

ROVIO

Rovio Entertainment

Q3 2017

Kati Levoranta, CEO
René Lindell, CFO



ROVIO

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Agenda



Q3 2017 Business Overview

Financial review

Markets and Rovio's strategy

Summary

Q3 2017 Business Overview

Kati Levoranta



Strong growth in Q3 2017

Rovio's revenue grew at a strong rate of 41% to EUR 70.7 million.

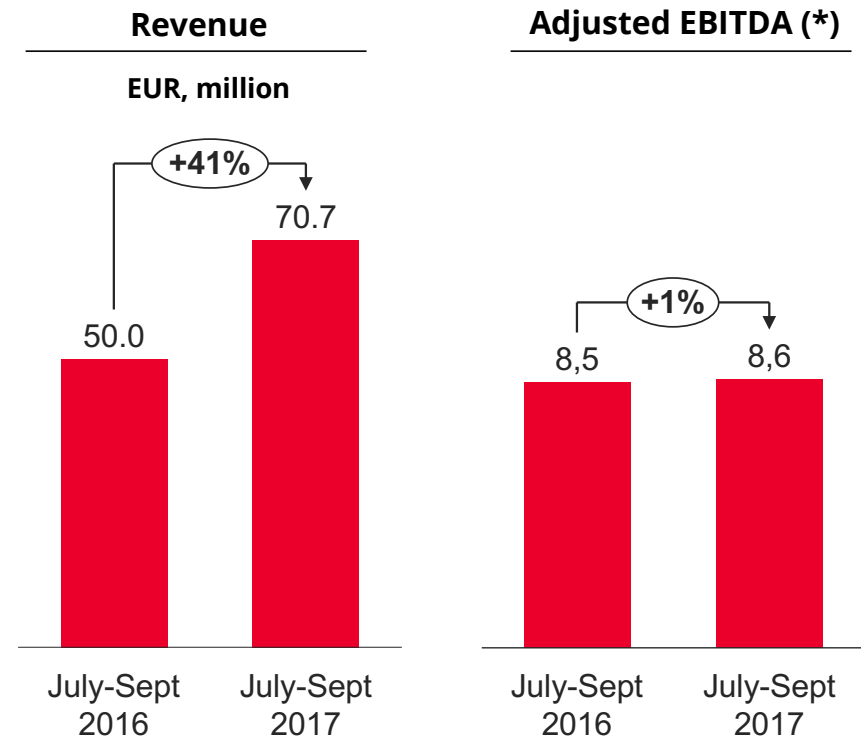
The monetization of our top games improved further.

The proceeds from the Angry Birds Movie further supported the strong revenue development.

According to our growth strategy we increased significantly the user acquisition investments.

Increased investments to future revenue impacted profitability.

The listing of Rovio's share at the end of September marked a major step for Rovio's growth strategy.



(*) The adjustments for July-Sept 2017 were EUR 2.5 million in total and consisted of the expenses related to the IPO.

Games segment Q3 2017

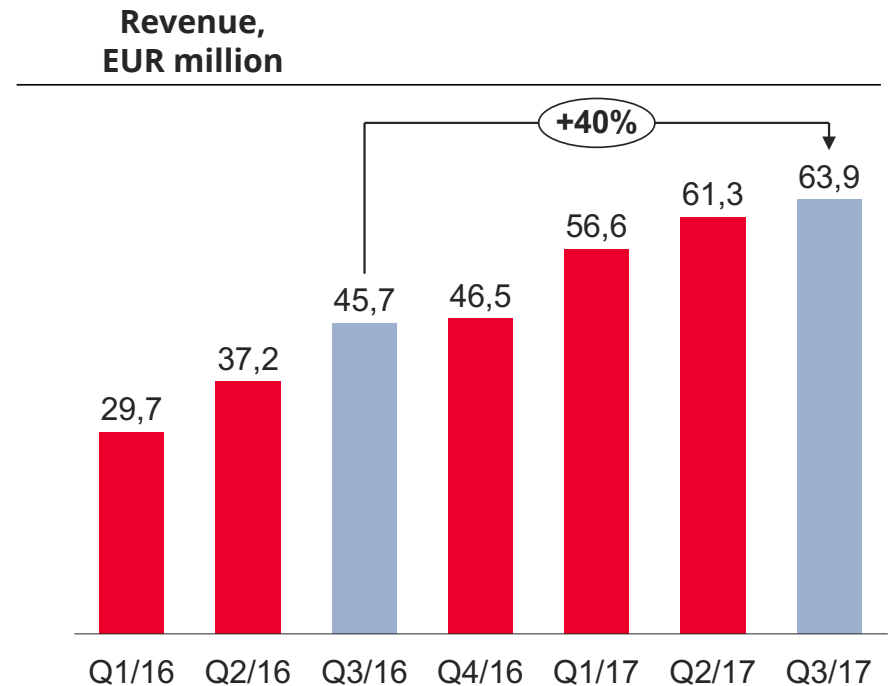
The Games business grew strongly during the third quarter, +40% from Q3 2016.

Strong revenue growth attributable mostly to the improved monetisation of Rovio's top games.

