

**Rovio Entertainment
Financial statement bulletin
January–December 2019**



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Today's speakers



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To ask your question

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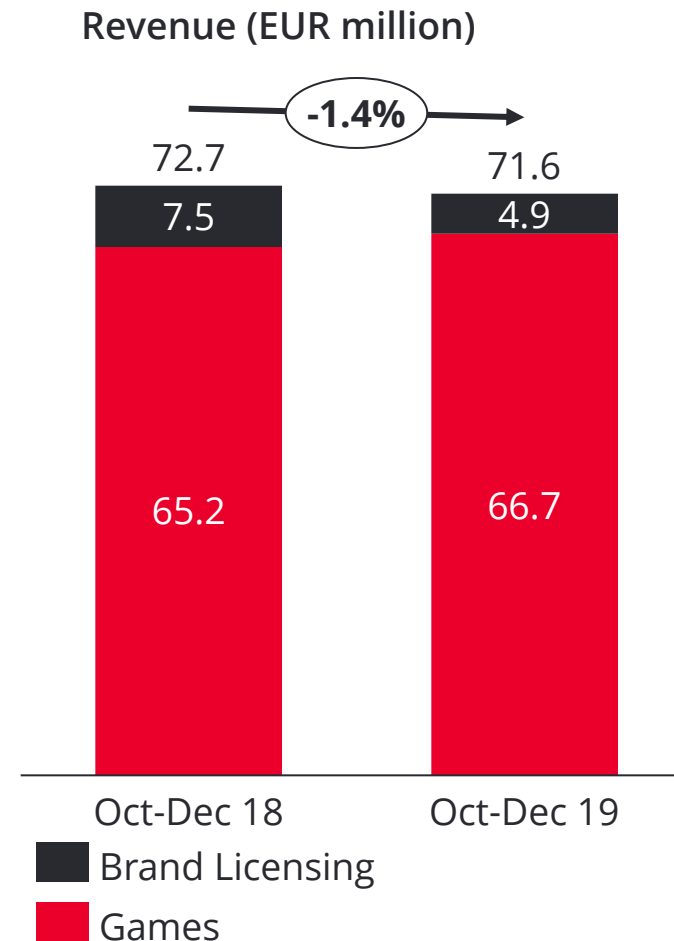
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Highlights of 2019

- We successfully launched two new games: one Angry Birds game and one based on a new IP
 - Angry Birds Dream Blast (January 2019)
 - Sugar Blast (September 2019)
- We further developed our new games pipeline, which now includes a balanced mix of games based on Angry Birds and non-Angry Birds IPs.
 - Currently we have three games in softlaunch, all based on new IPs, and 4 games in other phases of production
- The Angry Birds Movie 2 premiered in August 2019 and received good reviews and audience scores
- Angry Birds turned 10 years old in December 2019
- Angry Birds long-form animated series deal signed and scheduled for release in H2/2021

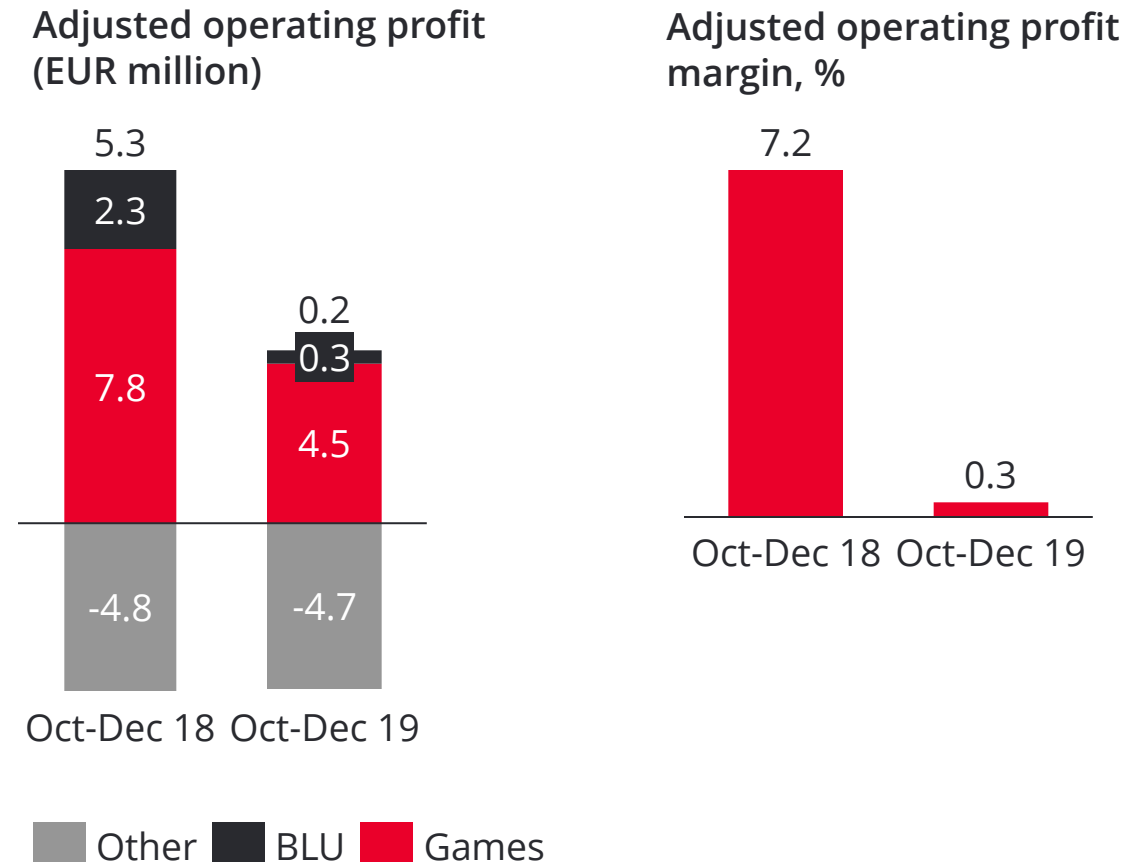
Q419: Rovio group revenue declined 1.4% y-o-y

