



ZOO Investor Presentation

Disclaimer



This document has been prepared by ZOO Digital Group plc (the "Company") solely for presentation purposes. It should not be reproduced, redistributed or passed to any other person. The information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or options contained herein. None of the Company or any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document.

This document does not constitute an offer or invitation to purchase any shares or other securities in the Company and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

Any decision to purchase shares or other securities in the Company is the sole responsibility of the investor who shall be responsible for his/her own due diligence.

Certain information contained in this document consists of forward-looking statements reflecting the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including industry trends, and changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in such forward-looking statements.

Recipients of this document are cautioned not to place any reliance on these forward-looking statements. The Company undertakes no obligation to republish revised forward-looking statements to reflect changed events or circumstances.



History and Status



- ZOO established in 2001 in the UK, initially focused on interactive entertainment and videogames
- Listed on the AIM market of the London Stock Exchange; funded through several rounds of financing from investment institutions and management
- Began developing workflow automation software in 2003
- Over 20 patents granted
- Current management team established
 in 2006



Products

 ZOO enables global organizations to develop, process and deploy creative media content

Significant expansion possibilities for new products in existing

- Web-based media collaboration platform and integrated suite of desktop applications for repurposing video and artwork
- Automation reduces human labour by up to 90%
- One customer's net savings are more than \$10 million per year

markets and existing products in new markets





The Market

- ZOO targets global companies producing creative content for multiple formats and languages
- The initial focus has been on the entertainment market
 - Targeting primarily the six major film studios (Disney, Fox, Paramount, Sony, Universal, Warner)
 - Further potential from the approx 100 studios publishing 40+ titles in the US market
 - Market potential estimated at around \$300 million (source: ZOO)
- Potential in other markets (pharma, FMCG, etc.)





Competition

- We compete with established providers of production services
- For video-related services, primarily Technicolor Creative Services and Deluxe Digital
- For print-related services, primarily AGI Media and Schawk
- Our competitors have business models based on human labour
- They are unwilling and/or unable to realign around automation





- Strategy
- Identify labour-intensive services
- Design workflow software based on automation and centralization without compromise to quality
- License systems directly to brand owners, supplemented with services where appropriate
- Deliver first rate customer service
- Generate recurring and scalable revenue streams based on throughput





Rollout

- Secured major Hollywood studio and grown revenue significantly
 - Developed four key products since 2005
 - All now licensed to this customer
- Platform now in place and ready for wider rollout
- A second major studio secured in June 2010 and rollout in progress
- Commercial exploitation plan in place
 - Continuing focus on major film studios with existing products
 - New initiatives in home entertainment and broadcast
 - Expect to secure partners to develop other markets



Executive Team





Dr. Stuart Green, CEO – Previously CTO of ZOO Digital Group, CEO of Kazoo3D plc, Technical Director of LightWork Design Limited. 20+ years experience in team building and executive management in the software industry. More than 20 patents granted in the fields of image processing and digital media production.



Helen Gilder, Group Finance Director – Joined ZOO as Group Financial Controller in 2000 and became Group Finance Director in 2006. Previously Helen was Finance Director within a highly acquisitive listed technical group of companies. Qualified ACA in 1991.



Gordon Doran, Commercial Director – Held senior positions in sales and marketing roles for a variety of UK and US companies in the software industry since the early 1990s. Most recently COO for Mediostream Inc. – a consumer DVD software developer; joined ZOO in 2005 to establish a North American division where he now operates in the role of President.



Financial Highlights for the Year to March 2010



- Revenue up 33% to \$15.1m (2009: \$11.3m)
- Change in reporting currency to US\$ reduces reporting inconsistencies for future years
- Operating profit excluding intercompany exchange gains and exceptional intangible impairment of \$0.8m (2009: Loss \$0.7m)
- Cash generated from operating activities \$2.1m (2009: \$1.4m); year end cash balance \$1.2m (2009: \$1.4m)
- Payment of final deferred consideration for Scope Seven and repayment of SYIF loan
- No debt other than Convertible Unsecured Loan Stock for £3.51m at 6% redeemable 2011 held by major shareholders

Operational Highlights



- Continuing strong organic growth with existing major Hollywood studio where now engaged with four separate business units
- Secured first engagement with a second major Hollywood studio and a further mid-sized studio
- Working with a number of other media companies
- Expanded product offering in the areas of web-based collaboration for creative media repurposing and Blu-ray production, and licensed first customers
- Secured a strategic investment and partnership with Multi Packaging Solutions, Inc., a value-added print-based packaging solutions company enabling expansion of ZOO's business into new markets

Strategic Relationship with Multi Packaging Solutions



- Value-added print-based packaging solutions company
- Established in 2005
- Revenues over \$500 million
- Management team:
 - Marc Shore print industry veteran of 30 years, formerly CEO of Shorewood Packaging, acquired by International Paper
 - Dennis Kaltman formerly Senior Vice President of International Paper
 - Arthur Kern formerly President of Ivy Hill Corporation
- Financial backing from Irving Place Capital a private equity firm making investments in middle-market companies

