press release

13 May 2003

BRITISH SKY BROADCASTING GROUP PLC
Results for the nine months ended 31 March 2003

- Net DTH subscriber growth of 150,000 in the quarter to 6.7 million
- DTH revenue increases by 23% to £1,726 million
- Advertising revenue increases by 15% to £204 million
- Operating profit before goodwill and exceptional items increases by 96% to £254 million
- Operating cash inflow of £396 million
- Profit before tax, goodwill and exceptional items of £165 million

Tony Ball, Chief Executive of British Sky Broadcasting Group plc, said:

"We are reporting another strong set of results today. In what is normally a quiet period we have delivered healthy subscriber growth and an operating profit which has almost doubled year on year, thanks to strong revenue growth and sustained cost control. We remain on track to hit all of our targets."

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A conference call for analysts will be held at 8.30 a.m. (BST) today. To register for this, please contact Diane Barnes at Portland PR on +44 20 7404 5351. In addition, a live webcast of the call will be available (in listen only mode) on Sky's corporate website (www.sky.com/corporate).

There will be a separate conference call for US analysts at 10.00 a.m. (EST) today. Details of this call have been sent to US institutions and can be obtained from Nikki Sheridan at Taylor Rafferty on +1 212 889 4350.

OPERATIONAL REVIEW

At 31 March 2003 the total number of direct-to-home (DTH) digital satellite subscribers in the UK and Ireland was 6,712,000. This represents a net increase of 150,000 in the three months to 31 March 2003 ("the quarter") and keeps Sky comfortably on track to achieve its target of 7 million subscribers by the end of the calendar year. Including both cable and estimated digital terrestrial homes from BARB, at least one or more of Sky's channels are now distributed to 12 million homes in the UK and Ireland.

DTH churn for the year to date (annualised) fell to 9.3%, a new record low level of total churn achieved despite the price rise in the quarter.

The annualised average revenue per DTH subscriber (ARPU) in the quarter was £364, an increase of 7% over the same quarter last year and £13 higher than the ARPU for the quarter to 31 December 2002. This step change in ARPU reflects the changes to UK retail pricing that took effect from 1 January 2003.

At 31 March 2003, there were 137,000 subscribers to the Extra Digibox and 79,000 subscribers to Sky+, representing increases of 17% and 21% respectively over the quarter.

Multi-channel television continues its increase in popularity, with viewing share across all UK television homes up 7% on the nine months ended 31 March 2002 ("the comparable period"). During the Easter week and for the first time ever, multi-channel viewing share exceeded both BBC1 and ITV1, recording a 26% share of viewing in all UK television homes compared to 24% each for BBC1 and ITV1. Multi-channel viewing followed these record audiences in the week after Easter by beating BBC1 and ITV1 for the second consecutive week.

Through the strength and depth of its programming, Sky Sports made a significant contribution to this achievement and also increased its viewing share during the quarter. In particular, on the afternoon of Sunday 2 March 2003, Sky Sports attracted 47% of multi-channel viewing during simultaneous live coverage of the Worthington Cup Final between Liverpool and Manchester United and the World Cup cricket match between England and Australia. Last month, Sky Sports announced new golf agreements securing the exclusive live coverage of the Ryder Cup matches in 2006 and 2008, the US Open until 2009, US PGA Championship until 2007 and World Golf Championship and European Tour events for the next five years.

Following on from its success at the Royal Television Society Awards earlier this year, Sky News was honoured in April with a British Academy Film and Television Award (BAFTA) for its coverage of the Soham tragedy. Sky News has also been the 24-hour news channel of choice during the conflict in Iraq. During the first three weeks of the conflict, Sky News consistently out-rated BBC News 24 and the ITV News channel in multi-channel homes, recording an average weekly reach of over 10.5 million individuals and an average weekly viewing share of 5.7%, more than double that of its rivals combined.

On 17 April 2003, Sky added to its channel line up with the successful launch of three wholly-owned music channels, The Amp, Flaunt, and Scuzz. The three channels feature more extensive interactive opportunities than any previous music channel.

Sky One also reached a new milestone over Easter when it showed the 300th episode of its most popular programme, the Simpsons.

