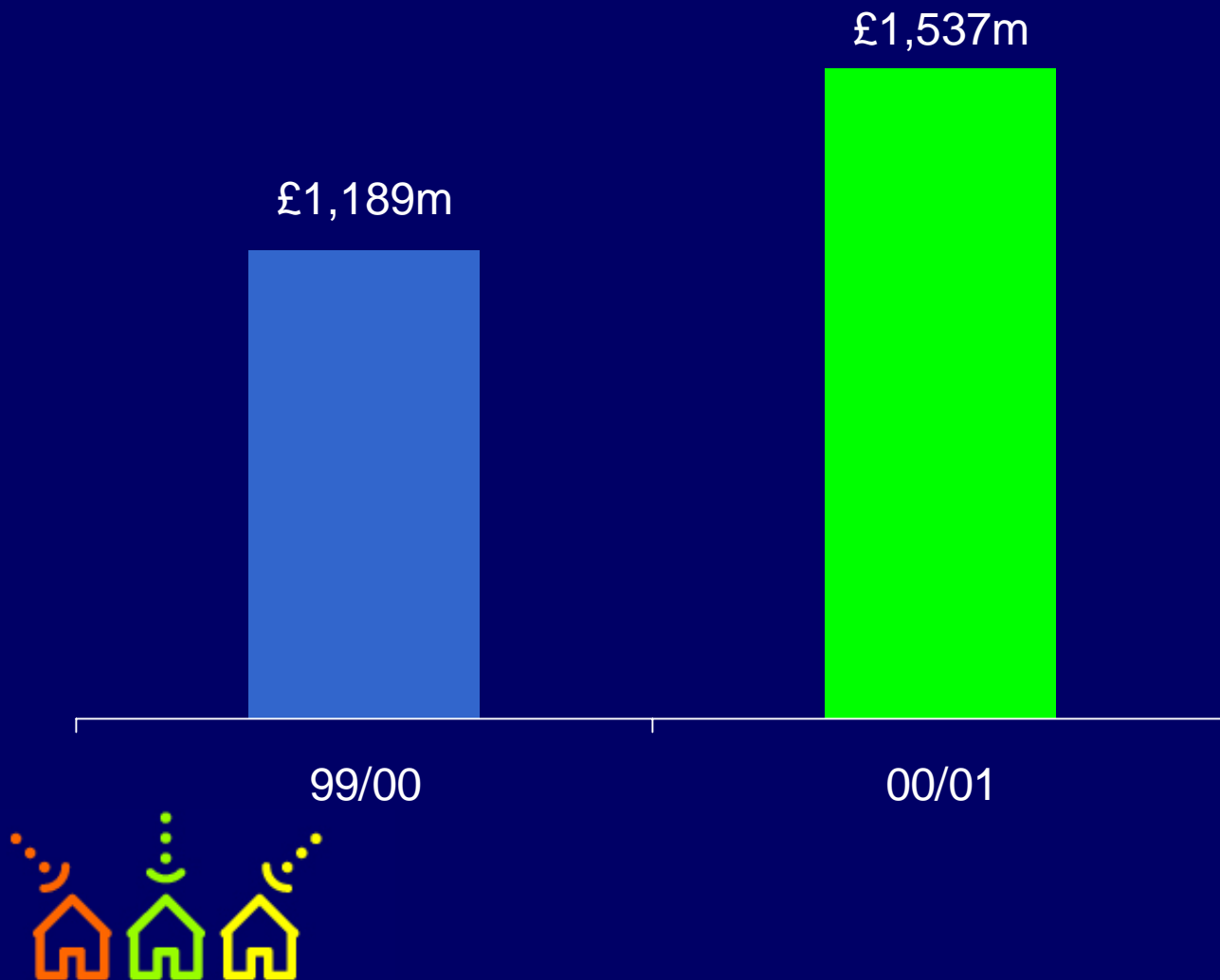
Subscriber Age Profile



Turnover

£m	1999/00	2000/01
DTH	1,189	1,537
Wholesale	303	299
Advertising	242	270
Interactive	5	93
Other	108	107
Total	1,847	2,306

DTH Subscription Revenue

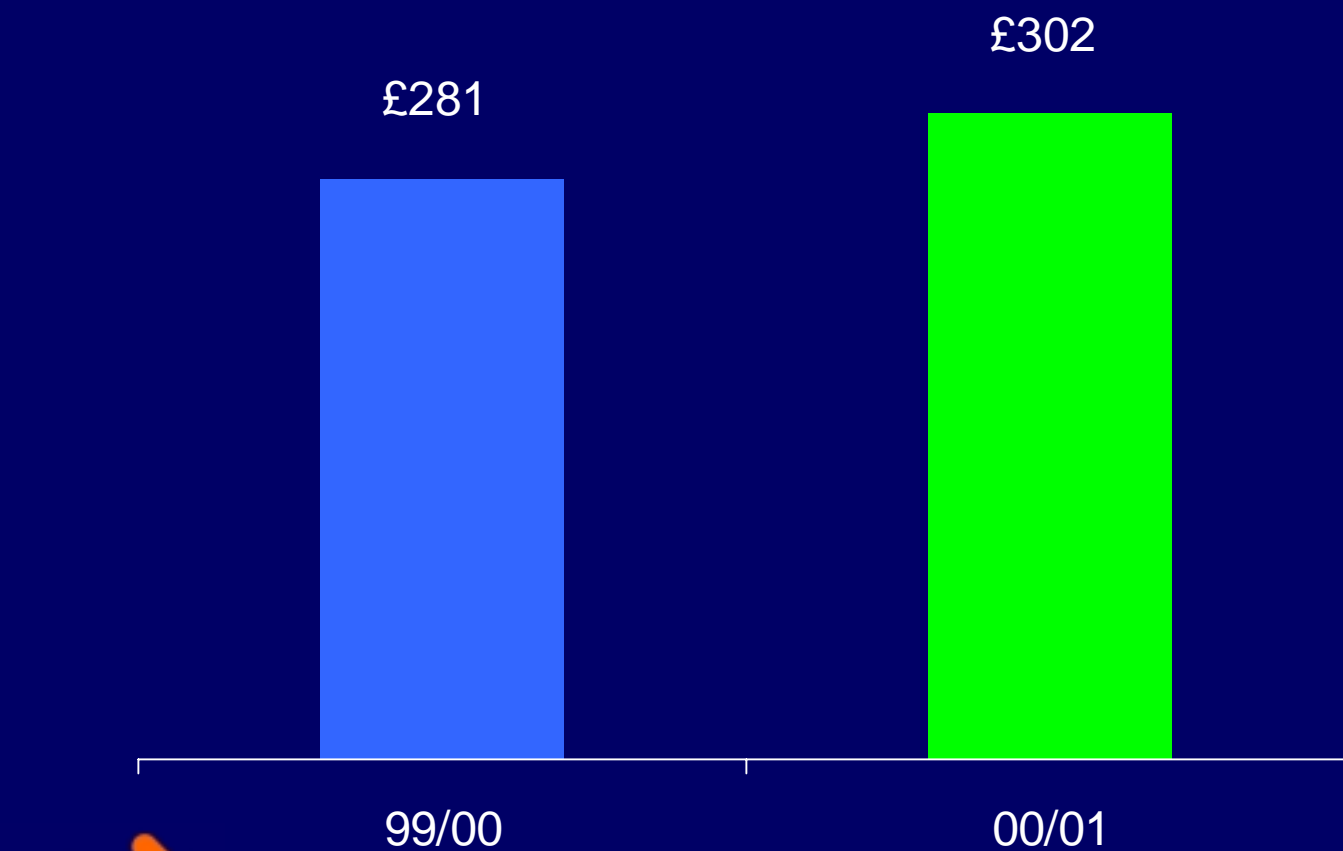


ARPU

£	2000/01
Core	302
Interactive	11
Total	313



Core ARPU



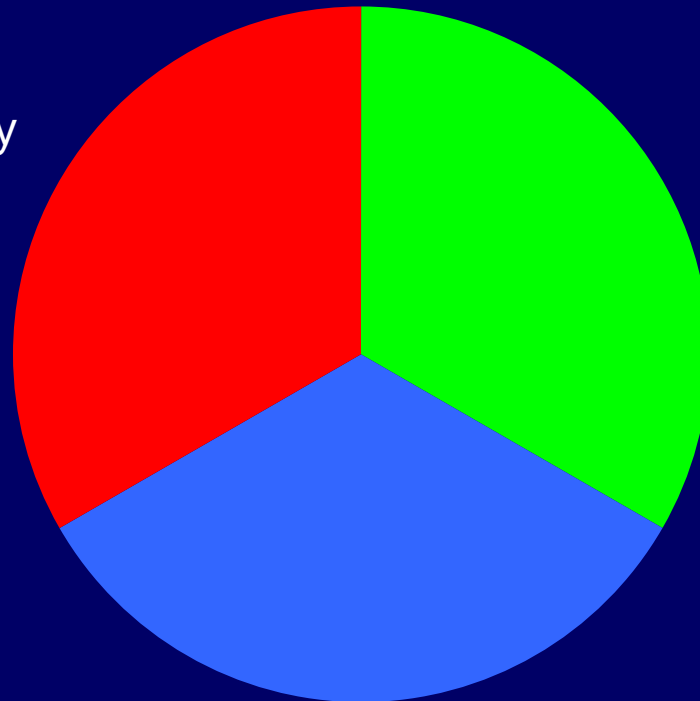
Interactive ARPU

£	2000/01
Transactional commission	1
Betting	1
Interconnect telephony	1
Advertising	2
Content provider	3
MC Co	3
Interactive (p.a.)	11



c.£50 Interactive ARPU in 2005

- Interconnect telephony
 - Quizzes
 - Voting
 - Games
 - E-mail



- Betting
- Interactive advertising
- Retail

- MC Co subsidy recovery



BiB



BiB

MC Co

- STB subsidies
- Subsidy recovery

Open....

