



# **STARBREEZE** **INVESTOR PRESENTATION**

Danske Bank Gaming Seminar, 4 December 2017

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# OUTLINE

**01** INTRODUCTION TO STARBREEZE

**03** STARBREEZE GAMES AND PUBLISHING

**04** VIRTUAL REALITY

**05** FINANCIAL OVERVIEW

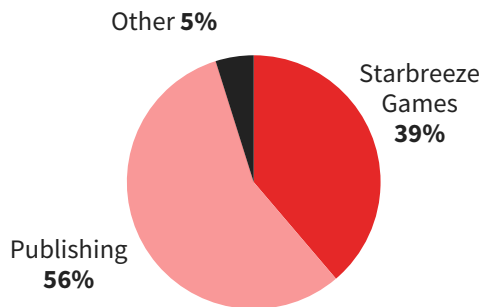
# STARBREEZE IN BRIEF

## AT A GLANCE

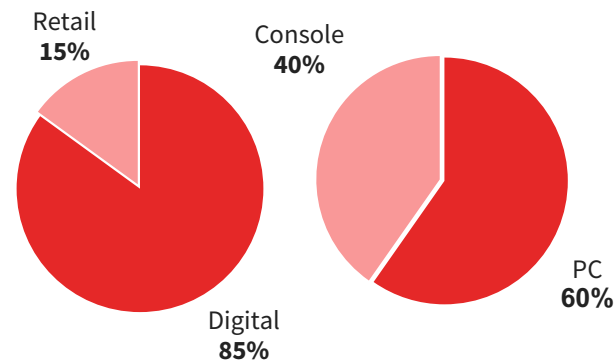
- One of the first independent studios in Northern Europe – founded in 1998.
- Established developer and publisher of PC and console games and VR products.
- Net sales of SEK 257.7m and EBITDA of SEK –59.9m in 2017 YTD.
- Listing on Nasdaq Stockholm in October 2017

## NET SALES SPLITS

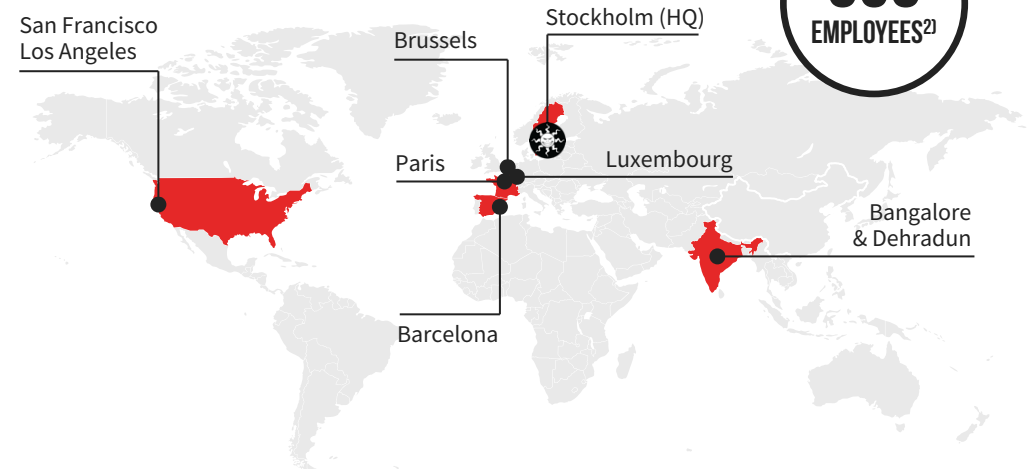
By business area<sup>1)</sup>



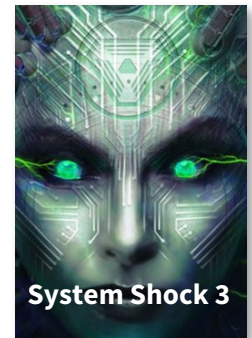
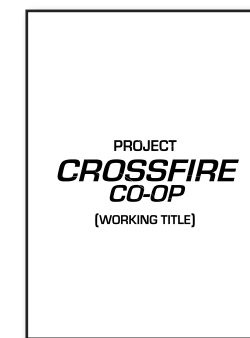
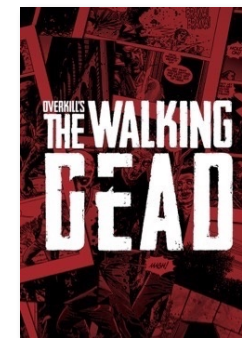
By platform<sup>1)</sup>



