

Rovio Entertainment Financial Statements 2017



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René Lindell, CFO

March 2, 2018

Agenda for today

Business overview

Financial review

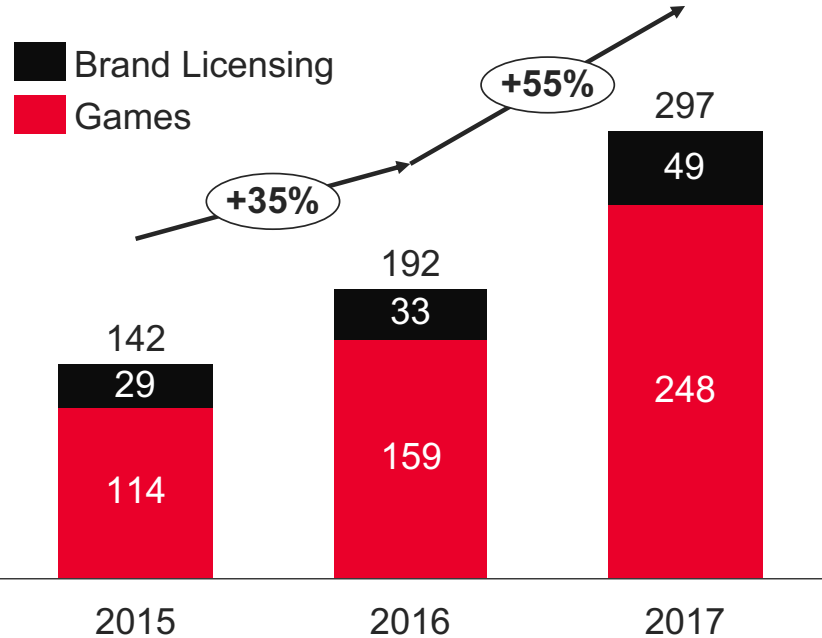
Outlook for 2018

Strategy

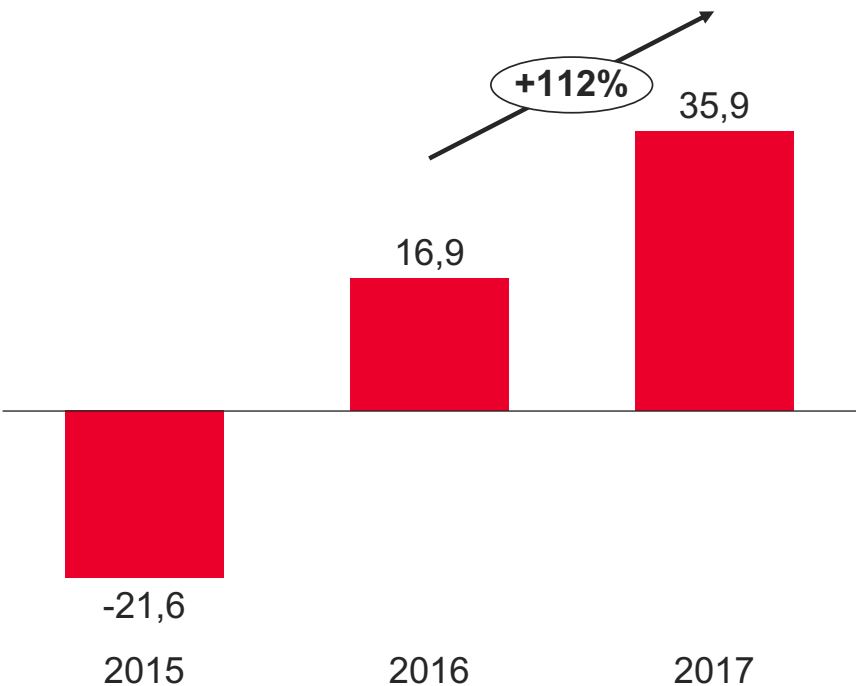
BUSINESS OVERVIEW

Strong growth continued in FY 2017

Revenue (EUR million)



Adjusted EBIT (EUR million)(*)



