



Activision (ATVI) 2019 Q2 Earnings Summary

August 2019

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# Key Takeaways

## Activision Has Restructured Their Business To Accelerate The Delivery Of Content For Their Marquee Titles

### ESPORTS

- **Esports remains a growth priority where they celebrate player achievement and provide high-quality spectating experiences**
  - Further strengthens the durability of their franchises and generates new revenue and earnings streams
  - Have now sold 8 teams in the Call of Duty Global League, all at a premium to the initial Overwatch League team sales and with superb owners
- **Viewing experience is a key focus area as it is critical to make the broadcast not only compelling, but easily digestible for audiences**
  - OWL season to date, the average minute audience is up 15%, with the U.S. up over 30%, and more importantly, seeing growth in younger audiences

### CALL OF DUTY

- **Intend to drive the Call of Duty franchise to greater scale than ever before through the release of their mobile version**
  - Opportunity for tens of millions of people to experience Call of Duty for the first time
  - Has been in soft launch in Canada, Australia for the last few weeks and the early indicators so far are very promising
- **New releases are huge engagement drivers for their community because they bring a robust set of new experiences to fans**
  - Call of Duty Mobile will be an ongoing live services title but, on the console and PC side, they still see new launches as a critical part of its future

### KING

- **Continuing to expand live services, features and content across the Candy franchise to drive both reach and engagement**
  - Just released the 5,000th level in the original Candy Crush, a great milestone for the game, but content is much more than just adding levels
  - Adding new and innovative features that create many different ways for all types of players to enjoy their games
- **Planning to grow advertising within the King network and educate more brands/partners on the strength of this value proposition**
  - The native video ad product is in a safe, premium environment and that's a differentiated offering for the advertisers

