



Activision (ATVI) 2018 Q2 Earnings Summary

August 2018

Sign Up For Additional Research From Evolution Media Capital



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Activision Blizzard Key Takeaways

Activision Can Use The Success Of The Overwatch League Model To Develop New Esports Opportunities

OVERWATCH LEAGUE

- **Unique approach to Esports with a focus on structured economics and premium content has already started to pay off**
 - Already added 2 new franchises for Season 2 and will add even more
 - Saw significant engagement with interest in the playoffs and championships running above their own high expectations
- **Building on the excitement around the Overwatch League with more Esports events and a continuous stream of in-game content in the second half of the year**
 - Announced new consumer product partners for the game which will help bring Overwatch to fans and new audiences throughout the world

MOBILE

- **Taking a multi-pronged approach, leveraging both internal and external resources to bring compelling experiences to fans**
 - Mobile initiatives will broaden the global reach of iconic franchises by making them available to millions of new players around the world
 - Starting to see some of their mobile initiatives progress from the research and development phase to release planning
- **Announced a new collaboration with Tencent for a Call of Duty mobile game**
 - Tencent will leverage its massive network, broad distribution channels and local marketing expertise as it launches in the coming months

CLOUD GAMING

- **Over the long term, cloud-based gaming should ultimately accelerate growth in an already growing industry**
 - Potential to significantly expand the reach of their big screen experiences to audiences that don't have a console and/or PC
 - Can provide more easily accessible experiences, reducing friction, enabling deeper and ongoing engagement throughout the day
- **In dialogue with large global tech platform providers about their cloud infrastructure and potential streaming solutions**
 - Latency requirements mean a lot in gaming so there's still work to be done before the tech is ready for mainstream adoption

