



STARBREEZE **INVESTOR PRESENTATION**

SEB Nordic Seminar, 10 January 2018

OUTLINE

01 INTRODUCTION TO STARBREEZE

03 STARBREEZE GAMES AND PUBLISHING

04 VIRTUAL REALITY

05 FINANCIAL OVERVIEW

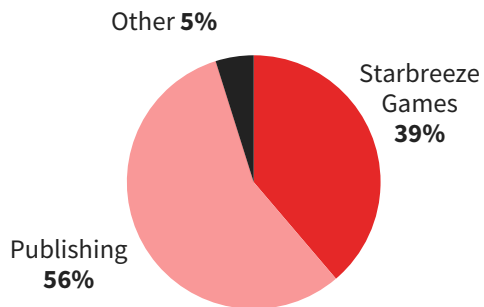
STARBREEZE IN BRIEF

AT A GLANCE

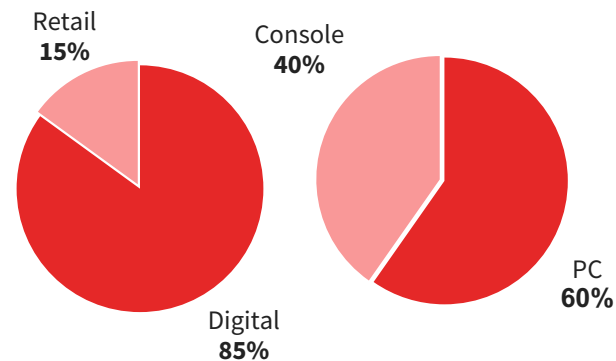
- One of the first independent studios in Northern Europe – founded in 1998.
- Established developer and publisher of PC and console games and VR products.
- Net sales of SEK 257.7m and EBITDA of SEK –59.9m in 2017 YTD.
- Listing on Nasdaq Stockholm in October 2017

NET SALES SPLITS

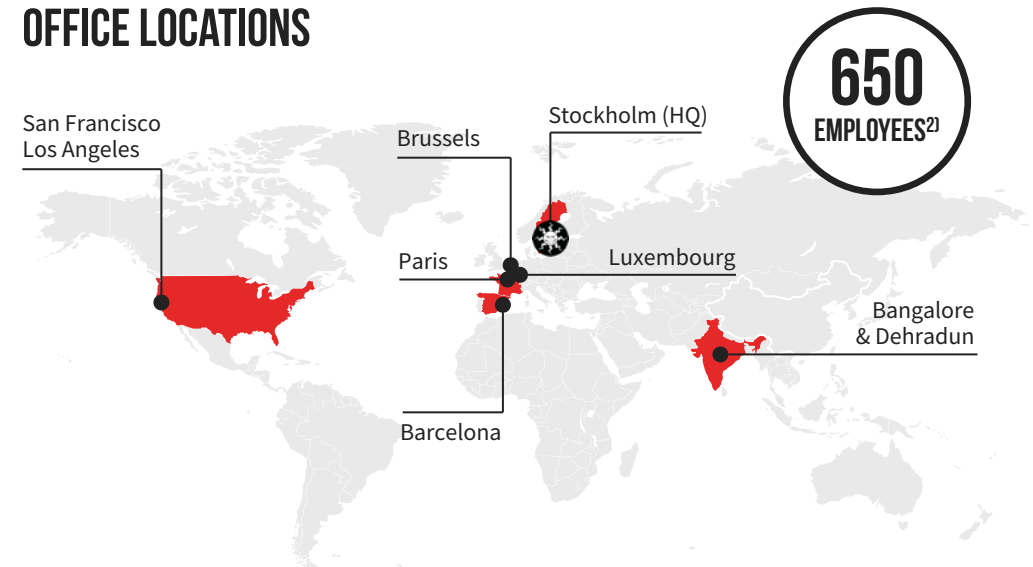
By business area¹⁾



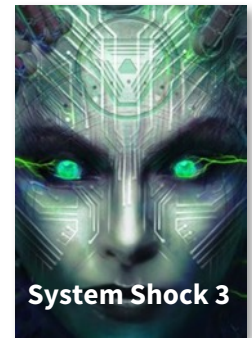
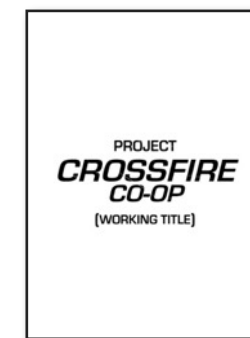
By platform¹⁾