FINANCIAL REVIEW

Operating profit before goodwill and exceptional items increased to £254 million, an increase of 96% on the comparable period. This reflects the operational gearing within Sky's business model, with both continued strong top-line performance and a substantial proportion of costs being largely fixed.

Total revenues grew by 15% on the comparable period to £2,331 million, whilst operating expenditure rose by just 9% to £2,077 million, generating a net operating margin of 11%.

DTH revenues increased by 23% to £1,726 million in the nine months ended 31 March 2003 ("the period"), the third successive nine-month period of over 20% growth. This is principally a result of the 14% increase in the average number of DTH subscribers and the continued growth in ARPU.

The Group's advertising revenues continue to increase, achieving 15% growth on the comparable period to £204 million, reflecting the first quarter of benefit from the strong share deals negotiated with advertising agencies for calendar 2003, growth in viewing share and the agency commissions earned on the sale of airtime for certain third party channels.

Wholesale revenues fell by 34% on the comparable period to £146 million. On a like-for-like basis (excluding the effect of the closure of ITV Digital) the decline was 16%, consistent with the trend in the first half of this financial year. This reduction in revenue is a direct result of the loss of cable subscribers by NTL and Telewest over the last 12 months and the fall in cable ARPU as the number of premium units taken by subscribers has declined. Conversely, the penetration of Sky's basic channels, Sky One and Sky News, has increased to 100% of all cable homes and Sky Sports News has now increased its penetration to 85% of digital cable homes. Sky remains in ongoing discussions with the cable operators in order to improve the number of Sky premium channels taken by their subscribers.

Interactive revenues increased by 7% on the comparable period to £146 million.

Sky Active revenues performed strongly, increasing by 12% on the comparable period to £74 million. This increase was principally driven by further usage of interactive advertising, SkyBuy (Sky's wholly owned retail business) and increased revenues from interactive programming. During the quarter, ITV embraced interactive applications on digital satellite for the first time across the UK with 'Who Wants To Be A Millionaire?' and has now followed this with the current series of 'I'm A Celebrity Get Me Out Of Here.' Interactivity will again be prominent on Channel 4's Big Brother, to be broadcast at the end of May.

While the gross revenues of SkyBet increased by 3% on the comparable period to £72 million, there has been a continued improvement in the mix of revenues between low margin telephone betting and high margin interactive television betting. The launch of Sky Bet Vegas in the quarter, as well as growth in the existing Sports betting business, has resulted in interactive television betting generating over three times the volume of bets than in the comparable period.

Programming costs increased by £122 million on the comparable period to £1,168 million. The increase in sports costs was mainly due to increased contractual rights costs and the Ryder Cup which is a bi-annual event, partly offset by savings from dropping agreements to televise UEFA Cup Football, Scottish Premier League Football and Six Nations Rugby. A 25% increase in the number of mega-hit movies delivered by the movie studios also contributed to the increase. Third party channel costs increased on the comparable period mainly due to a rise in the average number of subscribers. This was partly offset by savings from channel rate reductions for UKTV and Sci-Fi, as well as Cartoon Network whose agreement was renewed during the quarter achieving at least a 15% saving on the current terms.

Other operating costs increased by £56 million on the comparable period to £909 million due to increased supply chain costs and administration costs offset by a reduction in customer relationship management (CRM) costs and transmission costs.

Marketing costs are included in other operating costs and are broadly in line with the comparable period at £312 million. Subscriber acquisition cost (SAC) remains at £210 year-to-date, representing a reduction of £25 on the comparable period. This is principally due to lower set-top box costs and an increase in the use of more cost-effective routes to market. Sky remains focused on continuing to drive reductions in SAC.

EBITDA before exceptional items increased by £135 million from £190 million in the comparable period to £325 million.

The Group's share of the operating profits of joint ventures increased to £1 million in the period from an operating loss of £74 million in the comparable period. This principally reflects the cessation of equity accounting for the Group's then share of losses incurred by KirchPayTV from 8 February 2002.