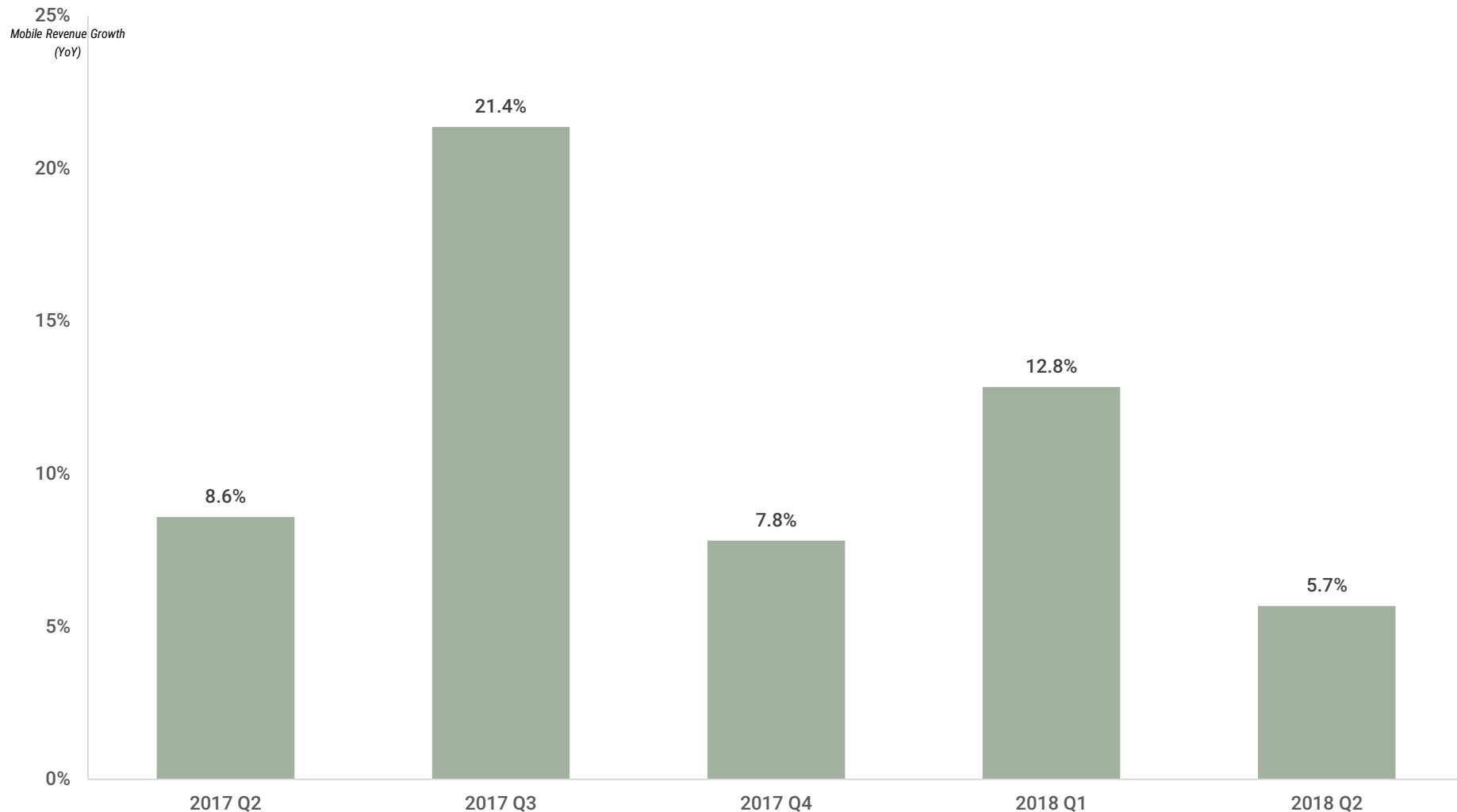
KING

- **King continued its focus on expanding live services, features and content to its hundreds of millions of engaged players**
 - Candy Crush mobile MAU grew YoY, and they see strong engagement across their network with time spent per player remaining high
 - Plan to launch more games before the end of the year, including a major launch from one of their large established franchises
- **Ramped up the advertising business in Q2, and are seeing encouraging progress both on direct and indirect channels**
 - Working closely together on delivering a positive advertising experience and also innovative products, which add to the player experience

Advertising is a major opportunity to improve the monetization of their large, but declining mobile user base

Mobile

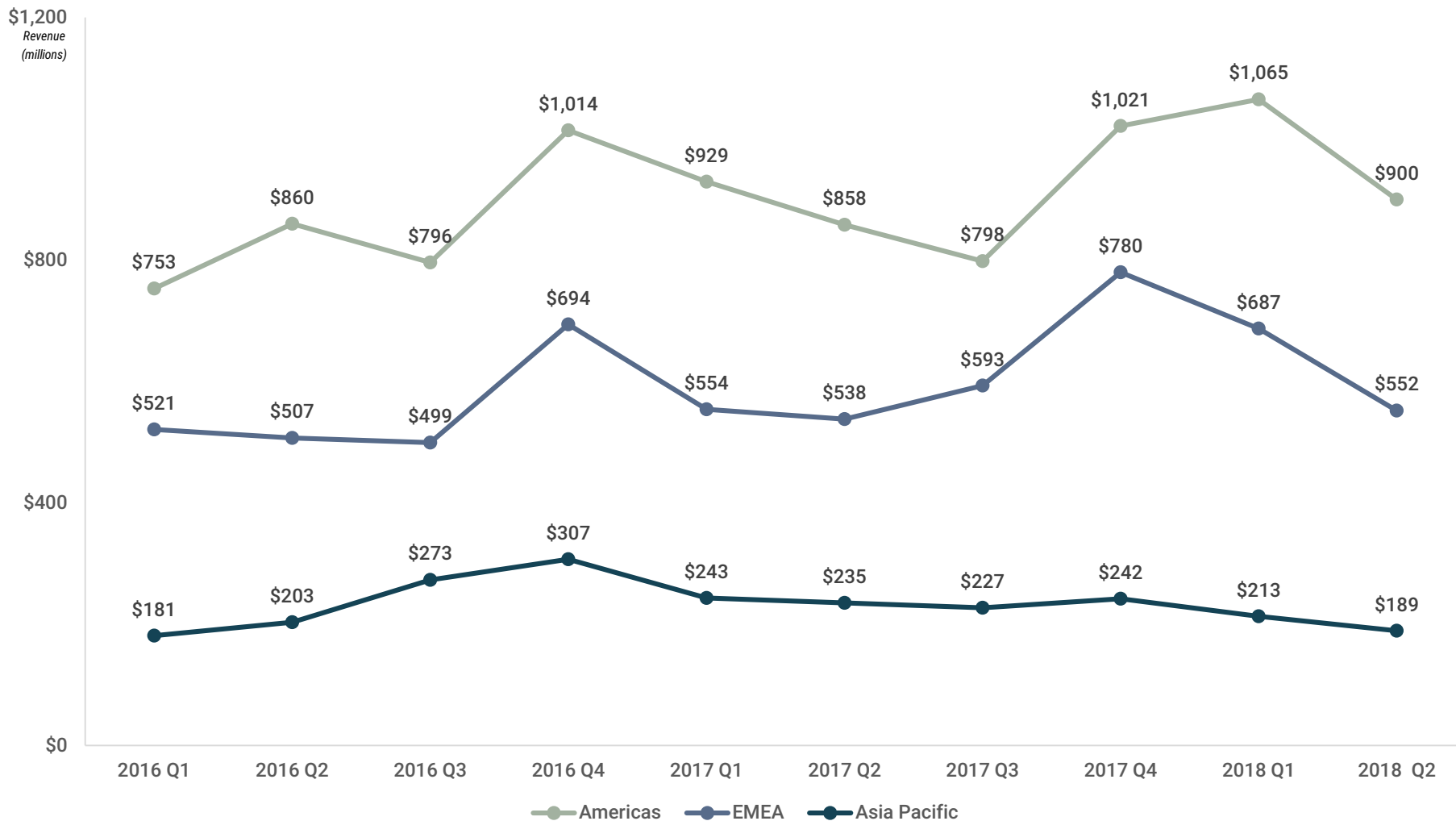
Extending Key Console And PC Titles To Mobile Can Deepen Engagement Amongst The Hardcore Gamers



