

## Sky Deutschland AG announces results for Q3 2009

### Q3 2009 key results\*:

- Revenues of €208.5 million (€221.9 million in Q3 2008)
- EBITDA: negative €87.9 million (negative €27.0 million in Q3 2008)
- 2.431 million subscribers as of 30 September
- Gross additions of 201k subscribers in Q3 2009, up 46% versus Q3 2008
- Net growth of 67k subscribers
- ARPU increased further to €25.77 from €25.20 in Q2 2009
- Financial outlook for 2010 and following years confirmed
- EBITDA and operating cash flow break-even on a monthly basis targeted during Q4 2010 at a lower subscriber level of 2.8 to 3.0 million due to strong ARPU growth

*Munich, 12 November 2009.* In Q3 2009, Sky Deutschland AG increased its subscriber base by net 67k subscribers and had a total of 2.431 million direct subscribers at 30 September 2009. Net growth of 93k monthly contract subscribers was offset by a reduction of 26k Flex subscribers. Churn rate for Q3 2009 was slightly higher at 23.3% versus Q2 2009 (22.4%) and still reflects the phasing out of deeply discounted and Flex subscribers. Compared to Q3 2008, gross additions increased by 46% to 201k in Q3 2009. Gross additions of monthly contract subscribers – excluding Flex – went up by 58%. Program ARPU increased further to €25.77 in Q3 2009 from €25.20 in Q2 2009.

Higher direct program revenues due to continuously increasing ARPU were offset by lower revenues in other areas. Thus, total revenues decreased to €208.5 million in Q3 2009 (€221.9 million in Q3 2008). Due to higher program costs and higher sales and marketing expenses, total operating expenses increased to €296.5 million (€248.9 million in Q3 2008). As a consequence, EBITDA decreased to negative €87.9 million (negative €27.0 million in Q3 2008) and earnings for the period amounted to negative €116.7 million (negative €89.1 million in Q3 2008).

### Successful launch of Sky Deutschland's new entertainment service

Since the launch of the Sky service on 4 July, the Sky brand has already reached an awareness level of 66% by mid October, which is a strong lift from the 25% awareness prior to launch. Sky Deutschland implemented a number of sales initiatives for subscriber and ARPU growth, for example an expansion of its retail sales network by increasing the number of points of sale from 3,500 before launch to more than 7,000, and expanding its team of sales representatives.

Recently, Sky launched an installation service throughout Germany and Austria for making home visits to install, upgrade and repair equipment and at the same time sell Sky services.

Sky Deutschland's new Bundesliga broadcast line-up is delivering great value to subscribers – including the last weekend, aggregate viewership from the first twelve matchdays has increased by 65% in comparison to last year.

Mark Williams, CEO of Sky Deutschland AG: “We are pleased with our very solid start and the successful launch of the new Sky service. The response from our existing subscribers has been very positive, with many choosing to move immediately to the new Sky packages. More than 200,000 gross additions in our first quarter underlines that families and sports fans in Germany and Austria very much appreciate the expanded choice and quality of our unique service offering.”

## **Christmas focus on HD choice and quality**

With currently seven HD channels, Sky Deutschland's HD offering is the most comprehensive in the German-speaking market. It will be central to the Christmas marketing and sales campaign, which showcases the extensive choice and quality of programming available from Sky.

Sky Deutschland's HD channel line-up is unrivalled in exclusive programming which benefits most from HD transmission, namely live sports, latest release blockbuster movies and high impact documentaries.

Sky Deutschland will continue to expand its HD service, starting with an additional four channels in mid 2010. Today, the complete HD offer of Sky can be received via satellite all over Germany and Austria and in almost 70% of all German cable households. HD is an important growth driver for the company as HD televisions become more and more available in German and Austrian homes.

## **Outlook**

2009:

- Full year 2009 EBITDA loss in the range of €250m to €270m expected.
- Full year 2009 negative cash flow from operating business in the range of €250m to €275m expected.
- Monthly program ARPU projected to be approximately €27 for Q4 2009 and approximately €29 for Q1 2010.

Financial outlook for 2010 and following years confirmed:

- EBITDA and operating cash flow break-even on a monthly basis targeted during Q4 2010 at a lower subscriber level of 2.8 to 3.0 million due to strong ARPU growth.
- 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.



