



kitdigital
vision of the future

Investor Presentation | March 2012

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IP Video Software: Platforms for Providers

Multi-Source to Multi-Screen Solutions for

Network Operators, Media Companies & General Enterprise

The Burgeoning Market Opportunity for KIT

- Video is expanding everywhere
- The more accessible it gets on the front end . . .the more complicated it gets on the backend
- KIT handles the complicated backend for the media food chain (from **Disney** to **AT&T**) and for the enterprise (from **Airbus** to **FedEx**)

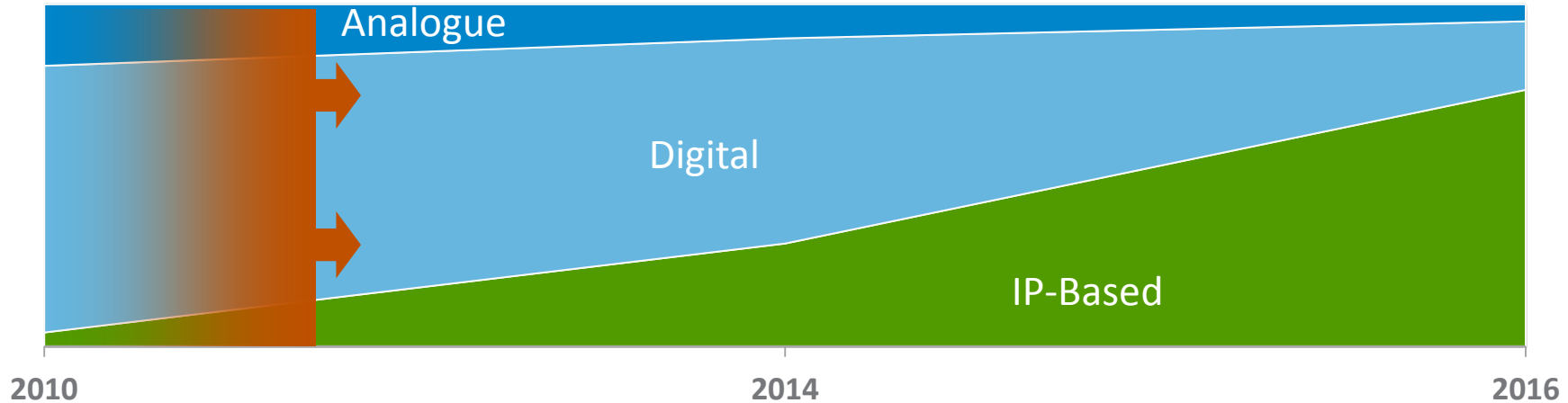


Addressable Market: Large, Growing and Moving in KIT's Direction



US\$10-15 billion addressable market

Transformation across formats, revenue models, and distribution systems

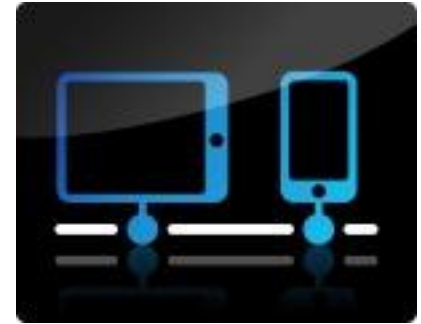
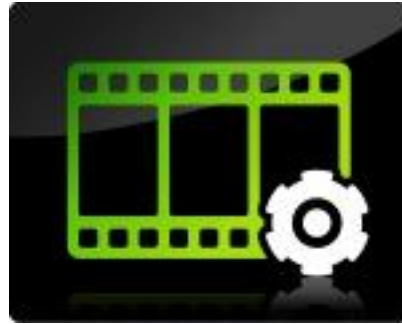
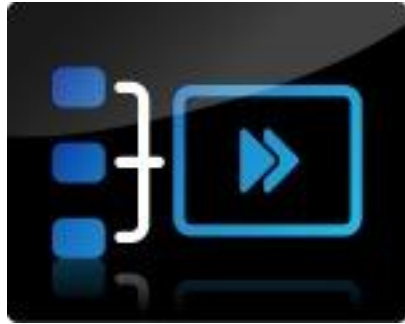


4% IP-Based
Business models emerge

30% IP-Based
More IP consumer devices

75% IP-Based
IP as broadcast standard

Produce, Manage & Deliver



PRODUCE

Inputs:

