Better-Than-Expected Q3 Results

Santa Monica, CA – November 8, 2018 – Activision Blizzard, Inc. (Nasdaq: ATVI) today announced third-quarter 2018 results.

“Activision Blizzard’s results for Q3 exceeded our prior outlook as we continue to entertain large audiences, drive deep engagement, and attract significant audience investment across our franchises,” said Bobby Kotick, Chief Executive Officer of Activision Blizzard. “Our unique advantage continues to be our ability to create the most compelling interactive and spectator entertainment based on our own franchises, combined with our direct digital connection to hundreds of millions of customers, in over 190 countries. With these competitive advantages, we continue to connect and engage the world through epic entertainment.”

Financial Metrics

<table>
<thead>
<tr>
<th>(in millions, except EPS)</th>
<th>Q3 2018</th>
<th>Prior Outlook*</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Net Revenues</td>
<td>$1,512</td>
<td>$1,490</td>
<td>$1,618</td>
</tr>
<tr>
<td>Impact of GAAP deferralsA</td>
<td>$146</td>
<td>$125</td>
<td>$284</td>
</tr>
<tr>
<td>GAAP EPS</td>
<td>$0.34</td>
<td>$0.16</td>
<td>$0.25</td>
</tr>
<tr>
<td>Non-GAAP EPS</td>
<td>$0.42</td>
<td>$0.37</td>
<td>$0.47</td>
</tr>
<tr>
<td>Impact of GAAP deferralsA</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.13</td>
</tr>
</tbody>
</table>

* Prior outlook was provided by the company on August 2, 2018 in its earnings release.

For the quarter ended September 30, 2018, Activision Blizzard’s net revenues presented in accordance with GAAP were $1.51 billion, as compared with $1.62 billion for the third quarter of 2017. GAAP net revenues from digital channels were $1.28 billion. GAAP operating margin was 18%. GAAP earnings per diluted share were $0.34, as compared with $0.25 for the third quarter of 2017.

For the quarter ended September 30, 2018, on a non-GAAP basis, Activision Blizzard’s operating margin was 27% and earnings per diluted share were $0.42, as compared with $0.47 for the third quarter of 2017.

For the quarter ended September 30, 2018, operating cash flow was $253 million. For the trailing twelve-month period, operating cash flow was $1.95 billion.

Please refer to the tables at the back of this press release for a reconciliation of the company’s GAAP and non-GAAP results.
Activision Blizzard Announces Q3 2018 Financial Results

Operating Metric

For the quarter ended September 30, 2018, Activision Blizzard’s net bookings were $1.66 billion, as compared with $1.90 billion for the third quarter of 2017. Net bookings from digital channels were $1.44 billion, as compared with $1.47 billion for the third quarter of 2017.

Selected Business Highlights

Over the last three months, all three of the Company’s segments have delivered innovative major content releases for our global franchises. Activision launched Call of Duty: Black Ops 4, Blizzard released World of Warcraft: Battle for Azeroth, and King launched Candy Crush Friends Saga. The high quality of these releases has been widely recognized in our communities and beyond.

Audience Reach

- Activision Blizzard had 345 million Monthly Active Users (MAUs) in the quarter.
- King had 262 million MAUs in the quarter. Candy Crush Saga MAUs grew year-over-year. In October, the newly launched Candy Crush Friends Saga reached the top of the iPhone download charts in 93 countries within three weeks.
- Blizzard had 37 million MAUs in the quarter. World of Warcraft: Battle for Azeroth set a new day-one franchise record with more than 3.4 million units sold-through. World of Warcraft engagement grew strongly quarter-over-quarter. Hearthstone recently surpassed the 100 million life-to-date registered player milestone.
- Activision had 46 million MAUs in the quarter. Destiny MAUs grew quarter-over-quarter and year-over-year, driven by the launch of Forsaken and reach initiatives for the base game. Activision MAUs increased significantly in October following the launch of Call of Duty: Black Ops 4. In the first three weeks after launch, Black Ops 4 sold-through more units than Black Ops III, with PC sell-through more than three times higher. Additionally for the first three weeks after launch, total active users and hours played were 16% and over 20% higher respectively, versus Black Ops III.

Deep Engagement

- Players spent a record 52 minutes per day in Activision, Blizzard, and King games in the quarter. Viewership of our games was up substantially this quarter, and in the month of October, Activision Blizzard had seven of the top 20 most viewed games on the industry’s largest streaming platform, including Call of Duty: Black Ops 4 where viewership continues to break franchise records.
- The Overwatch League continues to build on the success of its inaugural season with the announcement of the sale of another six teams in September, again at a substantially higher valuation than the team prices in the first season. These latest sales take the total league roster to 20 teams, with nine teams outside the U.S.
- In November, BlizzCon, the ultimate celebration of the Blizzard community, drew over 40,000 fans in person.
with millions more livestreaming from around the world.

