

**Rovio Entertainment
Financial Statement Bulletin
January–December 2018**



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René Lindell, CFO

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Year 2018 in an Eggshell

- Games reached record gross bookings
- Angry Birds 2 grew +49% year-on-year during 2018 and +77% in Q4
- Monetization (ARPPDAU and MARPPU) highest so far
- Good profitability, 11.1% EBIT margin even though user acquisition investments were increased towards the end of the year
- Strong cash flow, operative cash flow EUR 42.6 million in 2018

Other Developments

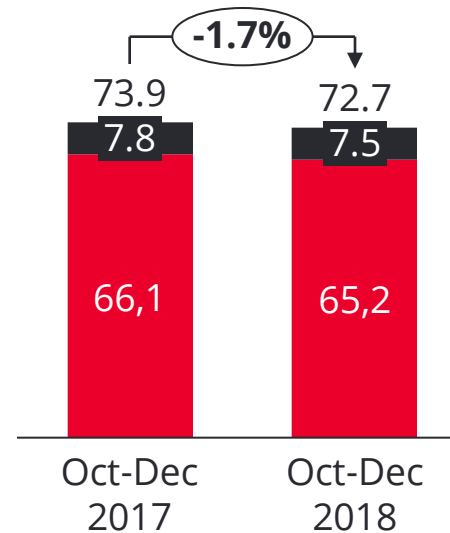
- Angry Birds Dream Blast was launched globally in January 2019
- Improved new games pipeline: 13 games in development, including one in soft launch
- PlayRaven was acquired in November 2018, accelerates expansion into mobile strategy games
- In 2018, Angry Birds animated series were viewed in Youtube in total 1.4 billion minutes and 650 million views. In China, Angry Birds animated series had 2.2 billion views in various channels.
- Hatch announced a strategic partnership with Japanese mobile operator NTT DoCoMo.

4Q18 Financial Highlights

- Revenue declined -1.7% year-on-year
- Games gross bookings grew year-on-year but revenue deferrals were larger in 4Q18 and thus the accounting revenue was lower
- Adjusted operating profit was EUR 5.3 (10.5) million and profit margin 7.2% (14.2)
- The adjusted operating profit was lower than last year due to larger user acquisition investments, especially for Angry Birds 2, in 4Q18

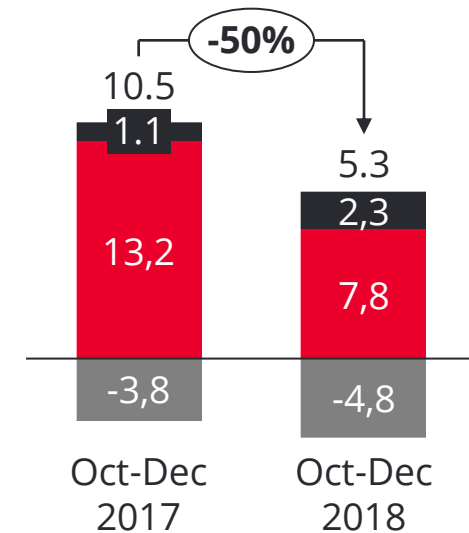
Revenue

EUR, million



Adjusted operating profit (*)

EUR, million



■ Other ■ Brand Licensing ■ Games

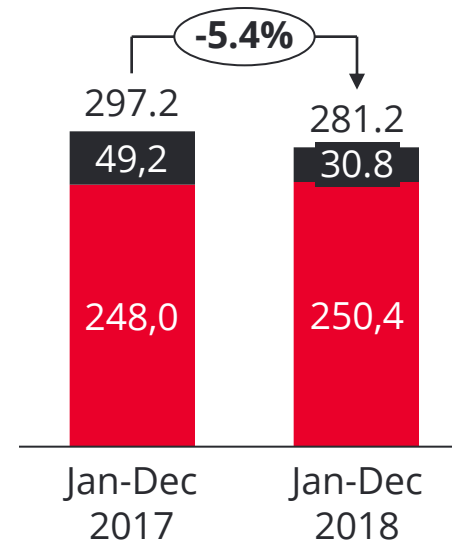
(*) Adjustments in 4Q18 amounted to EUR -0.7 million and were related to purchase of Playraven Oy. Adjustments in 4Q17 were EUR +0.1 million and were related to Rovio's IPO.

