



DIGITALDOMAIN®

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MEDIA GROUP



## Safe Harbor Summary

This presentation contains certain forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission (SEC) filings and otherwise. The Private Securities Litigation Reform Act of 1995 provides a safe-harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases including, but not limited to, “anticipate”, “believe”, “expect”, “project”, “intend”, “may”, “planned”, “potential”, “should”, “will” or “would”. The Company cautions readers that results predicted by forward-looking statements, including, without limitation, those relating to the Company’s future business prospects, revenues, working capital, liquidity, capital needs, order backlog, interest costs and income are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements.

Specific risks and uncertainties include, but are not limited to, those set forth under “Risk Factors” of the Company’s prospectus filed with the SEC. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by applicable law, including the securities laws of the U.S. and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. Consequently, forward-looking statements should be regarded solely as our current plans, estimates and beliefs. Potential investors should not place undue reliance on our forward-looking statements. Before investing in our common stock, investors should be aware that risks exist that could have a material adverse effect on our business, results of operations, financial condition, cash flows, customer relationships and value of our proprietary products. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

# Company Overview



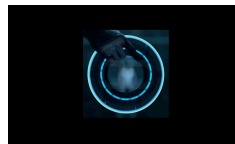
DIGITAL DOMAIN®  
MEDIA GROUP



**DIGITAL DOMAIN** Film  
Productions  
Venice, CA



**D2 TACTICAL**  
VFX Simulation  
Port St. Lucie, FL



**DIGITAL DOMAIN** Visual Effects  
Venice, CA / Vancouver



**DIGITAL DOMAIN INSTITUTE**  
West Palm Beach, FL



**TRADITION STUDIOS**  
Animation Features  
Port St. Lucie, FL

- Long-standing Industry Leader
- Strong base business in dynamic growth market
- Transformation to content-driven economics
- Significant projected growth supported by new businesses and existing backlog
- Strong pipeline of high-impact feature films
- Unique business model leads to New Markets
- Unprecedented leverage of grant-driven growth



# Business Overview

## Visual Effects



- **Digital Domain Productions:** VFX production for feature films and advertising
- **Mothership Media:** Digital advertising and marketing solutions
- **Digital Domain Stereo Group:** Creation and conversion of 3D content
- 100% of historical revenue<sup>1</sup>

2011 Revenue<sup>2</sup>: \$96 million

2011 EBITDA<sup>2</sup>: \$15 million



## Growth Initiatives

### Live Action Co-Production

- Co-invest and participate in the equity of films in which Digital Domain provides the VFX work
- *Ender's Game*

### CG Animation

- Create family-oriented CG Animated feature films with major studio partners
- Maintain equity participation and receive production revenues from studio partners

### Education (Digital Domain Institute)

- Extension of brand
- Profitable space

### Virtual Performance

- Develop and produce virtual likenesses for a range of entertainment projects
- Tupac Shakur and Elvis Presley

### Other

- Military & Medical Simulation
- International Expansion

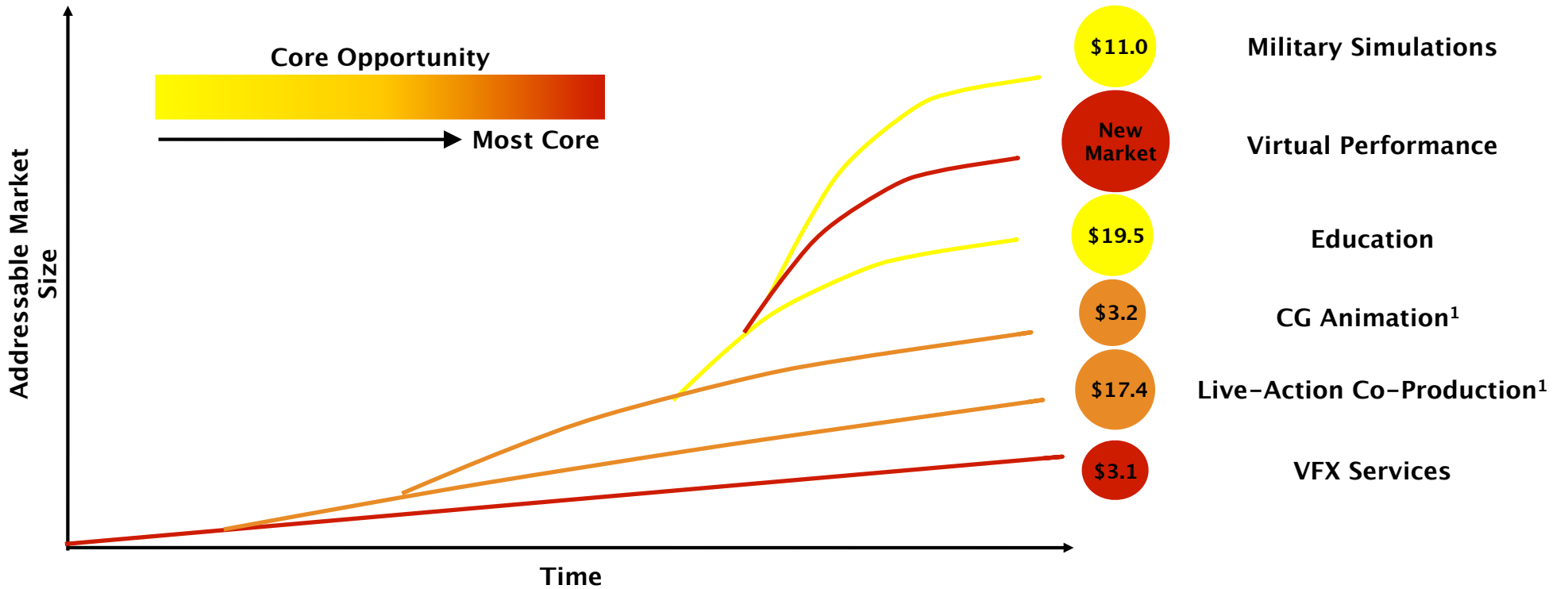
Source: Company filings and Wall Street research; <sup>1</sup> Excludes revenue received from state grants; <sup>2</sup> Excludes grants, one-time charges, and corporate expense