- Group Q419 revenue declined -1.4% to EUR 71.6m (72.7)
- Games revenue grew 2.3% to EUR 66.7m (65.2)
 - Angry Birds Dream Blast grew strongly
 - Sugar Blast ramped up slowly
 - Angry Birds 2 revenues stable q-o-q
- Brand Licensing declined -34.4% y-o-y to EUR 4.9m (7.5) due to lower revenues from Angry Birds Movie 2 and due to lower consumer products sales



Q419: Adjusted operating profit margin 0.3%

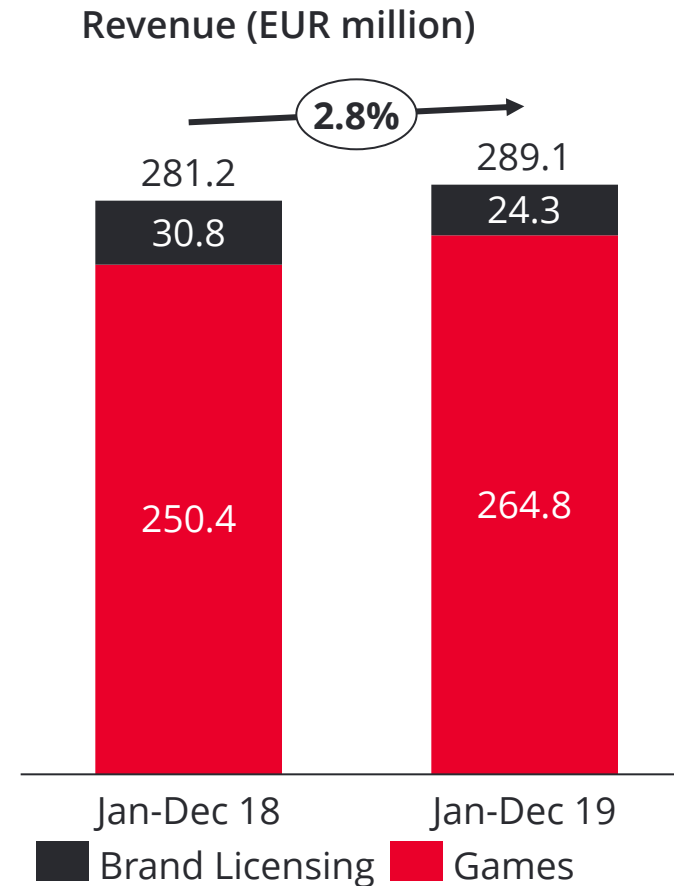
- Group adjusted operating profit was EUR 0.2m (5.3), and adjusted operating profit margin was 0.3% (7.2%)
 - Decline in profitability resulted from increase in user acquisition investments and lower revenues in Brand Licensing
- Games adjusted operating profit declined to EUR 4.5m (7.8) y-o-y
- Brand Licensing unit adjusted operating profit declined to EUR 0.3m (2.3)



(* Adjustments in Oct-Dec 2018 were in total EUR -0.7 million related purchase of Playraven game studio. Adjustments in Oct-Dec 2019 were in total EUR 0.3 million related to restructuring of Brand Licensing unit. **ROVIO**

