

# Financials: Financials of Rovio and Free-to-Play business model

**René Lindell, CFO**



# Agenda

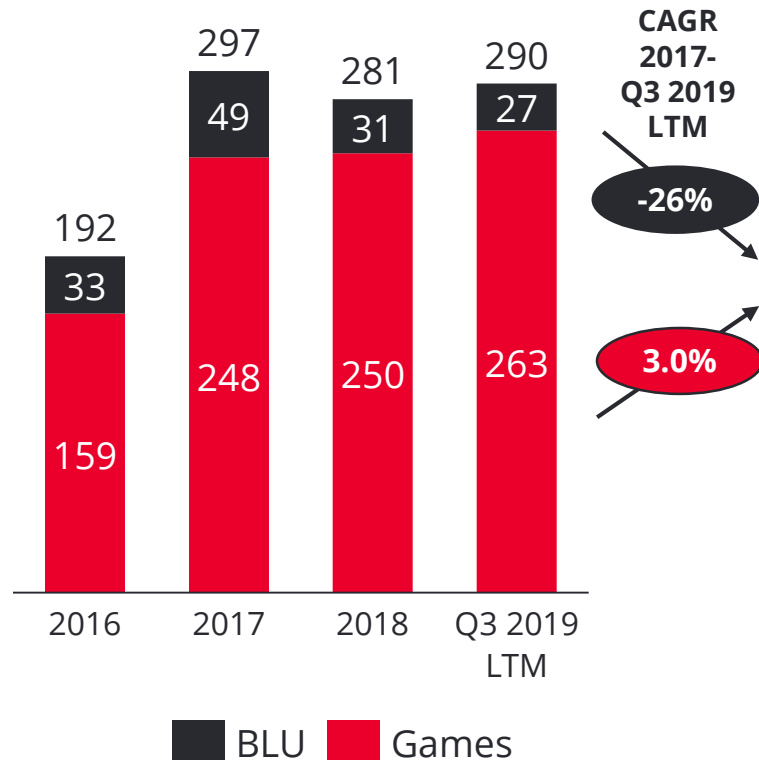
**01** Financial overview

**02** P&L Dynamics of F2P business

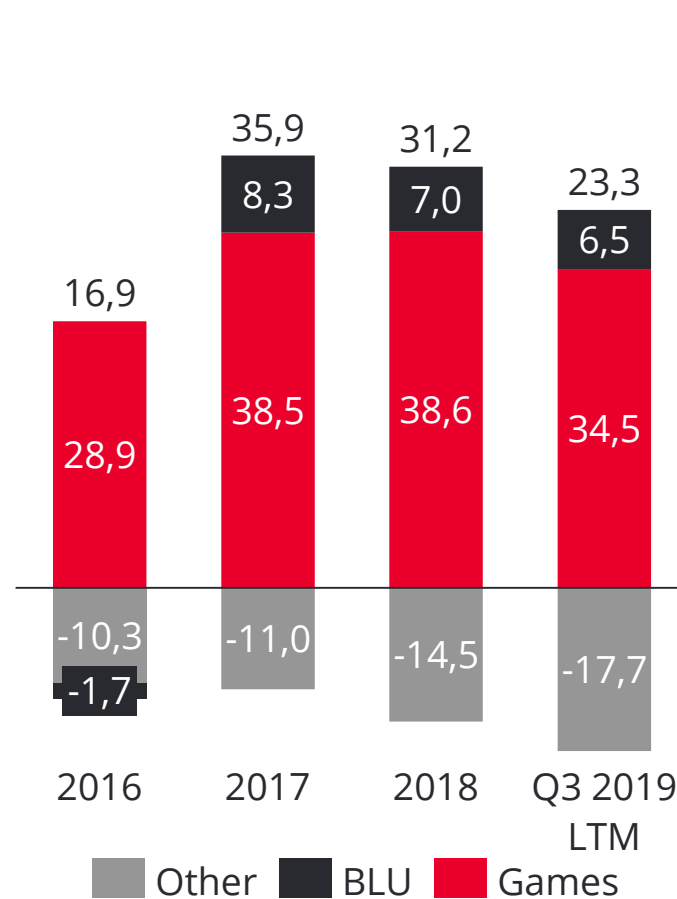
**03** Games portfolio financials by life-cycle