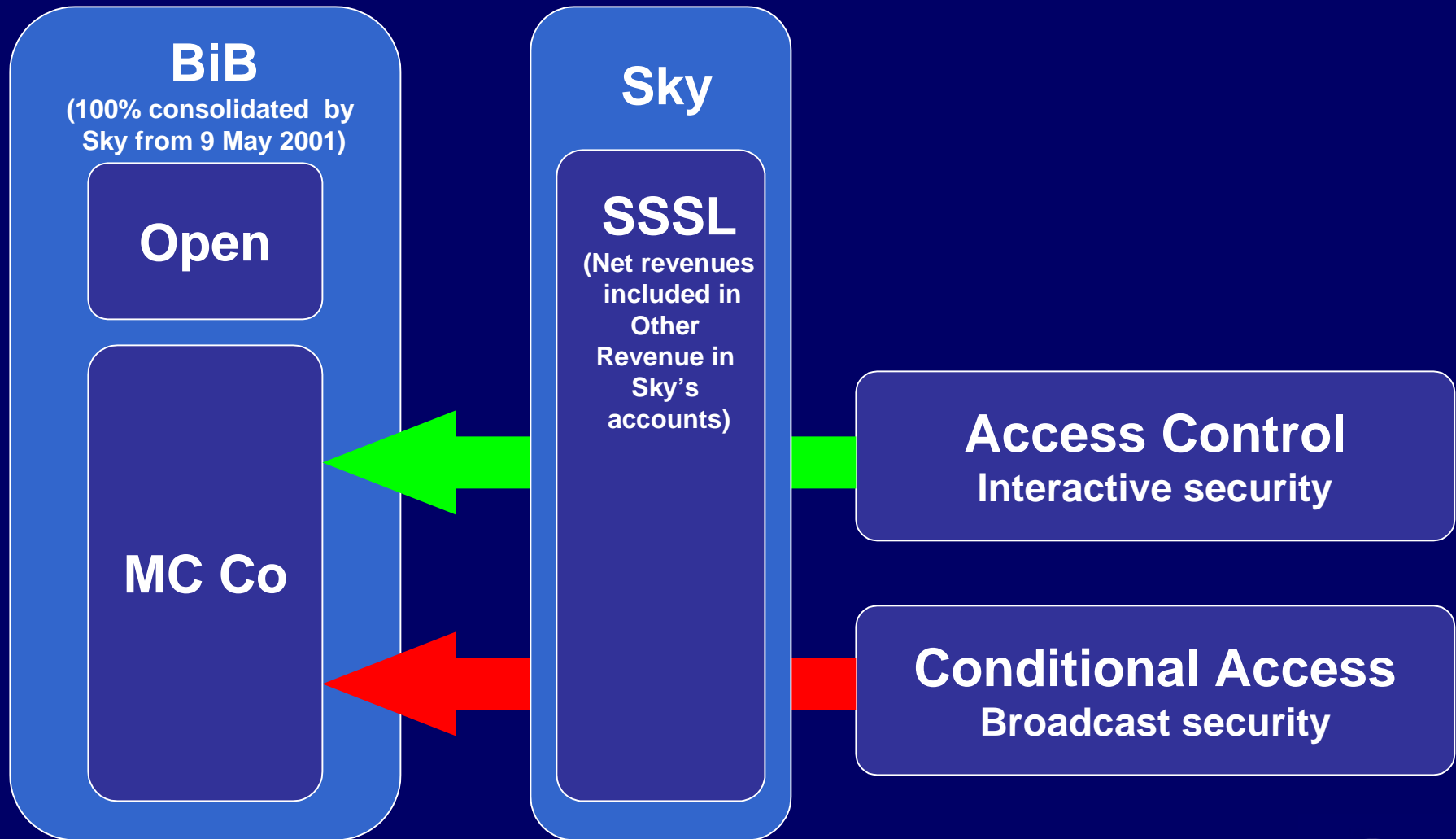
- Shopping mall
- Consumer brand
- E-commerce and communications

Expertise

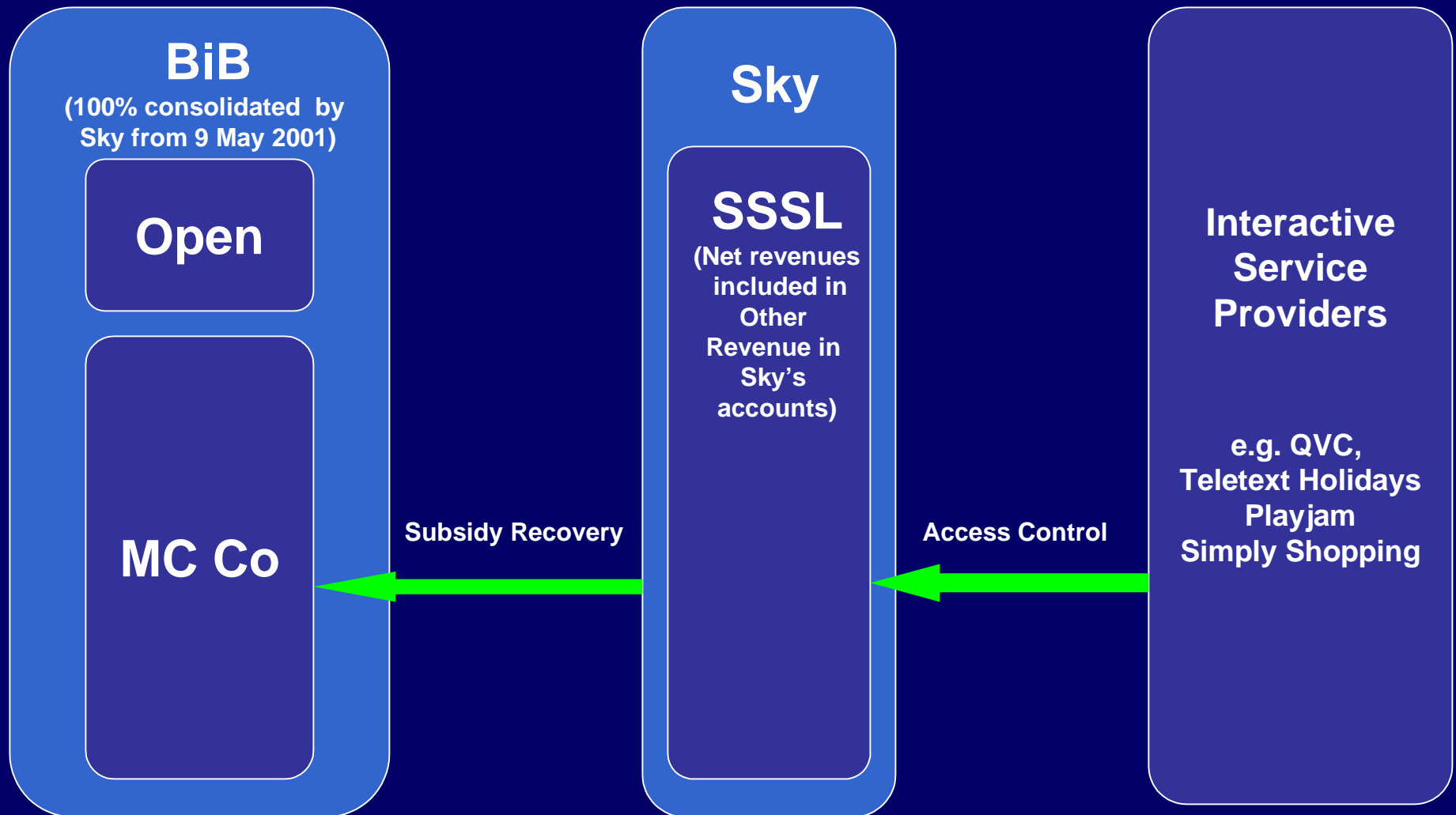
- People
- IP / technology
- Relationships

The logo for Sky, consisting of the word 'sky' in a white, lowercase, sans-serif font.