(*) 2015 figure unadjusted



Q4 2017 - steady growth

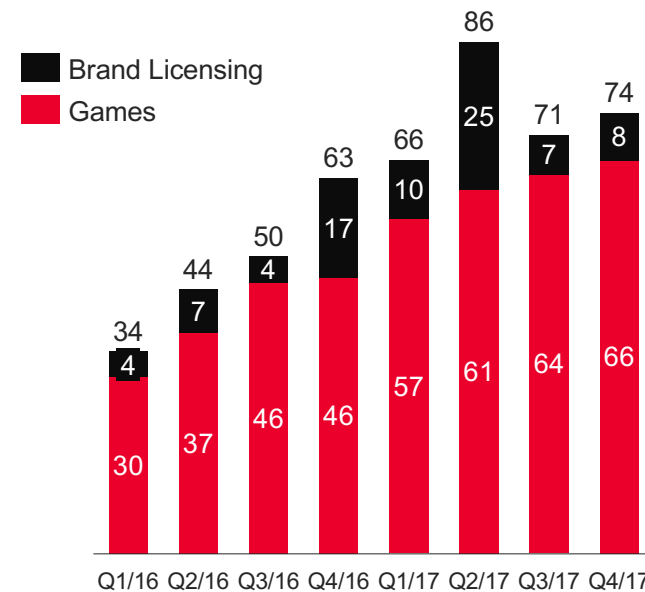
Rovio's revenue grew 17% y-o-y to EUR 73.9 million.

Games revenue grew 42% year-on-year to EUR 66 million, 3.4% Q3 to Q4.

The new games of 2017 Angry Birds Match, Angry Birds Evolution and Battle Bay did not generate as large revenue growth as expected. This was due to very competitive market for user acquisition at the end of the year.

Proceeds from the Angry Birds movie declined as expected, resulting in a 53% decline in Brand Licensing revenue.

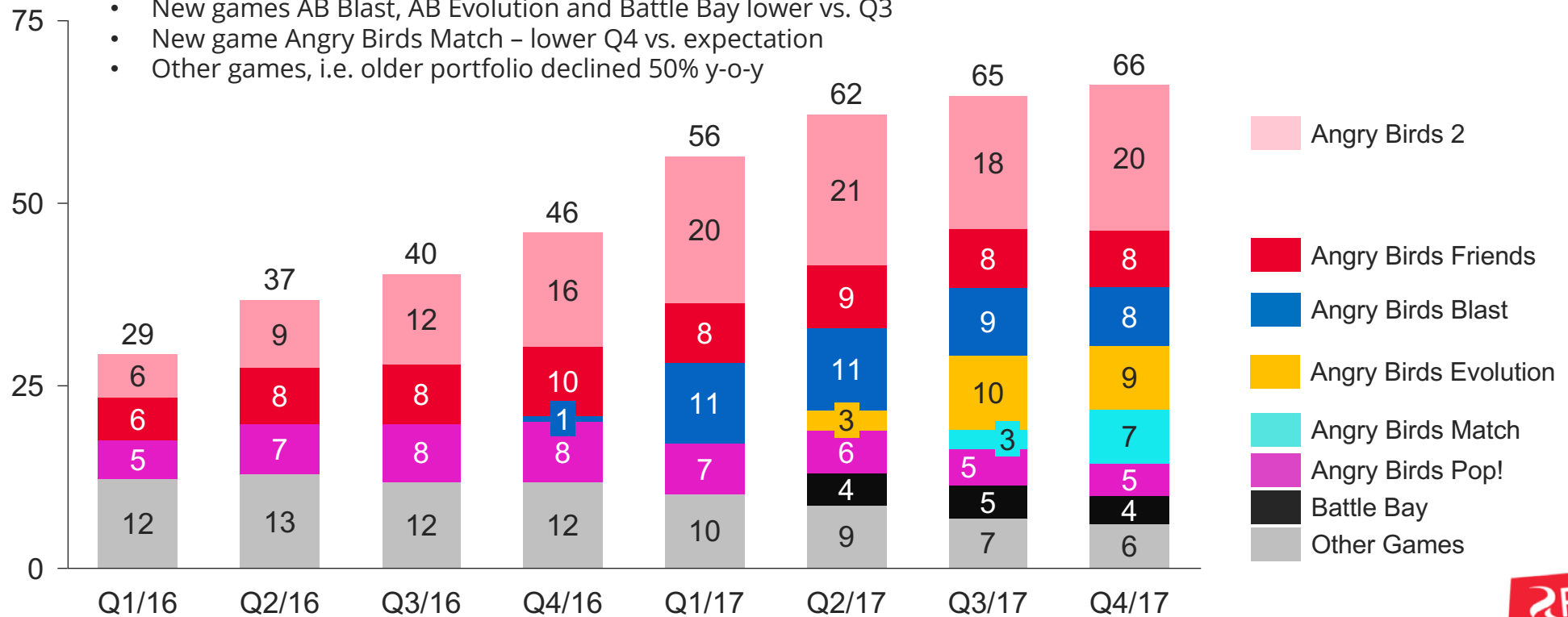
Revenue (EUR million)



