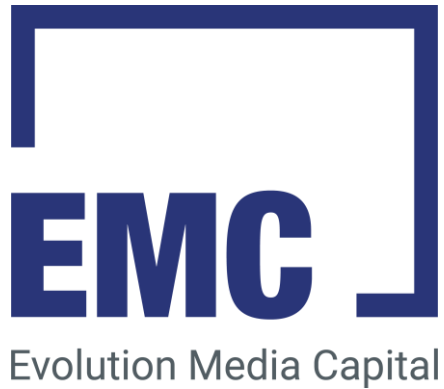




Take-Two Interactive (TTWO) 2019 Q2 Earnings Summary

August 2019

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# Take-Two (TTWO) 2019 Q2 Earnings Summary

August 2019

## Take Two Has Open World Titles That Are Perfectly Suited For The Growth Of Post-Launch Content

### CONSOLE CYCLES

- **Releases at the end of a console generation tend to look very different than the releases in the beginning of the generation**
  - It's not necessarily a huge leap, but presents an opportunity to do more with something that's already been out before
  - Even with backward compatibility, if you just take something and try to port it over, it's not necessarily going to generate any buzz
- **Audience will expand when they offer a new version of a title to reflect a new distribution platform, technology or console cycle**
  - There is a technical challenge because they won't necessarily be able to immediately take advantage of everything the new generation has to offer

### INDUSTRY

- **Sector has extraordinary tailwinds and expect those to continue, driven by the growth in the cohort that enjoys video games**
  - Video game business is 35 years old and the average player age is around 37, so plenty of room for growth as more people come into the market
  - Seeing growth from geographies that they are currently not involved in, such as Africa and India, and to a lesser extent, Russia, and Middle East
- **There has been growth in new business models, technologies, and games, as there wasn't even a mobile business 10 years ago**
  - Mobile gaming has quickly developed into a \$60 billion marketplace, while, core console and PC businesses continue to grow at a rapid clip

### NBA 2K

- **Trying to keep people engaged through the end of the season and throughout the summer so it becomes a year-round experience**
  - NBA 2K League has driven more interest, as well as a different mix of game modes that appeals to a broader audience and play styles
  - If people are more engaged, then ultimately that leads to positive things from an economic standpoint
- **NBA is beloved in China, reflected by NBA 2K Online, and there's a lot of opportunity for growth, particularly in mobile**
  - Chinese market will soften up, and be more congenial to all forms of Western entertainment, but that won't happen overnight