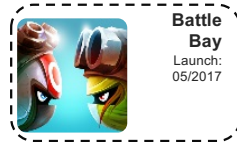
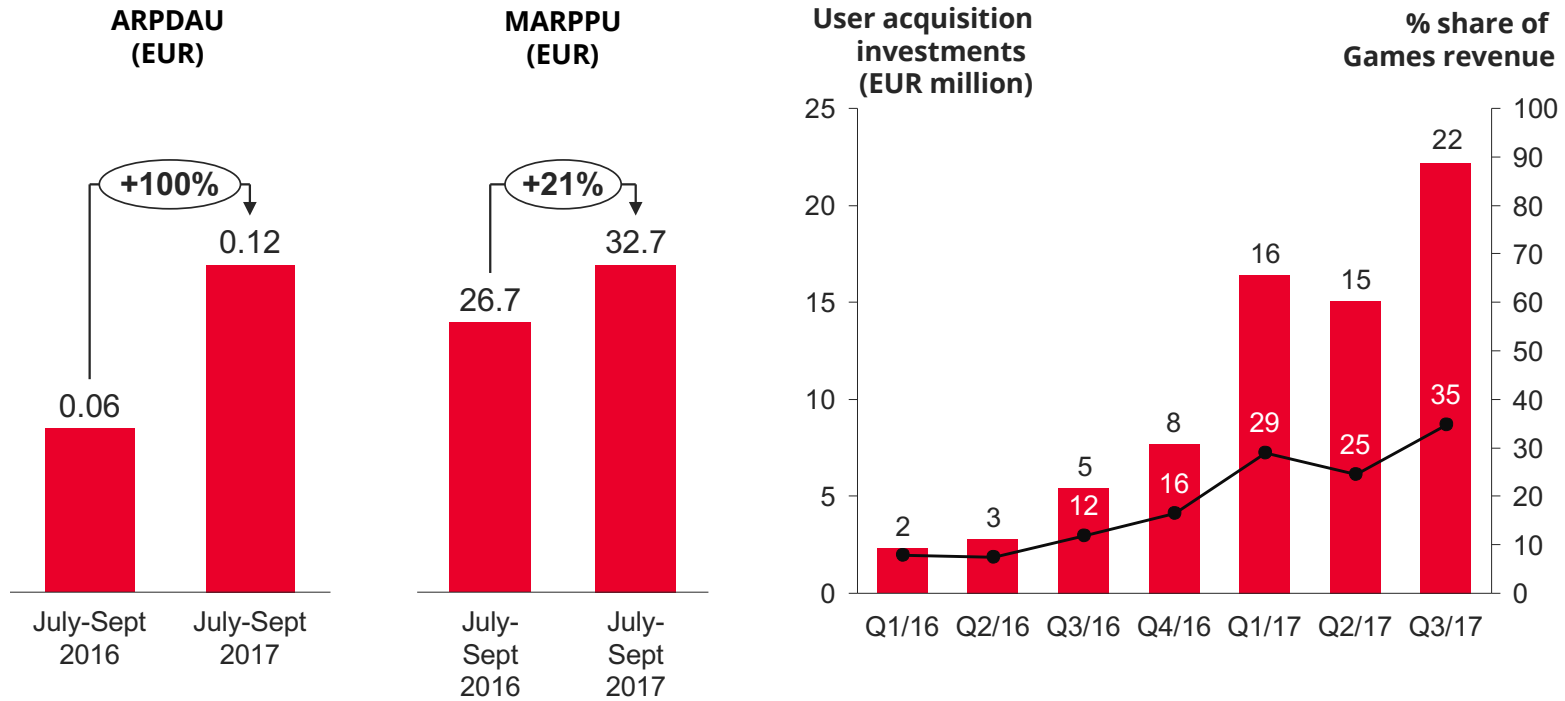
User acquisition investments increased to EUR22.2 million (+309%) or approximately to 35% of segment's revenue.

The adjusted EBITDA decreased as planned by 46 % to EUR6.7 million as a result of increased user acquisition costs.

Of the new game launches of 2017 Battle Bay and Angry Birds Evolution rose to the best grossing games of Rovio. Angry Birds Match, launched at the end of August, did not yet have a significant impact on the KPIs of the third quarter.



Monetisation of top games improved, increased investments in user acquisition



Brand Licensing segment Q3 2017

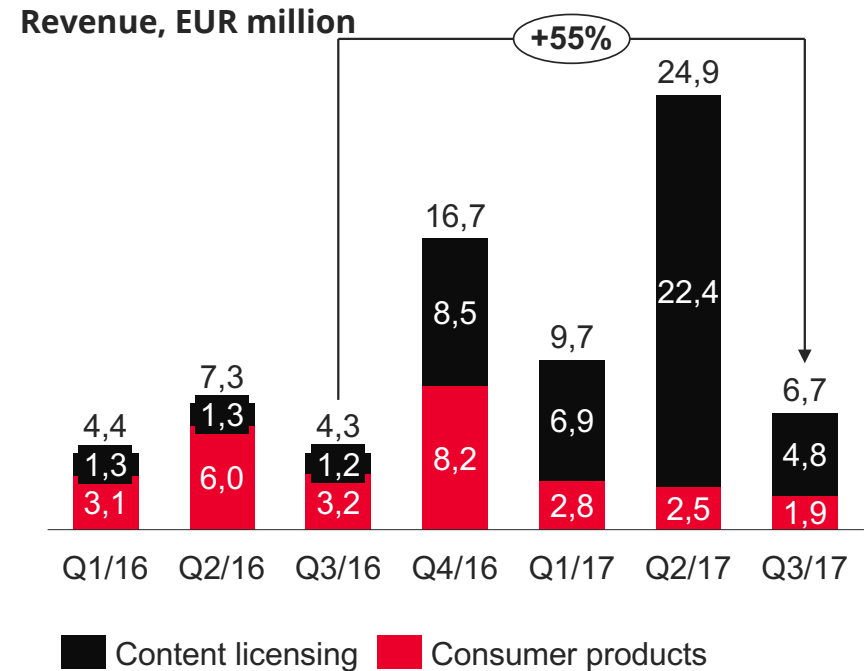
Brand Licensing segment revenue grew 55% to EUR6.7 million.

The growth in revenue was mainly attributable to the proceeds from the Angry Birds Movie.