# Total Addressable Market

## DDMG's Total Addressable Market Will Grow Significantly

(\$ in Billions)



Source: Management estimates, the-numbers.net, Frank N. Magid Associates, IBISWorld, Frost & Sullivan, SNL Kagan and boxofficemojo.com

<sup>1</sup> Based on 2011 global box office revenue



# Investment Highlights

## Key Visual Effects Advantages...

### Unparalleled Content Creation Capabilities

- Cutting edge technology
- Deep feature film experience

### 19-Year Track Record of Success

- Involved with top box office films
- Numerous industry awards

### State of the Art Proprietary Technology and Patents

- First digital human
- 6 patents and 8 pending

### Global Studio Footprint

- Partner funded expansion
- Efficient cost structure

### Grant Driven Growth

- \$285 million in aggregate awards

## ...Provide A Platform for New Initiatives

### Live Action Co-Production

- Largest projects averaged ~\$400 million in box office
- *Ender's Game*

### CG-Animation

- Disney/Pixar veterans
- Tradition Studios

### Virtual Performance

- New entertainment category
- \$100 million R&D funded through VFX work

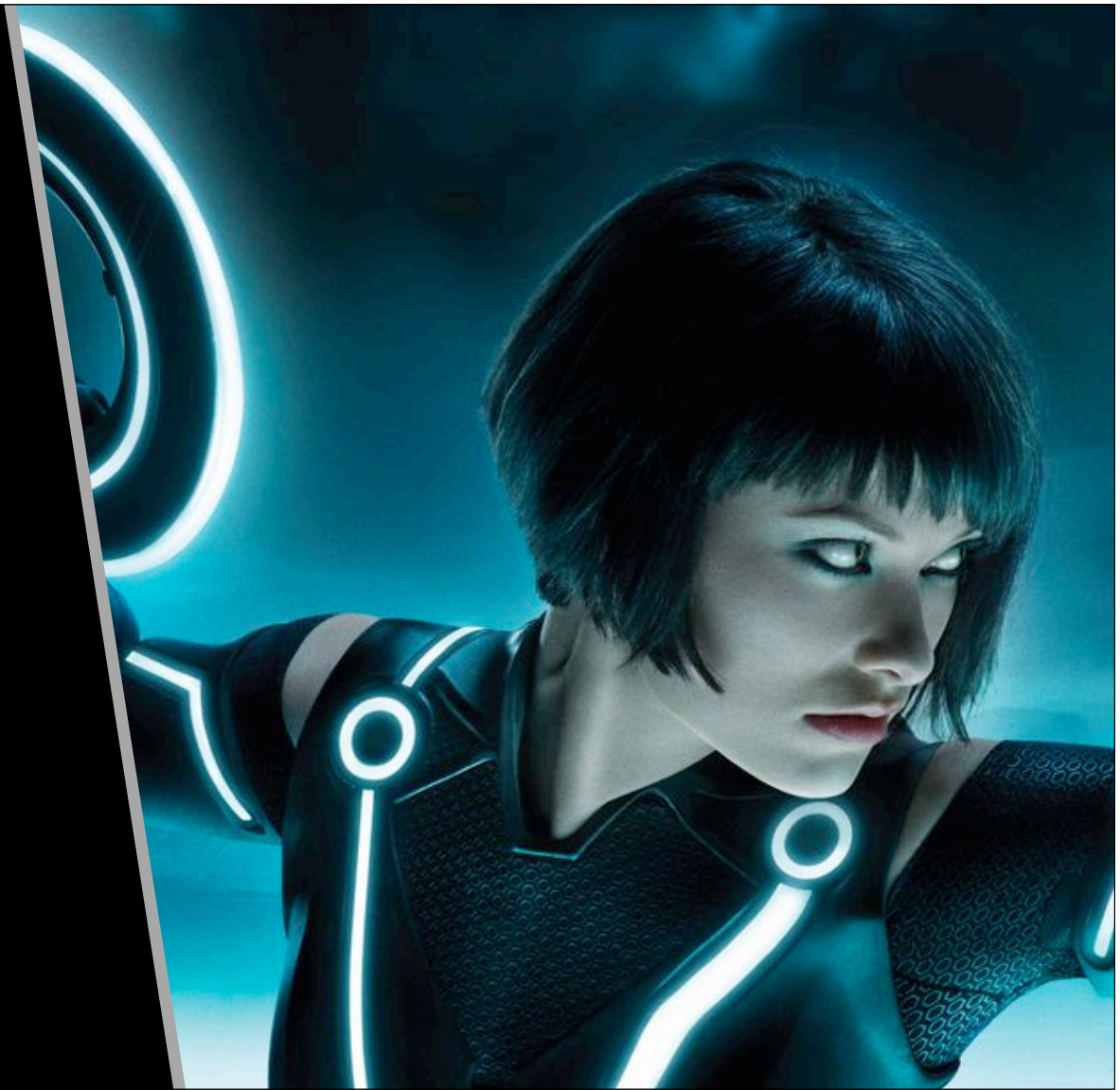
### Education and Other

- Digital Domain Institute
- Superior simulation capabilities

### Powerful Financial Model

- Profitable existing VFX business
- VFX are a larger component of feature films and commercials

