

# **Rovio Entertainment Interim Report July-September 2020**



**Kati Levoranta, CEO**

**René Lindell, CFO**

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# Today's speakers



Kati Levoranta  
CEO



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CFO

# To ask your question

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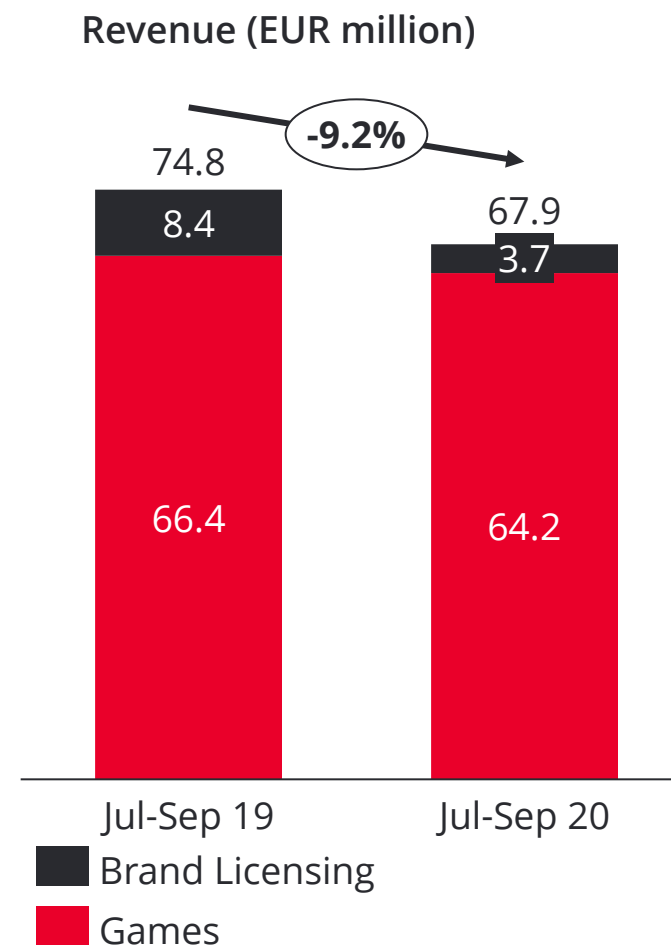
# Third Quarter of 2020 in an Eggshell

**Normalization of Games revenues post “shelter-at-home” peak; Profitability continues at a high level**

- Group revenue was EUR 67.9m (74.8), which decreased by 9.2% y-o-y, mainly due to lower Brand Licensing revenues
  - Games revenue was EUR 64.2m (66.4), a solid result given a moderate level of user acquisition 23.8% of Games revenue; in comparable currencies games revenue grew 1% y-o-y
  - Brand Licensing revenue was EUR 3.7m (8.4) and declined 56.4% y-o-y, in line with our expectations
- Adjusted EBIT margin was 18.9% (7.2%)
- Operating cash flow increased y-o-y to EUR 15.8m (-0.7)
- Small Town Murders gradual scale up continued
- Rovio CEO Kati Levoranta will leave the company at the end of 2020

# Q320: Games and Brand Licensing quarterly revenues declined y-o-y

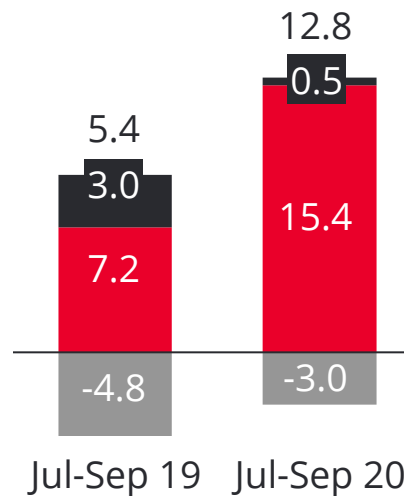
- Group Q320 revenue declined by 9.2% to EUR 67.9m (74.8)
- Games revenue declined by 3.3% to EUR 64.2m (66.4); in comparable currencies Games revenue grew 1% y-o-y
  - Angry Birds 2 and Angry Birds Friends grew y-o-y
  - Angry Birds Dream Blast and Angry Birds Match gross bookings declined
  - Small Town Murders scaling up continued
- Brand Licensing declined by 56.4% y-o-y to EUR 3.7m (8.4).
  - Content Licensing EUR 2.9m (5.6), Consumer Products EUR 0.8m (2.8)



