

**Rovio Entertainment  
Interim Report January–June 2019**



**Kati Levoranta, CEO  
René Lindell, CFO**

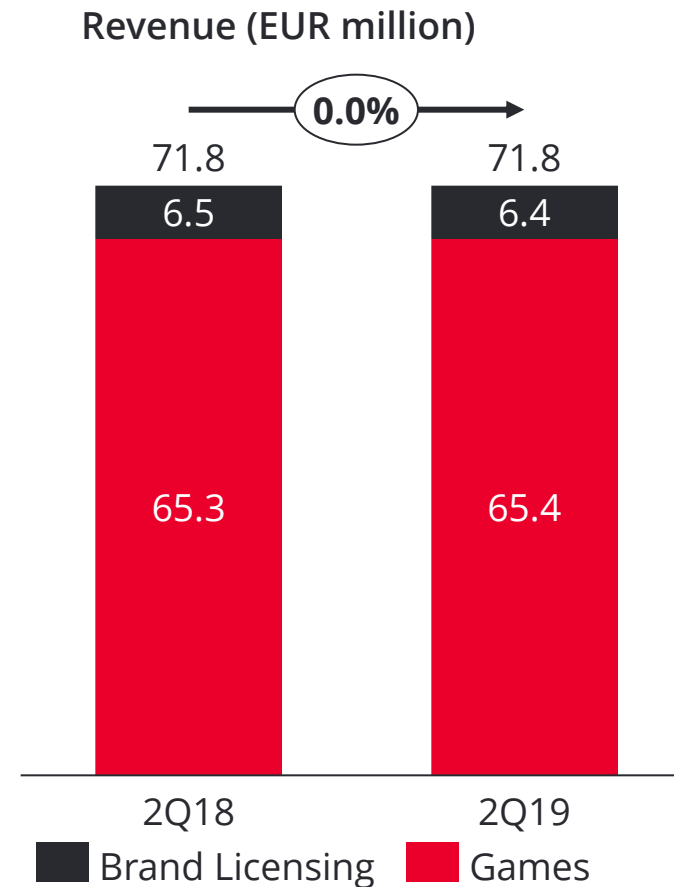
**August 8, 2019**

# Second Quarter of 2019 in an Eggshell

- Stable revenues year-on-year
- Angry Birds Dream Blast reached EUR 14 million gross bookings and trending towards EUR 50 million for full year
- Angry Birds 2 gross bookings somewhat lower due to optimized user acquisition
- Monetization improved (ARPPDAU and MARPPU)
- Profitability (7.4% EBIT) lower in this quarter as expected
- Preparing for Angry Birds Movie 2 launch