## OFFICE LOCATIONS



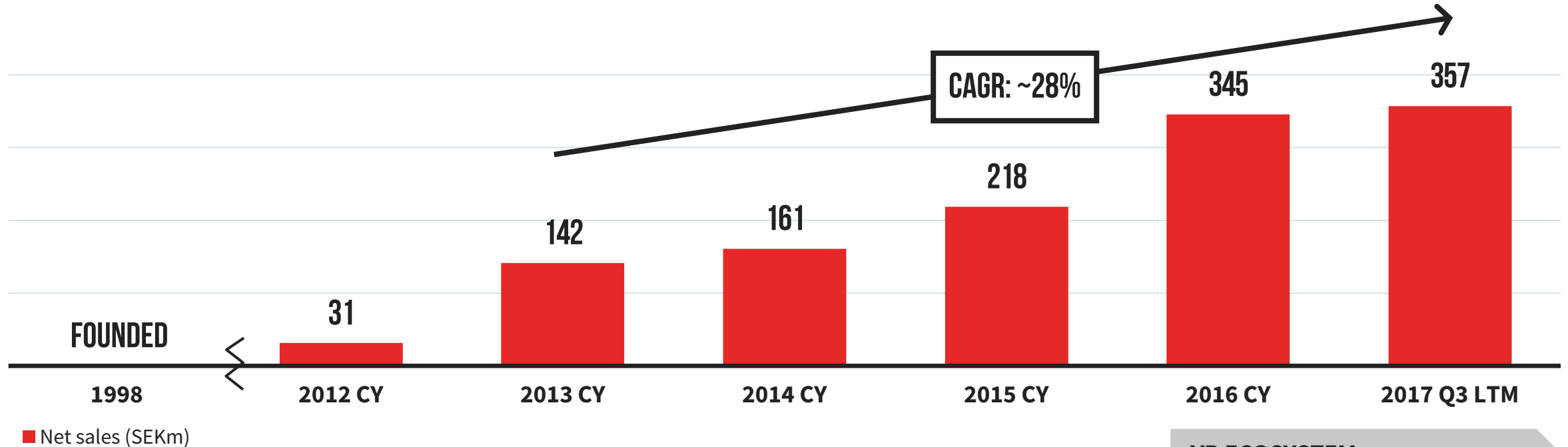
## LARGE PORTFOLIO OF STRONG IPS



<sup>1)</sup> 2017 YTD

<sup>2)</sup> 30 September 2017 including Dhruva Interactive

# STARBREEZE EVOLUTION



VR ECOSYSTEM

PUBLISHING AND INVESTING IN VR

GAMES DEVELOPMENT

PHYSICAL DISTRIBUTION, FEW PLATFORMS

DIGITAL DISTRIBUTION, MULTI-PLATFORM

PC (retail)

PlayStation

XBOX

STEAM®

PlayStation

XBOX

STEAM®

PlayStation



XBOX

# VISION AND FINANCIAL TARGETS

## VISION

**> BE A LEADING PROVIDER IN THE ENTERTAINMENT INDUSTRY BY CREATING WORLD-CLASS EXPERIENCES.**

## FINANCIAL TARGETS

### NET SALES

Starbreeze target is to achieve net sales of at least SEK 2 billion in 2020.

### PROFITABILITY

Starbreeze target is to generate positive EBITDA for the fourth quarter of 2018 and then on an annual basis for each subsequent financial year.

### DIVIDEND POLICY

No dividend in the next few years, generated cash flow to finance the continued growth and development of the business.

Long-term policy to distribute 50% of net profit after tax.