Gross bookings per game

Q4 Developments:

- Angry Birds 2 growing from Q3 to Q4
- Angry Birds Friends stable in Q4
- New games AB Blast, AB Evolution and Battle Bay lower vs. Q3
- New game Angry Birds Match – lower Q4 vs. expectation
- Other games, i.e. older portfolio declined 50% y-o-y



2018 - how to drive growth in live games

User Life-Time Value (LTV)

- Continuous improvement of key games
- New features
- Events

... all driving monetization and retention, i.e. LTV, higher

LTV > CPI

Cost Per Install (CPI)

- Optimize user acquisition per geography and advertising channel
- Leverage Angry Birds brand and marketing activities
- Full marketing funnel optimization

... all aiming to drive CPI's lower

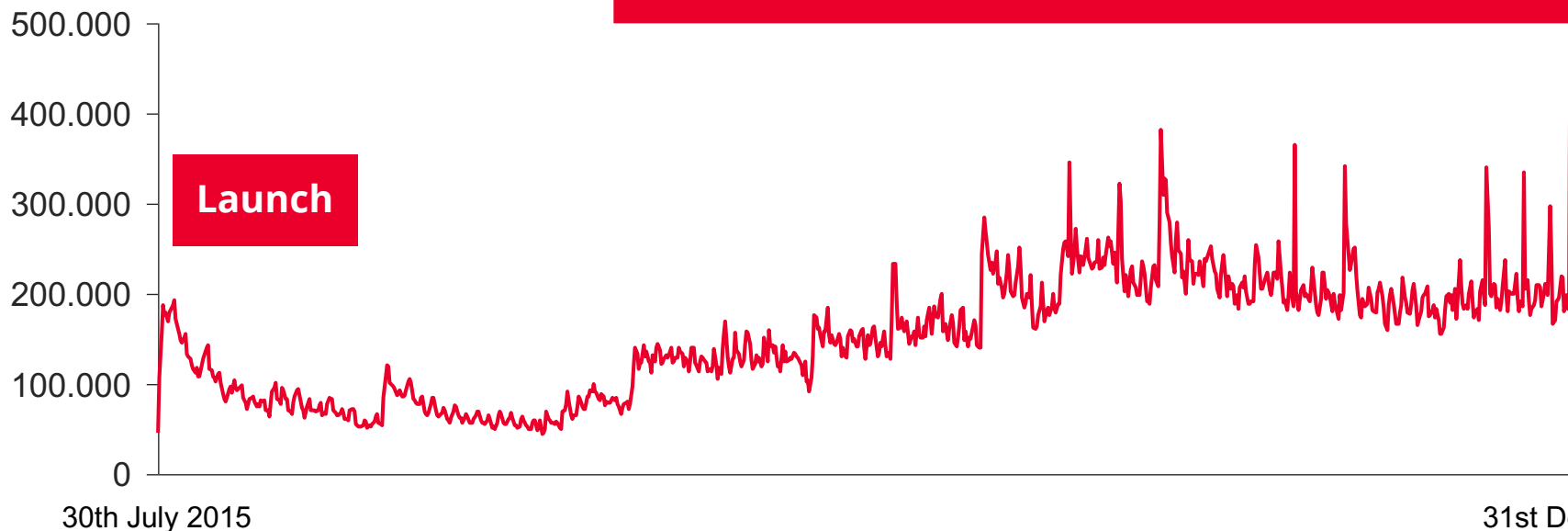
Game-as-a-Service: Angry Birds



Game events

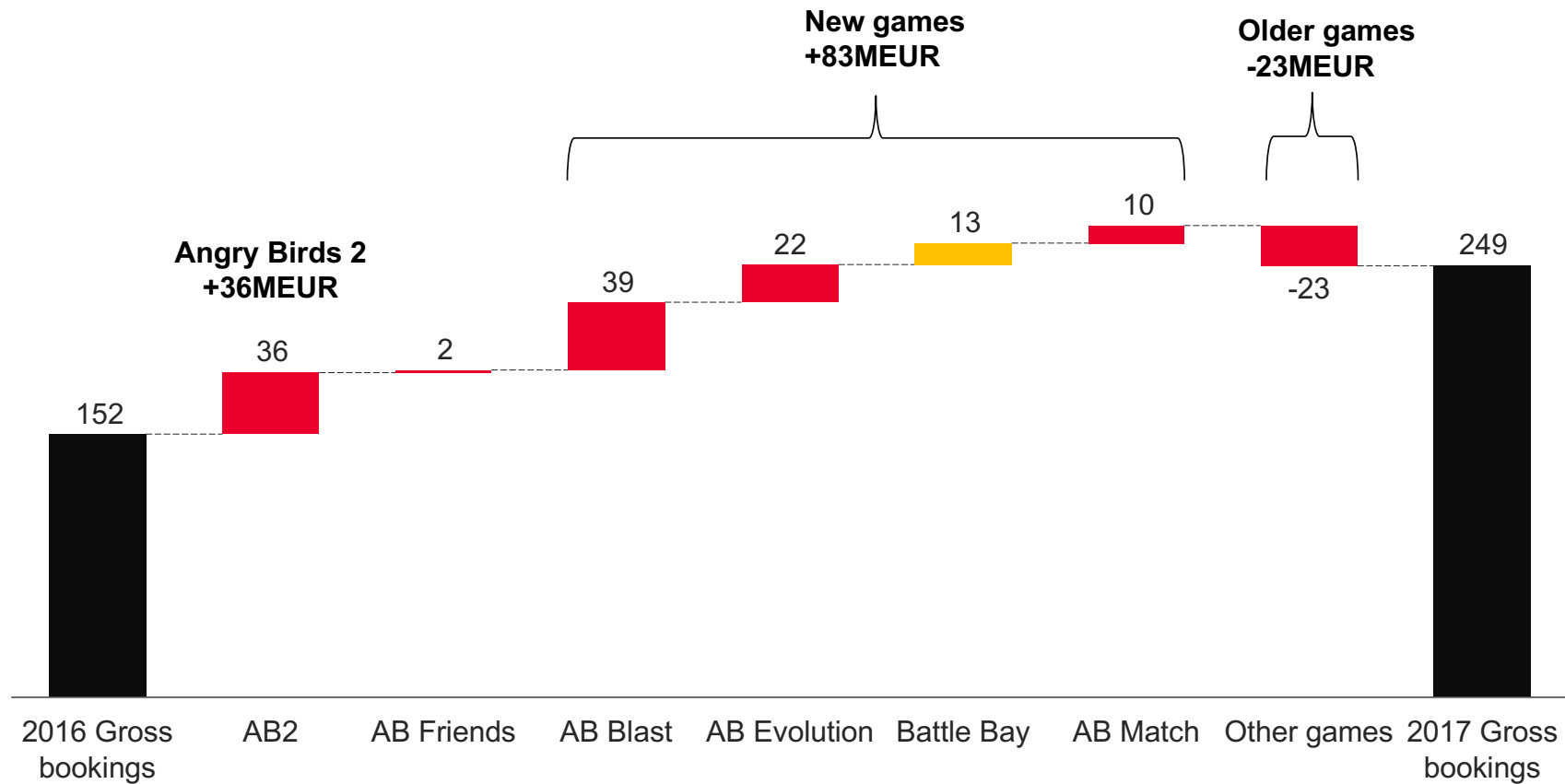
Game updates (new features, new content)

Angry Birds 2 daily gross bookings (EUR)