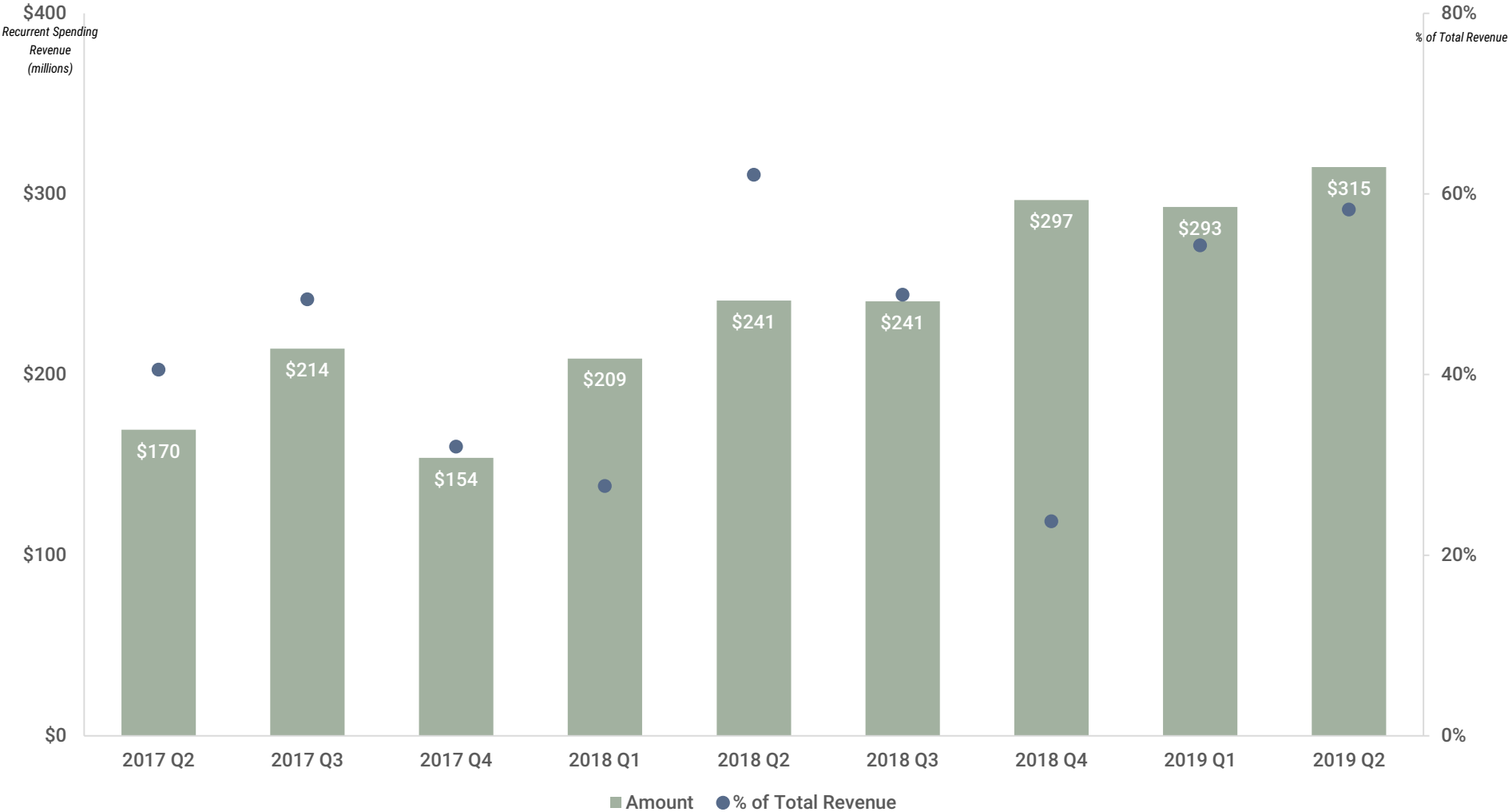
### BORDERLANDS

- **Ahead of the launch of Borderlands 3, worked with first-party partners to offer an array of low cost engagement opportunities**
  - Added titles to Xbox Game Pass and PlayStation Instant Game Collection, and on PC, the entire back catalog was made available at a deep discount
  - Resulted in sell-in of over 6 million units of Borderland titles and over 4 million players enjoying the critically acclaimed Commander Lilith DLC
- **Consumer excitement is strong and have a robust plan around delivering post-launch game content to engage with consumers**
  - Franchise has a strong history of delivering a lot of downloadable content, but will be more story-driven and mission-based rather than cosmetic

*Similar to music streaming, back catalog content can add incremental value ahead of launches of new titles in franchise*

