

British Sky Broadcasting Group plc

Preliminary results presentation

31 July 2002

These presentations may be deemed to include forward-looking statements relating to British Sky Broadcasting Group plc (“BSkyB”) within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ materially from those anticipated. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are described in BSkyB’s Annual Report on Form 20-F for the year ended 30 June 2001 in the section entitled ‘Certain Forward Looking Statements’ and the other items of the 20-F referred to in such section. Copies of the Form 20-F are available on www.sky.com

Tony Ball

Chief Executive Officer

Headlines



British Sky Broadcasting Group plc
Preliminary Results 2001/02

press release

sky

31 July 02

BRITISH SKY BROADCASTING GROUP PLC
Results for the year ended 30 June 2002

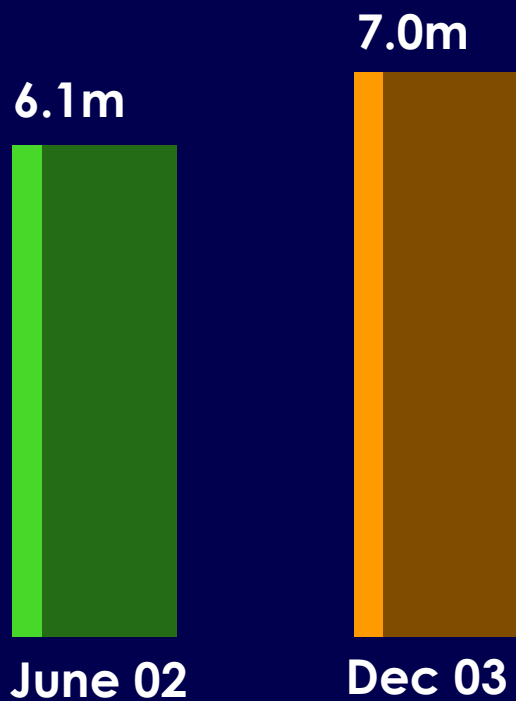
Sky breaks through 6 million DTH subscribers

- Net DTH subscriber growth of 214,000 in quarter to 6.1m
- ARPU up 11% to £347
- Churn stable at 10.5%
- Revenue increases by 20% to £2,776 million
- Operating profit before goodwill and exceptional items increases by 20% to £192 million
- Net debt falls by £165 million in the quarter to £1,528m

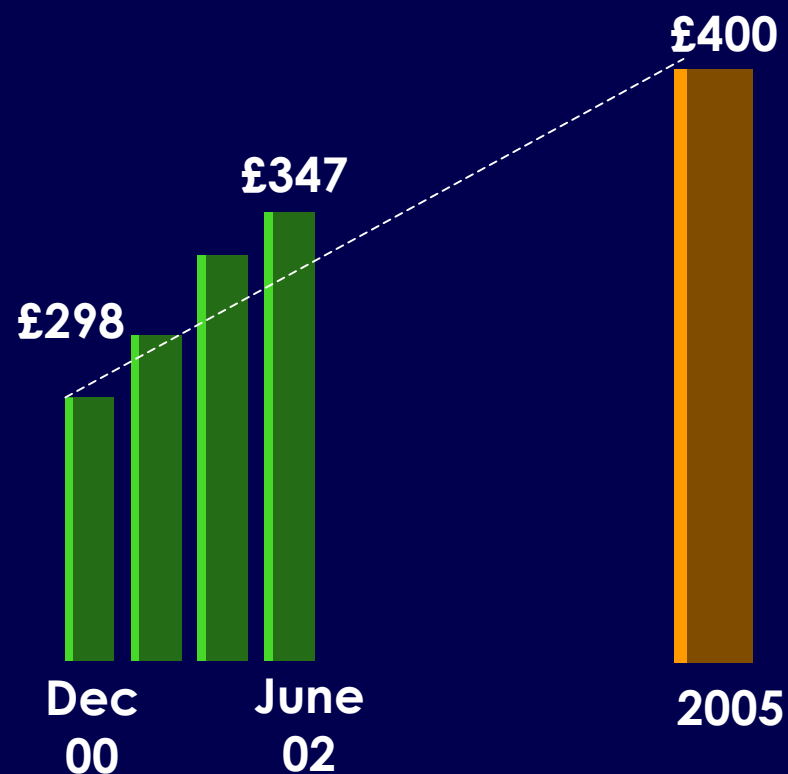
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On course to hit targets

7m DTH subscribers in 2003



£400 ARPU in 2005



Martin Stewart

Chief Financial Officer

Headlines



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31 July 02

BRITISH SKY BROADCASTING GROUP PLC
Results for the year ended 30 June 2002

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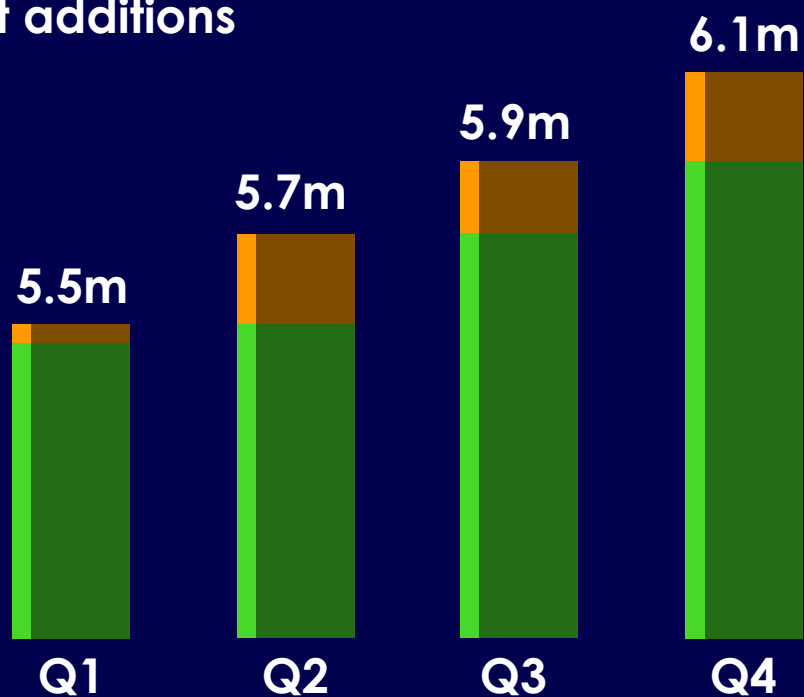
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sky

DTH subscriber growth

Quarterly DTH subscribers (FY 01/02)

- DTH base
- Net additions



June 02

6.1m



Cable subscribers



June 01

3.5m

June 02

4.1m

■ UK
■ Eire

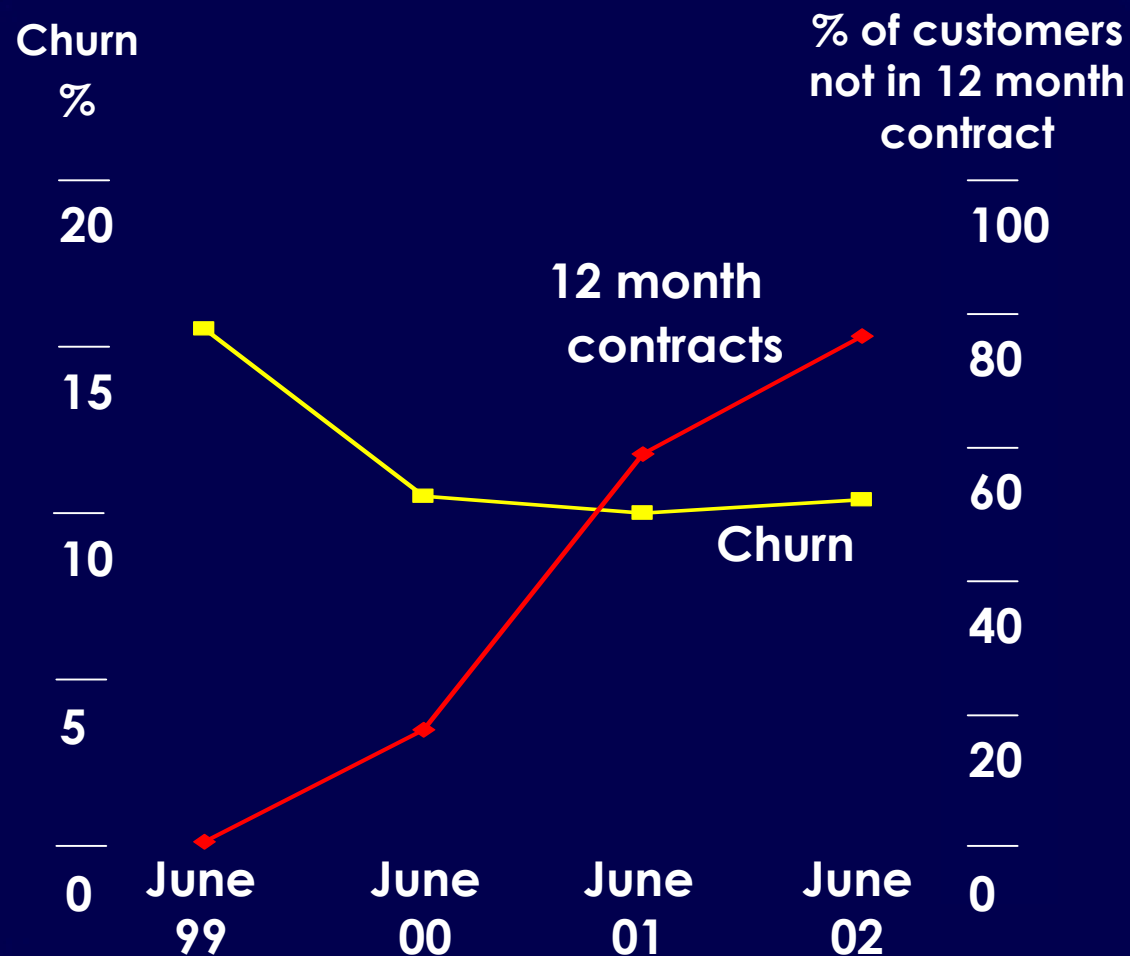
3,486k

June 01

4,091k

June 02

Churn (vs % out of 12 month contract)