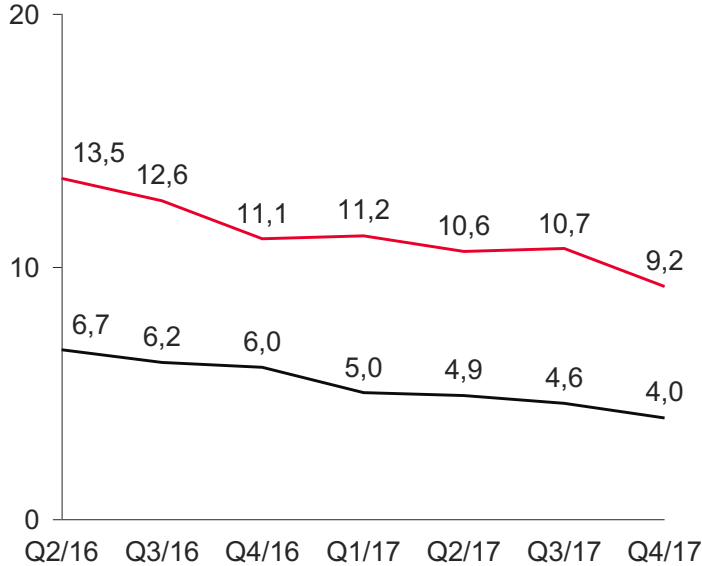
FINANCIAL REVIEW

Largest Games growth in 2017 through new games



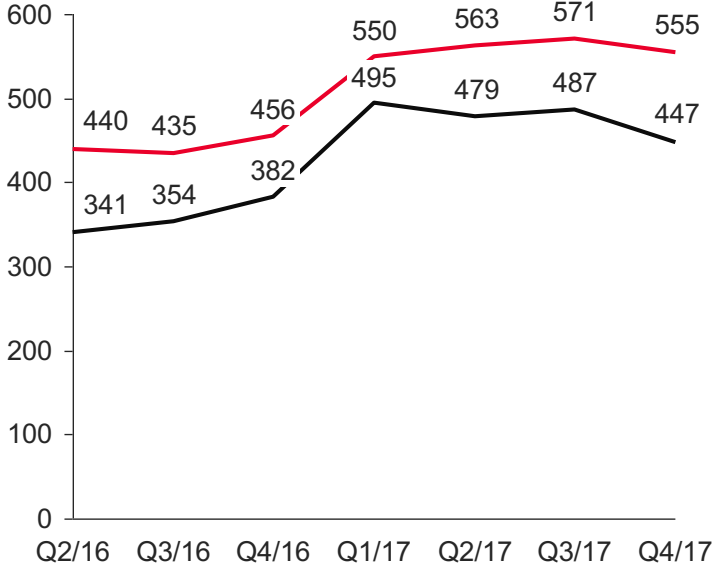
Decline of older games portfolio and the targeting of user acquisition continued to reduce daily active users