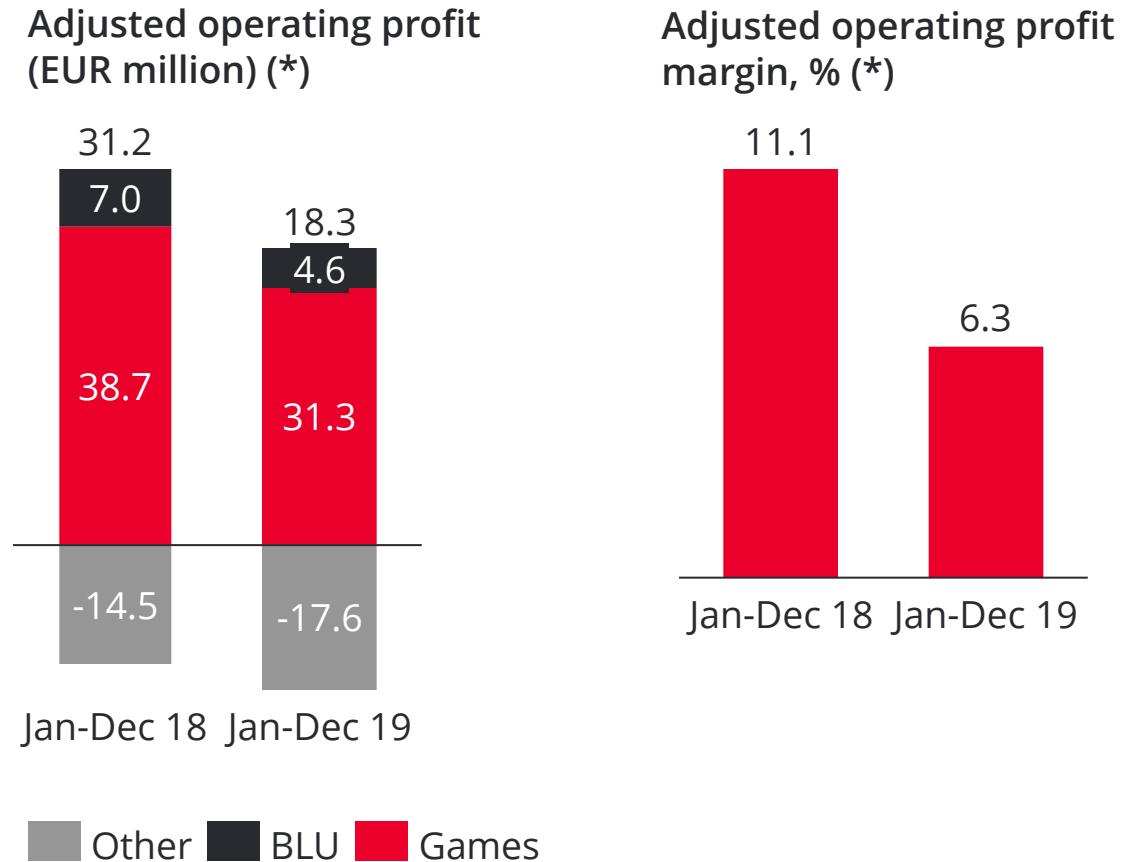
FY19: Rovio group revenue grew 2.8%

- Group FY2019 revenue EUR 289.1m (281.2) and grew 2.8% y-o-y
- Games revenue grew 5.7% to EUR 264.8m (250.4)
- Brand Licensing declined -21.1% y-o-y to EUR 24.3m (30.8)



FY19: Adjusted operating profit margin 6.3%

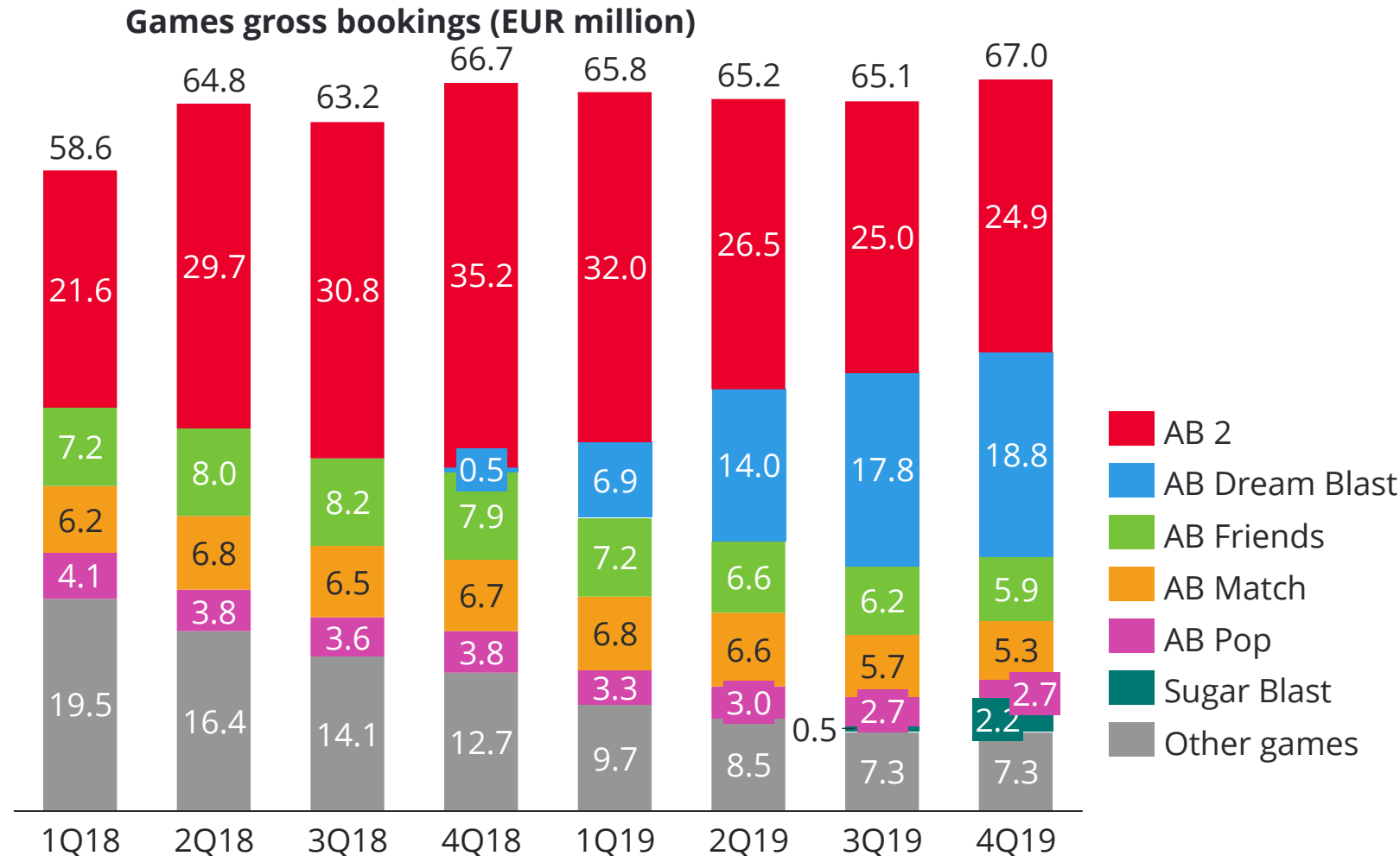
- Group adjusted operating profit was EUR 18.3m (31.9), and adjusted operating profit margin 6.3% (11.1%)
- Games adjusted operating profit declined to EUR 31.3m (38.6) y-o-y due to higher user acquisition investments
- Brand licensing adjusted operating profit declined to EUR 4.6m (7.0) due to lower revenues
- Other segment adjusted operating profit declined to EUR -17.6m (-14.5) due to higher go-to-market expenses in Hatch Entertainment



(*) Adjustments in Jan-Dec 2018 were in total EUR -0.3 million related to closure of London games studio and purchase of Playraven game studio. Adjustments in Jan-Dec 2019 were in total EUR +0.3 million related to restructuring of Brand Licensing unit.

