

Activision (ATVI) 2020 Q2 Earnings Summary

August 2020

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# Key Takeaways

Activision Has Developed A Prosperous *Call Of Duty* Ecosystem And Will Apply That Playbook To Other IP

## CALL OF DUTY

- **Many upgraded to Modern Warfare, reflecting the powerful mix of premium differentiated content alongside a free offering**
  - Have truly seen a step change in the engagement of the franchise, with total time spent in Call of Duty in Q2, more than 8x higher than a year ago
  - Modern Warfare and Warzone are very tightly connected and plan to do the same with upcoming premium titles to ensure they can reward players
- **Created new opportunities for the franchise and definitely had an impact on how they think about marketing in this new world**
  - It's a great platform to share new franchise news and information directly with their community like they haven't done before

## USERS

- **Have a broad and diverse player base with over 100 million players in each key region: EMEA, Asia Pacific and the Americas**
  - Time spent in their games grew 70% and Q2 engagement and player investment were at historic highs
- **Tailwinds from shelter at home are moderating as more countries reopen with trends varying across geographies and franchises**
  - EMEA and Asia Pacific saw greater moderation as lockdowns ended, with the Americas seeing more sustained tailwinds
  - Core franchises, with the greatest emphasis on social, multi-player game play are seeing engagement remain elevated even as regions reopen

## KING

- **Focusing on biggest live franchises, in particular, Candy Crush, where there is substantial opportunity for ongoing growth**
  - Will continue to selectively invest in focused new games pipeline, and will explore both new IP, and where it makes sense, at the Activision IP library
  - Perfect opportunity to expand the Crash IP on mobile with a unique game experience, while also delivering a new premium experience to consoles
- **Ongoing initiatives to broaden the payer base have enabled the business to benefit from higher reach and engagement**
  - Payer conversion was higher year-over-year throughout Q2, continuing the improving trends seen in recent quarters

