



FOX KIDS EUROPE N.V.

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PRESS RELEASE

Fox Kids Europe N.V. Announces Financial Results for the Six Months Ended November 30, 1999

- **Six months revenues up 50% to \$52.3 million**
- **EBITDA positive across all existing businesses and up 187% from \$8.5 million to \$24.4 million**
- **30% year-on-year increase in subscribers**
- **Library expanded to 5,954 episodes, and over 300 additional episodes in production or being acquired as of November 30, 1999**

Amsterdam, the Netherlands, and London, UK - Fox Kids Europe N.V. (AMEX: FKE; Reuters: FOXK.AS; Bloomberg: FKE.NA), the leading pan-European integrated children's entertainment company, today announced its financial results for the six months ended November 30, 1999 (1H 2000). FKE achieved substantial growth in subscribers, revenues, and EBITDA compared to the proforma results for the six months ended November 30, 1998 (1H 1999). The company recorded positive EBITDA across all existing businesses, with growth in combined revenues in nearly all geographical markets.

Ynon Kreiz, Chairman and CEO of Fox Kids Europe N.V., said: "We are pleased to announce our first set of results as a public company following our successful IPO in November 1999. Fox Kids Europe has maintained its rapid growth with revenues up 50% and EBITDA up by 187% over the same period in the prior year. We intend to maintain a strong focus on maximizing value from our integrated structure and operations across all media, by leveraging our content via local propositions throughout Europe and the Middle East".

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Revenues up 50% - EBITDA up 187%

FKE's combined revenues in 1H 2000 were \$52.3 million, representing an increase of 50% over the combined revenues in 1H 1999. EBITDA showed an even greater increase of 187% from \$8.5 million to \$24.4 million for the period. At the operating income level, net losses were reduced from \$9.0 million to \$4.8 million in 1H 2000. Earnings per share improved from 27.4 cents per share (loss) to 10.4 cents per share (loss) over the same period.

The increase in revenues resulted primarily from strong growth in the company's program distribution business and the continued expansion of the channel operations in existing and new markets.

Continued Rapid Expansion in Channel Operation

Revenues from the channel operation in 1H 2000 were \$16.9 million, an increase of 47% over the corresponding period in 1H 1999. Growth came from both organic expansion of existing channels as well as channel launches in new markets. The channel operation achieved positive EBITDA of \$0.4 million in 1H 2000, an improvement of 108% from -\$5.3 million in 1H 1999. On the back of growth in distribution and ratings, advertising revenues from all channels grew from \$2.5 million to \$5.4 million, an increase of 116% compared to 1H 1999.

Distribution has increased in all existing markets, with subscribers up 12% from 12.0 million to 13.4 million. An additional 2.3 million subscribers were added through the launches of new channels in Spain and 16 countries in Central and Eastern Europe. This brought the total number of subscribers at November 30, 1999, to 15.7 million, an increase of 30% compared to 1H 1999. FKE expects to launch Fox Kids Italy via the Stream pay-television platform in April 2000, and plans to add channels in more markets, including Germany and Turkey. As of March 1, 2000, FKE is broadcasting in 30 countries, reaching 17.9 million subscribers in 10 languages.

The channels in the Netherlands and Spain, in which FKE's aggregate share of revenues is approximately \$3 million, are accounted for as equity investments in accordance with US GAAP, and are therefore shown under Equity in the Loss of Affiliates. The strong performance of both Fox Kids Netherlands and Fox Kids Spain reduced FKE's share of losses from \$2.0 million in 1H 1999 to \$0.1 million in 1H 2000.

Strong Growth in Program Distribution

Revenues from program distribution in 1H 2000 rose to \$33.8 million, an increase of 74% over the corresponding period. EBITDA increased 93% from \$13.5 million in 1H 1999 to \$26.0 million in 1H 2000. New deals were signed during 1H 2000 in several European markets, including Italy, France, Spain, Portugal, Switzerland, Belgium, Greece and Czech Republic. Revenues and EBITDA were up in nearly all markets on the back of sales of strong new programming, including The New Addams Family, Mystic Knights of Tir Na Nog, Oliver Twist, Jim Button, Walter Melon, Monster Farm and Power Rangers.