Consumer Products revenue decreased due to the 2016 peak in revenue caused by the publishing of the Angry Birds Movie.

Adjusted EBITDA improved to EUR4.0 million from the loss of EUR1.9 million Q3 2016.

The decision by Rovio not to finance the sequel for Angry Birds movie reduced the investments by the segment significantly.



Rovio IPO

Rovio announced its intention to float on the main list of Helsinki Exchange on Sept. 5, 2017.

The share subscription that began on Sept 18, 2017 was multiple times oversubscribed. Trading of Rovio stock started on the pre-list Sept 29, and on the main list Oct 3, 2017.

The subscription price was EUR11.50 per share giving a market value of approx. EUR900 million.

The company welcomed about 11.000 new shareholders and received gross proceeds of approximately EUR 30 million.

The total expenses incurred by the company in the third quarter amounted to EUR3.4 million.

Shareholders by sector Oct 31, 2017

Shareholders by sector	Number of shareholders	% of shares
Households	9 053	9.06 %
Public sector institutions	13	8.52 %
Financial and insurance institutions	45	8.44 %
Corporations	384	1.70 %
Non-profit institutions	33	0.41 %
Nominee registered and non-Finnish shareholders	35	71.88 %
Total	9 563	100 %
Of which nominee registered	9	27,58%

Financial Review

René Lindell

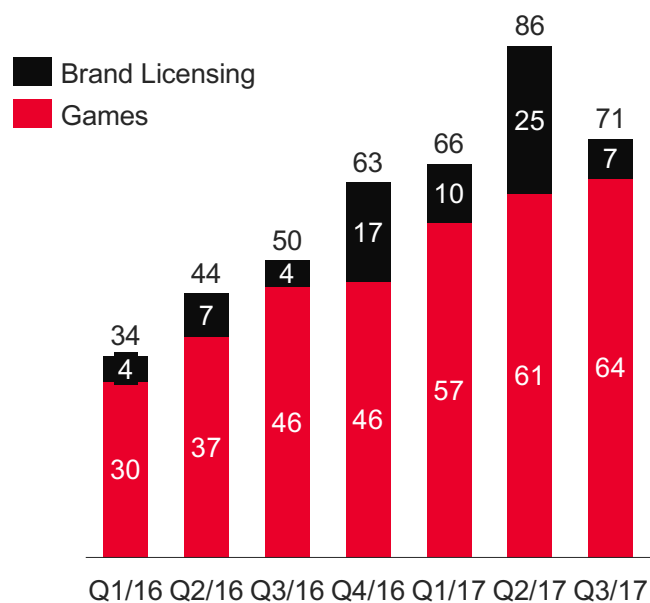
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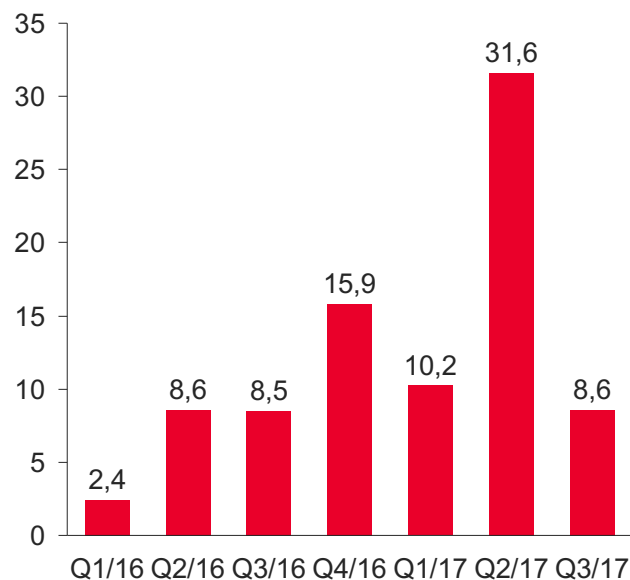
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Revenue, adjusted EBITDA and EBIT development

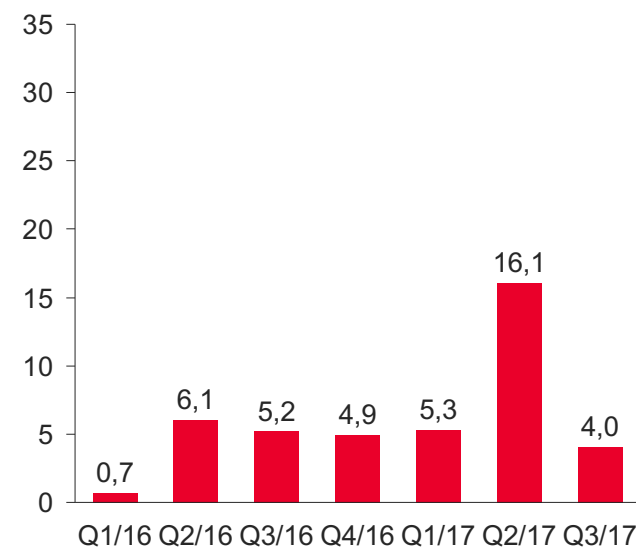
Revenue (EUR million)



Adjusted EBITDA (EUR million) (*)



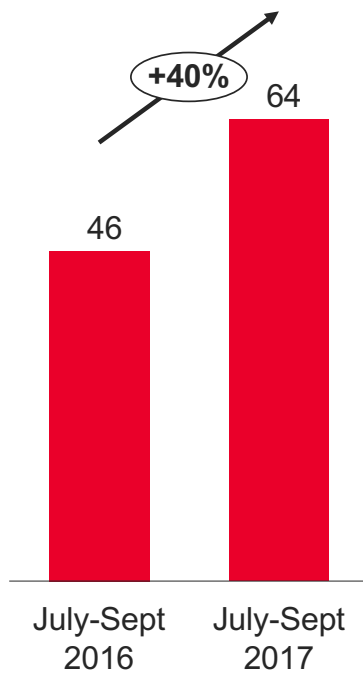
Adjusted EBIT (EUR million) (*)



