



ZOO Digital Group plc Interim Results November 2012

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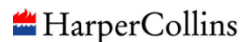




Workflow solutions for the creative media industries



warner | music | group





ZOO Digital Group plc

- Quoted on AIM
- Revenues of \$11m in the year to March 2012
- EBITDA profitable
- Headquartered in UK with facility in USA





Strategy

- Identify workflow inefficiencies in the creative media industries
- Design workflow management solutions
- License Cloud-based Software-as-a-Service directly to brand owners
- Recurring and scalable revenue streams

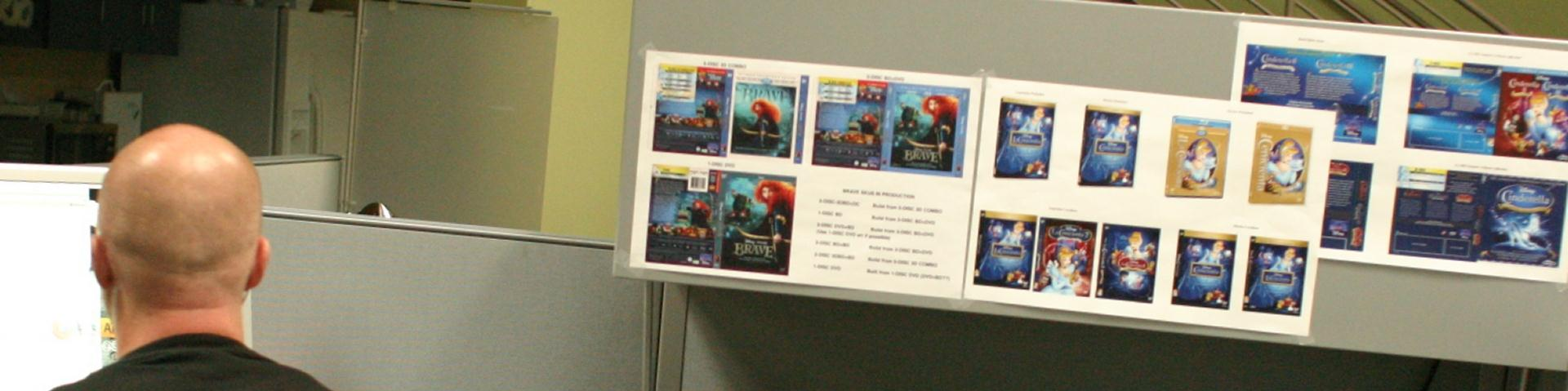




Case Study - Major Hollywood Studio

- Workflow management solutions for multiple groups
- Online management of translations for 60+ languages
- Labour time reduced by approximately 90%
- Annual savings of multiple millions of dollars





The Market and Growth

- Focused on the creative media industries
- Working with partners to expand business
- Growing business by:
 - Licensing into other markets
 - New installations with existing clients
 - New product introductions





Filmed Entertainment

- Digital delivery of products is growing – used to automate creation of digital and physical products
- Blu-ray market is growing – products used to adapt titles for sale worldwide





Publishing

- Providing systems and services to leading international publishers
- Workflow management assists production
- Automation software for conversion of eBooks for iPad, Kindle, Nook
- Interactive eBook production



