

Rovio Entertainment Corporation
Annual General Meeting
April 9, 2019

CEO REVIEW

Kati Levoranta

**Translated from the Finnish original.
Finnish version prevails.**

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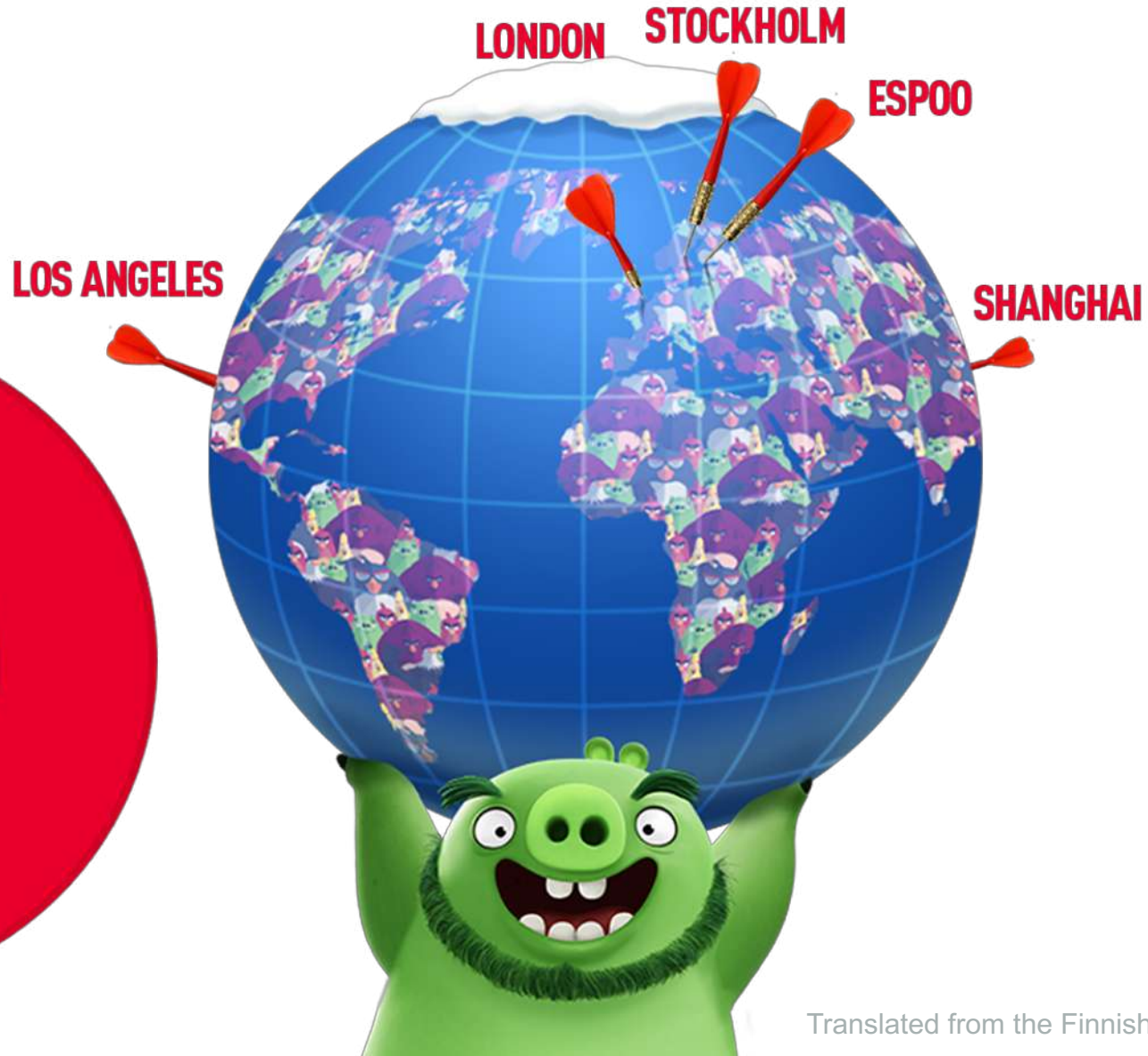
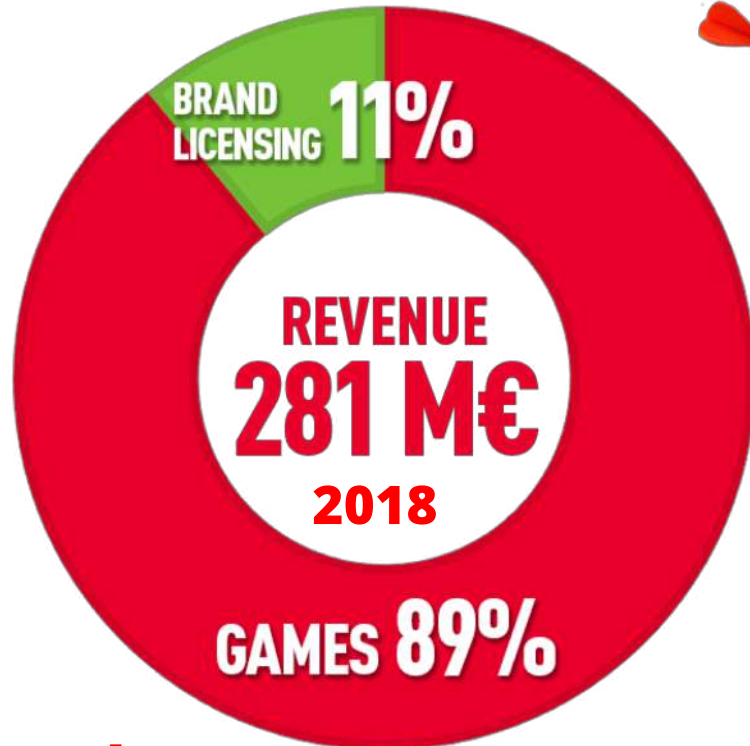
- **Rovio and mobile gaming market**
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Rovio and Mobile Gaming Market

