

# Discussion of Sky

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October 25, 2018



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## **Basis of Presentation**

This presentation also includes historical results of Sky plc, which have been presented in accordance with International Financial Reporting Standards (“IFRS”) on a basis consistent with how Sky has presented its results in prior periods as a stand-alone public company in the U.K. We will be required to make substantial adjustments when we present pro forma information for Comcast giving effect to the acquisition of Sky and when we present information about Sky as a component of Comcast following the date of acquisition, including but not limited to valuation adjustments for acquisition accounting and adjustments to conform with generally accepted accounting principles in the United States. In addition, Sky’s EBITDA, which is a non-GAAP financial measure, adjusts for certain items that may not be adjusted under Comcast’s definition of Adjusted EBITDA. Customer metrics may also be presented on a different basis from those provided for Comcast’s Cable Communications segment. Further information is provided on the Comcast and Sky websites at [www.cmcsa.com](http://www.cmcsa.com) and [www.sky.com/corporate](http://www.sky.com/corporate), respectively.

# Jeremy Darroch

CEO, Sky



# Europe's leader in entertainment and communications

Presence in 7 territories, including 4 out of the 5 largest TV markets in Western Europe



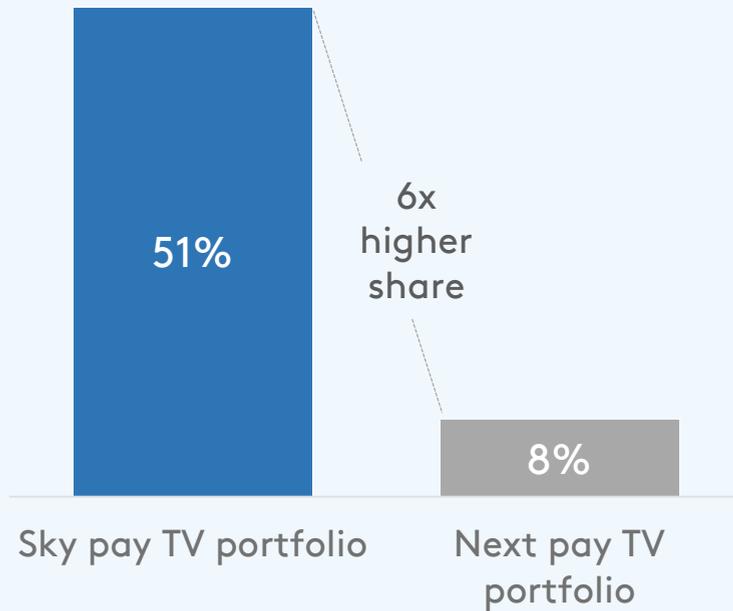
- Territories in which we operate
- Territories in which we have brand presence

- Scaled leader in DTC and content
- 27 million customers
  - 23 million retail
  - 4 million wholesale
- Number 1 Pay-TV operator in core territories
  - UK and Ireland: 61%
  - Italy: 74%
  - Germany and Austria: 61%



# Europe's leading content business

Sky's channel portfolio = 51% of all Pay-TV viewing in its markets



#1 in Entertainment



sky original productions

- Sky Originals creating differentiated local content; complemented by content from key partners
- 4 out of top 5 shows on Sky One and Sky Atlantic are Sky Originals

#1 in Movies



- Home of 1st pay window for between 4 to 6 major studios in all markets
- Local film important in non-English language markets; 9 out of 10 most watched films on Sky Cinema Italy were local

#1 in Sports



- Key sports rights across our footprint, often exclusively, including; EPL, Serie A, Bundesliga, Formula 1, Champions League, NFL
- Sports packages are available on an unbundled basis for consumers

#1 in News



- Sky News reaches 109 million TV homes in 140 countries
- Second largest international TV brand in Europe



# Europe's leading DTC business

## 1. Best & broadest range of content

Sky's leading channel portfolio



Broad range of content partners



Local free-to-air better on Sky than anywhere else



Most relevant OTT services



## 2. Best innovation in products & services

Best-in-class group TV platform allows Sky to deploy new innovation quickly across geographies