As at November 30, 1999, the company's library included 5,954 episodes. A total of 178 episodes were completed in 1H 2000, with an additional 315 episodes in production or being acquired as at November 30, 1999. The new series include Digimon, Power Rangers Light Speed Rescue, Spiderman Unlimited and Michel Endes' Wunschpunch.

Integration of Consumer Products

Consumer products revenues in 1H 2000 were \$1.6 million, representing 3% of combined revenues, down from \$3.9 million in 1H 1999. EBITDA was \$0.1 million, down from \$2.3 million.

The integration of Saban Consumer Products Europe (SCPE), FKE's consumer products division, is expected to be completed within twelve months. A number of key appointments have been made, including new Managing Directors for France and Germany. FKE is looking to open new local offices in Spain, Scandinavia and the Netherlands, in addition to its existing local operations in the UK, Germany, France, and Italy. Once integration is complete, the company anticipates that the performance of SCPE will improve significantly.

Leading Pan-European Internet Proposition for Kids

FKE's objective is to establish its position as the leading interactive proposition and on-line community for kids in Europe. FKE currently operates eight localised web sites in the UK, the Netherlands, France, Sweden, Denmark, Norway, Spain and Poland, generating more than 4 million page views per month. The company intends to launch a local web site in Italy in April 2000, and additional sites in other major markets later this year. FKE also intends to develop new applications in broadband, Wireless Application Protocol (WAP), interactive television and ADSL.

Revenues from FKE's internet proposition are expected to come from a variety of sources including advertising and sponsorship, e-commerce, and subscriptions/pay per play and view. In all cases, the proposition will be technology-neutral and open to all platforms, while tailored in the most relevant way for each market. All FKE's websites will be re-launched on a new, common technical platform, with next-generation designs and significantly extended content and functionality.

FKE's internet-related spend in 1H 2000 was \$0.25 million. For the full year ending May 31, 2000, FKE anticipates spending between \$3 million and \$5 million. FKE intends to continue leveraging its assets and resources, including content, promotional abilities through its channel platform and group relationship, to maximise economic and cross-promotional value to FKE. As activities are expanded in this area, FKE's revenues and costs from internet related activities will be shown as a separate segment in future financial results.

About Fox Kids Europe N.V.:

Fox Kids Europe N.V. (FKE) is a leading pan-European integrated children's entertainment company with localised television channels, programme distribution, consumer products and internet businesses. FKE's business lines are driven by a localised approach and its ownership of rights to the Saban library, one of the largest and most recognised libraries of children's programming in the world, including more than 5,900 episodes. FKE listed on the official market of Amsterdam Exchanges N.V.'s stock exchange on November 18, 1999.

Channels

FKE produces and broadcasts television channels targeted at children aged 2-14. The content of each channel is tailored specifically to the local audience in each market, taking into account viewing habits, popularity of programmes, parental sensitivities and cultural trends. FKE is currently broadcasting via cable and satellite to 30 countries, reaching approximately 18 million households in 10 languages. FKE's main markets include the United Kingdom, France, the Netherlands, the Nordic region, Spain, Poland and several other countries in Central and Eastern Europe. FKE expects to launch Fox Kids Italy in April 2000.

Programme Distribution

FKE is one of the largest distributors of children's programming in Europe. Programming from the Saban library is distributed to more than 80 different terrestrial, cable and satellite channels in over 30 markets across Europe and the Middle East. The Saban library includes major global programming franchises such as Power Rangers, Spiderman, The New Addams Family, Inspector Gadget and Goosebumps. The rights for most of the programming in the Saban library cover all markets in Europe and the Middle East and include many forms of media.

Consumer Products

FKE's consumer product activities include toys, merchandising and home videos sold in 24 European countries. FKE operates local offices in the United Kingdom, France, Germany and Italy and also retains third party agents in other European markets. FKE's consumer product properties are mainly sourced from the Saban library and include major franchises such as Power Rangers, Mystic Knights and Princess Sissi. In addition, FKE companies have agency agreements in respect of third party consumer product rights.