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Games First Entertainment Company



personnel

418
employees

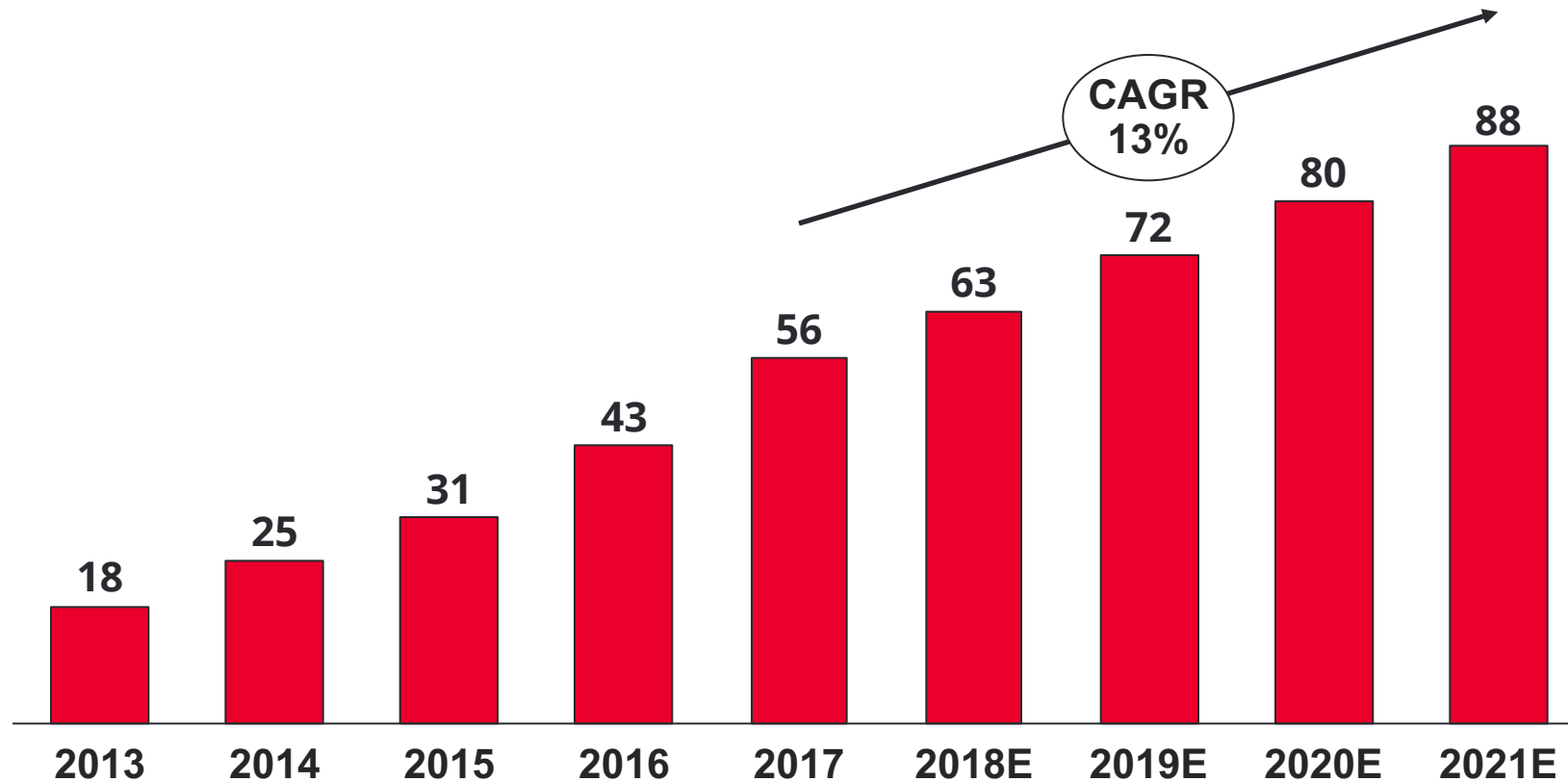
36
average age

40
nationalities

24 | 76%
women | men

Mobile Gaming Market growing

Market size of global mobile games - 2013-2021E (USD Billions)