Investment in ZOO by MPS



- MPS will subscribe to 2,148,642 new shares at 40p on 28th June 2010, raising £0.86 million gross
- ZOO will grant MPS warrants over a further 2,148,642 shares at 50p subject to performance criteria relating to new ZOO revenues generated through MPS:
 - Annualised revenues must be at least \$5m to trigger warrants
 - Warrants vest in full when annualised revenues are \$10m, and in tranches between revenues of \$5m and \$10m
 - Warrants lapse in June 2013
- Shares subject to one year lock-in and otherwise to an orderly marketing agreement
- We expect this share issue to be accretive for existing investors

New Market Potential





- The investment is linked to a commercial relationship where MPS will market ZOO's products and services to its customers
- Markets include pharmaceutical, media, cosmetics/personal care, sports, wines and spirits and other value-added consumer
- Clients include large, blue chip, global organisations
- MPS is also active in the entertainment industry, with clients including major Hollywood studios
- We believe that ZOO's existing products are applicable in these new markets
- Some further development may be necessary in some cases

Summary



- Excellent customer relationships with potential for further growth
- Clearly differentiated proposition based on innovative software
- Addressing customer urgency improve efficiencies
- High barriers to entry sophisticated patent-protected software and excellent customer relationships
- Highly scalable business can add customers without significantly adding to cost base
- New partnership brings new market potential collaborating on initiatives in pharmaceutical and other markets

ZOO Digital Group

UK

The Tower 2 Furnival Square Sheffield S1 4QL

P: +44 114 241 3700 F: +44 114 241 3701 ZOO

USA

2201 Park Place, Suite 100 El Segundo CA 90245

P: +1 310 220 3939 F: +1 310 220 3958

25 June 2010

www.zoodigital.com





Appendix



Shareholders



Major shareholders:	
 Dr Stuart A Green (CEO) 	19.6%
 Foresight Group 	17.8%
 Herald Investment Trust 	16.8%
 South Yorkshire Investment Capital Fund 	8.4%
 – Ian C Stewart (Non-Executive Director) 	7.9%
 Williams de Broe 	4.3%
 Waterhouse Securities 	3.0%

 Convertible Unsecured Loan note of £3.51m at 6% redeemable 2011 held by major shareholders

The Board





Roger Jeynes, Chairman – Roger has over 20 years experience in the technology sector, encompassing senior sales, marketing and general management roles in the UK, Italy and the USA with IBM, Pyramid Technology Inc., and EMC Corporation. His most recent executive position was Chief Operating Officer at AIM-listed technology merchant bank Interregnum Plc.



Dr. Stuart Green, CEO – Previously CTO of ZOO Digital Group, CEO of Kazoo3D plc, Technical Director of LightWork Design Limited. Stuart has over 20 years experience in team building and executive management in the software industry. He has more than 20 patents granted in the fields of image processing and digital media production.



Helen Gilder, Group Finance Director – Joined ZOO as Group Financial Controller in 2000 and became Group Finance Director in 2006. Previously Helen was Finance Director within a highly acquisitive listed technical group of companies. Qualified ACA in 1991.



Gordon Doran, Commercial Director – Held senior positions in sales and marketing roles for a variety of UK and US companies in the software industry since the early 1990s. Most recently COO for Mediostream Inc. – a consumer DVD software developer; joined ZOO in 2005 to establish a North American division where he now operates in the role of President.



Ian Stewart, Non Executive Director – Founded Gremlin Interactive Limited in 1984 and took it to flotation on the LSE in 1997. Following the acquisition of Gremlin by Infogrames SA Ian founded The ZOO Media Corporation Limited. Ian is an honorary Doctor of Sheffield Hallam University.



James Livingston, Non Executive Director – Portfolio manager with Foresight Group, a leading UK manager of technical investment funds; non-executive director of two other companies, a board observer of a further six and manages a portfolio of AIM-listed investments.

Senior Management (Los Angeles Based)





Duncan Wain, COO – Joined ZOO following the acquisition of the assets of Scope Seven Inc. in August 2007 of which he was a co-founder. Duncan is an accomplished executive in the Hollywood post production industry having worked with many of the leading major studios. Duncan sits on the New Media Council of the Producers Guild of America.



Simon Clark, Senior Vice President – Worked in the pre-press industry since 1986 and has experience of setting up and rapidly growing businesses in a wide variety of geographical locations. In 1998 Simon led the management buy-out of TM, a UK-based print and pre-press service provider. In 2001 TM was acquired by AGI Media Inc. where Simon was appointed to the role of Senior Vice President of Creative Services.



Phil Corio, CTO – Worked in the pre-press industry since 1985, most recently with AGI Media Inc, Los Angeles where he was Production Director working on the creation of marketing materials and special packaging for the entertainment industry. Phil joined ZOO in 2006 and has been instrumental in establishing the company's product and service offerings for the pre-media marketplace.