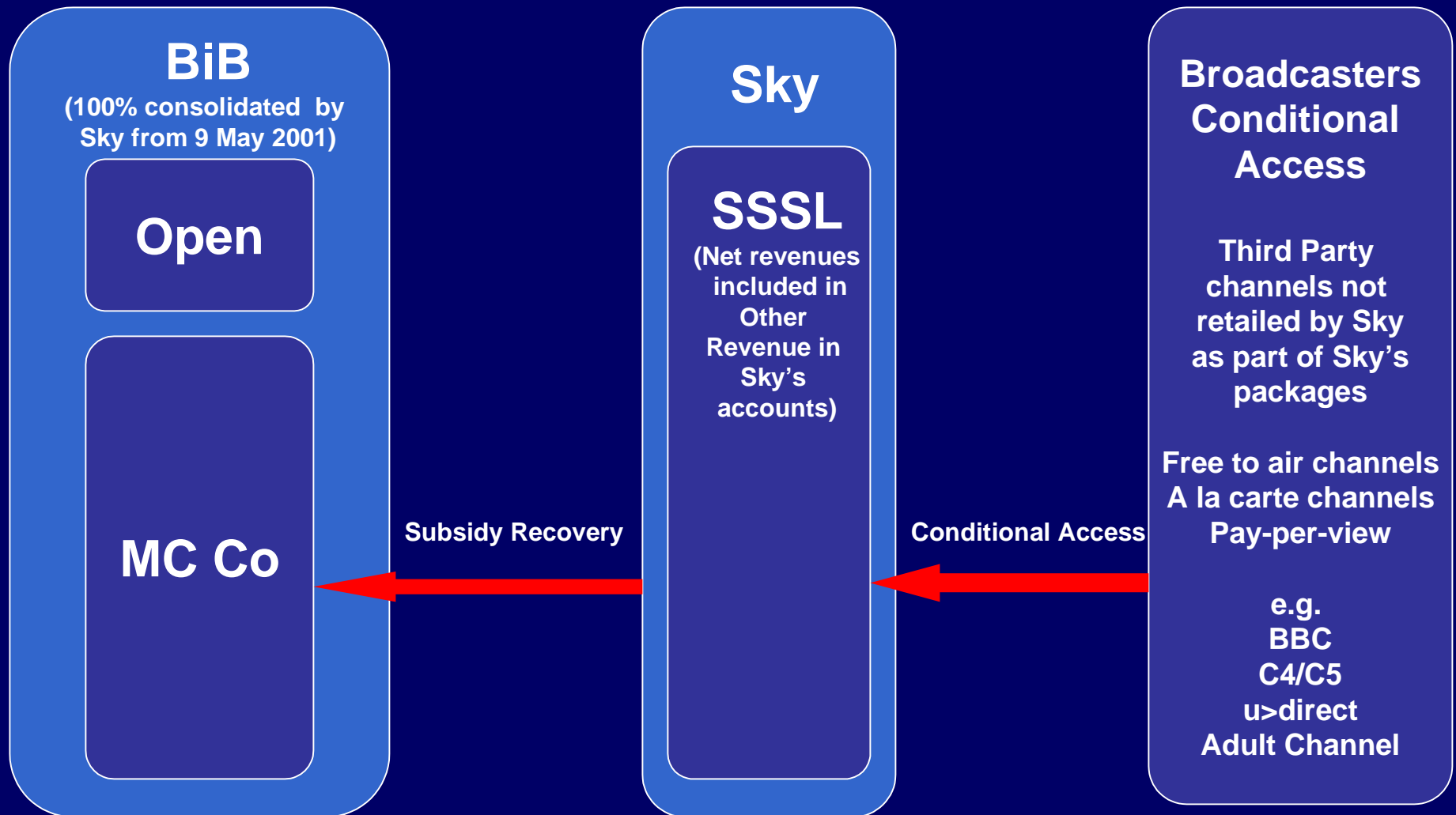
MC Co “Third Party” revenues



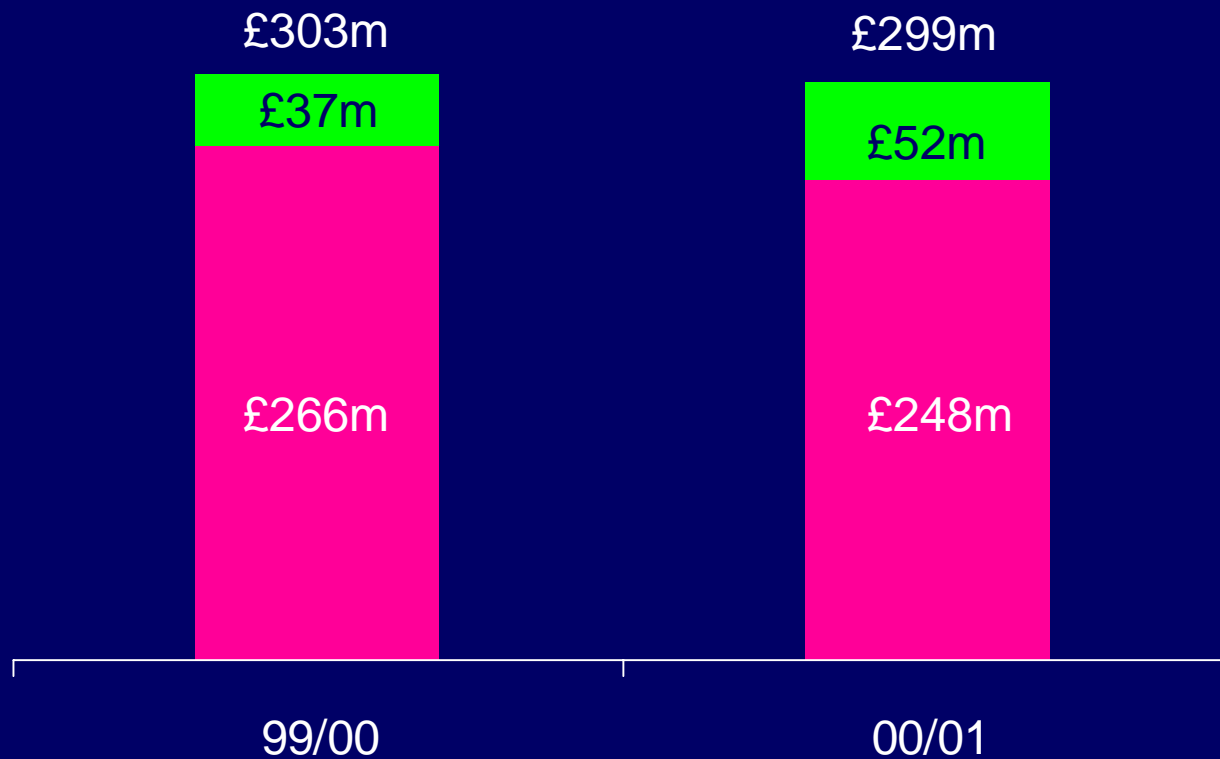
MC Co “Third Party” revenues - access control



MC Co “Third Party” revenues - conditional access



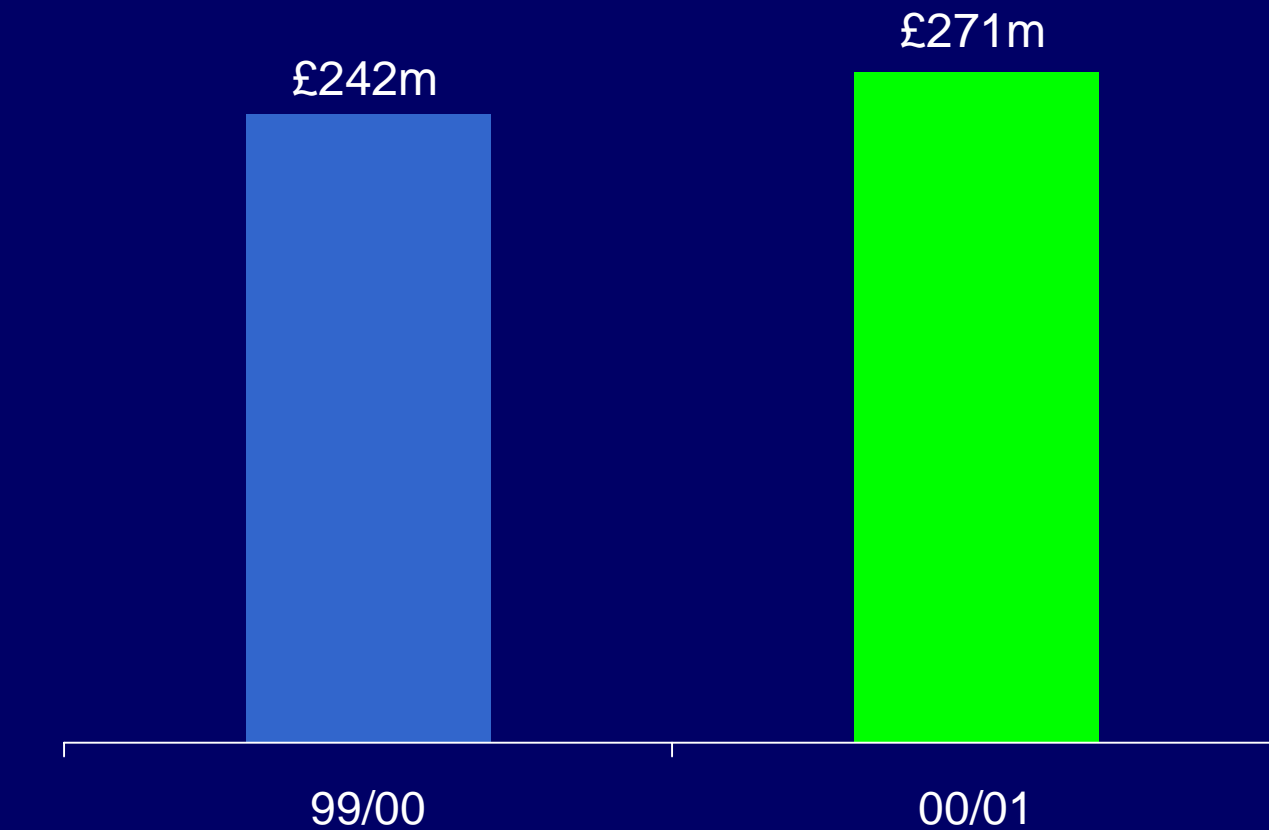
Wholesale revenue



■ Cable ■ DTT



Advertising Revenue



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Interactive Revenue





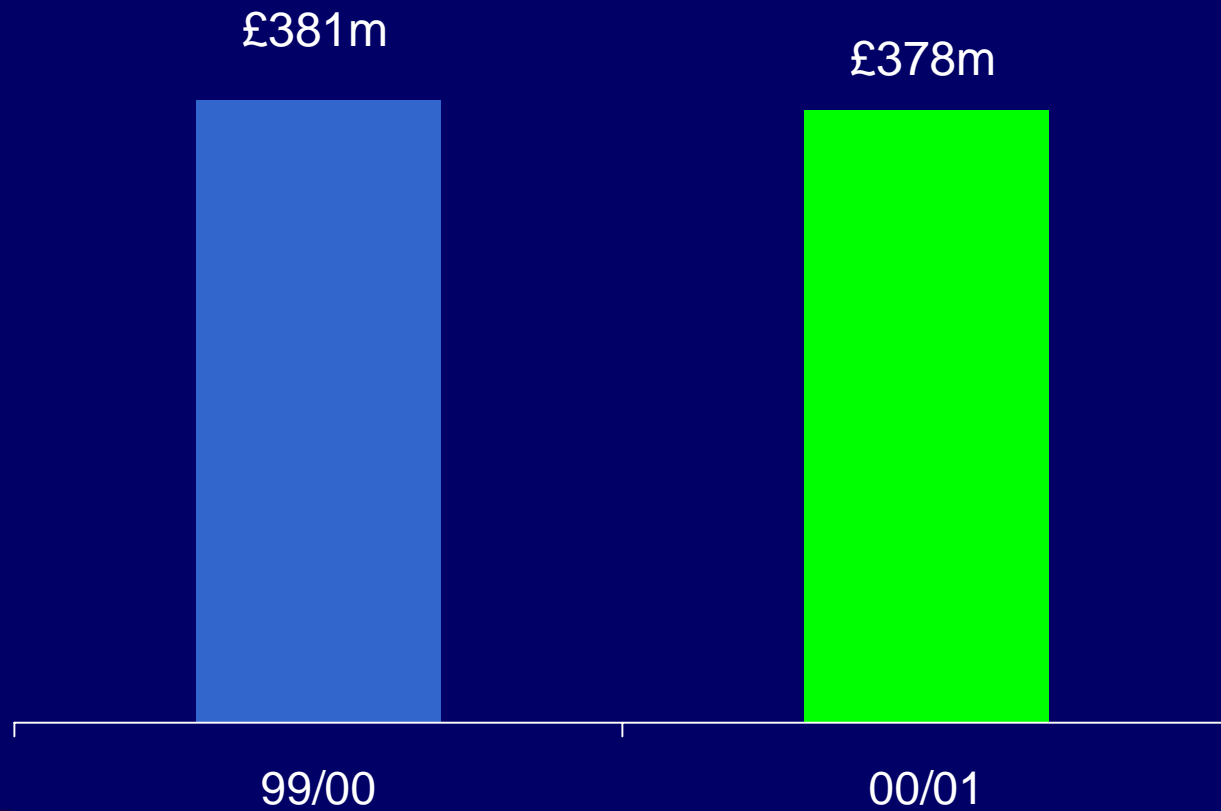
- £30m up front
- Technical / Licensee charges
- Strong brand
- New opportunities