VFX







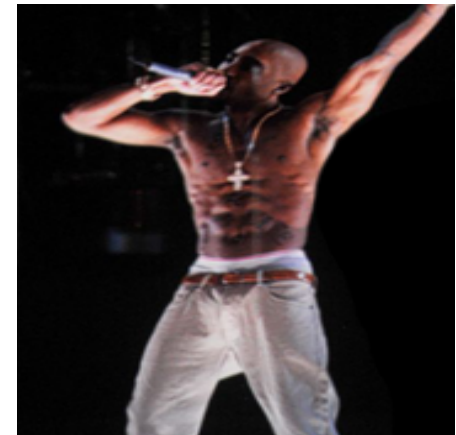
# Unparalleled Content Creation Capabilities Through Core VFX Business



*Transformers*



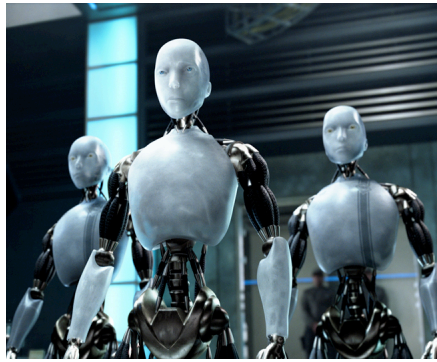
*The Curious Case of Benjamin Button*



*Tupac Hologram at Coachella*



*2012*



*I, Robot*



*Tron : Legacy*



## Technical Management Experience

(\$ in Millions)

### top 20 box office movies

1. Avatar	\$2,782	11. Alice in Wonderland (2010)	\$1,024
2. Titanic	\$2,185	12. The Dark Knight	\$1,002
3. Marvel's The Avengers	\$1,455	13. Harry Potter and the Sorcerer's Stone	\$975
4. Harry Potter and the Deathly Hallows	\$1,328	14. Pirates of the Caribbean: At World's End	\$963
5. Transformers: Dark of the Moon	\$1,124	15. Harry Potter and the Deathly Hallows Part 1	\$957
6. The Lord of The Rings: The Return of the King	\$1,120	16. The Lion King	
7. Pirates of the Caribbean: Dead Man's Chest	\$1,066	17. Harry Potter and the Order of the Phoenix	\$940
8. Toy Story 3	\$1,063	18. Harry Potter and the Half-Blood Prince	\$934
9. Pirates of the Caribbean: On Stranger Tides	\$1,044	19. The Lord of the Rings: The Two Towers	\$926
10. Star Wars: Episode I – The Phantom Menace	\$1,027	20. Shrek 2	\$920

12 of 20 films led by digital domain or its executives



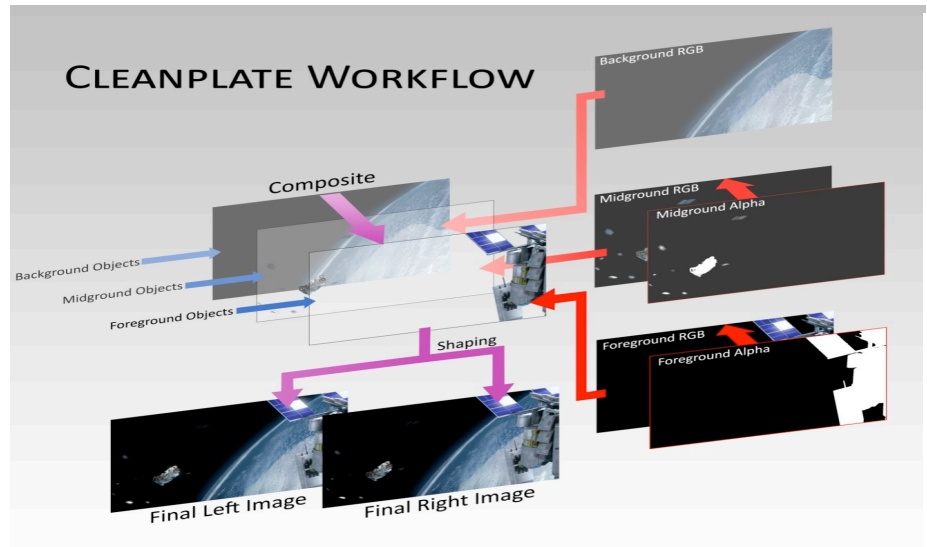
# State-of-the-Art Proprietary Technologies and Patent Portfolio

## PROPRIETARY SOFTWARE

- TRACK® - Object Tracking and Spatial Relationships
- ENGEN® - Environment Generator
- STORM® - Volume Rendering (Fluid, Fire, Smoke, Clouds)
- INTRIGUE® - 2D to 3D Stereoscopic Conversion
- FACIAL ANIMATION - Synthetic/Digital Human Actors

## PATENTS

- Six patents covering various aspects of 3D stereoscopic conversion
- Eight additional patent applications pending



*"While Avatar's box office billions may be driving studio confidence, it was the work Digital Domain did in 2008 for The Curious Case of Benjamin Button that may prove to have a more lasting impact on the movie business."*