# Revenue and adjusted operating profit

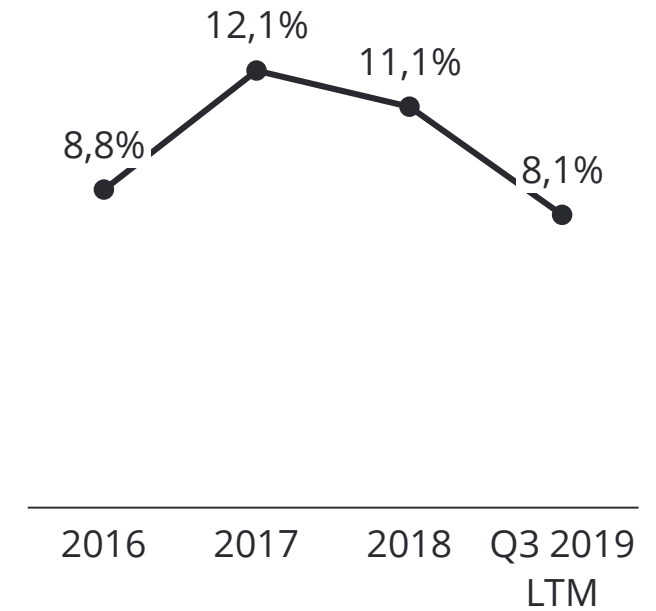
Revenue (€m)



Adjusted operating profit (€m)

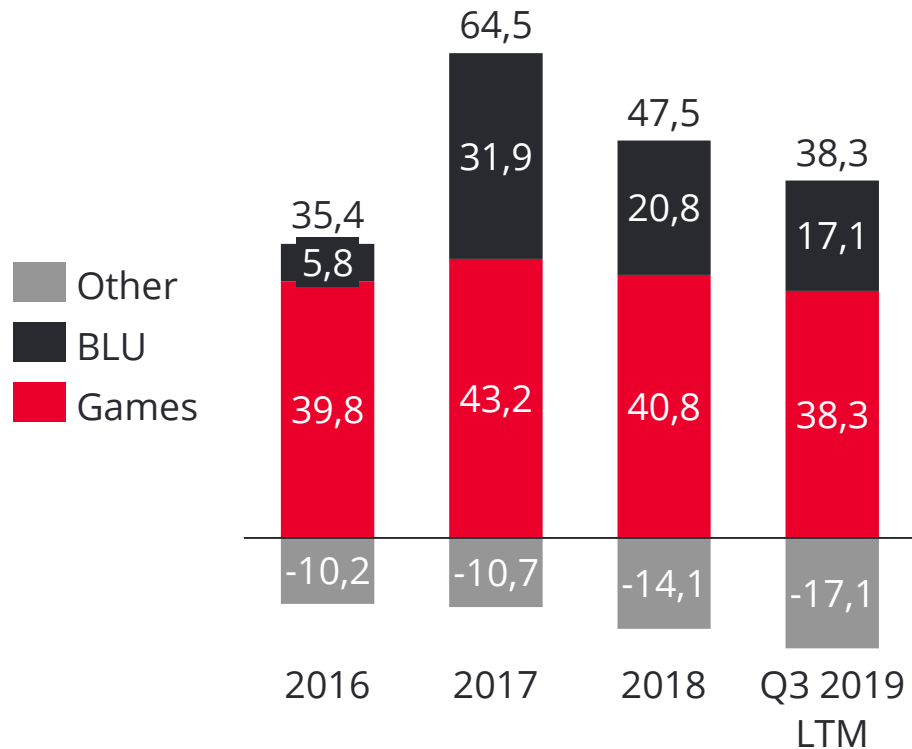


Adjusted operating profit margin (% of revenues)