Network sourced
Produced
User generated

MANAGE

- ✓ Files
- ✓ Metadata
- ✓ Distribution
- ✓ Security
- ✓ Infrastructure
- ✓ Playout
- ✓ Business Intel
- ✓ Analytics

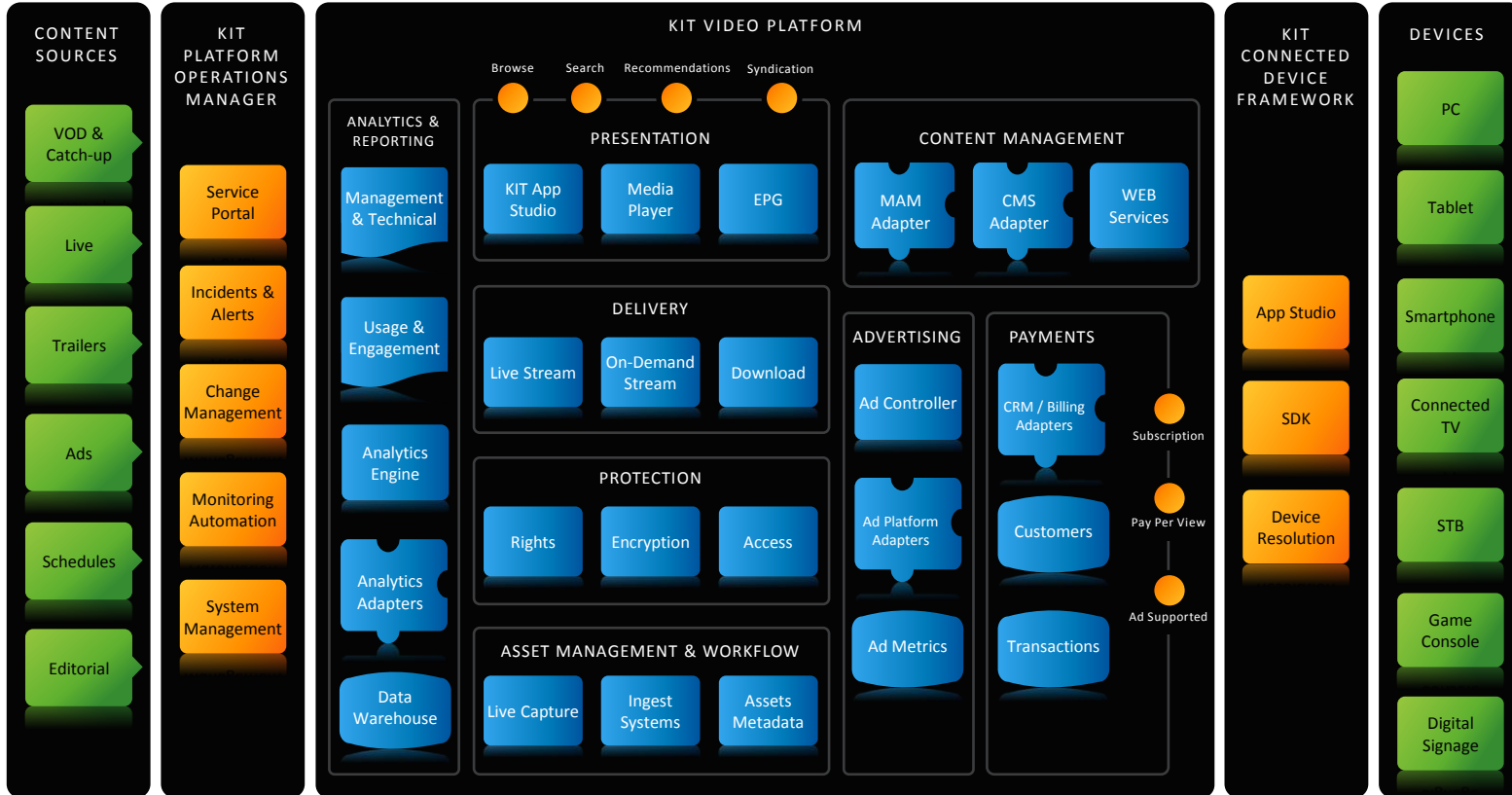
DELIVER

Outputs:

Multi-device
Multi-model
Socially Networked

Workflow Management: "ERP" for Video

The KIT Platform Architecture



KIT Platform Architecture Components



KIT Platform Operations Manager

Manage incidents & alerts, system changes, and updates and to set up automatic monitoring of video deployments.