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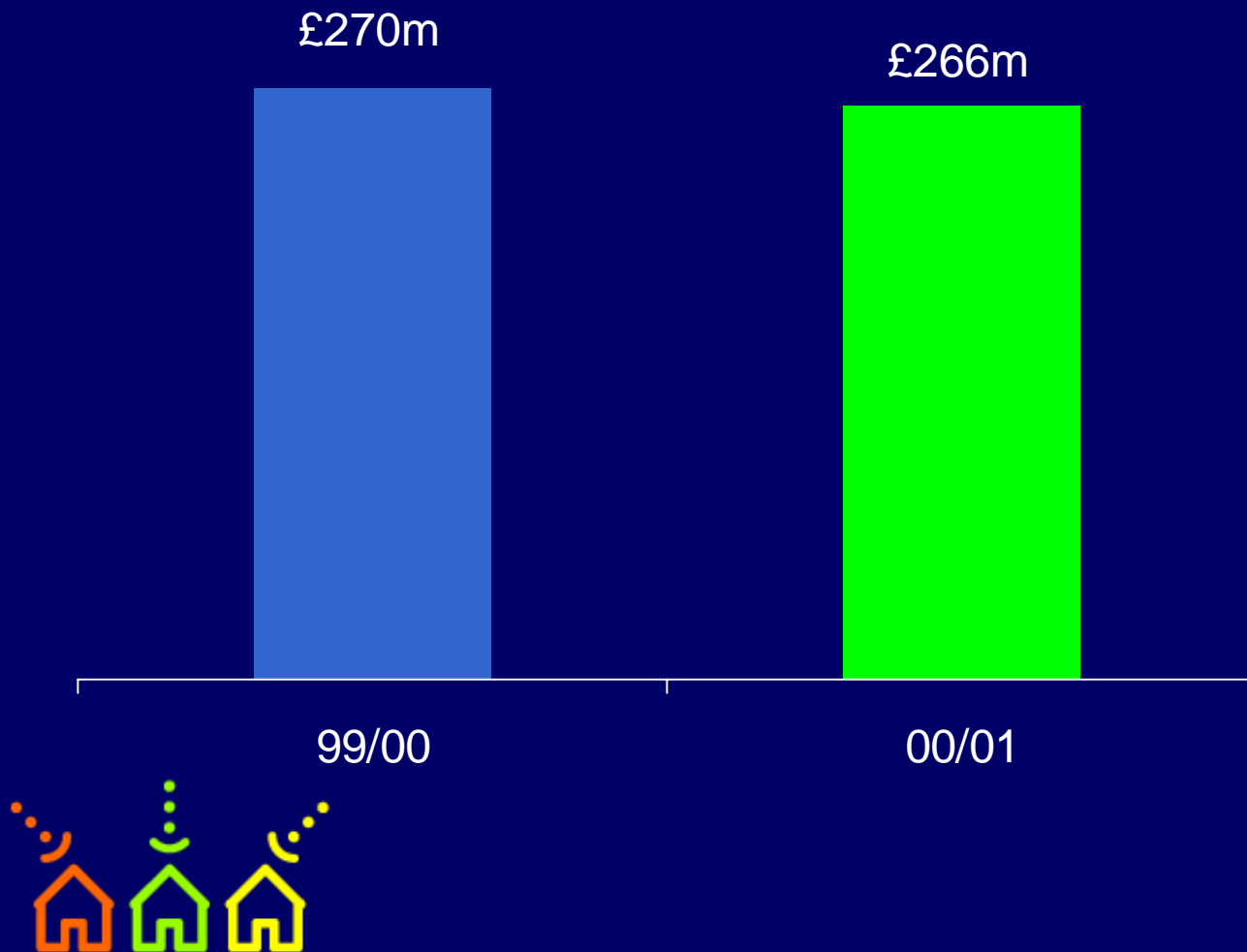
Programming Costs

£m	1999/00	2000/01
Sports	385	417
Movies	278	336
Third party channels	177	256
Entertainment	66	90
News & other	40	35
Total	946	1,134

Marketing costs



Subscriber Acquisition costs



Marketing Costs

£m	1999/00	2000/01
Acquisition	270	266
Retention	25	18
Above-the-line	47	42
Other	39	52
Total	381	378



Other Costs

£m	1999/00	2000/01
Subscriber Management	200	243
Transmission	105	129
Administration	130	187



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Interactive Costs

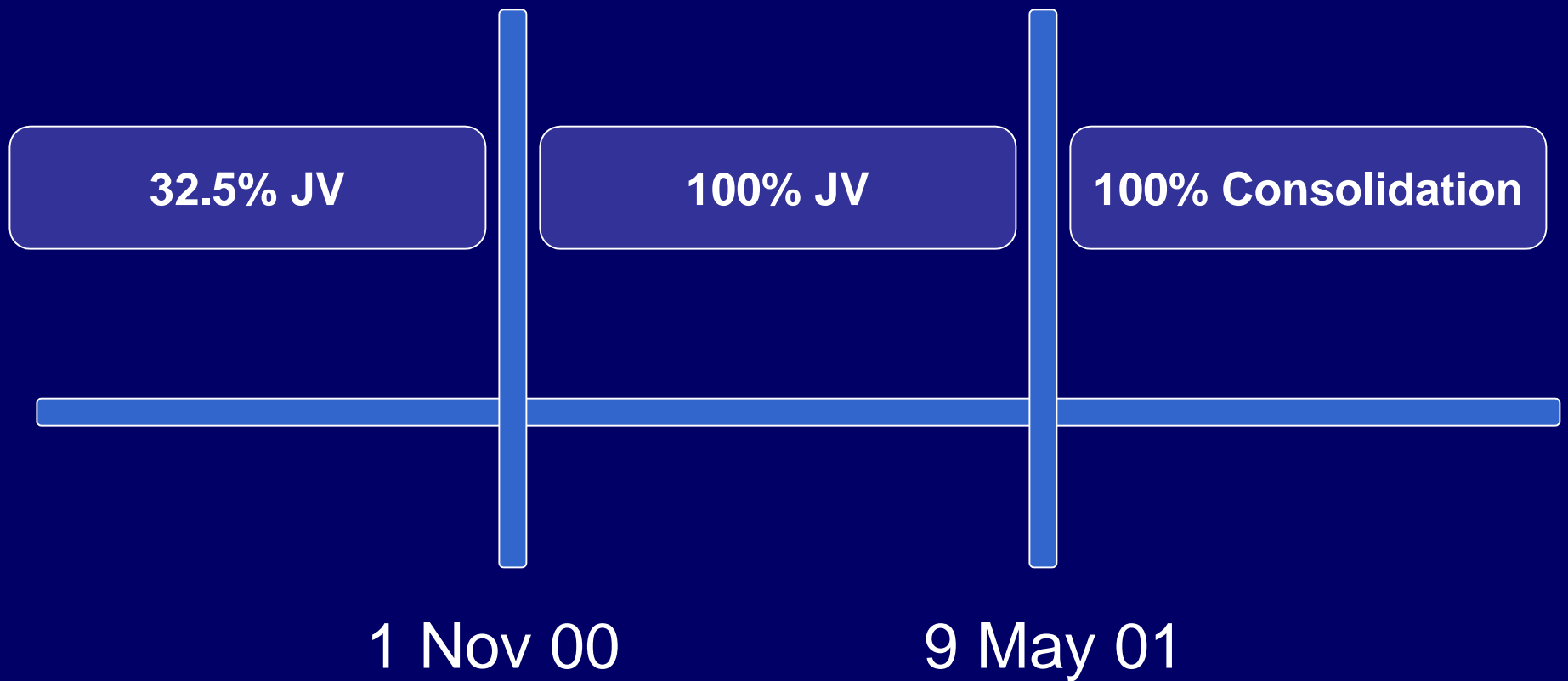
£m	2000/01
Programming	3
Transmission	16
Marketing	1
Administration	28
Gaming	75
Total	123

Operating profit before goodwill and exceptionals



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BiB time-line



Joint Ventures


£m	1999/00	2000/01
BiB	(99)	(119)
KirchPayTV	(11)	(116)
Sky Ventures	(11)	(4)
Total	(121)	(239)



Cashflow

£m	1999/00	2000/01
Operating cashflow	(233)	+39
Interest	(65)	(116)
Taxation	(24)	(16)
Capex	(58)	(133)
Joint ventures	(78)	(137)
Investments	(43)	(46)
Dividends	-	-
Share issue	+21	+7
Change in net debt	(480)	(402)
Net Debt	(1,145)	(1,547)

The logo for Sky, consisting of the word "sky" in a lowercase, white, sans-serif font.