Rolling out Sky Q while adding features and functionality



Reaching new customers with Now TV, Sky DTT and Sky Over Fibre



## 3. World class service

Market leading NPS

60 Service

80 installation

Lowest customer complaints



Record low TV churn in UK

8%

in June 2018

## 4. Deep customer insight driving optimal decisioning right across the value chain



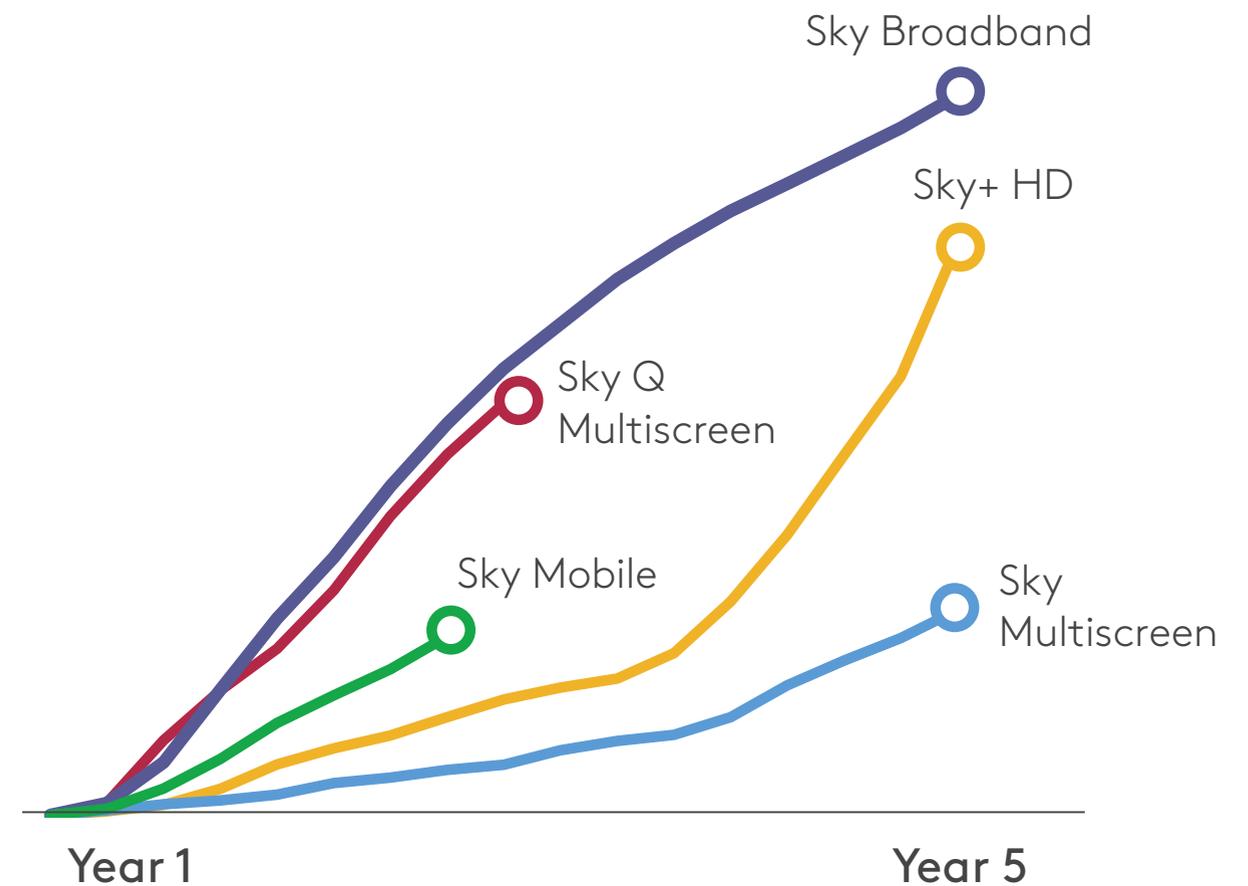
# Widely-respected brand with proven ability to cross-sell

## Brand leadership



- #1 brand in entertainment
- Substantial reach >120 million people across Europe<sup>1</sup>
- Now TV is the only significant vMVPD in our markets

