

PREMIERE

Full Year and Q4 2008

16 February 2009

Overview

- > Full year 2008 results in line with previous guidance:
 - > Revenues of €941.1m (€1,017.1m including Home of Hardware*)
 - > EBITDA loss €57.0m (€59.5m including Home of Hardware*)
 - > Year end net debt of €318.1m

- > Operational overview for Q4 2008:
 - > Reduction of subscriber base by 12k due to clear focus on monthly contract subscribers (21k growth in monthly contract subscribers offset by 33k net loss of Flex subscribers)
 - > In Q4 2008 total additions were up 25% versus Q4 2007 but monthly contract subscribers' additions were up 60% versus Q4 2007
 - > Churn rate up slightly versus Q3 2008 due to non renewal of discounts
 - > ARPU broadly flat versus Q3 2008 despite higher program revenues, due to higher average subscriber base in Q4 2008

*Discontinued operations (disposal in December 2008)

Results

in €m	Q4 08	Q4 07	Change	FY 08	FY 07	Change
Revenues	236.1	261.3	-25.2	941.1	937.2	4.0
Operating expenses	280.5	247.8	32.8	998.1	853.6	144.5
EBITDA	-44.5	13.5	-58.0	-57.0	83.6	-140.5
Depreciation and amortization	12.7	12.7	-0.1	50.3	45.5	4.9
Amortization of subscriber base	12.2	12.1	0.2	48.9	48.3	0.6
EBIT	-69.3	-11.3	-58.1	-156.2	-10.2	-146.0
Financial result	-27.5	-8.4	-19.1	-59.5	-39.5	-20.1
Profit/(loss) before taxes	-96.8	-19.7	-77.1	-215.7	-49.6	-166.1
Income taxes	-15.5	-3.4	-12.1	-48.8	-2.2	-46.6
Result from continuing operations	-112.4	-23.1	-89.2	-264.5	-51.9	-212.6
Result from discontinued operations	-2.0	-0.4	-1.6	-4.9	0.3	-5.2
Result for the period	-114.3	-23.5	-90.8	-269.4	-51.6	-217.8

Revenues and costs

in €m	Q4 08	Q4 07	Change	FY 08	FY 07	Change
Revenues						
Program	188.8	199.3	-10.5	769.8	755.3	14.6
Advertising	8.5	25.1	-16.5	31.0	52.0	-21.0
Hardware	14.7	15.3	-0.5	47.5	61.4	-13.9
Other	24.0	21.7	2.3	92.8	68.6	24.2
Total	236.1	261.3	-25.2	941.1	937.2	4.0
Costs (including depreciation)						
Program	159.4	165.0	-5.6	640.0	563.2	76.8
Transmission	33.5	23.1	10.4	125.2	89.4	35.8
Customer service	10.8	17.2	-6.3	52.0	64.6	-12.7
Hardware	17.2	20.1	-2.9	67.0	87.2	-20.2
Selling expenses	34.8	43.4	-8.6	114.3	126.7	-12.4
General and administrative expenses	20.8	16.1	4.7	69.6	58.8	10.8
Other operating expenses/(income)	16.7	-24.3	41.0	-19.7	-90.9	71.2
Total	293.2	260.5	32.7	1,048.4	899.1	149.3
Depreciation included	12.7	12.7	-0.1	50.3	45.5	4.9
Costs (excluding depreciation)	280.5	247.8	32.8	998.1	853.6	144.5
EBITDA	-44.5	13.5	-58.0	-57.0	83.6	-140.5

Figures rounded

Subscribers and key metrics

in '000	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08
Direct subscribers at beginning	2,535	2,534	2,450	2,376	2,411
Additions	122	86	58	138	153
Churn	-123	-171	-132	-103	-165
Net change	-1	-85	-74	35	-12
Direct subscribers at end	2,534	2,450	2,376	2,411	2,399
of which Flex	201	164	113	118	85
Direct program revenues (EUR m)	179.0	178.5	172.9	171.8	172.2
Program ARPU (EUR, monthly)	23.53	23.88	23.89	23.92	23.86
Churn rate (12 months rolling)	25.9%	22.9%	22.2%	21.4%	23.1%
Churn rate excl. Flex (12 months rolling)	27.0%	21.6%	18.3%	17.4%	17.9%
Wholesale subscribers at end	790	797	792	704	691