# STRONG PORTFOLIO GROWTH AHEAD

## CURRENT PORTFOLIO



357

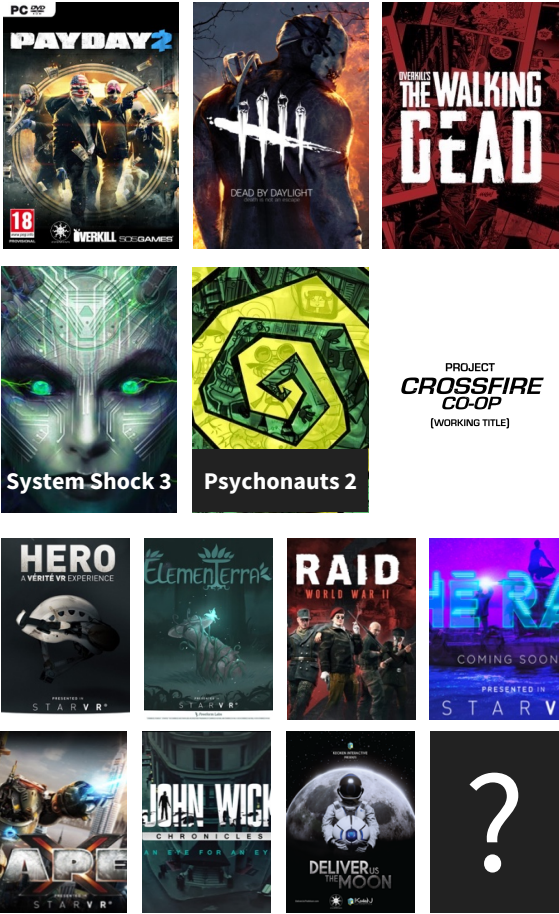
2017Q3 LTM

~2,000  
(FINANCIAL TARGET)

2020E

Net sales (SEKm)

## FUTURE PORTFOLIO





# STARBREEZE GAMES AND PUBLISHING



# TRENDS IN THE GAMES MARKET

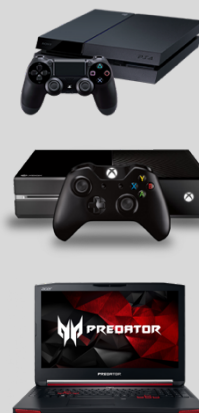
## GAMES WITH A CONTEXT



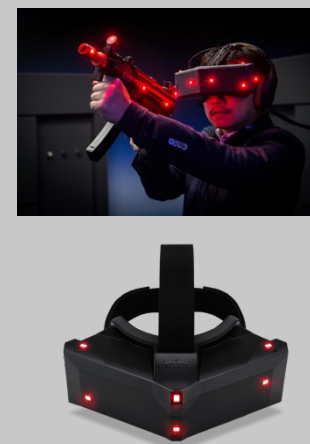
## CONTINUOUS MONETIZATION



## TECHNICAL PROGRESS

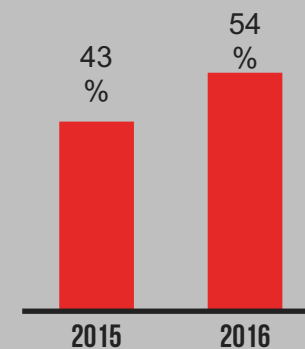


## VIRTUAL REALITY



## CONSOLIDATION

Top 10 public  
gaming companies  
market share<sup>1)</sup>



<sup>1)</sup> Game revenue of Top25 public companies up 17% in 2016, top 10 take more than half of global market.



# BUSINESS STRATEGY

1

BE A MARKET  
LEADER IN  
OWN GAMES  
DEVELOPMENT

2

DRIVE  
GROWTH IN THE  
EXISTING GAME  
PORTFOLIO

3

GROW THE  
GAME PORTFOLIO  
THROUGH  
PUBLISHING

4

NEW PLAT-  
FORMS AND  
GEOGRAPHIES  
FOR EXISTING  
GAME PORTFOLIO

1

# BE A MARKET LEADER IN GAMES DEVELOPMENT

## STRATEGY AND FOCUS IN GAMES DEVELOPMENT

- Develop games based on strong IPs, owned or licensed.
- Hardcore action games in co-op and first person shooter segments.
- Multi-platform strategy including PC, console and VR.
- Large, high quality, replayable games with state of the art gameplay.
- Storylines with repeatability to enable games as a service to with long revenue tails.

## CASE STUDY: PAYDAY 2

DLCS AND UPDATES

> 160

UNITS SOLD

> 16,000,000

PAYDAY 2 IN GROSS SALES

> 2BN SEK

STEAM COMMUNITY MEMBERS

5,450,000

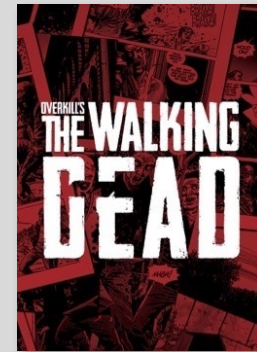
Action / Role play

## RELEASE DATES

August 2013 (PC)  
June 2015 (Console)

## CASE STUDY: OVERKILL'S THE WALKING DEAD

Release 2018 H2



 NARRATIVE DRIVEN CO-OPERATIVE  
1<sup>ST</sup> PERSON SHOOTER

 BASED ON THE SMASH-HIT  
GRAPHIC NOVEL SERIES

Extremely strong brand, 8<sup>th</sup>  
TV-series season on air, 11.3M  
average viewership during  
season 7.