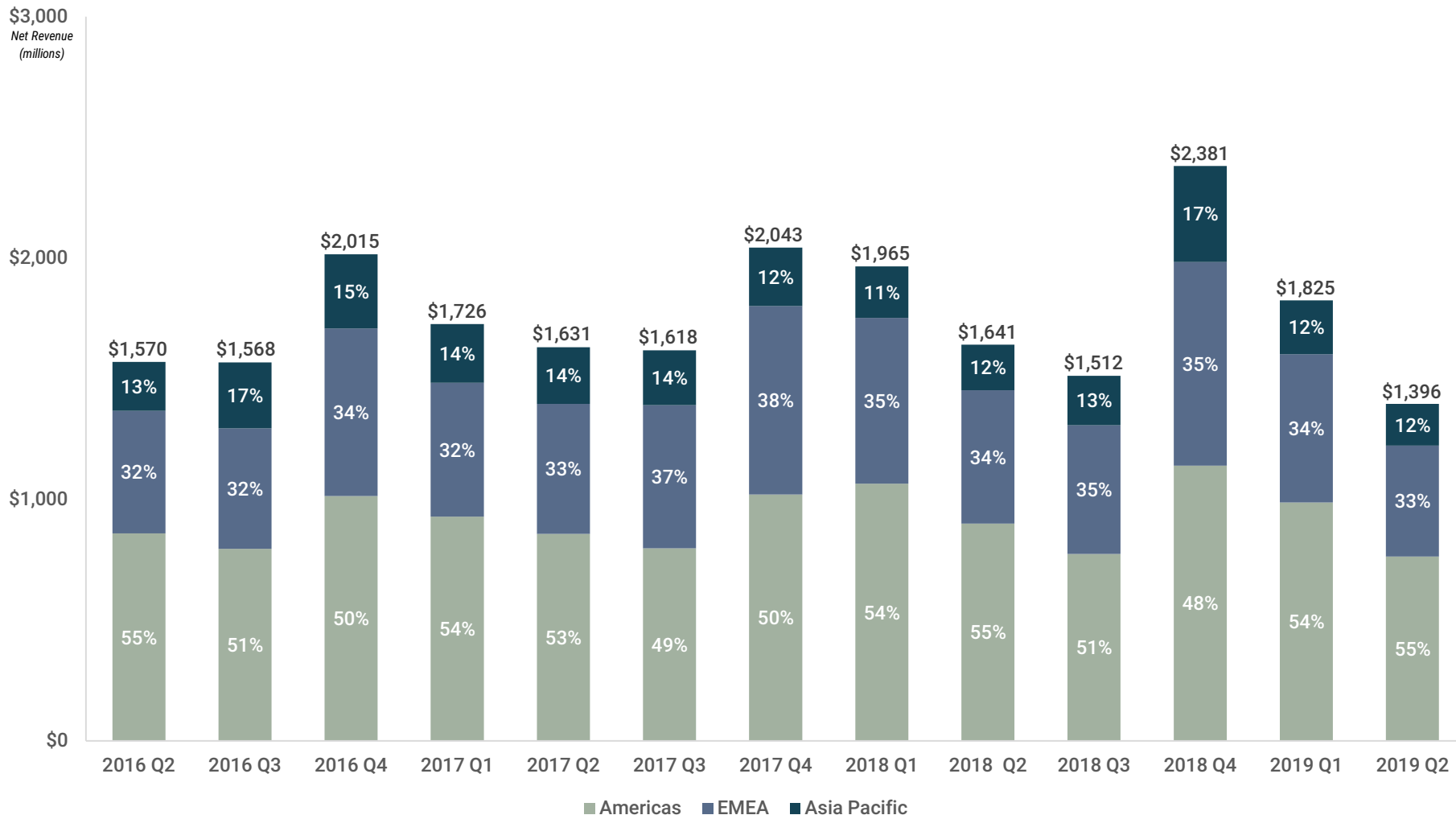
### IP

- **Over the last few years, have seen great results from remastering some of these beloved games from their rich library of IP**
  - Reaffirms the enduring nature of these franchises and there's a lot of IP in there that fans are going to want to experience again
  - Beyond pure remasters, there are also a lot of opportunities to innovate and think about totally new content within these IPs
- **Have new IP projects underway across each of the businesses and have had one of the top track records of putting out new IP**
  - Need to be disciplined about the process not just because it's the launch of the IP, but it's about sustaining it and growing it over time

*Opportunity to leverage in-game advertising capabilities at King across other parts of the business, especially Esports*

# Revenue by Geography

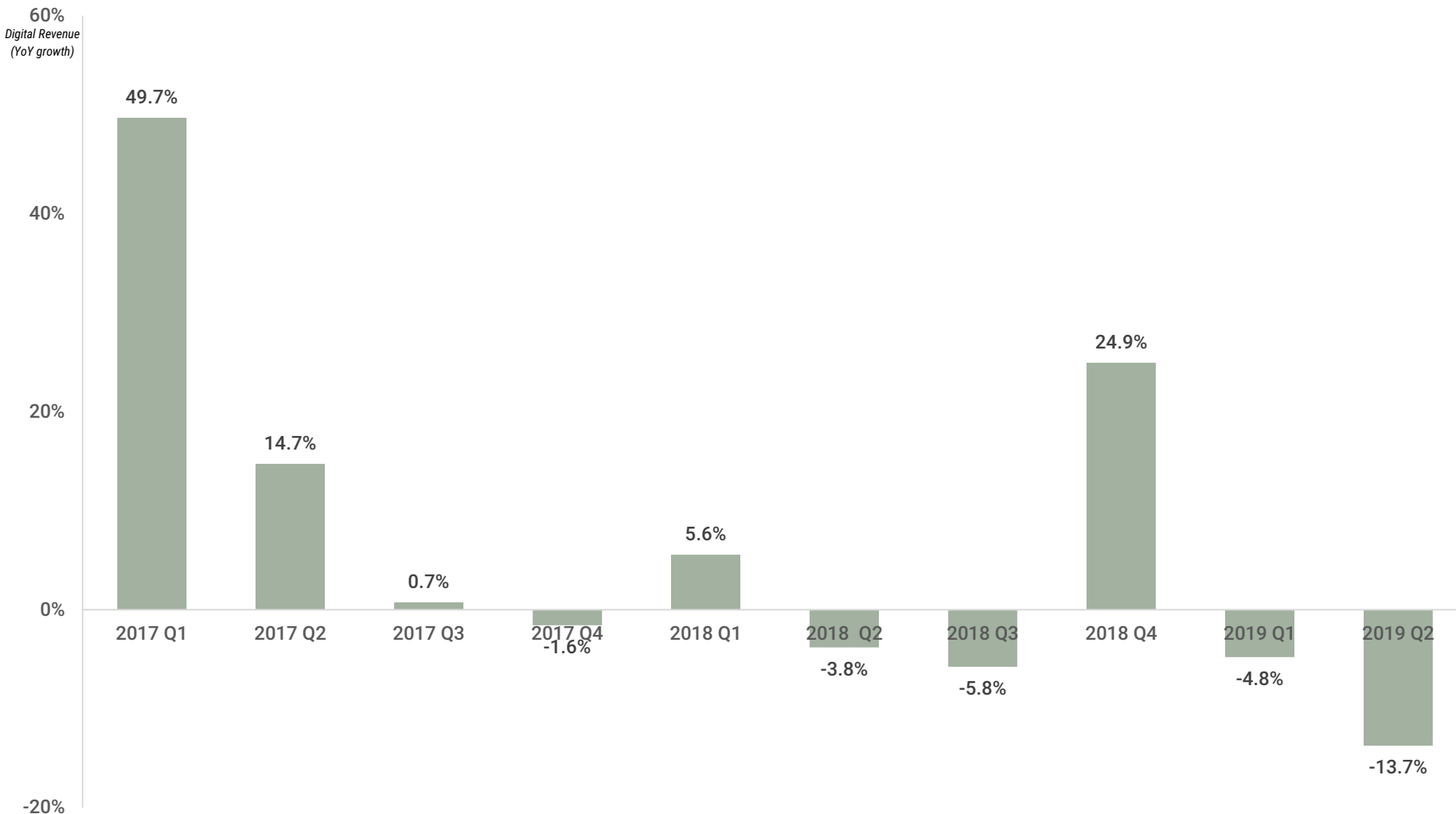
The Debut Of The Home And Away Format In OWL Can Boost Interest For The Title In International Markets