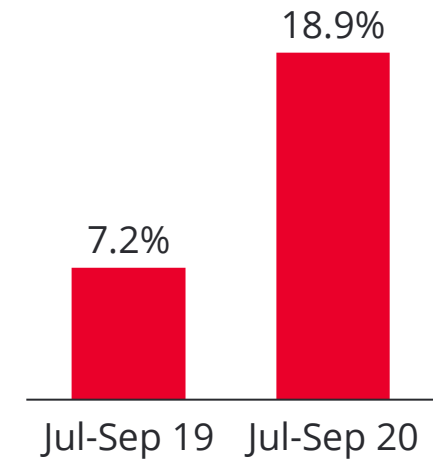
# Q320: Improved profit margin driven by lower user acquisition and stability of key games

- Group adjusted operating profit increased to EUR 12.8m (5.4) and adjusted operating profit margin to 18.9% (7.2%).
- Games adjusted operating profit was high, driven by stable revenues of key games and moderate level of user acquisition
- Brand Licensing unit adjusted operating profit decreased due to lower licensing revenues from The Angry Birds Movie as well as lower Consumer Products sales.

Adjusted operating profit (\*)  
(EUR million)



Adjusted operating profit  
Margin (\*)

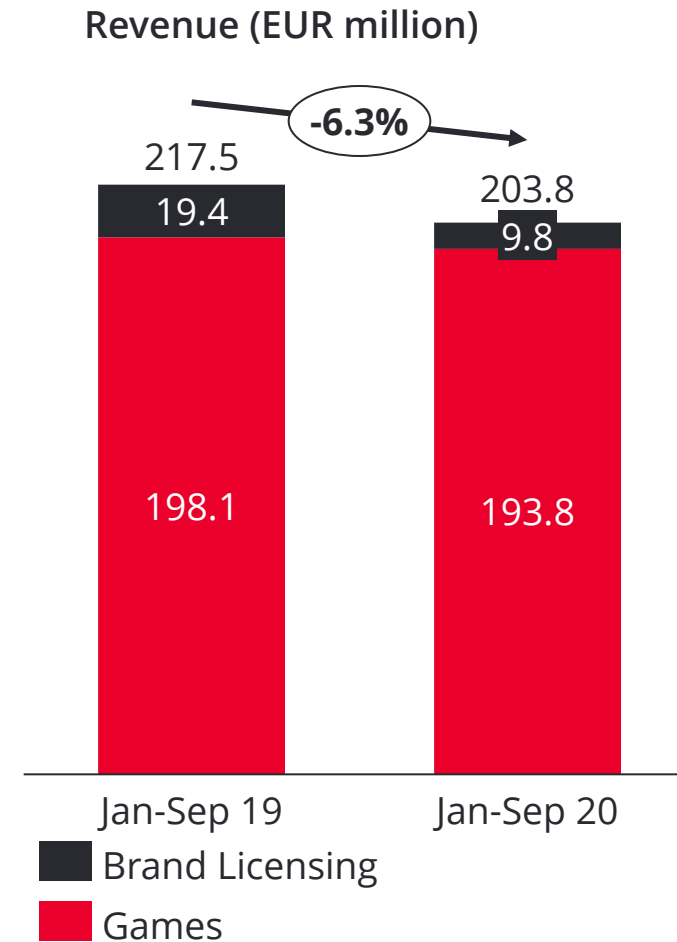


Other BLU Games

(\*) There were no adjustments in the Jul-Sep 2020 or in the Jul-Sep 2019 period.

# Q1-Q3: Rovio Group revenue declined by 6.3%

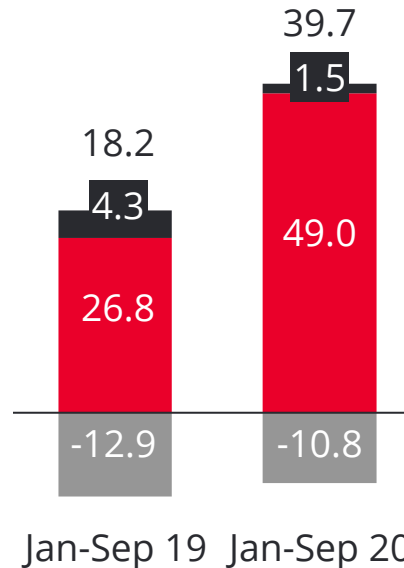
- Group YTD revenue decrease can mainly be attributed to lower brand licensing revenues
- Games revenue declined y-o-y by 2.2% to EUR 193.8m (198.1); in comparable currencies Games revenue declined 3% y-o-y
- Brand Licensing decreased y-o-y by 49.2% to EUR 9.8m (19.4)
  - Content Licensing EUR 6.1m (14.1), Consumer Products EUR 3.8m (5.3)