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

Competitive Advantages

- Talented and innovative personnel
- Strong brand
- Diversified gaming portfolio
- Large number of users
- Effective user acquisition
- Strong balance sheet and positive cash flow



Rovio Business Models

Games

Rovio runs paid and organic user acquisition campaigns in digital media channels



Players download games from application stores for free



Players make in-application purchases

Players watch ads in the game



88 % of games revenue*



11 % of games revenue*

Licensing

Rovio licenses Angry Birds brand to product manufacturers and content creators directly or through agents



Manufacturers make the products and handle distribution. Content creators create content and handle distribution.



Royalties from content licensing

Royalties from product licensing



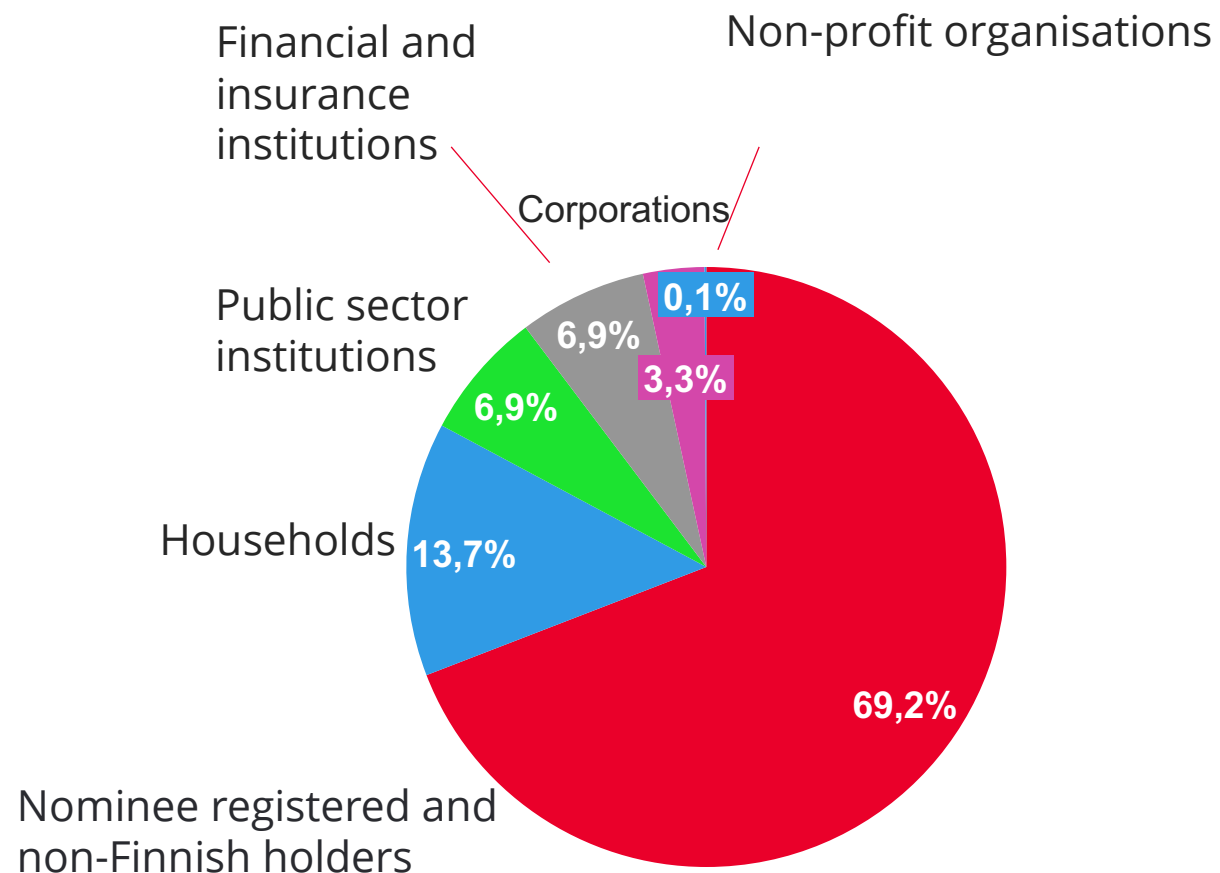
72 % of licensing revenue*



28 % of licensing revenue*

Shareholders and Shares

- Number of shares 79,464,742*
- Total number of shareholders 17,352*
- Earnings per share EUR 0.31 (0.27)
- Equity per share EUR 2.01 (1.77)