## Cross-sell: product growth since launch<sup>2</sup>

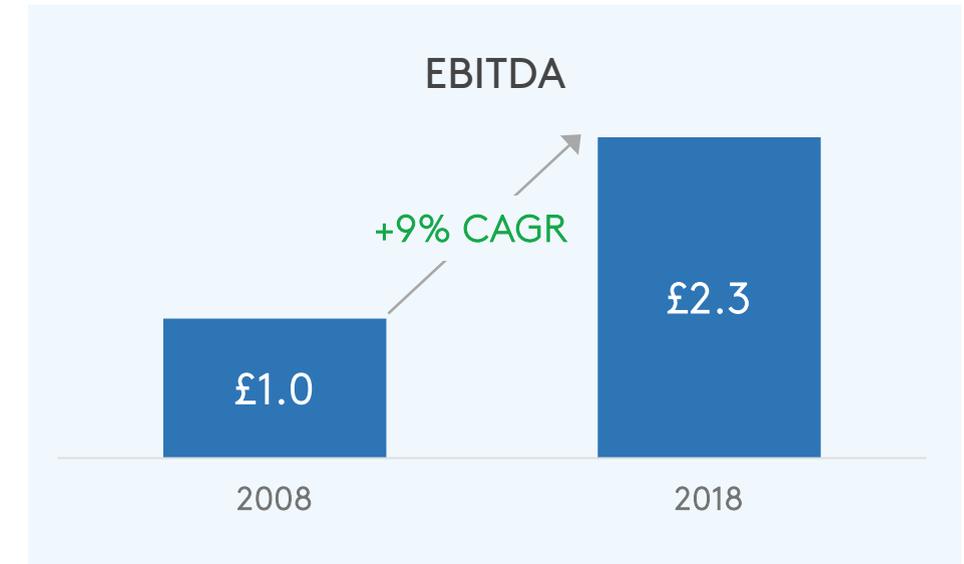


1) Reach defined as any individual accessing a core Sky service including DTH, NOWTV, Sky Ticket, wholesale, standalone broadband and viewing to free-to-air channels such as Sky News across Europe

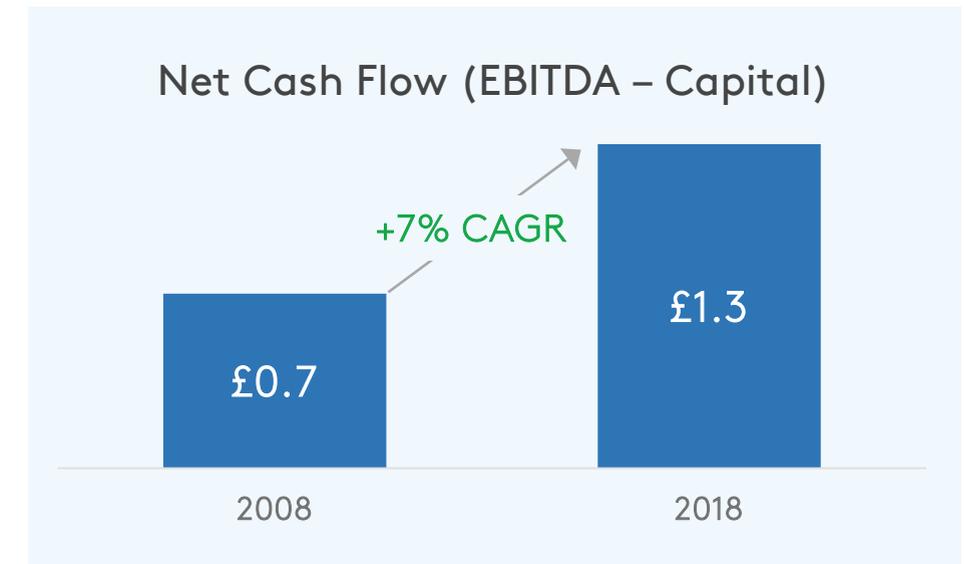
2) Time-series graph presents total take-up by customers of a variety of Sky products from their respective launch dates



# Strong management team with excellent track record



Consistent track record of revenue growth, cost management, and increasing profit and cash flows





# Looking ahead





## Strong plans for growth

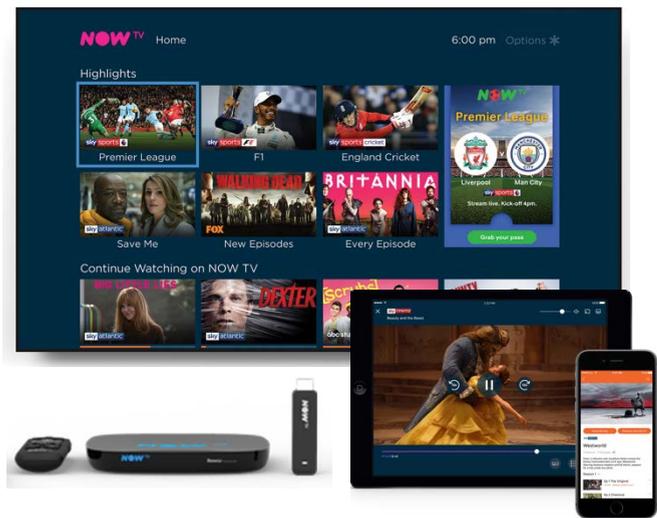
<b>1. Pay- TV</b>	Grow in all segments
<b>2. Content</b>	Grow and reshape our content investment
<b>3. Cross sell</b>	Grow home and mobile communications
<b>4. Adjacent businesses</b>	Scale transactional, advertising, and international licensing revenues
<b>5. Operating efficiency</b>	Reduce operating costs as a percentage of revenue