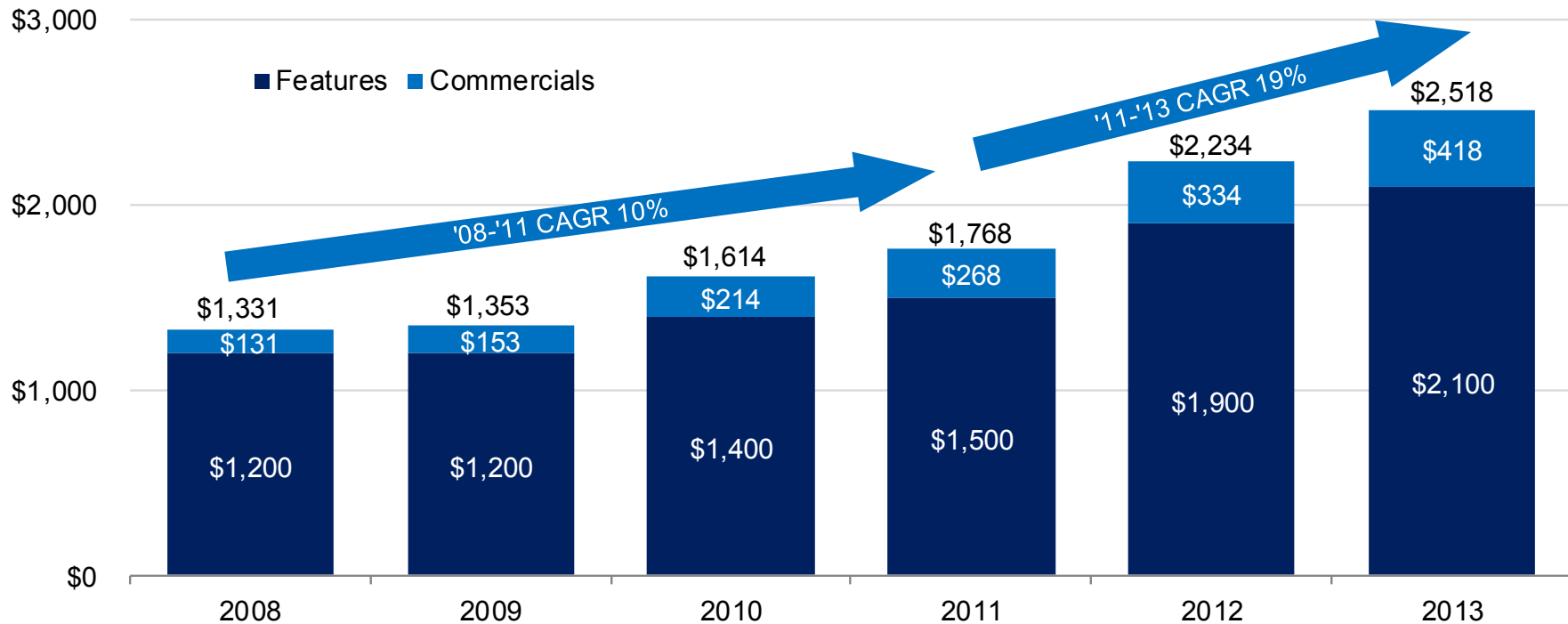
FORBES, March 15, 2010



# Digital VFX // A Critical Part of Filmmaking

## VFX Market Revenues

(\$ in Millions)



- VFX growth accelerated by increasing consumer demand for VFX-driven movies and growing demand from advertisers for multi-platform motion picture content

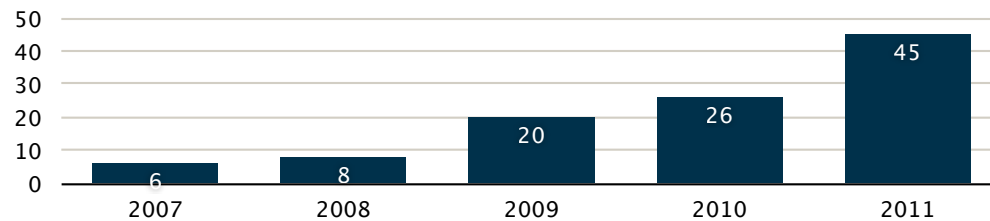
Source: Frank N. Magid Associates, Inc.



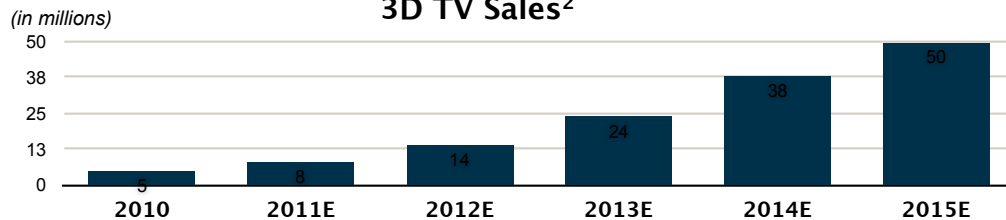
## Well Positioned for Substantial 3D Growth Opportunity

- Acquisition of In-Three (2010) provided attractive entry into 3D imagery market (Acquired 6 original patents of 2D to 3D image conversion)
- Digital Domain is now a unique combination of a leading VFX production company with a 3D conversion specialist
- Recent license deal with **Samsung** validates importance of technology
- **Reliance Media Works** partnership dramatically expands Digital Domain's capacity creating a unique combination of highest quality production capabilities with low-cost offshore capacity