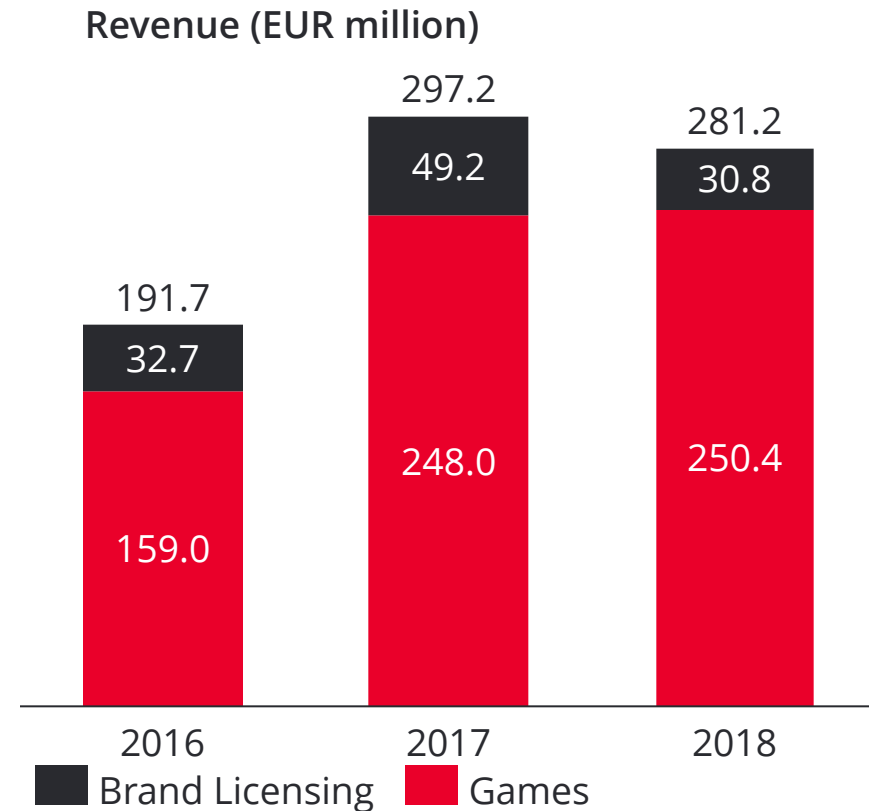


2018 Review

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Revenue

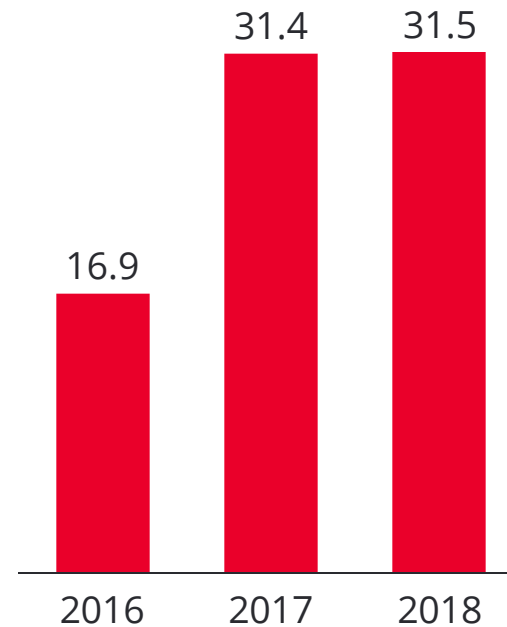
- Group revenue EUR 281.2 million (297.2)
- Games segment revenue grew +1% to EUR 250.4 million (248.0), in comparable currencies +4%
- Brand Licensing segment revenue declined to EUR 30.8 million (49.1)
- The 5.4 % decrease in group revenue compared to last year was mainly due to the large revenue peak from The Angry Birds Movie in 2017



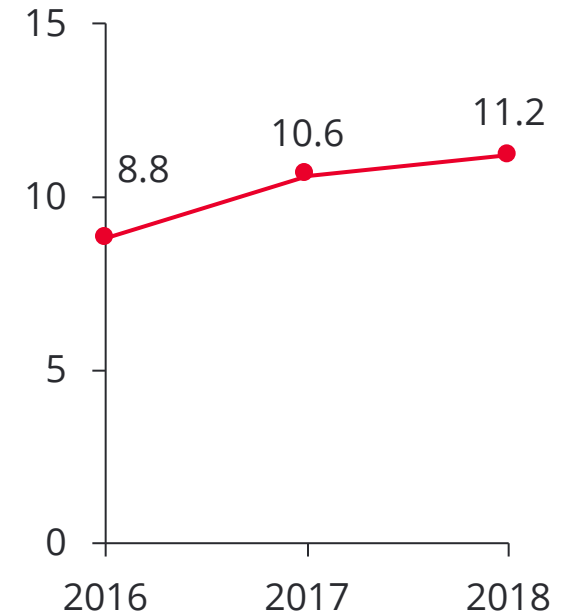
Profitability

- Group operating profit EUR 31.5 million (31.4), and operating profit margin 11.2 % (10.6)
- Adjusted operating profit margin 11.1 % (12.1)
- Profitability remained at a healthy level in spite of increased user acquisition investments