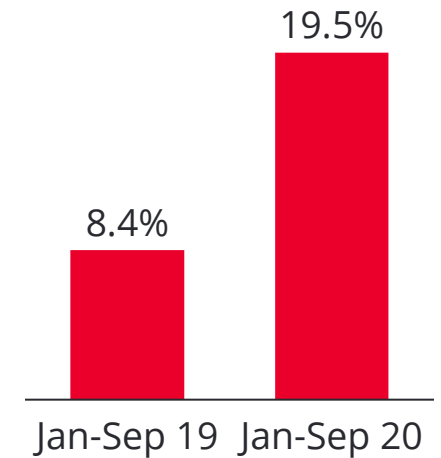
# Q1-Q3: Significant improvement in profitability from moderate user acquisition and stable key games

- Group adjusted operating profit was EUR 39.7m (18.2) and adjusted operating profit margin was 19.5% (8.4%).
- Games adjusted operating profit increased significantly due to stability of key games and lower level of user acquisition.
- Brand Licensing unit adjusted operating profit decreased due to lower revenues from The Angry Birds Movie as expected.

Adjusted operating profit (\*)  
(EUR million)



Adjusted operating profit  
Margin (\*)

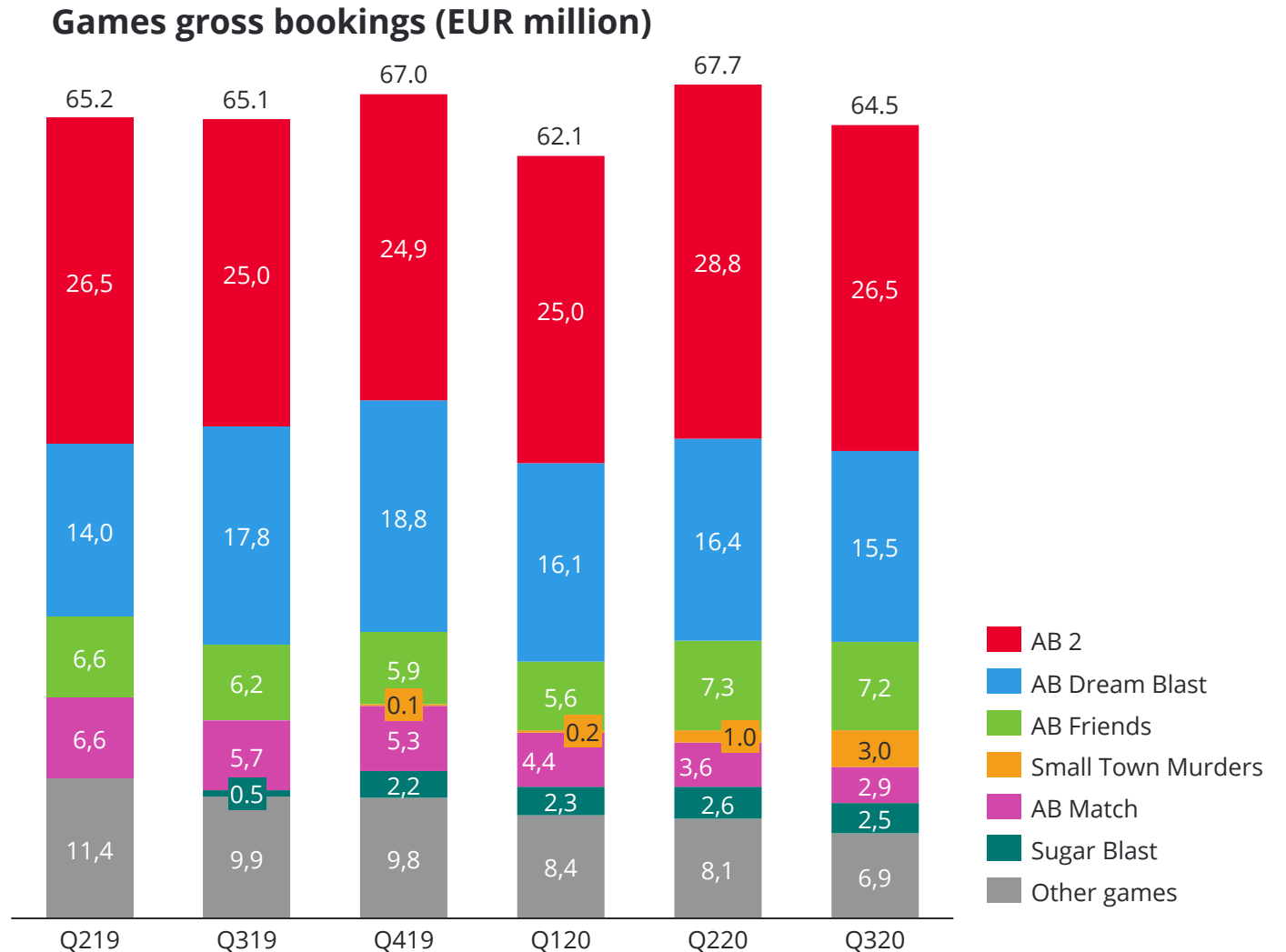


Other BLU Games

(\*) The adjustments during the reporting period amounted to EUR 0.1 million and were related to restructuring of Brand Licensing and Hatch Entertainment and acquisition of Darkfire Games studio (now Rovio Copenhagen). There were no adjustments in the Jan-Sep 2019 period.