**2**

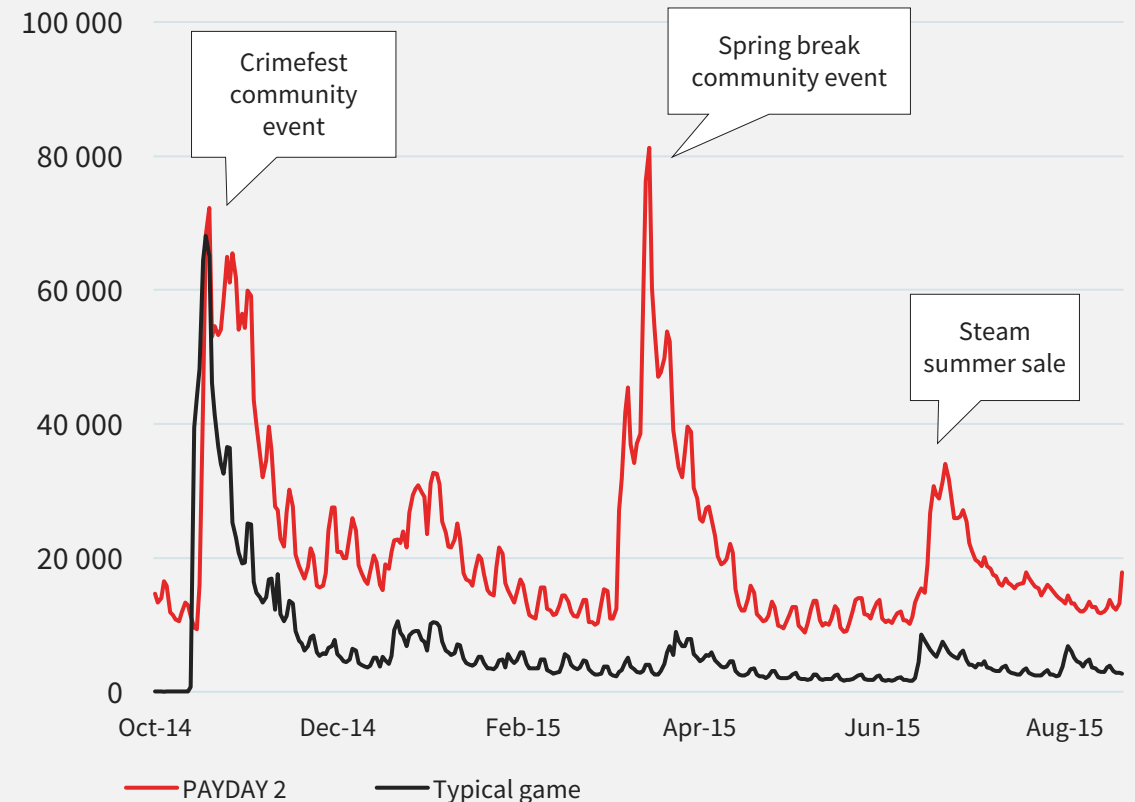
# DRIVE GROWTH IN THE EXISTING GAME PORTFOLIO

## GAMES AS A SERVICE ACTIVITIES CREATE LONG-TERM PLAYER STICKINESS



## PAYDAY 2 CASE STUDY: SALES TREND COMPARED TO A TYPICAL GAME

PAYDAY2 was released in August 2013. The comparison game was released October 2014. The chart shows the number of players until September 2015 (thus, one year after PAYDAY was released).





3

# GROW THE GAME PORTFOLIO THROUGH PUBLISHING

Publishing is a complementary business model to own games with lower investments and risk per game.

## STRATEGY AND FOCUS IN PUBLISHING

- Broader catalogue of games with lower cost per game to decrease individual game risk and a more steady flow of revenues.
- Explore non-core genres.
- Storylines with repeatability to enable games as a service to with long revenue tails.
- Flexible financing arrangement and IP management (~0–50% ownership).

## CASE STUDY: DEAD BY DAYLIGHT

DLCS AND UPDATES

> 10

UNITS SOLD

> 3,000,000

DBD IN GROSS SALES

SEK 400M

85% STEAM COMMUNITY MEMBERS  
15%

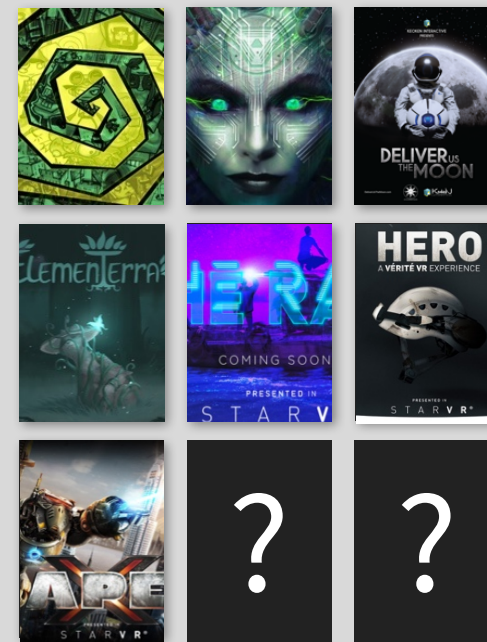
> 800,000

Asymmetric horror

## RELEASE DATES

June 2016 (PC)  
June 2017 (Console)