Operating profit (EUR million)



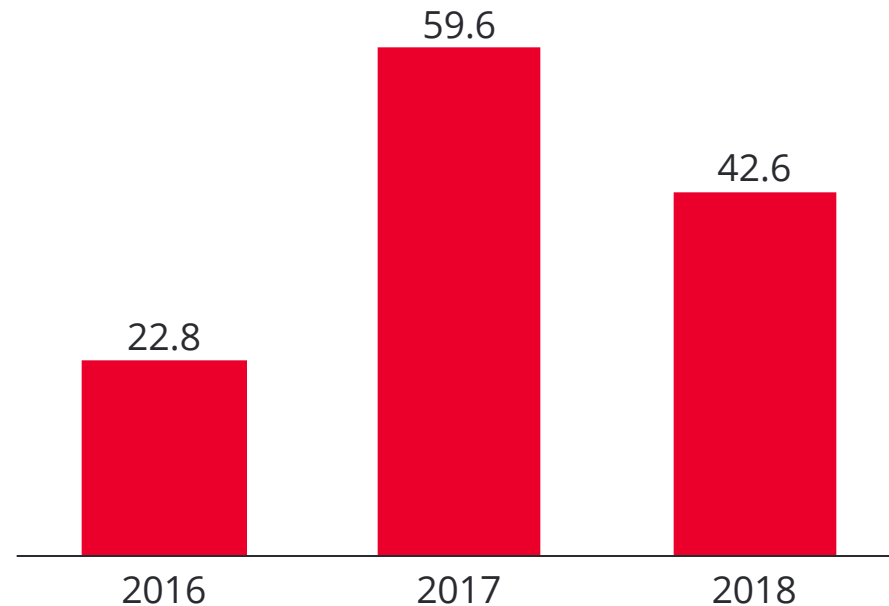
Operating profit margin, %



Cash Flow and Balance Sheet

- Rovio is profitable and has a positive cash flow with a strong balance sheet
- Operating cash flow in 2018 was EUR 42.6 million (59.6)
- Dividends paid in 2018 - EUR 7.1 million
- Cash balance at the end of financial year December 31, 2018 was EUR 123.7 million (90.8)
- Equity ratio 83.7% (77.9%)
- Balance sheet EUR 203.2 million (190.2) and debt was EUR 3.6 million (2.7)

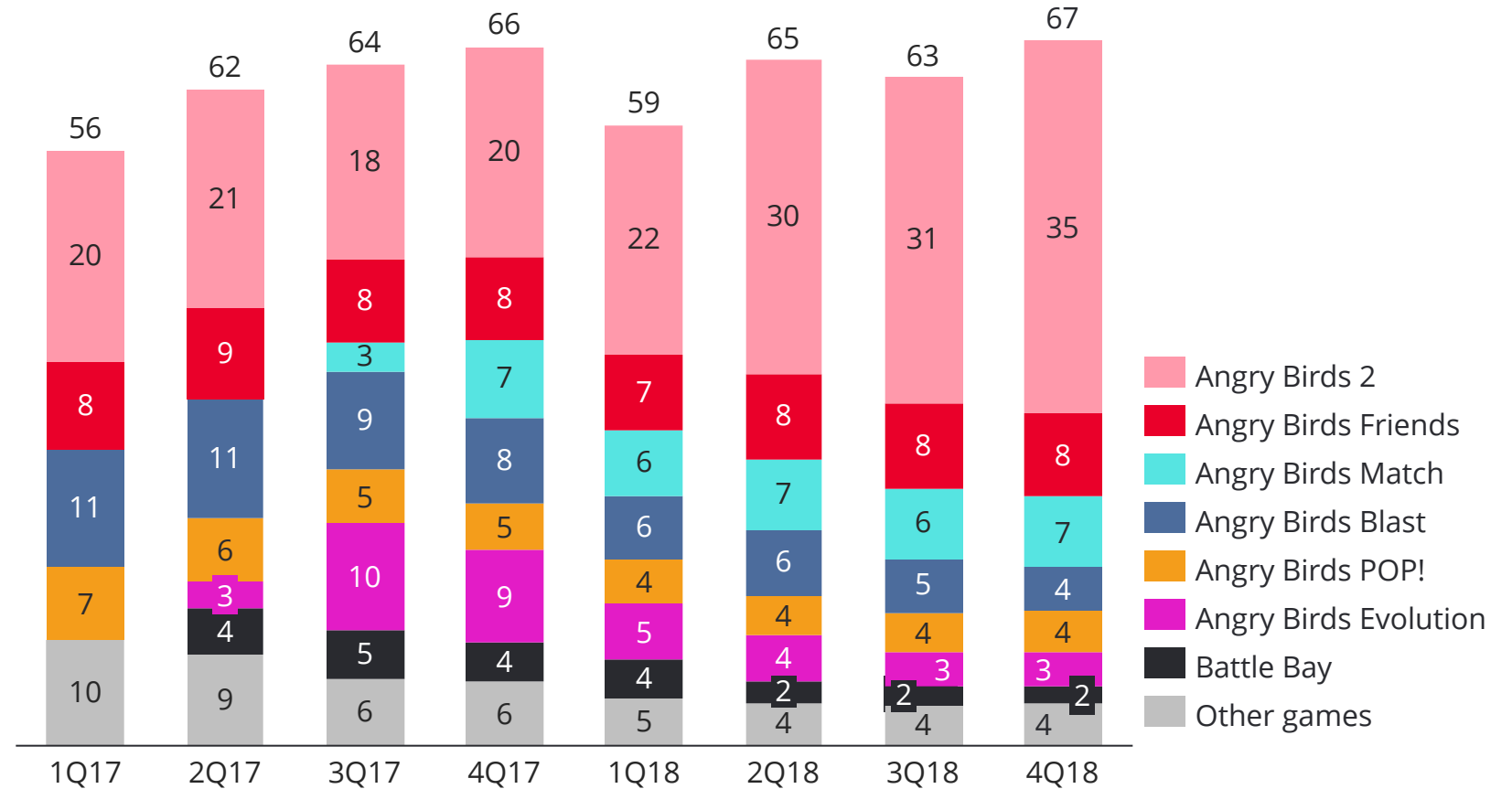
Operating cash flow (EUR million)