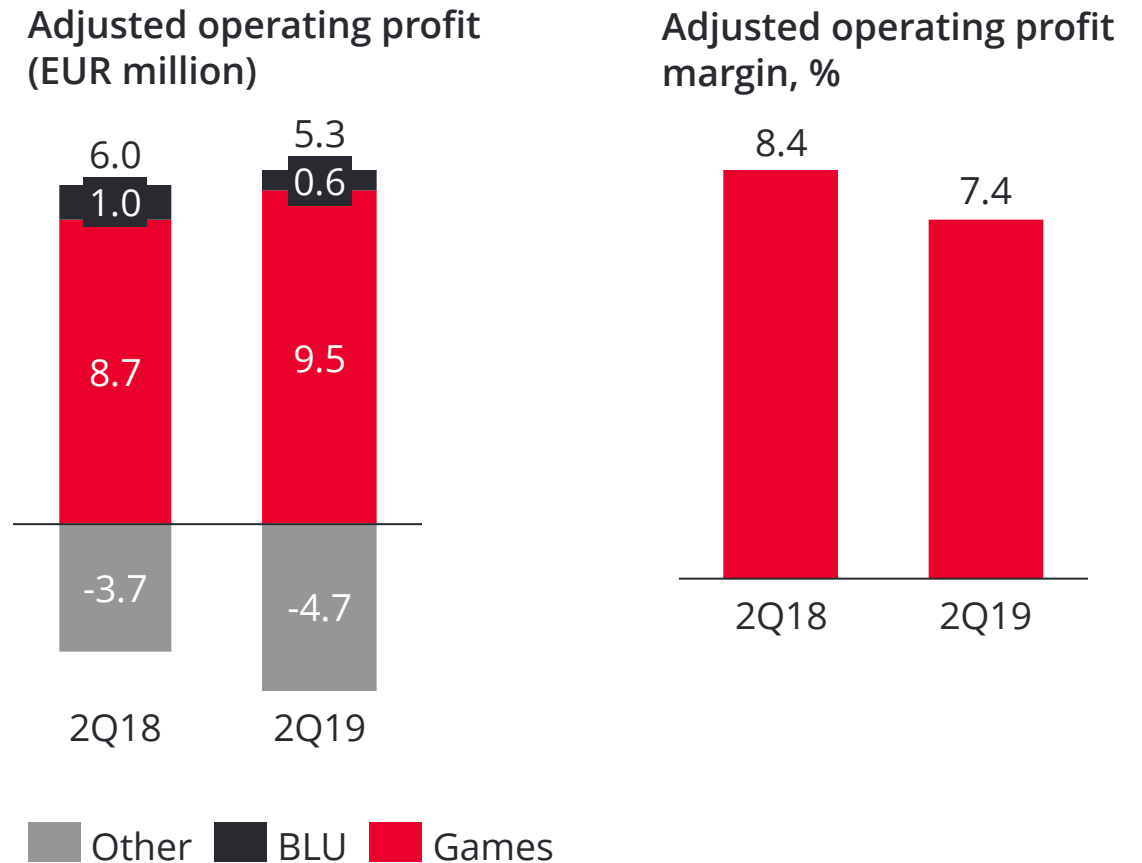
# Q2: Rovio group revenue stable year-on-year

- Group 2Q19 revenue EUR 71.8 million (71.8)
- Games revenue grew 0.2% to EUR 65.4 million (65.3)
- New game Angry Birds Dream Blast replacing revenue of older declining portfolio
- Brand Licensing declined -2.0% year-on-year to EUR 6.4 million (6.5)



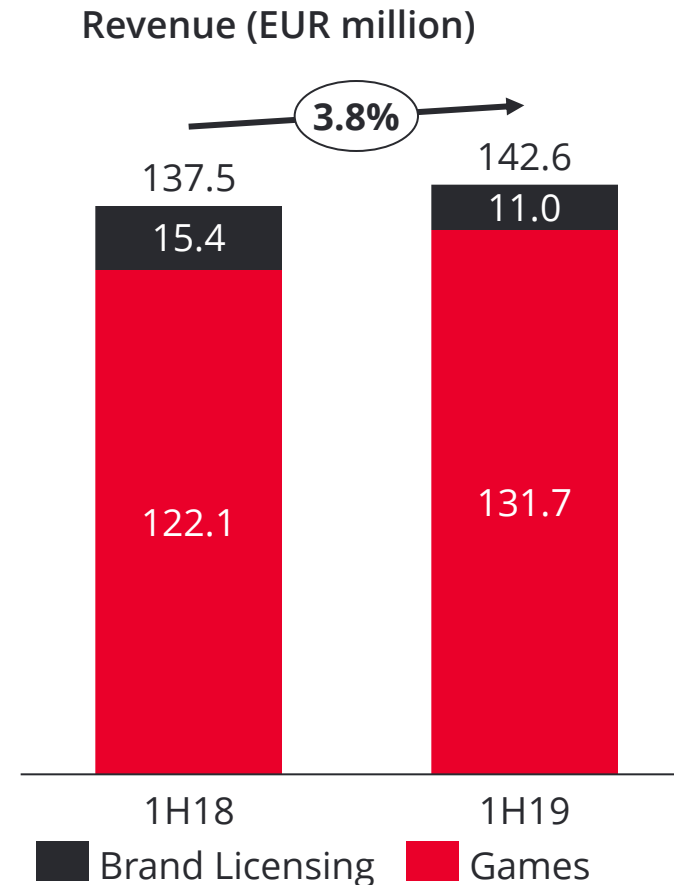
# Q2: Adjusted operating profit margin 7.4%