DAU
(Daily Active User),
millions



— TOP5 games — All games

MUP
(Monthly Unique Payers),
1000's



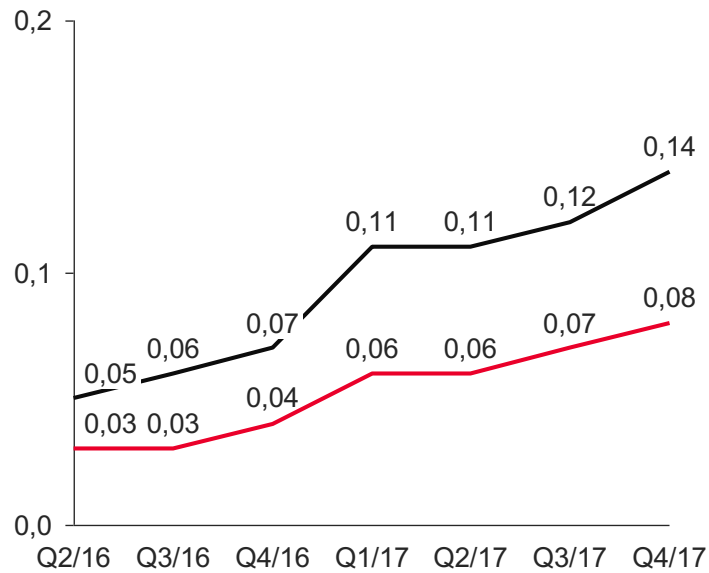
— TOP5 games — All games



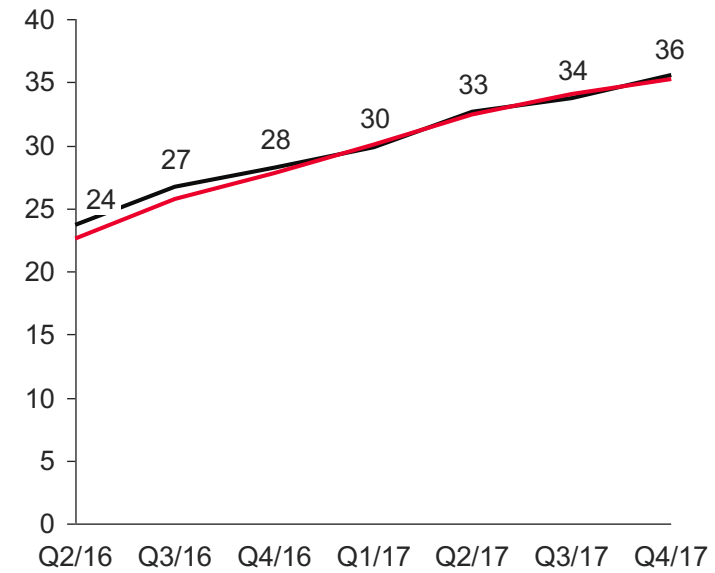
Games monetization continued to improve

ARPPU doubled y-o-y, MARPPU +30%

ARPPU
(Average Revenue Per Daily Active User)
EUR



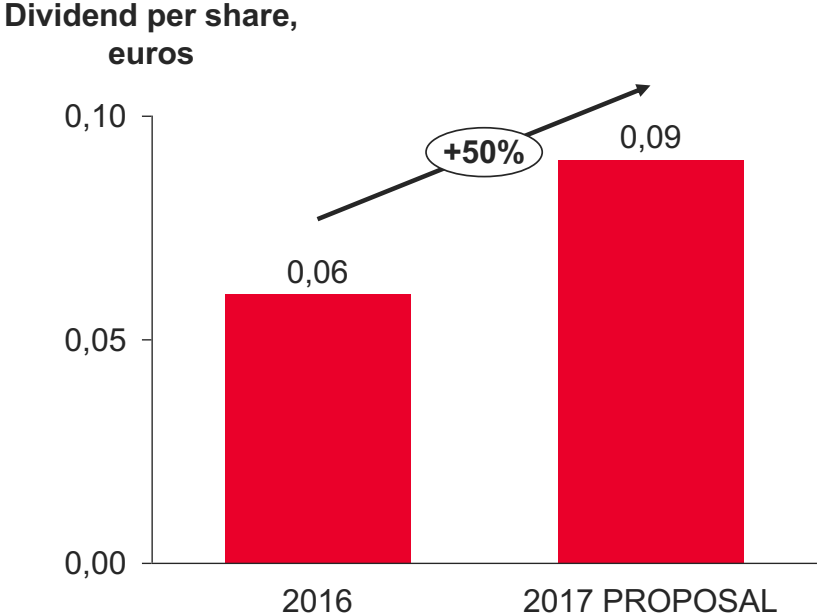
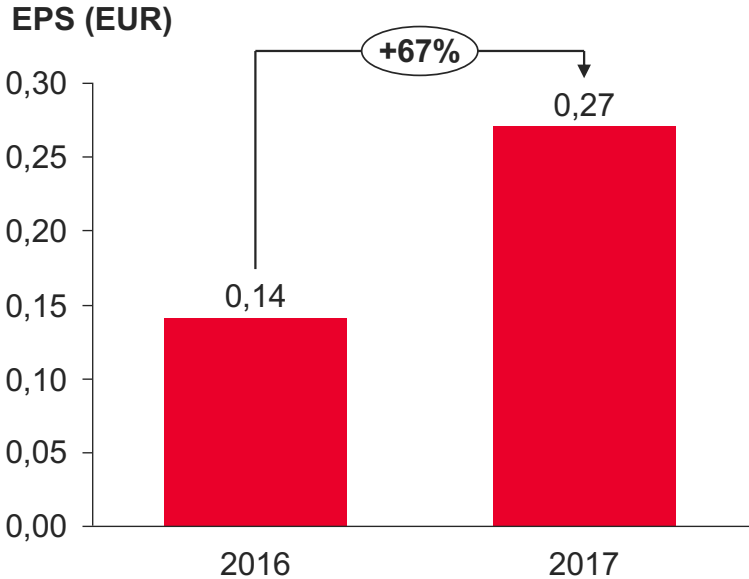
MARPPU
(Monthly Average Revenue per Unique Payer)
EUR



Strong cash flow and cash position

Consolidated statement of cash flows, EUR million	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Cash flow from operating activities*	5.8	8.3	59.6	22.8
Cash flow from investing activities*	-1.1	-4.8	-8.1	-23.3
Cash flow from financing activities	-4.6	-8.0	13.1	-5.6
Change in cash and cash equivalents	0.2	-4.5	64.6	-6.0
Net foreign exchange difference	0.0	0.9	-2.7	0.5
Cash and cash equivalents at the beginning of the period	90.7	32.5	28.9	34.4
Cash and cash equivalents at the end of the period	90.8	28.9	90.8	28.9

EPS and proposal for Dividend 2017



2018 outlook statement

2018 OUTLOOK GROUP

Rovio Group revenue is expected to be 260-300 million euros in 2018 (297 million euros in 2017).

Rovio's profitability as measured by earnings before interest and tax excluding items affecting comparability is expected to be 9 to 11 percent (10.6 percent in 2017).