FY18 Financial Highlights

- Revenue declined -5.4% year-on-year driven by large revenue peak of Angry Birds movie in 2017 for Brand licensing segment
- Games revenue grew 1% year-on-year, and in comparable currencies approximately 4%
- Games comparable gross bookings grew by approximately 5%
- Adjusted operating profit was EUR 31,2 million (35,9) and adjusted operating profit margin 11.1% (12.1)

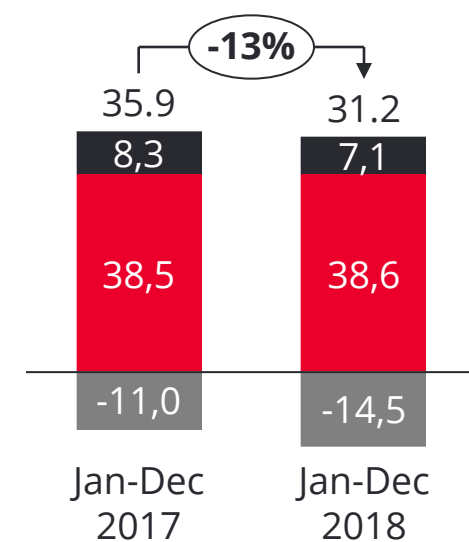
Revenue

EUR, million



Adjusted operating profit (*)

EUR, million



■ Other ■ Brand Licensing ■ Games

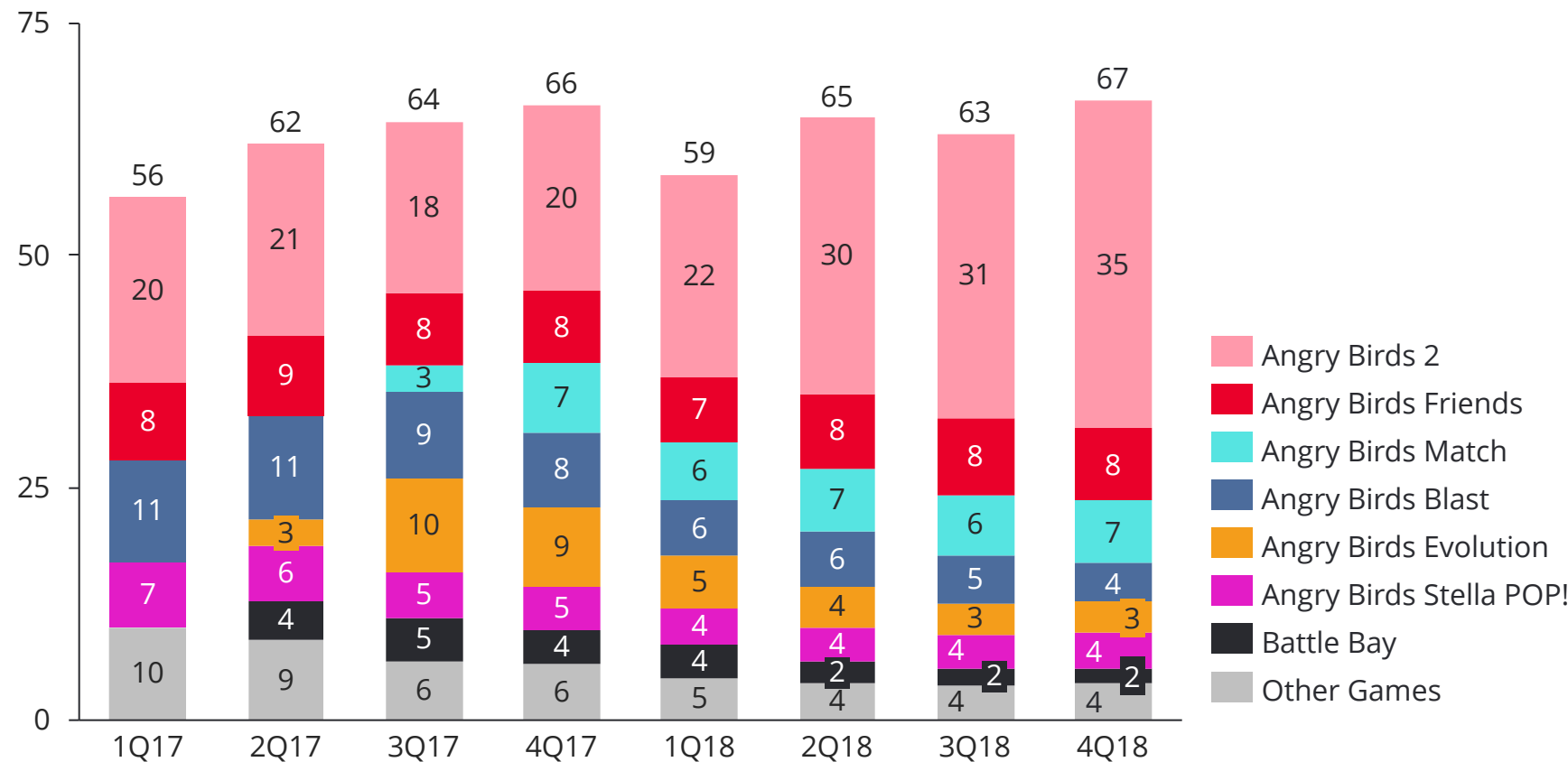
(*) Adjustments in FY18 amounted to EUR -0.3 million and were related to the closure of Rovio's game studio in London and the purchase of Playraven Oy. Adjustments in FY17 were EUR 4.5 million and were related to the restructuring of Rovio's Brand licensing unit and to Rovio's IPO.