- Group adjusted operating profit EUR 5.3 million (6.0), and adjusted operating profit margin 7.4% (8.4%)
- Games adjusted operating profit grew to EUR 9.5 million year-on-year due to lower user acquisition
- Lower year-on-year profitability due to higher go-to-market expenses in Hatch Entertainment (in Other segment)



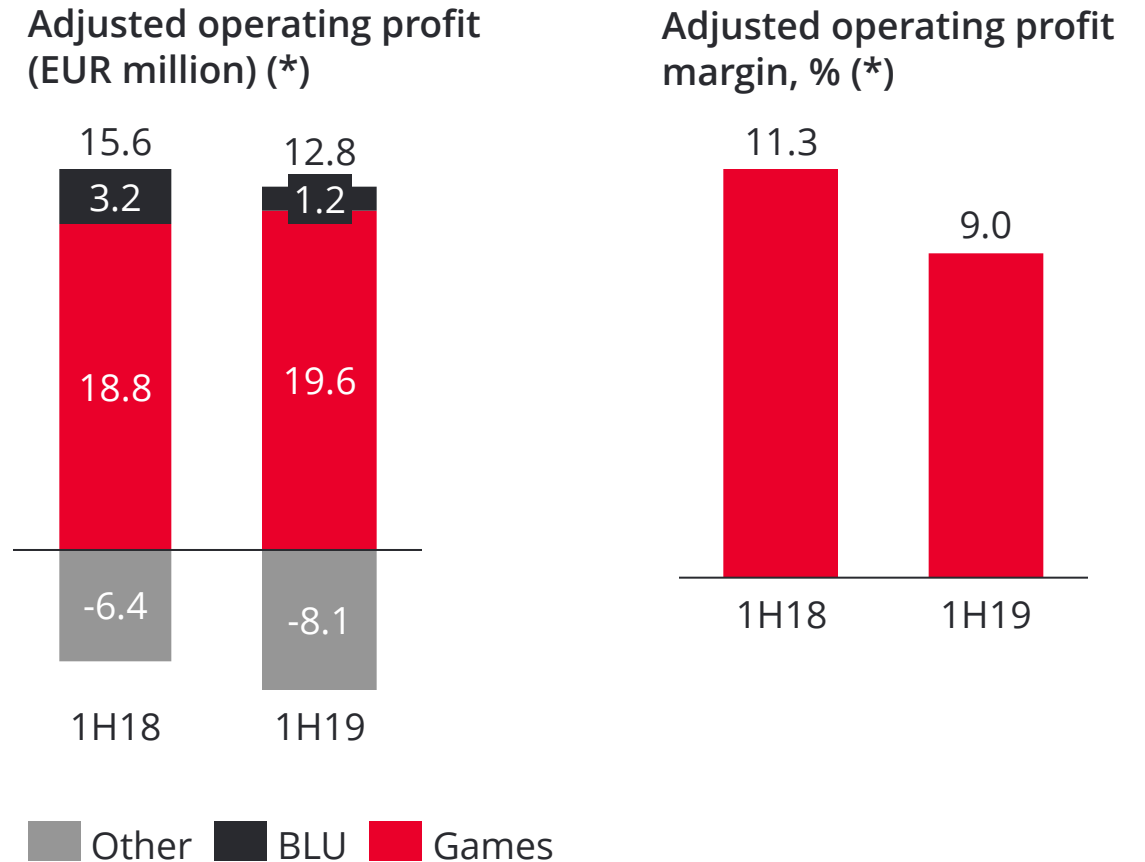
# H1: Rovio group revenue grew 3.8%

- Group 1H19 revenue EUR 142.6 million (137.5) and grew 3.8% year-on-year
- Games revenue grew 7.8% to EUR 131.7 million (122.1)
- New game Angry Birds Dream Blast reached EUR 20.9 million gross bookings and is trending towards EUR 50 million for full year
- Brand Licensing declined -28.7% year-on-year to EUR 11.0 million (15.4), as expected