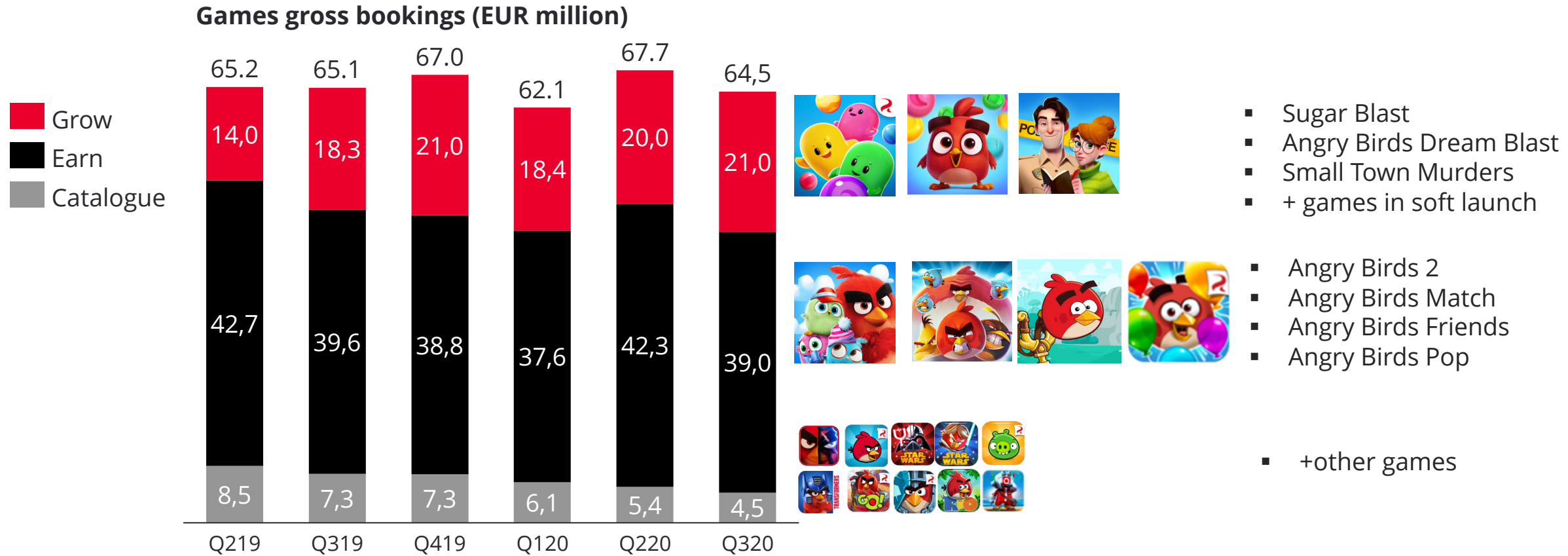
# Q320: Games gross bookings declined marginally y-o-y

- Games gross bookings EUR 64.5m (65.1) declining 0.9% y-o-y; In comparable currencies gross bookings grew 3%
- Angry Birds 2 lower than peak in Q2-2020 but grew 6% y-o-y
- Angry Birds Dream Blast declined 13% from Q319 as a result of lower user acquisition investments during 2020
- Angry Birds Friends continued to grow y-o-y and was stable q-o-q
- Small Town Murders gross bookings were EUR 3.0m in Q320
- Angry Birds Match and Other games continued to decline