Games Portfolio

4Q18 Highlights:

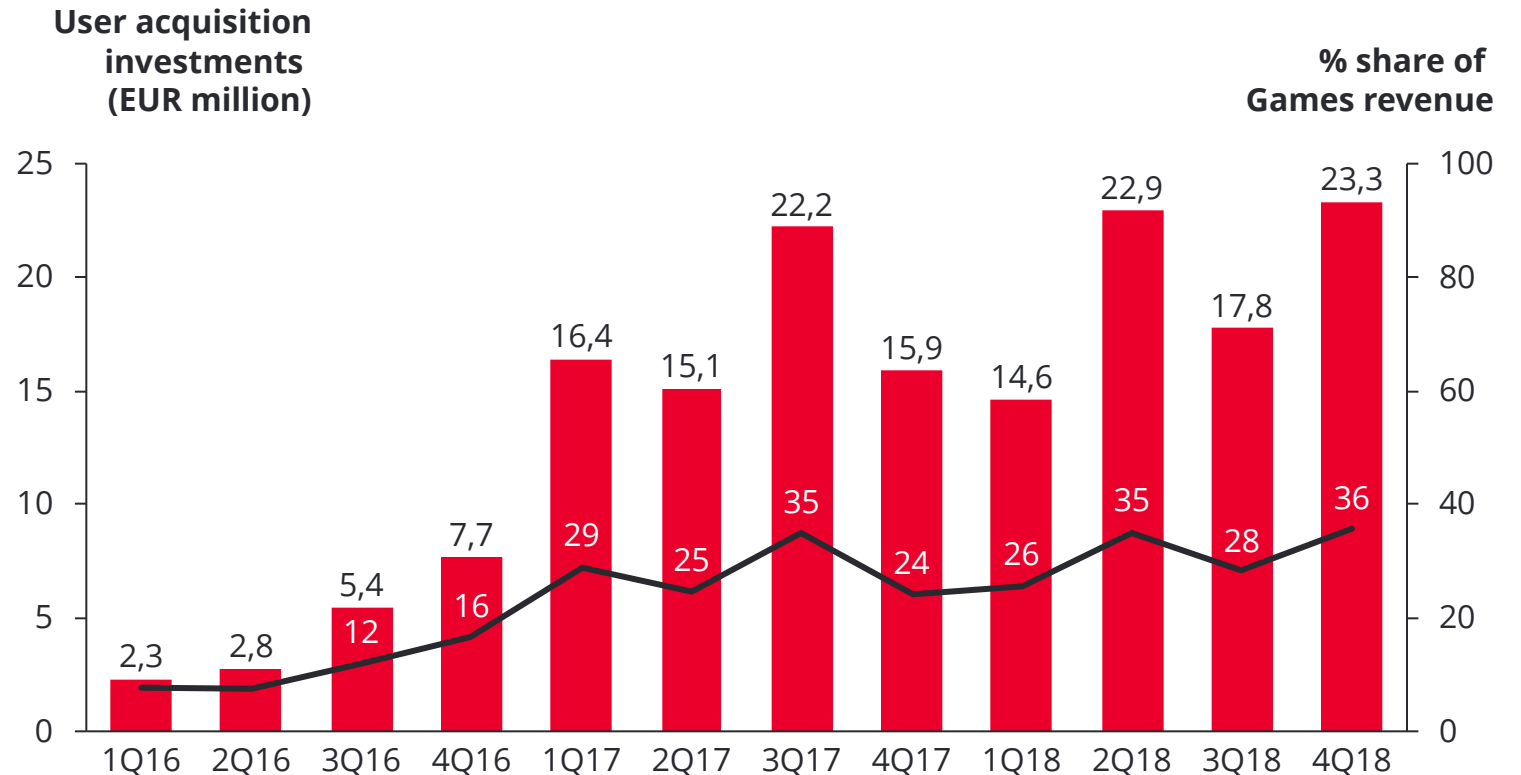
- Angry Birds 2 growth 77% year-on-year
- Angry Birds Friends, Angry Birds Match and Pop performing steady
- Other games grew somewhat due to Angry Birds Dream Blast soft launch
- Gross bookings grew 1% year-on-year
- Adjusted EBITDA 8.3 million (14.0); lower than 4Q17 due to larger user acquisition investments