# H1: Adjusted operating profit margin 9.0%

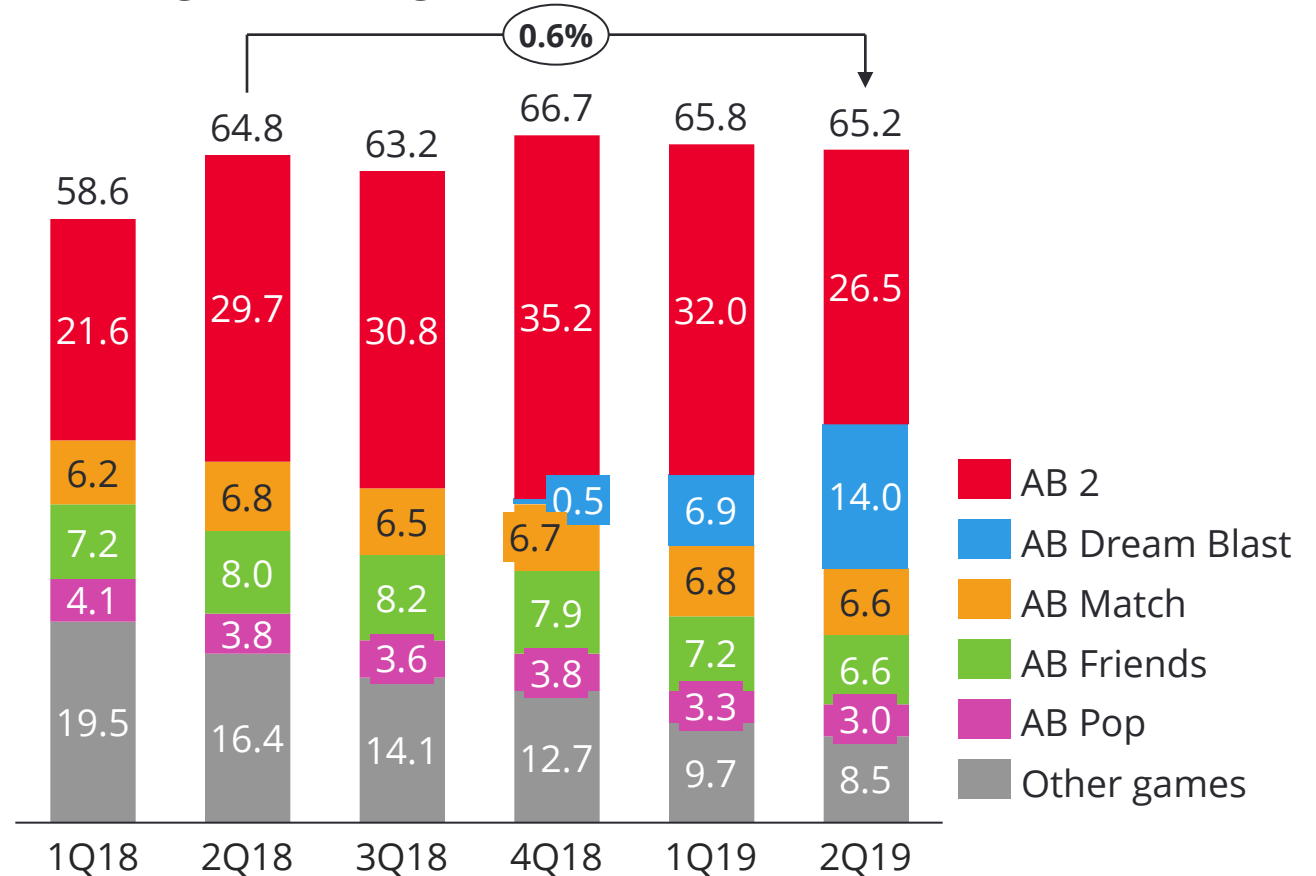
- Group adjusted operating profit was EUR 12.8 million (15.6), and adjusted operating profit margin 9.0% (11.3%)
- Games adjusted operating profit grew to EUR 19.6 million year-on-year
- Brand licensing adjusted operating profit declined to EUR 1.2 million (3.2)
- Other segment adjusted operating profit declined to EUR -8.1 million (-6.4) mainly due to higher go-to-market expenses in Hatch Entertainment



(\*) Adjustments in H1 2018 were EUR 0.3 million related to closure of London games studio.