**Movies Released in 3D<sup>1</sup>**



**3D TV Sales<sup>2</sup>**



<sup>1</sup> MPA Theatrical Market Statistics 2011 and Lazard Capital Markets

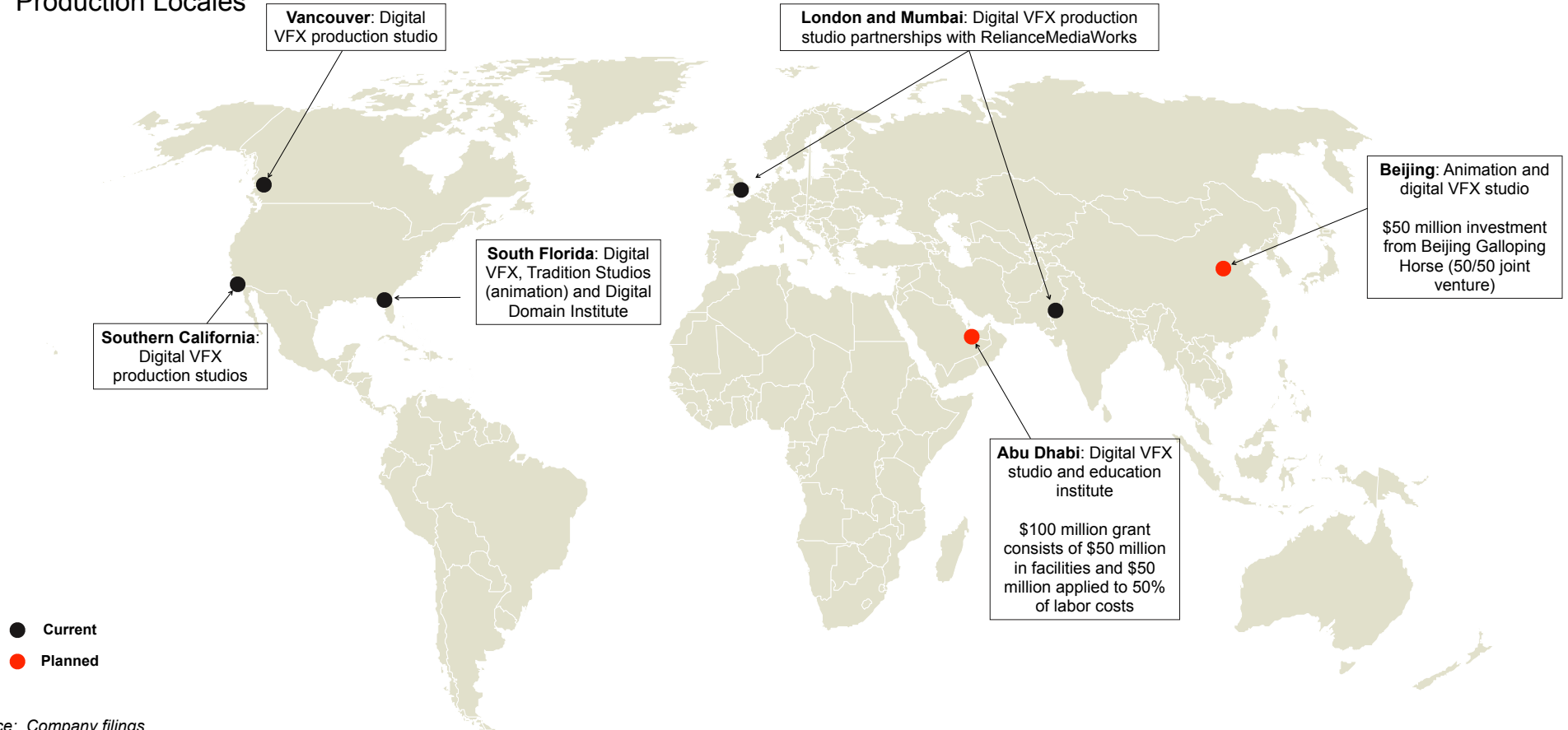
<sup>2</sup> ABI Research





# Digital Domain Studio Locations

Global Footprint Allows Digital Domain to Operate an Efficient Cost Structure and Attract Studio Partners to the Lowest Cost Production Locales

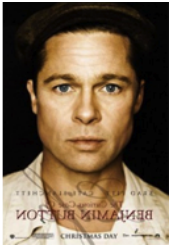
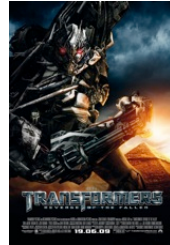
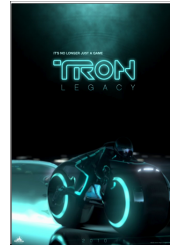
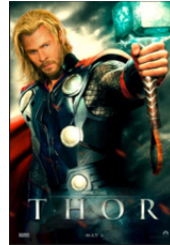




**Live Action  
Co-Productions**

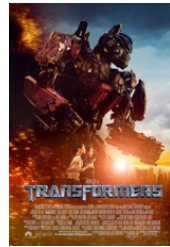


# Reputation / Track Record in the Entertainment Industry



**Average Worldwide Box Office Revenue (\$mm) per Film**

	'05-'07	'07-'09	'09-'11
Films w/ Digital Domain Participation	\$173	\$353	\$509
Paramount	\$75	\$106	\$128
Walt Disney	\$77	\$82	\$86
Warner Bros	\$60	\$73	\$77
20th Century Fox	\$65	\$66	\$87
Sony / Columbia	\$51	\$60	\$68
Universal	\$54	\$57	\$62



Source: BoxOfficeMojo.com.

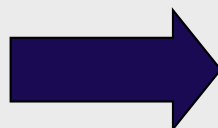




# Digital Production Case Study// TRON: Legacy



DIGITAL DOMAIN  
PREPARES  
CONCEPT TEST VIDEO  
FOR DISNEY  
2007



DISNEY GREENLIGHTS  
FILM FROM  
DIGITAL DOMAIN  
TEST FOOTAGE

ENGAGES DIGITAL  
DOMAIN TO BUILD  
FILM



TRON OPENS  
DECEMBER 17, 2010  
\$400 million  
worldwide box office<sup>1</sup>