Gross bookings (EUR million)



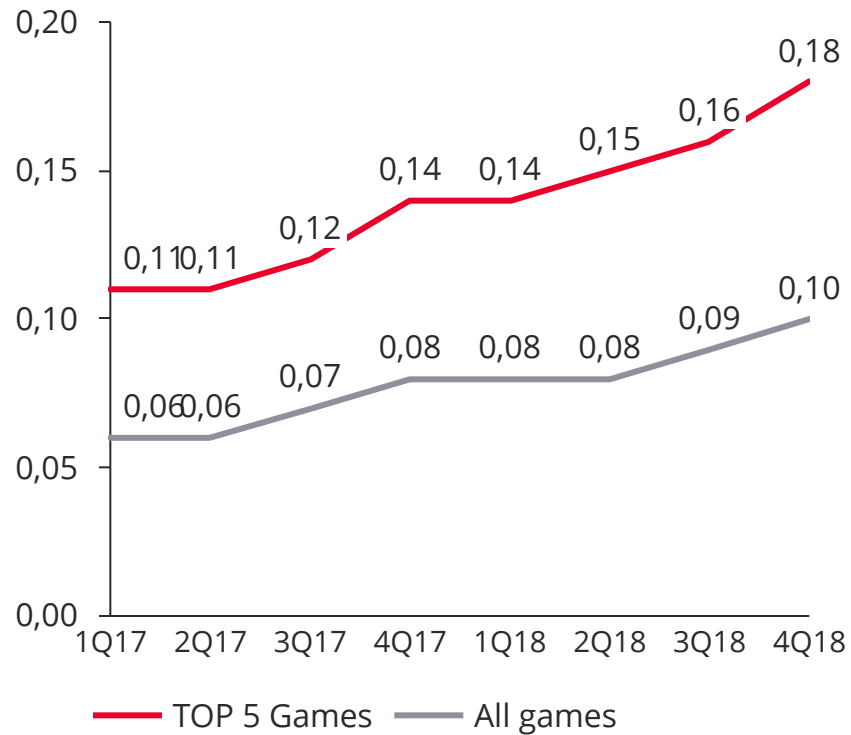
User Acquisition (UA)

- Seasonality impacted 4Q18 media prices as expected
- However, the good performance of Angry Birds 2 enabled increasing UA investments to EUR 23.3 million
- Full year user acquisition investments were EUR 78.6 million (69.6) or 31.4 % (28.1) of games revenues

