



ZOO Digital Group plc
2018–2019

localisation
reimagined

ZOO Digital Group plc AGM 2019

September 2019



www.zoodigital.com

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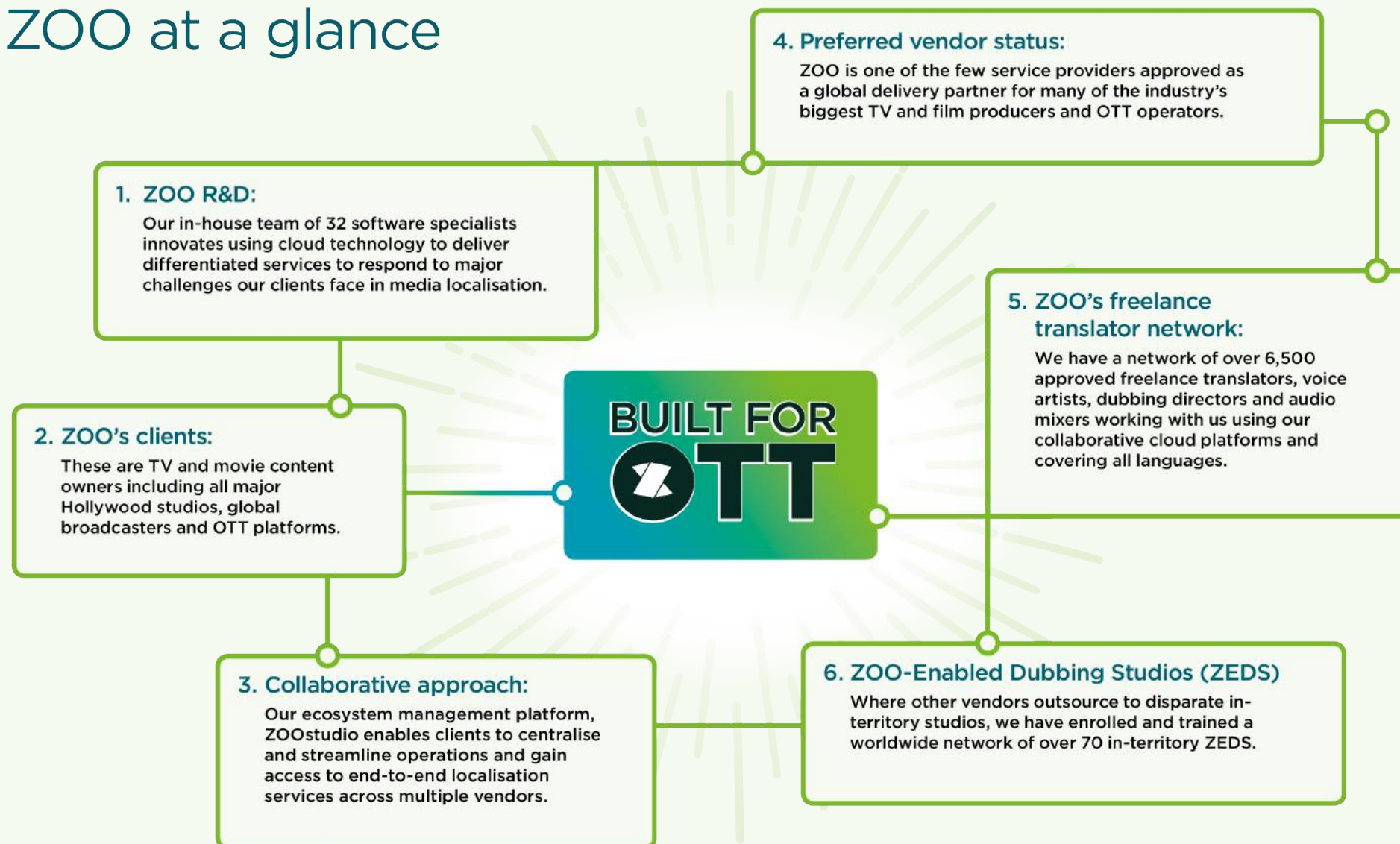
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Cloud-powered subtitling,
dubbing and distribution for the
global TV and movie industry