# Q320: Stable performance in Growth and Earn games

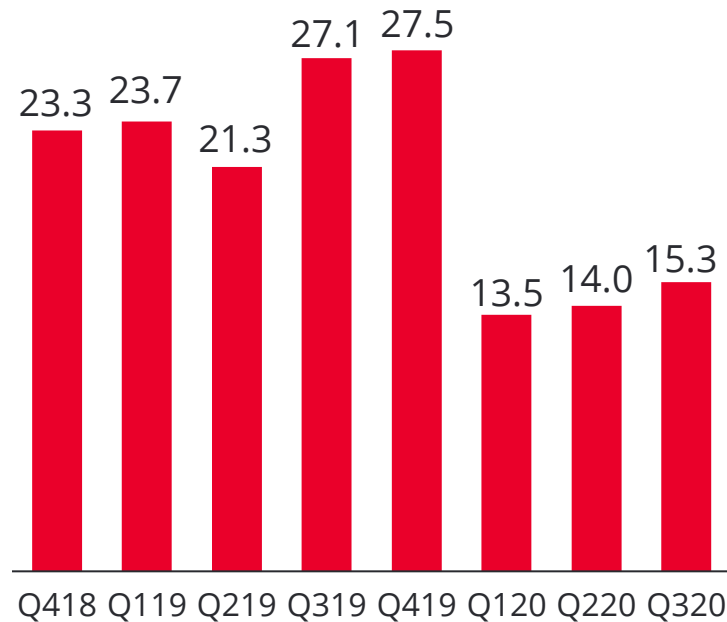


# Q320: Moderate user acquisition level continued

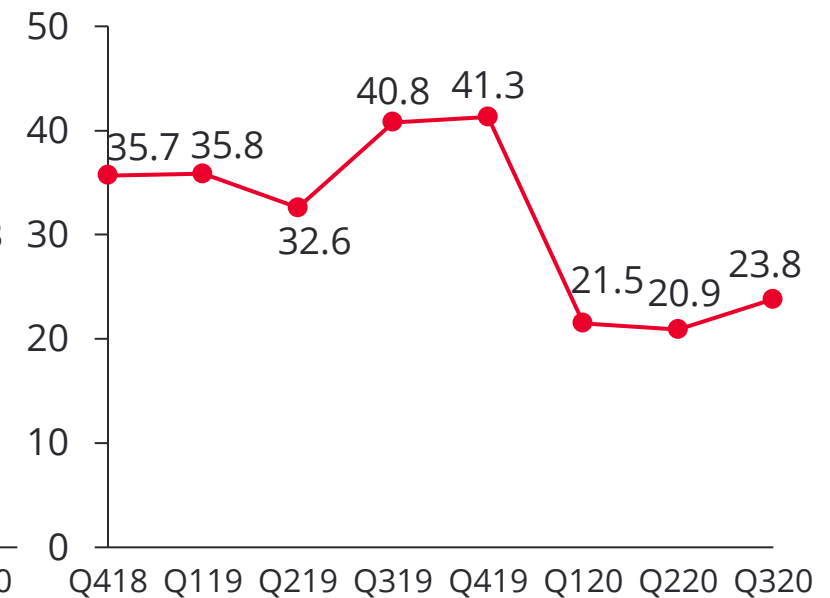
Incremental growth from scaling up Small Town Murders

- Q320 user acquisition investments were EUR 15.3m (27.1) or 23.8% (40.8%) of Games revenue.
- The incremental q-o-q growth in UA originated from scaling up Small Town Murders

User acquisition investments (EUR million)