OFFICE LOCATIONS



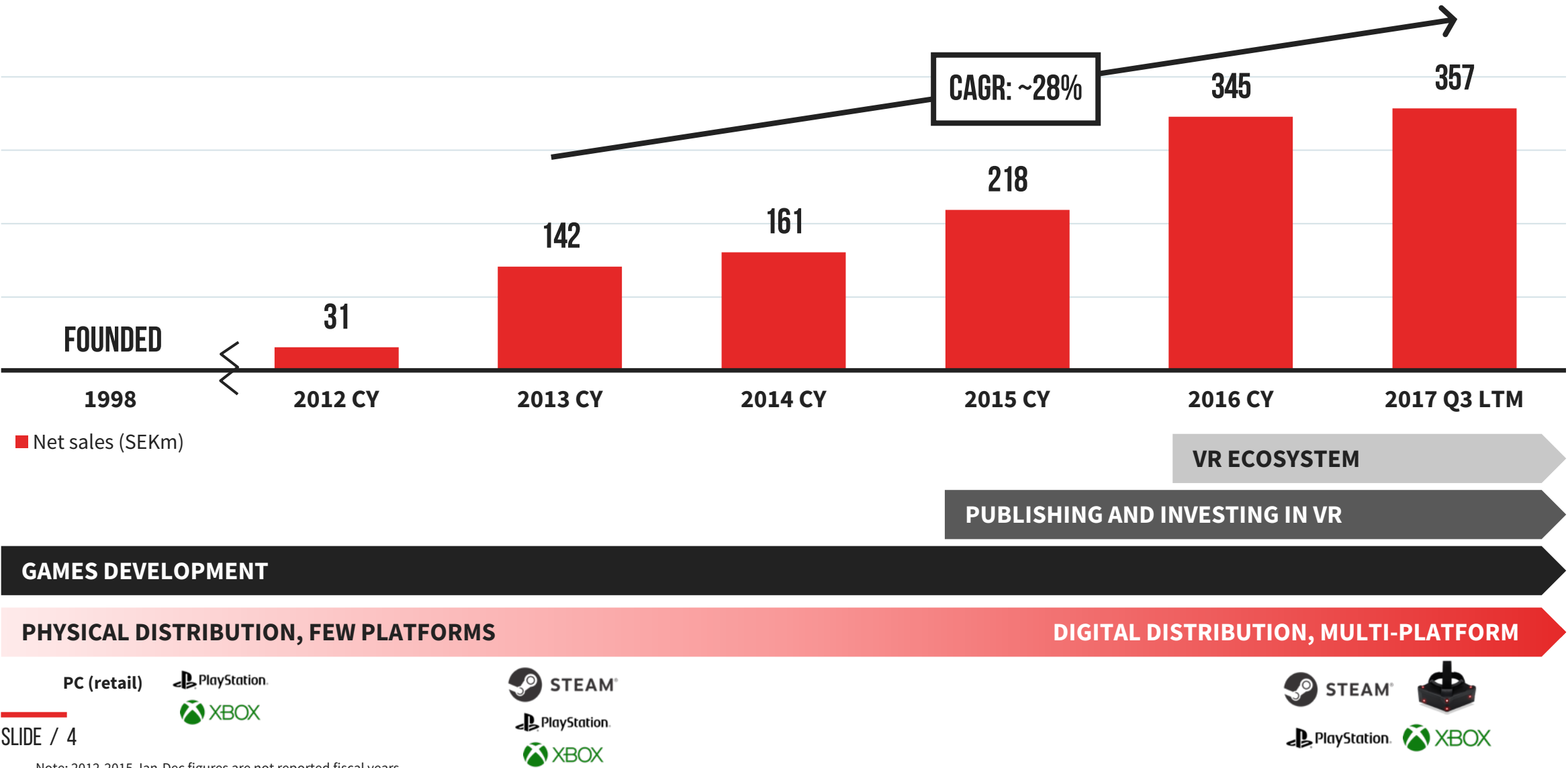
LARGE PORTFOLIO OF STRONG IPS



¹⁾ 2017 YTD

²⁾ 30 September 2017 including Dhruva Interactive

STARBREEZE EVOLUTION



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

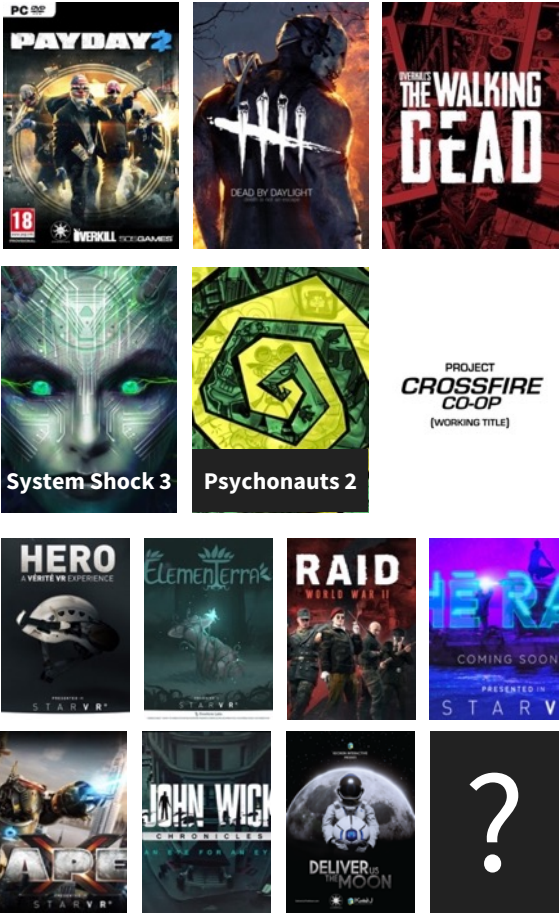
2017Q3 LTM

~2,000
(FINANCIAL TARGET)

2020E

Net sales (SEKm)