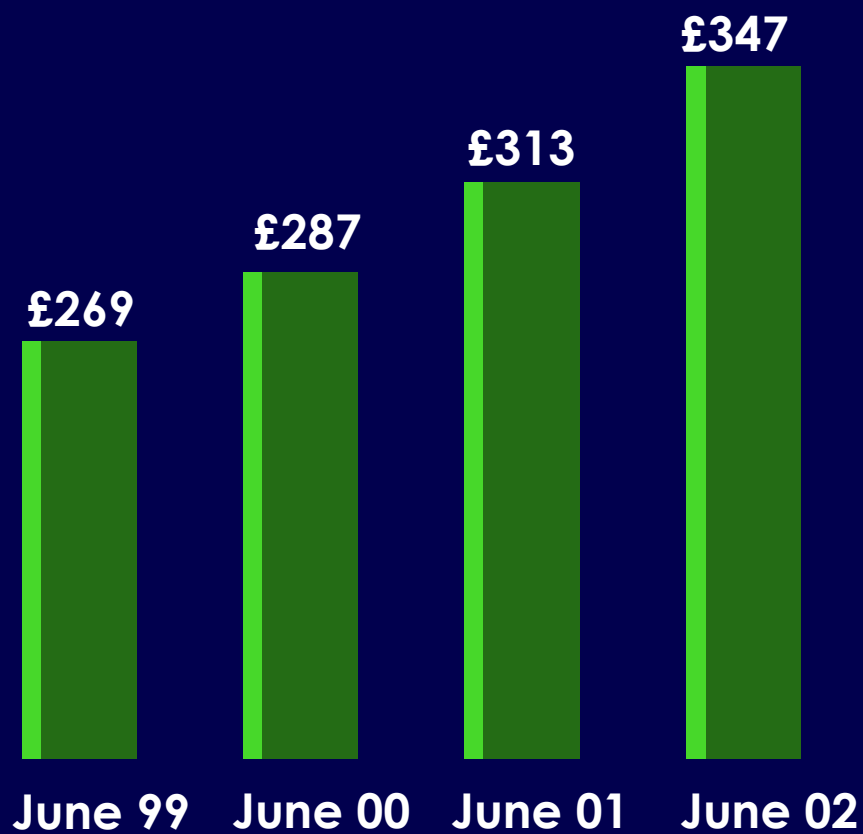


Turnover

£m	June 01	June 02
DTH	1,537	1,929
Wholesale	299	279
Advertising	271	251
Interactive	93	186
Other	106	131
Total	2,306	2,776

Increasing ARPU

Reported ARPU



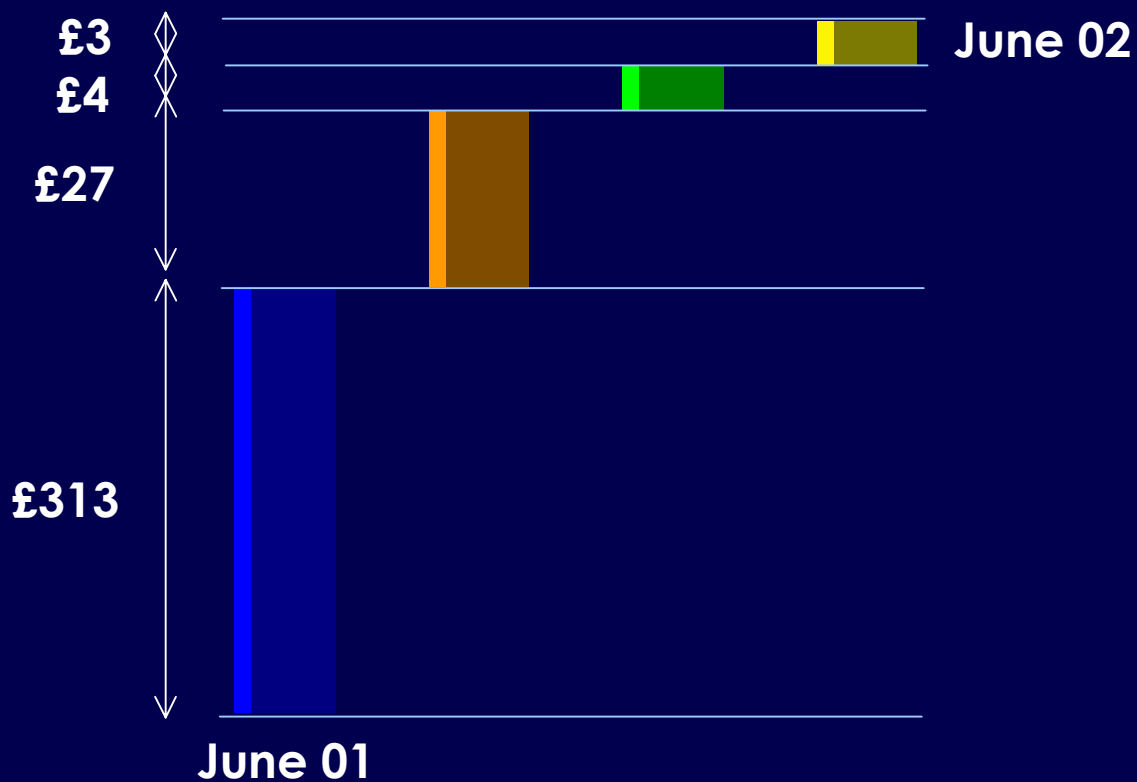
ARPU 01/02

£347



Sources of ARPU increase

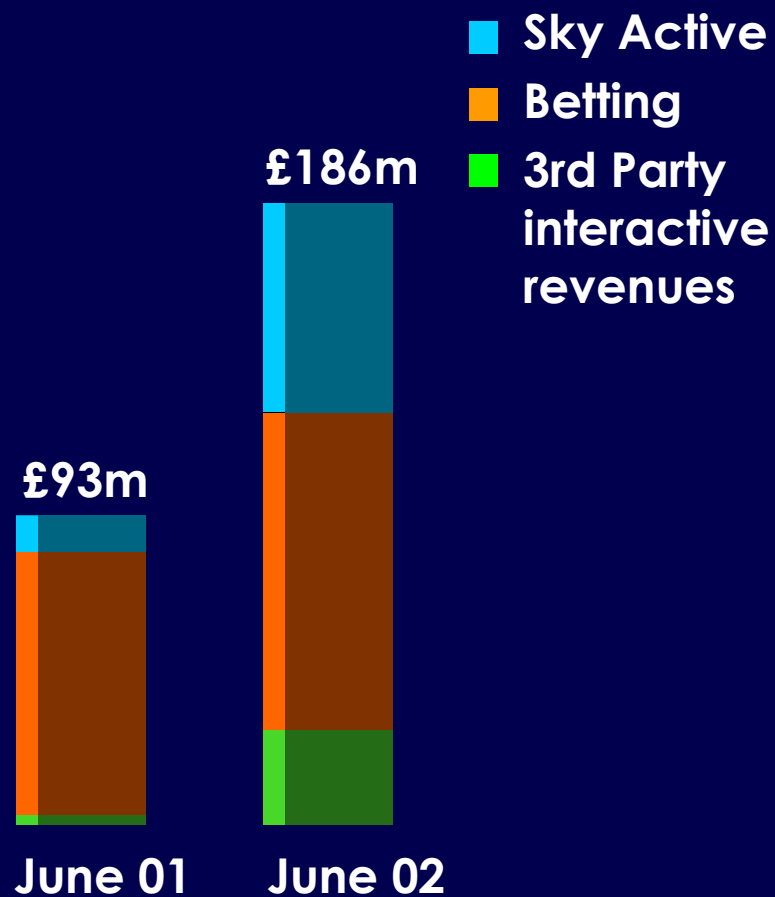
Breakdown of increase in ARPU in FY 01/02