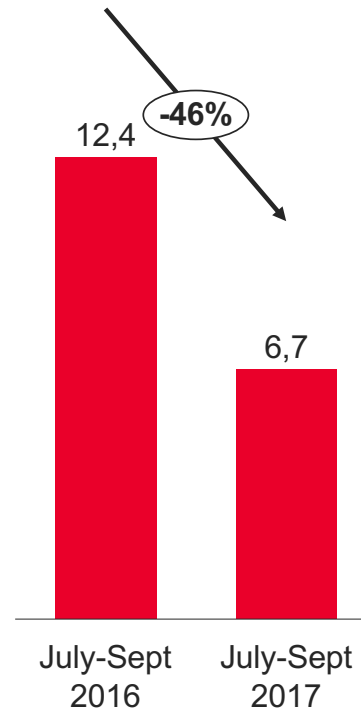
(*) Adjustments July-Sept 2017 were in total EUR 2.5 million and consisted of the expenses related to IPO. Adjustments Jan-Sept 2017 were in total EUR 4.4 million and consisted of the expenses related to IPO and the reorganization costs of the Brand Licensing.

Games segment Q3 2017

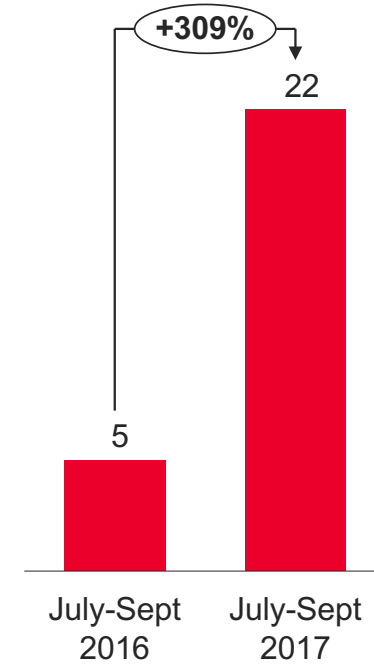
Revenue (EUR million)



Adjusted EBITDA (EUR million) (*)



User acquisition investments (EUR million)



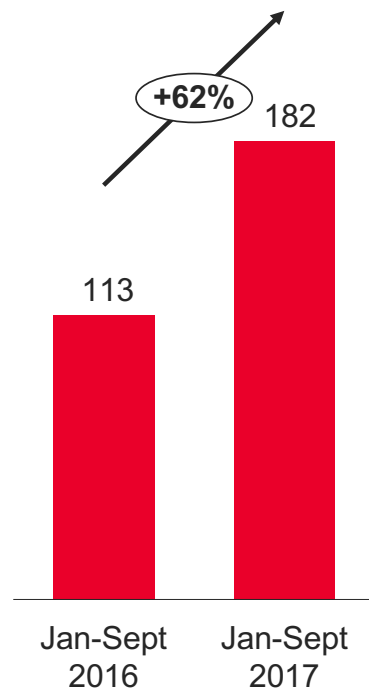
*) July-Sept 2016 and 2017 Games segment reported no adjustments.



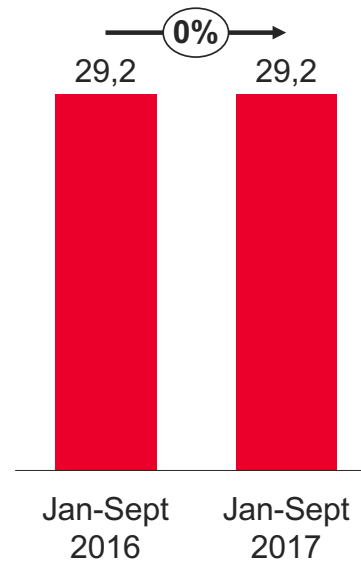
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Games segment Q1-Q3 2017

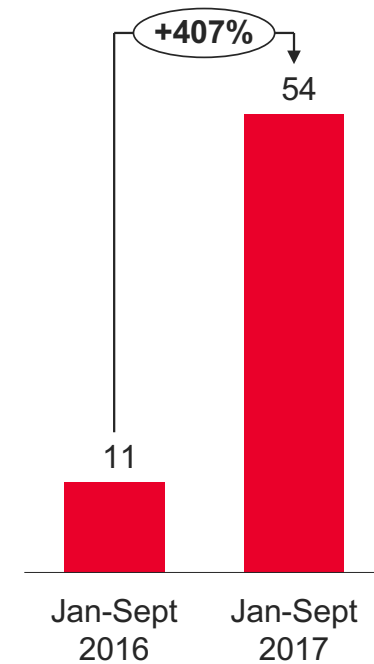
Revenue (EUR million)



Adjusted EBITDA (EUR million) (*)