Games Portfolio

Gross bookings (EUR million)

- Games gross bookings EUR 253.3 million (248.7)
- Gross bookings grew 1.8% year-on-year and 5% in comparable currencies
- Angry Birds 2 Game grew 49% in 2018
- Angry Birds Friends, Angry Birds Match and Angry Birds POP! performed steadily
- Record gross bookings in fourth quarter



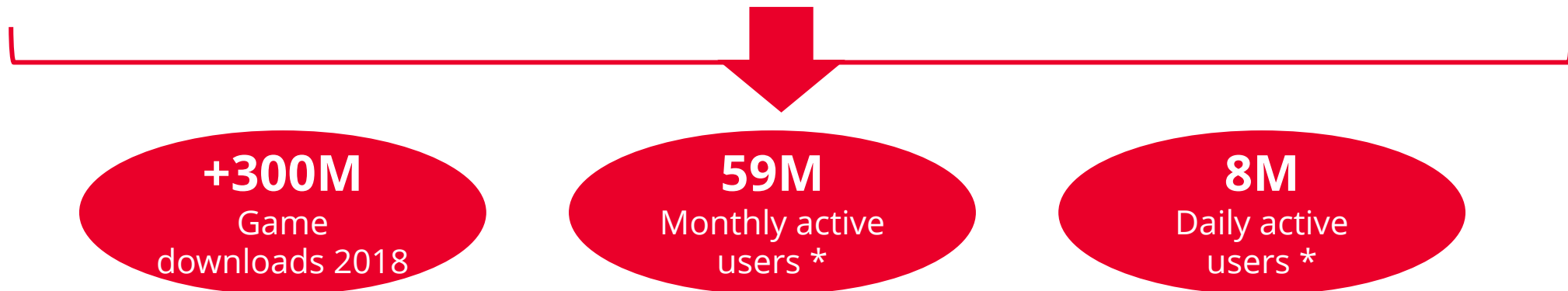
User Acquisition

Organic

- High brand recognition: 97% global awareness
- Visibility through brand licensing: movies, animations and consumer products
- Cross-promotion in existing games portfolio

Paid

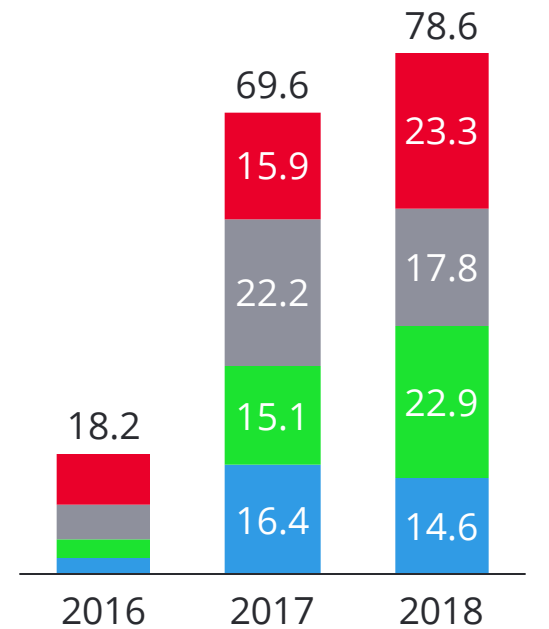
- User acquisition is mainly targeted digital advertisements
- Paid user acquisition aims to reach the relevant player groups in terms of monetization
- Financial governance, followed up to reach certain return on investment