- Interactive
- New products and services
- Core subscription
- Total 00/01 ARPU



Interactive revenue



Interactive revenues

June 01

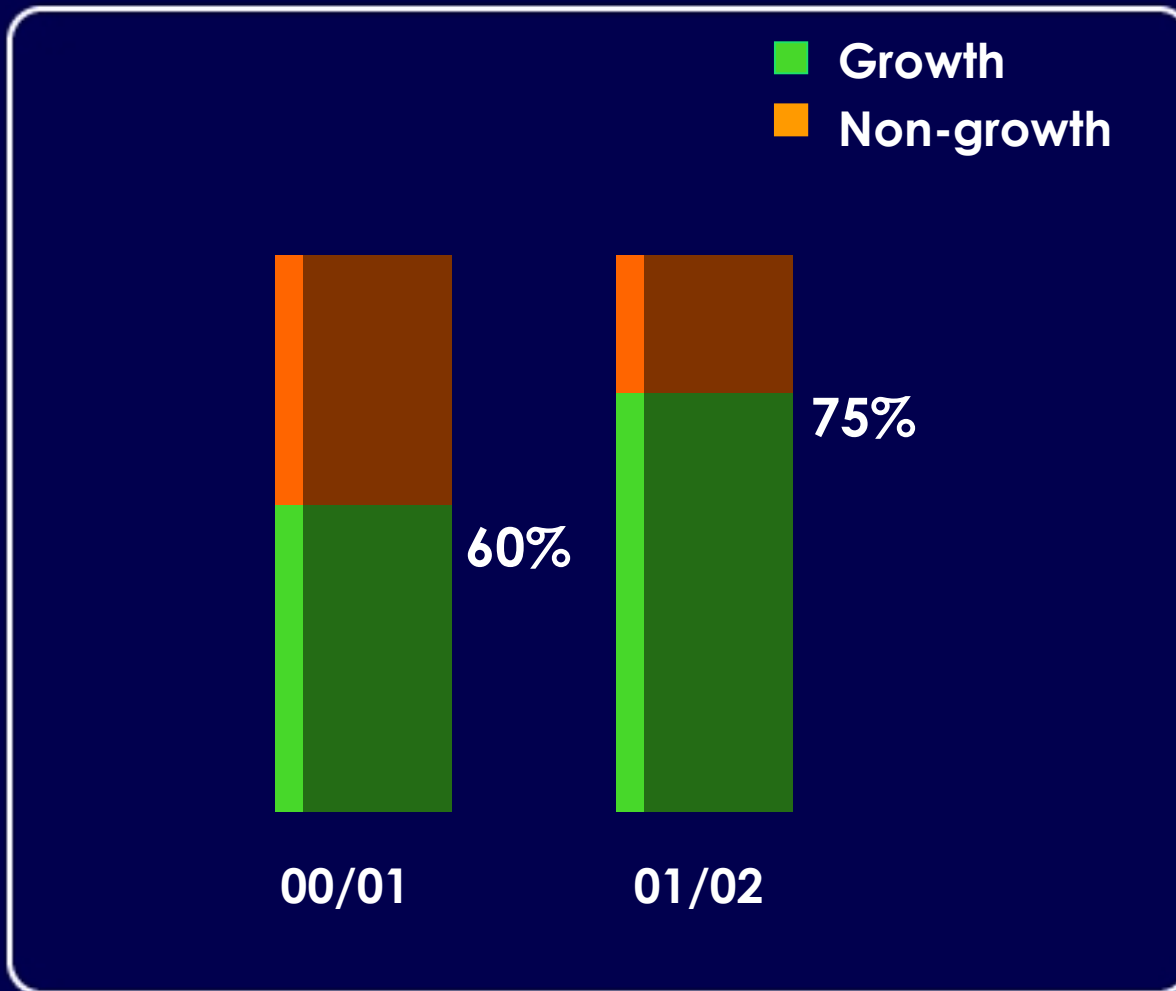
£93m

June 02

£186m



Sky Active - a changing business model



Wholesale revenue

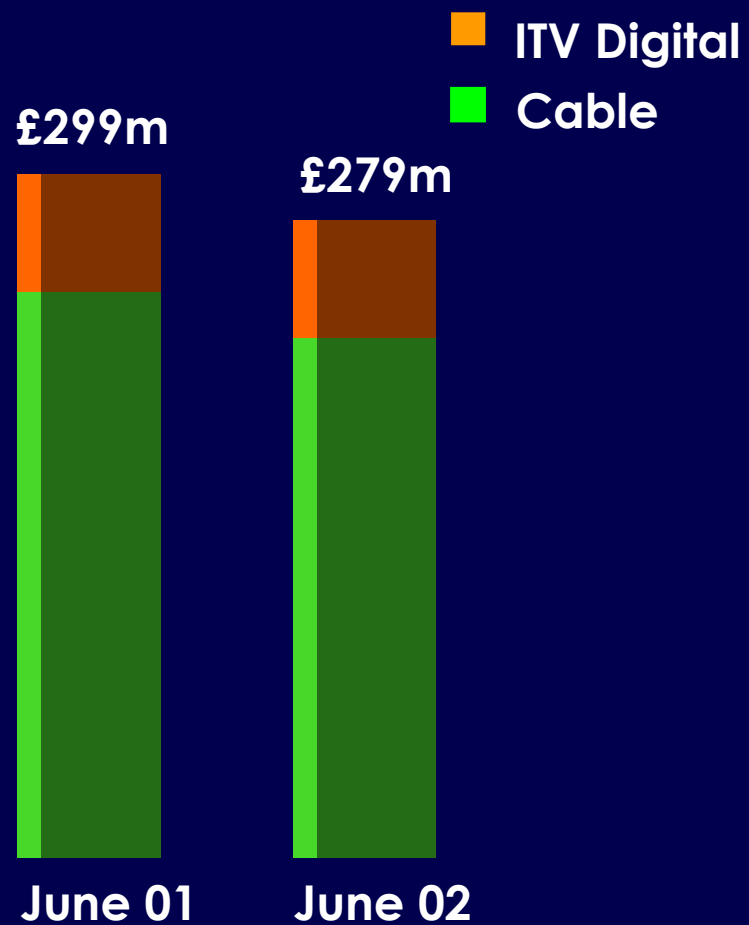


June 01

£299m

June 02

£279m



Advertising revenue

£271m

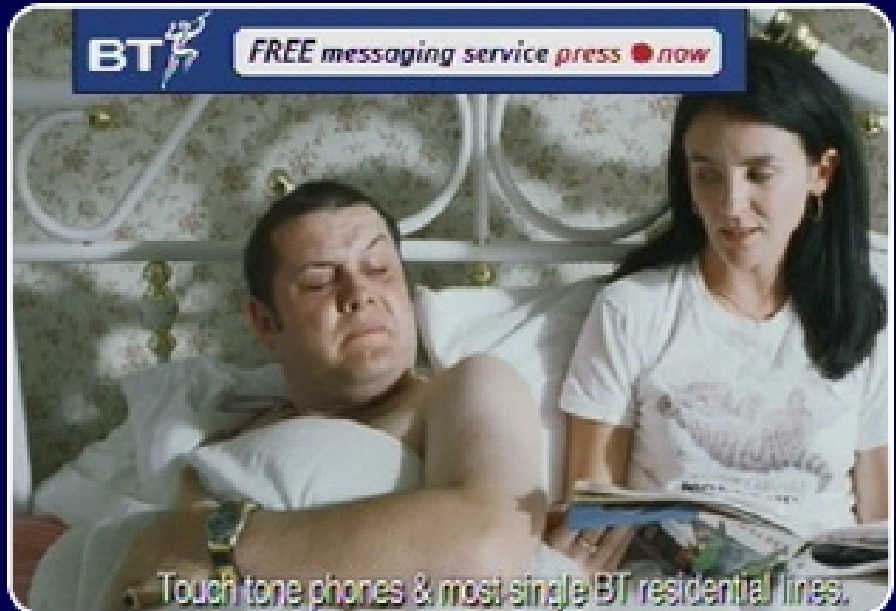


June 01

£251m



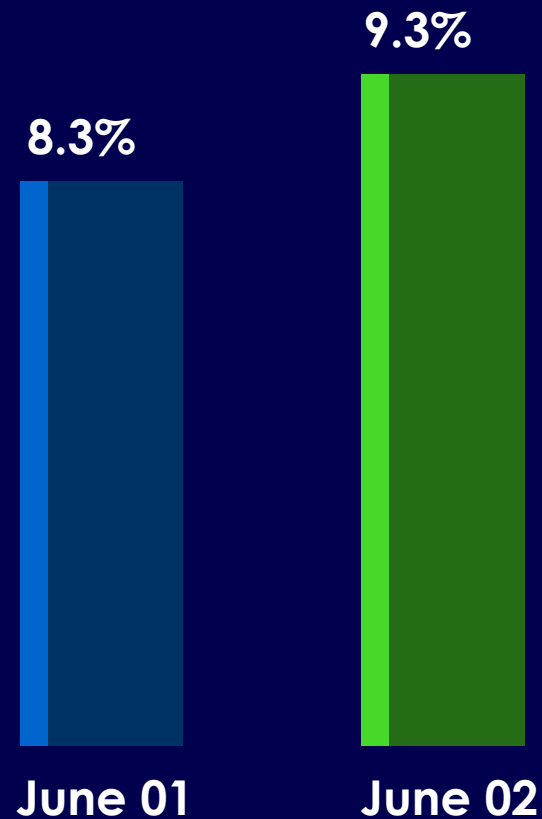
June 02



Increased share of broadcast sales



Sky's share of broadcast revenues



Programming costs

£m	June 01	June 02
Sports	417	663
Movies	336	360
Third party channels	256	297
Entertainment	90	85
News	35	34
Total	1,134	1,439