# Recurrent Spending

6 Years After Its Initial Launch, Grand Theft Auto Online Continues To Be A Key Driver Of Recurrent Spending

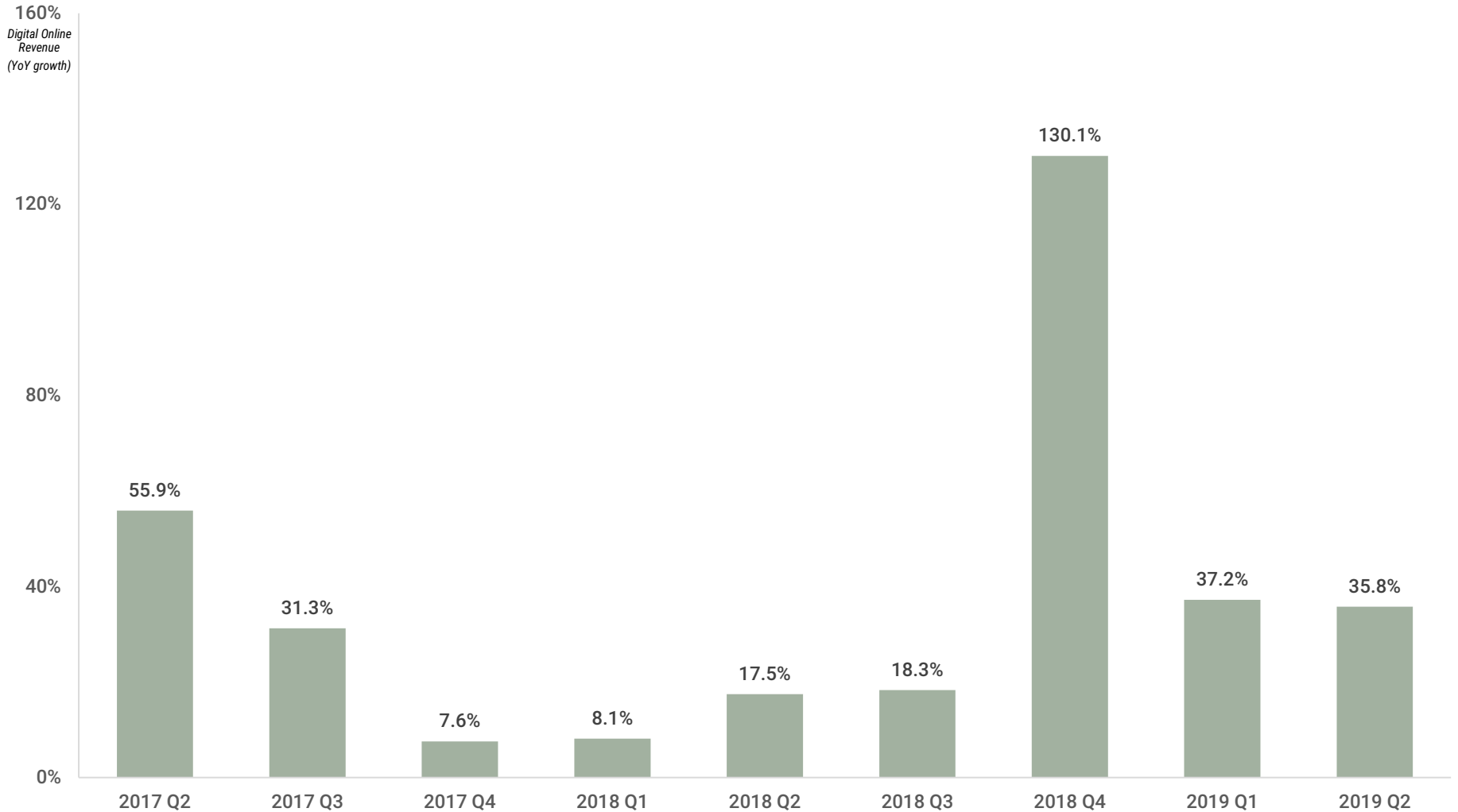


*There is still a preference to charge customers upfront for the title, rather than offering games as completely free-to-play*

# Digital Revenue



The Shift From Physical Discs To Digital Downloads Is Accelerating Faster Than Originally Expected