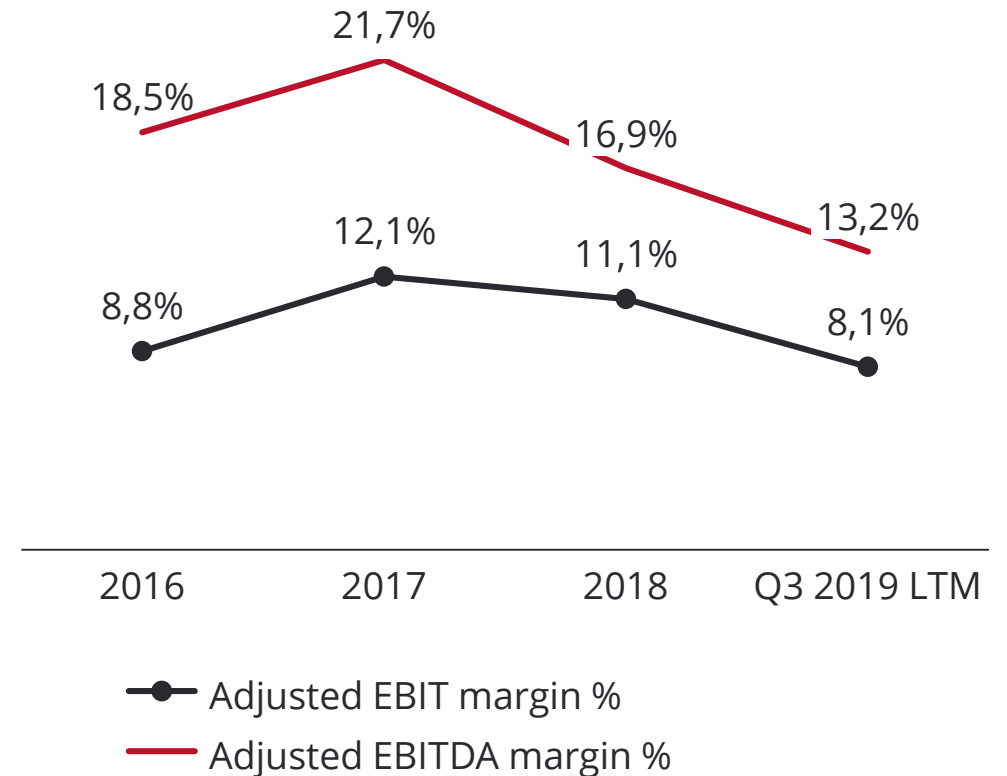


# Adjusted EBITDA and Adjusted EBIT margin

Adjusted EBITDA (€M)