FUTURE PORTFOLIO



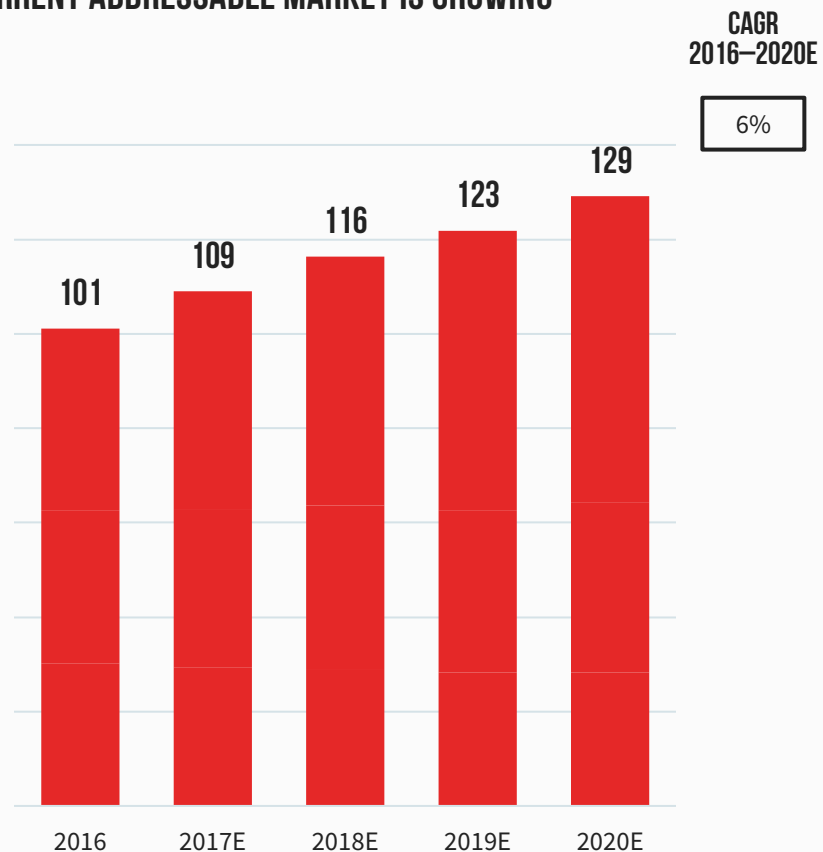
STARBREEZE GAMES AND PUBLISHING



LARGE AND GROWING ADDRESSABLE GAMES MARKET

GLOBAL CONSUMER SPEND ON GAMES, USDBN

CURRENT ADDRESSABLE MARKET IS GROWING



Source: Newzoo (2016-2020 Global games market)

STEAM IS THE MOST IMPORTANT DIGITAL PLATFORM FOR PC



11,000+

GAMES IN THE STORE



75%

OF ALL PC GAMES SOLD THROUGH STEAM



7,000+

ACTIVE FORUM THREADS DAILY



17.7

MILLION CCU AT ONE GIVEN TIME



125

MILLION USERS AS OF FEBRUARY 2015



67%

GROWTH OF USER BASE FROM 2014 TO 2015

TRENDS IN THE GAMES MARKET