## PUBLISHING GAMES IN DEVELOPMENT



4

# NEW PLATFORMS AND GEOGRAPHIES FOR EXISTING GAME PORTFOLIO



## VIRTUAL REALITY

### HOW?

- Develop games.
- Publishing to widen portfolio.

### WHY?

- Large potential market for premium content.

### WHEN?

- VR centers to be opened soon.
- Games in production.



## LAUNCHING AN ESTABLISHED IP ON MOBILE

### HOW?

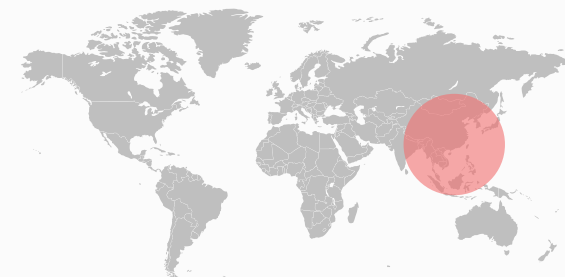
- Using successful IPs from its growing game portfolio to attract mobile users within its existing user base.

### WHY?

- Increase interest for forthcoming title PAYDAY 3.
- Mobile games market is large and growing.

### WHEN?

- PAYDAY Crime War is in development with release during 2018.



## EXPANSION TO THE ASIAN MARKET

### HOW?

- Enter partnerships with local partner for distribution.
- Strategic collaboration with Smilegate initiated in 2016.

### WHY?

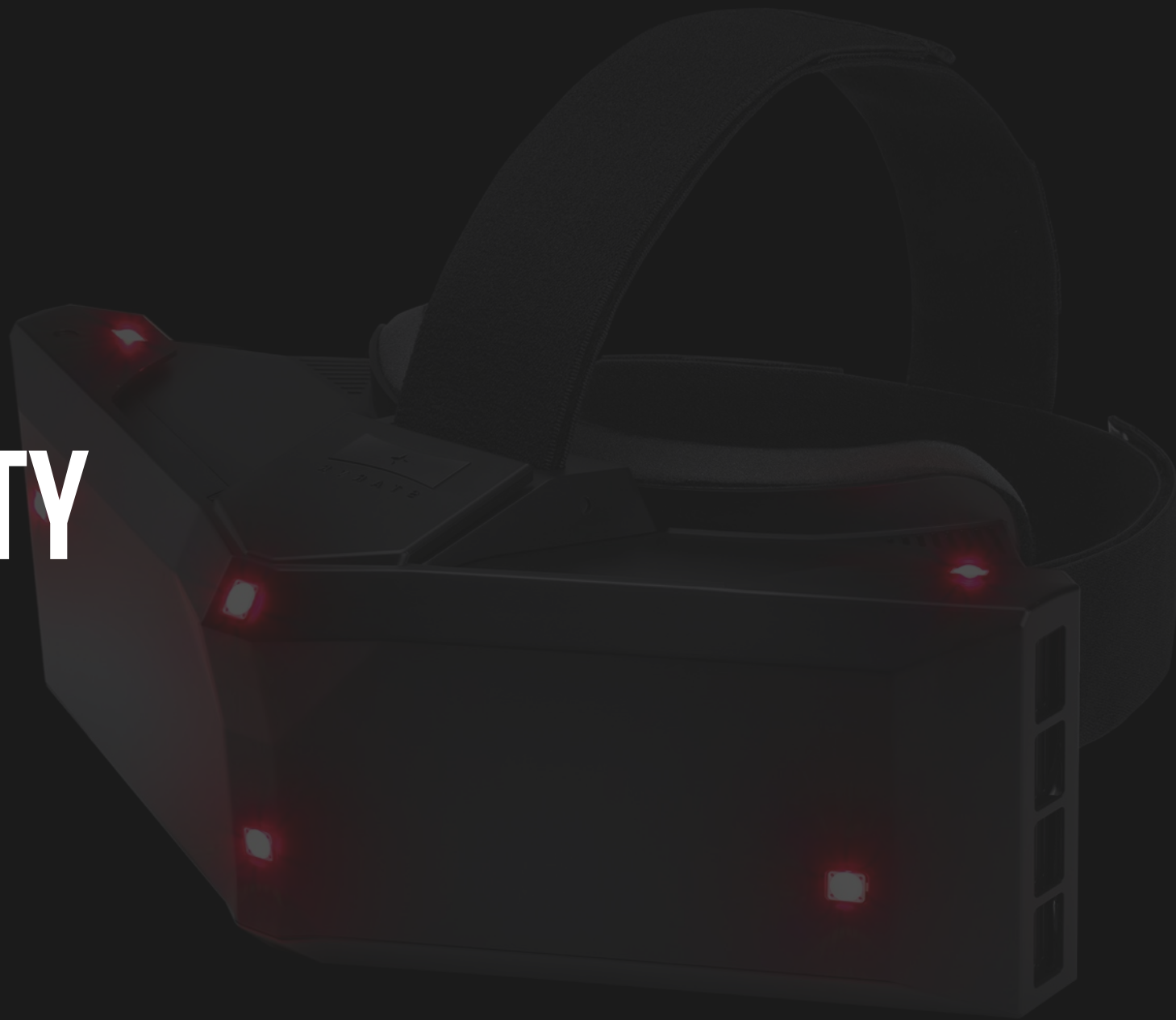
- Asian gaming market is large and fast-growing.
- Geographical diversification.

