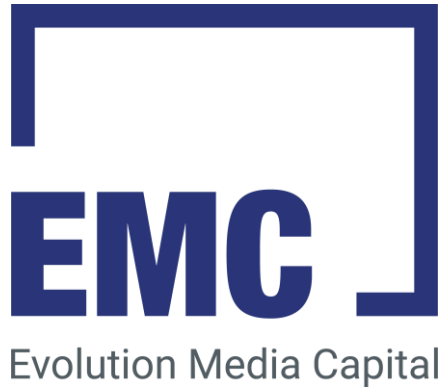


Activision (ATVI) 2019 Q3 Earnings Summary

November 2019

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Activision (ATVI) 2019 Q3 Earnings Summary

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Key Takeaways

Activision Has Seen Early Success With Their First Major Mobile Title Based Off Their Console Franchises

CALL OF DUTY

- **Creating a really strong franchise ecosystem globally that sits across mobile, console, PC and esports**
 - Publishing team is capitalizing on this momentum, significantly increasing their user acquisition budget to continue to grow the player base
- **Intend to keep the community engaged with a substantial pipeline of in-game content, creating opportunities for player investment**
 - Eliminated the season pass and instead will be focused on dropping free content to the community, so everyone can enjoy it together
 - Call of Duty Mobile reached the top of the mobile app download charts in over 150 countries driven by the global recognition of the franchise

ESPORTS

- **Seeing an incredible amount of growth in audience that they will be able to reach for sponsors, broadcasters, and advertisers**
 - The 18 to 34 year old audience that they serve on a global basis is bigger than the MLS or MLB for that demographic
 - There is an untapped opportunity for partners to be able to reach an audience that has become increasingly difficult to reach
- **Going to get the benefits of scale of being the biggest operator of a professional esports league anywhere in the world**
 - Over the course of the next 12 to 24 months, there will just be a lot bigger ecosystem for them to be able to take advantage of

KING

- **Finding that their biggest opportunities are in their biggest franchises and have increased the resources in the Candy team**
 - Continue to expand on live services, features and content, driving reach and engagement across current, returning and new players
- **Selectively investing in new IP and are taking an approach of fewer, bigger bets, and taking a focused look at their pipeline**
 - Developing true cross-platform titles that work from the start across mobile, but those take much more time
 - Starting to apply their advertising capabilities to Call of Duty Mobile and certain other properties across the company