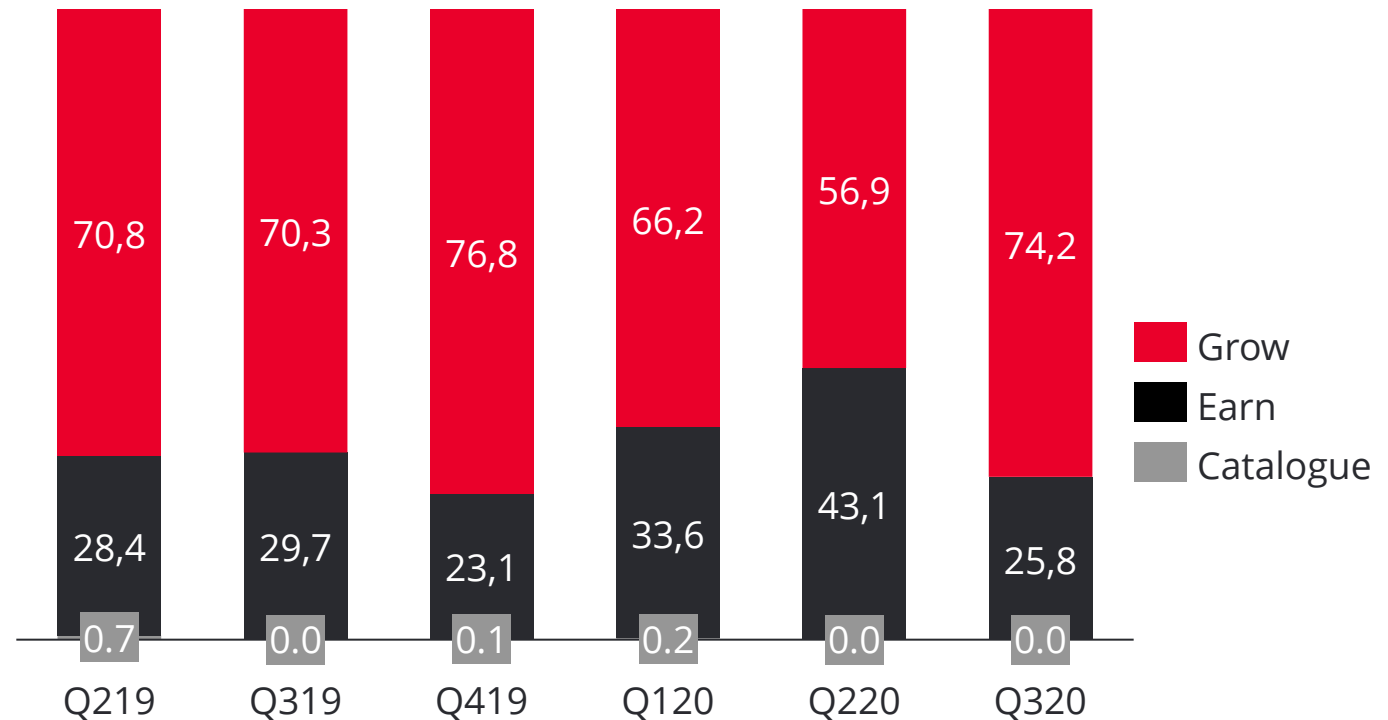


User acquisition investments, % of games revenue



# Q219-Q320 user acquisition split (%) per games category

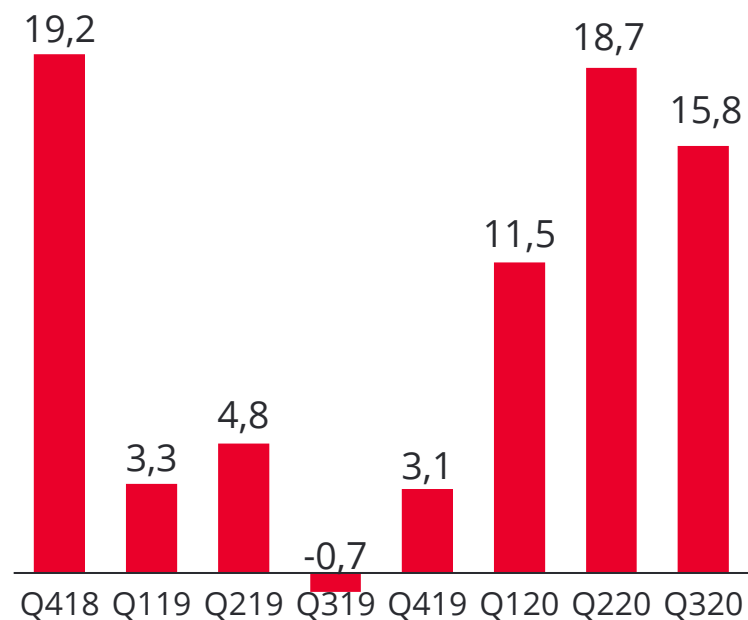
- 74.2% allocated to “Grow” category
  - Angry Birds Dream Blast is the biggest receiver of user acquisition
  - Small Town Murders increasing the “Grow” category share of user acquisition
- 25.8% of user acquisition to “Earn” category
  - Practically all allocated to Angry Birds 2
- None or insignificant user acquisition investments in catalogue games