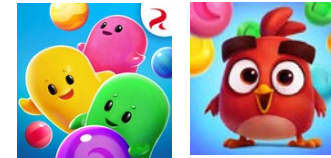
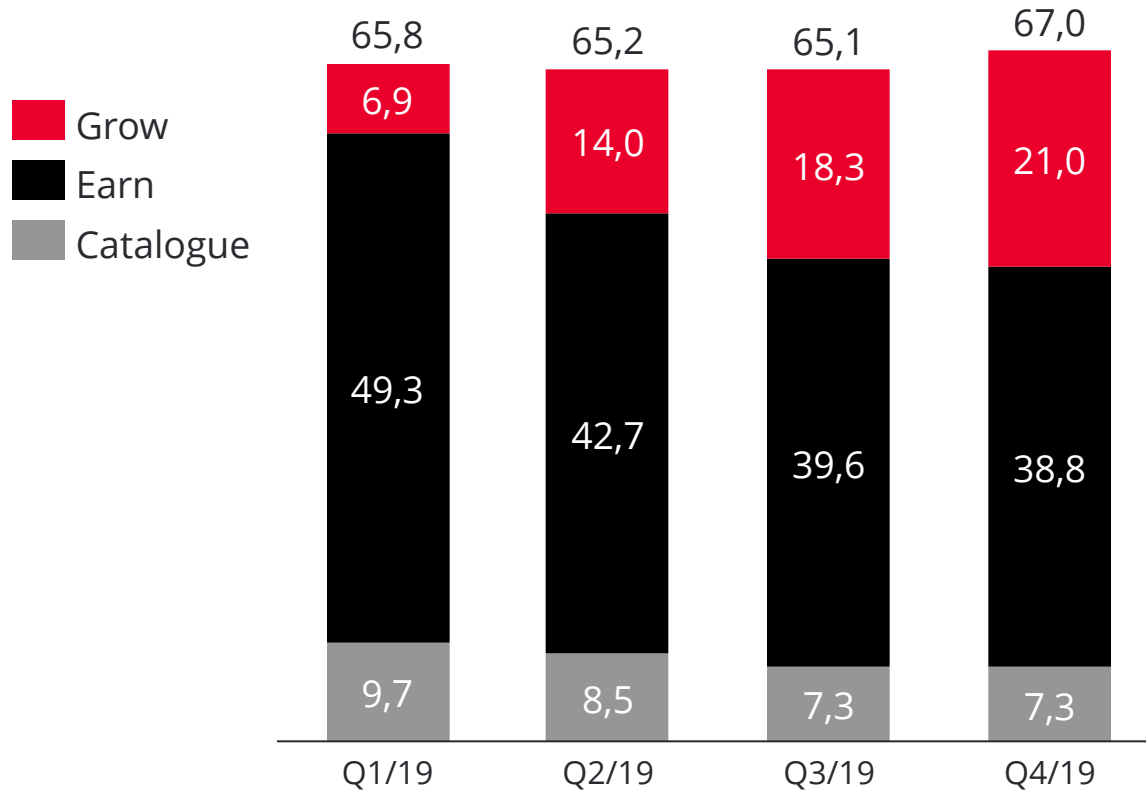
Q419: Games gross bookings grew 0.5% y-o-y

- Games gross bookings EUR 67.0m (66.7) and 0.5% y-o-y growth; declined approximately 1% in comparable currencies
- Angry Birds Dream Blast continued to grow and reached EUR 18.8m gross bookings in Q419
- Angry Birds 2 lower y-o-y due to much lower user acquisition in 2019, stabilized revenues in Q419
- Sugar Blast gross bookings were EUR 2.2m Q419

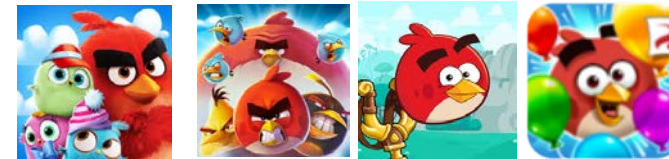


Grow category of games increased its share in 2019

Games gross bookings (EUR million)