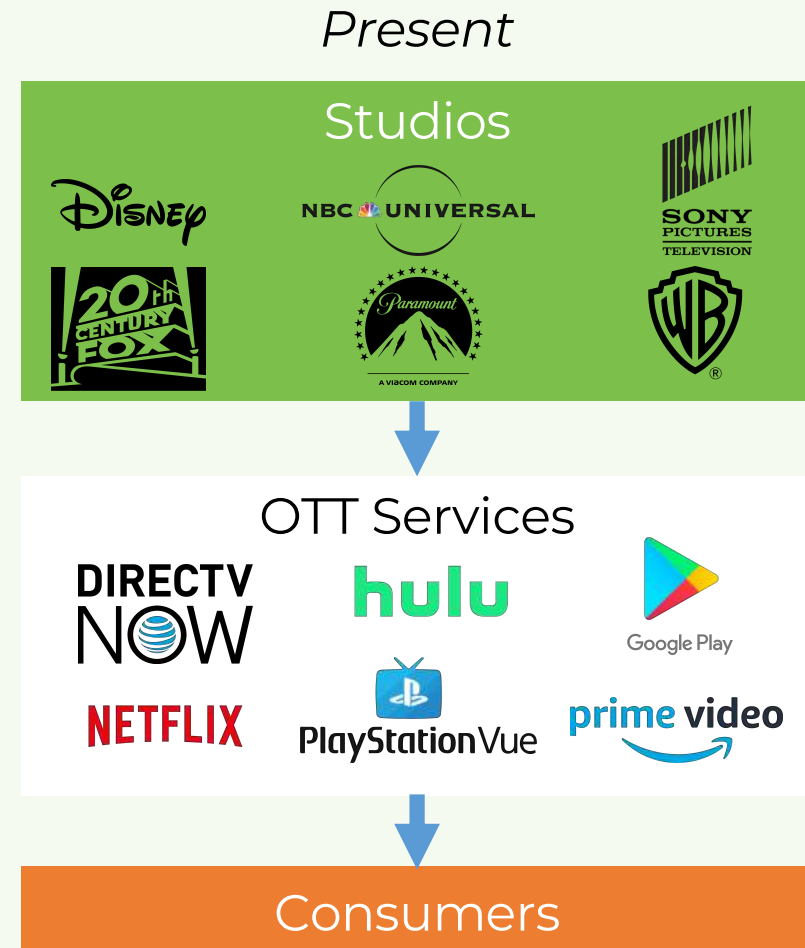
ZOO at a glance



The OTT Market Today

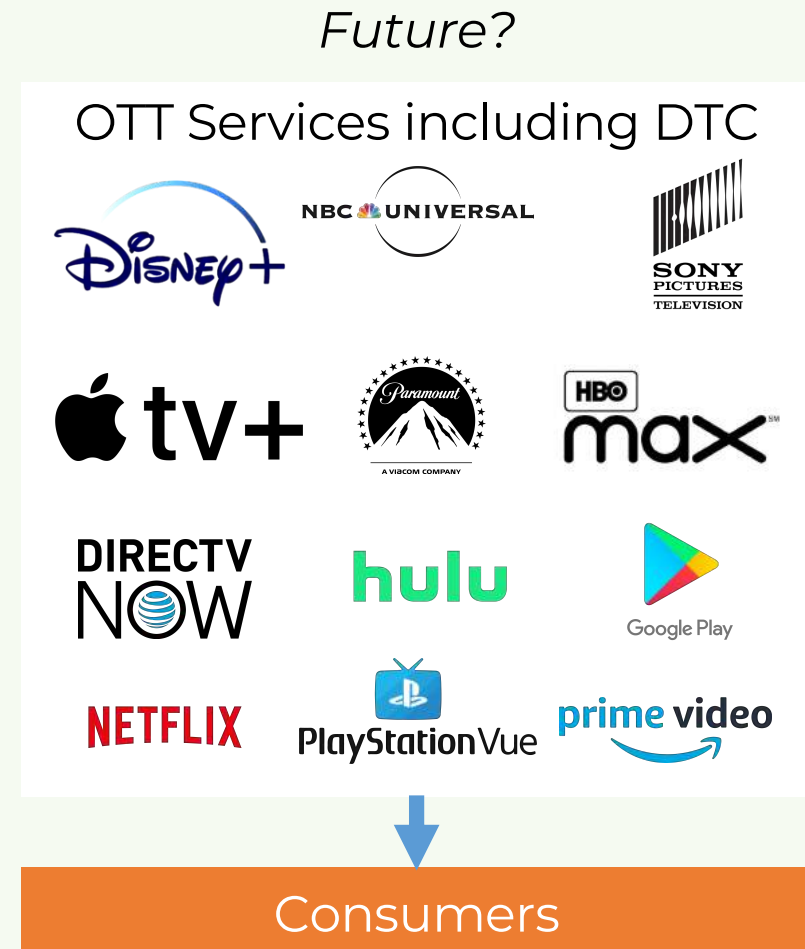
- Current market dominated by OTT-first companies
- Content licensed from:
 - Major media producers (usually non-exclusively)
 - Independent studios (often exclusively)
- Leading OTT operators create own original content
- Top 3 US platforms by subscribers*:
 - Netflix 158.8 million
 - Amazon Video 96.5 million
 - Hulu 75.8 million