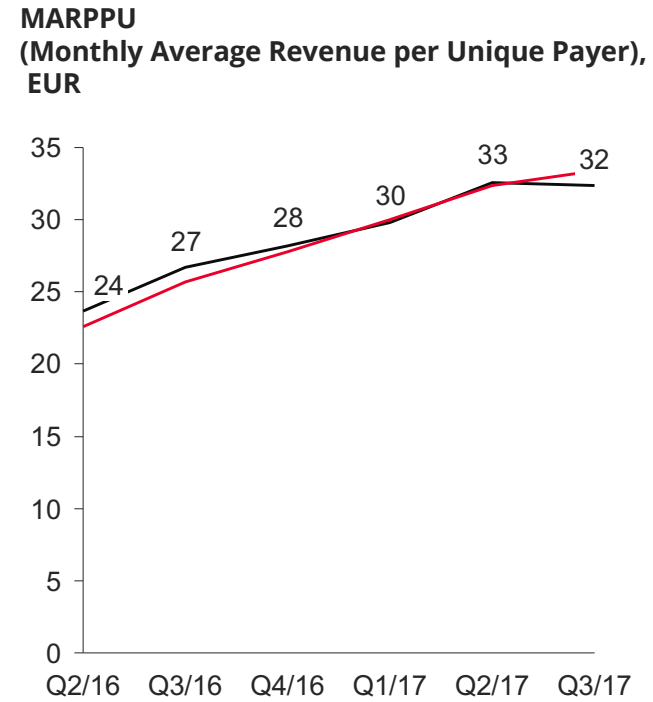
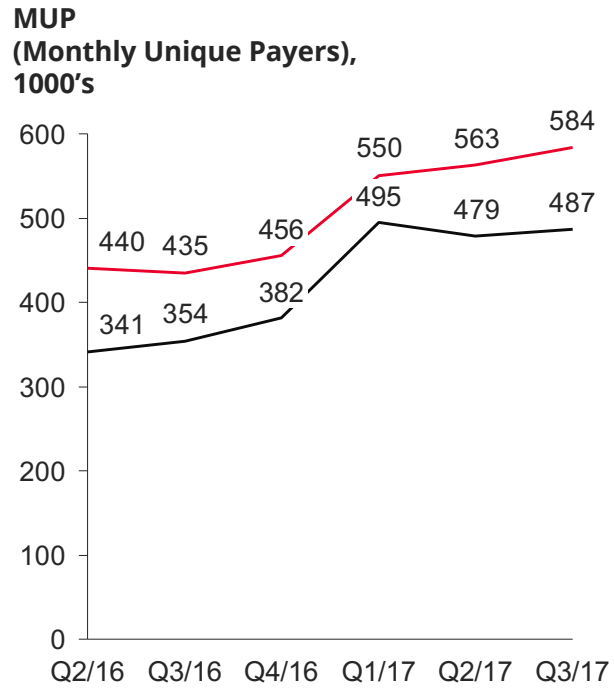


User acquisition investments (EUR million)



*) Jan-Sept 2017 Games segment adjustments were EUR 0.1 million and were related to the reorganisation of Brand licensing business during H1 2017.