**Player Investment**
- Activision Blizzard delivered $1 billion of in-game net bookings\(^B\) in the third quarter and a record $3 billion year-to-date.

- This quarter, King had two of the top-10 highest-grossing titles in the U.S. mobile app stores for the twentieth quarter in a row, with *Candy Crush Saga* at #1 again.\(^2\)

- King’s advertising business continued to exceed plan with net bookings\(^B\) growing almost 50% sequentially, albeit off a relatively small base.

**Company Outlook**

<table>
<thead>
<tr>
<th>(in millions, except EPS)</th>
<th>GAAP Outlook</th>
<th>Non-GAAP Outlook</th>
<th>Impact of GAAP deferrals*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CY 2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues</td>
<td>$7,355</td>
<td>$7,355</td>
<td>$120</td>
</tr>
<tr>
<td>EPS</td>
<td>$1.94</td>
<td>$2.46</td>
<td>$0.12</td>
</tr>
<tr>
<td>Fully Diluted Shares</td>
<td>772</td>
<td>772</td>
<td></td>
</tr>
<tr>
<td><strong>Q4 2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues</td>
<td>$2,236</td>
<td>$2,236</td>
<td>$812</td>
</tr>
<tr>
<td>EPS</td>
<td>$0.43</td>
<td>$0.64</td>
<td>$0.63</td>
</tr>
<tr>
<td>Fully Diluted Shares</td>
<td>776</td>
<td>776</td>
<td></td>
</tr>
</tbody>
</table>

Net bookings\(^B\) are expected to be $7.48 billion for 2018 and $3.05 billion for the fourth quarter of 2018.

Currency Assumptions for 2018 Outlook:
- $1.20 USD/Euro for current outlook (vs. average of $1.12 for 2017 and $1.11 for 2016); and
- $1.34 USD/British Pound Sterling for current outlook (vs. average of $1.30 for 2017 and $1.36 for 2016).
- Note: Our financial guidance includes the forecasted impact of our FX hedging program.

**Conference Call**

Today at 4:30 p.m. EDT, Activision Blizzard’s management will host a conference call and webcast to discuss the company’s results for the quarter ended September 30, 2018 and management’s outlook for the remainder of the calendar year. The company welcomes all members of the financial and media communities and other interested parties to visit https://investor.activision.com to listen to the conference call via live Webcast or to listen to the call live by dialing into 800-263-0877 in the U.S. with passcode 9817186. A replay of the call will also be available after the call's conclusion and archived for one year at https://investor.activision.com/events.cfm.
About Activision Blizzard

Activision Blizzard, Inc., a member of the Fortune 500 and S&P 500, is the world's most successful standalone interactive entertainment company. We delight hundreds of millions of monthly active users around the world through franchises including Activision's Call of Duty®, Destiny, and Skylanders®, Blizzard Entertainment's World of Warcraft®, Overwatch®, Hearthstone®, Diablo®, StarCraft®, and Heroes of the Storm®, and King's Candy Crush™, Bubble Witch™, and Farm Heroes™. The company is one of the Fortune "100 Best Companies To Work For®." Headquartered in Santa Monica, California, Activision Blizzard has operations throughout the world. More information about Activision Blizzard and its products can be found on the company's website, www.activisionblizzard.com.

1 GITHYP.com for most watched games by total viewers, for the one month period ended November 1, 2018.

2 U.S. ranking for Apple App Store and Google Play Store combined, per App Annie Intelligence for third quarter of 2018.

A Net effect of accounting treatment from revenue deferrals on certain of our online-enabled products. Since certain of our games are hosted online or include significant online functionality that represents a separate performance obligation, we defer the transaction price allocable to the online functionality from the sale of these games and recognize the attributable revenues over the relevant estimated service periods, which are generally less than a year. The related cost of revenues is deferred and recognized as an expense as the related revenues are recognized. Impact from changes in deferrals refers to the net effect from revenue deferrals accounting treatment for the purposes of revenues, along with, for the purposes of EPS, the related cost of revenues deferrals treatment and the related tax impacts. Internally, management excludes the impact of this change in deferred revenues and related cost of revenues when evaluating the company's operating performance, when planning, forecasting and analyzing future periods, and when assessing the performance of its management team. Management believes this is appropriate because doing so enables an analysis of performance based on the timing of actual transactions with our customers. In addition, management believes excluding the change in deferred revenues and the related cost of revenues provides a much more timely indication of trends in our operating results.

B Net bookings is an operating metric that is defined as the net amount of products and services sold digitally or sold-in physically in the period, and includes license fees, merchandise, and publisher incentives, among others, and is equal to net revenues excluding the impact from deferrals.

C Monthly Active User (“MAU”) Definition: We monitor MAUs as a key measure of the overall size of our user base. MAUs are the number of individuals who accessed a particular game in a given month. We calculate average MAUs in a period by adding the total number of MAUs in each of the months in a given period and dividing that total by the number of months in the period. An individual who accesses two of our games would be counted as two users. In addition, due to technical limitations, for Activision and King, an individual who accesses the same game on two platforms or devices in the relevant period would be counted as two users. For Blizzard, an individual who accesses the same game on two platforms or devices in the relevant period would generally be counted as a single user.