# Q2: Games gross bookings grew 0.6% y-o-y

Games gross bookings (EUR million)

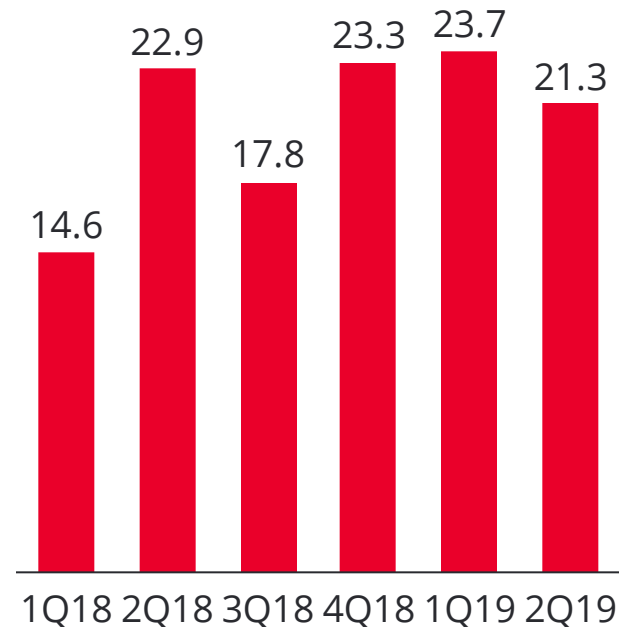


- Games gross bookings EUR 65.2 million (64.8) and 0.6% year-on-year growth
- Angry Birds Dream Blast continued to grow and reached EUR 14 million gross bookings
- Angry Birds 2 down year-on-year due to much lower user acquisition
- Angry Birds Friends, Angry Birds Match and Angry Birds Pop declined year-on-year

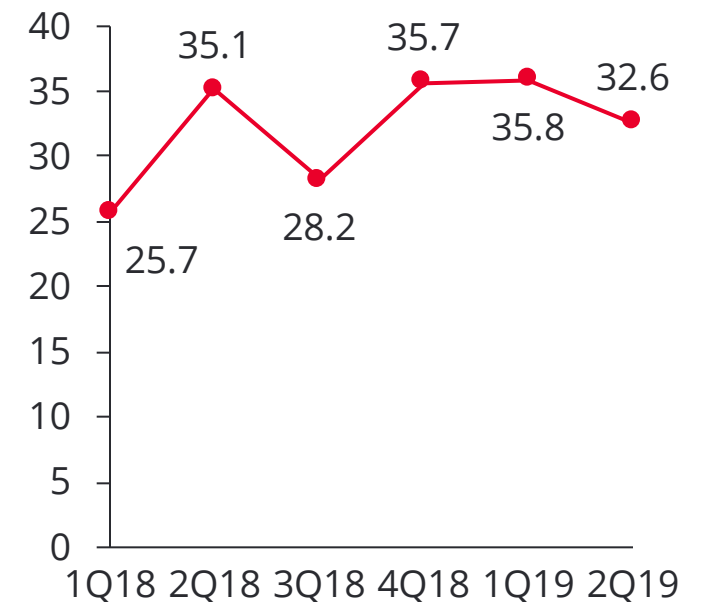
# Q2: User acquisition 32.6% of games revenue

- 2Q19 user acquisition investments were EUR 21.3 million (22.9) or 32.6 % (35.1%) of games revenue
- User acquisition investments weighted towards Angry Birds Dream Blast which is in a growth phase
- Angry Birds 2 investments were at a much lower level than in previous quarters
- Angry Birds Movie sequel launch expected to boost UA
- Full year 2019 UA investments estimated at 30-35% of games revenues

User acquisition investments (EUR million)