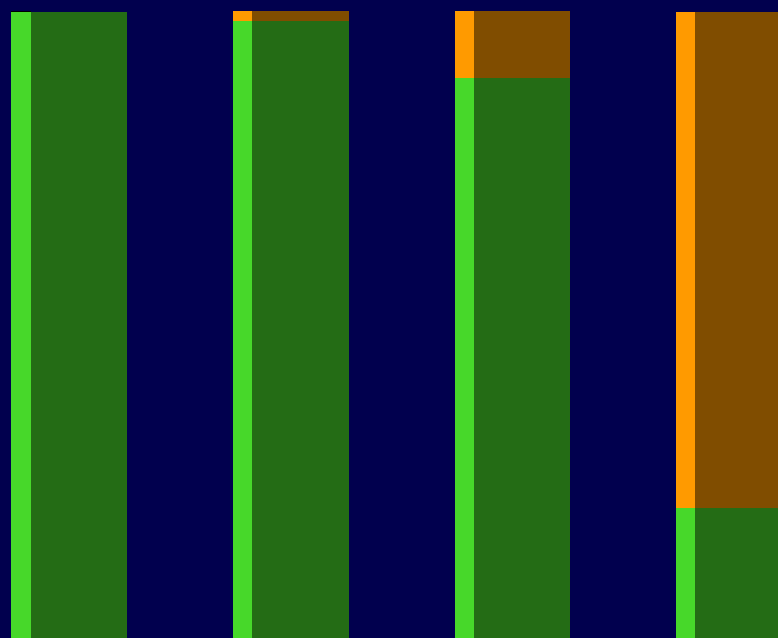
Opportunity on sports costs

Opportunity to
reduce future
sports costs



■ Contracted
■ Opportunity for negotiation

100%



2002

2003

2004

2005

Movie costs

£336m



June 01

£360m

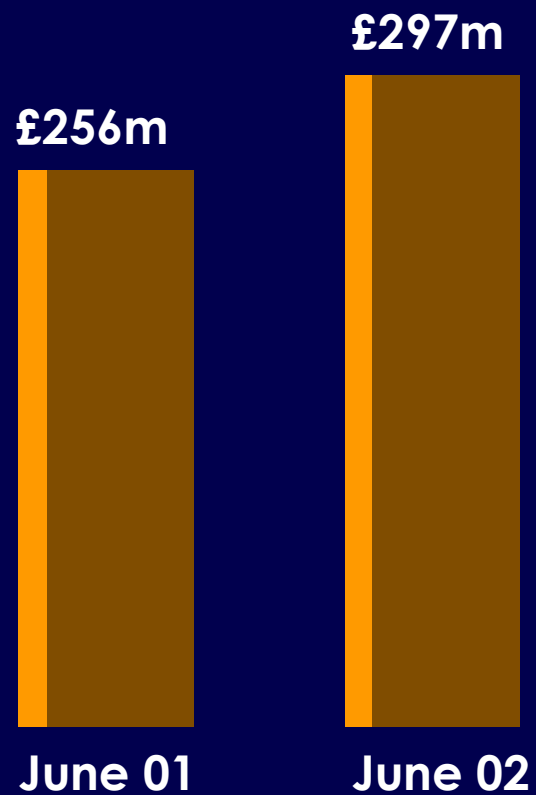


June 02

SKYmovies 



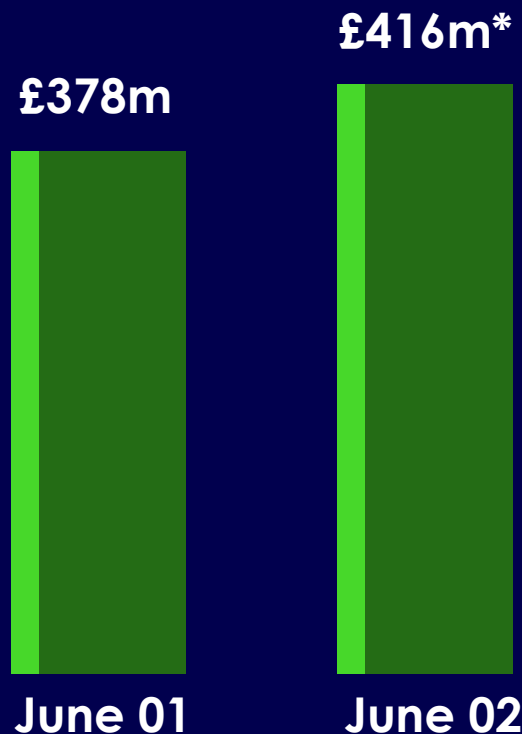
Third party channel costs



Marketing costs

June 02

£416m



* Includes £49m of incremental costs associated with the BiB subsidy

Reducing subscriber acquisition costs

£250



June 01

£234



June 02

June 02

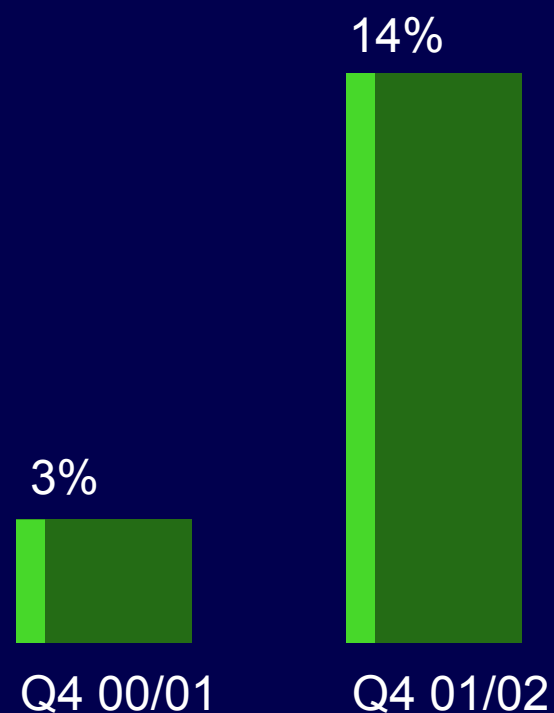
£234



More cost effective routes to market



Internet route is growing



Reduced non-acquisition marketing costs

Non-acquisition marketing costs

£112m



June 01

£98m



June 02

- Above-the-line
- Retention
- Other



Increasing profitability

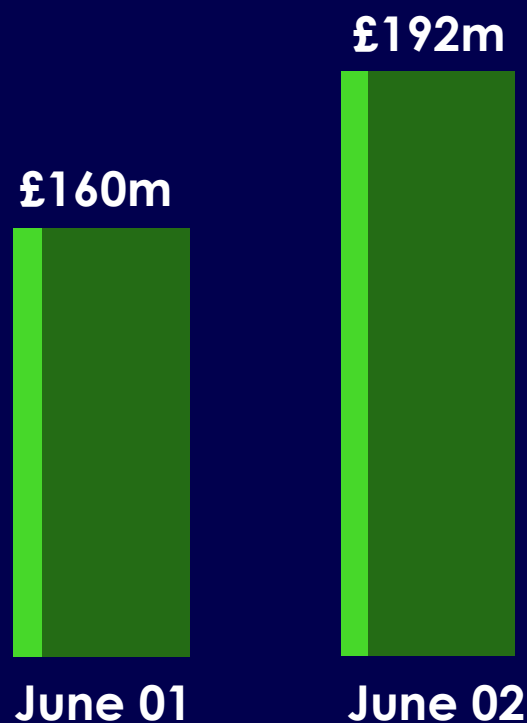
June 02

£192m

+20%



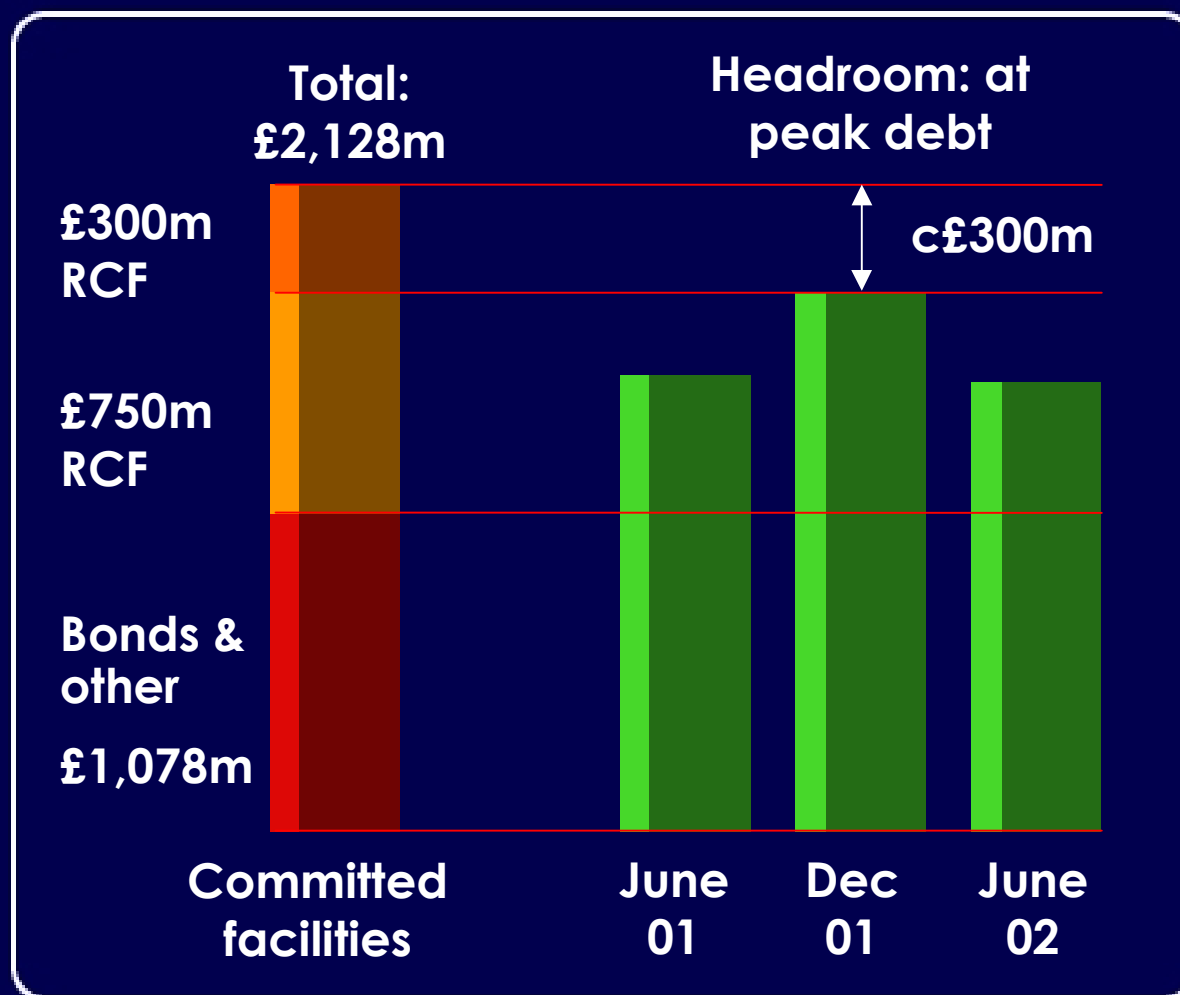
Operating profit pre goodwill & exceptionals