Analytics & Reporting

Powerful integrated capabilities as well as integration with third party analytics platforms.



Asset Management and Workflow

Ingest all types and size of video content from single titles to a video library and use advanced encoding technology to prepare media for delivery in any format to any screen.



Protection

Protect premium content from unauthorized viewing and re-use with a wide range of security options and digital rights management and encryption solutions.



Delivery

Aggregate premium content assets into a movie VOD store or content marketplace platform.



Presentation

Create custom apps and players with unprecedented speed and flexibility using the KIT App Studio.



Advertising & Payments

Support for ad supported, subscription based and transactional business models.



Content Management

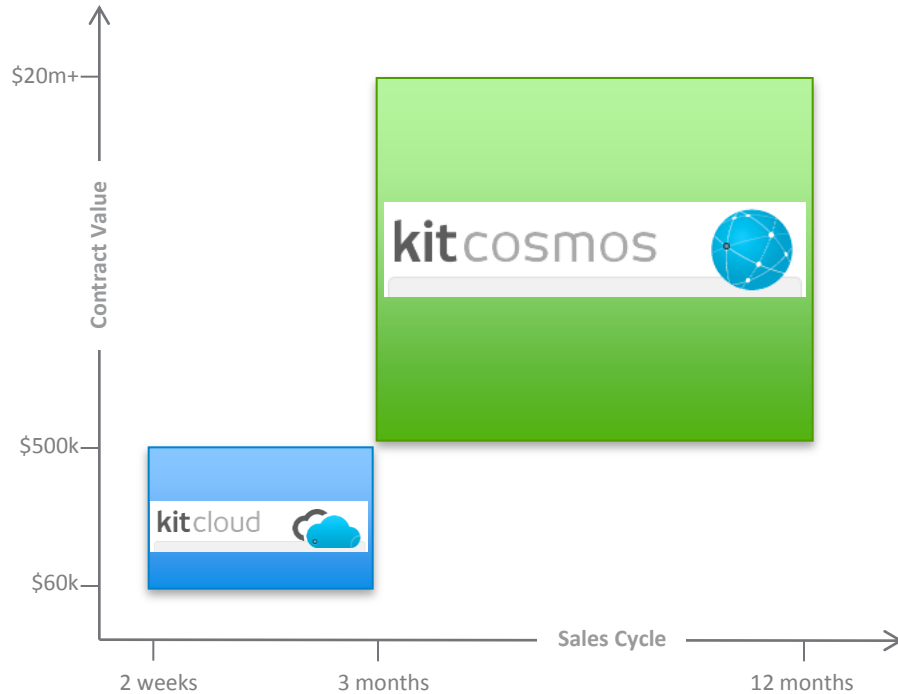
Organize and manage media library, easily create playlists, edit and tag media, sync PowerPoint slides, and assign appropriate user roles.



KIT Connected Device Framework

Reach and grow an increasingly connected audience by delivering high quality and consistent broadband TV experiences across a wide range of Internet TV, gaming consoles, mobile, and tablet platforms.

KIT Video Platform Editions



One software platform with two editions:

1. **KIT Cosmos**, for complex paid media services and deep OSS/BSS integration
2. **KIT Cloud**, for social OVP deployments and API driven portals and applications