After its share of the results of joint ventures, goodwill and exceptional items, the Group made a profit before tax of £54 million. The profit after tax in the period was £33 million, resulting in earnings per share of 1.7 pence compared to a loss per share of 73.4 pence for the comparable period.

The tax charge for the period includes a current tax charge of £49 million and a deferred tax charge of £3 million due to the Group moving into profitability. This is offset by a £33 million deferred tax credit principally arising from the recognition of a deferred tax asset on certain trading losses, net of an adjustment arising from the prior year. After Sky's share of joint ventures' tax (£2 million), the charge for the period was £21 million (£20 million for the quarter).

In the quarter, the group's underlying effective tax rate, ignoring the effect of joint ventures, exceptional items and goodwill, remained at 31% compared to a UK statutory rate of 30%.

£14 million of ACT has been offset against the group's tax liability for the quarter. At 31 March 2003, the Group had £27 million of Advanced Corporation Tax (ACT) expected to be recoverable in less than one year and £37 million of ACT recoverable in more than one year.

As a result of non-cash items that include depreciation of £72 million and amortisation of £93 million, and a positive movement in working capital of £70 million, the Group recorded an operating cash inflow of £396 million for the period. This represented the conversion of 156% of operating profit before goodwill to cash inflow. After taking into account cash outflows principally comprising interest payments of £116 million, capital expenditure of £64 million and corporation tax of £8 million, Sky reduced its net debt by £211 million to £1,317 million from £1,528 million at 30 June 2002.

CORPORATE

On 20 March 2003 the Group signed a new, five-year, £600 million Revolving Credit Facility. The new facility was used to cancel the Group's £750 million facility, originally due to mature in June 2004. In addition, the Group's existing £300 million facility has been reduced to £200 million and will mature, as before, in June 2004. Total available facilities now total £800 million, and will reduce to £600 million from June 2004, in line with the anticipated reduced capital requirements of the Group, which has been cashflow positive since January 2002.

Appendix 1

Distribution of Sky Channels

	Prior Year Q3 2001/02 As at 31/03/02	Q1 2002/03 as at 30/09/02	Q2 2002/03 as at 31/12/02	Q3 2002/03 as at 31/03/03
DTH Digital[1,2]	**5,887,000**	**6,318,000**	**6,562,000**	**6,712,000**
Cable – UK	3,601,000	3,405,000	3,355,000	3,312,000
Cable – Ireland	610,000	594,000	596,000	604,000
Total Sky pay homes	**10,098,000**	**10,317,000**	**10,513,000**	**10,628,000**
DTT – UK[3]	-	-	813,000	1,370,000
Total Sky homes	10,098,000	10,317,000	11,326,000	11,998,000
% of all UK homes[4]	41%	42%	46%	48%
DTH Churn rate for year to date (annualised)	10.5%[5]	9.6%	9.4%	9.3%

1: Includes DTH subscribers in Ireland (279,000 as at 31 March 2003).
2: DTH subscribers includes only primary subscriptions to Sky (no additional units are counted for Sky+ or Extra Digibox subscriptions).
3: BARB estimates taken from the beginning of each month
4: Total UK homes estimated by BARB, calculated using Total Sky homes.
5: Excludes analogue churn up to 27 September 2001 and the effect of the termination of the analogue service on 27 September 2001.