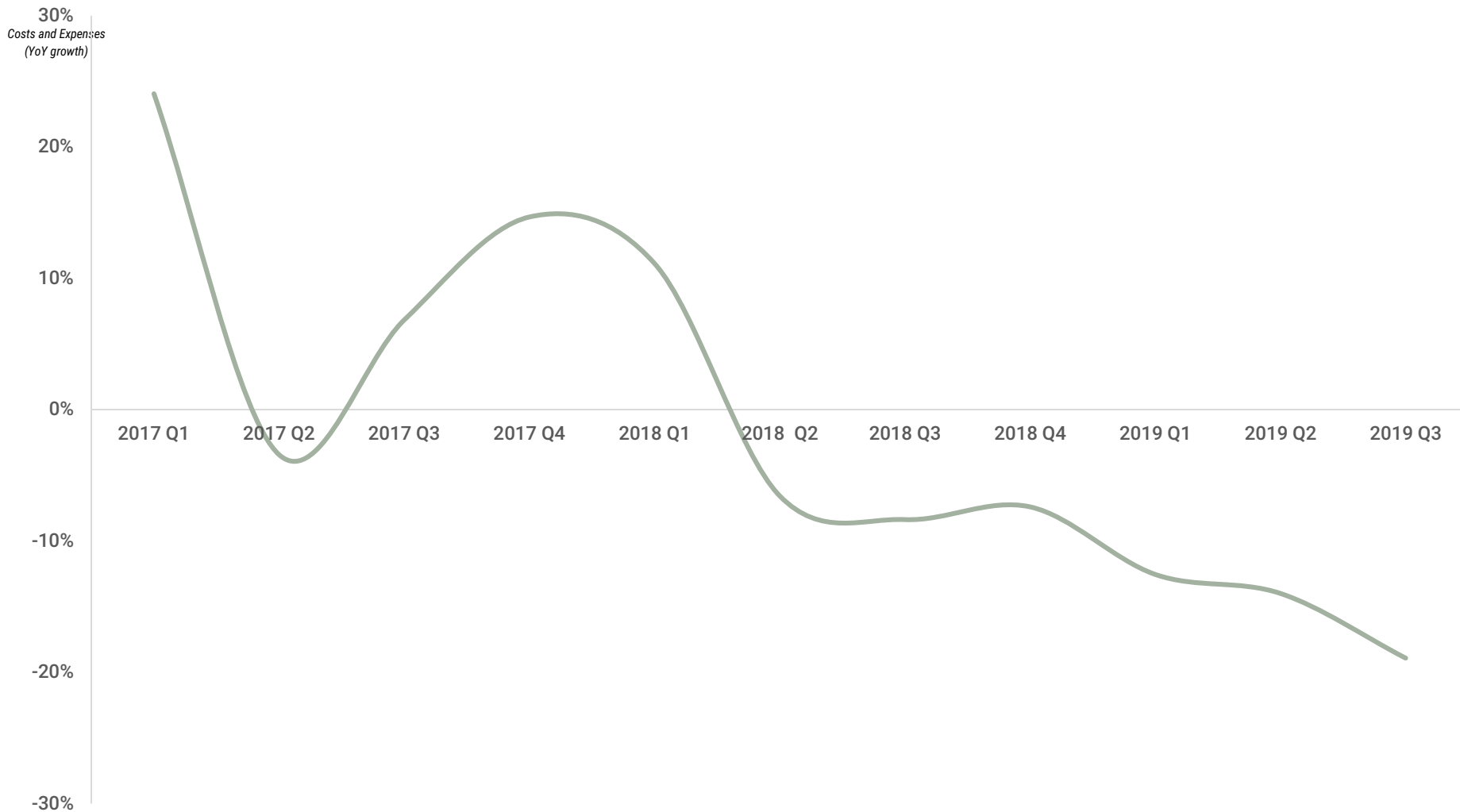
PLATFORMS

- **As the next-gen consoles look to be getting ready, it's an opportunity to continue to showcase their premium experiences**
 - Consoles are being iterative and that gives them an opportunity to keep their communities together
- **Increasingly seeing in the industry that there are franchises that appeal broadly across multiple platforms**
 - Always look to bring their IP to bear on appropriate large platforms as long as the economics are right
 - There are a lot of well-funded platforms coming in looking to build out reach and they are looking for great content, but they are short of it

The community backlash to the Hearthstone controversy seems to be fading away after addressing the issue at BlizzCon

Operating Expenses

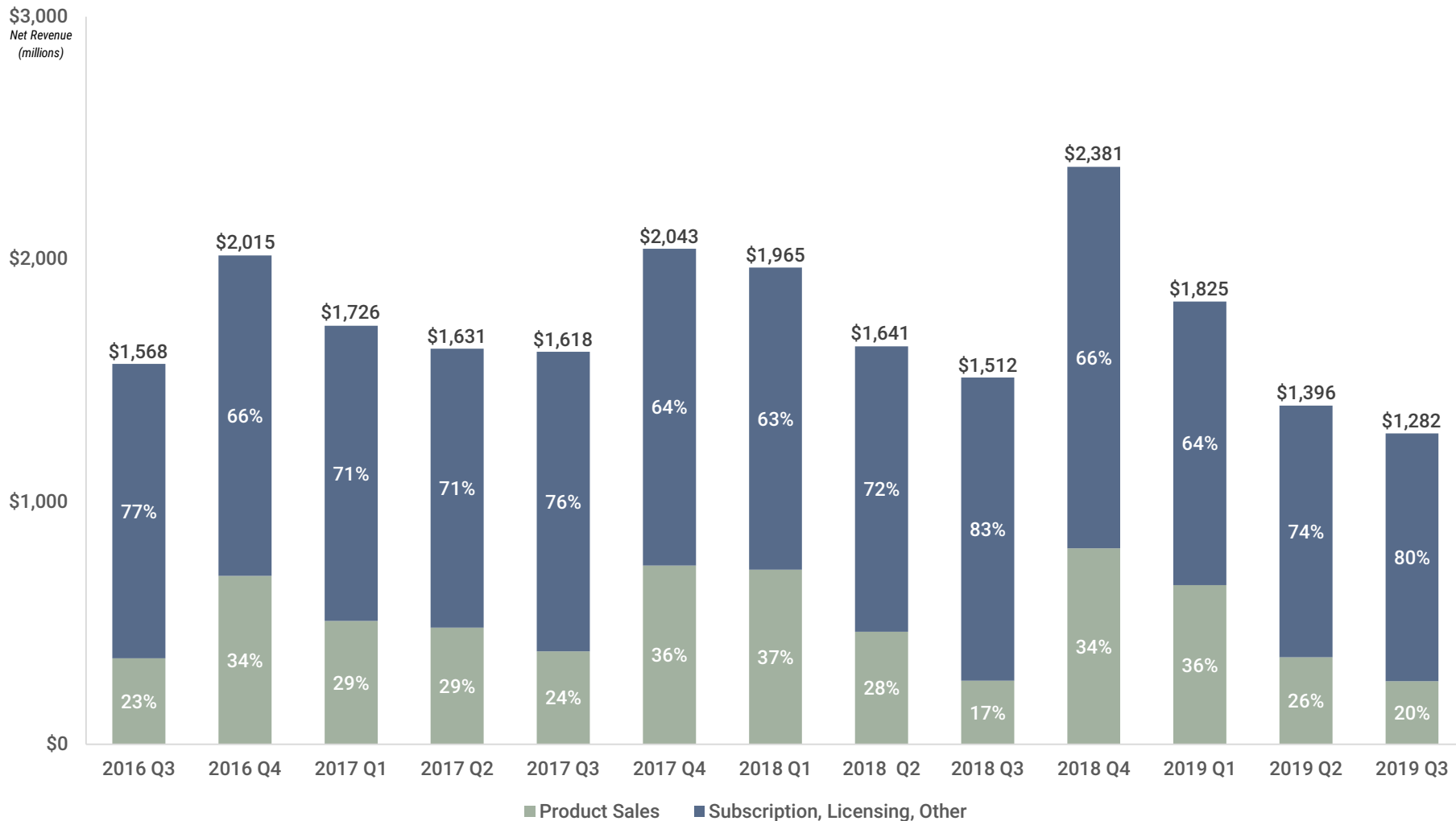
Organizational Shift Has Allocated The Majority Of Resources Towards Enhancing Their Marquee Franchises