- Sugar Blast
- Angry Birds Dream Blast
- + games in soft launch



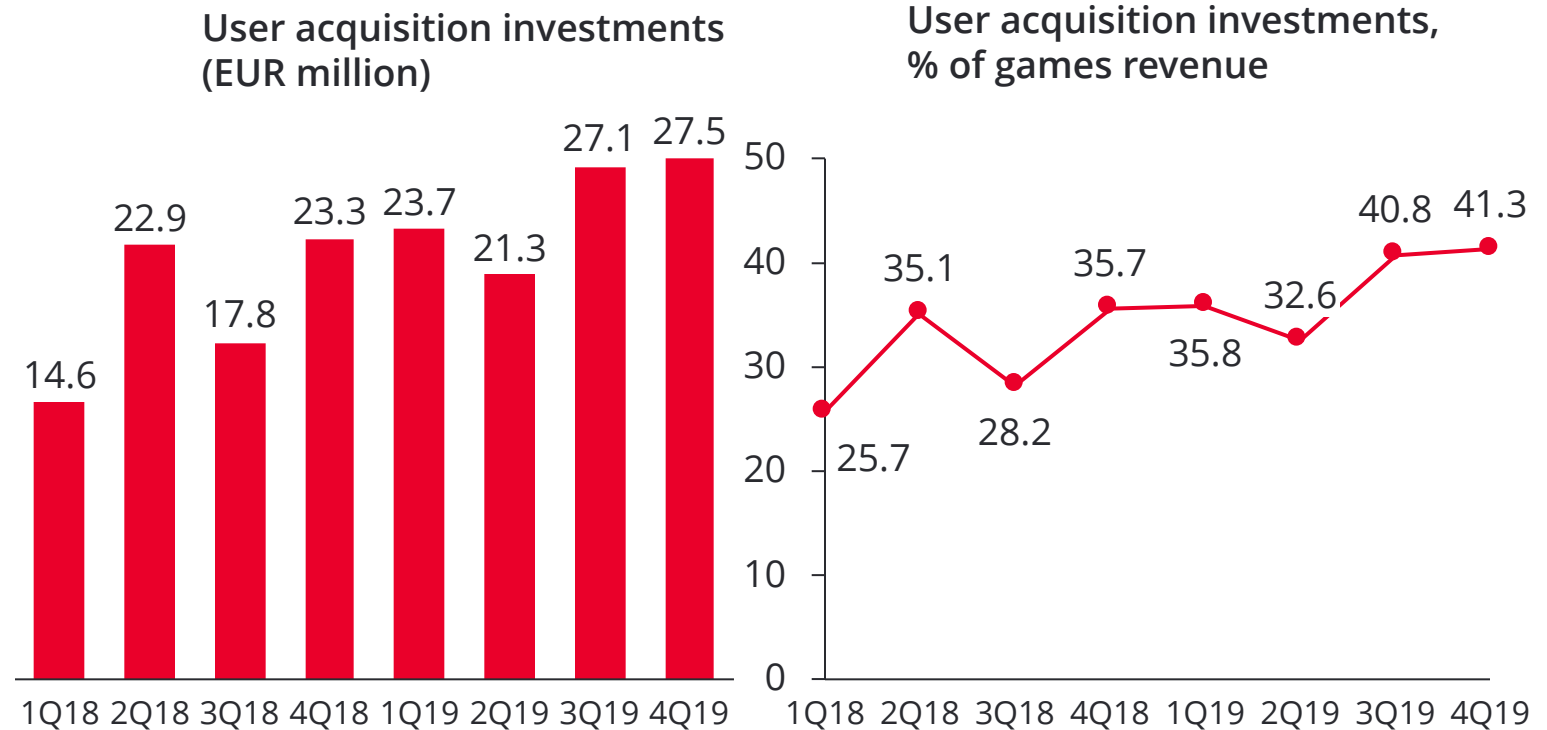
- Angry Birds 2
- Angry Birds Match
- Angry Birds Friends
- Angry Birds Pop



- +other games

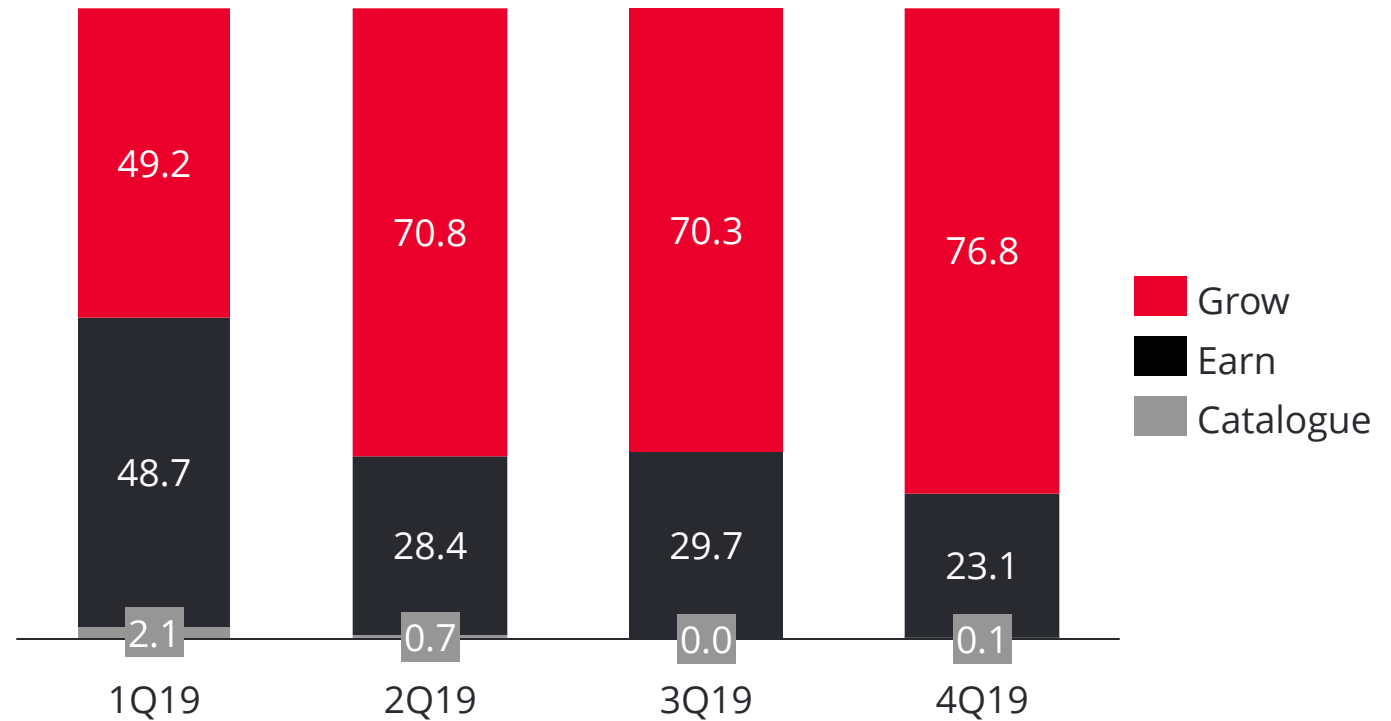
Q419: User acquisition 41.3% of games revenue