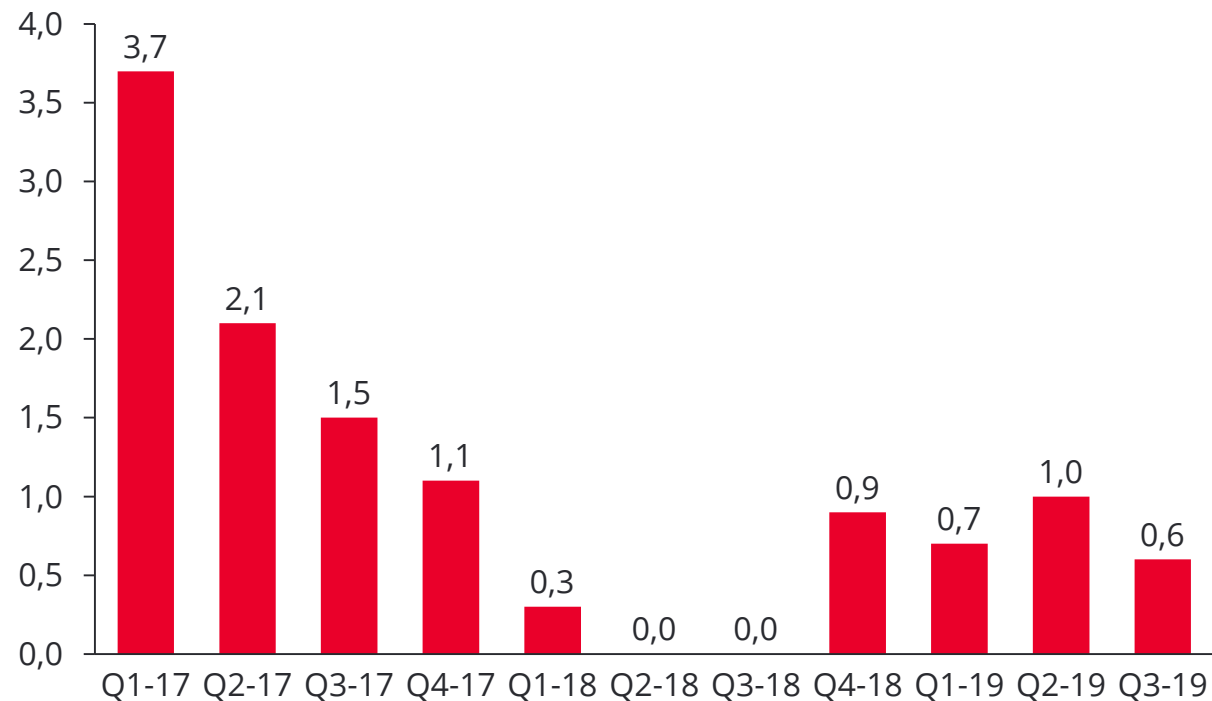


Adjusted EBITDA and EBIT margin (%)



# Capex light operations – focus is on internal game development

CAPEX (€m)



## Capex of earlier years:

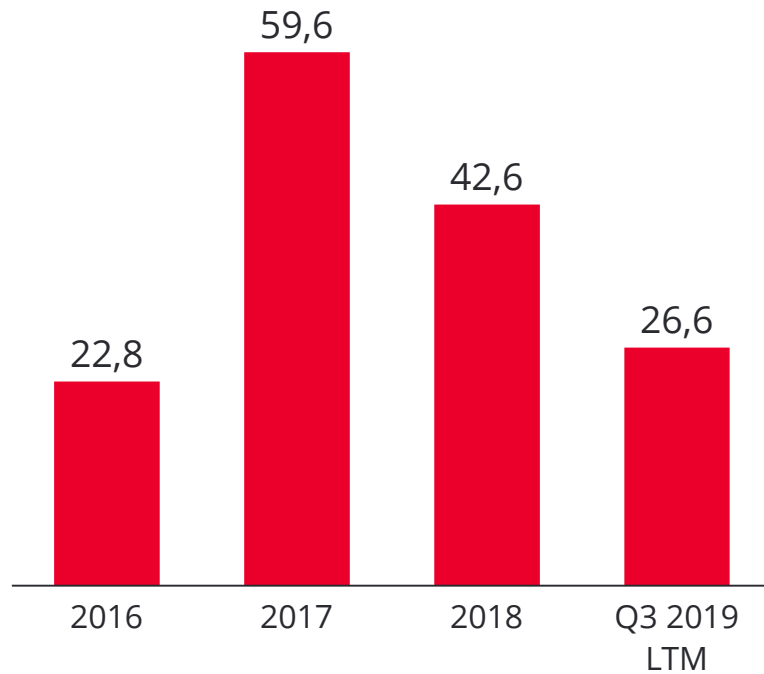
- Movie and animation production capex heavy
- Externally developed games

## Capex in 2018-2019:

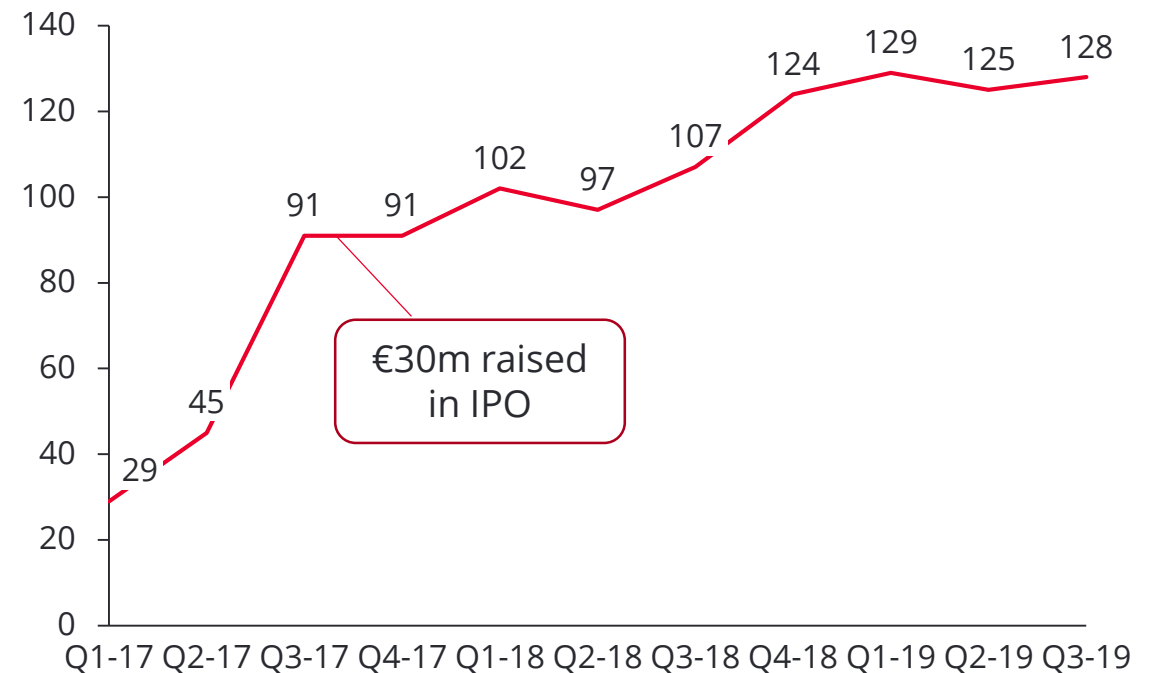
- External development to make assets, e.g. Graphics
- Trademarking
- Capex 0-2% of revenues per quarter