# 1. Pay-TV: Grow in all segments

Range of products and services to meet customer needs

Opening new customer segments



Flexible 'pay as you go' TV



Best in class, seamless multi-screen, experience



Sky DTT

- 2 million installed base
- Low acquisition costs



Sky over IP

- 6 million home potential in existing territories
- Deploy full Sky in new territories



## 2. Grow and reshape content investment

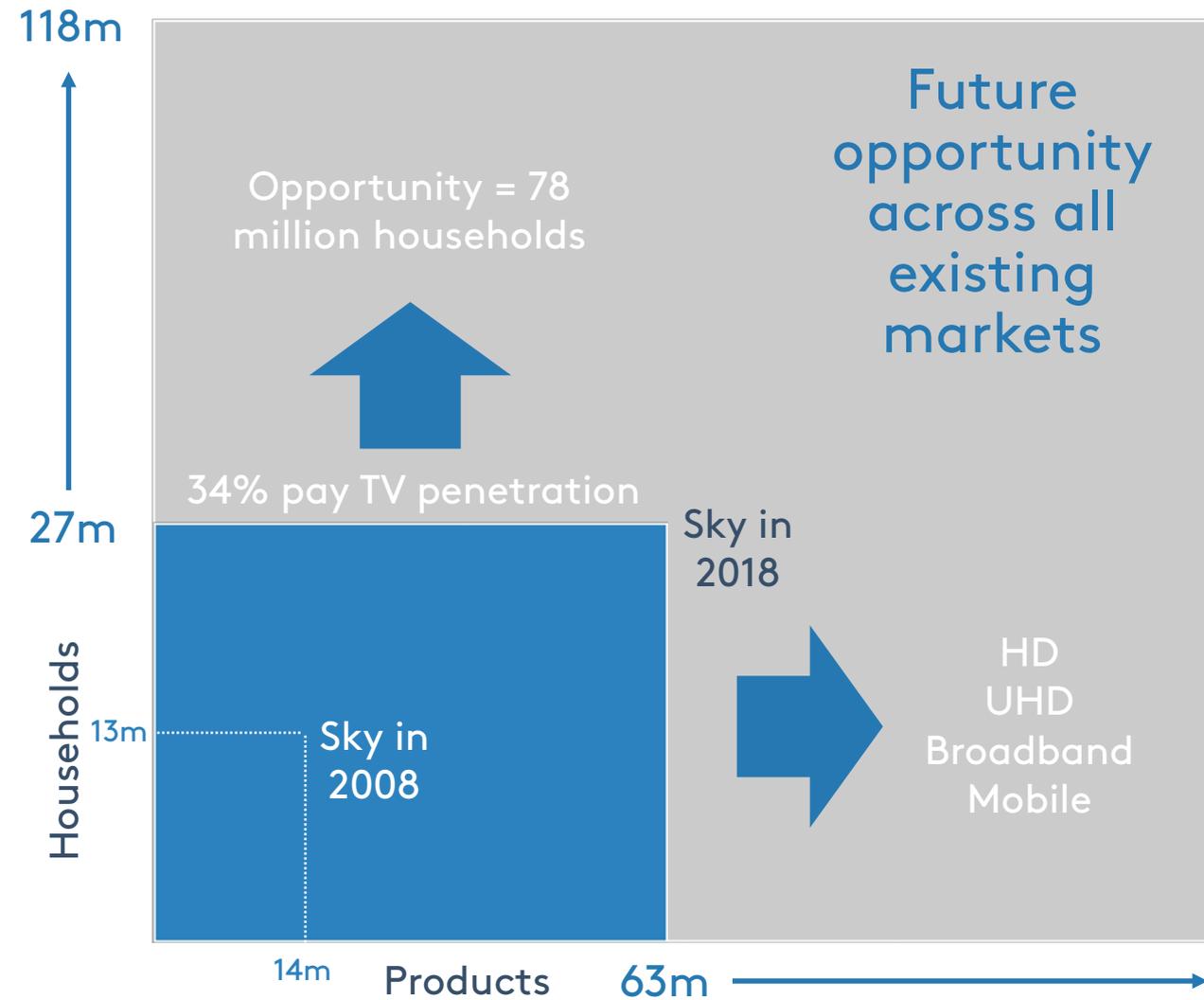


- Priorities for investment
  - Maintain #1 position in Sports and Cinema
  - Increase Sky originals
  - Build partnerships
- Optimize content portfolio



# Attractive markets with significant headroom for growth

	Pay TV penetration	'13 - '17 growth in penetration
	61%	+7%
	24%	+4%
	19%	+58%





## 3. Cross sell: Grow home and mobile communications

### Launch triple play in Italy



- Fibre-only focus on OpenFiber's FTTH network
- Unlocking Pay-TV headroom

### Grow fibre penetration in UK



- Penetration doubled to 42% in 2 years