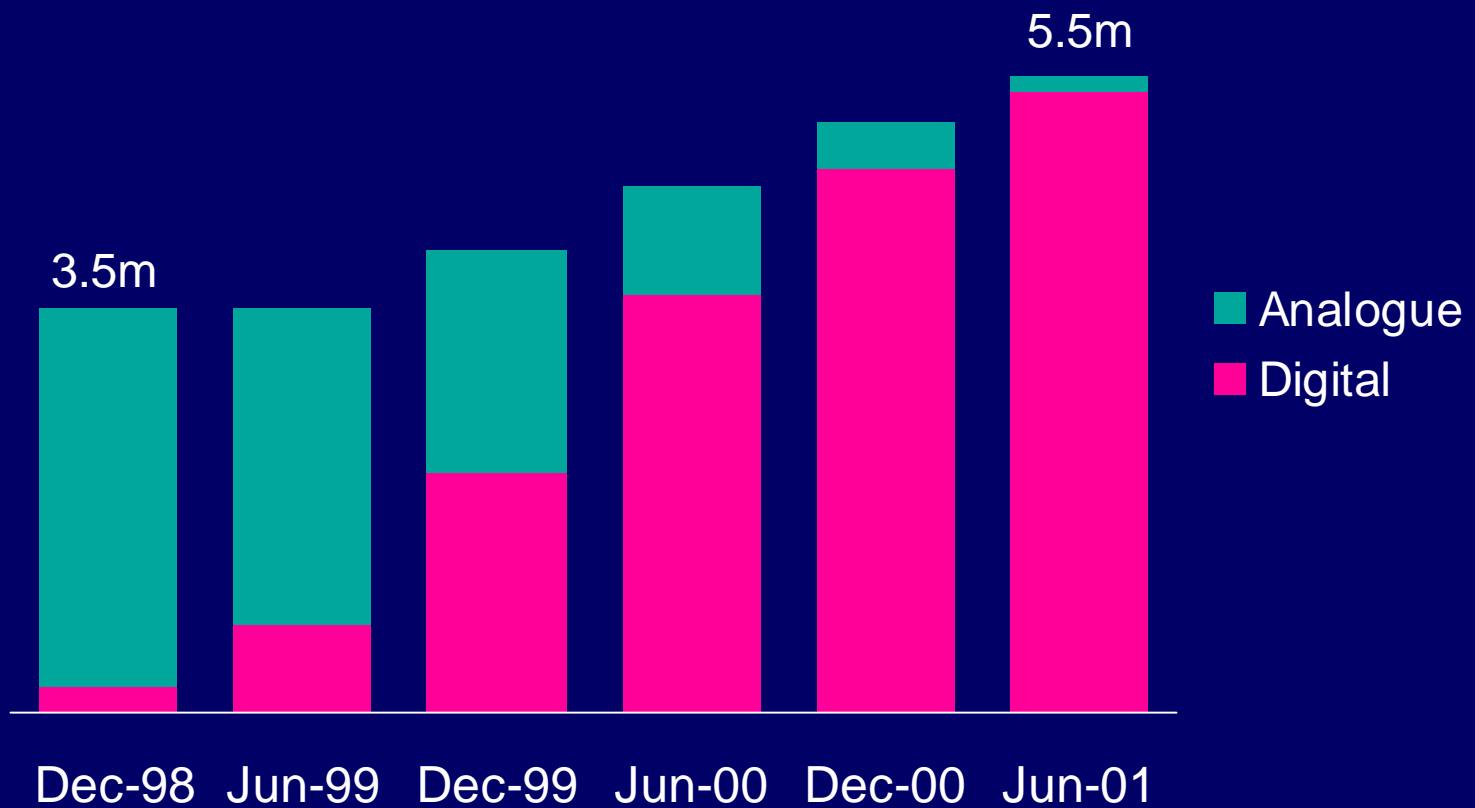
- 
- Accelerating profitability
 - Delivering on operating metrics



Tony Ball
Chief Executive Officer

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One million new subscribers



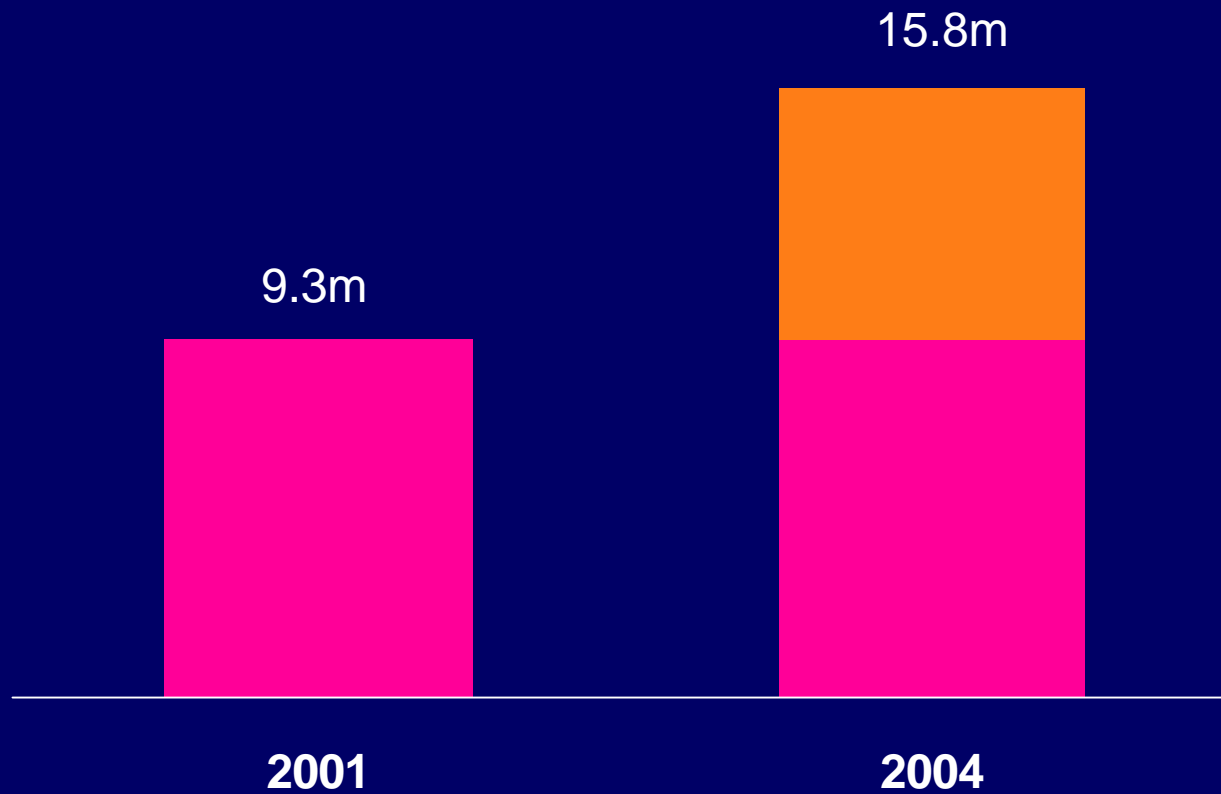
On track for 7m subscribers in 2003



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Continuing switch to digital

UK digital TV homes



Source: Zenith media

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The network effect



- Power of referral: 20% of new customers



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A new digital generation



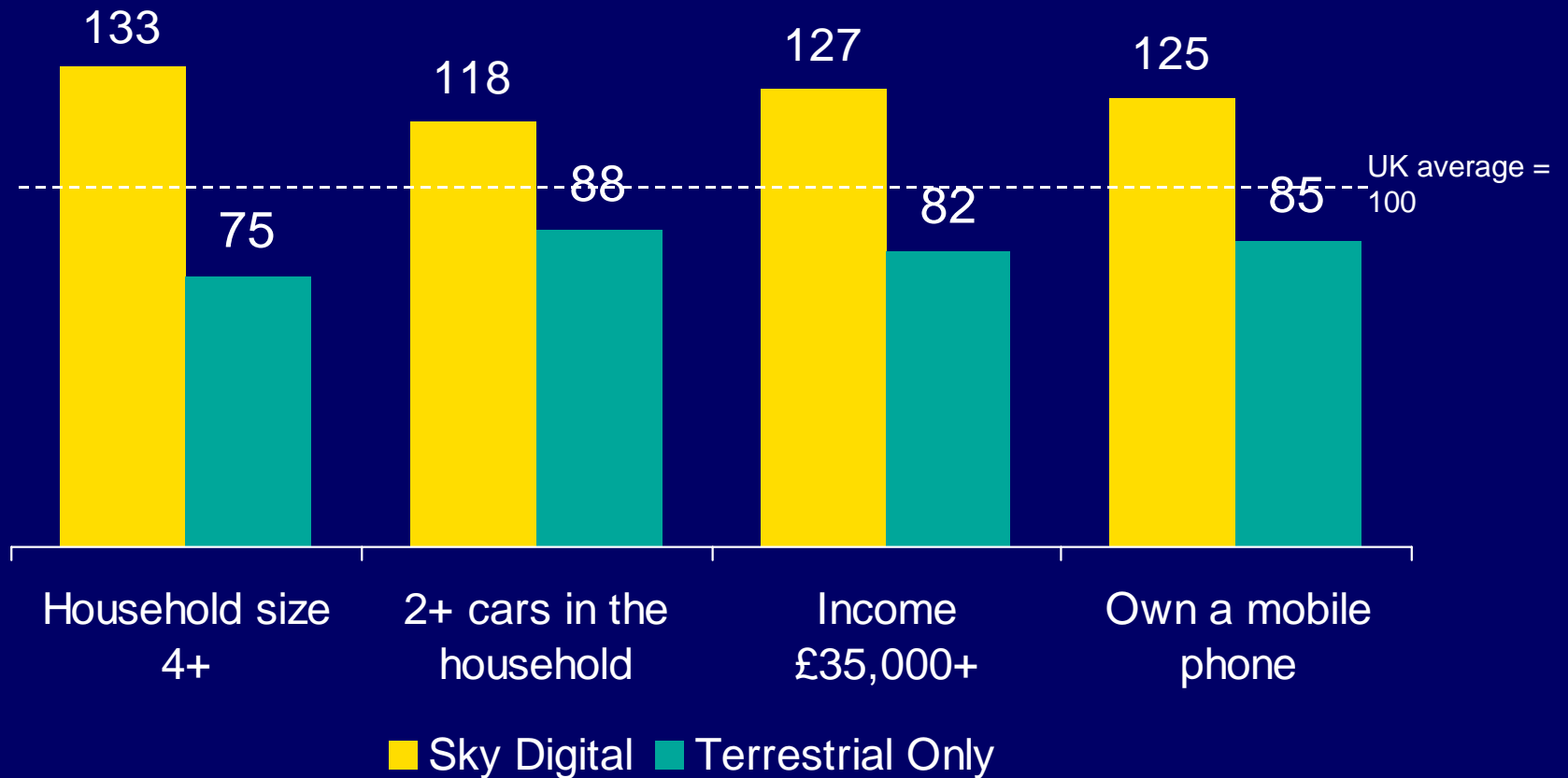
- 54% of teenagers have multi-channel TV