GAMES WITH A CONTEXT



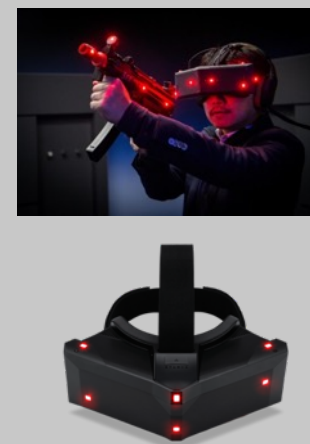
CONTINUOUS MONETIZATION



TECHNICAL PROGRESS

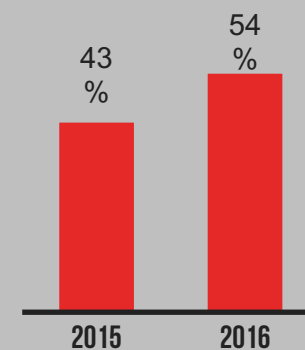


VIRTUAL REALITY



CONSOLIDATION

Top 10 public
gaming companies
market share¹⁾

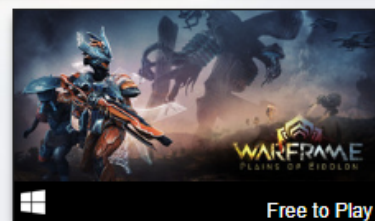
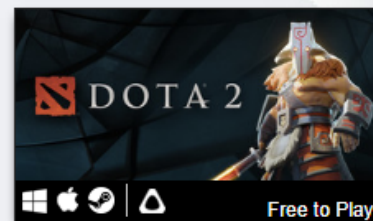
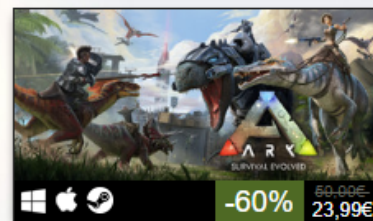
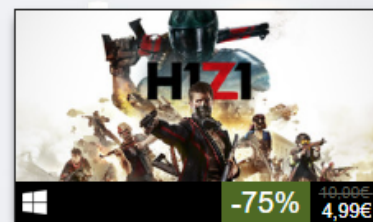
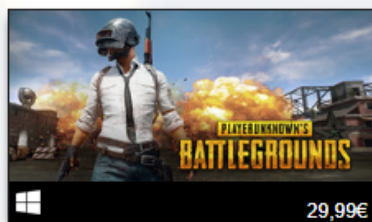
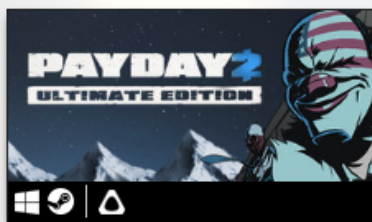


¹⁾ Game revenue of Top25 public companies up 17% in 2016, top 10 take more than half of global market.