Loss before tax

£m	June 01	June 02
Operating profit	160	192
Goodwill & exceptionals	(67)	(137)
Share of joint venture results	(326)	(76)
Joint venture goodwill amortisation	(101)	(1,070)
Net provisions against investments	(49)	(48)
Interest	(132)	(137)
Loss before tax	(515)	(1,276)

Net debt has peaked: strong liquidity



Outlook for both ratings now stable

£300m facility currently undrawn

■ Net debt



Conclusion

- **Delivering more value from our base**
- **Growing profit**
- **Delivering free cash-flow**



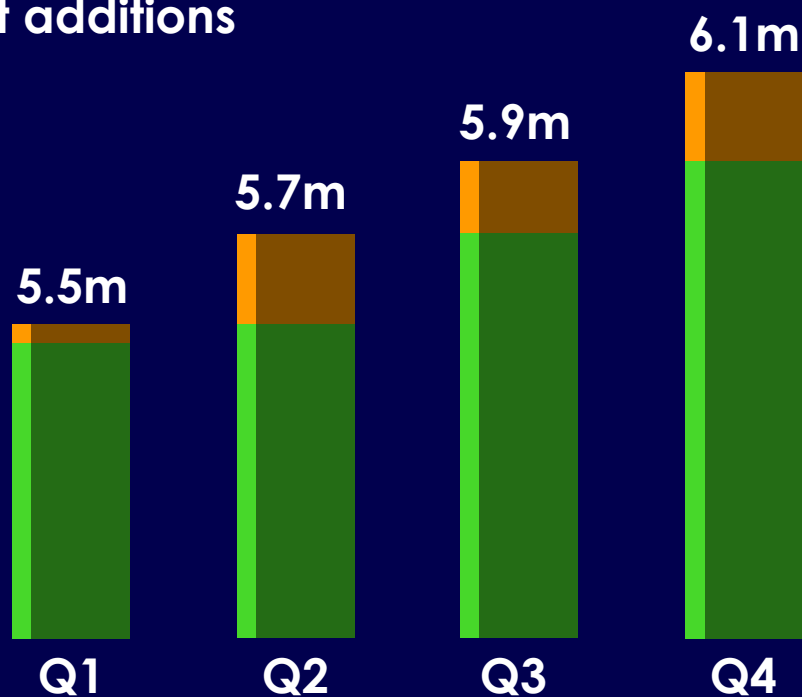
Tony Ball

Chief Executive Officer

Subscriber growth

Quarterly DTH subscribers (FY 01/02)

- DTH base
- Net additions



June 02

6.1m
+12%

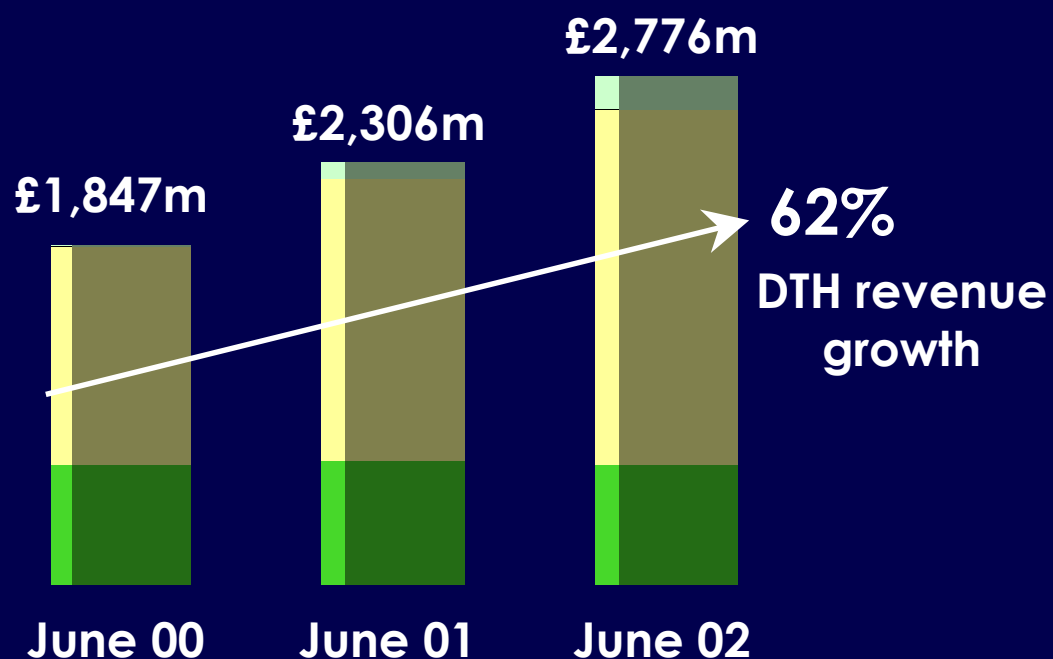
Net additions

- 648,000 in last year
- 214,000 in last quarter



Strong revenue growth

- Interactive revenues
- DTH revenues
- Other revenues



DTH revenue
Year on year growth

26%
increase in
DTH revenue



Increasing profitability

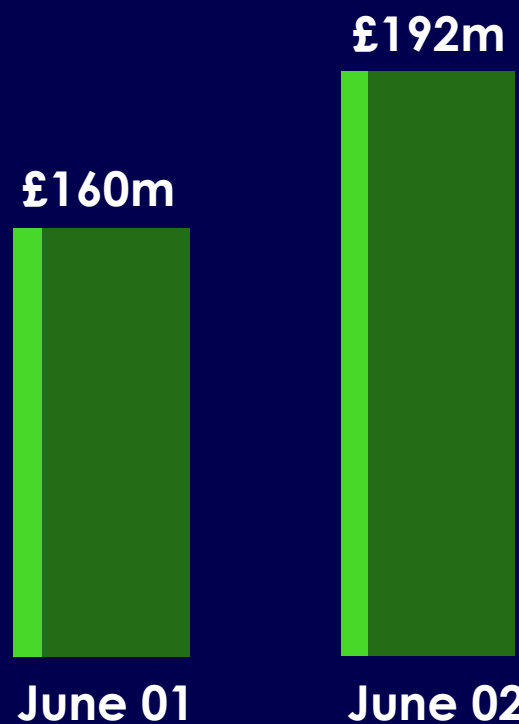
June 02

£192m

+20%



Operating profit pre goodwill & exceptionals



Net debt

■ Net debt (£ millions)