- c70% new broadband sales to fibre<sup>1</sup>
- Negotiated significantly lower priced access to faster fibre

### Scale Sky Mobile to be UK's leading MVNO



- 650,000 subscribers
- 79% awareness<sup>2</sup>
- 41% share of iPhone XS handset sales<sup>3</sup>



## 4. Adjacent businesses: Scale transactional, advertising and international licensing



### Pay-as-you-go

- #1 digital retailer in UK
- Grow base of connected homes
- Grow in new and existing territories



### Advertising sales

- Increase inventory
- Grow pricing
- Build Italy and Germany to scale



### Advanced advertising

- Leverage our targeted advertising platform
- Enter new partnerships e.g. (VMed in UK)
- Roll out platform to new markets and services



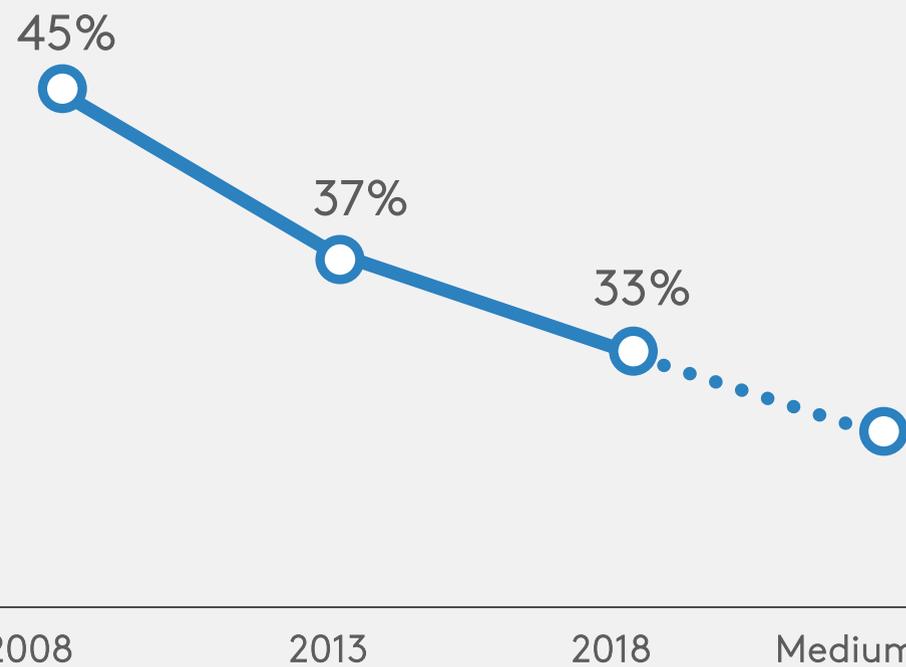
### International licensing revenues

- Recently surpassed £200 million annual revenues
- Leverage increasing investment in originals
- Grow portfolio of production assets