# Strong balance sheet gives strategic flexibility

Operative cash flow (€M)



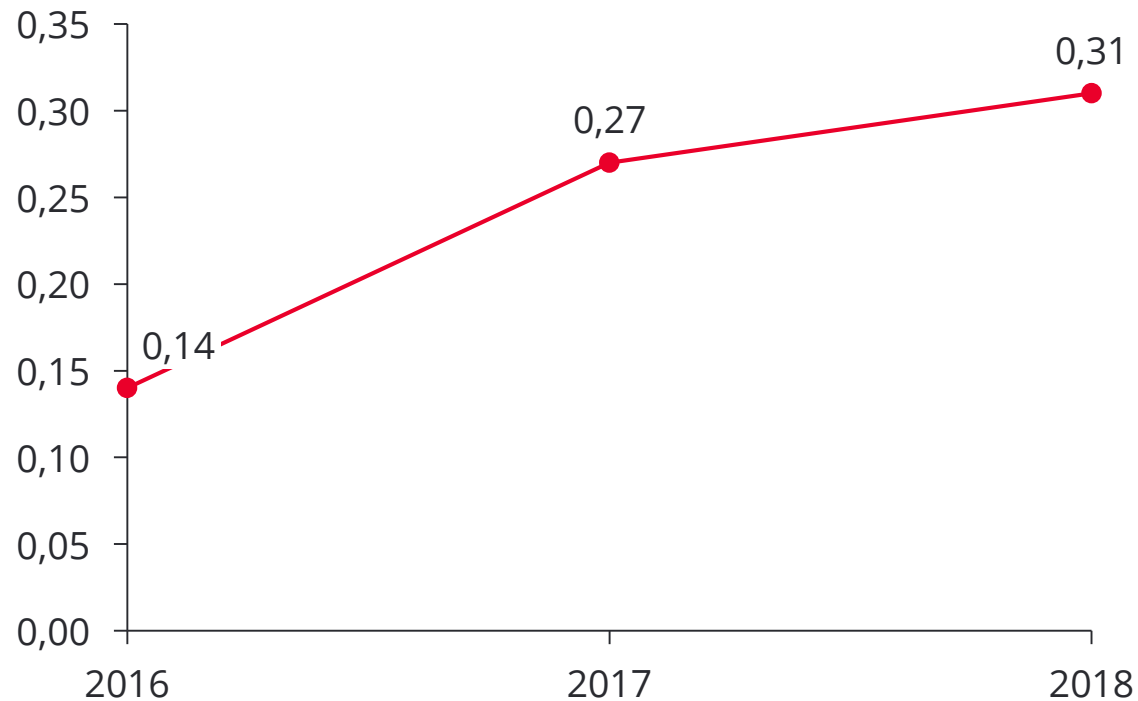
Cash balance (€M)