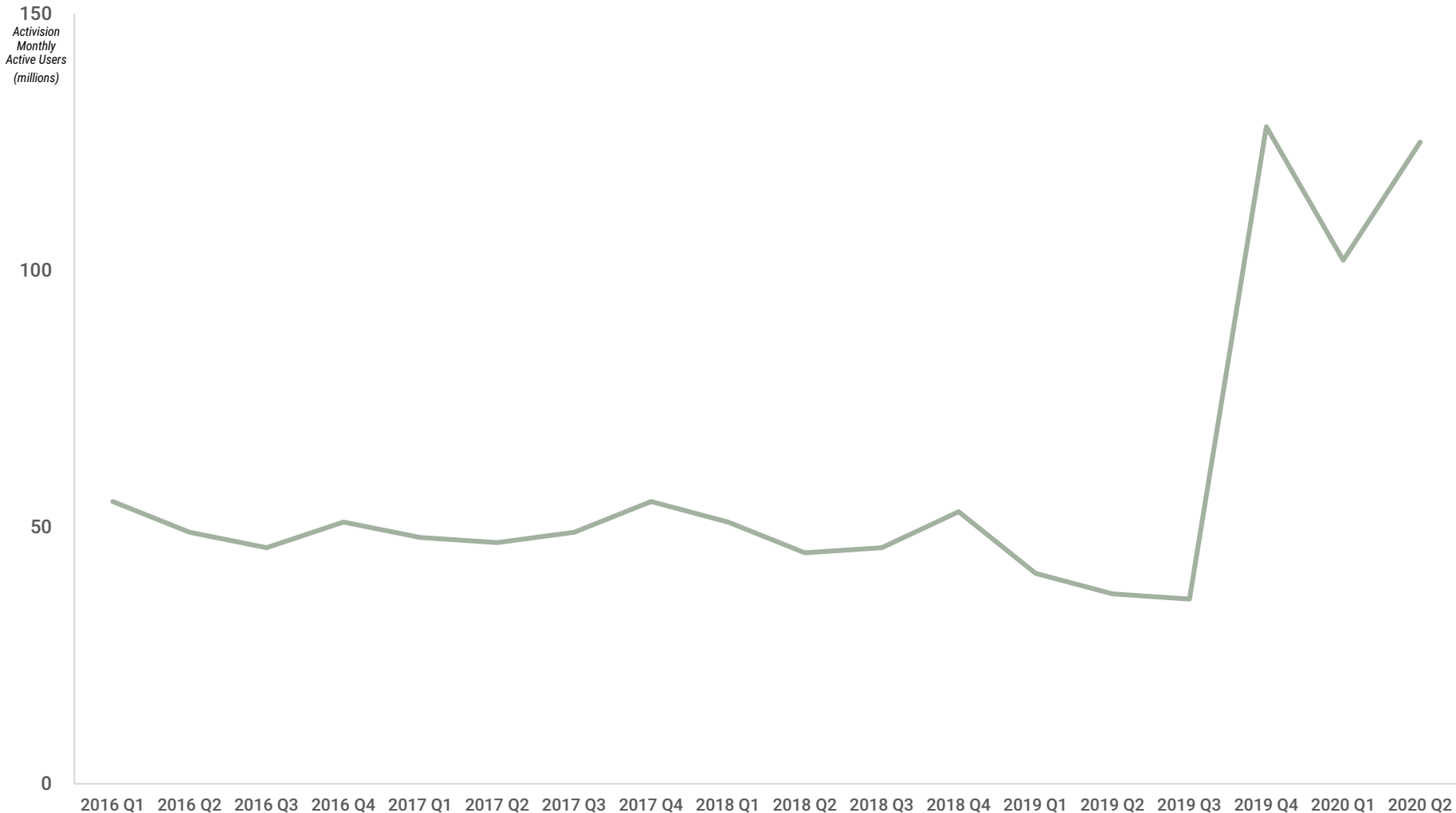
## ADVERTISING

- **Ad business on their platform provides a fully controlled, safe environment for brands, which is a very powerful value proposition for advertisers**
  - Continuing to invest in their tech infrastructure, and continue to invest in tools as well to further optimize this demand and the pricing around it
- **Allows them to attract new brand advertisers into the ecosystem and over the past few months, had a number of new clients spanning a number of sectors**
  - Use direct sales force to reach out to more of these advertisers across these sectors and continue to innovate the product around them

*King continues to broaden their audience and improving their ad capabilities will be the next step in monetization*

# MAU

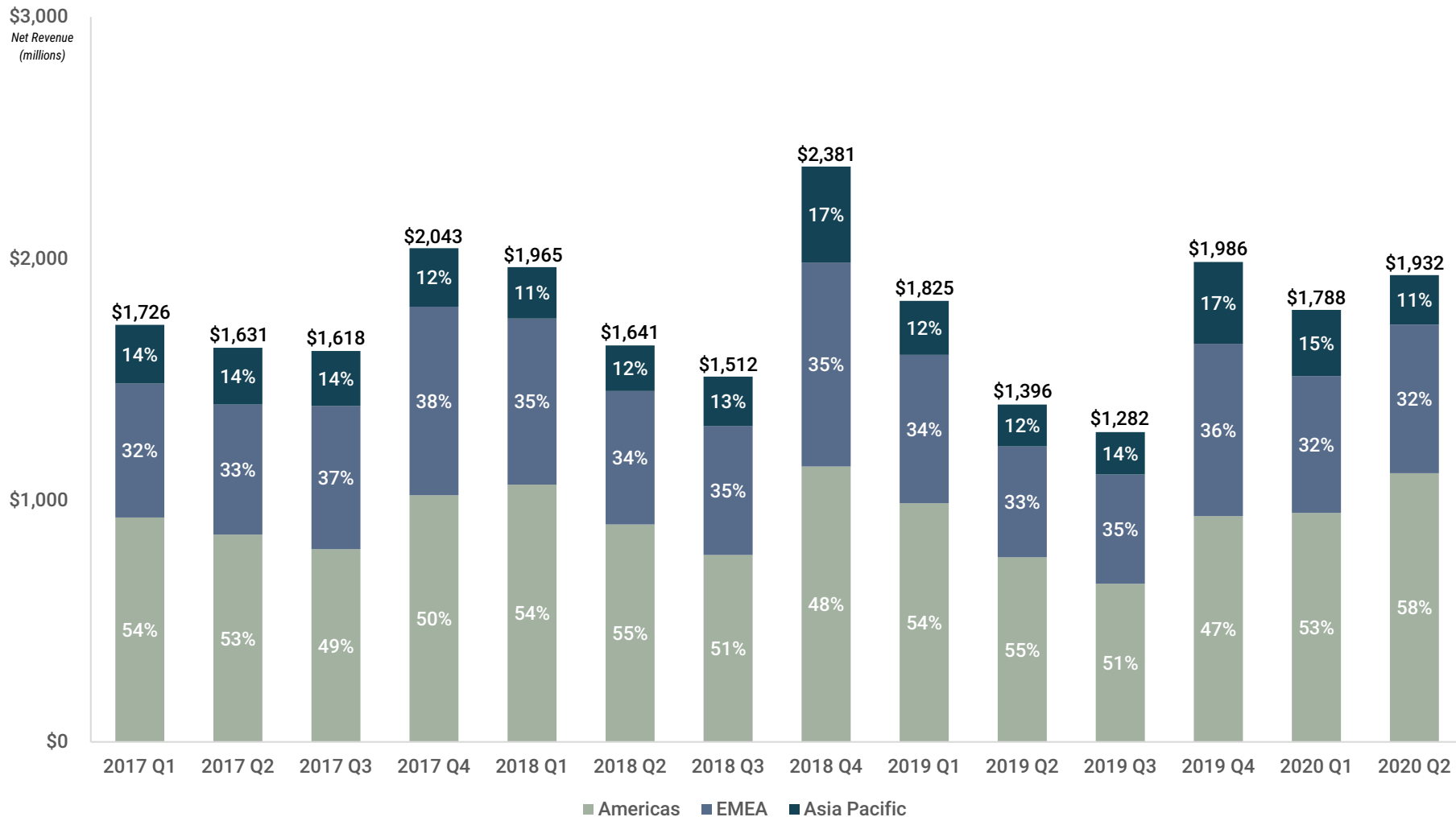
## Younger Audiences Have Turned To Multi-Player Games To Stay Connected With Friends While Quarantining