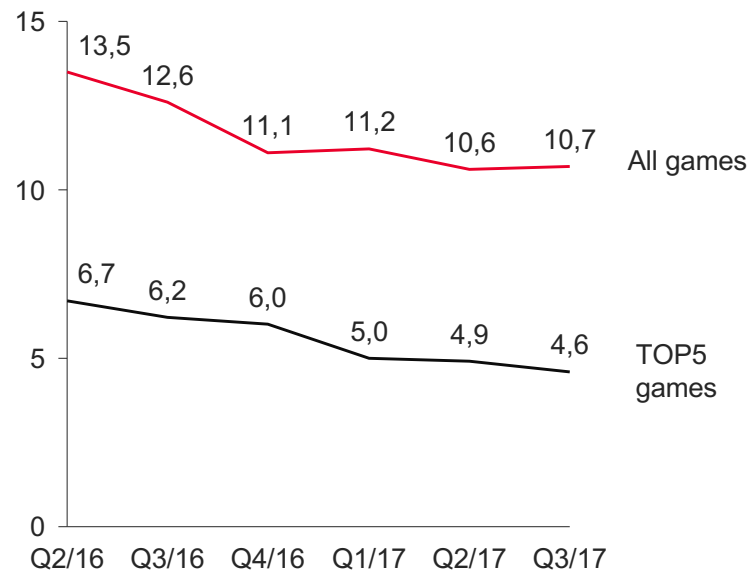
Games segment Q1-Q3 2017



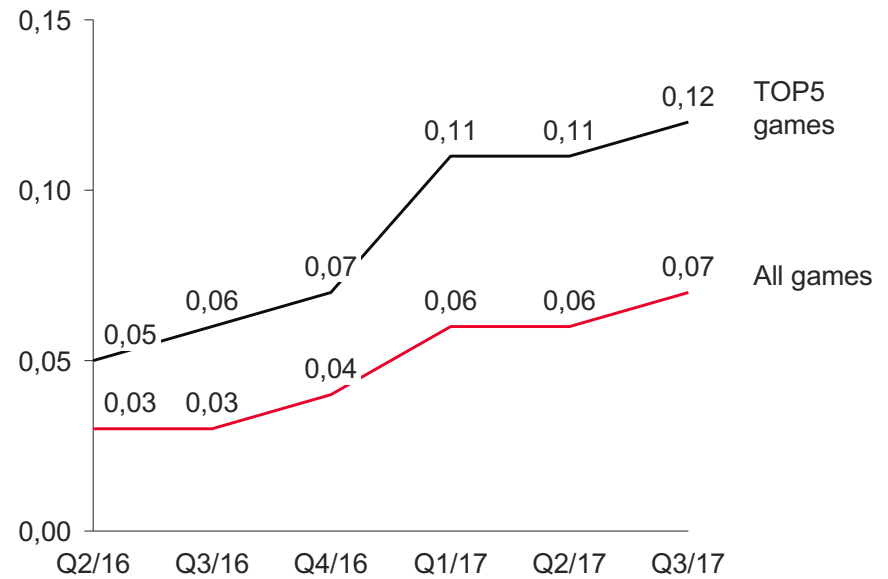
— TOP5 games — All games

Games segment Q1-Q3 2017

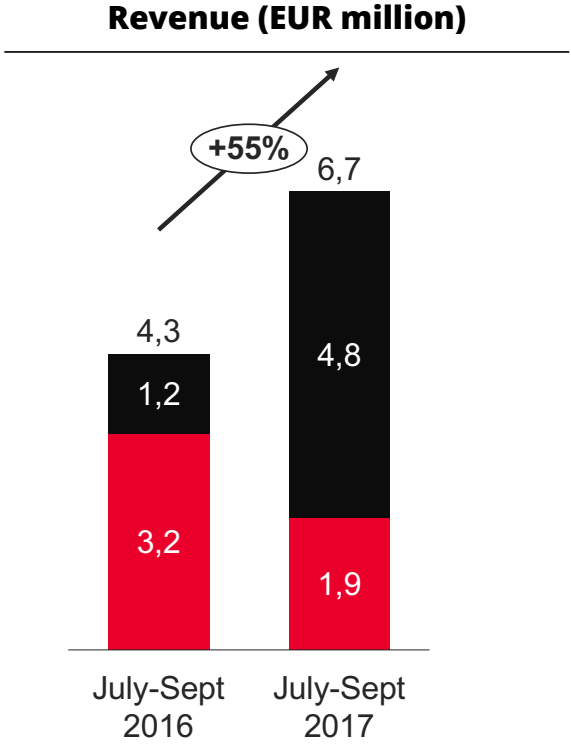
DAU
(Daily Active User),
millions



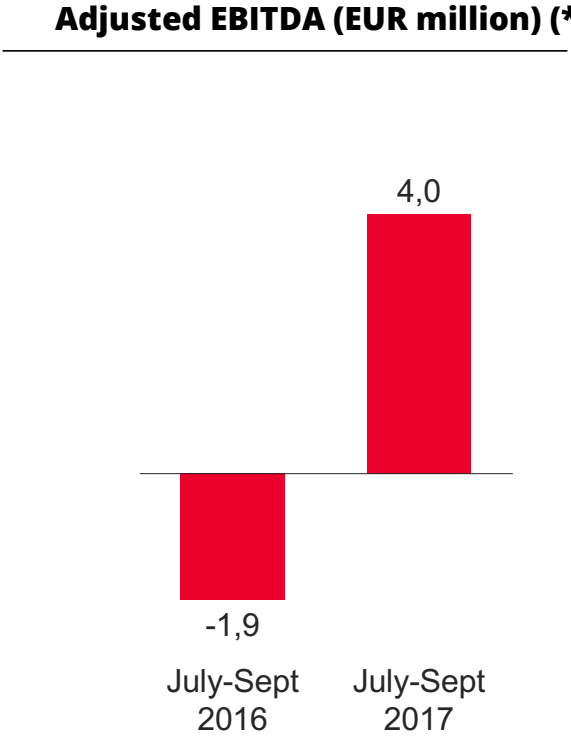
ARPPDAU
(Average Revenue Per Daily Active User)
EUR



Brand Licensing segment Q3 2017



Content licensing
 Consumer products

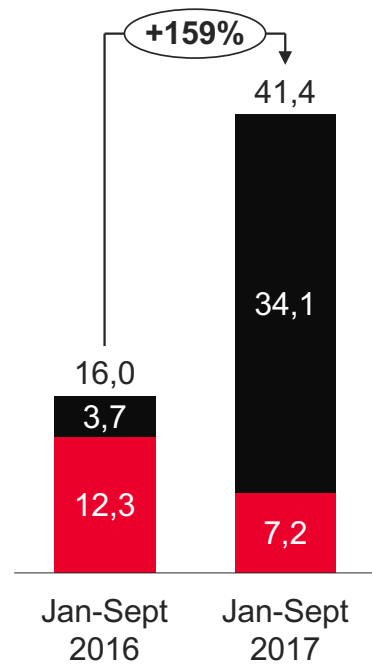


(*) During July-Sept 2016 and 2017 there were no reported adjustments in Brand Licensing segment.



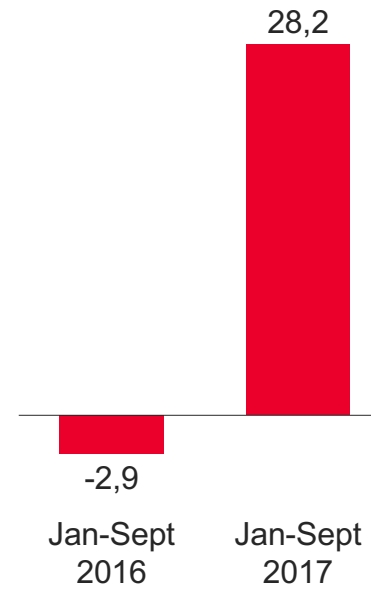
Brand Licensing segment Q1-Q3 2017

Revenue (EUR million)



Content licensing
 Consumer products

Adjusted EBITDA (EUR million) (*)