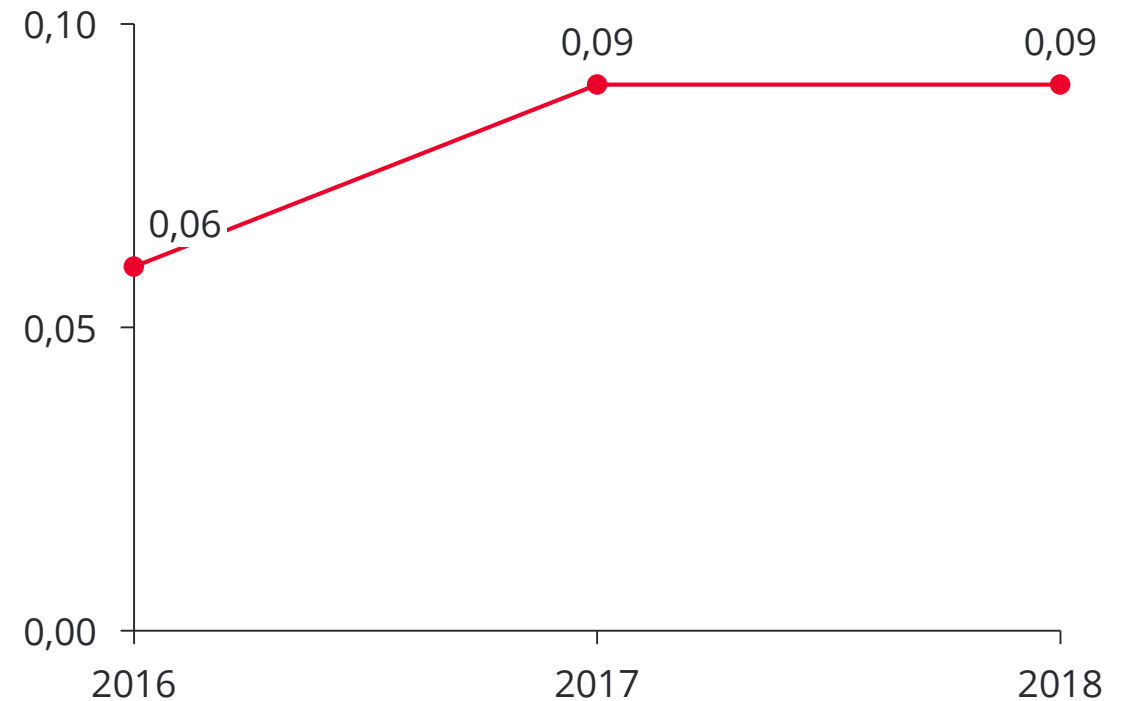
**Interesting bearing debt: EUR 15.5 million  
(EUR 6.6 million loans, EUR 8.7 million leasing liabilities)**

# Earnings per share and dividend payments - 30% of earnings

EPS (EUR)



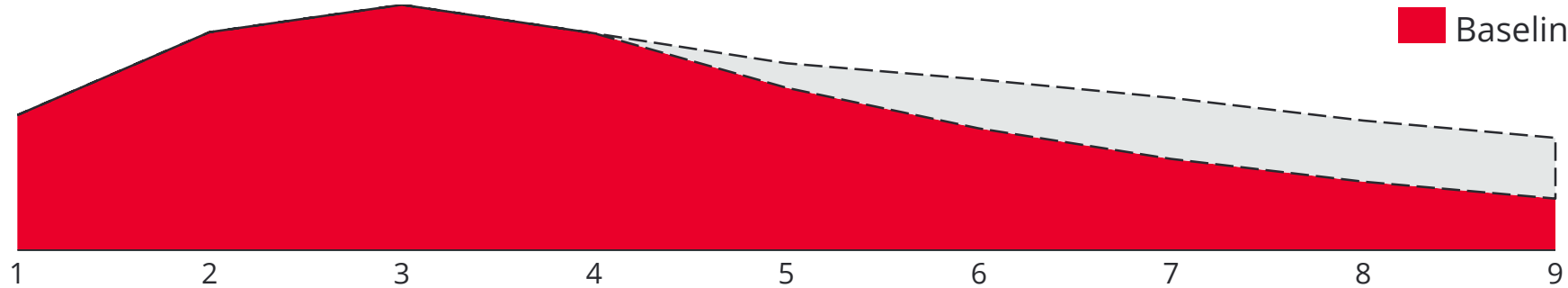
Dividends per share (EUR)