<sup>1</sup> Worldwide box office as of May 2011; Box Office Mojo



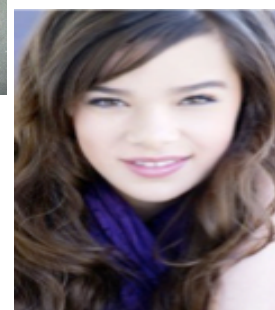
# Ender's Game // Co-Production

## Overview

- Based on popular science-fiction novels by Orson Scott Card
- Set in Earth's future, in preparation for invasion, the world's most talented children train in the arts of war through increasingly difficult games
- **Production details**
  - Co-producer: Odd Lot Entertainment
  - Distributed by Lions Gate / Summit Entertainment in U.S., foreign rights pre-sold
  - Recently finished principal photography
  - Budget: Approximately \$100 million
  - Director: Gavin Hood (Academy Award winner)
  - Writers: Alex Kurtzman, Roberto Orci (*Transformers*, *Star Trek*)
- **DDMG economics**
  - 37.5% ownership (\$12.1 million financing contribution to date)
  - \$37 million VFX contract to produce visual effects and 3D conversion for the film
  - DDMG recognizes reduced VFX margins in exchange for profit upside on the backend
  - DDMG owns right to participate in sequels

Source: Company filings and Company materials

## Cast



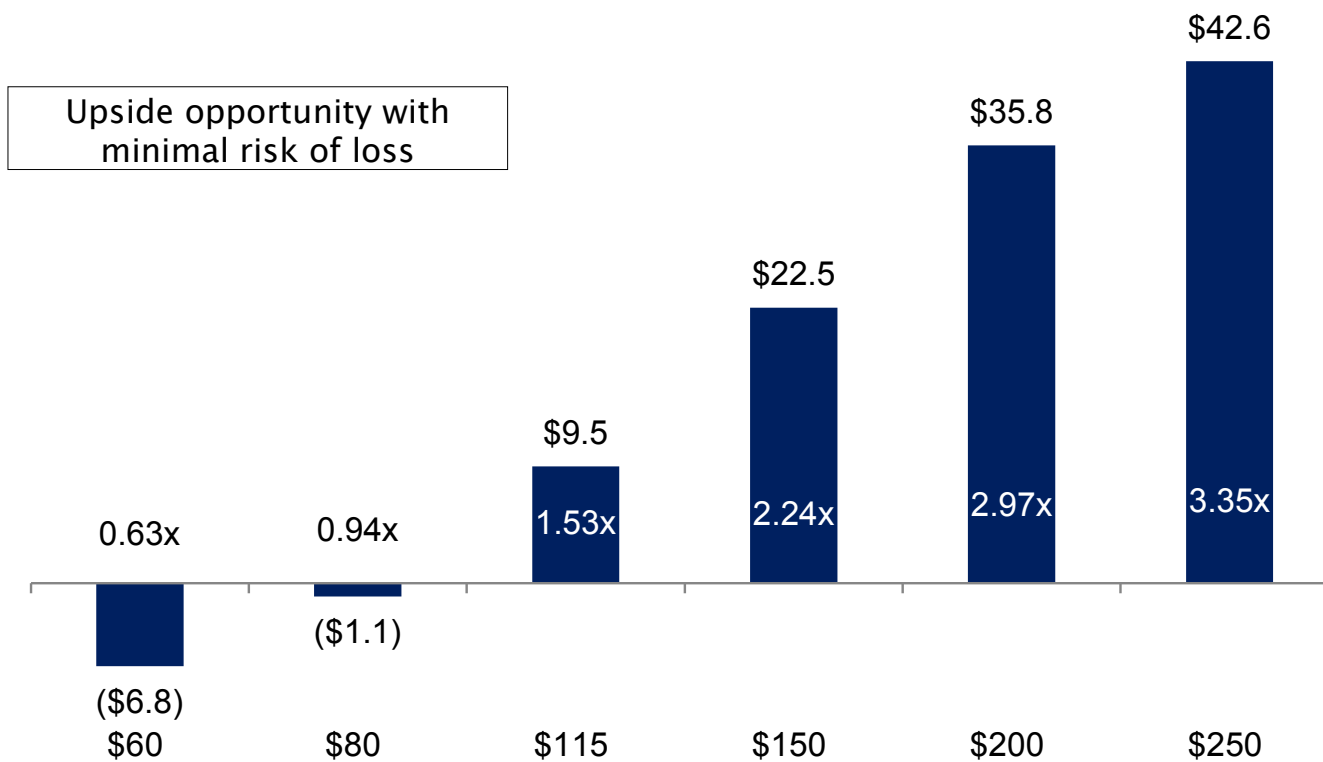
Expected Release: November 2013



# Ender's Game // Potential Financial Returns to Digital Domain

## Profitability and Cash on Cash Returns for Various Domestic Box Office Totals

(\$ in Millions)



Domestic Box Office:

**CG Animation**





## Tradition Studios / Business Focus

### ▶ In 2009 we launched a new film studio

- Animated feature films
- Family-oriented... “Extremely Clean”

### ▶ Creative Team: Ex-Pixar, Ex-Disney...

- Pam Coats: Former Head of Creative Development at Disney
- Aaron Blaise and Chuck Williams: *Lion King*, *Brother Bear*, others
- Brad Lewis: Producer of *Ants* and *Ratatouille*, Co-Director of *Cars 2*