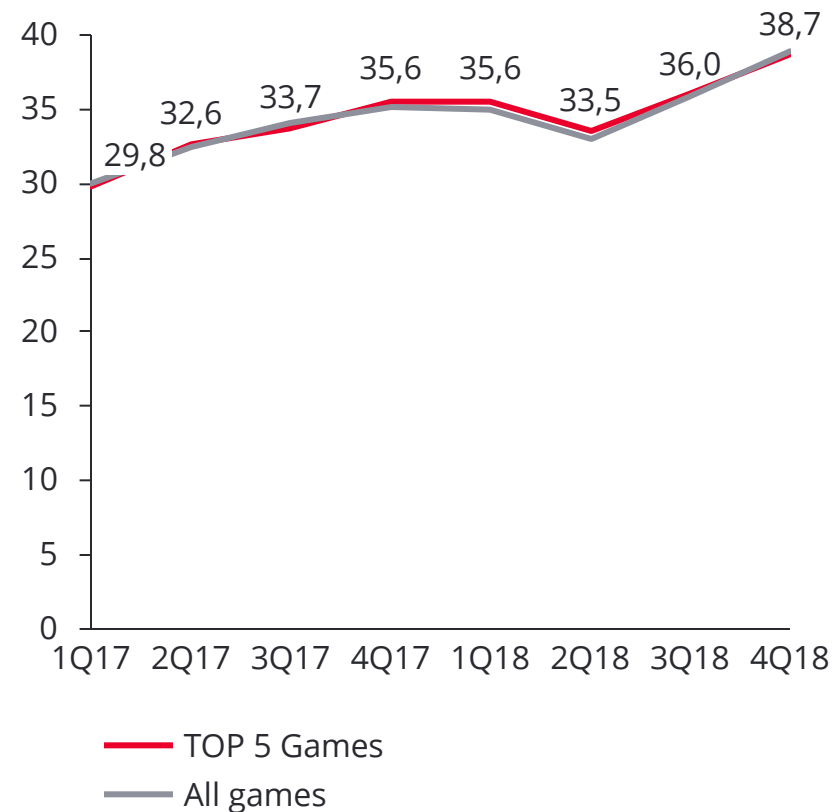


ARPDAAU and MARPPU improved

ARPDAAU
(Average Revenue Per Daily Active User),
EUR

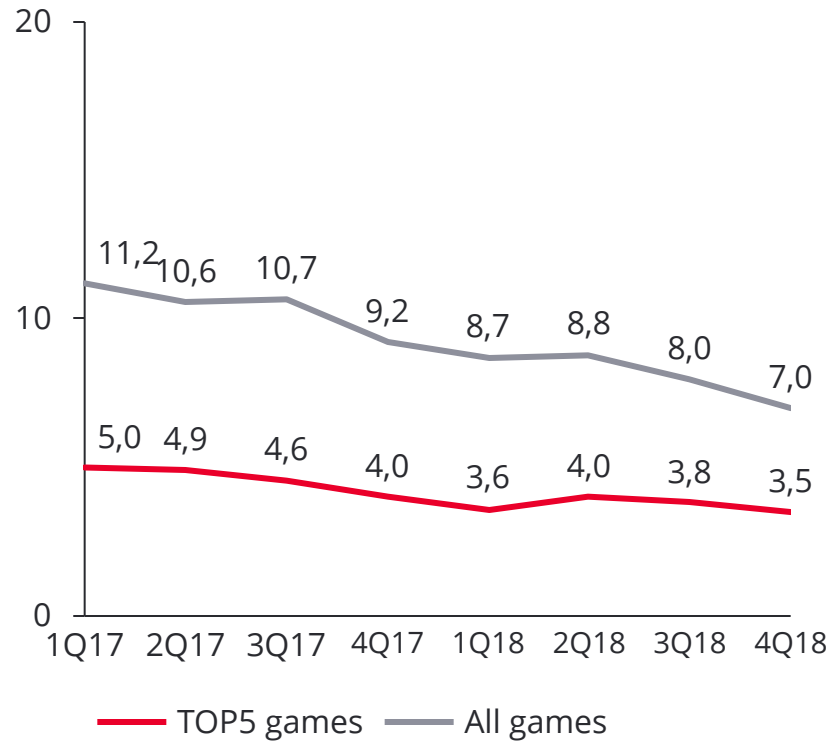


MARPPU
(Monthly Average Revenue per Unique Payer),
EUR