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## Subscriber development:

'000	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
Direct subscribers at beginning	2,376	2,411	2,399	2,371	2,364
Additions	138	153	112	117	201
Churn	-103	-165	-140	-123	-135
Net change	35	-12	-28	-7	67
<b>Direct subscribers at end</b>	<b>2,411</b>	<b>2,399</b>	<b>2,371</b>	<b>2,364</b>	<b>2,431</b>
of which Flex	118	85	68	38	12
Direct program revenues (in €m)	171.8	172.2	177.8	179.0	185.3
Program ARPU (in €, monthly)	23.92	23.86	24.85	25.20	25.77
Churn rate (12 months rolling)	21.4%	23.1%	22.4%	22.4%	23.3%
Wholesale subscribers at end	704	691	710	334	140

## Key results:

in €m	Q3 09	Q3 08	Change	YTD 09	YTD 08	Change
Revenues	208.5	221.9	-13.4	671.8	705.1	-33.2
Operating expenses	296.5	248.9	47.5	853.0	717.6	135.4
<b>EBITDA</b>	<b>-87.9</b>	<b>-27.0</b>	<b>-60.9</b>	<b>-181.1</b>	<b>-12.5</b>	<b>-168.6</b>
Depreciation and amortisation	8.7	12.4	-3.8	34.8	37.7	-2.8
Amortisation of subscriber base/trademark	12.2	12.2	0.0	368.3	36.7	331.6
<b>EBIT</b>	<b>-108.8</b>	<b>-51.6</b>	<b>-57.2</b>	<b>-584.3</b>	<b>-86.8</b>	<b>-497.4</b>
Financial result	-6.6	-16.0	9.4	-30.9	-32.0	1.1
<b>Profit/(loss) before taxes</b>	<b>-115.4</b>	<b>-67.6</b>	<b>-47.7</b>	<b>-615.2</b>	<b>-118.8</b>	<b>-496.3</b>
Income taxes	-1.4	-19.6	18.2	52.7	-33.3	86.0
Earnings from continuing operations	-116.7	-87.2	-29.5	-562.5	-152.1	-410.4
Earnings from discontinued operations	0.0	-1.9	1.9	0.0	-2.9	2.9
<b>Earnings for the period</b>	<b>-116.7</b>	<b>-89.1</b>	<b>-27.6</b>	<b>-562.5</b>	<b>-155.0</b>	<b>-407.5</b>

Revenues and costs:

in €m	Q3 09	Q3 08	Change	YTD 09	YTD 08	Change
<b>Revenues</b>						
Program	190.7	189.3	1.5	581.5	581.0	0.5
Advertising	3.4	6.7	-3.4	12.7	22.5	-9.8
Hardware	6.1	13.0	-6.9	33.8	32.8	1.0
Other	8.3	13.0	-4.7	43.9	68.8	-24.9
<b>Total</b>	<b>208.5</b>	<b>221.9</b>	<b>-13.4</b>	<b>671.8</b>	<b>705.1</b>	<b>-33.2</b>
<b>Costs (including depreciation)</b>						
Program	163.1	133.5	29.6	522.0	480.6	41.4
Transmission	36.0	31.9	4.2	101.2	91.7	9.5
Customer service	13.2	14.7	-1.5	37.9	41.1	-3.2
Hardware	8.6	25.8	-17.2	38.6	49.8	-11.2
Selling expenses	64.3	36.4	27.9	122.4	79.5	42.9
General and administrative expenses	20.8	18.1	2.7	62.3	48.9	13.4
Other operating expenses/(income)	-1.0	1.0	-1.9	3.4	-36.4	39.8
<b>Total</b>	<b>305.1</b>	<b>261.3</b>	<b>43.8</b>	<b>887.8</b>	<b>755.2</b>	<b>132.6</b>
Depreciation included	8.7	12.4	-3.8	34.8	37.7	-2.8
<b>Costs (excluding depreciation)</b>	<b>296.5</b>	<b>248.9</b>	<b>47.5</b>	<b>853.0</b>	<b>717.6</b>	<b>135.4</b>
<b>EBITDA</b>	<b>-87.9</b>	<b>-27.0</b>	<b>-60.9</b>	<b>-181.1</b>	<b>-12.5</b>	<b>-168.6</b>

Subscribers:

'000	Q3 09	Q3 08	Change	YTD 09	YTD 08	Change
Direct subscribers at beginning	2,364	2,376	-12	2,399	2,534	-135
Additions	201	138	63	430	282	148
Churn	-135	-103	-32	-398	-405	7
Net change	67	35	31	32	-123	155
<b>Direct subscribers at end</b>	<b>2,431</b>	<b>2,411</b>	<b>20</b>	<b>2,431</b>	<b>2,411</b>	<b>20</b>
of which Flex	12	118	-106	12	118	-106
Direct program revenues (in €m)	185.3	171.8	13.6	542.1	523.2	18.9
Program ARPU (in €, monthly)	25.77	23.92	1.85	24.94	23.51	1.43
Churn rate (12 months rolling)	23.3%	21.4%	1.9	23.3%	21.4%	1.9
Wholesale subscribers at end	140	704	-564	140	704	-564