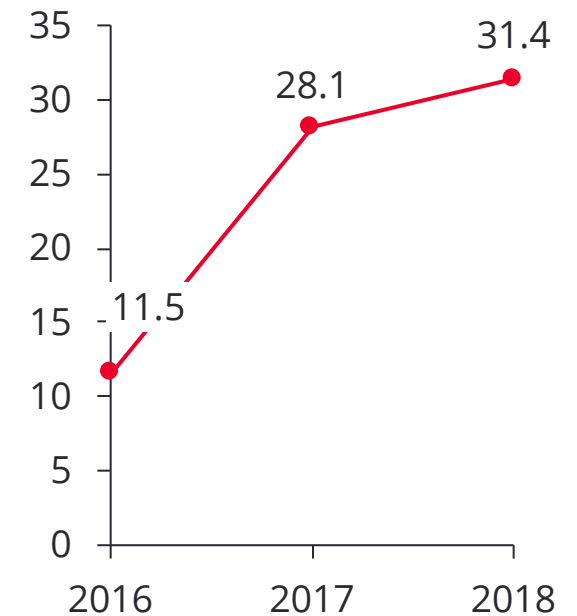
User Acquisition

- Full year user acquisition investments were EUR 78.6 million (69.6) or 31.4 % (28.1%) of games revenue
- Factors influencing the amount of investments: games launch timing, games performance, advertisement prices and competition in the market
- Record amount invested in Angry Birds 2 game, resulting in increased games revenue

User acquisition investments (EUR million)



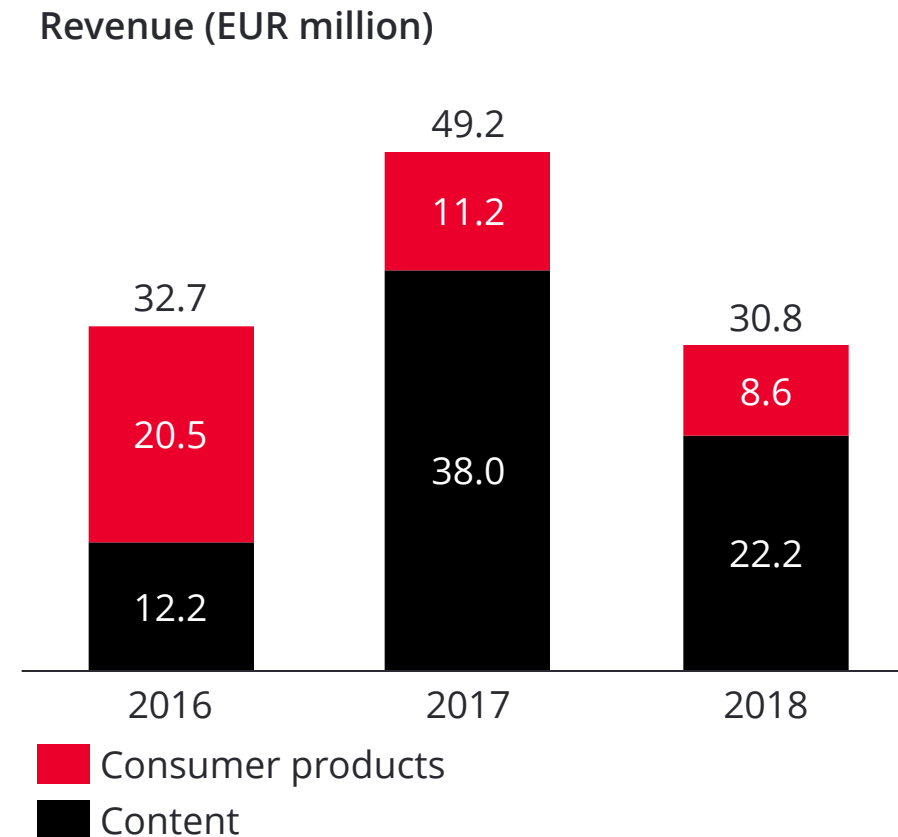
User acquisition investments, % of games revenue



■ Q1 ■ Q2 ■ Q3 ■ Q4

Brand Licensing

- Revenue EUR 30.8 million (49.2), 37.4% lower as expected due to the revenue peak from The Angry Birds Movie in 2017
- Seasonality and brand visibility have an impact on revenue



Values



BE BOLD



**EMBRACE
INNOVATION**



**ACT WITH
INTEGRITY**

Corporate Responsibility Focus Areas

- Safe and responsible gaming
 - Safety of licensed products
 - Employee well-being and diversity
 - Responsible business conduct
 - Environment
-
- In FINDIX study of diversity, Rovio was listed in the top three Finnish companies.