* Source: eMarketer forecast to end of 2019

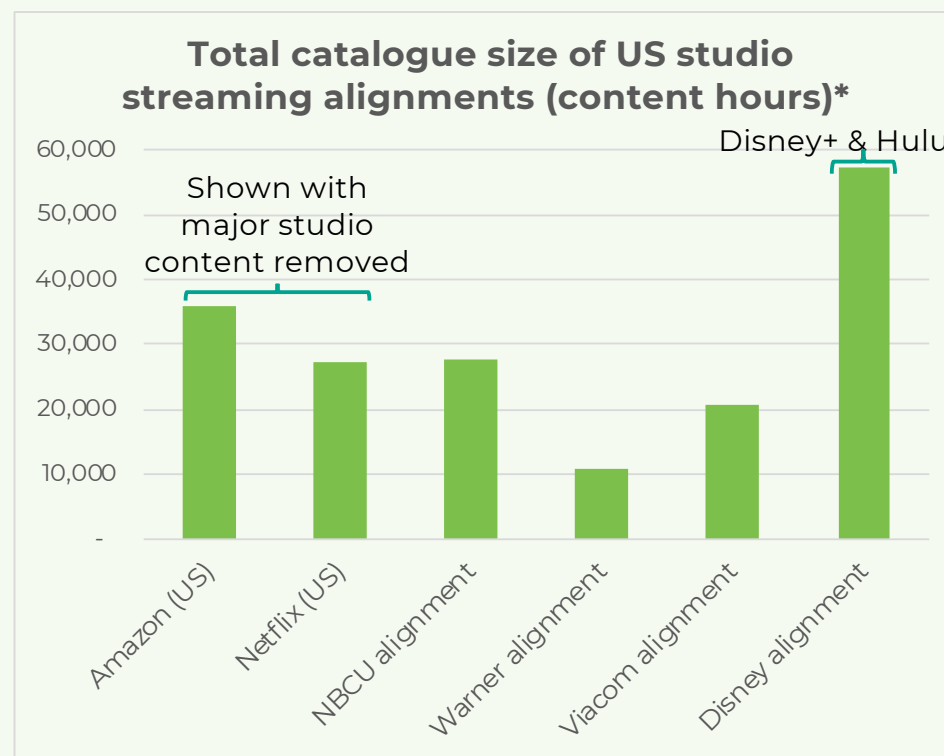
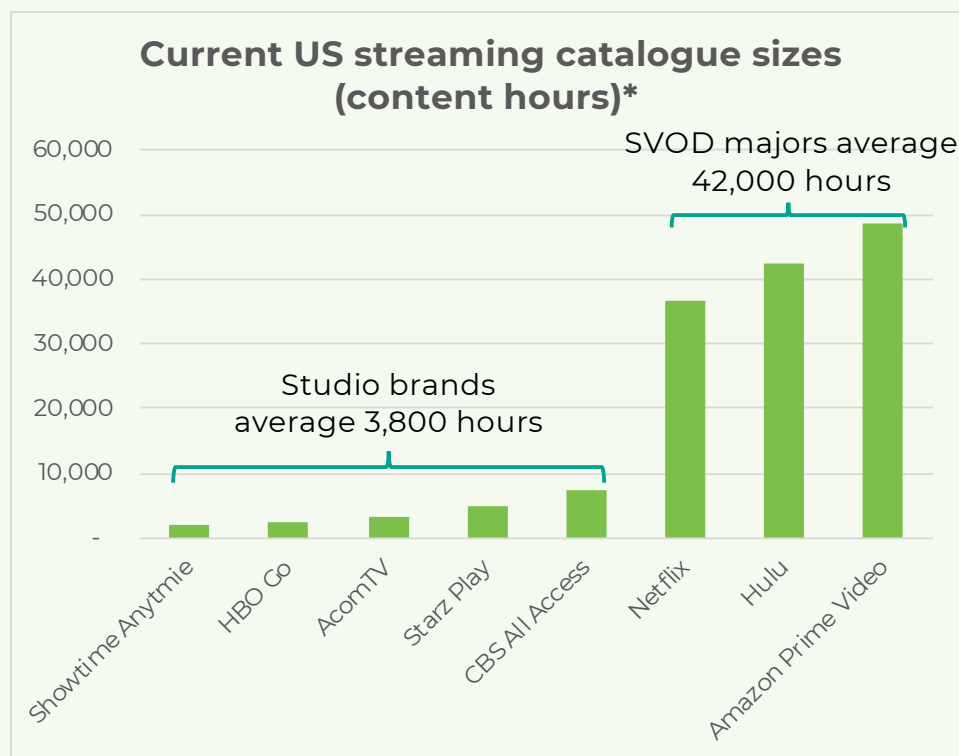