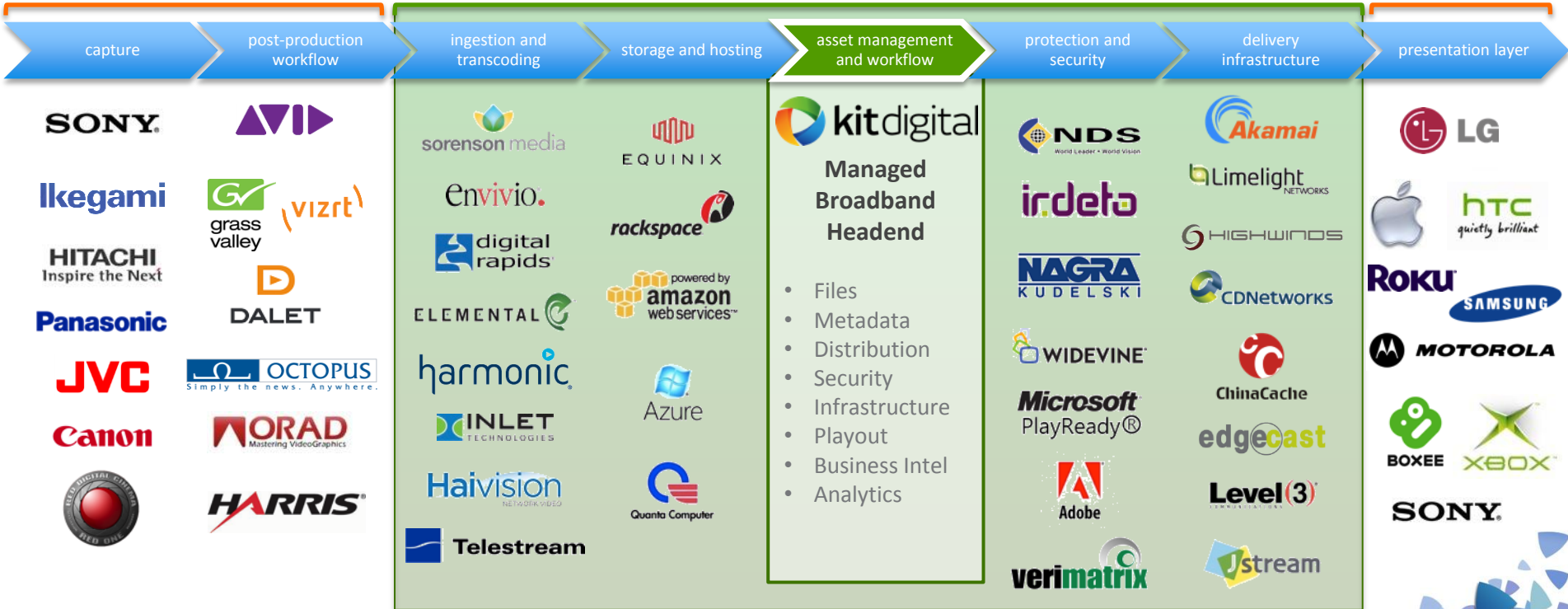
Core Operational Responsibility & Expansive Management Scope



Professional Services
System Integration

Platform as a Service abstraction of complex system management

Professional Services
CE device applications



*Sample representative companies in the value chain

2500 Clients: Broad-based, Top Tier



Very Sticky: Less than 2% annual attrition

Client Verticals



Network Operators



vodafone



TELECOM



Media Companies



General Enterprise



For Example. . .



By partnering with KIT digital, Vodafone delivers video on demand and mobile TV to millions of subscribers in 19 markets on the Web, over 500 mobile and tablet devices, and IP-enabled televisions. Vodafone creates advanced live schedules of more than 200 channels worldwide, including live and looped content.



KIT's platform communicates with the public, employees, investors, and journalists. The solution accommodates live corporate communications, on-demand archived content, and marketing messages that can be distributed through embeddable players around the Web. GM centrally manages its video messages from headquarters. Replaced GM's satellite network to their dealers.



ESPN STAR Sports is a 50:50 JV between ESPN and News Corp. KIT digital powers all ESPN International and select US properties to create a fully-functioning, online storefront featuring live and on-demand sporting events which could be broadcast across multiple continents and countries.



Small Business

Beyond the OVP's
Eclipsing the CMS competition
Co-opetition with the SI's

Video Focus



Tier 1 Enterprise



Broad Focus



Building on Established Leadership



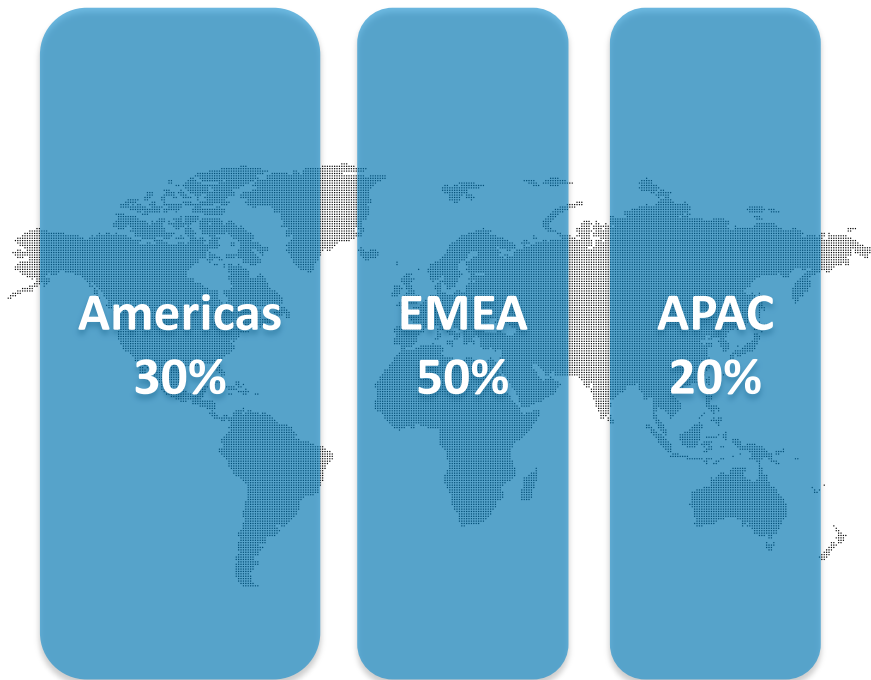
Establish Market Leadership
Consolidate Industry



