

# ATVI Summary as of November 2, 2017



Unless otherwise explicitly stated, all data and comments, including forward-looking information, are current as of November 2, 2017, only. Activision Blizzard undertakes no duty to update or revise any forward-looking information contained herein. This is a summary document only. For more detailed information, please refer to Activision Blizzard's earnings release dated November 2, 2017, and the Company's reports and filings with the SEC.

## Stock Information<sup>1</sup>:

Price per share as of 11/1/17 (\$)	65.33	Q3 2017 TTM GAAP EPS (\$)	1.46
2017 Dividend/share (\$)	0.30	Q3 2017 TTM Non-GAAP <sup>†</sup> EPS (\$)	2.39
Daily volume on 11/1/17 (M)	5.1	Q3 2017 TTM OCF (\$B)	1.91
50-day avg. vol., ended 11/1/17 (M)	5.8	Q3 2017 TTM FCF <sup>4</sup> (\$B)	1.79
Shs. Outstanding <sup>2</sup> (M)	766	Book Value/diluted share <sup>2</sup> (\$)	13.01
Market Cap. as of 11/1/17 (\$B)	49.3	Total cash & investments <sup>5</sup> (\$B)	3.67
Enterprise Value as of 11/1/17 <sup>3</sup> (\$B)	50.1	Total debt as of 9/30/17 (\$B)	4.44

## Full Year EPS:

	2012	2013	2014	2015	2016
GAAP EPS	\$1.01	\$0.95	\$1.13	\$1.19	\$1.28
Non-GAAP <sup>†</sup> EPS	\$1.11	\$1.08	\$1.24	\$1.30	\$2.18

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<sup>1</sup> NASDAQ OMX. <sup>2</sup> Based on fully diluted shares for the quarter ending 9/30/2017. <sup>3</sup> Using 9/30/2017 cash & investments and debt. <sup>4</sup> FCF = OCF minus Capex. <sup>5</sup> Includes short-term and long-term investments.

## Better-than-expected Q3 and record YTD financial results:

- ⇒ Q3 record GAAP revenues of \$1.6B versus guidance of \$1.4B
- ⇒ Q3 GAAP EPS of \$0.25 versus guidance of \$0.09
- ⇒ Q3 non-GAAP<sup>†</sup> EPS of \$0.47 versus guidance of \$0.34
- ⇒ Record year-to-date revenues and EPS

## Raising full year guidance:

- ⇒ Increasing 2017 GAAP outlook to revenues of \$6,675M, including net deferrals of \$175M, and GAAP EPS of \$1.22
- ⇒ Increasing 2017 non-GAAP<sup>†</sup> outlook to EPS of \$2.08, including net deferrals of \$0.08

## Key highlights:

- ⇒ New milestone for daily time spent per user of over 50 minutes, in line with some of the most engaging online connected platforms in the world
- ⇒ BlizzCon, drawing 30,000+ in person and millions online, kicks off tomorrow and reflects the scale and diversity of the broader opportunities open to the company today
- ⇒ The Overwatch League regular season kicks off January 10, with 12 inaugural teams; ground-breaking sponsorship deals with HP and Intel
- ⇒ Activision Blizzard recognized in the top 10 of Fortune's first ever Future 50 list recognizing the world's most innovative companies

## Eight \$1B+ Franchises Across Our Portfolio of Primarily Owned IP

 <b>Record Q3 MAUs*, revenues, OI, and operating margin; record YTD revenues and OI</b>	
 <b>Record Q3 MAUs*; the Overwatch League kicks off w/ 12 inaugural teams in 2018</b>	
 <b>#1 mobile publisher in U.S.; 2 of top 10 grossing games on U.S. app stores for 4 years running**</b>	

\* MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in the Company's earnings release dated November 2, 2017 for additional details. \*\* U.S. ranking for Apple App Store and Google Play Store combined, per App Annie Intelligence for third quarter 2017. † For a full reconciliation of GAAP to non-GAAP numbers and for more detailed information concerning the Company's financial results for the quarter ended September 30, 2017, please refer to the Company's earnings release dated November 2, 2017, which is available on our website, [www.activisionblizzard.com](http://www.activisionblizzard.com). †† Our outlook is based on assumptions about sell-through rates for our products and services and the launch timing, success and pricing of our slate of new products and services, all of which are subject to significant risks and uncertainties, including possible declines in the overall demand for video games and in the demand for our products and services, the dependence in the interactive software industry and by us on an increasingly limited number of popular franchises for a disproportionately high percentage of revenues and profits, our ability to predict shifts in consumer preferences among genres and competition. Our outlook is also subject to other risks and uncertainties including litigation and associated costs, fluctuations in foreign exchange and tax rates, counterparty risks relating to customers, financing providers, licensees, licensors and manufacturers. As a result of these and other factors (including those mentioned in the Company's earnings release dated November 2, 2017, our most recent Annual Report on Form 10-K and our other filings with the SEC) actual results may deviate materially from the outlook presented above.

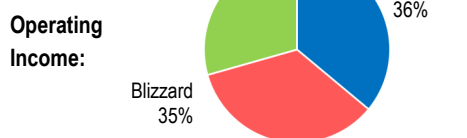
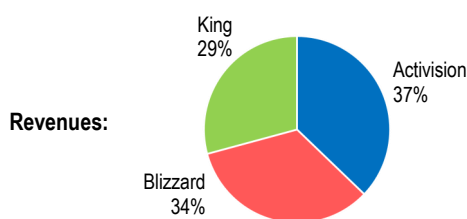
## Reportable Segment Results<sup>1</sup>

	Q3			Q3 TTM		
	2016	2017	%	2016	2017	%
<b>Revenues (\$M)</b>						
Activision	377	759	101	2,561	2,441	-5
Blizzard	729	531	-27	2,227	2,212	-1
King	<u>459</u>	<u>528</u>	15	<u>1,150</u>	<u>1,918</u>	67
Total	1,565	1,818	16	5,938	6,571	11
<b>Operating Income (\$M)</b>						
Activision	123	261	112	936	851	-9
Blizzard	316	168	-47	906	817	-10
King	<u>138</u>	<u>208</u>	51	<u>381</u>	<u>694</u>	82
Total	577	637	10	2,223	2,362	6
<b>Operating Margin</b>						
Activision	33%	34%		37%	35%	
Blizzard	43%	32%		41%	37%	
King	30%	39%		33%	36%	
Total	37%	35%		37%	36%	

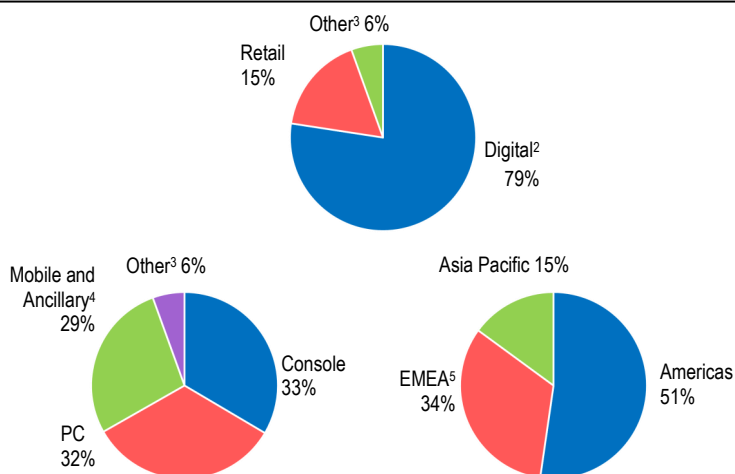
## Revenue Breakdowns<sup>1</sup>

	GAAP Q3			GAAP Q3 TTM		
	2016	2017	%	2016	2017	%
<b>Distribution Channels (\$M)</b>						
Digital online channels <sup>2</sup>	1,344	1,354	1	4,135	5,503	33
Retail	157	168	7	1,475	1,070	-27
Other <sup>3</sup>	<u>67</u>	<u>96</u>	43	<u>336</u>	<u>416</u>	24
Total	1,568	1,618	3	5,946	6,989	18
<b>Platforms (\$M)</b>						
Console	452	527	17	2,522	2,296	-9
PC	609	461	-24	1,805	2,239	24
Mobile and Ancillary <sup>4</sup>	440	534	21	1,283	2,038	59
Other <sup>3</sup>	<u>67</u>	<u>96</u>	43	<u>336</u>	<u>416</u>	24
Total	1,568	1,618	3	5,946	6,989	18
<b>Geography (\$M)</b>						
Americas	796	798	-	3,068	3,597	17
EMEA <sup>5</sup>	499	593	19	2,049	2,378	16
Asia Pacific	<u>273</u>	<u>227</u>	-17	<u>829</u>	<u>1,014</u>	22
Total	1,568	1,618	3	5,946	6,989	18