- Q419 user acquisition investments were EUR 27.5m (23.3) or 41.3% (35.7%) of games revenue
- User acquisition investments mostly for the “Grow” – category of games Angry Birds Dream Blast and Sugar Blast
- Angry Birds 2 received significantly less UA investments y-o-y



Q119-Q419 UA split per games category

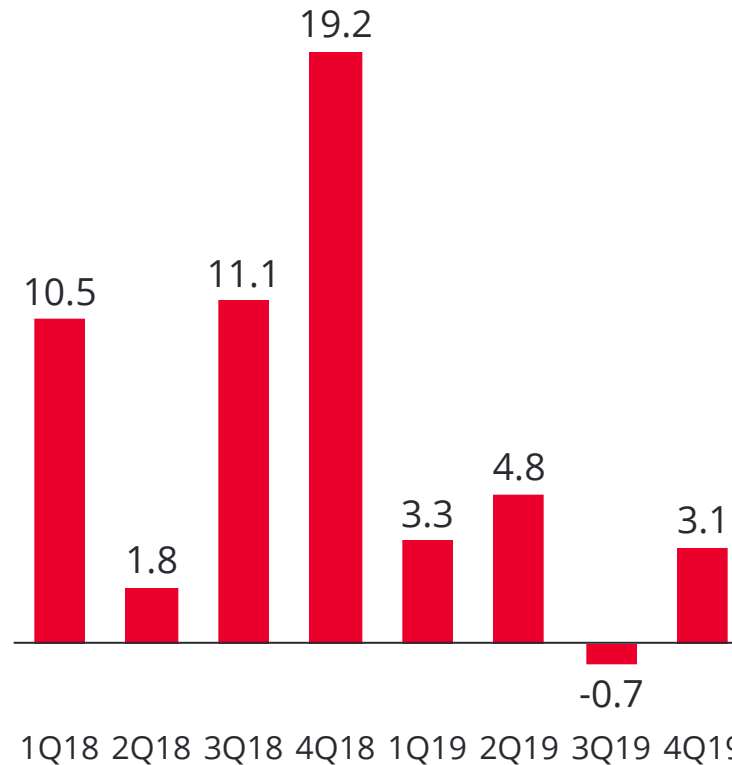
- In 2019 Rovio UA investments totaled EUR 99.7m or 37.7% of Games revenue
- Out of total UA investments in Q4 76.8% was allocated to “Grow” category games Angry Birds Dream Blast and Sugar Blast and 23.1% of UA to “Earn” category, mainly to Angry Birds 2



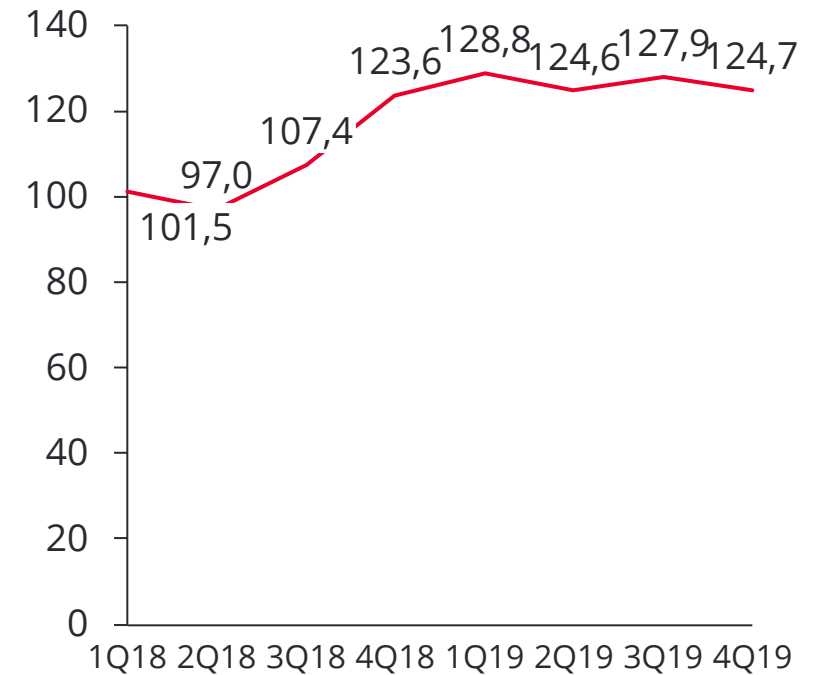
Cash flow

- Operating cash flow was EUR 3.1m in Q419 (EUR 19.2m)
 - Cash flow lower y-o-y due to lower profit and changes in net working capital (NWC was 10.9 in Q418 and 1.1 in Q419)
- Cash balance at end of Q419 EUR 124.7m (end of 3Q19: EUR 127.9m)
 - EUR 5.1m cash used to purchase treasury shares during Q419