British Sky Broadcasting Group plc

Consolidated Profit and Loss Account for the nine months ended 31 March 2003

	Notes	**Before goodwill and exceptional items £m (unaudited)**	**Goodwill and exceptional items £m (unaudited)**	**2002/2003 Nine months ended 31 March 2003 Total £m (unaudited)**	Before goodwill and exceptional items £m (unaudited)	Goodwill and exceptional items £m (unaudited)	2001/2002 Nine months ended 31 March 2002 Total £m (unaudited)
Turnover: Group and share of joint ventures' turnover		**2,387.9**	**-**	**2,387.9**	2,147.2	-	2,147.2
Less: share of joint ventures' turnover		**(57.4)**	**-**	**(57.4)**	(119.0)	-	(119.0)
Group turnover	1	**2,330.5**	**-**	**2,330.5**	2,028.2	-	2,028.2
Operating expenses, net	2	**(2,076.7)**	**(92.7)**	**(2,169.4)**	(1,898.9)	(111.3)	(2,010.2)
EBITDA		**325.4**	**-**	**325.4**	189.6	(22.3)	167.3
Depreciation		**(71.6)**	**-**	**(71.6)**	(60.3)	-	(60.3)
Amortisation		**-**	**(92.7)**	**(92.7)**	-	(89.0)	(89.0)
Operating profit (loss)		**253.8**	**(92.7)**	**161.1**	129.3	(111.3)	18.0
Share of operating results of joint ventures	3	**1.3**	**-**	**1.3**	(73.5)	-	(73.5)
Joint ventures' goodwill amortisation, net		**-**	**-**	**-**	-	(1,069.9)	(1,069.9)
Profit on sale of fixed asset investment		**-**	**-**	**-**	-	2.3	2.3
Amounts written off fixed asset investments, net		**-**	**(18.3)**	**(18.3)**	-	(60.0)	(60.0)
Release of provision for loss on disposal of subsidiary		**-**	**-**	**-**	-	10.0	10.0
Profit (loss) on ordinary activities before interest and taxation		**255.1**	**(111.0)**	**144.1**	55.8	(1,228.9)	(1,173.1)
Interest receivable and similar income		**2.9**	**-**	**2.9**	10.1	-	10.1
Interest payable and similar charges		**(93.1)**	**-**	**(93.1)**	(115.8)	-	(115.8)
Profit (loss) on ordinary activities before taxation		**164.9**	**(111.0)**	**53.9**	(49.9)	(1,228.9)	(1,278.8)
Taxation charge on profit (loss) on ordinary activities		**(20.8)**	**-**	**(20.8)**	(16.6)	(88.9)	(105.5)
Profit (loss) on ordinary activities after taxation		**144.1**	**(111.0)**	**33.1**	(66.5)	(1,317.8)	(1,384.3)
Equity dividends – paid and proposed				**-**			-
Retained profit (loss)				**33.1**			(1,384.3)
Earnings (loss) per share – basic		**7.5p**	**(5.8p)**	**1.7p**	(3.5p)	(69.9p)	(73.4p)
Earnings (loss) per share – diluted		**7.4p**	**(5.7p)**	**1.7p**	(3.5p)	(69.9p)	(73.4p)

British Sky Broadcasting Group plc

Consolidated Profit and Loss Account for the three months ended 31 March 2003

	Before goodwill and exceptional items £m (unaudited)	**Goodwill and exceptional items £m (unaudited)**	**Three months ended 31 March 2003 Total £m (unaudited)**	Before goodwill and exceptional items £m (unaudited)	Goodwill and exceptional items £m (unaudited)	Three months ended 31 March 2002 Total £m (unaudited)
Turnover: Group and share of joint ventures' turnover	**838.1**	**-**	**838.1**	733.5	-	733.5
Less: share of joint ventures' turnover	**(18.9)**	**-**	**(18.9)**	(25.9)	-	(25.9)
Group turnover	**819.2**	**-**	**819.2**	707.6	-	707.6
Operating expenses, net	**(723.7)**	**(29.0)**	**(752.7)**	(648.4)	(51.5)	(699.9)
EBITDA	**122.9**	**-**	**122.9**	78.5	(22.3)	56.2
Depreciation	**(27.4)**	**-**	**(27.4)**	(19.3)	-	(19.3)
Amortisation	**-**	**(29.0)**	**(29.0)**	-	(29.2)	(29.2)
Operating profit (loss)	**95.5**	**(29.0)**	**66.5**	59.2	(51.5)	7.7
Share of operating results of joint ventures	**(0.4)**	**-**	**(0.4)**	(13.7)	-	(13.7)
Joint ventures' goodwill amortisation	**-**	**-**	**-**	-	13.5	13.5
Amounts written back to fixed asset investments	**-**	**0.5**	**0.5**	-	-	-
Profit (loss) on ordinary activities before interest and taxation	**95.1**	**(28.5)**	**66.6**	45.5	(38.0)	7.5
Interest receivable and similar income	**0.9**	**-**	**0.9**	1.6	-	1.6
Interest payable and similar charges	**(30.2)**	**-**	**(30.2)**	(35.5)	-	(35.5)
Profit (loss) on ordinary activities before taxation	**65.8**	**(28.5)**	**37.3**	11.6	(38.0)	(26.4)
Tax (charge) credit on profit (loss) on ordinary activities	**(21.8)**	**1.5**	**(20.3)**	(11.1)	6.7	(4.4)
Profit (loss) on ordinary activities after taxation	**44.0**	**(27.0)**	**17.0**	0.5	(31.3)	(30.8)
Equity dividends – paid and proposed			**-**			-
Retained profit (loss)			**17.0**			(30.8)
Earnings (loss) per share – basic	**2.3p**	**(1.4p)**	**0.9p**	0.0p	(1.6p)	(1.6p)
Earnings (loss) per share –diluted	**2.3p**	**(1.4p)**	**0.9p**	0.0p	(1.6p)	(1.6p)

