

Sky Deutschland AG announces results for Q4 2009

CEO Mark Williams: “Pleased with first six months after launch. Foundation for viable business has been laid.”

Q4 2009 key results:

- Revenues of €230.2 million (Q4 2008: €236.1 million)
- EBITDA: negative €81.6 million (Q4 2008: negative €44.5 million)
- 167,000 gross additions, net growth of 39,000 subscribers
- ARPU increased further to €27.45 (Q4 2008: €23.86)
- Churn declined to 21.6% (Q3 2009: 23.3%)

Full year 2009 key results:

- Revenues of €902.1 million (2008: €941.1 million)
- EBITDA negative €262.7 million (2008: negative €57.0 million)
- 2.470 million subscribers as of 31 December
- 597,000 gross additions (+37% vs. 2008)

Munich, 25 February 2010. In the first six months since the the launch of its new TV entertainment service on 4 July 2009, Sky Deutschland AG attracted 369,000 new customers to its service, up 26% compared to the second half of 2008. During this six-month period, net subscriber growth was 105,000 taking the total number of direct subscribers to 2.47 million on 31 December 2009. The awareness of the Sky brand exceeded 70 percent at the end of 2009.

Mark Williams, CEO of Sky Deutschland AG: “We are pleased with customers’ reaction to our new packaging and pricing structure. The work that we embarked on to overhaul the operations of the business is now almost complete and we have laid the foundation for a viable business. Our strategy is to accelerate subscriber growth, to continue steadily growing ARPU and to achieve sustained profitability. To this end, the proceeds of the capital raising on 21 January 2010 will be invested in additional sales and marketing activities, programming and new channels and an accelerated roll-out of Sky’s comprehensive HD service.”

Q4: strong ARPU growth

In Q4 2009, net subscriber growth was 39,000. Gross additions amounted to 167,000. The rolling churn rate for Q4 2009 dropped to 21.6% from 23.3% in Q3 2009. As a consequence of the take-up of the new packaging and pricing structure both by existing subscribers and new additions, together with the phasing out of deeply discounted offers, programming ARPU continued its strong growth and increased to €27.45 (€25.77 in Q3 2009). EBITDA in Q4 2009 was negative €81.6 million (negative €44.5 million in Q4 2008). Higher direct programming revenues due to continuously

increasing ARPU were offset by lower revenues in other areas. Q4 revenues were €230.2 million, compared to €236.1 million in Q4 2008. At the same time operating expenses increased to €311.8 million (€280.5 million in Q4 2008) mainly due to higher programming costs for the Bundesliga rights, higher selling expenses and lower other operating income.

Full year results as expected

For full year 2009, Sky achieved approximately 597,000 gross additions – an increase of 37% compared to full year 2008. Total revenues decreased to €902.1 million (2008: €941.1 million). The absence of one-time licence revenues included in 2008, and declining advertising revenues due to the overall weak economic climate, were mainly responsible for the lower level of revenues in 2009. Operating expenses totaled €1,164.8 million (2008: €998.1 million) and went up mainly due to increases in programming costs as well as selling expenses.

EBITDA for full year 2009 was negative €262.7 million (2008: negative €57.0 million). Result for the period was negative €676.5 million (2008: negative €269.4 million). Following the decision to launch the new service under the Sky brand, the Premiere trademark was written off in Q2 2009 which had a negative net effect of €253.9 million.

Cash flow from operating activities amounted to negative €158.4 million (2008: negative €108.1 million). At the end of 2009, net debt amounted to €162.4 million (2008: €318.1 million). This figure doesn't include the proceeds of the recent capital increase in the amount of €110 million which was completed on 21 January 2010.

Positive reactions from customers

The positive reactions from both new customers and existing subscribers demonstrate that Germans and Austrians value the greater choice, quality and innovation of the Sky service. Sky customers have embraced the new programming line-up and are using the service more extensively. For example, aggregated viewership of Sky's Bundesliga broadcast line-up after 23 match days has increased by 77% in comparison to last season.

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This press release is available on the Internet at info.sky.de.