## Q3 2017 TTM Reportable Segment Results



## Q3 2017 TTM GAAP Revenues



<sup>1</sup> Only includes King results since the date of its acquisition (Feb 23, 2016). <sup>2</sup> Net revenues from "Digital" represent revenues from digitally-distributed subscriptions, licensing royalties, value-added services, downloadable content, micro-transactions, and products. <sup>3</sup> Net revenues from "Other" include revenues from our studios and distribution businesses, as well as revenues from Major League Gaming. <sup>4</sup> Net revenues from "Mobile and Ancillary" include revenues from mobile devices, as well as non-platform specific game related revenues such as standalone sales of toys and accessories from the Skylanders franchise and other physical merchandise and accessories. <sup>5</sup> "EMEA" consists of the Europe, Middle East, and Africa geographic regions.

## Results

	Q3		
	2016	2017	2017
GAAP Net Revenues, \$M	1,568	1,385	1,618
Impact of GAAP deferrals	62	315	284
GAAP EPS, \$	0.26	0.09	0.25
Non-GAAP <sup>†</sup> EPS, \$	0.49	0.34	0.47
Impact of GAAP deferrals	0.03	0.11	0.13

## Cash Flows, Repurchases, Dividends, Capital Alloc.

	2011	2012	2013	2014	2015	2016
Operating Cash Flow, \$M	976	1,350	1,293	1,331	1,259	2,155
Free Cash Flow*, \$M	904	1,277	1,219	1,224	1,148	2,019
Repurchases, \$M	692	315	5,830	-	-	-
Annual Dividends/Share, \$	0.165	0.18	0.19	\$0.20	\$0.23	\$0.26

<sup>†</sup> Prior outlook provided August 3, 2017

\* FCF = OCF minus CapEx

## Outlook, as of November 2, 2017<sup>††</sup>

	Q4		2017		Impact of GAAP Deferrals	
	GAAP	Non-GAAP <sup>†</sup>	GAAP	Non-GAAP <sup>†</sup>	Q4	2017
Revenues (\$M)	1,700	1,700	6,675	6,675	635	175
Operating Margin*	9%	24%	19%	33%		
EPS* (\$)	0.10	0.36	1.22	2.08	0.46	0.08
Fully diluted weighted avg. shares** (M)	769	769	767	767		

Note: 2017 outlook assumes \$1.12 USD/Euro and \$1.32 USD/GBP. Our financial guidance includes the forecasted impact of the FX cash flow hedging program.  
<sup>\*</sup> May not recalculate due to rounding.  
<sup>\*\*</sup> Including fully diluted shares based on average share price.

<sup>†</sup> For a full reconciliation of GAAP to non-GAAP numbers and for more detailed information concerning the Company's financial results for the quarter ended September 30, 2017, please refer to the Company's earnings release dated November 2, 2017, which is available on our website, www.activisionblizzard.com. <sup>††</sup> Our outlook is based on assumptions about sell-through rates for our products and services and the launch timing, success and pricing of our slate of new products and services, all of which are subject to significant risks and uncertainties, including possible declines in the overall demand for video games and in the demand for our products and services, the dependence in the interactive software industry and by us on an increasingly limited number of popular franchises for a disproportionately high percentage of revenues and profits, our ability to predict shifts in consumer preferences among genres and competition. Our outlook is also subject to other risks and uncertainties, including litigation and associated costs, fluctuations in foreign exchange and tax rates, counterparty risks relating to customers, financing providers, licensees, licensors and manufacturers. As a result of these and other factors (including those mentioned in the Company's earnings release dated November 2, 2017, our most recent Annual Report on Form 10-K and our other filings with the SEC) actual results may deviate materially from the outlook presented above.