### WHEN?

- Strategic collaboration through partnerships for distribution in Asia.

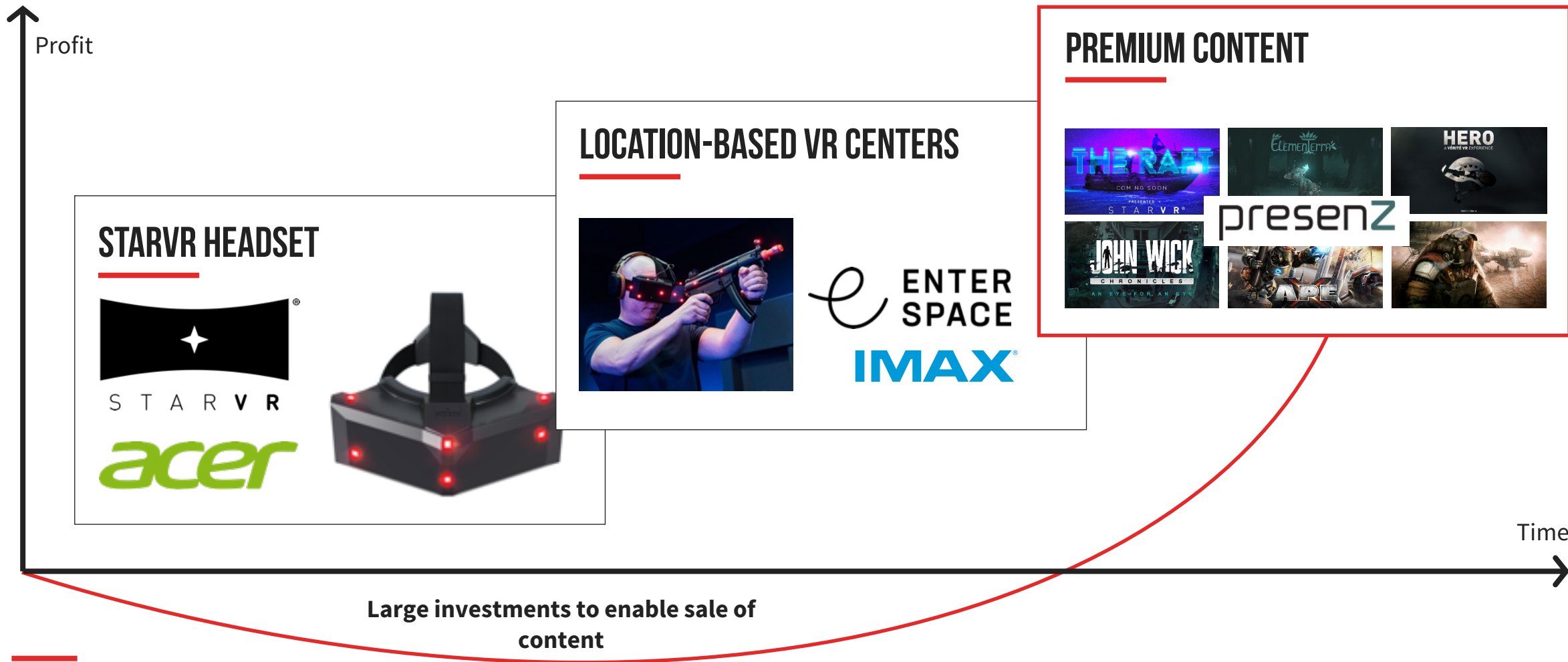


**VIRTUAL REALITY**



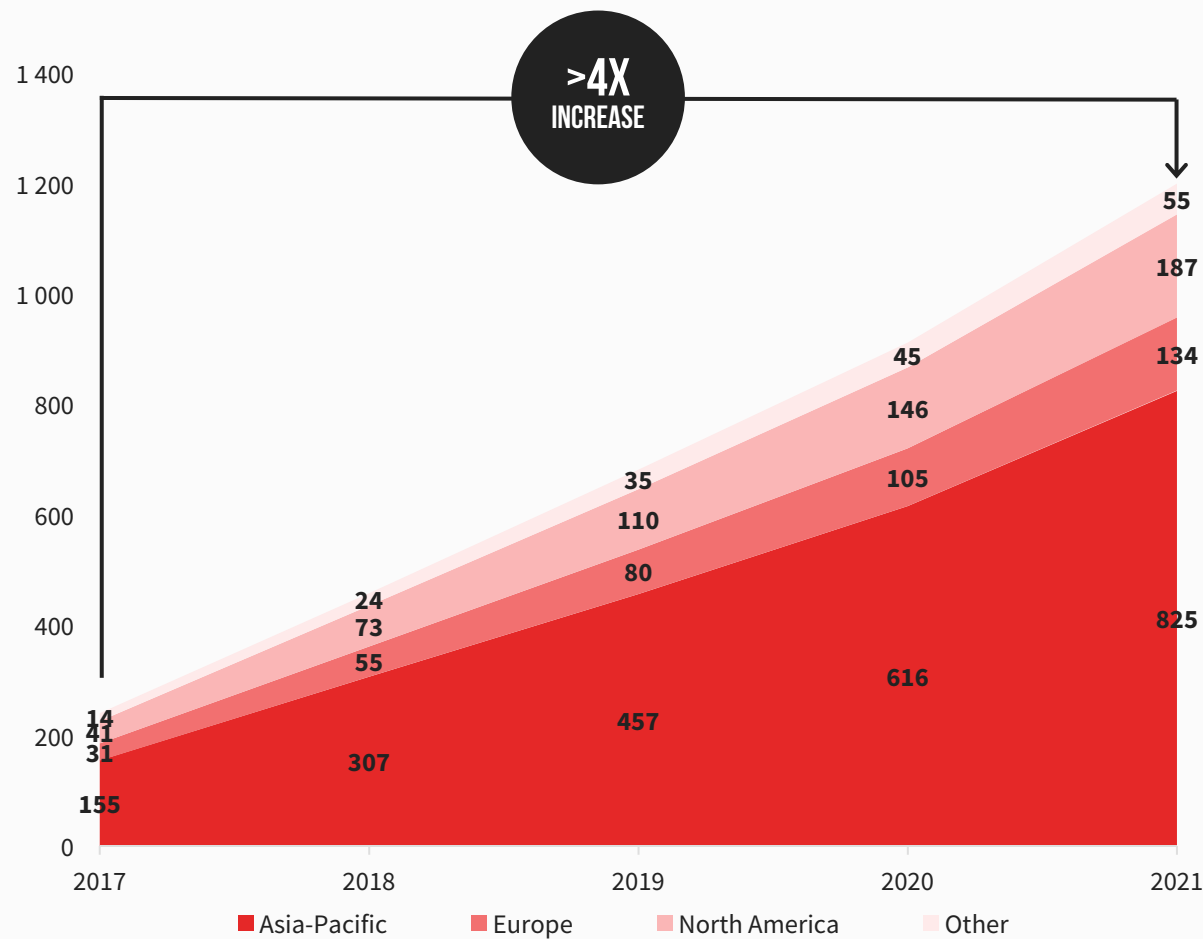
# VR STRATEGY – TO ENABLE PREMIUM CONTENT

Illustrative



# GLOBAL REVENUES — REACHING 1.2 BILLION USD IN 2021

## LBE GLOBAL VR REVENUE FORECAST 2017-2021 (MUSD)



Source: Location-Based VR entertainment Market Report, 2017-07-12, Greenlight Insights