Basis for 2018 outlook

GAMES

In 2018, Rovio Games business will focus on continuing development of its live game portfolio according to the Games-as-a-Service strategy, profitable user acquisition and development of new games. The user acquisition investments are expected to be around 30 percent of Games revenues for the full year, however, the amount may vary depending on development of the games' monetization and the level of competition in the market. The cost per acquired user has risen significantly in the market.

BRAND LICENSING

Brand Licensing segment revenues are expected to decline by 40% in 2018. The decline is due to the declining profile of the Angry Birds movie. The consumer products revenues are expected to be at similar level as in 2017. The focus of Brand Licensing in 2018 is on preparing the license portfolio for 2019 and the Angry Birds movie sequel.

HATCH

During 2018, Rovio estimates to invest 10-15 million euros in its subsidiary Hatch Entertainment Oy that develops cloud streaming based game service (5 million euros in 2017). Approximately half of the investment will impact Group profit, ie. an impact of 2–3 %-points to the expected EBIT margin, and half will be capitalized development costs and advance payments.

Rovio's long-term financial targets remain

Growth

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

Profitability

Group operating profit margin of 30 percent.

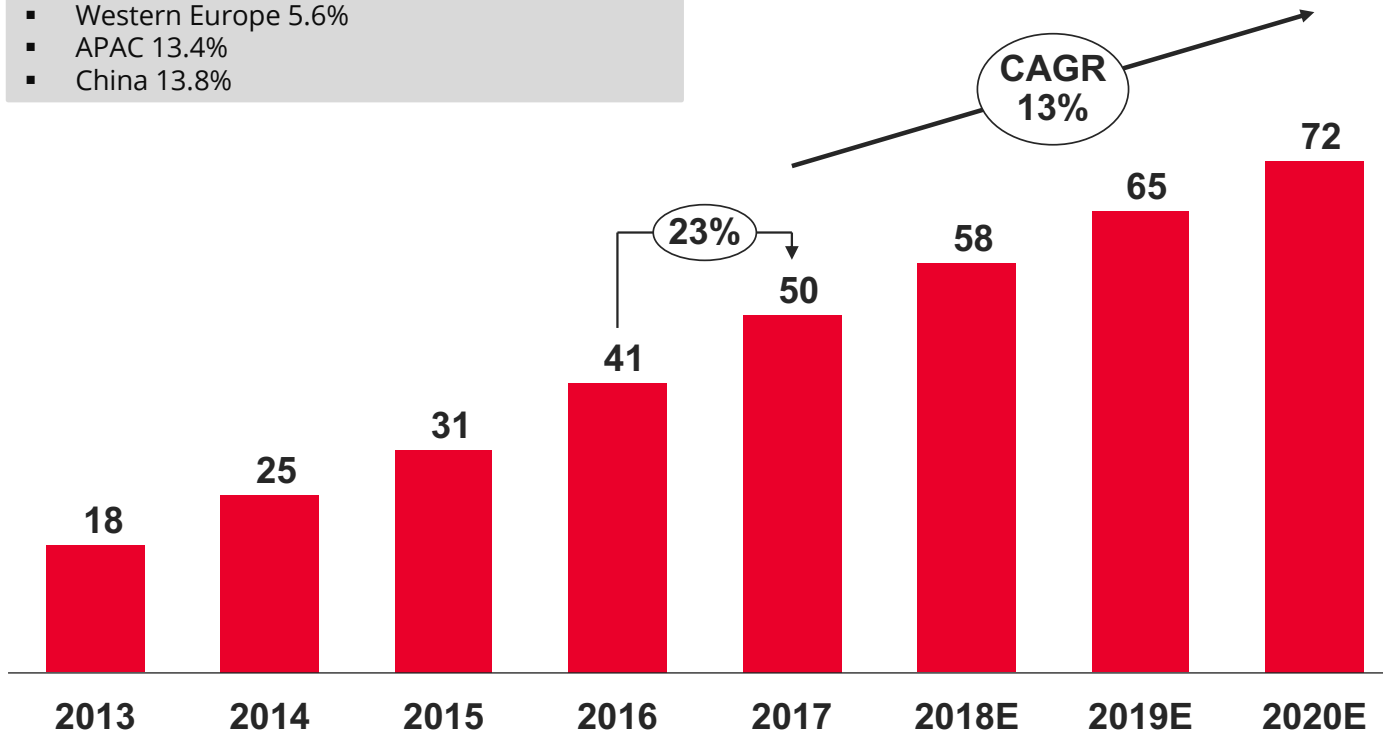
STRATEGY

Mobile gaming market is growing rapidly

Market size of global mobile games 2013-2020 (USD Billions)