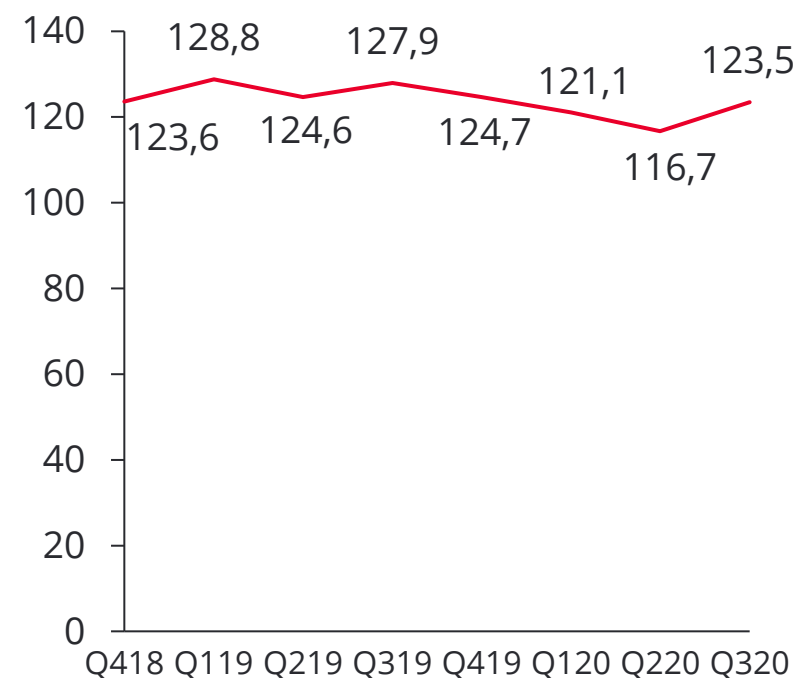
# Operating cash flow improved y-o-y

- Operating cash flow was EUR 15.8m (-0.7) in Q320.
  - Cash flow increased significantly y-o-y as a result of improved profitability.
- Cash balance at end of Q320 was EUR 123.5m (end of Q220: EUR 116.7m).
- Share buybacks of EUR 6.5m during the quarter.

Operating cash flow (EUR million)



Cash & cash equivalents (EUR million)



# Updated 2020 Outlook

## ***2020 outlook (updated)***

*Group revenue will be somewhat lower than last year (2019: EUR 289,1 million) and adjusted operating profit margin (2019: 6.3%) will improve significantly.*

# Games roadmap

- We have 8 new games in different development phases and 3 are in soft launch:
  - Angry Birds Legends (soft launched September 2020)
  - Hard Head Squad (soft launched June 2020)
  - Darkfire Heroes (soft launched August 2019)
- Angry Birds Legends was soft launched on 3<sup>rd</sup> of September by our Stockholm studio
- We continue to manage the game development pipeline by adding more new projects to the beginning of the funnel and assessing the potential in existing projects





# HARD HEAD SQUAD







MOBILE ACTION RPG  
**DARKFIRE  
HEROES**





# ANGRY BIRDS LEGENDS



# Q&A



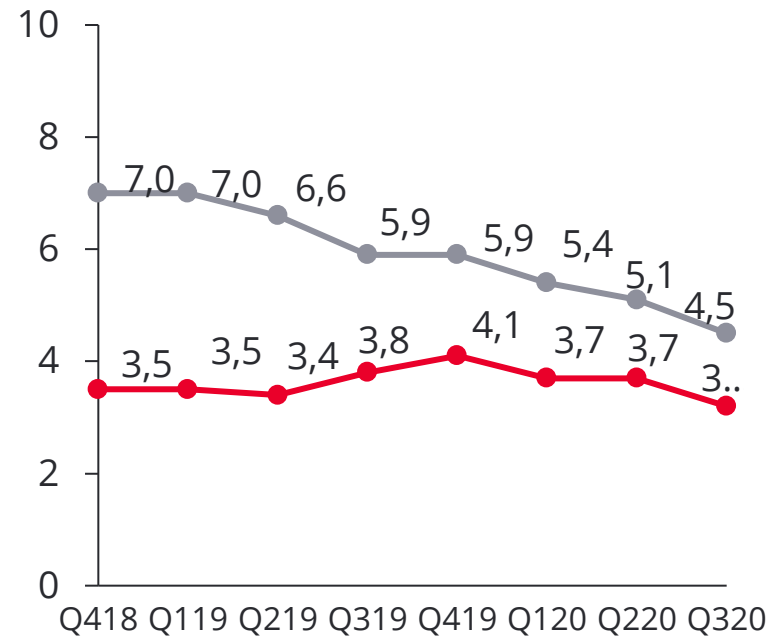
# Appendix



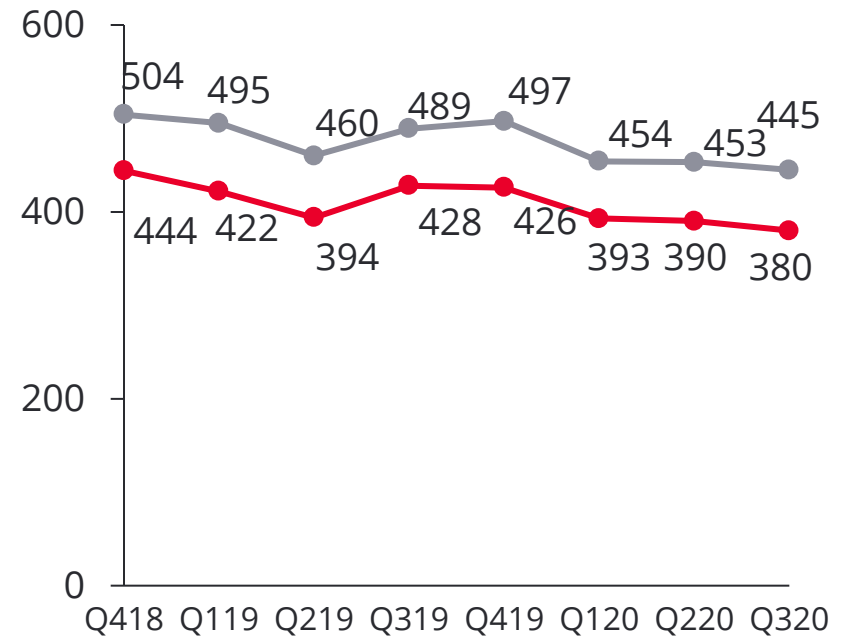
# Monthly unique payers (MUP) has stayed stable throughout 2020