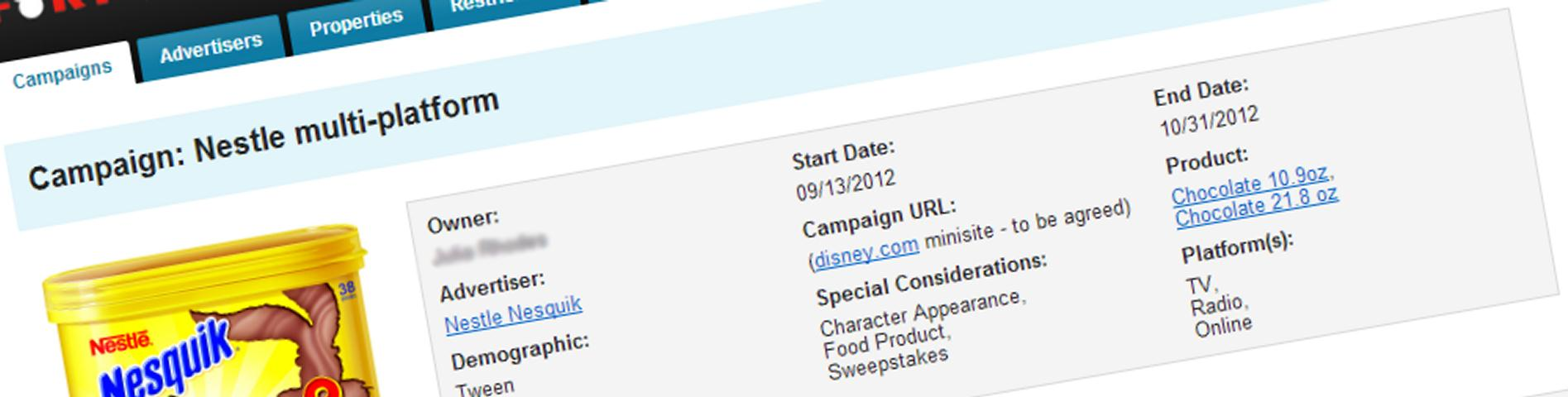


Subtitling

- The European market for subtitling/dubbing is estimated to be around EUR 0.5B annually[†]
- ZOOsubs is a new Cloud-based SaaS subtitling platform
- Generates files for all popular formats including digital
- In use by studio customers and digital platform providers



[†] *The size of the language industry in the EU*, European Commission Directorate-General for Translation, 2009



Workflow Management

- Cloud-based collaboration tools used by creative media organisations
- Support for complex workflows involving preparation of creative media
- Systems tailored to unique requirements of each licensee
- Customers involved in TV, theatrical, home entertainment and publishing





Competitive Landscape

- We compete with established providers of *media production services*
- Clearly differentiated by our unique proposition that combines innovative software with premium production services