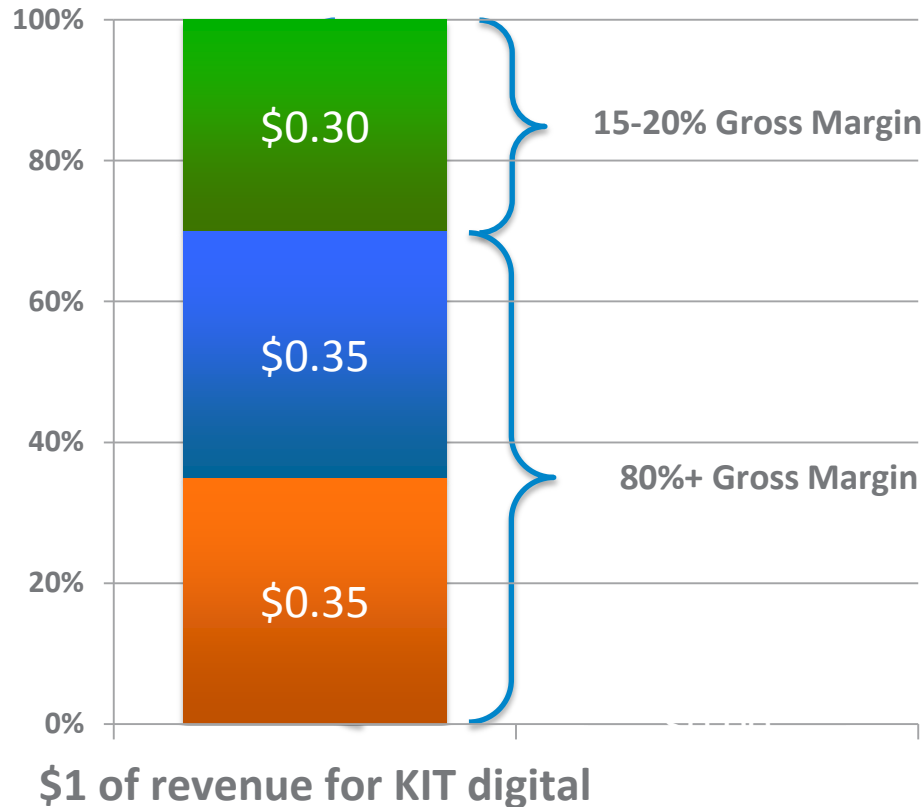
18 principal locations
1300+ people
25 Languages

Build on Leadership Position
Generate Measurable Cash Returns

Approximate Revenue Breakdown



Platform-as-a-Service (PaaS) Model



- Professional Services
- Usage Fees
- Platform Licensing Fees

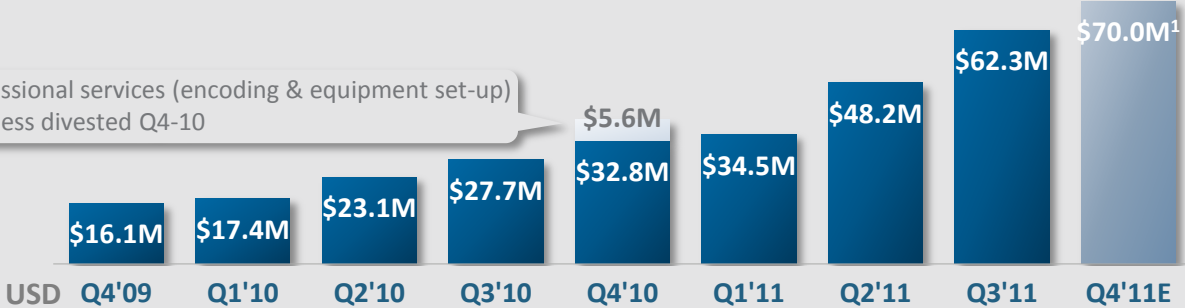
- 70%+ Effectively Recurring Revenue
- Blended Gross Margin of 70%+
- \$35,000+ average ARPU for new clients in Q3 '11