June 02

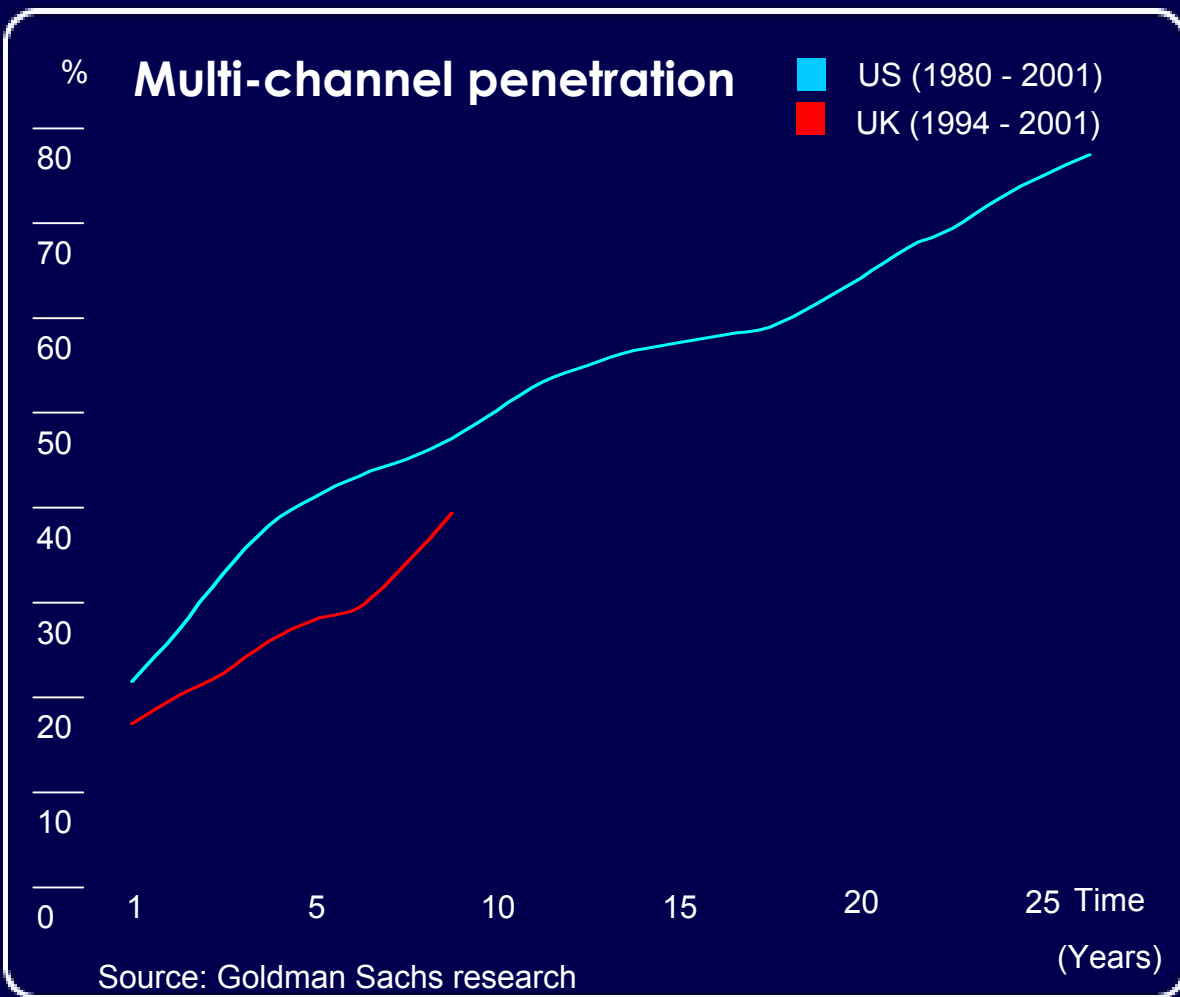
£1,528m

H2 2001/02

£305m cash inflow



Long term growth potential



UK & Ireland leading digital penetration

35%



UK &
Ireland

32%



US

11%

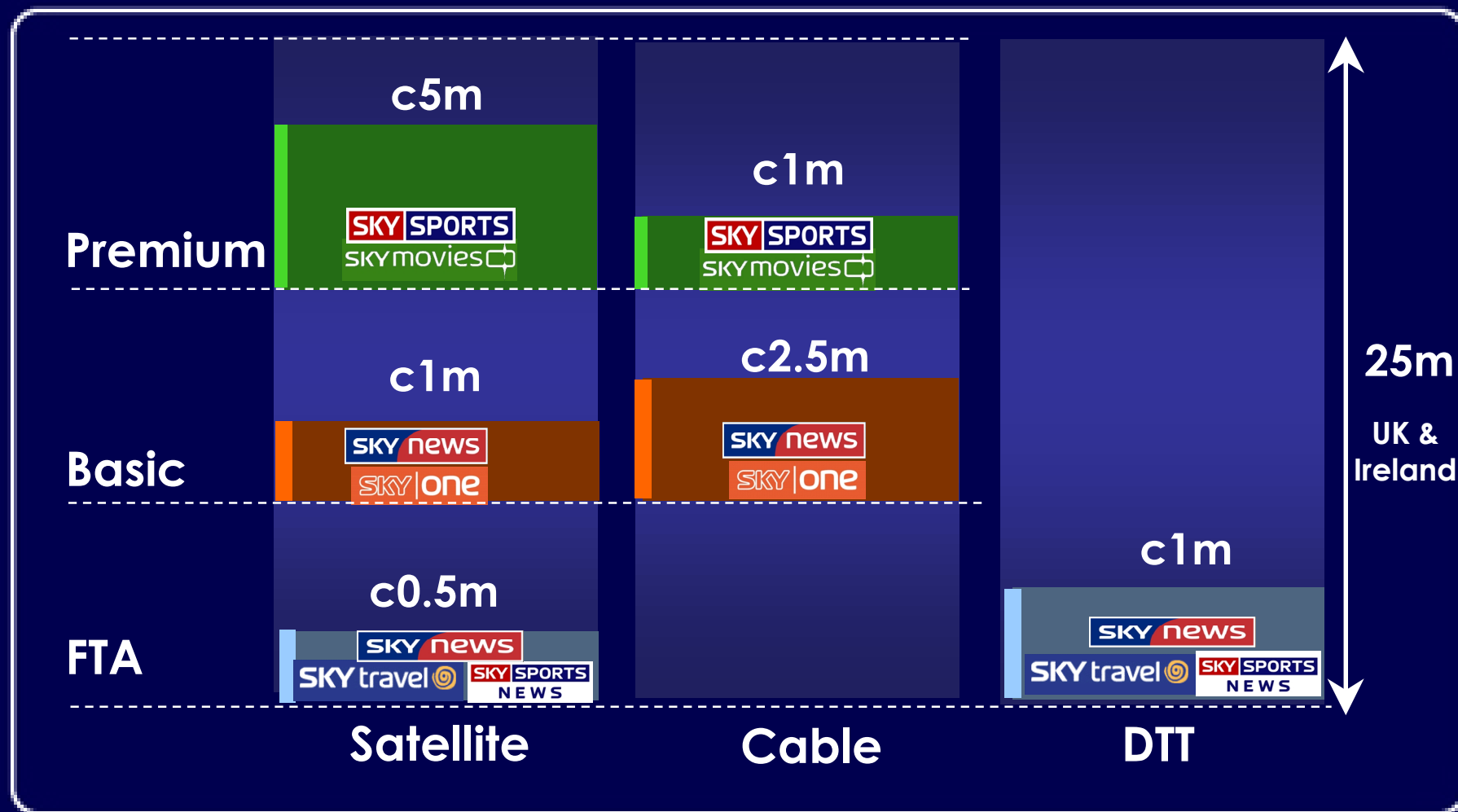


Continental
Europe

Sources: Merrill Lynch and Sky estimates



Sky customers - today



DTH - the premium platform

- **Wide variety of content**
- **Scaleable bandwidth**
- **Upscale demographics**



British Sky Broadcasting Group plc
Preliminary Results 2001/02

 Only a minidish gives you
this much...



England Internationals on Sky Sports.



The Simpsons on Sky One.



Gladiator on Sky Premier

The Sky Sports experience

- 5 channels dedicated to sport
- The latest headlines and results with Sky Sports News
- Unique interactive coverage with Sky Sports Extra

The widest choice of channels

- Over 20 entertainment channels including Sky One and E4
- The most comprehensive range of kids and documentary channels
- Music from 16 music channels

Experience the latest movies

- The latest releases and movie gossip on Sky Movies Active
- Big movies starting as often as every 15 minutes

sky

UK household penetration of consumer devices



89% Video Recorder



79% Mobile phone



77% CD player



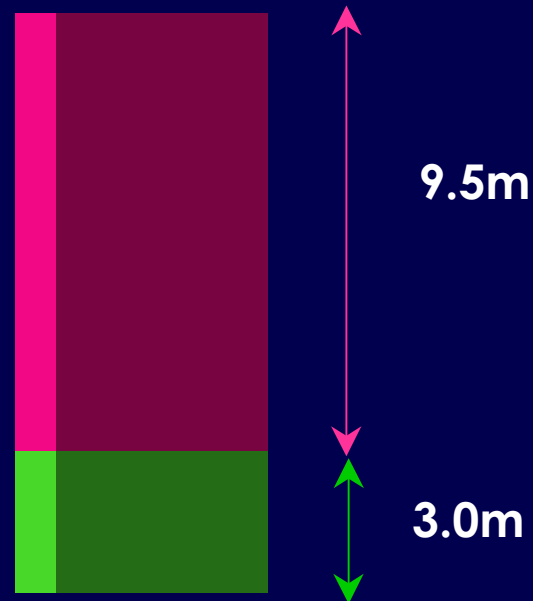
35% Digital TV

Sources: TGI 2002, BPI and industry estimates



Plenty of quality prospects

12.5m ABC1 UK households



■ DTH customers
■ Prospects



Accelerating growth

Technical

Churn

Subscriber acquisition costs



Eliminating barriers to take up

Second digibox

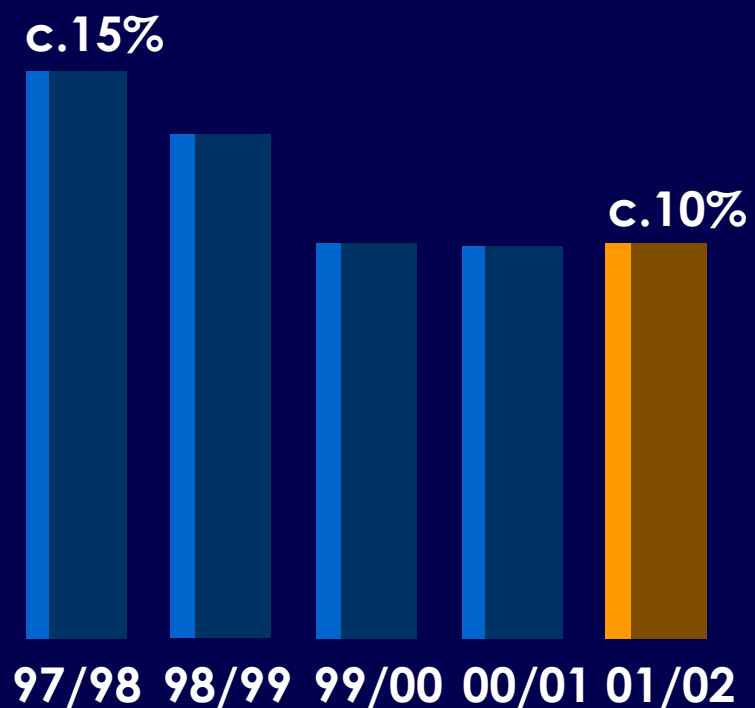
**Connecting multiple dwelling
units**

Pre-installing new homes



Low churn facilitates growth

Churn (%)