### ▶ Studio facilities

- 115,000 sq. ft.
- Port St. Lucie, FL
- Completed December 2011



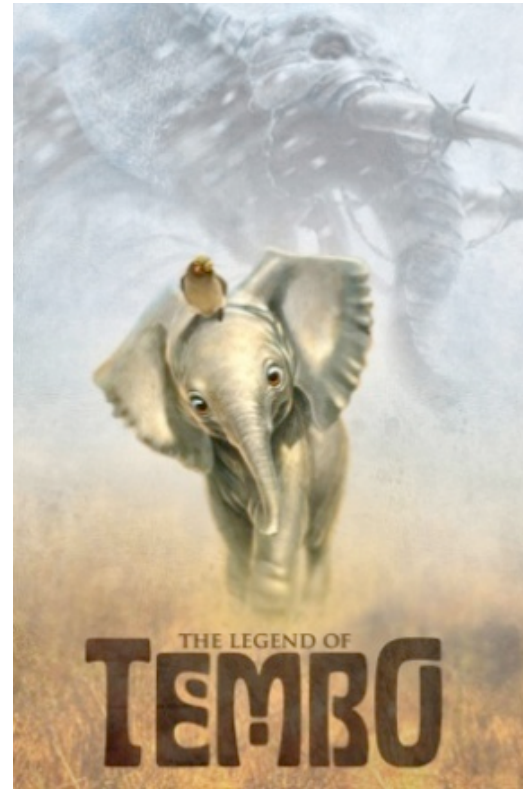
TRADITIONSTUDIOS

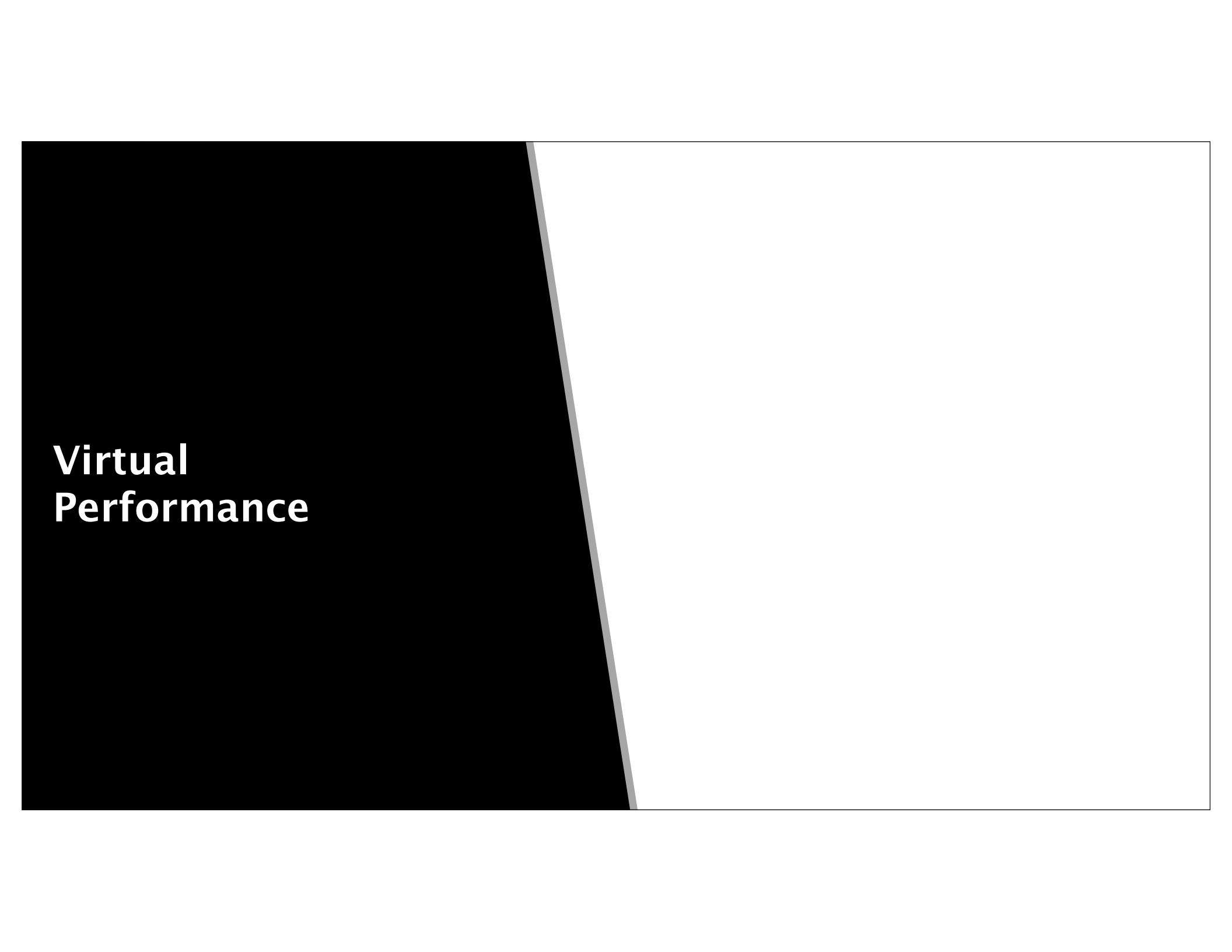




## Animation Studio / Project in Development

- Original CG Animation feature film concept being developed in house
- Approximately \$90 million production budget
- DDMG aims to retain 20% equity ownership while seeking distribution and production capital partners
  - Beijing Galloping Horse Film Co. invested \$5 million and will handle distribution in China
  - Pursuing U.S. based major studio partnership for majority equity stake and distribution
- Theatrical release planned for November 2014
- Future CG Animation films planned beyond 2014





# Virtual Performance



## Virtual Performance

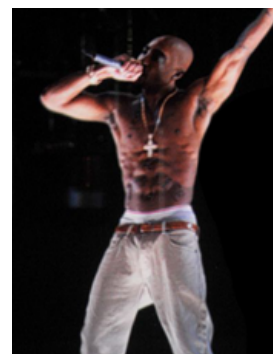
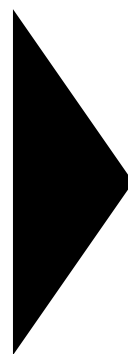
- Digital Domain created the Holy Grail of VFX – the digital human
  - Can now re-create any living or deceased performer or historical figure
  - Unique capacity that can not be matched by any other production studios
  - Recently approached to create musical performances, sport stars and political figures among others
- Digital Domain has spent a decade and tens of millions of dollars in perpetual development perfecting its technology, tools and techniques to create realistic computer generated humans