Goal is to capitalize on the growth of cross-platform play by creating a suite of titles that complement each other

Revenues

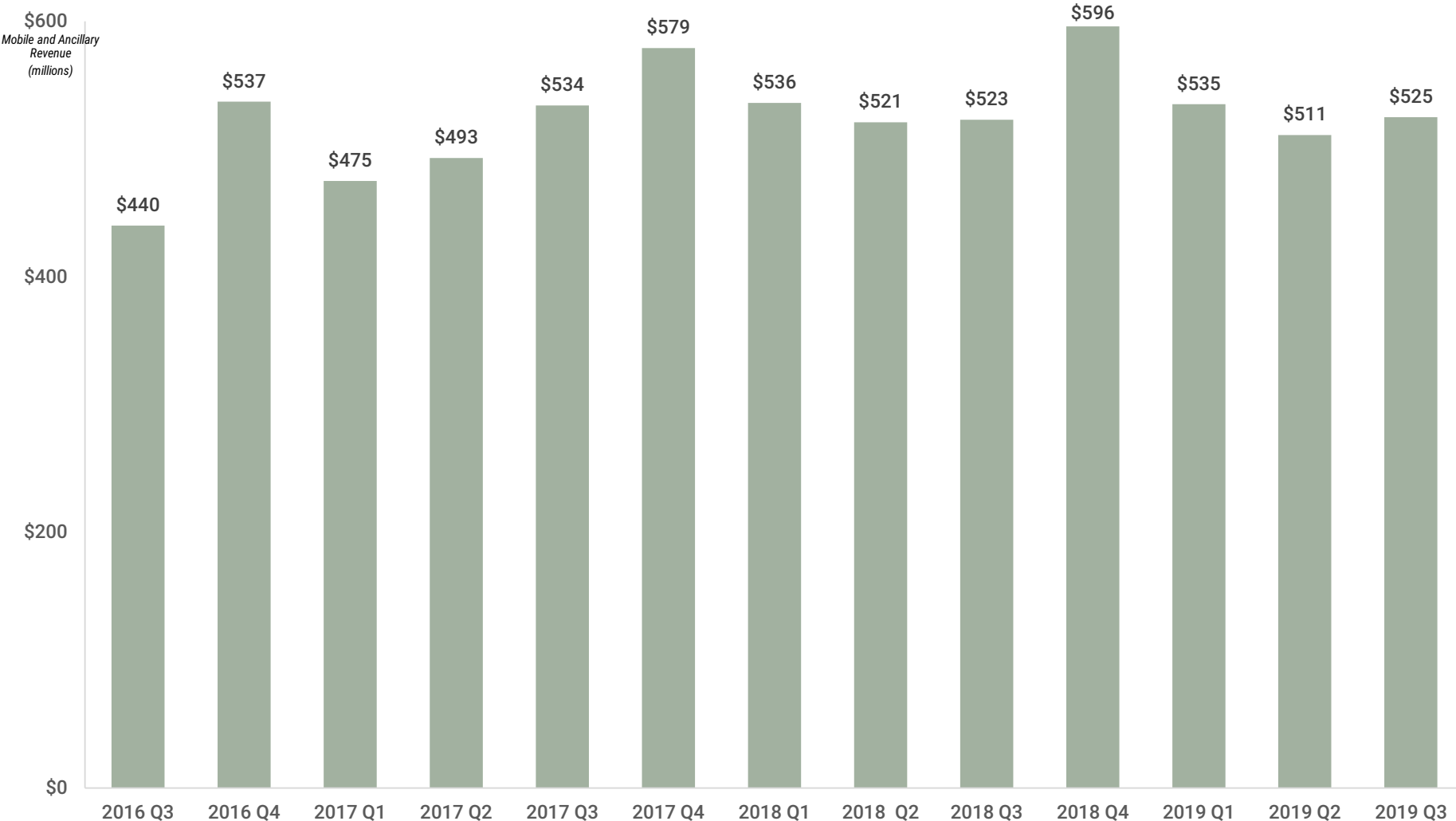
Emphasis Is On Their Live Operations Capabilities In Order To Release A Steady Stream Of New Content



The strength and depth of their library of IP reduces their need to create new IP, which is a more difficult proposition

Mobile

Despite Focusing On Casual Games, King Provides The Mobile Acumen To Port Existing PC/Console Titles



AAA games are able to work on mobile due the improving graphics capabilities and evolving player expectations