User acquisition investments, % of games revenue

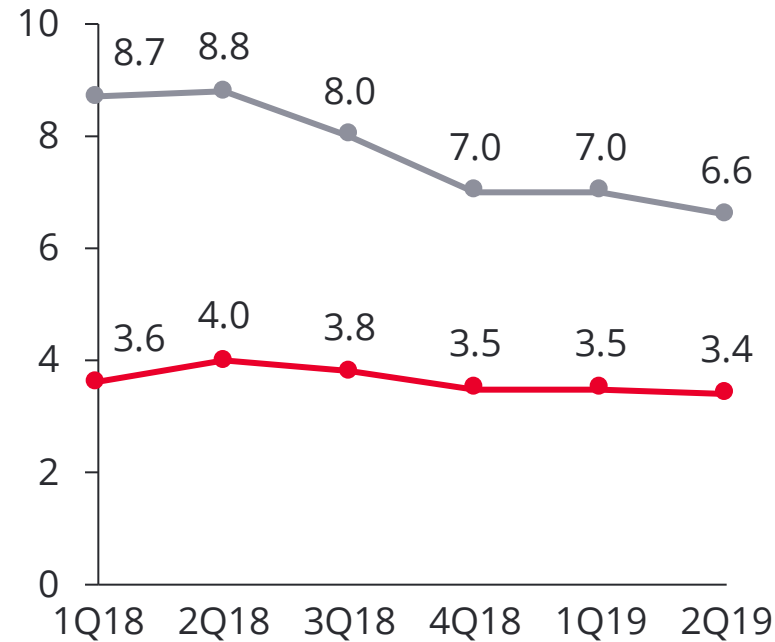




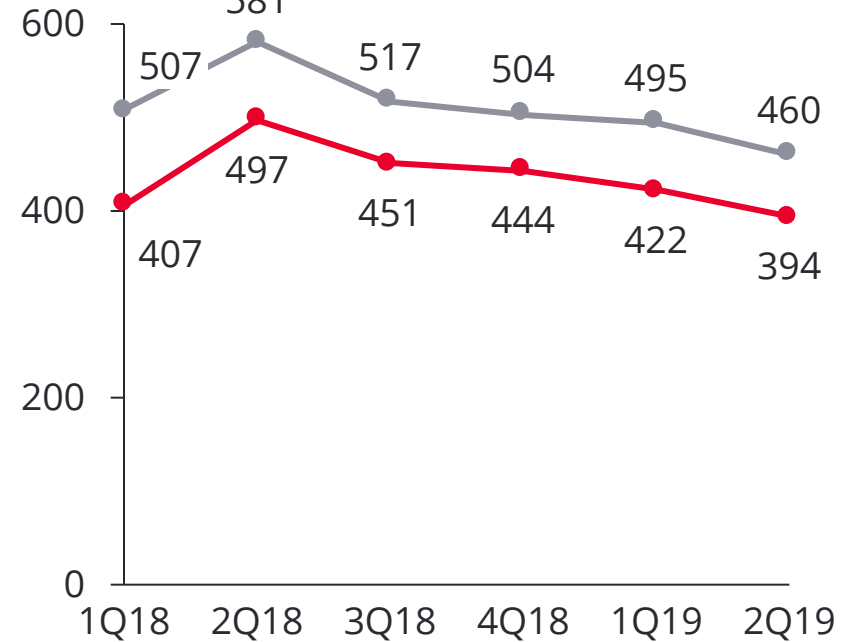
# DAU for top 5 games stable, MUP lower

- Daily active users (DAU) in 2Q19 for top 5 games were slightly lower than in 1Q19
- DAU of older games continued to decline as expected
- Monthly unique payers for top 5 games lower than in 1Q19
- Decline in MUP mostly related to lower UA and DAU in Angry Birds 2