2019-20: Transition of OTT Services

- A number of major media producers are launching 'Direct to Consumer' (DTC) services
- Some have already announced their intention to discontinue licensing to other OTT providers
- Others may follow
- This will create a significant shift in the perceived value of established players and new entrants
- The trend of more content into more languages will continue



Hours of Content by Platform (US)



- Rebalancing of content will lead to significant consumer market shift
- Creates new opportunities for ZOO

* Source: Ampere Analysis, 2019

Vendor Selection by Large Buyers*

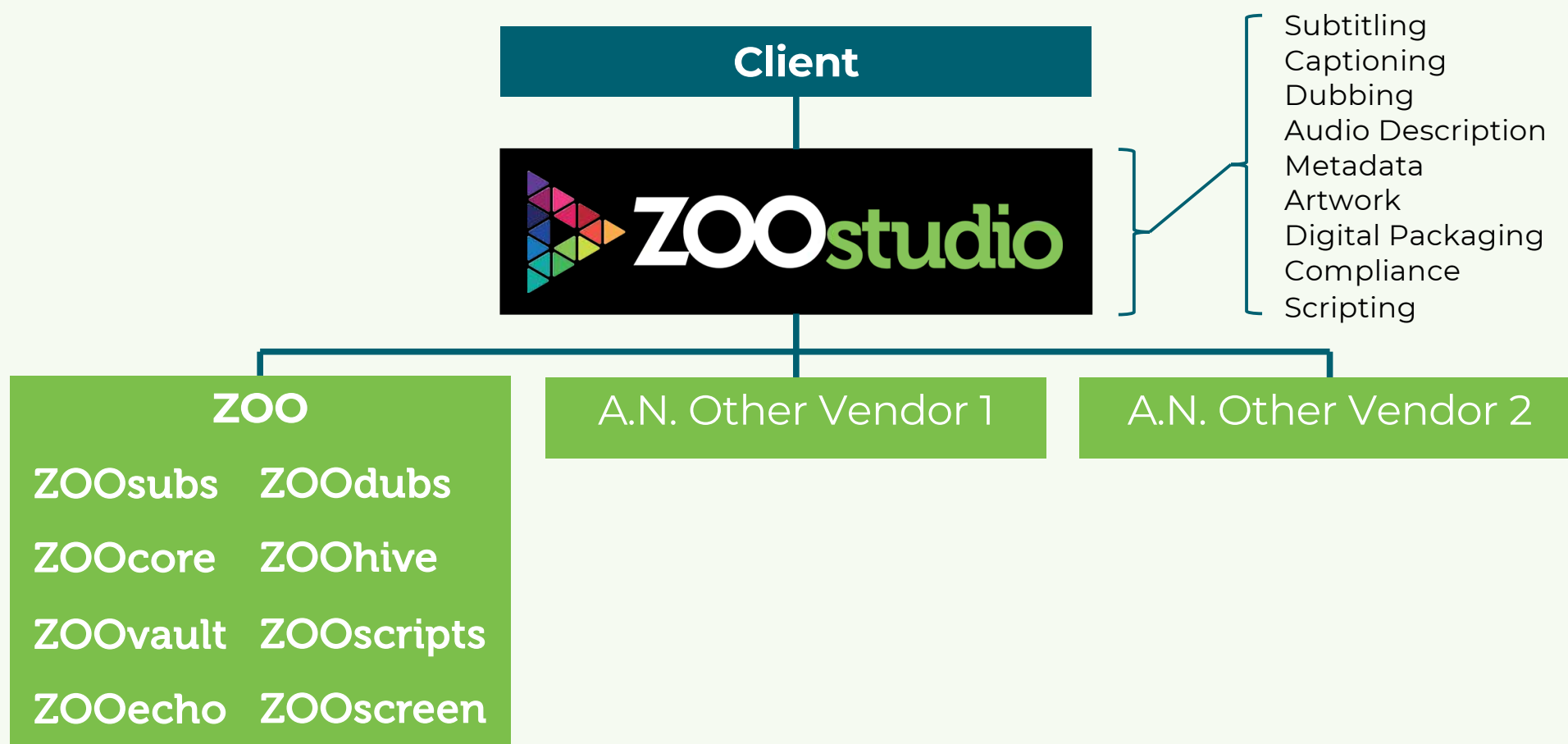
	Ad-hoc engagement	Approved/ Preferred Vendor	Primary Vendor
<i>Appointment:</i>	Trialing new vendors	Selected following RFP†	Selected from preferred vendors following RFP†
<i>Work frequency:</i>	Sporadic projects	Regular projects	Regular projects
<i>Volume:</i>	Occasional/ad-hoc	Low-medium	High
<i>Commitment:</i>	None; no visibility	None; short visibility	Possible; longer visibility
<i>Capacity required:</i>	Project	Low-medium	High
<i>Pricing‡:</i>	Project	Agreed rate card	Agreed rate card

* For illustration purposes only; in practice the approach and terminology vary between different buyers
† Request for Proposals – a procurement process typically operating on a 3-4 year cycle
‡ In each scenario, work is priced by the project and is related to the run-time of the content; work is invoiced on completion or monthly

Growth – Four Strategic Pillars

- **INNOVATE** – by creating value-adding cloud software technology
- **SCALE** – through a freelance network
- **COLLABORATE** – work with like-minded, world-class experts in media localisation, education and research
- **PARTNER** – secure preferred partner status with leading buyers

ZOOstudio Localisation Ecosystem



H1 Trading

- Anticipate H1 revenue in line with our expectations and broadly in line with comparable prior year period
- Favourable revenue mix delivering improved gross margin
- Backdrop of considerable industry change
 - Studio reorganisations
 - Delays in localization contracts
 - M&A activity
 - Accelerated decline of DVD/Blu-ray
 - Strong demand for OTT digital packaging
- Selected as *de facto* preferred vendor for major content producer
- On-going R&D investment focused in the period on ZOOstudio
- Confident in full year expectations

Investment Summary

- **Strategy** – technology-first approach to media localisation
- **Scalability** – cloud-based, agile, scales through partners and freelancers
- **Growth** – large expanding international market still in its infancy
- **Culture** – entrepreneurial and agile; steeped in the industry with long track record

localisation reimagined