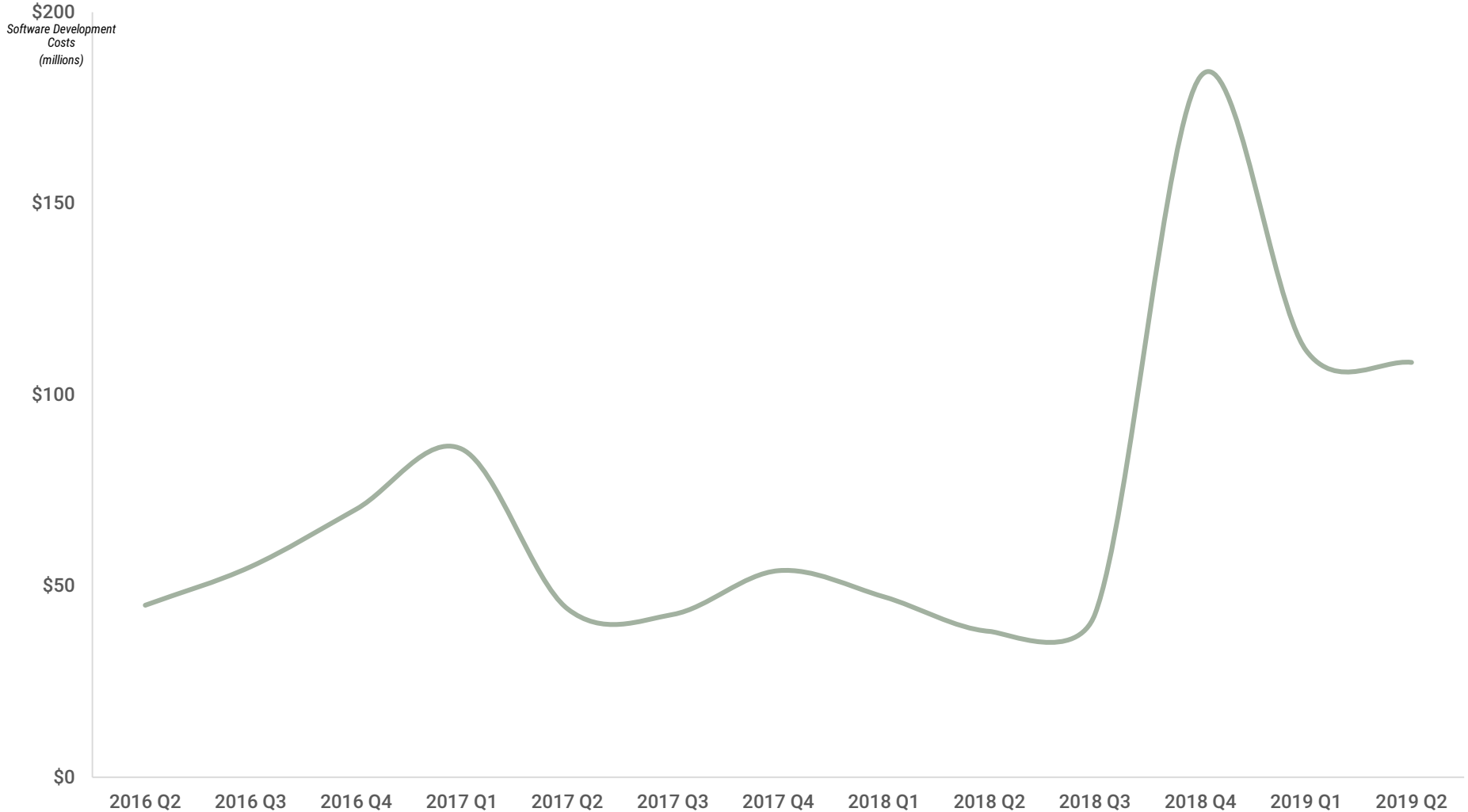


The launch of several new distribution platforms has created more competition, resulting in lower fees to game owners

# Development



Development Costs Spike Ahead Of New Releases, But Are More Steady Supporting Post-Launch Content



*There are no plans to annualize any of their major franchises, as in-game monetization can provide better economics*