BEST OF 2017 MOST PLAYED

*The games with highest peak
simultaneous players this year*

OVER 100,000 SIMULTANEOUS PLAYERS



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

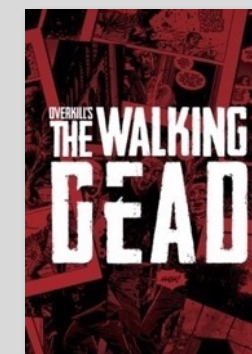
Action / Role play

RELEASE DATES

August 2013 (PC)
June 2015 (Console)

CASE STUDY: OVERKILL'S THE WALKING DEAD

Release 2018 H2



 NARRATIVE DRIVEN CO-OPERATIVE
1ST PERSON SHOOTER

 BASED ON THE SMASH-HIT
GRAPHIC NOVEL SERIES

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



2

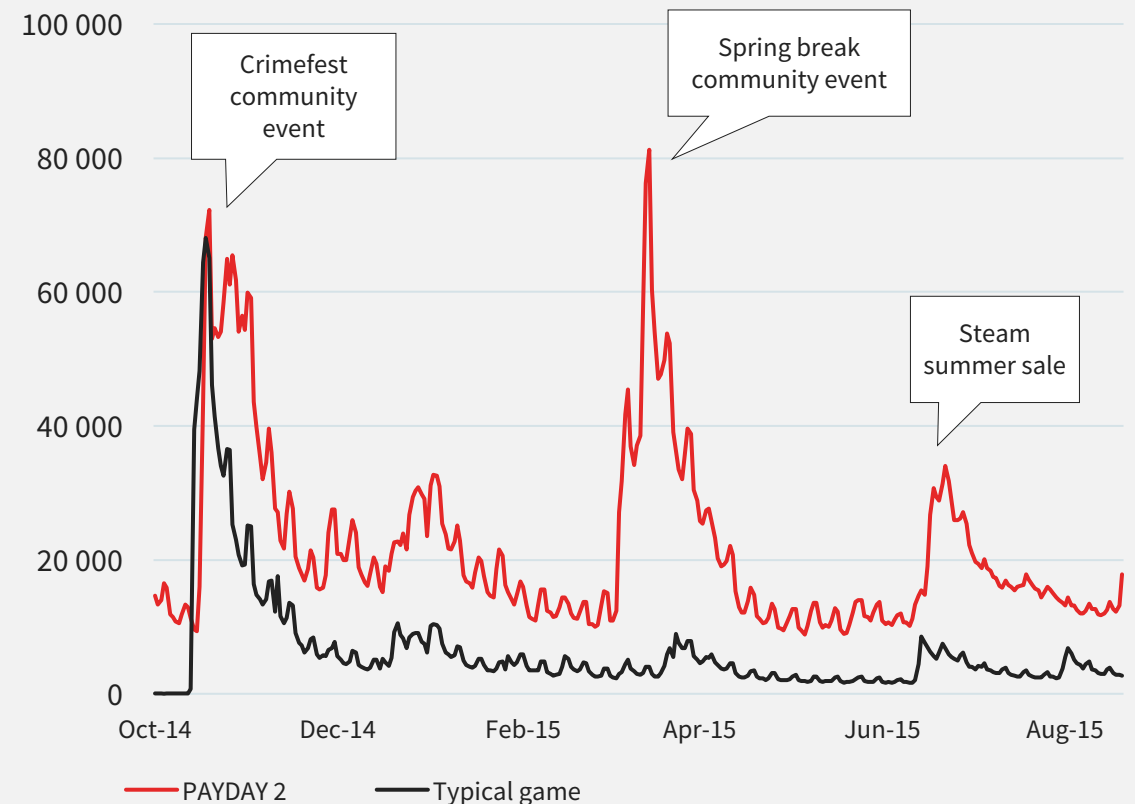
DRIVE GROWTH IN THE EXISTING GAME PORTFOLIO