Cash flow and Net debt

in €m	Q4 08	Q4 07	FY 08	FY07
Cash flow from operating activities	-9.8	24.3	-108.1	-34.4
Cash flow from investing activities	-8.4	-12.2	-7.3	-23.2
Cash flow from financing activities	43.9	-118.6	67.6	145.9
Cash flow	25.6	-106.4	-47.9	88.4

in €m	Q4 08	Q3 08
Cash and cash equivalents	67.2	41.5
Net debt	318.1	307.0

2009 Outlook

- Revenues > Expected growth in program revenues of approx. €50m
- > Total revenues for 2009 expected to be up less due to the non recurrence of one time revenues such as the sale of 2010 World Cup rights
- Costs > Additional costs of Bundesliga and sports programming, an increase in other programming costs, additional sales and marketing costs to support subscriber growth, higher transmission and other costs
- > No significant one-time other income expected
- Cash flow > Negative cash flow in the range of €250m - €275m and significant EBITDA loss expected
- Subscribers > First half 2009 subscriber base expected to be broadly flat - growth commencing in Q3 following relaunch and aggressive sales and marketing initiatives

Outlook 2010 onwards

- > EBITDA and cash flow break-even on a monthly basis targeted during Q4 2010
- > Full year 2010 cash flow and EBITDA expected to be negative
- > Full year net income and cash flow targeted to be positive for the year 2011 and onwards

APPENDIX

Balance sheet

in €m	31.12.2008	31.12.2007
Total assets	1,569.5	1,771.7
Total current assets	319.2	401.8
Cash and cash equivalents	67.2	115.0
Film assets and pre payments for sports and film rights	110.5	91.9
Others	141.6	194.8
Total non-current assets	1,250.3	1,370.0
Film assets and pre payments for sports and film rights	59.9	37.1
Intangible assets	1,102.0	1,169.5
Others	88.3	163.4
Total liabilities and stockholders' equity	1,569.5	1,771.7
Total liabilities	797.9	731.3
Total current liabilities	639.6	292.6
Borrowings	378.5	11.1
Trade payables	174.7	177.0
Others	86.5	104.5
Total non-current liabilities	158.2	438.7
Borrowings	6.8	279.5
Trade payables	22.6	29.0
Others	128.8	130.1
Total stockholders' equity	771.7	1,040.5
Net debt	318.1	175.5

Figures rounded

Results – restated excluding Home of Hardware

in €m	Q1 08	Q2 08	Q3 08	Q4 08	FY 08
Revenues	231.0	252.1	221.9	236.1	941.1
Operating expenses	228.1	240.5	248.9	280.5	998.1
EBITDA	2.9	11.6	-27.0	-44.5	-57.0
Depreciation and amortization	12.2	13.0	12.4	12.7	50.3
Amortization of subscriber base	12.2	12.2	12.2	12.2	48.9
EBIT	-21.6	-13.6	-51.6	-69.3	-156.2
Financial result	-9.6	-6.4	-16.0	-27.5	-59.5
Profit/(loss) before taxes	-31.2	-20.0	-67.6	-96.8	-215.7
Income taxes	3.3	-17.1	-19.6	-15.5	-48.8
Result from continuing operations	-27.9	-37.0	-87.2	-112.4	-264.5
Result from discontinued operations	-0.2	-0.7	-1.9	-2.0	-4.9
Result for the period	-28.1	-37.8	-89.1	-114.3	-269.4

Revenues and costs – restated excluding Home of Hardware

in €m	Q1 08	Q2 08	Q3 08	Q4 08	FY 08
Revenues					
Program	198.7	193.0	189.3	188.8	769.8
Advertising	6.8	9.0	6.7	8.5	31.0
Hardware	9.7	10.1	13.0	14.7	47.5
Other	15.8	40.0	13.0	24.0	92.8
Total	231.0	252.1	221.9	236.1	941.1
Costs (including depreciation)					
Program	171.9	175.3	133.5	159.4	640.0
Transmission	29.5	30.4	31.9	33.5	125.2
Customer service	13.5	13.0	14.7	10.8	52.0
Hardware	12.6	11.4	25.8	17.2	67.0
Selling expenses	24.0	19.0	36.4	34.8	114.3
General and administrative expenses	14.8	15.9	18.1	20.8	69.6
Other operating expenses/(income)	-25.9	-11.5	1.0	16.7	-19.7
Total	240.4	253.5	261.3	293.2	1,048.4
Depreciation included	12.2	13.0	12.4	12.7	50.3
Costs (excluding depreciation)	228.1	240.5	248.9	280.5	998.1
EBITDA	2.9	11.6	-27.0	-44.5	-57.0

Figures rounded

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