Reducing subscriber acquisition costs

£250



June 01

£234



June 02

£210

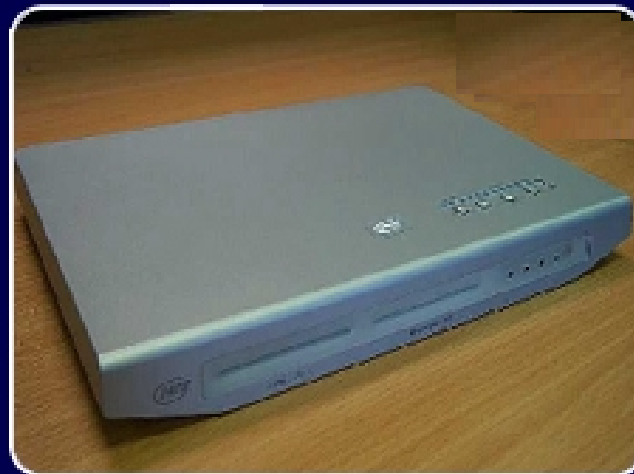


f June 03

June 03

Target acquisition cost :

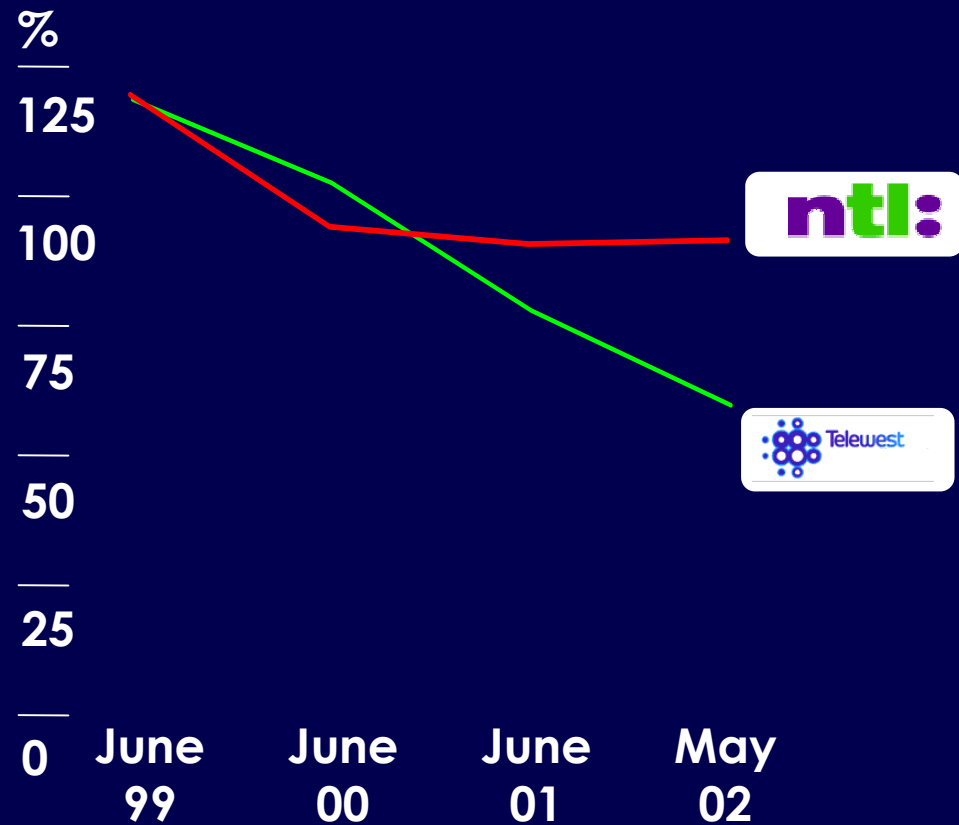
£210



Premium cable subscribers & open access



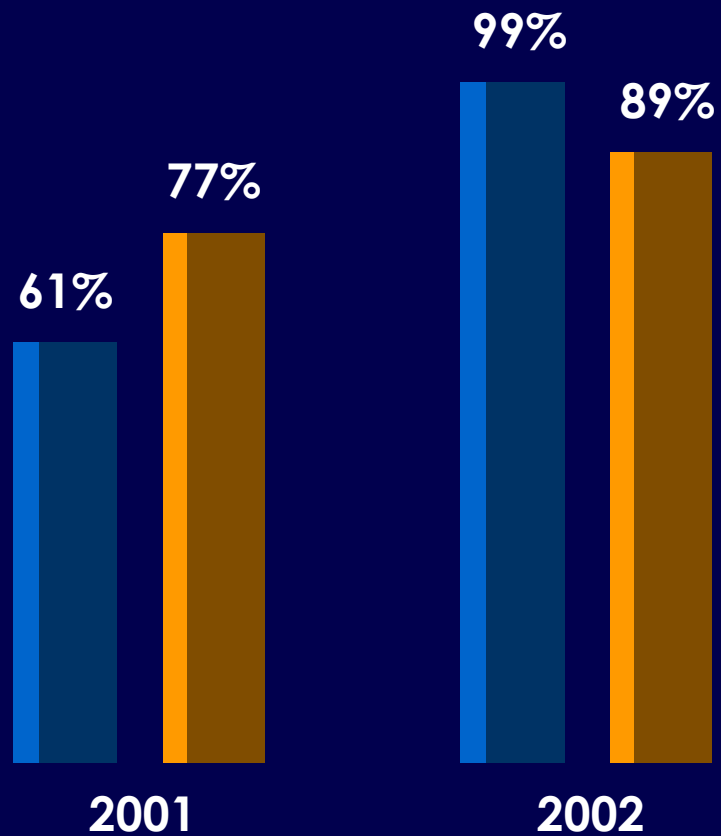
Pay-to-basic



Basic carriage in cable homes



Percentage of homes subscribing



FTA outlet for Sky



Not every home will take DTH

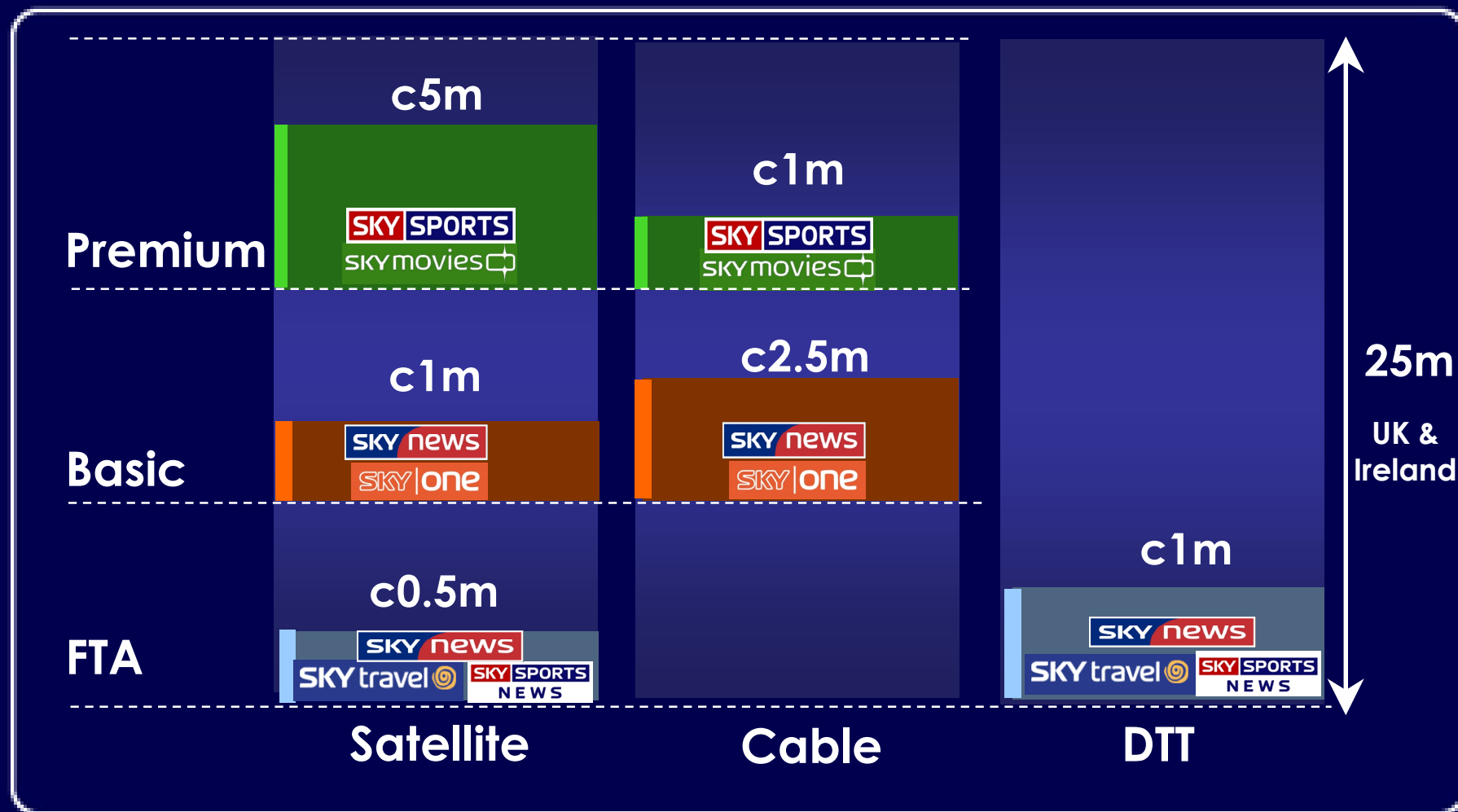
**Potential default for up to 5m
FTA homes**