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%

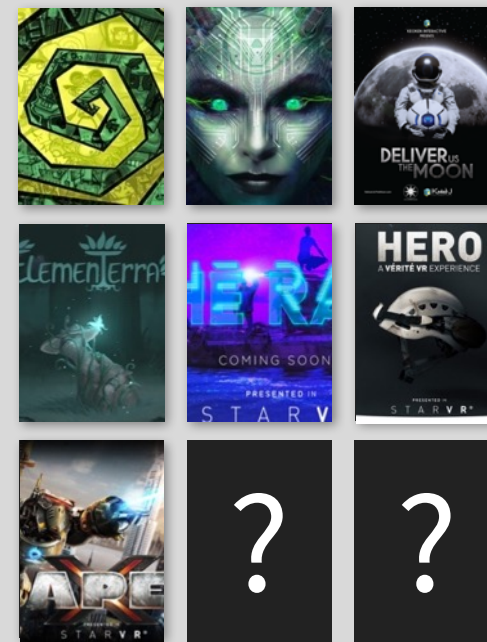
> 800,000

Asymmetric horror

RELEASE DATES

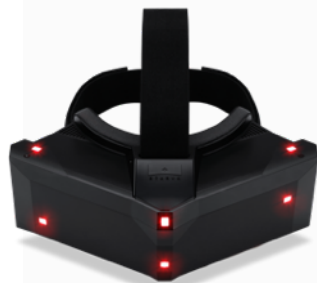
June 2016 (PC)
June 2017 (Console)

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?

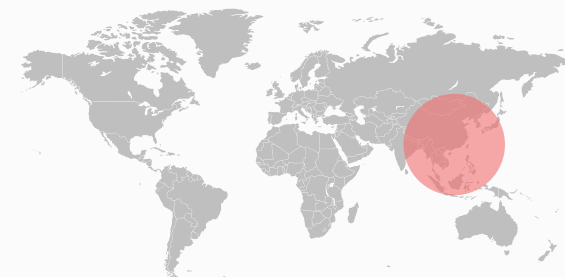
- Using successful IPs from its growing game portfolio to attract mobile users within its existing user base.

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.