Internet

FKE operates a developing Internet business. In doing so, the company is capitalising on its inherent strengths including: ownership of quality content; promotional leverage of channel activities; consumer products operations; and significant Internet resources developed by the U.S. and International divisions of Fox Family Worldwide. FKE currently operates eight localised web sites in the United Kingdom, the Netherlands, France, Sweden, Denmark, Norway, Spain and Poland. The company intends to launch further local web sites in additional major markets.

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Fox Kids Europe NV

Consolidated Statement of Income for the six months ended November 30, 1999

In US \$'000	6 months to 30-Nov 1999	6 months to 30-Nov 1998	% Change (1)	In Euros 6 months to 30-Nov 1999
REVENUES	52,339	34,866	+50.1%	49,956
Operating expenses	-10,228	-10,807	+5.4%	-9,762
Selling, general & administrative expenses	-17,731	-15,570	-13.9%	-16,924
EBITDA	24,380	8,489	+187.2%	23,270
Depreciation and amortisation	-29,229	-15,714	-86.0%	-27,898
Operating loss	-4,849	-7,225	+32.9%	-4,628
Financial income	629	-	na	601
Financial expenses	-363	-	na	-346
Equity in loss of affiliates	-67	-1,991	+96.7%	-64
Loss before minority interest	-4,650	-9,216	+49.5%	-4,437
Minority interest	-106	216	-148.9%	-101
NET LOSS	<u>-4,756</u>	<u>-9,000</u>	+47.2%	<u>-4,538</u>
 <u>Earnings per Share</u>				
In cents per share	6 months to 30-Nov 1999	6 months to 30-Nov 1998	% Change (1)	In Euros 6 months to 30-Nov 1999
Loss per share, basic and diluted	(10.4)	(27.4)	+62.0%	(9.9)
Basic and diluted weighted average number of ordinary shares outstanding, in thousands	45,636	32,886	+38.8%	45,636

Notes:

(1) A "+" indicates a positive impact on net income.
A "-" indicates a negative impact on net income.

(2) Statements translated at a rate of Euro 1.00 = US\$ 1.0069

Fox Kids Europe NV

Consolidated Balance Sheet as at November 30, 1999

In US \$'000	30-Nov 1999	31-May 1999	30-Nov 1998	30-Nov 1999 in Euros
<u>Assets</u>				
Cash and cash equivalents	68,492	2,004	910	68,023
Accounts receivable (net)	30,690	22,957	27,824	30,480
Program rights	136,005	130,380	120,491	135,073
Investment in equity affiliates	12,046	12,113	9,459	11,963
Property and equipment	2,983	3,225	3,434	2,962
Total Assets	<u>250,216</u>	<u>170,679</u>	<u>162,118</u>	<u>248,501</u>
<u>Liabilities & Shareholders' Equity</u>				
Accounts payable	10,447	4,102	3,014	10,375
Accrued liabilities	4,299	5,641	4,709	4,270
Amounts due to related parties	14,209	26,451	37,860	14,112
Other long term liabilities	78	82	54	77
Long term note payable	104,114	-	-	103,401
Minority interest	(491)	(597)	(357)	(488)
Total Liabilities	<u>132,656</u>	<u>35,679</u>	<u>45,280</u>	<u>131,747</u>
Ordinary shares	21,426	11,117	7,215	21,279
Additional paid in capital	238,423	157,158	133,478	236,789
Note receivable contributed for equity	(104,114)	-	-	(103,401)
Cumulative translation adjustment	766	911	(515)	761
Accumulated deficit	(38,941)	(34,186)	(23,340)	(38,674)
Total Shareholders' Equity	<u>117,560</u>	<u>135,000</u>	<u>116,838</u>	<u>116,754</u>
Total Liabilities and Shareholders' Equity	<u>250,216</u>	<u>170,679</u>	<u>162,118</u>	<u>248,501</u>

Note:

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Fox Kids Europe NV

Consolidated Cash Flow Statement for the six months ended November 30, 1999

In US \$'000	6 months to 30-Nov 1999	6 months to 30-Nov 1998
OPERATING ACTIVITIES		
Net loss	-4,756	-9,000
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortisation	29,229	15,714
Equity in loss of affiliates	67	1,991
Minority interests	106	-216
Changes in operating assets and liabilities		
Accounts receivable and other assets	-7,733	-5,182
Program rights	-34,268	-46,359
Accounts payable	-6,260	13,858
Accrued liabilities	-983	-8,527
Net cash flows used in operating activities	-24,598	-37,721
INVESTING ACTIVITIES		
Purchases of property and equipment	-344	-500
Net cash flows used in investing activities	-344	-500
FINANCING ACTIVITIES		
Net proceeds from issue of shares	160,334	-
Programming rights acquisition	-100,000	-
Restructuring	31,241	24,454
Advances from parent company	-	5,594
Net cash flows provided by financing activities	91,575	30,048
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	66,633	-8,173
NET (DECREASE) IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	-145	-466
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,488	-8,639
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,004	9,549
CASH AND CASH EQUIVALENTS, END OF PERIOD	68,492	910

Fox Kids Europe NV

Operating Results by Segment for the six months ended November 30, 1999

In US \$'000	6 months to 30-Nov 1999	6 months to 30-Nov 1998	% Change (1)	In Euros 6 months to 30-Nov 1999
<u>BUSINESS SEGMENT</u>				
<u>Revenues</u>				
Program distribution	33,829	19,427		32,289
Channel operations	16,885	11,491		16,116
Consumer products	1,625	3,948		1,551
	<u>52,339</u>	<u>34,866</u>	<u>+50.1%</u>	<u>49,956</u>
<u>EBITDA</u>				
Program distribution	25,983	13,484		24,800
Channel operations	429	-5,344		409
Consumer products	117	2,278		112
Shared costs not allocated to segments	-2,149	-1,929		-2,051
	<u>24,380</u>	<u>8,489</u>	<u>+187.2%</u>	<u>23,270</u>
<u>Operating (Loss) / Income</u>				
Program distribution	-1,513	-213		-1,444
Channel operations	-464	-6,015		-443
Consumer products	-592	1,068		-565
Shared costs not allocated to segments	-2,280	-2,065		-2,176
	<u>-4,849</u>	<u>-7,225</u>	<u>+32.9%</u>	<u>-4,628</u>

Notes:

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Fox Kids Europe NV

Operating Results by Segment for the six months ended November 30, 1999

In US \$'000	6 months to 30-Nov 1999	6 months to 30-Nov 1998	% Change (1)	In Euros 6 months to 30-Nov 1999
<u>GEOGRAPHIC SEGMENT</u>				
<u>Revenues</u>				
Germany	12,476	10,872		11,908
France	11,764	7,607		11,228
United Kingdom & Ireland	11,290	9,478		10,777
Italy	6,552	1,281		6,254
Spain & Portugal	2,889	138		2,757
Poland	2,318	1,380		2,212
Benelux	1,898	1,770		1,812
Nordic Region	1,145	1,232		1,093
Central Europe	1,144	1,007		1,092
Other	863	101		823
	<u>52,339</u>	<u>34,866</u>	<u>+50.1%</u>	<u>49,956</u>
<u>EBITDA</u>				
Germany	9,313	7,476		8,889
France	4,855	1,994		4,634
United Kingdom & Ireland	3,178	-1,476		3,033
Italy	4,734	841		4,518
Spain & Portugal	2,195	84		2,095
Poland	-235	-871		-224
Benelux	1,449	1,206		1,383
Nordic Region	234	412		223
Central Europe	866	688		827
Other	-60	64		-57
Shared costs not allocated to segments	-2,149	-1,929		-2,051
	<u>24,380</u>	<u>8,489</u>	<u>+187.2%</u>	<u>23,270</u>
<u>Operating (Loss) / Income</u>				
Germany	711	1,750		678
France	-1,306	-1,300		-1,247
United Kingdom & Ireland	-1,562	-4,823		-1,489
Italy	504	298		481
Spain & Portugal	617	162		589
Poland	-933	-1,465		-891
Benelux	-308	228		-294
Nordic Region	-278	-259		-266
Central Europe	197	230		188
Other	-211	19		-201
Shared costs not allocated to segments	-2,280	-2,065		-2,176
	<u>-4,849</u>	<u>-7,225</u>	<u>+32.9%</u>	<u>-4,628</u>

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