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Focus on quality

The best demographics



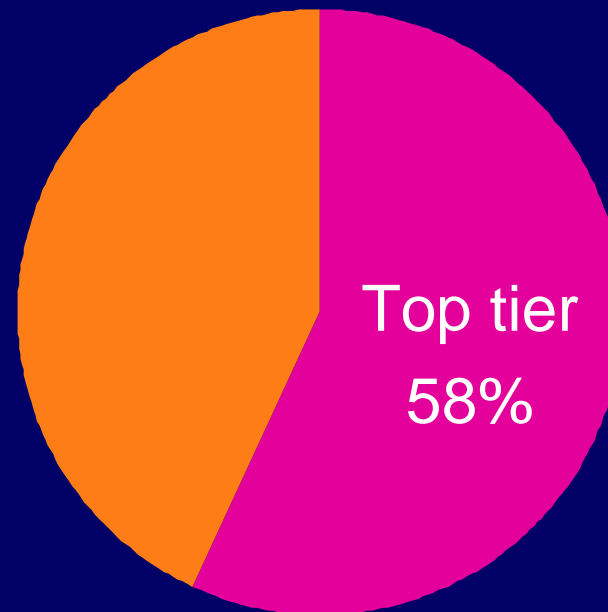
Source:TGI October 1999 - September 2000

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The right kind of customer



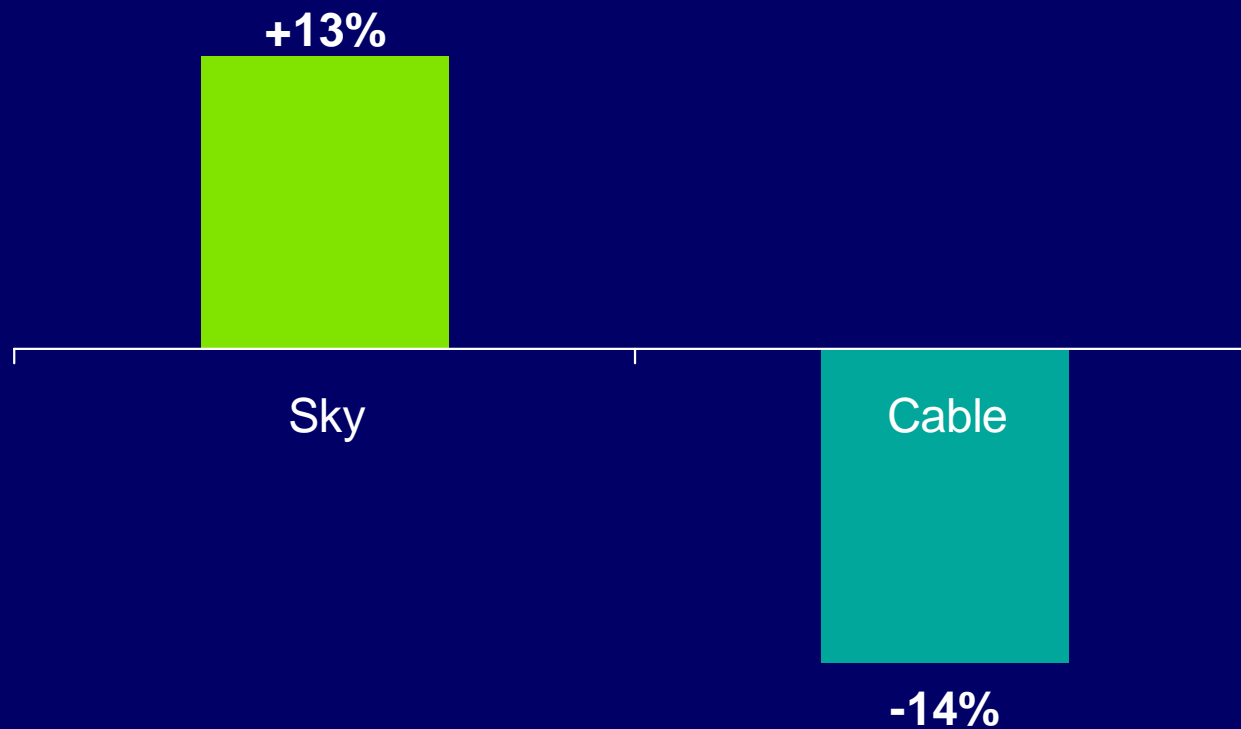
New additions in 2000/01



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Market trends

Change in core TV ARPU since launch of digital

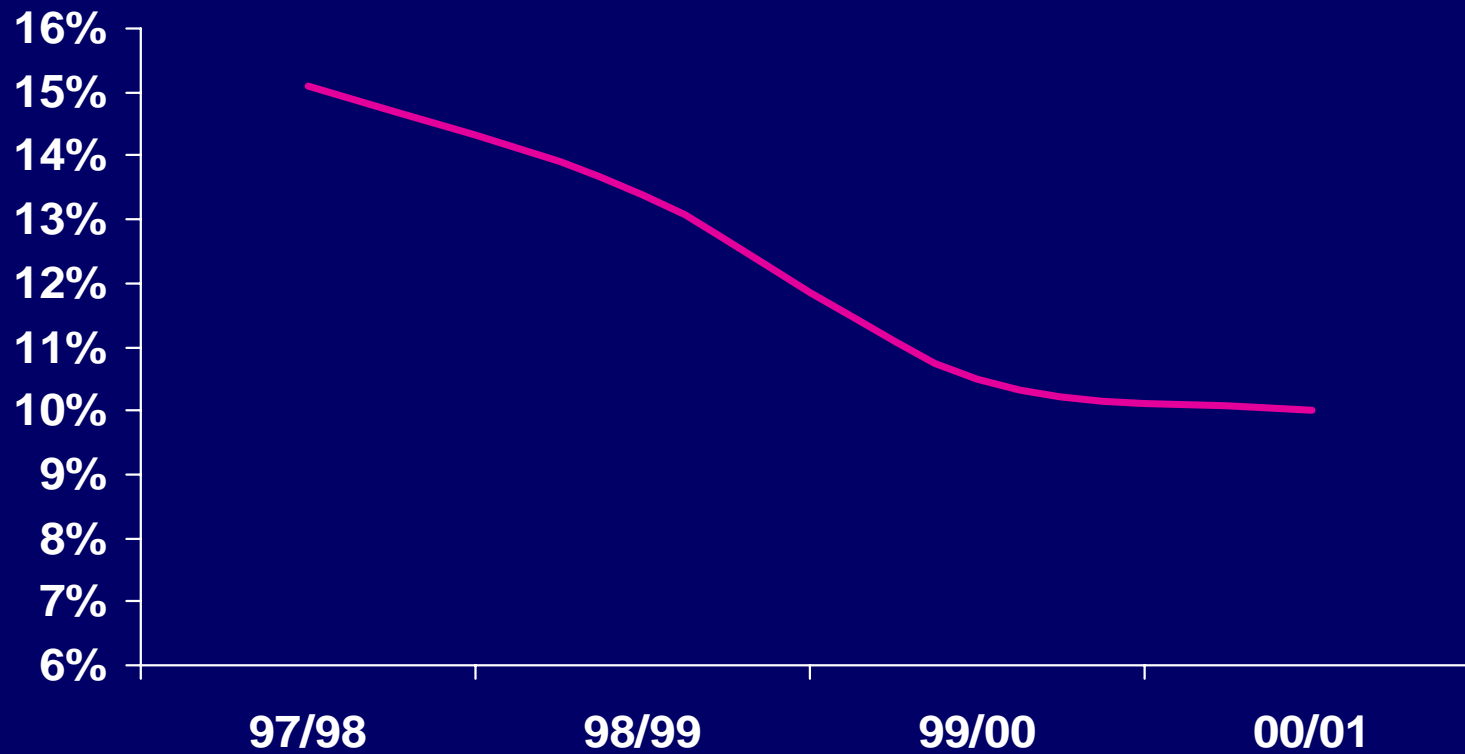


Source: Sky, ITC



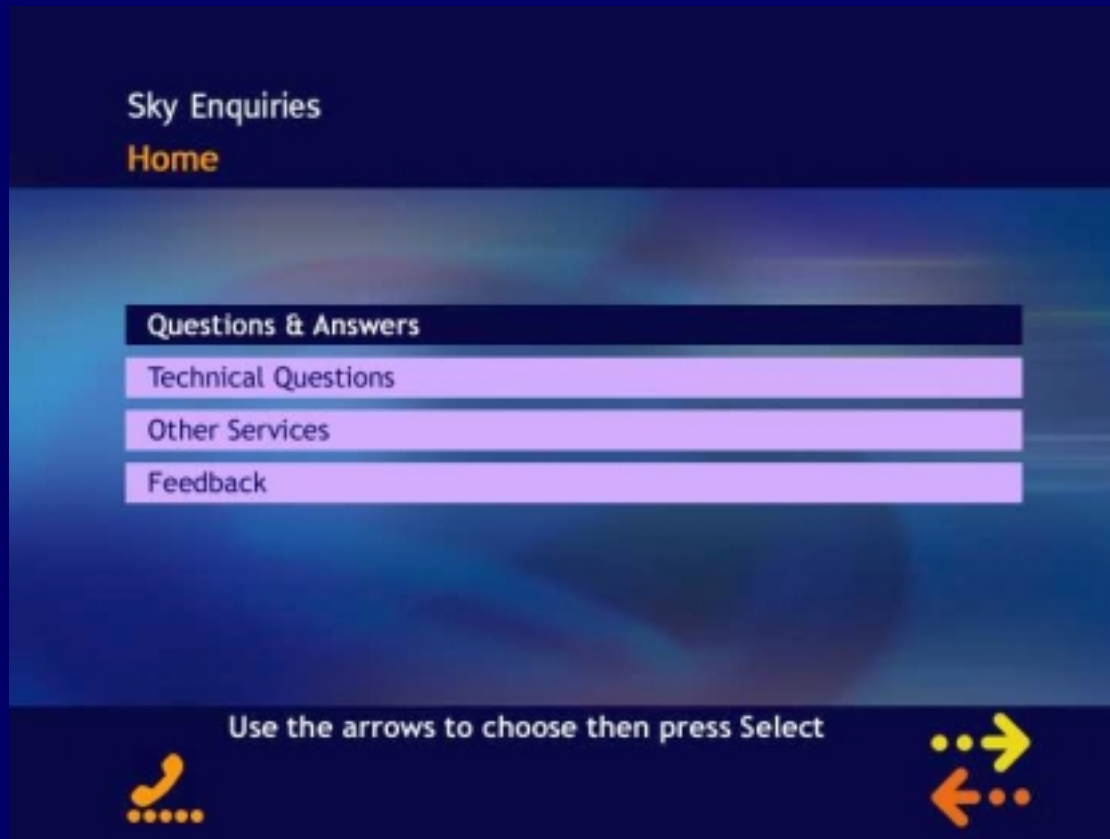
Churn - a new record low

No inflexion from recent price rise



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Continued improvements in CRM