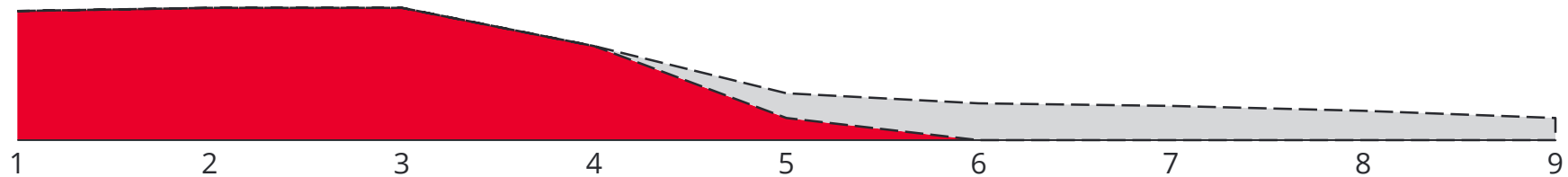
# Examples on F2P game life-cycle

  Extend life through UA  
 And live ops  
 Baseline

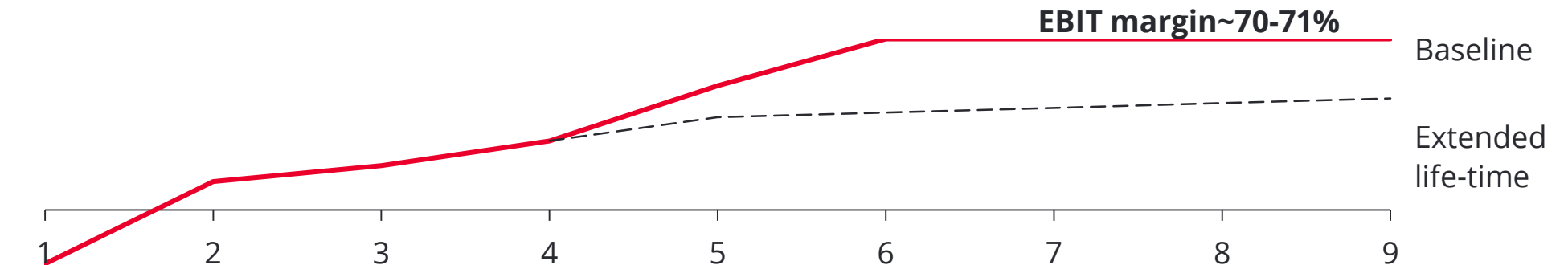
Revenue



User acquisition

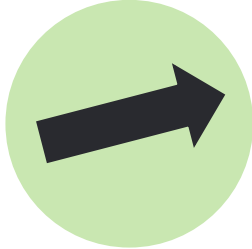
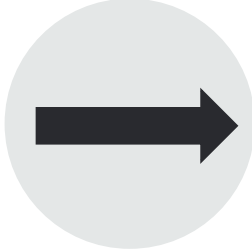
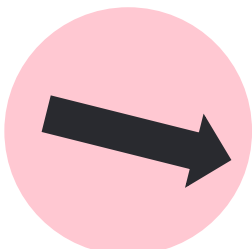

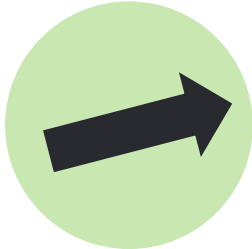
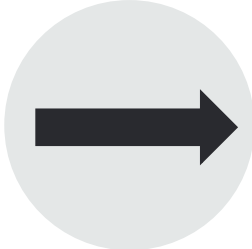
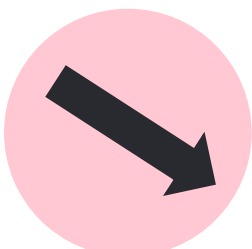
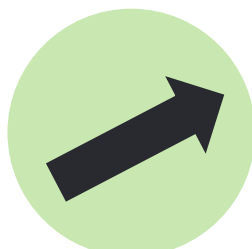
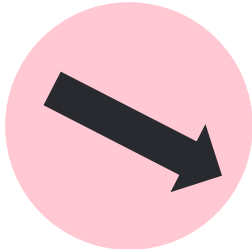
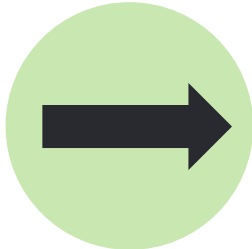