Growth Profile: Rapidly Established Market Leadership; Consolidation & Organic Growth



Revenue

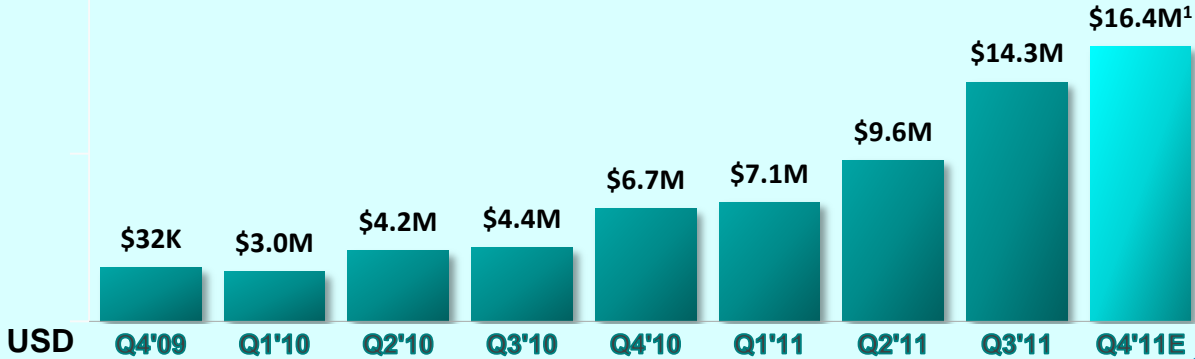
Professional services (encoding & equipment set-up) business divested Q4-10



EBITDA

11 Consecutive Quarters of Positive EBITDA

Operating EBITDA in 2009-2011 excludes stock-based comp, restructuring & integration, and direct M&A expenses.



Profits & Cash Generation Going Forward

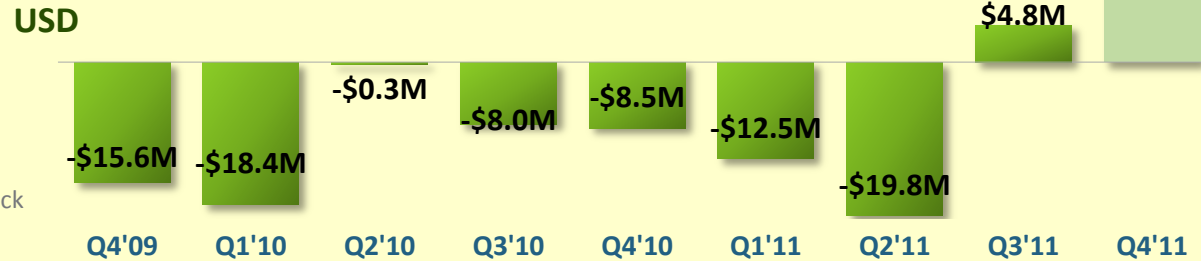
Build on Market Leadership; Deliver Measurable Cash Returns



Net Income (GAAP)

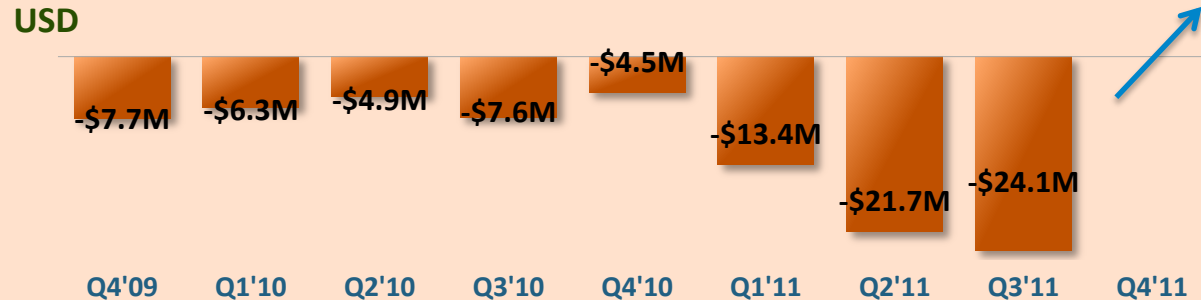
\$0.11A per share in Q3'11
\$0.33E¹ per share in Q4'11

Cash-based adjusted EPS in Q4 '11, reflects cash earnings from operations, excludes non-cash stock comp and direct M&A expenses but includes all restructuring and integration.