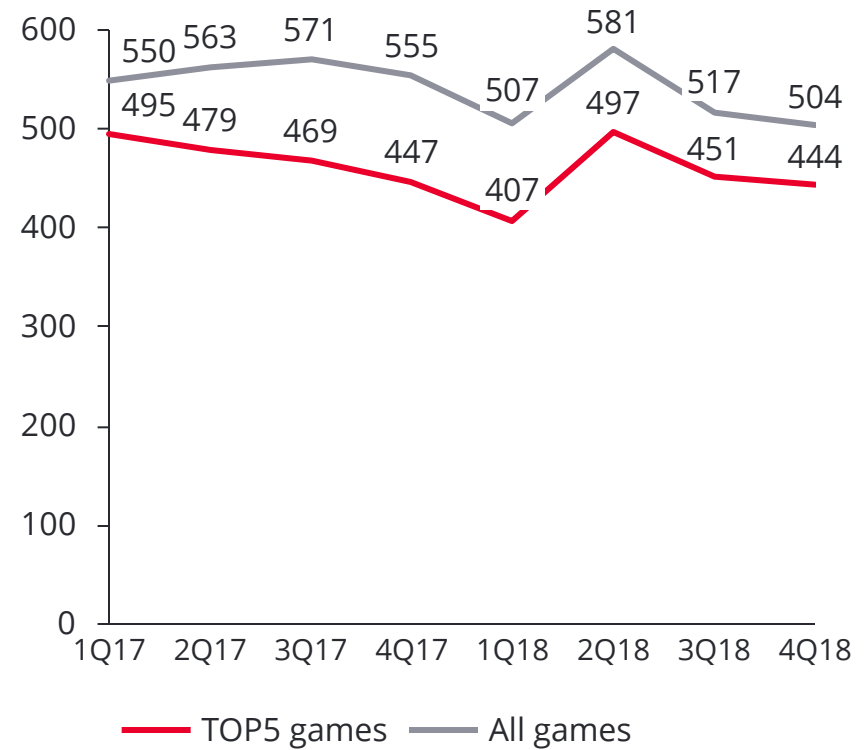


DAU declined, MUP stable

DAU
(Daily Active User),
millions



MUP
(Monthly Unique Payers),
1000's

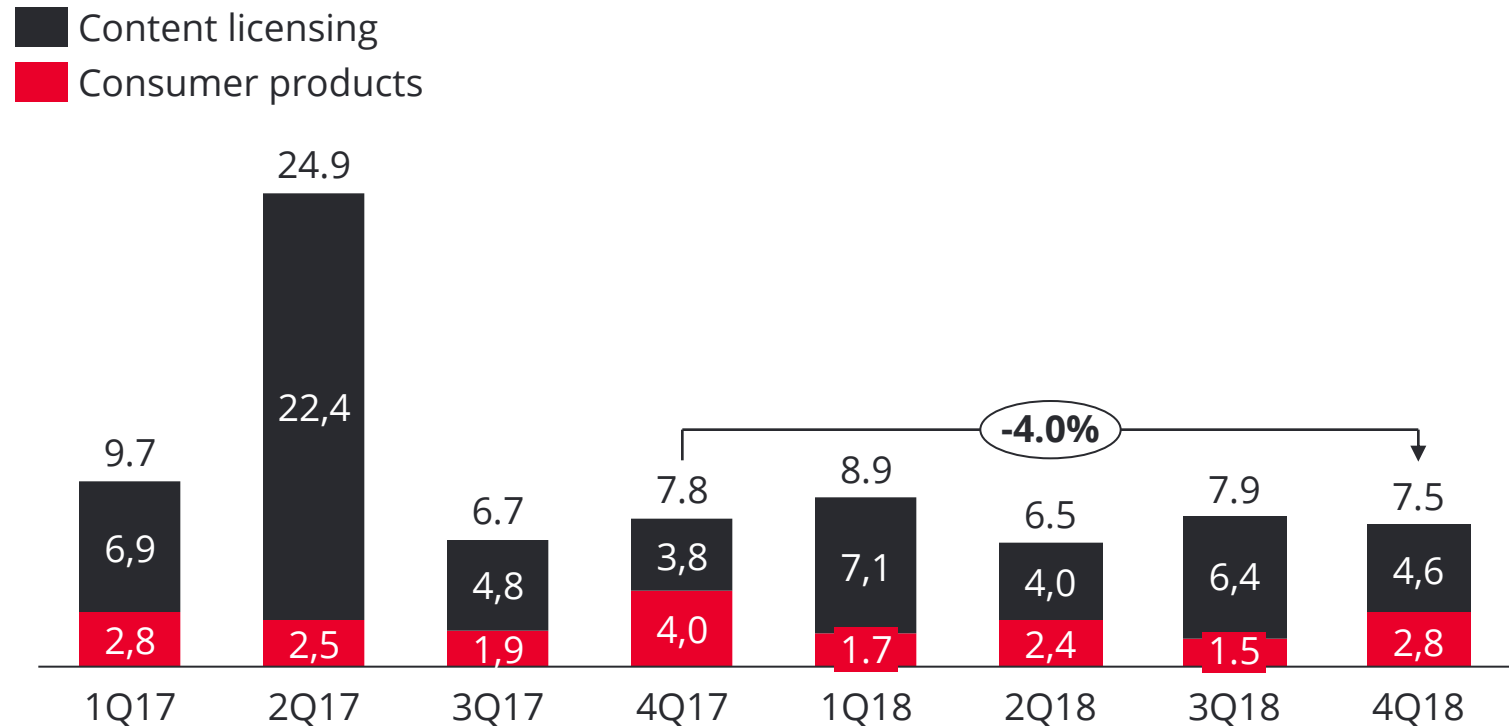


Brand Licensing Highlights

4Q18 Highlights:

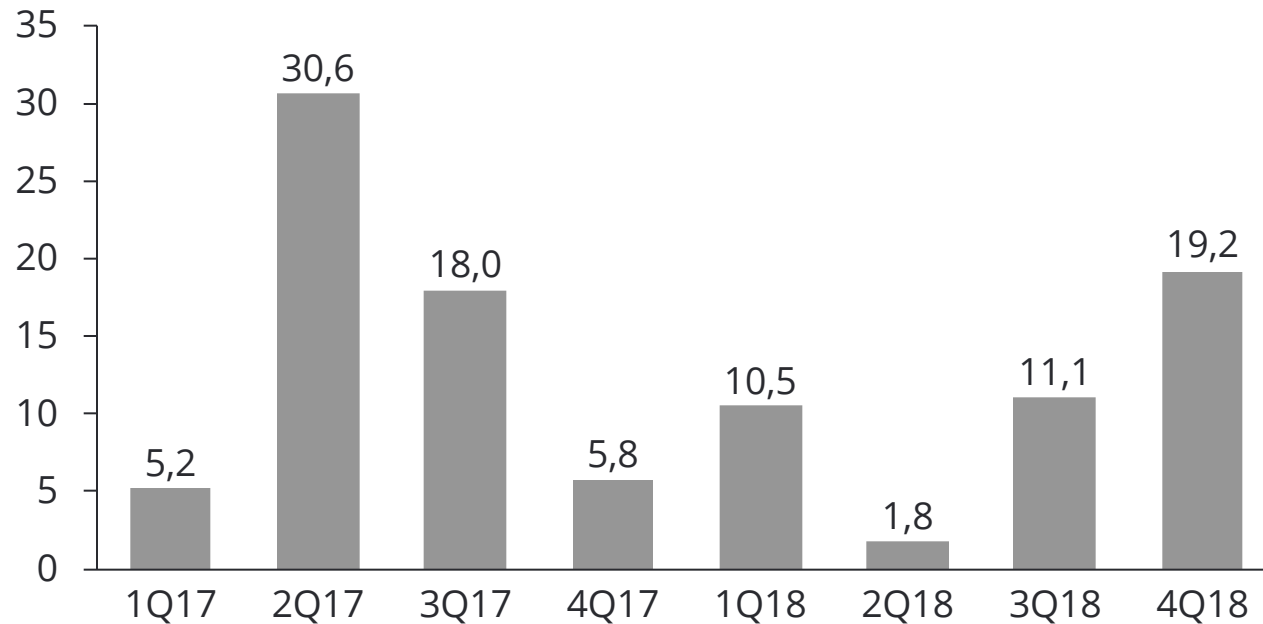
- Revenue EUR 7.5 million, decline of -4.0% from EUR 7.8 million in 4Q17
- Adjusted EBITDA was EUR 5.0 million (3.7) and EBITDA margin 66,4% (47,8%)
- Build-up of licensing for Angry Birds Movie 2 in 2019 continued

Revenue (EUR million)



Strong Cash Flow in Q4 and FY18

Cash flow from operating activities (EUR million)



4Q18 and FY18 Highlights:

- Operating cash flow EUR 19.2 million in Q4 (5.8). The unusually high cash flow was due to timing in working capital change and accordingly Q1/19 cash flow will likely be much lower level.
- Full year 2018 operating cash flow EUR 42.6 million (59.6)
- Cash balance 31.12.2018 EUR 123.6 million (31.12.2017: 90,8)

In 2019, 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 2 new games in 2019

Grow the Angry Birds brand and Licensing business

- Angry Birds Movie 2 in H2/2019
- 10th year anniversary

Leverage strong consolidation platform

- Screen and evaluate potential M&A targets
- Focus on free-to-play mobile games

Explore the future of gaming

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

New Games

- Angry Birds Dream Blast launched globally January 2019
- Rovio's most casual puzzle game
- Adhering to Rovio's strong tradition in physics based puzzle games
- Dream Blast was in soft launch for four months and the good KPI's resulted in decision to launch globally
- Game performing similar to Angry Birds Match currently (6-7 MEUR quarterly run-rate)
- We are still scaling up user acquisition while adding new content and features
- Currently, we have 13 games in development, including one Angry Birds game in soft launch