**Benjamin Button**  
2008



**TRON: Legacy**  
2010



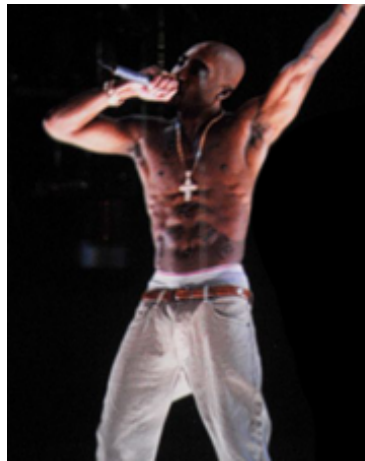
**Tupac Hologram**  
2012

**\$100 million R&D funded  
through VFX-for-hire**





## Virtual Performance // Brand New Entertainment Category



- Launch of Tupac at Coachella generated substantial interest
  - 15 million views on YouTube in first 48 hours
  - Over 59 million search results for Tupac hologram on Google
  - Tupac album sales increased more than 500% in one week
  - Greatest Hits album made the Billboard 200 for the first time in 12 years



- Digital Domain and CORE Media Group plan to jointly develop, produce and own a series of virtual Elvis Presley likenesses
- To be used in a range of entertainment projects – from shows and appearances to film, TV and multi-platform productions throughout the world
- Digital Domain will retain a stake in every ticket sold for Elvis Presley performances
- Additional projects in negotiation

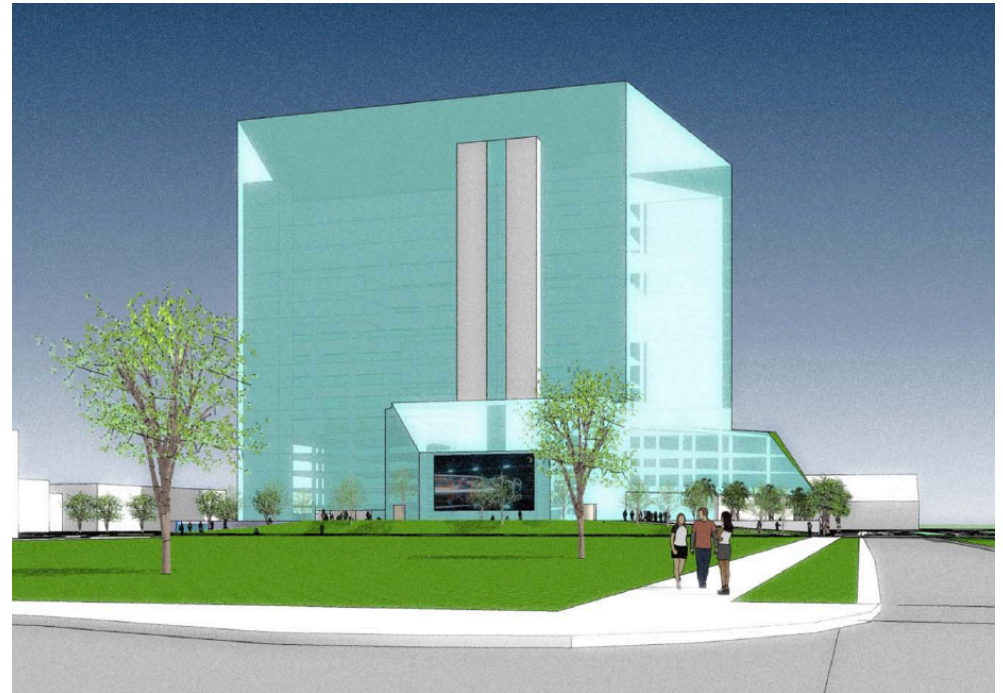


**Education**



## Education // Digital Domain Institute

- A first of its kind public-private educational partnership with Florida State University
- Students will obtain hands-on industry training with Digital Domain
- Offers Bachelors and Masters Degree programs, along with Certification in Specialties
- Commenced the first classes for DDI's Digital Arts Essential Skills Program in the first quarter of 2012
- First three-year diploma program to begin in August 2012
- \$35 million in start-up costs funded by city grants and low-cost financing





**Other Initiatives**



## Other Applications for VFX Expertise

- **Military Simulation Training**
  - Current providers lack Digital Domain's sophistication and expertise in digital imagery
  - Established a core team of sales and contracting agents to pursue customer opportunities
- **Medical Simulation**
- **Law Enforcement**





## International Expansion

### Abu Dhabi Collaboration

- \$100 million grant to establish an animation, visual effects and motion capture studio and Digital Domain Institute media school in Abu Dhabi
  - \$50 million intended for building
  - \$50 million as a 50% offset to operating costs
- Collaboration with twofour54, the Abu Dhabi government-backed media and entertainment hub
- Create animated feature films, produce visual and 3D effects, engage in the production of original Middle Eastern-branded entertainment
  - Begin production of visual effects and animation in studios in twofour54 at the beginning of 2013
  - State-of-the-art entertainment production complex is expected to be operational by the end of 2015
  - Cost effective Abu Dhabi offers 30% rebate for film, television, and commercial media projects
- Drive development of the local film, TV and media production industry in the Middle East

### China Joint Venture

- Joint Venture Agreement with Beijing Galloping Horse Film Co., Ltd., a major participant in the high-growth China film market
- Includes license for the new joint venture to use Digital Domain Media Group's patented technology for converting 2-D images into 3-D
- Beijing Galloping Horse Film Co. to provide land, construction and basic build-out costs for the new facility
  - Approximately \$50 million in total investment from Galloping Horse
  - Digital Domain to contribute technology, expertise, facility design and training
- Beijing Galloping Horse will distribute *The Legend of Tembo* in China; invested in film as co-producer



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小馬奔騰

北京小马奔腾影视文化发展有限公司  
Beijing Galloping Horse  
Film & TV Production



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