- Daily active users (DAU) in Q320 for top 5 games was 3.2 million
- Monthly unique payers (MUP) for top 5 games was 380 thousand
- Low DAU and MUP can be attributed to lower level of user acquisition during 2020 vs. 2019

DAU (Daily Active User), millions



MUP (Monthly unique Payers) thousands

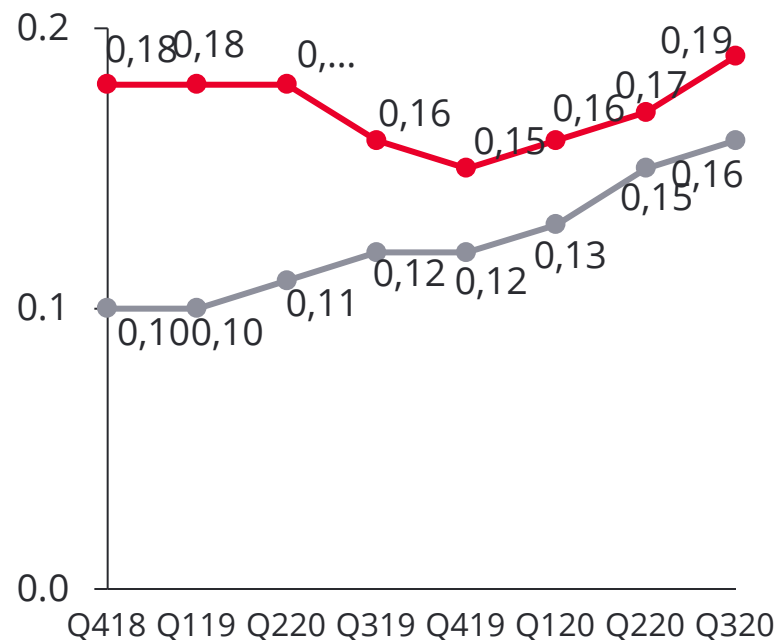


—●— Top 5 games —●— All games

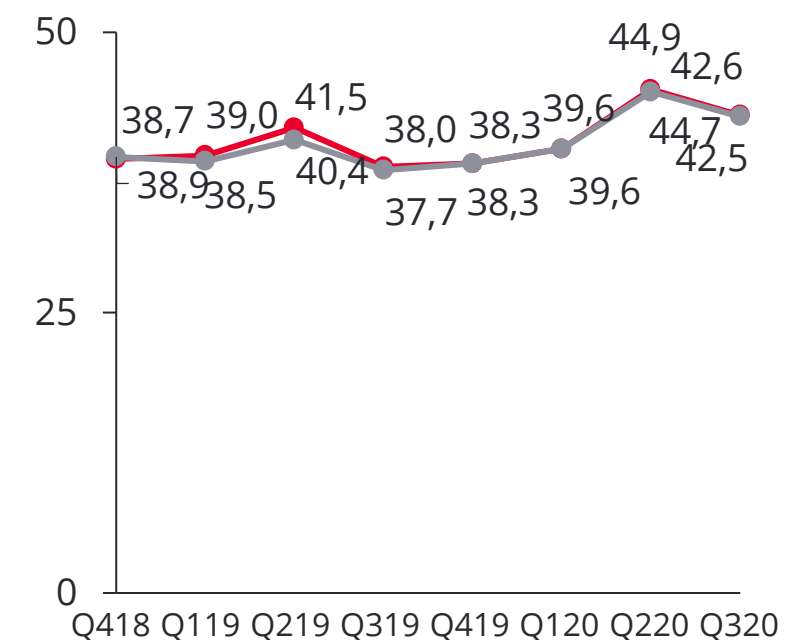
# ARPPDAU and MARPPU continued to grow y-o-y in Q320

- ARPPDAU for all games was EUR 0.16
- ARPPDAU for top 5 games was EUR 0.19,
- Growth in ARPPDAU's driven by lower DAU, targeted UA and portfolio renewal
- MARPPU for top 5 games was EUR 42.6, Rovio's second highest quarter

ARPPDAU (Average Revenue Per Daily Active User), EUR



MARPPU (Monthly Average Revenue per Unique Payer), EUR



—●— Top 5 games —●— All games