DAU (Daily Active User), millions



MUP (Monthly unique Payers) thousands

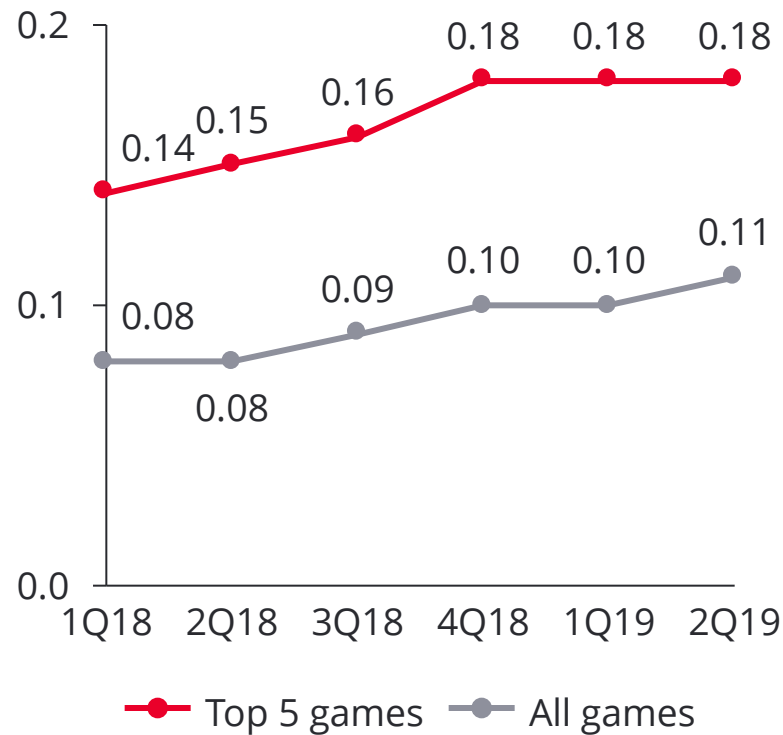


—● Top 5 games —● All games

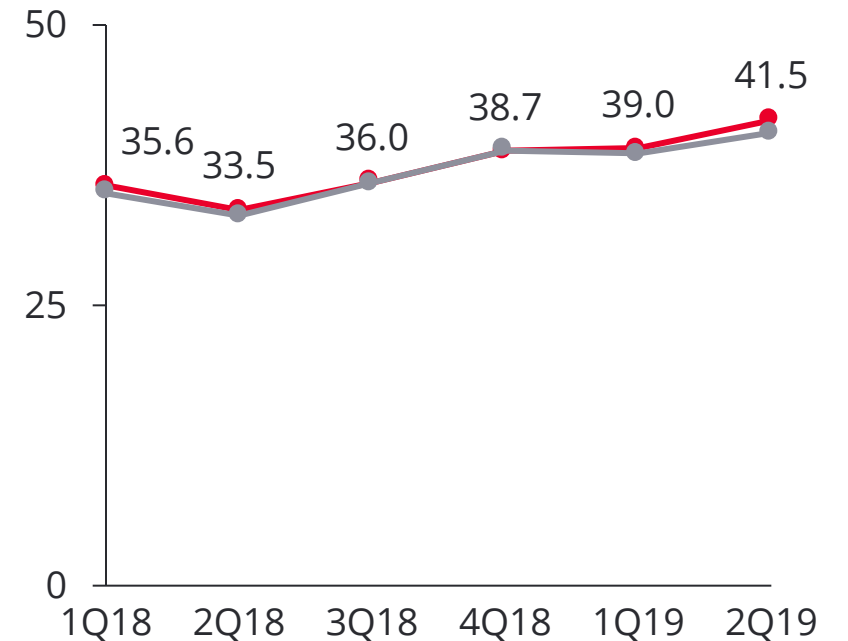
# MARPPU exceeded EUR 40

- ARPDau for all games grew to 11 cents and was steady for top 5 games
- MARPPU for both all and top 5 games grew and was EUR 41.5 for top 5 games