Sky Enquiries

22 June 2001

■ Home

Mr I R Watton

Your Statement is divided into 4 sections below

Payment Details	£0.00
-----------------	-------

Monthly subscriptions and charges	£16.00
-----------------------------------	--------

Sky Box Office	£0.00
----------------	-------

Sky Talk	£25.78
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Total payment due	£41.78
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You need do nothing. Your bank account will be debited with the amount due on, or just after 14/05/01



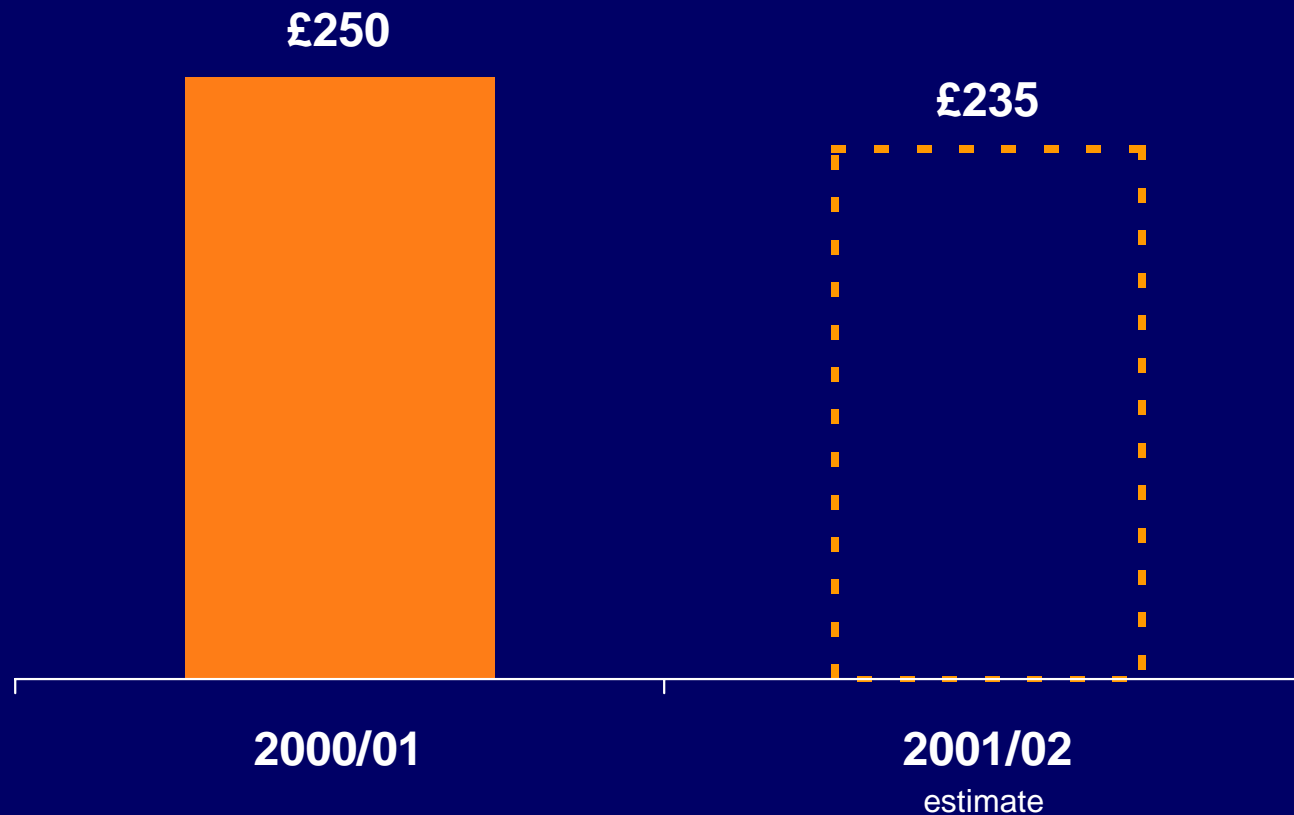
Connected to service

Local + 1p/min



Focus on profitability

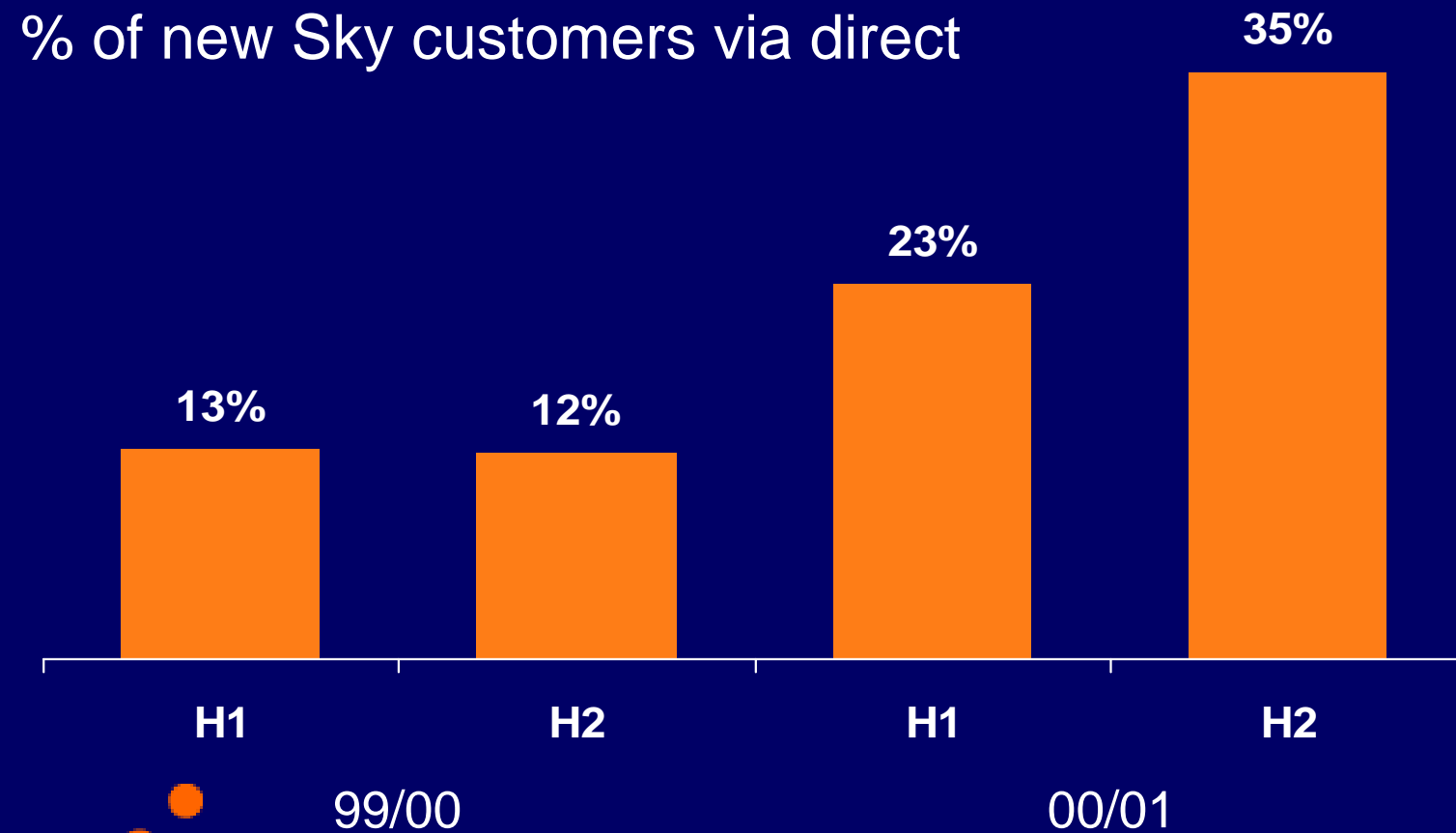
Drive to reduce subscriber acquisition cost



