

DREAMWORKS ANIMATION

INVESTOR RELATIONS

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MESSAGE TO INVESTORS



DISCLOSURE

- More information could have been provided regarding what caused failure of Rise of the Guardians and what can be done to prevent such failures. It seems like they just wrote it off without taking measures something like this would happen again. DWA does mention that Rise of the Guardians managed to surpass expectations in terms of DVD sales, but the company could stand to explain this even further, as many of the questions asked in the Q1 2013 Conference Call were about this sudden change in fortune for Rise of the Guardians.

EARNINGS GUIDANCE POLICY

- DWA has a strong future liquidity position. DWA provided revenue and capital spending estimates for the release of their 2014 films. DWA has a new cost cutting program to save \$120 million/film as well as new licensing and merchandising partnerships in progress. Future positive earnings guidance will also be attributed through digital content for a children's development series through a Netflix alliance

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NETFLIX



EARNINGS GUIDANCE POLICY

- From the Classic Media acquisition as well as potential TV licensing revenue in future years, the fair value estimate to \$20 per share from \$18 after making some positive adjustments for future cash flow.
- The distribution fee paid to Fox for global box office and home video rental will be 6% which is lower than the previously paid to Viacom 8%. \$18 fair value estimate for DWA is unchanged.
- DWA tend to take a longer term perspective and put less emphasis on quarterly results given the uneven nature of the movie business.

ACCESSIBILITY TO INVESTORS

- DWA provides investors with necessary disclosures on their website.
- DWA is extremely transparent with their previous losses and their earnings guidance policy is very transparent for shareholders. Questions, concerns, and feedback are encouraged amongst investors through their conference calls, and various board members are active in responding to the questions.

SUGGESTIONS FOR IMPROVEMENT

- Be more consistent with film release schedules. It's imperative to release a certain number of films/year. On page 11 of the 2012 10K DWA notes that "the unexpected delay in release or commercial failure of just one of these films could have a significant adverse impact on our results of operations and cash flows in both the year of release and in the future"; DWA is falling through for 2013.
 - The two films, Mr. Peabody and Sherman were written off for 2013. Both are back in development.