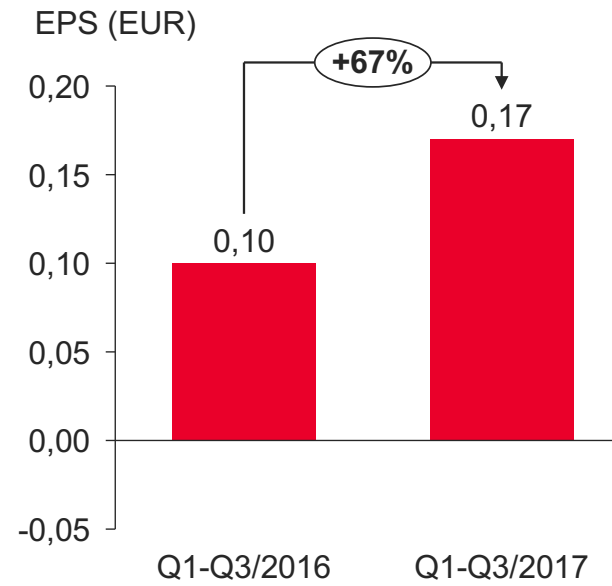
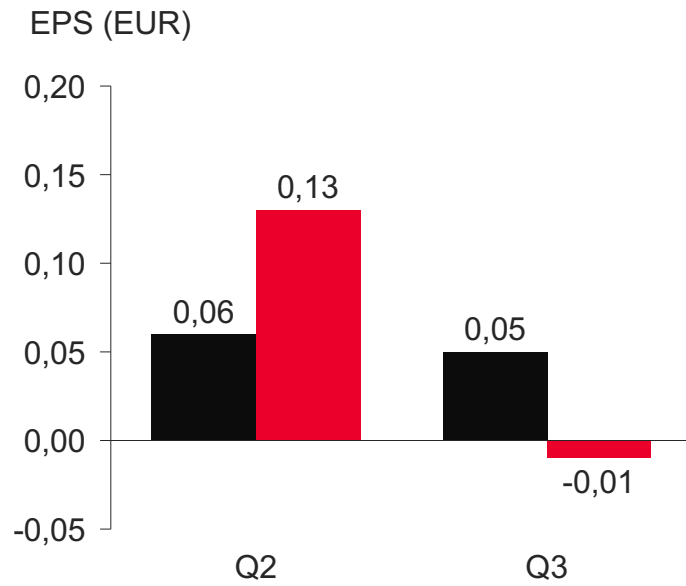
(*) During Jan-Sept 2016 Brand Licensing segment's adjustments were EUR1.9 million and were related to the reorganisation of the Brand Licensing business during 1H 2017.



Cash flow

Consolidated statement of cash flows, EUR million	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
Cash flow from operating activities*	18.0	11.8	53.7	14.5	22.8
Cash flow from investing activities*	-1.5	-3.5	-7.1	-18.4	-23.3
Cash flow from financing activities	30.5	0.0	17.7	2.5	-5.6
Change in cash and cash equivalents	46.9	8.3	64.4	-1.5	-6.0
Unrealised foreign exchange gains and losses	-1.1	0.0	-2.7	-0.4	0.5
Cash and cash equivalents at the beginning of the period	44.9	24.2	28.9	34.4	34.4
Cash and cash equivalents at the end of the period	90.7	32.5	90.7	32.5	28.9

EPS



■ 2016 ■ 2017

Long-term targets, dividend policy and outlook

Outlook and guidance for 2017

Outlook and guidance

The Company's annual revenue and EBITDA are expected to increase significantly in 2017 compared to 2016

Long-term financial targets

Growth

Games business unit revenue growth faster than market growth in Western markets.

Profitability

Group operating profit margin of 30 percent.

Dividend policy

Dividend

Dividend payout of approximately 30% of annual net profit excluding items affecting comparability.

Markets and Rovio's strategy

Kati Levoranta

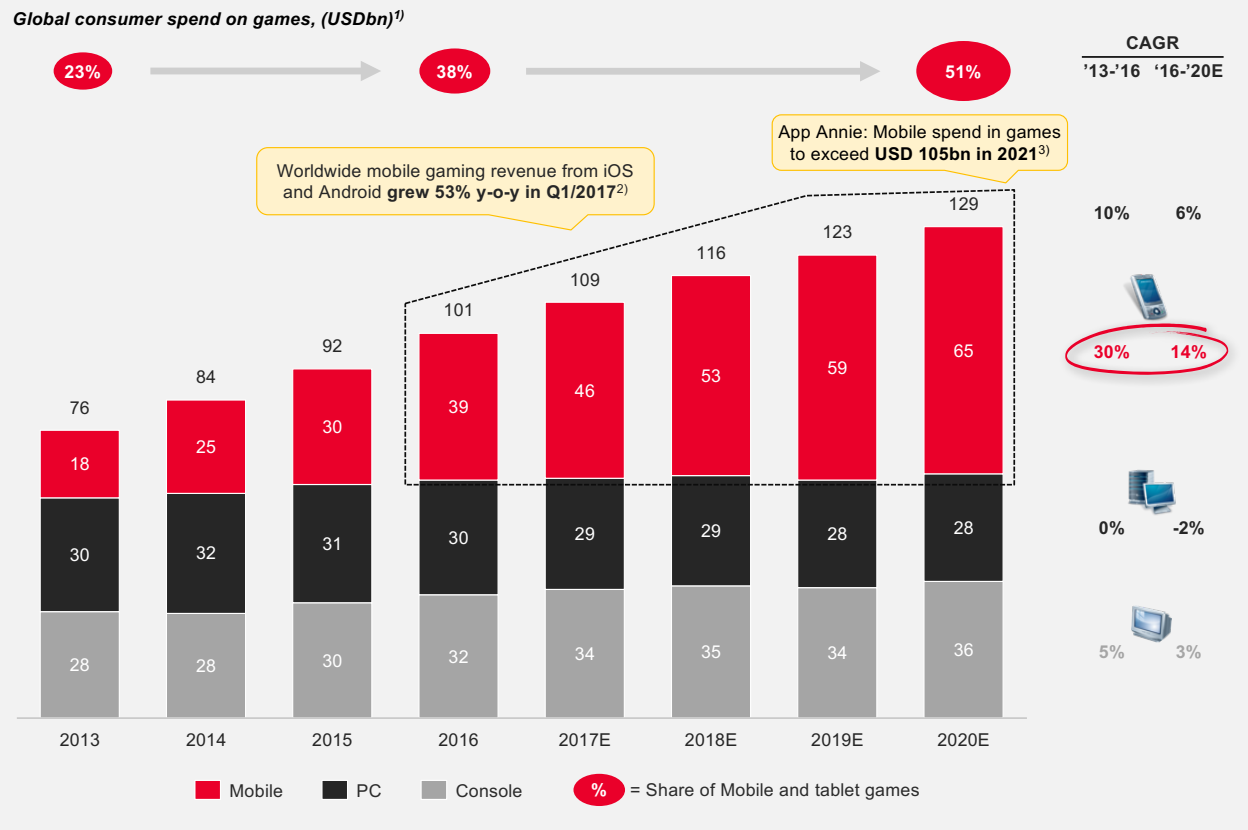
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Mobile gaming market is growing rapidly