Operating cash flow (EUR million)



Cash & cash equivalents (EUR million)



2019 dividend proposal

- The board of directors is proposing **9 euro cents** per share for 2019 (2018: 9 euro cents) to the AGM on 31st March, 2020
- Based on the outstanding shares end of 2019, the dividends would amount to EUR 7.2 million

2020 Outlook

2020 outlook

During 2020 we aim to launch 1-3 new games. The timing of new game launches depends on how the games progress in soft launch. Therefore, we do not give a full year 2020 revenue guidance. We start the year at a lower user acquisition level than we ended last year. Due to lower user acquisition investments and the planned cost savings in Hatch Entertainment Ltd. our adjusted operating profit improves.

Basis for outlook

- Our strategy is to seek growth in the Games business through improving the performance of our key games and developing new games.
- Brand Licensing segment is optimized for profit at a lower revenue which is expected to decline approximately 50% year-on-year in 2020.
- Hatch Entertainment annualized expenses are expected to be approximately EUR 5 million (2019: EUR 10.9 million) on an adjusted basis after restructuring and aligning with its new strategy.

Basis for 2020 outlook per games category

GROW

We believe Angry Birds Dream Blast will grow on an annual basis, but starts the year at a lower quarterly run-rate compared to the end of 2019. We have a strong feature roadmap for the game focusing on improvements to long term retention and the marketability of the game. We are devoted to improving Sugar Blast gameplay and introducing new live operations to improve retention and monetization to scale the game up.

EARN

The revenues of Angry Birds 2 stabilized despite much lower user acquisition investments y-o-y. We further focus on improving the performance of the game through introducing new updates that increase engagement with our core users. The revenue of other games (Angry Birds Match, Angry Birds Friends and Angry Birds Pop) is expected to continue decline at a steady slow pace. We have lowered or stopped user acquisition investments into these three games.

CATALOGUE

We expect these games to continue declining over time. They still receive substantial organic downloads but the active user base and revenues are expected to decline over time and we do not develop these games further.

NEW GAMES

We aim to launch 1-3 new games in 2020. Currently we have three games in soft launch and several games in other phases of production.

Games roadmap

- We have 7 new games in development, of which 3 are in soft launch:
 - World Quest (soft launched July 2019)
 - Small Town Murders (soft launched October 2019)
 - Phoenix Rangers (soft launched November 2019)
- Angry Birds Pop Blast ("Pop 2") was discontinued in January 2020
- Aiming to launch at least 1-3 new games during 2020, timing always dependent on game KPIs and the scalability of user acquisition
- Strengthening the game development pipeline by adding more new projects to the beginning of the funnel



WORLD QUEST!

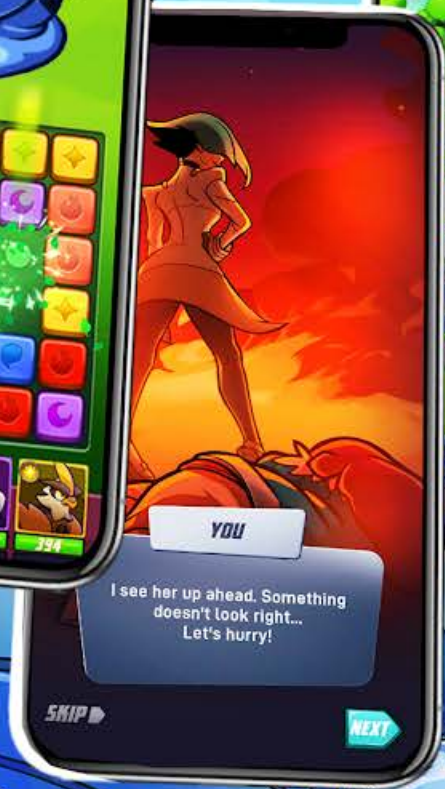


Small Town **MURDERS**



CRIME SCENE DO NOT CROSS

PHENIX RANGERS



Hatch Entertainment



- In 2019, Rovio announced that during the year Rovio will explore alternative financial structures and partnerships for Hatch. Rovio has decided to end the financing round.
- The competition in game streaming has intensified during 2019 while 5G rollout has been slower than expected. Thus, these changes in the operating environment led Hatch to decide to focus its strategy
- Going forward, Hatch will focus on Hatch Kids, a subscription and streaming based digital entertainment/edutainment service tailored for children and families. Hatch Kids is in soft launch in Finland and Sweden and we have seen positive early performance
- Hatch is planning to restructure its operations to align with the updated strategy and this is planned to lead to an annualized cost savings of approximately EUR 6 million.