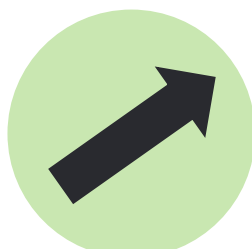


EBIT margin





# General dynamics of F2P game P&L

	Growing game	Stable game	Declining game	Viral game
Revenue				
UA				
EBIT				

# Balanced portfolio – life-cycle view

**Grow**

**“Games that grow future earnings”**

- Games that we scale up with significant user acquisition investments
- Fully staffed teams
- Low or negative profit margin

**Earn**

**“Games where we earn today and can have potential to earn more”**

- Games where we target to to maintain or grow slightly
- May still have significant user acquisition investments but much lower than for “Grow” games
- Live ops teams to develop new features & events
- Moderate to high profit margin

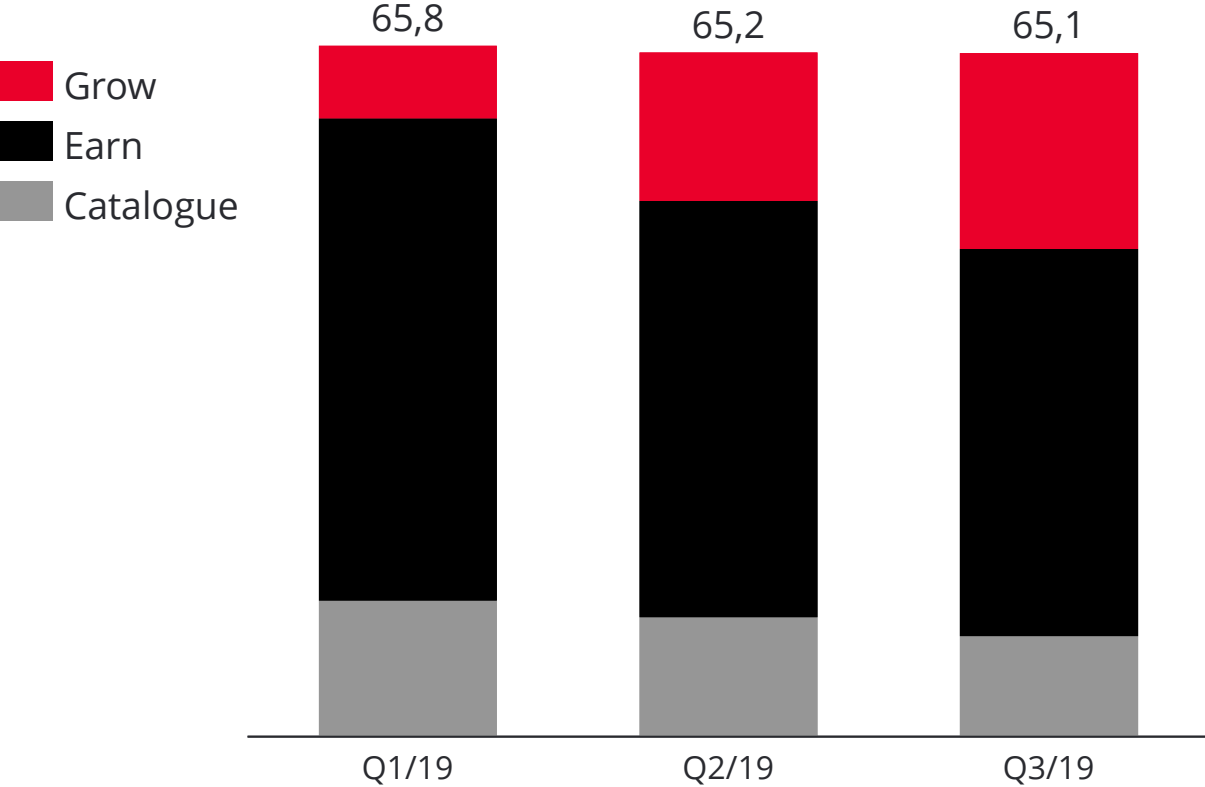
**Catalogue**

**“Highly profitable but declining games”**

- Games where we don’t use UA or it is not significant
- Small live ops teams or autopilot
- Revenue declining over time or stable
- Very high profit margin

# 2019 Games gross bookings overview by life-cycle

Games gross bookings (EUR million)



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



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



- 20+ other games