Exciting Year for Angry Birds

- Angry Birds turns 10 years in December 11, 2019
- Angry Birds Movie 2 World Premiere is scheduled for August 2019
- Movie licensing program develops well and majority of products will hit shelves June-July 2019 window
- Angry Birds AR application will be out prior to the movie to bring our fans cool ways to link physical world to digital Angry Birds universe
- The 1st Angry Birds Movie and 300+ Angry Birds short animations keep entertaining our fans throughout the world in multiple different channels from YouTube to TV



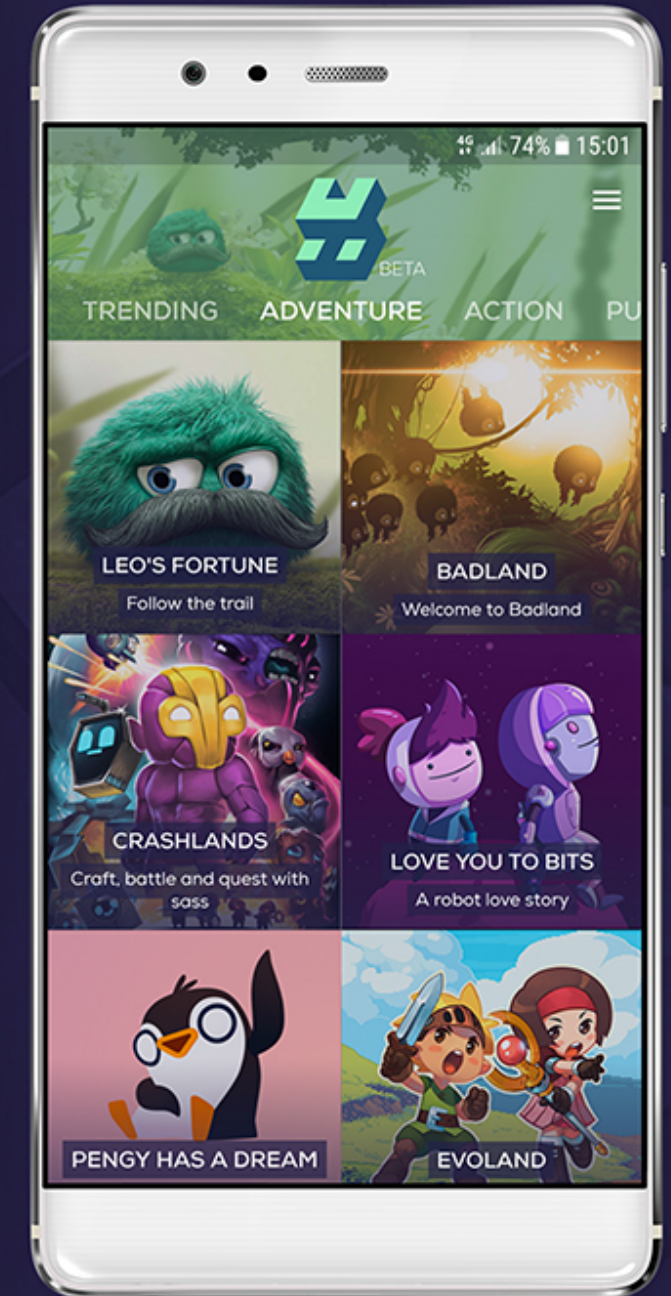
PlayRaven Acquisition

- Rovio acquired Finnish mobile game developer PlayRaven in November, 2018
- Very experienced team
- With the acquisition, Rovio speeds up expansion into mobile strategy games
- Team is working on a new strategy game and expects to soft launch the game during 2019



Hatch

- In 2019, we will explore external funding and strategic partnerships to accelerate Hatch go-to-market. As part of this, Rovio is prepared to reduce its ownership in Hatch below 50%.
- A strategic partnership with Japanese NTT DoCoMo was announced in February 2019. At the same time NTT DoCoMo Ventures made an investment into Hatch in the form of a convertible note (*)
- Hatch and NTT DoCoMo soft launched Hatch premium (subscription) service in Japan, the world's third largest mobile games market



2019 Outlook

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**

2018 Dividend proposal

The board proposes a dividend of **9 cents** per share or approximately **30%** of 2018 net profits excluding items affecting comparability



Q&A

 **ROVIO**