Growth differs per market (CAGR 2017-2020E):

- North America 5.1%
- Western Europe 5.6%
- APAC 13.4%
- China 13.8%



Key drivers and trends

Growing number of smartphones

Share of mobile gamers is increasing

Average in-game spend per user is increasing

Attractive free-to-play revenue model extends lifetime of games



2017 progress in strategy execution

Grow Games business

- Record-breaking revenue 56 % growth
- 3 new games launched

Explore the future of gaming

- Hatch beta test (soft launch) phase launched in 16 countries on Android

Leverage strong consolidation platform

- Strong balance sheet including IPO
- Active screening

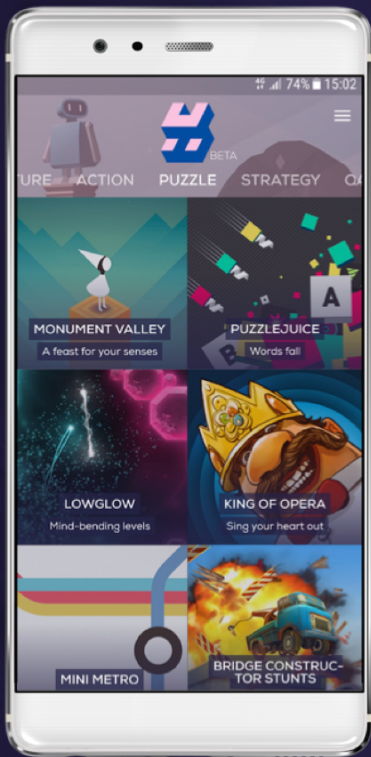
Grow the Angry Birds brand and Licensing business

- Angry Birds 2 most visible game in top charts
- Movie sequel deal signed for 2019
- Partnerships

HATCH MOBILE CLOUD GAMING



HATCH



INSTANT PLAY

Play games quickly and easily on-demand, without downloads or installation.

SUPER SOCIAL

Play together every game, share gameplay videos, compete with others.

BEST GAMES

Great collection of premium games, open to all developers and publishers.

MONETIZATION Advertisement & subscription

GLOBAL MEGATRENDS

ON-DEMAND ENTERTAINMENT

REAL-TIME SOCIAL GAMING

CLOUDIFICATION, HIGH-SPEED MOBILE INTERNET

SUBSCRIPTION ECONOMY

CURRENTLY IN SOFT LAUNCH



HATCH

AVAILABLE IN 16 MARKETS ON GOOGLE PLAY

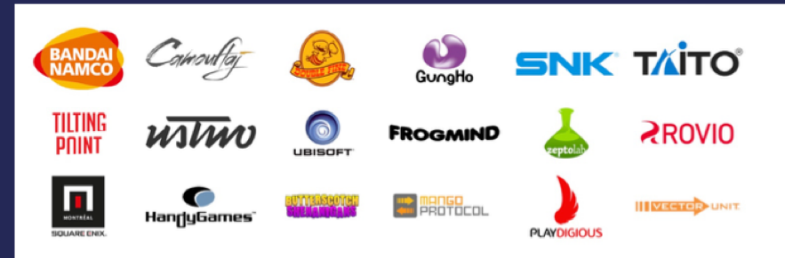
Hatch Beta is available for download in 16 European countries.



PROPRIETARY STREAMING TECHNOLOGY VALIDATED

Tech has been validated to work over currently available mobile connections.

100+ PARTNERS FOR CONTENT



More than 100 publishers and developers, 250+ games signed

ESTABLISHED TECHNOLOGY PARTNERSHIPS



Hatch's technology is not dependent on any particular hardware vendor, but we have established partnerships with key players in the technology industry.

In 2018 we will continue to execute our strategy

Grow Games business

- Improve existing top games through Games as a Service and developing new games
- Continue the work to expand operations in China

Explore the future of gaming

- Continue to invest into Hatch
- Investigate opportunities in new technologies and platforms (ie. AR, VR)

Leverage strong consolidation platform

- Continue screening and evaluation
- Prime focus on free-to-play mobile games

Grow the Angry Birds brand and Licensing business

- Build licensing program for Movie sequel in 2019
- Continue building brand partnerships

QUESTIONS?