*There has been difficulty launching Call of Duty Mobile in China, but they aren't letting that delay the release elsewhere*

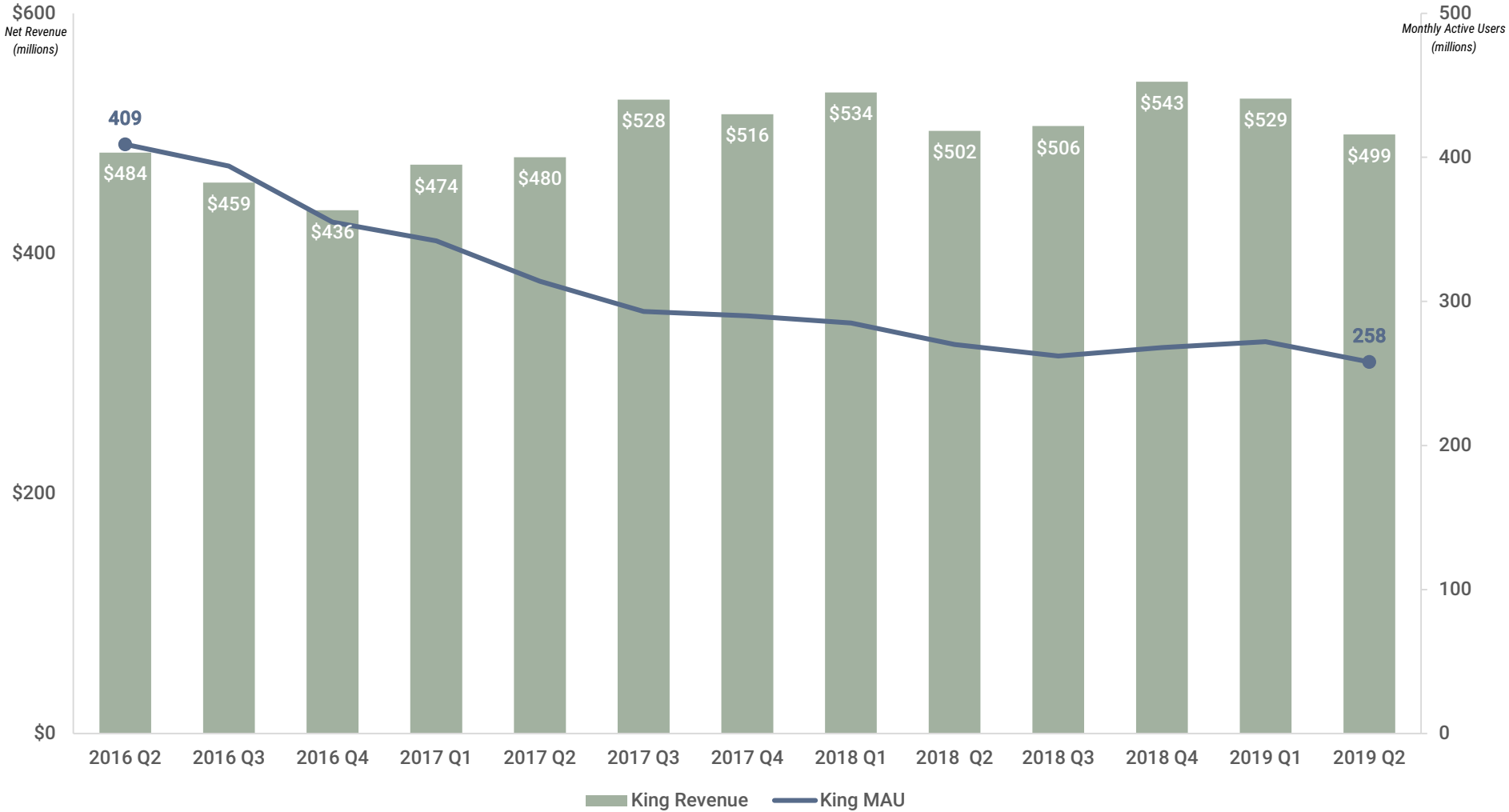
# Digital Revenue

Major Upfront Launches Still Tend To Drive Innovation, Refresh The Franchise And Expand The Community



*The key to player engagement will be the ongoing and frequent release of in-game content and focus on live services*

## Despite A Drop In Active Users, They Have Remained Disciplined With User Acquisition And Marketing



*There is a lot of momentum in advertising, and revenue should accelerate as they implement ads into more mobile titles*