Notes:

1. Turnover

The Group's turnover, whilst deriving from one class of business, has been analysed as follows:

	2002/2003 Nine months ended 31 March £m (unaudited)	2001/2002 Nine months ended 31 March £m (unaudited)
Direct-To-Home subscribers	**1,725.5**	1,400.1
Cable and DTT subscribers (i)	**145.7**	221.1
Advertising	**204.1**	178.2
Interactive	**146.2**	136.3
Other	**109.0**	92.5
	2,330.5	2,028.2

(i) Excludes revenue from DTT subscribers from 30 April 2002 when the ITV Digital pay television service was closed.

2. Operating expenses, net

	Before goodwill and exceptional items £m (unaudited)	**Goodwill and exceptional items £m (unaudited)**	**2002/2003 Nine months ended 31 March Total £m (unaudited)**	Before goodwill and exceptional items £m (unaudited)	Goodwill and exceptional items £m (unaudited)	2001/2002 Nine months ended 31 March Total £m (unaudited)
Programming (i)	**1,167.9**	-	**1,167.9**	1,045.9	-	1,045.9
Transmission and related functions (i)	**108.4**	-	**108.4**	110.3	-	110.3
Marketing	**311.5**	-	**311.5**	307.6	-	307.6
Subscriber management	**242.1**	-	**242.1**	217.3	-	217.3
Administration (ii)	**179.9**	**92.7**	**272.6**	152.1	111.3	263.4
Betting	**66.9**	-	**66.9**	65.7	-	65.7
	2,076.7	**92.7**	**2,169.4**	1,898.9	111.3	2,010.2

(i) The amounts shown are net of £9.1 million (2001/2002: nine months ended 31 March £9.3 million) receivable from the disposal of programming rights not acquired for use by the Group, and £18.7 million (2001/2002: nine months ended 31 March £17.8 million) in respect of the provision to third party broadcasters of spare transponder capacity.

(ii) Included within goodwill and exceptional items for the nine months ended 31 March 2003 is a charge in respect of goodwill amortisation of £92.7 million (2001/2002: nine months ended 31 March £89.0 million). In the nine months ended 31 March 2002, a charge of £22.3 million in respect of an exceptional operating provision was made against ITV Digital programming debtors following the closure of the ITV Digital pay television operation on 30 April 2002.

3. Share of operating results of joint ventures

	2002/2003 Nine months ended 31 March £m (unaudited)	2001/2002 Nine months ended 31 March £m (unaudited)
KirchPayTV GmbH & Co KgaA ("KirchPayTV") operating loss	**-**	(70.0)
Programming joint ventures' operating profit (loss), net	**1.3**	(3.5)
	1.3	(73.5)

This relates to the Group's equity share of the operating results of the Group's joint ventures.

KirchPayTV

By 8 February 2002, the Group considered that its relationship with KirchPayTV had irrevocably changed and that the Group has not exercised significant influence since that date. Therefore the Group considered that from 8 February 2002 it was no longer appropriate to account for its interest in KirchPayTV as a joint venture, and ceased accounting for KirchPayTV's losses using the gross equity method from that date.