# **STARBREEZE** **HIGHLIGHTS**

**LARGE AND GROWING ADDRESSABLE GAMES MARKET**

**ESTABLISHED AND SUCCESSFUL GAMES DEVELOPMENT WITH GAAS REVENUE MODEL**

**PROVEN PUBLISHING BUSINESS**

**LARGE PIPELINE OF NEW TITLES BASED ON STRONG GLOBAL FRANCHISES**

**LARGE POTENTIAL FOR CONTENT WITHIN LOCATION BASED VIRTUAL REALITY**

**ATTRACTIVE FINANCIAL PROFILE OF HIGH GROWTH AND PROFITABILITY**



# CONTACT US



**SEBASTIAN AHLSKOG**

CFO

[sebastian.ahlskog@starbreeze.com](mailto:sebastian.ahlskog@starbreeze.com)



**MAEVA SPONBERGS**

EVP of Communications

[aeava.sponbergs@starbreeze.com](mailto:aeava.sponbergs@starbreeze.com)



**ANN CHARLOTTE SVENSSON**

Head of IR and Corporate  
Communications

[anncharlotte.svensson@starbreeze.com](mailto:anncharlotte.svensson@starbreeze.com)

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## OUR ADDRESSES:

### STARBREEZE STUDIOS

Visiting address:

Regeringsgatan 38  
111 56 STOCKHOLM  
SWEDEN

Postal address:

PO Box 7731  
103 95 Stockholm  
SWEDEN

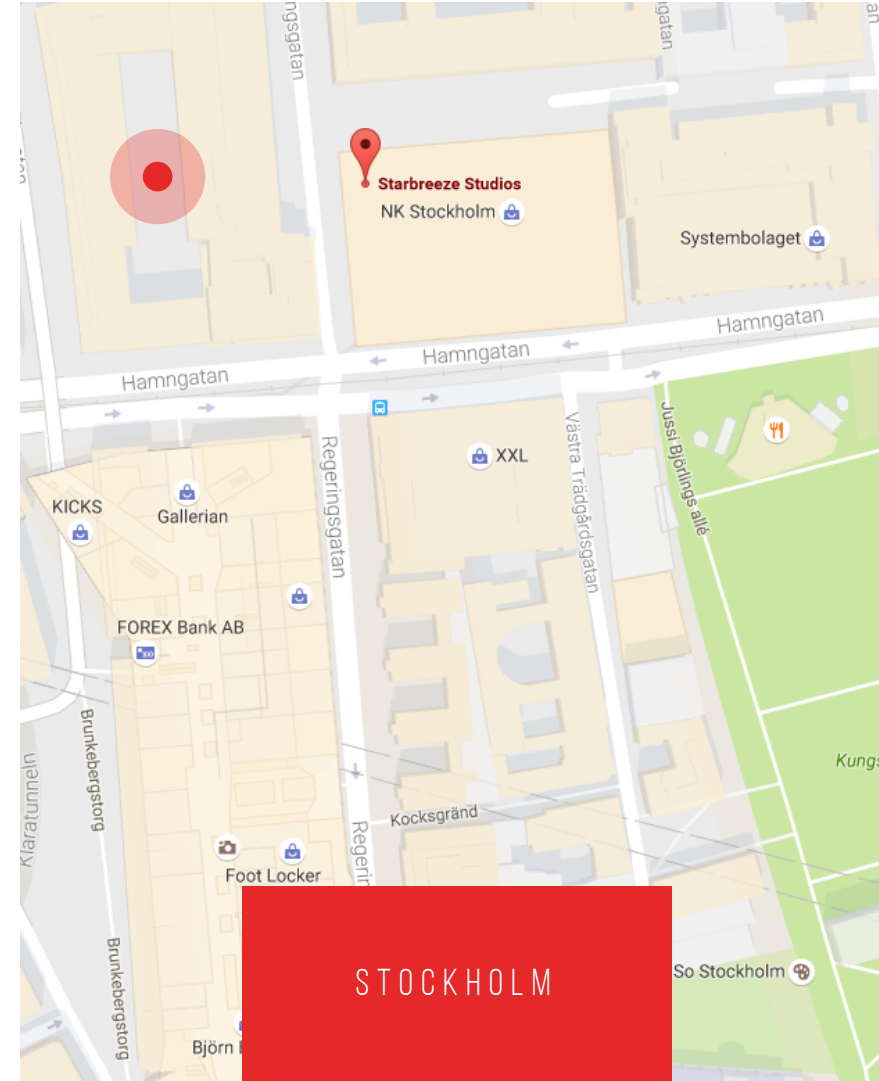
## OUR CONTACTS:

**WWW.STARBREEZE.COM**

Website

**IR@STARBREEZE.COM**

Investor Relations contact



# THANKS!

The Starbreeze team