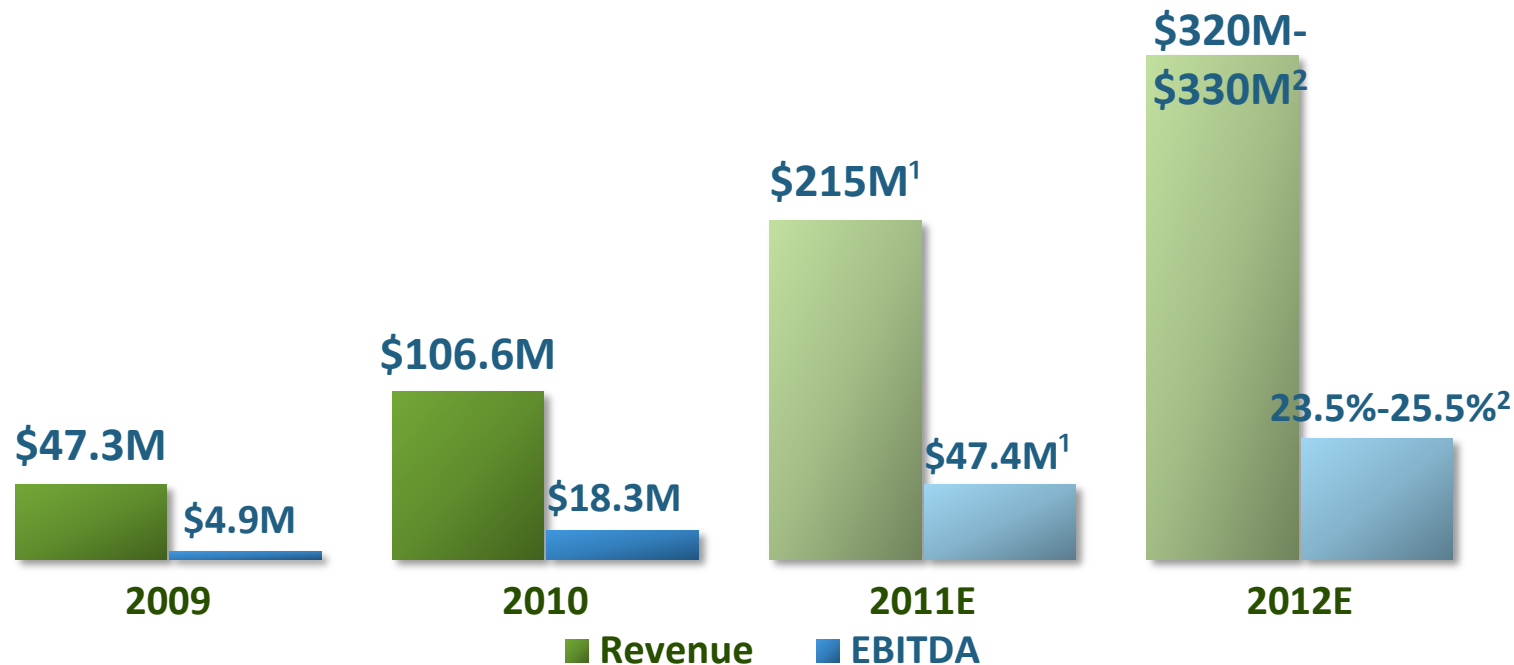
Free Cash Flow

At least \$2.5M per month achieved by end of Q4 '11 (i.e., Dec 2011)



¹ Preliminary results announced February 27, 2012.

Annual Revenue & Non-GAAP Operating Income*



* Operating EBITDA through 3Q11 excludes stock-based comp, restructuring & integration, and direct M&A expenses. Non-GAAP operating income from 4Q11 going forward does not exclude restructuring & integration.