2019 Outlook and Strategy

TRANSLATED FROM THE FINNISH ORIGINAL

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**

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 premiere in August 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 was launched globally in January 2019
- Angry Birds Dream Blast was in soft launch for four months and good key performance indicators led to a decision to launch globally
- According to Games as a Service model, Angry Birds Dream Blast is being developed continuously for example by adding new content to the game
- 13 games in different stages of development, of which two are in soft launch



Angry Birds Brand

- Rovio's Angry Birds brand is a promise of fun and high-quality moments with top entertainment and consumer products
- Over 4 billion game downloads
- Over 1.8 billion consumer products have been sold. Angry Birds consumer products are currently on sale in over 100 countries
- About 50 million people worldwide and about 340,000 people in Finland have seen The Angry Birds Movie
- Angry Birds animations were watched over 2.8 billion times in 2018



THE ANGRY BIRDS MOVIE 2



IN THEATERS AUGUST 9, 2019

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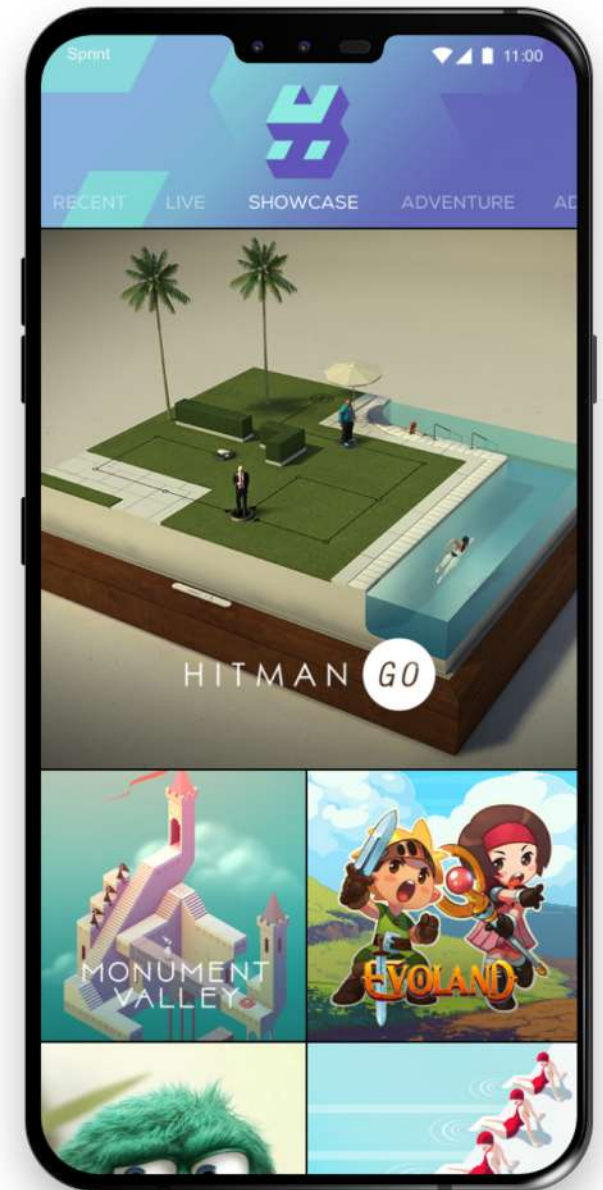
PlayRaven Acquisition

- In November 2018 Rovio acquired all shares of Finnish gaming studio PlayRaven
- With this acquisition Rovio aims to accelerate the expansion into mobile strategy games
- Very talented and motivated personnel
- PlayRaven is developing a new strategy game with the goal to make a soft launch in 2019



Hatch

- Hatch is a cloud based game streaming service developed for mobile devices and mass markets
- The service enables -- for example -- multiplayer and e-sports experiences
- Hatch can be downloaded from app stores for Android devices in Japan, South-Korea and the majority of European countries
- Hatch is partnering for example with NTT DOCOMO (Japan), Samsung (Korea), Sprint (USA) and Elisa (Finland)
- To accelerate growth and expansion to new markets, Hatch is seeking external funding and further strategic partnerships



New Reality

- Virtual reality (VR), augmented reality (AR) and extended reality are interesting for Rovio as they serve as platforms for games and other entertainment
- Rovio's products
 - Angry Birds FPS: First Person Slingshot (MR)
 - Angry Birds VR: Isle of Pigs
 - Angry Birds AR: Isle of Pigs
 - The Angry Birds Movie 2 VR
 - Angry Birds Explore app for consumer products



ANGRY BIRDS *AR*
ISLE *of* PIGS

TRANSLATED FROM THE FINNISH ORIGINAL

THANK YOU!



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