

# Message from the Chief Executive

## Achievements in 2007

Strong profit growth

Enhanced co-operation with Disney

New SVP Programming hired

Strong performance from key franchises

€50 million distributed to shareholders

## Priorities for 2008

Continue content investment

Renew key distribution deals

Expand online and digital activities

Build on key franchise performance

## Revenue €m

2005	145.3
2006	162.8
2007	166.4

## EBITDA<sup>1</sup> €m

2005	49.2
2006	62.4
2007	69.4

<sup>1</sup> Consistent with prior years, EBITDA is operating profit stated before programme amortisation, impairment and depreciation.

**I'm pleased to report on another good year for Jetix Europe. We delivered strong profit growth in all our divisions.**

We are developing the business by concentrating on our long-term strategic objectives. These priorities remain unchanged. Namely: to produce great content; to strengthen our relationship with Disney; and to develop the Jetix offering across all media. We made solid progress on all fronts this year.

Our content offering took a major stride forward with the arrival of Marc Buhaj as Senior Vice-President in charge of programming. Marc has immense experience in this field. Under his guiding influence we have been reviewing and are now refreshing our entire production pipeline. Exciting new shows are in development – *Jimmy Two Shoes* and *Freaky Frankenbikes* among them. They share an emphasis on compelling storytelling and memorable, well-rounded characters.

We have been subtly shifting the type of content we deliver to reflect the competitive environment in which we operate. Our action and adventure shows won kids over with thrills and excitement. Our newer shows feature appealing characters who take on adventures with a healthy dose of humour. They engage kids' emotions and forge continuing relationships.

Strong characters are helping us to build long-term franchises. *Pucca* and *Yin Yang Yo!* have been sold to a number of free-to-air channels across Europe and beyond. Free-to-air channels typically deliver large audiences, building the awareness and popularity of these brands. This helps drive sales in our consumer products division.

*Power Rangers*, our most significant consumer products brand, had another good year. The brand continues to be represented by Disney Consumer Products and we benefit greatly from Disney's global standing.

Disney's role as a Jetix alliance partner is key to our success. *Yin Yang Yo!* was commissioned from Disney's Jetix Animation Concepts. Together, we are piloting a live action concept, which will develop and broaden the Jetix brand.



There is shared understanding and tremendous goodwill between Jetix Europe and Disney. As we forge ever-closer links we are uncovering new complementary strengths. This year, for the first time, we aired Disney's flagship *High School Musical* on Jetix channels in selected markets. This global hit show has played on Jetix channels in the Netherlands, Israel, Hungary and the Czech Republic.

Our strong performance in Central and Eastern Europe has been particularly satisfying. First mover advantage may prove decisive in these high-growth markets and we've been achieving that – in Bulgaria for instance we have added a local language track to our channel and we are now the only dedicated kids' channel broadcasting in Bulgarian.

We create content that is engaging, distinctive and varied. Increasingly, we are making that content available on multiple platforms. Kids expect to find their favourite shows whenever and wherever they want. They are equally at home on mobiles, using PCs, watching cable TV and playing games. The challenge for us is to ensure that wherever they experience our content, it engages them and leaves them wanting more.

We are testing new ways to introduce our characters and shows to audiences. *Oban Star-Racers* was initially launched with an online game. It was an instant hit: within six months four million people had played it. 70% of them recommended it to friends. By the time the show aired across Europe the game's popularity had built up a sizeable core audience.

Engaging our audiences through digital media makes up an increasingly important part of the business. Widespread broadband connectivity has expanded the range of digital possibilities. Video on computer is becoming mainstream and in this context our video-on-demand player is proving popular. After our initial success, we have rolled it out to new territories this year. It is now available in seven countries. Kids also access our content on mobiles.

We strengthened our digital division during the year. We brought in new leadership to spearhead an aggressive digital strategy supported by additional financial resources and specially commissioned content. In 2008 we will see a positive transformation in our online presence.

Kids entertainment is a fascinating and complex market. Kids have strong preferences and that gives us the opportunity to forge emotional connections through our characters.

We create content for six to 14 year-olds so every year, as kids get older, 11% of our market disappears. We must constantly renew our offering. We can only maintain market share by attracting the next generation of six year-olds. And we want them to stay with us.

Our biggest challenge is time itself. Kids have limited leisure time and seemingly endless choices. We must compete in a crowded market for a share of their time. It simply means we must work even harder to attract their attention and hold their interest.

Although it's still young, Jetix is widely recognised as one of Europe's leading kids entertainment companies. This is no accident; it is the result of the combined efforts of many talented, dedicated people. I would like to thank all my colleagues for the great work they do.

We are investing in content and in our future. We may face some short-term challenges, but the fundamentals are in place. I am confident that we have the capabilities and the market base to compete effectively and to ensure we will remain one of the market leaders in the years to come.

Paul Taylor  
Chief Executive Officer  
December 2007




*Yin Yang Yo!* is produced by Disney's Jetix Animation Concepts for the Jetix global alliance. In this action comedy twin rabbits, Yin and Yang, live in a strange, mysterious world filled with magic, monsters and mythical creatures. They must become "Woo Foo" Knights to defeat Carl, the Evil Cockroach Wizard.