Q1 2010 results: 12 May 2010

Subscriber development:

'000	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Direct subscribers at beginning	2,411	2,399	2,371	2,364	2,431
Gross additions	153	112	117	201	167
Churn	-165	-140	-123	-135	-128
Net additions	-12	-28	-7	67	39
Direct subscribers at end	2,399	2,371	2,364	2,431	2,470
of which Flex	85	68	38	12	3
Direct programming revenues (in €m)	172.2	177.8	179.0	185.3	201.8
Programming ARPU (in €, monthly)	23.86	24.85	25.20	25.77	27.45
Churn rate (in %, 12 months rolling)	23.1	22.4	22.4	23.3	21.6
Wholesale subscribers at end	691	710	334	140	131

Key results:

in €m	Q4 09	Q4 08	Change	2009	2008	Change
Revenues	230.2	236.1	-5.8	902.1	941.1	-39.1
Operating expenses	311.8	280.5	31.3	1,164.8	998.1	166.7
EBITDA	-81.6	-44.5	-37.1	-262.7	-57.0	-205.7
Depreciation and amortisation	9.8	12.7	-2.8	44.7	50.3	-5.6
Amortisation of subscriber base/trademark	12.3	12.2	0.1	380.6	48.9	331.7
EBIT	-103.7	-69.3	-34.4	-688.0	-156.2	-531.8
Financial result	-8.0	-27.5	19.5	-38.9	-59.5	20.6
Profit/(loss) before taxes	-111.7	-96.8	-14.9	-726.9	-215.7	-511.2
Income taxes	-2.3	-15.5	13.2	50.4	-48.8	99.2
Result from continuing operations	-114.0	-112.4	-1.6	-676.5	-264.5	-412.0
Result from discontinued operations	0.0	-2.0	2.0	0.0	-4.9	4.9
Result for the period	-114.0	-114.3	0.3	-676.5	-269.4	-407.2

Revenues and costs:

in €m	Q4 09	Q4 08	Change	2009	2008	Change
Revenues						
Programming	206.6	188.8	17.7	788.0	769.8	18.2
Advertising	8.0	8.5	-0.5	20.7	31.0	-10.3
Hardware	7.5	14.7	-7.3	41.3	47.5	-6.3
Other	8.2	24.0	-15.8	52.1	92.8	-40.7
Total	230.2	236.1	-5.8	902.1	941.1	-39.1
Costs (including depreciation)						
Programming	195.0	159.4	35.7	717.0	640.0	77.0
Transmission	32.6	33.5	-0.8	133.9	125.2	8.7
Customer service	13.5	10.8	2.6	51.4	52.0	-0.6
Hardware	14.4	17.2	-2.8	53.0	67.0	-14.0
Selling expenses	53.3	34.8	18.5	175.7	114.3	61.4
General and administrative expenses	16.2	20.8	-4.6	78.5	69.6	8.9
Other operating expenses/(income)	-3.5	16.7	-20.2	-0.1	-19.7	19.6
Total	321.6	293.2	28.4	1,209.4	1,048.4	161.0
Depreciation included	9.8	12.7	-2.8	44.7	50.3	-5.6
Costs (excluding depreciation)	311.8	280.5	31.3	1,164.8	998.1	166.7
EBITDA	-81.6	-44.5	-37.1	-262.7	-57.0	-205.7

Subscribers:

'000	Q4 09	Q4 08	Change	2009	2008	Change
Direct subscribers at beginning	2,431	2,411	20	2,399	2,534	-135
Gross additions	167	153	14	597	435	161
Churn	-128	-165	37	-527	-571	44
Net additions	39	-12	51	70	-135	206
Direct subscribers at end	2,470	2,399	70	2,470	2,399	70
of which Flex	3	85	-82	3	85	-82
Direct programming revenues (in €m)	201.8	172.2	29.6	743.9	695.4	48.5
Programming ARPU (in €, monthly)	27.45	23.86	3.58	25.46	23.49	1.97
Churn rate (in %, 12 months rolling)	21.6	23.1	-1.5	21.6	23.1	-1.5
Wholesale subscribers at end	131	691	-560	131	691	-560