1. Preliminary results announced on February 27, 2012
2. Guidance as of February 27, 2012

Consolidated Financials & Guidance



| (\$M, except EPS) | <u>2010A</u> | <u>Q1-Q3'11A</u> | <u>Q4'11E*</u> | <u>2012E*</u> |
|--------------------------|--------------|------------------|--------------------|---------------|
| Revenue | \$106.6 | \$144.9 | \$70.0 | \$320-\$330 |
| Gross Margin | 56.7% | 71.1% | | |
| Non-GAAP Op. Inc. | 18.3 | 30.9 | 16.4 | |
| | 17.2% | 21.3% | 23.4% | 23.5%-25.5% |
| EPS | (\$1.63) | (\$0.74) | \$0.33 | \$1.35-\$1.45 |
| FCF | (32.9) | (23.1) | >=\$2.5/mo. in Dec | |

Focus on cash return metrics

- Operating EBITDA through 3Q11 excludes stock-based comp, restructuring & integration, and direct M&A expenses. Non-GAAP operating income in 4Q11, 2012 and going forward does not exclude restructuring & integration.
- Cash-based adjusted EPS in 4Q11 and going forward, reflects cash earnings from operations, excludes non-cash stock comp and direct M&A expenses but includes all restructuring and integration.
- Preliminary results for 4Q11 and updated guidance for 2012 provided on February 27, 2012



Capital Structure

As of close of 3Q'11

(millions, except for % figures)



| | |
|-----------------------------------|-------------------|
| Market Cap (Feb 24, 2012): | \$522 |
| Cash & Equivalents | 60 |
| Debt | 19 |
| Shares Outstanding | 47.5 ¹ |
| Float (est.) | 42 |
| Institutional Ownership | 79% |
| Management Holdings | 7.0% |

1. As of Jan 6, 2012



Executive Management



Kaleil Isaza Tuzman | Chairman & CEO

- Former President & COO of JumpTV Inc.
- Former Chairman & CEO of KPE, Inc.
- Formerly at Goldman Sachs I-Banking
- Acted as trade representatives for Presidents Clinton and Bush
- Former member of the US Council on Foreign Relations
- Graduated Magna Cum Laude from Harvard University



Gavin Campion | President

- Founded marketing agency Reality Group in 1999
- Founded digital marketing agency Sputnik Agency
- Director of Shoppers Advantage, Australia's largest SaaS eCommerce business
- Appointed President of KIT digital in March 2008 and Director in November 2008
- Holds an Honors Degree in Marketing from Huddersfield University in the UK



Robin Smyth | Chief Financial Officer

- Served as Partner at Infinity International, a consulting and IT recruitment operation
- Former EVP of Computer Consultants International
- Former CEO of CCI's European operations
- Served as Secretary and a Director of the All-States group of companies
- Holds a Bachelor of Economics degree from Monash University, Melbourne, Australia



Deep Management Team, Regionally Organized



Alex Blum | Chief Operating Officer

Former CEO of KickApps, Former COO of JumpTV Inc., Formerly VP of Product Marketing at AOL



Scott Sahadi | Chief Strategy Officer

Former CEO Americas at IOKO, Formerly with Verisign via the acquisition of Kontiki and Nortel via acquisition of Bay Networks.



Barak Bar-Cohen | Chief Administrative Officer

Former COO of Narrowstep, Former CFO of Granaham McCourt Acquisition Corporation, Former VP of Marketing and PR at RCN Corporation



Laura Kaatz | MD, Strategic Accounts

Over 15 years of telco business development experience across Tier 1 telecom and ISP providers



Frances Jarvis | Regional MD, EMEA

Former MD of Megahertz Broadcast Systems



Lou Schwartz | Regional MD, Americas

Co-Founder and former CEO of Multicast Media



Steve Chung | Regional MD, Asia Pacific

Former Chief Strategy Officer and EVP Global Markets of CDNNetworks, COO of Pan Media Corporation in Beijing



KIT Keys



- Strategic and industry leader in IP video
- \$10-15 billion addressable global market
- Organic growth of 25-30%
- Diversified global revenue base



- Platform-as-a-Service model
- 70%+ recurring revenues
- 70%+ gross margins
- Turned GAAP positive in Q3 '11
- Generated positive FCF in Dec '11



**Establish Market Leadership
Consolidate Industry**

**Build on Leadership Position
Generate Measurable Cash Returns**

THANK YOU

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