Mobile gaming is expected to account for more than half of the global gaming market by 2020



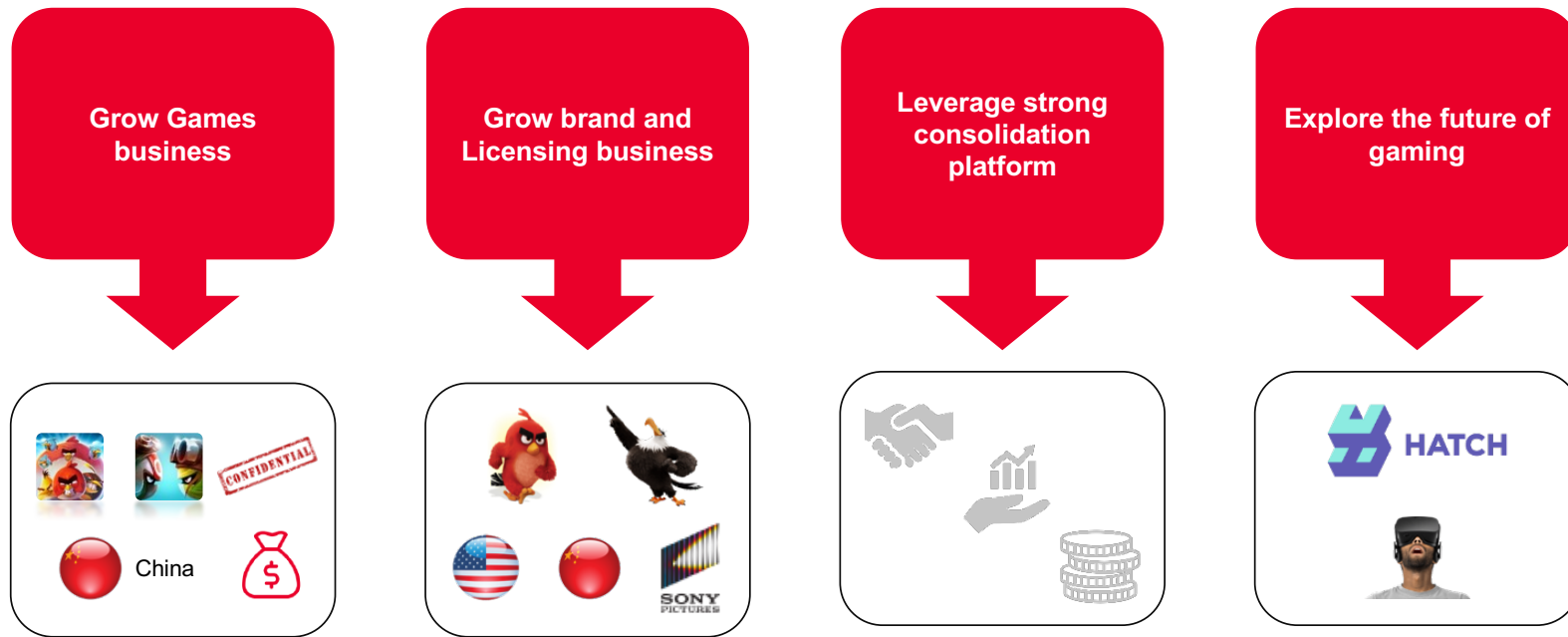
1) Mobile includes tablet and mobile phone revenue, PC includes boxed/downloaded and browser revenue; 2) As reported by Sensor Tower Store Intelligence; 3) In contrast to Newzoo's prediction, App Annie Market Forecast 2016-2021 report estimates gross consumer spend on games via all mobile app stores to exceed \$105 billion in 2021
Source: App Annie (Mobile spend to exceed USD 105bn), Newzoo (Global consumer spend on games), Sensor Tower (Worldwide mobile game revenue growth 53%)

Key drivers and trends

- Growing number of smartphones
- Share of mobile gamers is increasing
- Average spend per user is increasing
- Attractive free-to-play revenue model extends lifetime of games



Rovio growth strategy



Games strategy key drivers

FEWER
BIGGER
BETTER

Rovio only launches games with longevity and top-grossing potential.

HYBRID
PRODUCTS

Rovio combines the best elements from familiar genres to create something new and exciting.

GENRE
MASTERY

Dominant in the Slingshot category, Rovio also has top-rated games in Puzzle, Role-Playing and Real-Time Player-vs-Player games, and it is developing competencies to enter Massively Multiplayer Online game market.

New games in 2017



Angry Birds Evolution, launched in June. Halloween campaign together with Eddie the Bird from Iron Maiden.



Angry Birds Match, launched at the end of August. Promising KPIs and potential to become one of the top games of Rovio.

Battle Bay, launched in May. Battle Bay has gained popularity and is among the top games of Rovio.

Rovio is well positioned with its Games First strategy

Fundamentally attractive market

Strongly performing Games business

Global brand with extensive licensing business

Compelling growth strategy

Significant revenue and profit growth



Thanks!

Any questions?