## 5. Operating efficiency: Reduce costs as a percentage of revenue

Operating costs as a % of revenue

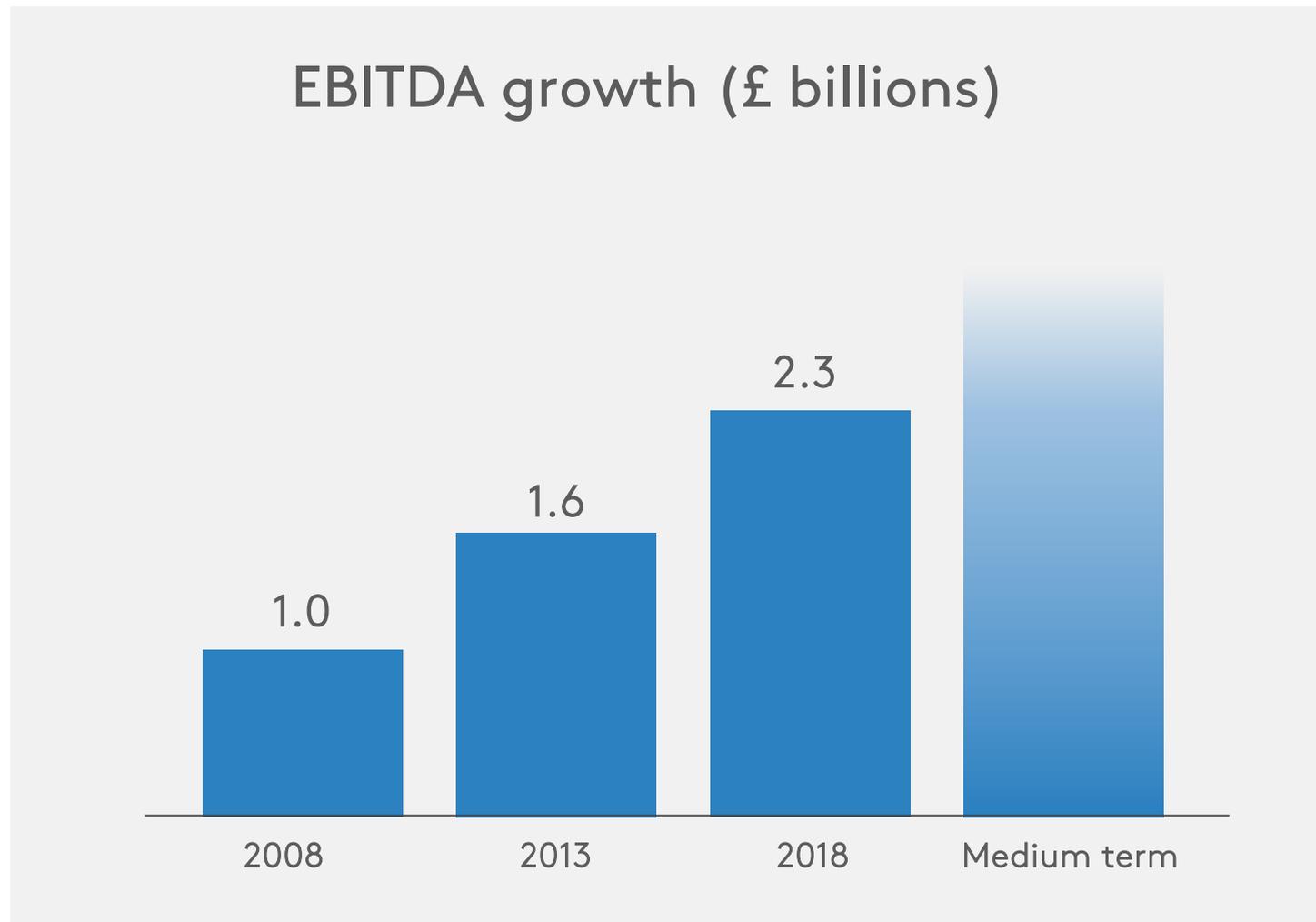


### Drive operating efficiencies

1. Digital First customer service
2. Broadband and TV network efficiency
3. Marketing and trading efficiency
4. Lean and agile operator



# Our plan delivers significant growth



- Lots of choices about how we grow
- Provisioned for investment on-screen and in new innovation
- Foundations of plan already in place

# Summary

- Europe's leader in entertainment and communications
- Well positioned in attractive markets with significant opportunities
- Clear and strong set of plans for growth
- Excited by next phase of growth as part of a broader, global organization

# Brian L. Roberts

Chairman & CEO, Comcast Corporation



# A global leader in media and technology

Triples our footprint to nearly 200MM homes

- Leader in 3 of the top 5 GDP countries

Largest fixed broadband provider in developed economies

- Nearly doubles our broadband footprint

Largest pay TV operator in developed economies

Leader in viewership share across all four primary pay TV geographies



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