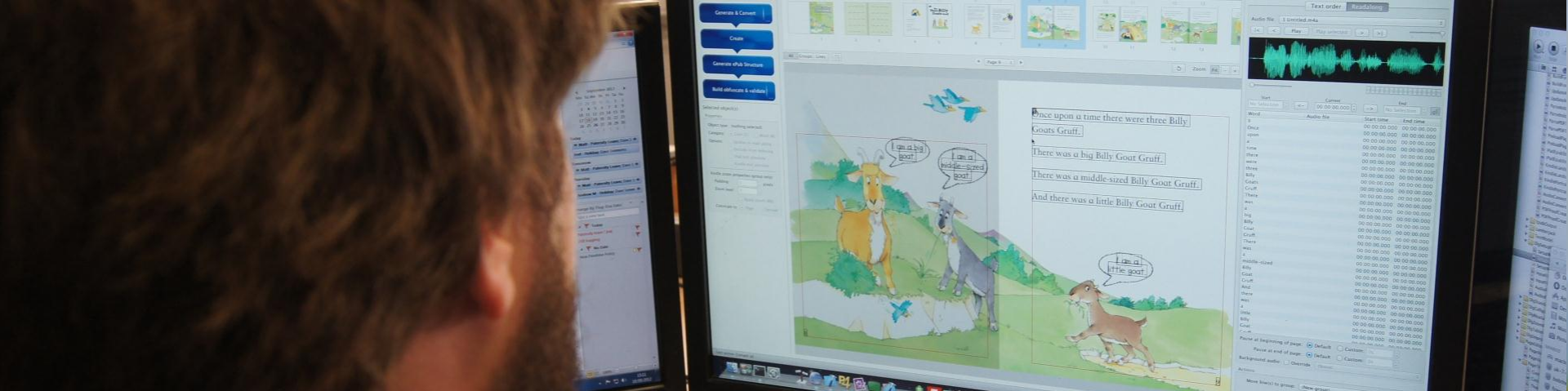




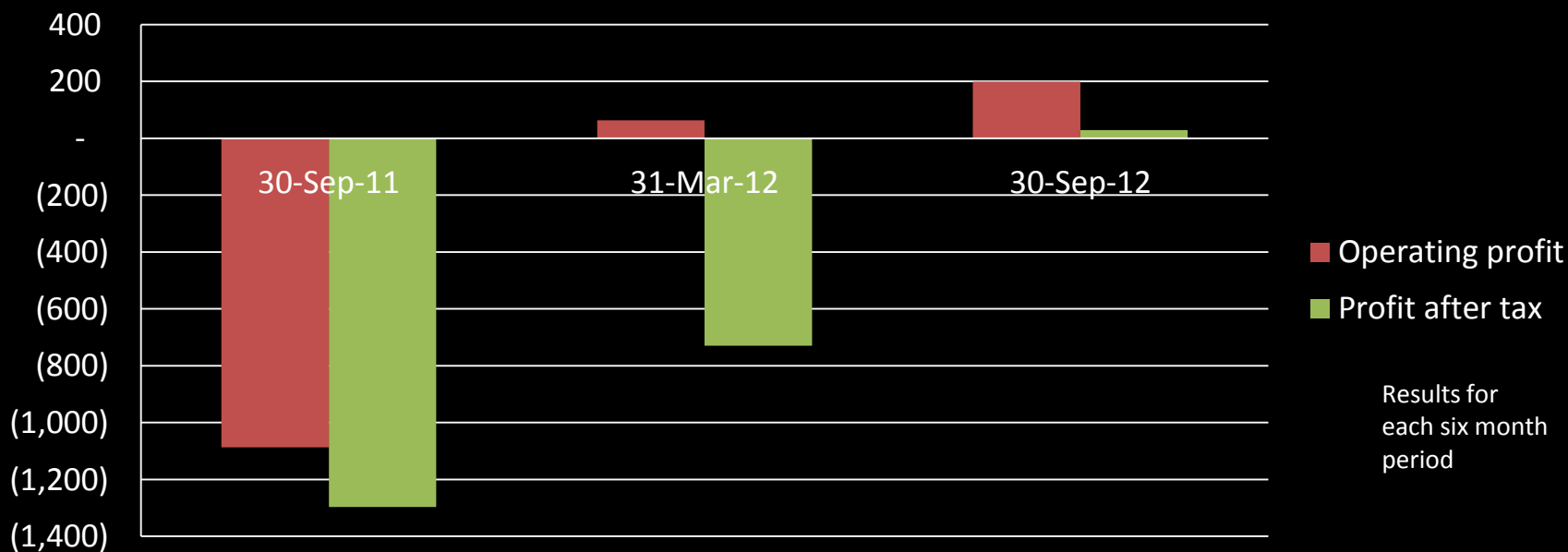
Interim Results - Highlights

- Profitable – operating profit of \$0.2m compared to a loss of \$1.1m in the comparable period
- Turnover increased to \$6.2m from \$5.9m in the prior year





Interim Results – Profitability Trend





Interim Results - Cash

- Cash generated from operating activities of \$0.1m compared to a negative \$0.1m in the prior period
- Cash temporarily absorbed in receivables due to the timing of receipts at the period end
- Cash at 30 September of \$0.3m (2011: \$1.5m)



Outlook

- New product introductions provide growth opportunities
- Embedding ourselves deeper within clients' operations
- Taking workflow management toolset to wider audience directly and via partnerships
- Diversifying revenue streams and customer base





Investment Summary

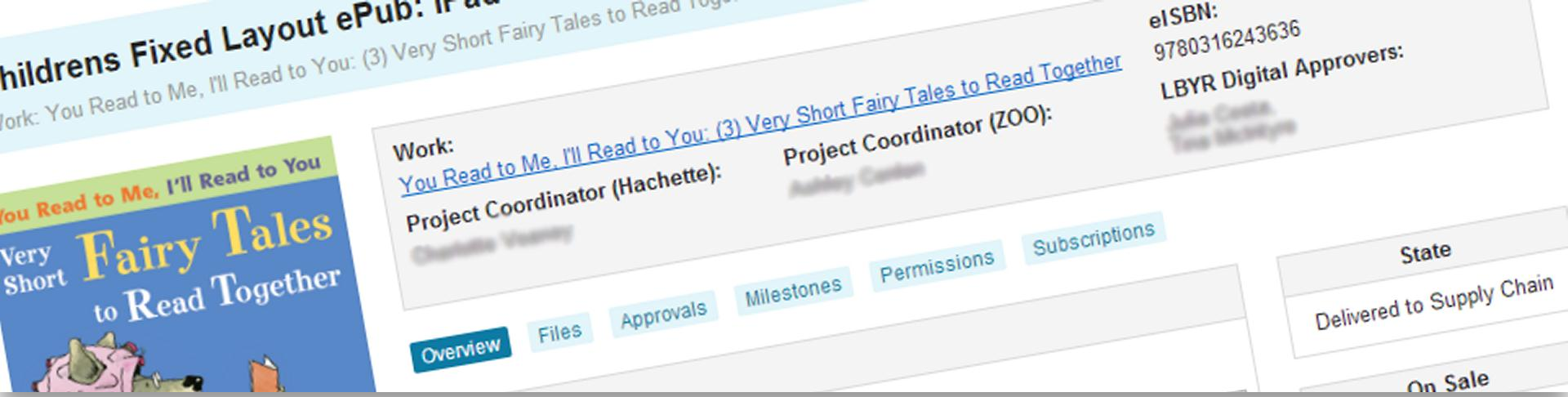
- *Excellent customer relationships* – significant growth potential
- *Clearly differentiated proposition* – based on innovative software
- *Addressing customer needs*– improve efficiencies
- *High barriers to entry* – sophisticated patent-protected software
- *Highly scalable* – add customers without adding to cost base