To ask your question



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Q&A



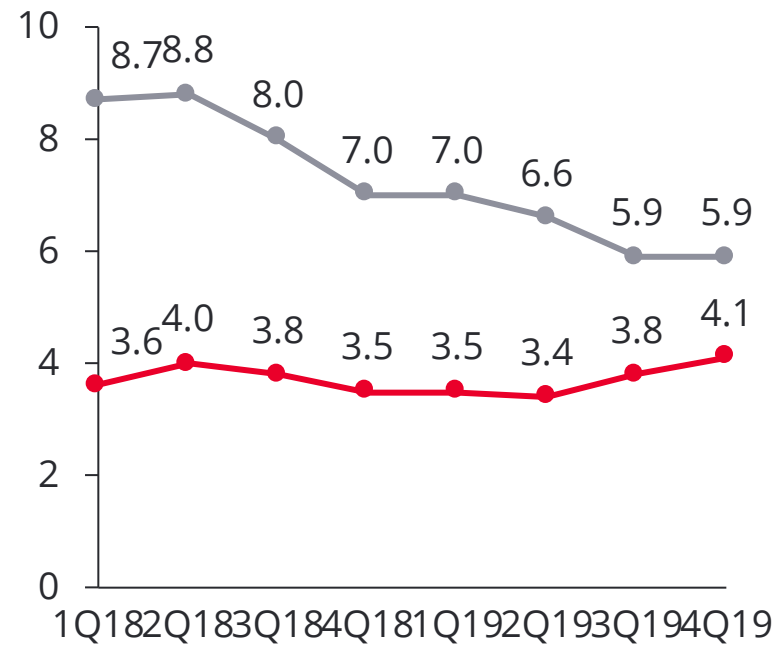
Appendix



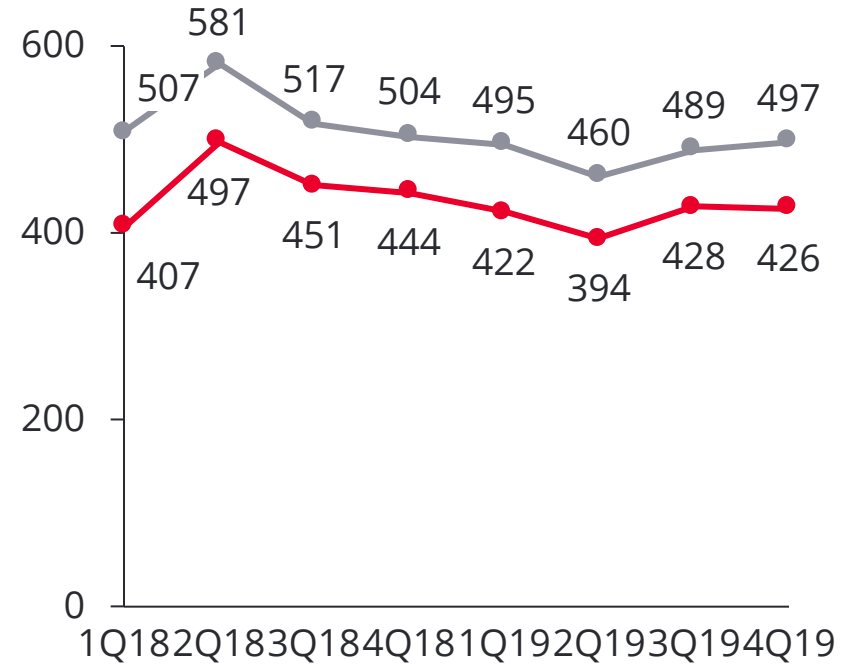
DAU for top 5 games grew in Q419

- Daily active users (DAU) in Q419 for top games grew boosted by Angry Birds 10th year anniversary and UA
- Monthly unique payers for top 5 games was stable

DAU (Daily Active User), millions



MUP (Monthly unique Payers) thousands

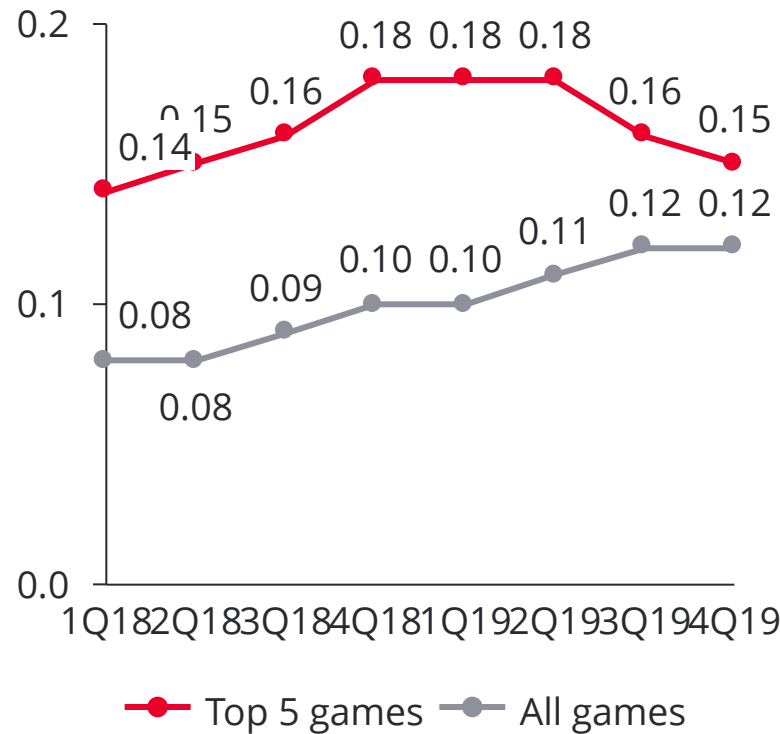


● Top 5 games ● All games

Average monetization numbers impacted by increasing DAU

- ARPPDAU for all games stable at 12 cents
- ARPPDAU for top 5 games declined somewhat to 15 cents as DAU grew in Q4 very fast due to end of the year events
- MARPPU was stable q-on-q

ARPPDAU (Average Revenue Per Daily Active User), EUR



MARPPU (Monthly Average Revenue per Unique Payer), EUR