Focus on profitability

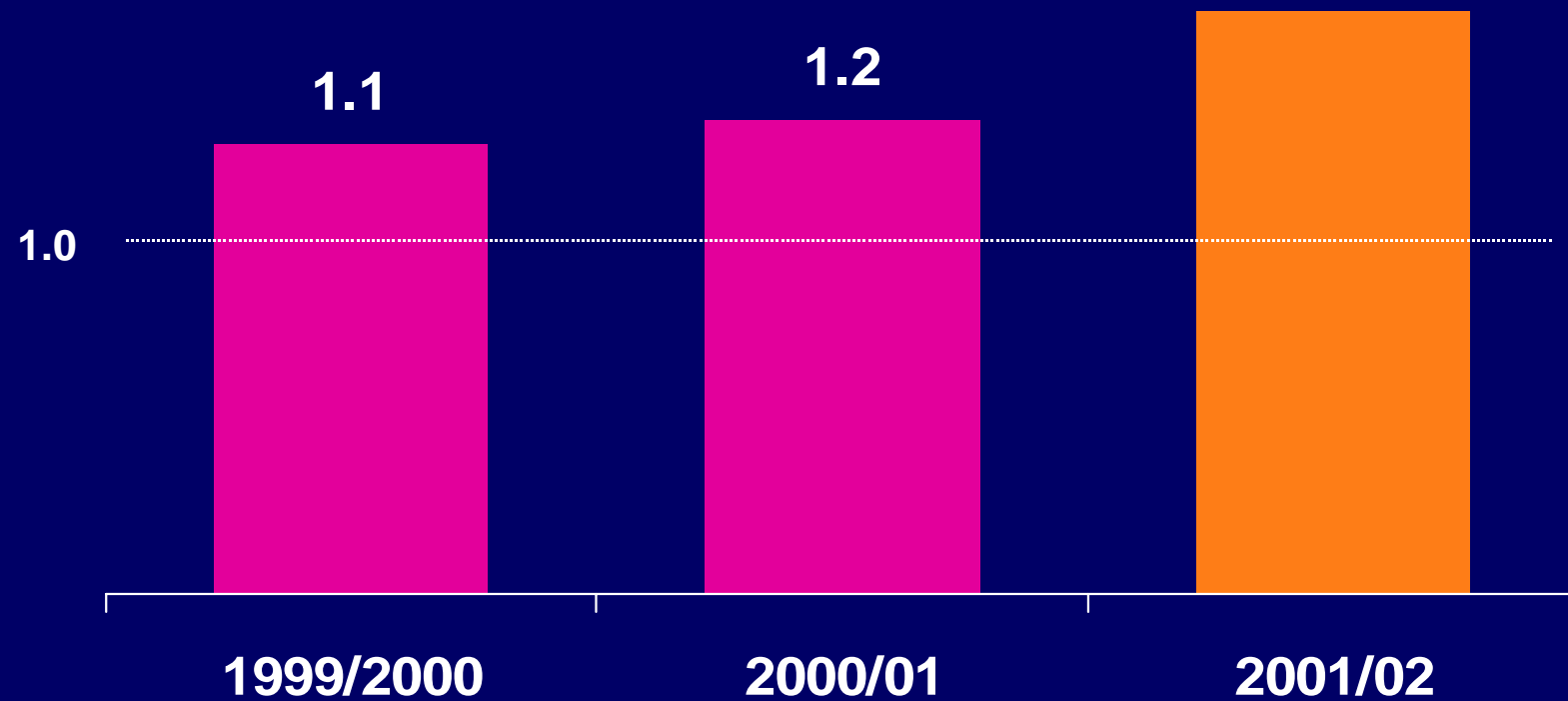
Continued emphasis on direct sales

% of new Sky customers via direct



Acquiring profitable subscribers

ARPU / SAC ratio





Exceeded £300 ARPU target

New services to deliver future
ARPU growth

- Sky+
- Second STB service
- Premiership Plus

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Sky+



- Premium service
- £300 retail - no subsidy
- 60,000 expressions of interest



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sky
guide 10.09pm Fri 20
SKY+ PLANNER

Free 70%

Buffy the Vampire Sla..	RECORDED	Sky One	
Buffy the Vampire Sla..	RECORDED	Sky One	
The Gene Hunters	RECORDED	National Geo	
EastEnders	RECORDED	BBC ONE	
Single Girls	RECORDING	Sky One	
The Royle Family	Sat 9.00pm	UK Gold	
Reps In Ibiza	Sun 10.00pm	Sky One	

Copy

Delete

Keep

Press **SELECT** to view

Second STB service

- Mirror existing subscription
- £12 per month
- Buy or rent box
- Most requested feature



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- 40 PPV games
- 70,000 season tickets sold



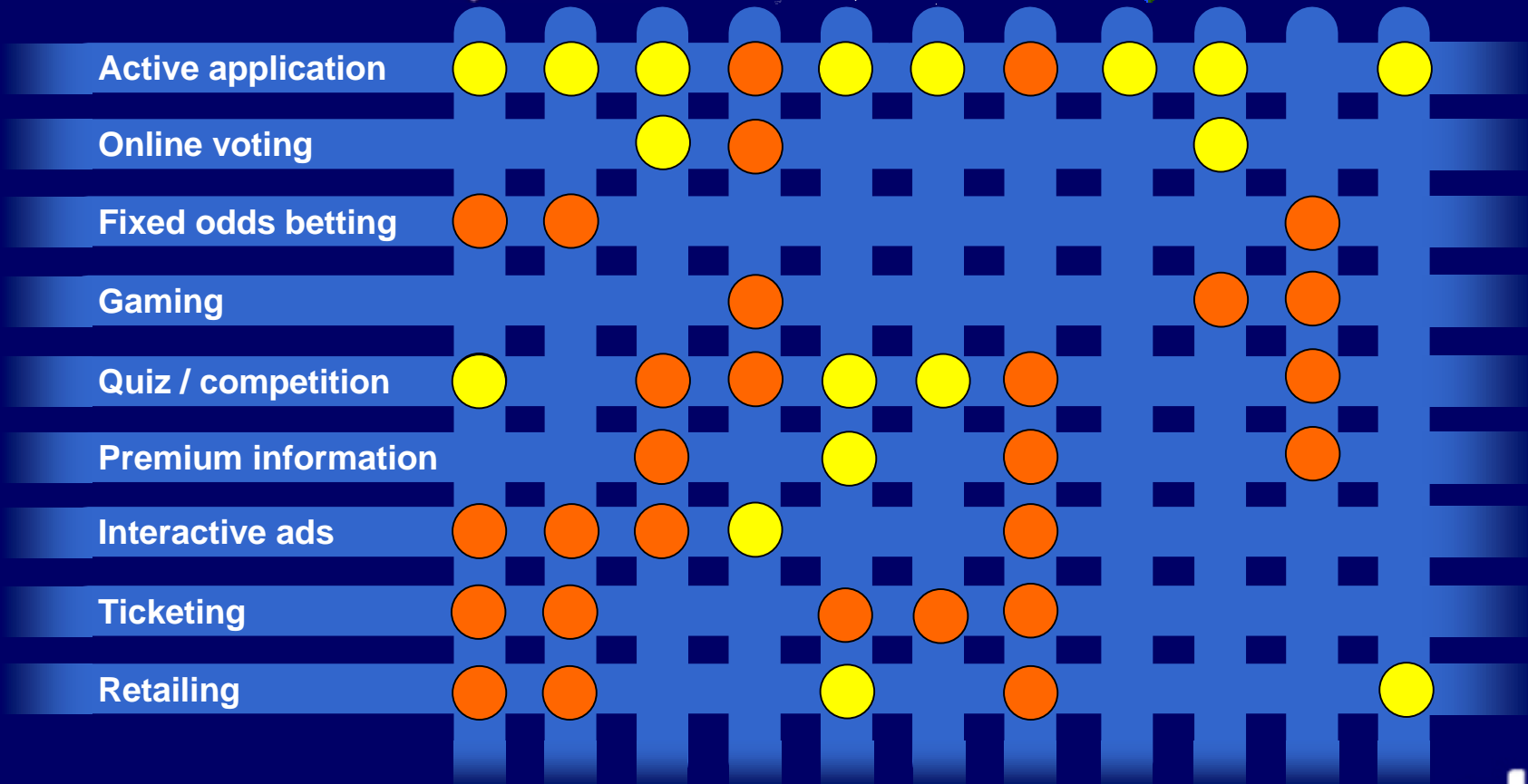
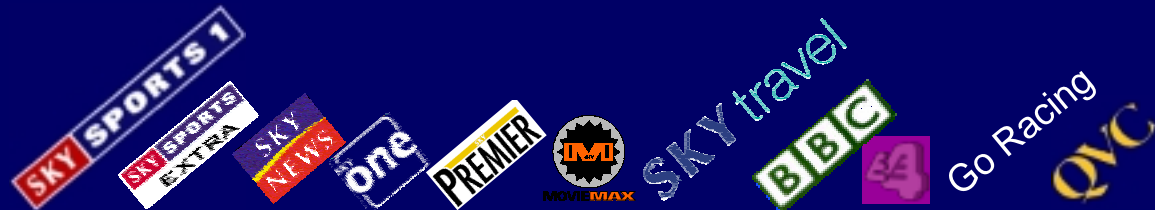
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Interactive ARPU

- £11 interactive ARPU:
22% of 2005 target

Interactive ARPU



● live now
 ● planned



Interactive ARPU

SKY SPORTS QUIZ

RUGBY HISTORY

Who while playing soccer at Rugby School of England in 1823, picked up the football?

William Webb Ellis ✓

Edward 'Fastbuck' O'Halan

Joe 'The Knife' McCritty

SELECT to choose

BACK UP to return

GAME COUNTER

✓ ✓ ○ ○ ○ ○

SKY SPORTS

Interactive ARPU

WATCH VIDEO NEWS 1

READ ELECTION 2

NEWS/SPORT 3

MONEY 4

WEATHER 5

choose a number



Today's Vote

The Prescott punch - did he do the right thing?

yes	no
60%	40%

Press 1 for today's vote

◀ prev next ▶

BACK UP: menu, 0: Sky News

15:41 **LATEST**

SKY NEWS Police defend security for John Prescott's visit to Wales which ended in street fracas

sky.com/news



Interactive ARPU



Tetris

- 73% of Sky customers have played games
- 2.7 million paid-for Tetris plays since April

BIG BROTHER



Sponsored by



◀▶ next feed BACK UP- more

● TODAY'S QUESTION

Live B



You Selected
Josh

VOTE NOW!

Calls cost 25p
inc 5p to Shelter,
Community Self-Build
& Kids Company

Press SELECT to Vote

BACK UP to cancel

day **50** After dinner Paul & Helen had a dip in the hot tub &
Brian & Josh played in the lounge.

channel4.com/bigbrother



Delivering on

- ✓ subscribers
- ✓ ARPU
- ✓ churn

Sky's content proposition

Entertainment



Sport



Movies



News & Docs



PPV



x60

Sky Ventures



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- Most watched non-terrestrial channel in UK
- More original programming
- 15% premium to ITV CPM's



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- Highest rating 24-hour news channel
- 5.6 million Election reach
- Election night coverage 3x BBC News 24



SKY
PREMIER

SKY
cinema



sky 9.02pm Fri 20
guide MOVIES

	Today	9.00pm	9.30pm	10.00pm
301 Sky Premier		Onegin		Blade
302 Sky Premier 2		Bowfinger		
303 Sky Premier 3		She's All That		
304 Sky Premier 4		EDtv		
305 Sky Premier WS		Blue Streak		Eyes Wide..
308 Sky Moviemax		Monster!		
309 Sky Moviemax2		Jawbreaker		The Faculty
310 Sky Moviemax3		The Blair W..	Scream	
311 Sky Moviemax4		Deadlocked		
312 Sky Moviemax5		Your Dead		

■ Page Up ■ Page Down ■ +24 Hours ■ -24 Hours
Press **SELECT** to view

- Increased share of viewing
- All 6 major studios



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SKY SPORTS 1
SKY SPORTS 2
SKY SPORTS 3

SKY SPORTS
EXTRA

SKY SPORTS
NEWS



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Conclusion

- ✓ On track for long term targets
- ✓ Continuing subscriber and revenue growth
- ✓ Increasing profitability
- ✓ Positive free cash flow