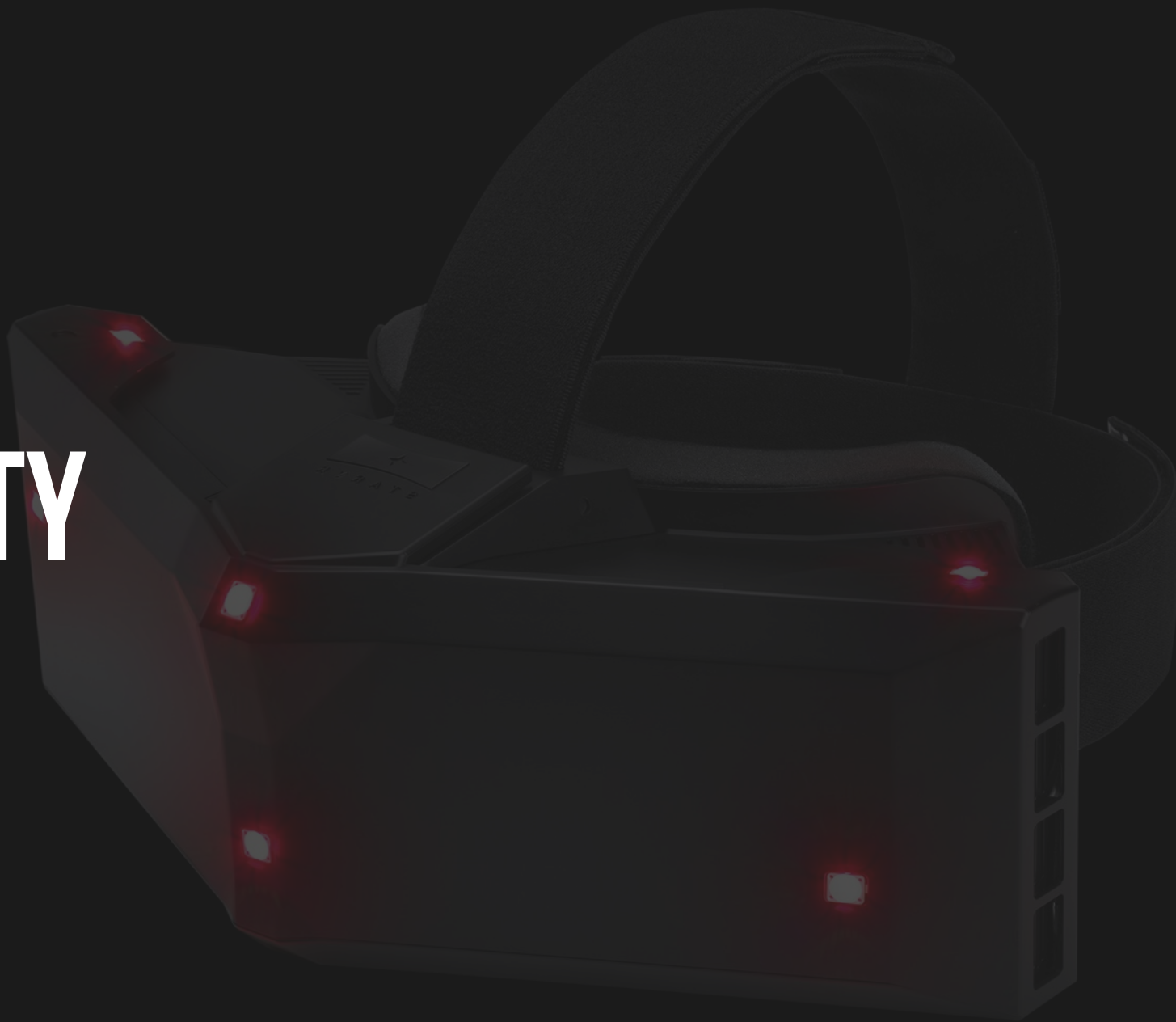
WHY?

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

WHEN?