Thank you

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Appendix



Consolidated Statement of Comprehensive Income

	6 months to 30 Sep 2012 \$000	6 months to 30 Sep 2011 \$000	Year ended 31 Mar 2012 \$000
Revenue	6,211	5,878	11,186
Cost of Sales	(381)	(1,340)	(1,907)
Gross Profit	5,830	4,538	9,279
Other operating income	114	21	168
Operating expenses	(5,745)	(5,646)	(10,471)
Operating profit/(loss)	199	(1,087)	(1,024)
Exchange gain/ (loss) on borrowings	(28)	73	14
Renegotiation of convertible loan stock	-	-	(526)
Finance cost	(141)	(281)	(430)
Total finance cost	(169)	(208)	(942)
Profit/(loss) before taxation	30	(1,295)	(1,966)
Tax on profit/(loss)	(1)	(2)	(60)
Profit/(loss) for the period attributable to equity holders of the parent	29	(1,297)	(2,026)



Consolidated Statement of Financial Position

	30 Sep 2012 \$000	30 Sep 2011 \$000	31 Mar 2012 \$000
ASSETS			
Non-Current Assets			
Property, plant and equipment	446	566	430
Intangible assets	9,625	9,248	9,487
Deferred income tax assets	486	486	486
	10,557	10,300	10,403
Current Assets			
Trade receivables and other receivables	3,340	2,665	2,365
Cash and cash equivalents	277	1,490	1,234
	3,617	4,155	3,599
Total Assets	14,174	14,455	14,002
LIABILITIES			
Current Liabilities			
Trade payables and other payables	(2,672)	(3,029)	(2,722)
Borrowings	(231)	(225)	(194)
	(2,903)	(3,254)	(2,916)
Non-Current Liabilities			
Borrowings	(2,943)	(2,925)	(2,939)
	(2,943)	(2,925)	(2,939)
Total Liabilities	(5,846)	(6,179)	(5,855)
Net Assets	8,328	8,276	8,147



Consolidated Statement of Cash Flows

	6 months to 30 Sep 2012 \$000	6 months to 30 Sep 2011 \$000	Year ended 31 Mar 2012 \$000
Cash flows from operating activities			
Operating profit/(loss) for the period	199	(1,087)	(1,024)
Depreciation	121	259	393
Amortisation and impairment	610	283	867
Share based payments	82	140	278
Purchase of own shares	-	-	(68)
Disposal of own shares	70	108	115
Disposal and derecognition of intangible assets	-	-	68
Exchange (gain)/loss	20	18	-
Changes in working capital:			
(Increases)/decreases in inventories	-	80	80
(Increases)/decreases in trade and other receivables	(975)	351	651
Increases/(decreases) in trade and other payables	(50)	(290)	(597)
Cash flow from operations	77	(138)	763
Tax (paid)/received	(1)	(2)	(60)
Net cash flow from operating activities	76	(140)	703
Investing Activities			
Purchase of intangible assets	(730)	(1,051)	(1,942)
Purchase of property, plant and equipment	(29)	(47)	(274)
Net cash flow from investing activities	(759)	(1,098)	(2,216)
Cash flows from financing activities			
Repayment of borrowings	(121)	(209)	(202)
Proceeds from borrowings	-	-	187
Finance cost	(133)	(149)	(340)
Share and convertible loan issue costs	-	(241)	(243)
Issue of Share Capital	-	2,745	2,745
Net cash flow from financing	(254)	2,146	2,147
Net (decrease)/increase in cash and cash equivalents	(937)	908	634
Cash and cash equivalents at the beginning of the period	1,234	600	600
Exchange (loss)/gain on cash and cash equivalents	(20)	(18)	-
Cash and cash equivalents at the end of the period	277	1,490	1,234



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.



James Livingston, *Non Executive Director* – Investment Director at Foresight Group, a leading UK asset manager. Current serves as NED at six other UK SME companies in tech and healthcare. Prior to Foresight James was a strategy consultant at Deloitte.



Major Shareholders

Shareholder	% of capital
Foresight Group	20.1%
Herald Investment Trust	19.4%
Stuart Green (CEO)	14.9%
JM Finn & Co	6.6%
Multi Packaging Solutions	6.6%
South Yorkshire Investment Fund	5.6%
Investec Wealth & Investment Limited	4.0%
Others	22.8%



Loan Note Holders

Loan Note Holder	% of loan note
Herald Investment Trust	31.9%
Foresight	26.3%
JM Finn & Co	15.7%
South Yorkshire Investment Fund	12.7%
Stuart Green (CEO)	9.7%
Others	3.7%