Non-GAAP Financial Measures: As a supplement to our financial measures presented in accordance with Generally Accepted Accounting Principles (“GAAP”), Activision Blizzard presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company’s results of operations as determined in accordance with GAAP.

Activision Blizzard provides net income (loss), earnings (loss) per share, and operating margin data and guidance both including (in accordance with GAAP) and excluding (non-GAAP) certain items. When relevant, the company also provides constant FX information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. In addition, Activision Blizzard provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation, and amortization) and adjusted EBITDA (defined as non-GAAP operating margin (see non-GAAP financial measure below) before depreciation). The non-GAAP financial measures exclude the following items, as applicable in any given reporting period and our outlook:

- expenses related to stock-based compensation;
- the amortization of intangibles from purchase price accounting;
- fees and other expenses related to the King acquisition, inclusive of related debt financings, and refinancing of long-term debt, including penalties and the write off of unamortized discount and deferred financing costs;
- restructuring charges;
other non-cash charges from reclassification of certain cumulative translation adjustments into earnings as required by GAAP;

the income tax adjustments associated with any of the above items (tax impact on non-GAAP pre-tax income is calculated under the same accounting principles applied to the GAAP pre-tax income under ASC 740, which employs an annual effective tax rate method to the results); and

significant discrete tax-related items, including amounts related to changes in tax laws (including the Tax Cuts and Jobs Act enacted in December 2017), amounts related to the potential or final resolution of tax positions, and other unusual or unique tax-related items and activities.

In the future, Activision Blizzard may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Activision Blizzard’s financial and operating performance. In particular, the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Activision Blizzard by excluding certain items that may not be indicative of the company’s core business, operating results, or future outlook. Additionally, we consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Internally, management uses these non-GAAP financial measures, along with others, in assessing the company’s operating results, and measuring compliance with the requirements of the company’s debt financing agreements, as well as in planning and forecasting.

Activision Blizzard's non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net income, non-GAAP earnings per share, non-GAAP operating margin, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Activision Blizzard’s performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard’s GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

Cautionary Note Regarding Forward-looking Statements: The statements contained herein that are not historical facts are forward-looking statements, including, but not limited to, statements about: (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow or other financial items; (2) statements of our plans and objectives, including those related to releases of products and services; (3) statements of future financial or operating performance, including the impact of tax items thereon; and (4) statements of assumptions underlying such statements. The company generally uses words such as “outlook,” “forecast,” “will,” “could,” “should,” “would,” “to be,” “plan,” “plans,” “believes,” “may,” “might,” “expects,” “intends,” “intends as,” “anticipates,” “estimate,” “future,” “positioned,” “potential,” “project,” “remain,” “scheduled,” “set to,” “subject to,” “upcoming,” and other similar expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risks, reflect management’s current expectations, estimates, and projections about our business, and are inherently uncertain and difficult to predict.

The company cautions that a number of important factors could cause Activision Blizzard's actual future results and other future circumstances to differ materially from those expressed in any forward-looking statements. Such factors include, but are not limited to: sales levels of Activision Blizzard's titles, products, and services; concentration of revenue among a small number of titles; Activision Blizzard's ability to predict consumer preferences, including interest in specific genres and modes, and preferences among platforms; the continued growth in the scope and complexity of our business, including the diversion of management time and attention to issues relating to the operations of our newly acquired or started businesses and the potential impact of our expansion into new businesses on our existing businesses; the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt; counterparty risks relating to customers, licensees, licensors, and manufacturers; maintenance of relationships with key personnel, customers, financing providers, licensees, licensors, manufacturers, vendors, and third-party developers, including the ability to attract, retain, and motivate key personnel and developers that can create high-quality titles, products, and services; changing business models within the video game industry, including digital delivery of content and the increased prevalence of free-to-play games; product delays or defects; competition, including from other forms of entertainment; rapid changes in technology and industry standards; possible declines in software pricing; product returns and price protection; the identification of suitable future acquisition opportunities and potential challenges associated with geographic expansion; the seasonal and cyclical nature of the interactive entertainment market; the outcome of current or future tax disputes; litigation risks and associated costs; protection of proprietary rights; potential data breaches and other cybersecurity risks; shifts in consumer spending trends; capital market risks; the impact of applicable laws, rules, and regulations, including changes in those laws, rules, and regulations; domestic and international economic, financial, and political conditions and policies; tax rates and foreign exchange rates; the impact of the current macroeconomic environment; and the other factors identified in “Risk Factors” included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017.

The forward-looking statements in this press release are based on information available to the company at this time and we
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assume no obligation to update any such forward-looking statements. Although these forward-looking statements are believed to be true when made, they may ultimately prove to be incorrect. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

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(Tables to Follow)