ARPDau (Average Revenue Per Daily Active User), EUR



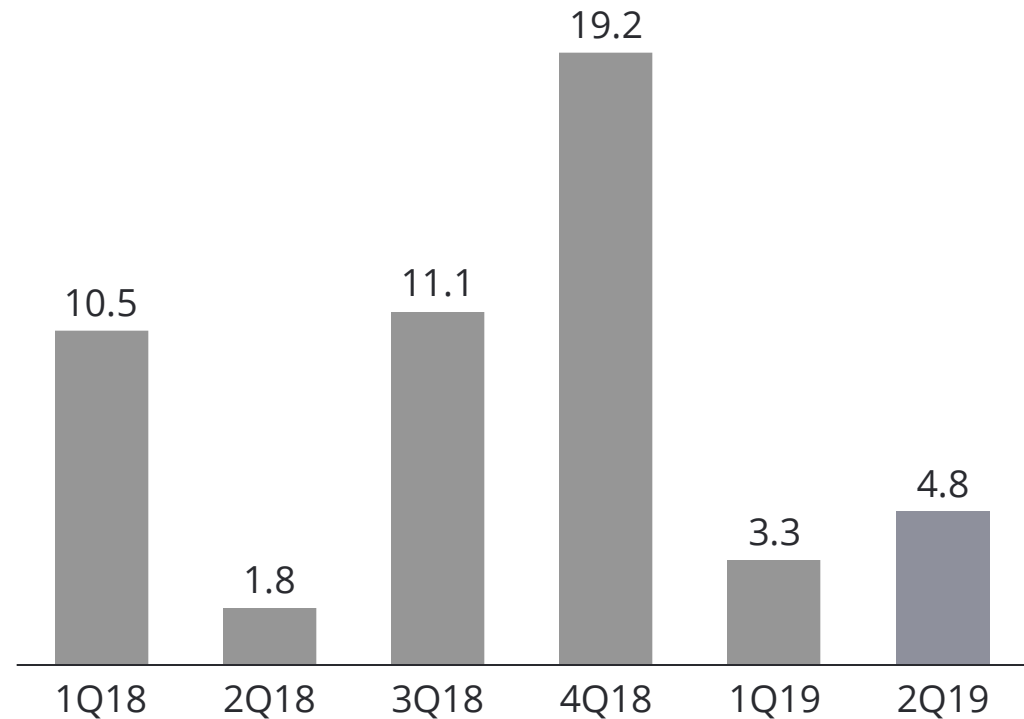
MARPPU (Monthly Average Revenue per Unique Payer), EUR



# Cash flow

- Operating cash flow was EUR 4.8 million in Q2 (1.8)
- Cash balance at end of 2Q19 EUR 124.6 million (end of 1Q19: EUR 128.8 million)
  - Dividends of EUR 7.1 million were paid in the reporting period

Operating cash flow (EUR million)



# 2019 Outlook (unchanged)

In 2019, Rovio expects group revenue to grow to **EUR 300 – 330 million** and adjusted operating profit margin to be between **9 and 11 percent**

**Strategy**

# We continue to execute our strategy

## Grow Games business

- Prioritize top live games in UA and resourcing
- Increase investments in new games development
- Aim to launch at least one more new game in 2019

## Grow the Angry Birds brand and Licensing business

- Angry Birds Movie 2 to be released in August 2019
- Angry Birds 10<sup>th</sup> year anniversary
- Planning a long form Angry Birds TV animation series

## Leverage strong consolidation platform

- Screen and evaluate potential M&A targets
- Focus on free-to-play mobile games
- Investment in Play Ventures fund

## Explore the future of gaming

- Investigate and invest in new technologies and platforms
- Explore external funding and strategic partnerships for Hatch

# Games roadmap

- Angry Birds Dream Blast that was launched globally on January 24<sup>th</sup>, 2019 is now our 2<sup>nd</sup> largest game and trending towards EUR 50 million gross bookings in 2019
- We have 11 new games in development, of which 3 are in soft launch
- At least one new game expected to be launched globally in 2019



# ANGRY BIRDS POP2





# Sugar Blast™



# WORLD QUEST!





**Angry Birds Movie 2 rolling out worldwide**

# M&A

- Screen and evaluate potential M&A targets
- Focus on free-to-play mobile games
- PlayRaven targeting to soft launch their strategy game later in 2019



# Hatch

- Hatch continued to form go-to-market partnerships:
  - Samsung: Galaxy S10 in US and South Korea
  - Vodafone UK, Spain and Italy
- To accelerate growth and expansion to new markets, Hatch continues to seek external funding and further strategic partnerships
- As part of the funding round Rovio is prepared to reduce its ownership below 50%