SKY news

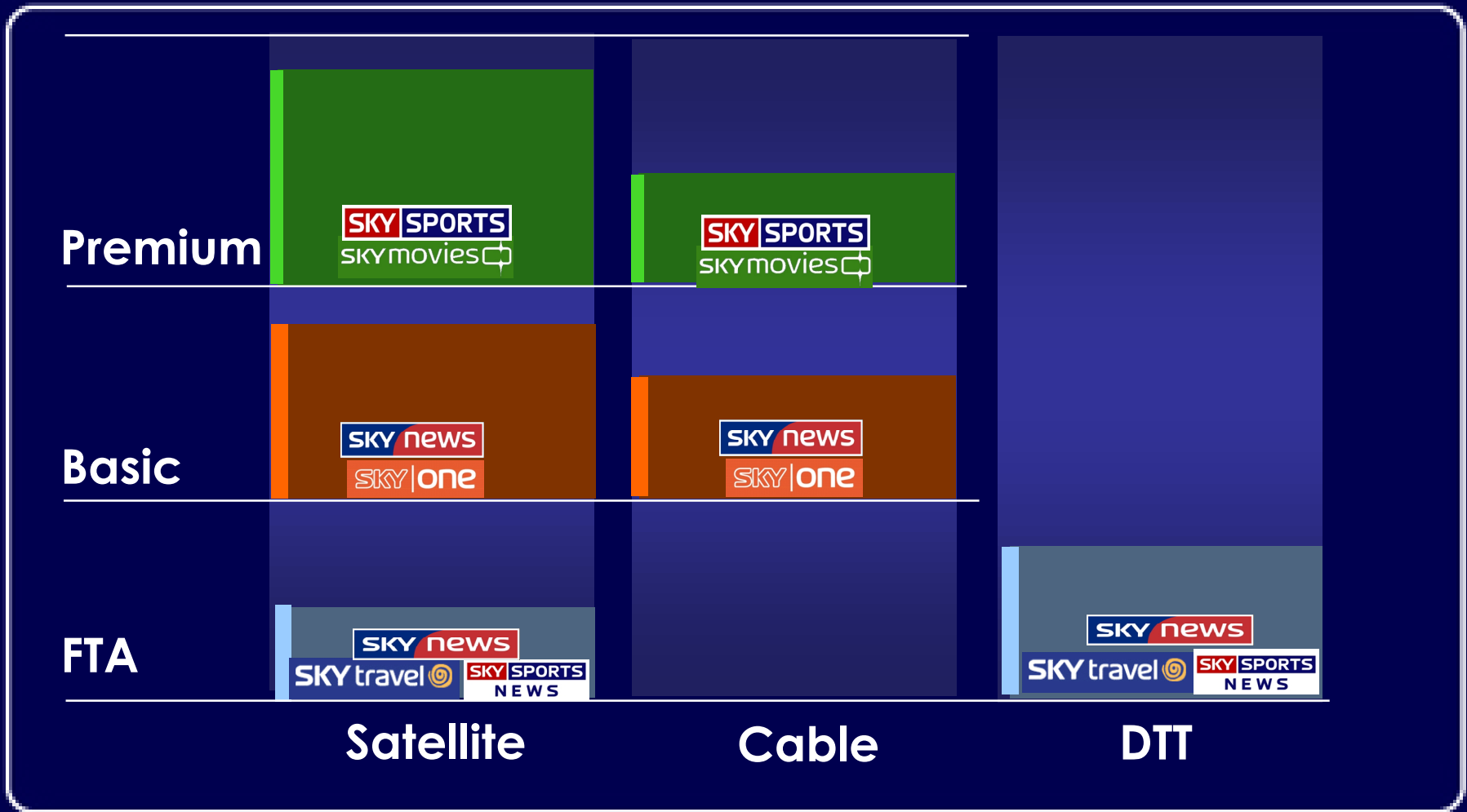
**SKY SPORTS
NEWS**

SKY travel 

Sky customers - today

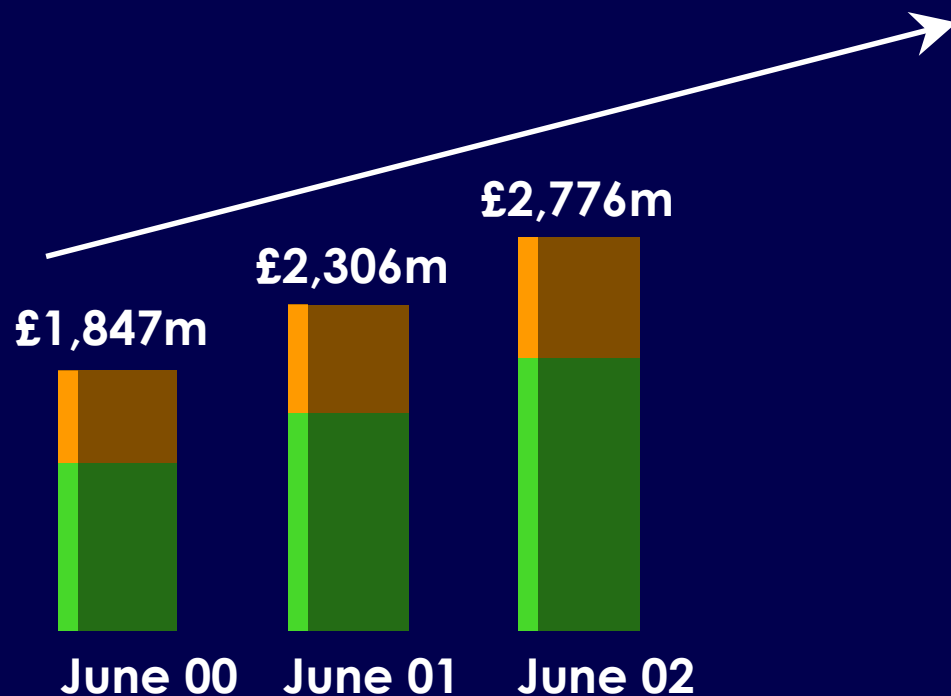


Sky customers - the future



Revenue growth

- DTH revenues
- Non-DTH revenues



**Subscriber
growth + ARPU
growth =
Revenue growth**



CRM - new ability to cross sell



Capture customer information

Support a wider range of services

Better identify cross selling opportunities

New products launched this year



**you
love
movies**



**they
love
sport**



watch different programmes in different rooms at the same time

get an **extra** subscription for only **£12** a month

Must be added to movie or sport subscription. The Sky+ system includes a Sky+ set-top box and a Sky+ remote control. Must meet all additional options. See us online for more details.

need an extra box?

It's easy to order an extra Sky+ box. Just call Sky on 0870 800 870 and choose the method of payment that suits you.

* The £12 per month fee is for each extra box.

* It takes a monthly payment plan and you can't cancel it for 12 months.

* You'll also need to pay for installation.



already have two Sky subscriptions in the same home?

That's easy, just call Sky to make sure both of your subscriptions meet our criteria and you can get the second one for only £12 a month.



Call 0870 800 870
 a digital order for extra boxes



Sky+ seems like a marriage made in heaven

Samuel L. Jackson, Saturday, December 1st

The Sky+ system is absolutely inspired and shows the way ahead for home video recording

TV, November 1st

Sky+ is a stunning system

David, February 12

Don't just take our word for it....

Sky+ blew us away when we first saw it demonstrated

Home Office, February, January 12

The Sky+ system isn't just a digital recorder. It's set to revolutionise the way people watch and listen to television in 2002 and beyond

British Entertainment, January 12

It's everything you hoped for and then some

Home Office, February, January 12




sky+

PPV events this year



New product pipe-line



sky

skytalk



Conclusion

Sky in every home

Pipeline of products and services

**Focus on growing profitability,
cashflow & margins**