It's easier and more profitable to develop games across platforms because they own all the IP behind the titles

Revenue by Geography

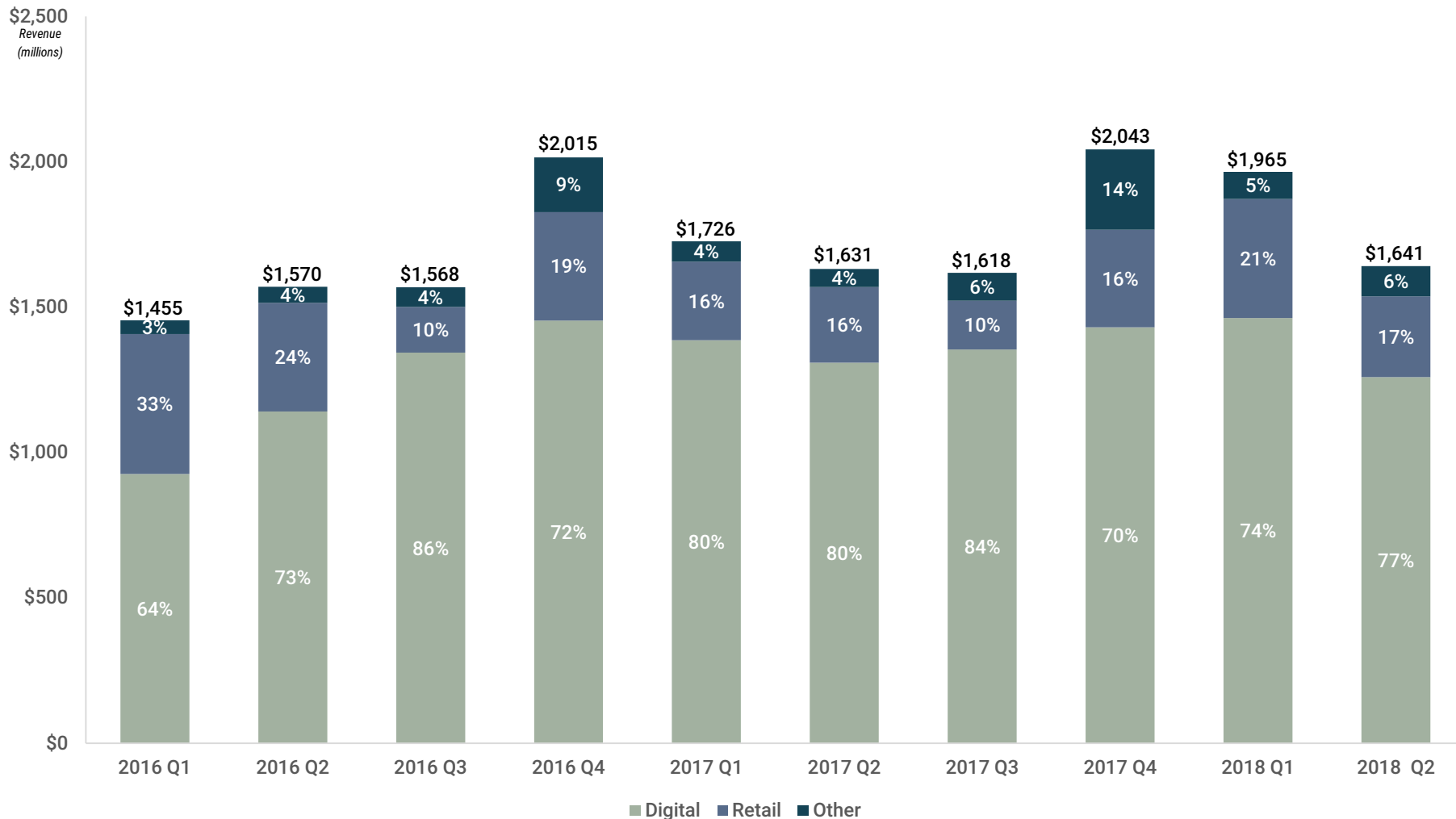
The Partnership With Tencent Should Help Expand Their Presence In The Asian Gaming Communities



Multiple mobile initiatives are progressing with partners that have strong mobile experience in their local market

Distribution Channels

Aiming To Accelerate The Delivery Of New Features And Content To Reduce The Dependence On New Titles



Esports leagues provide additional marketing support and can boost in-game spending amongst more casual players