*Esports leagues serve as another tool for building affinity with their franchises and keeping players engaged all year long*

# Geography

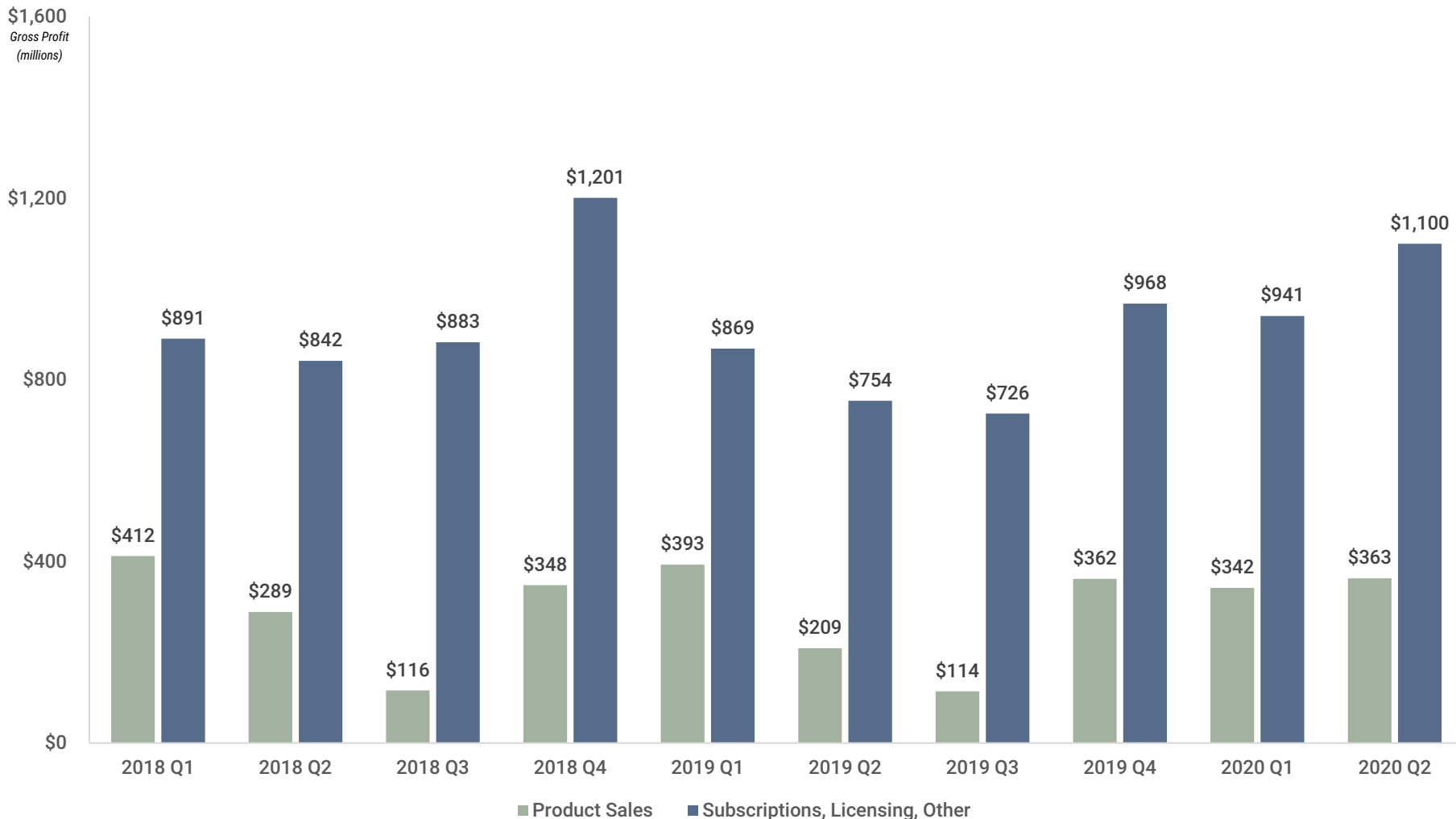
Growing Ability To Convert Their AAA IP To Mobile Titles Will Help Increase Monetization In Asian Markets



*There are billions of potential players across the world and they want to meet them on whatever platform they prefer*

# Gross Profit

**Live Services Are Not Only More Profitable Than Product Sales, But Provide A Better Player Experience**



*There has been a further acceleration in the shift to digital downloads and that should continue with next-gen consoles*