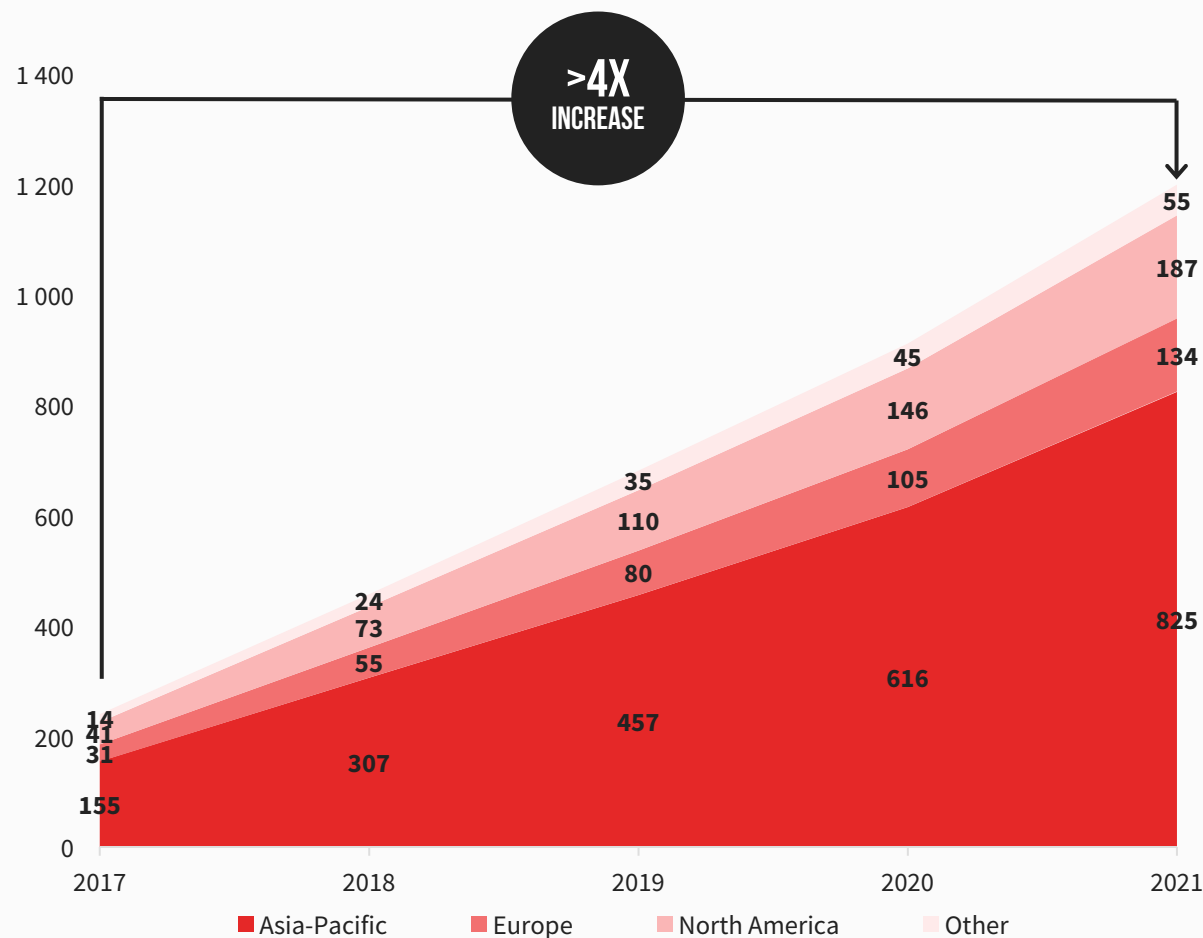
- Strategic collaboration through partnerships for distribution in Asia.

VIRTUAL REALITY



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

EXAMPLES LBE VR CENTERS

IMAX

5-25 minutes

\$7-10

1 user

Title: John Wick VR

Location: LA

THE VOID

10 minutes

\$55

4 players

Title: Ghostbusters: Dimension

Location: Utah, Dubai

ZERO LATENCY

45 minutes

\$70

6-8 players

Title: Zero Latency

Location: Japan, US, Spain

TYPES OF PLAYER EXPERIENCES

ARCADE

1 User



MULTIPLAYER

4 Users



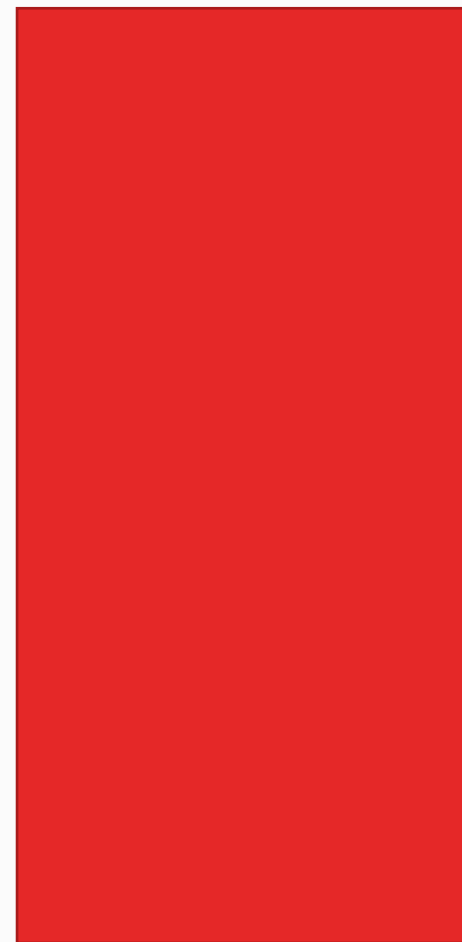
THEATRICAL SEATED

20+ Users



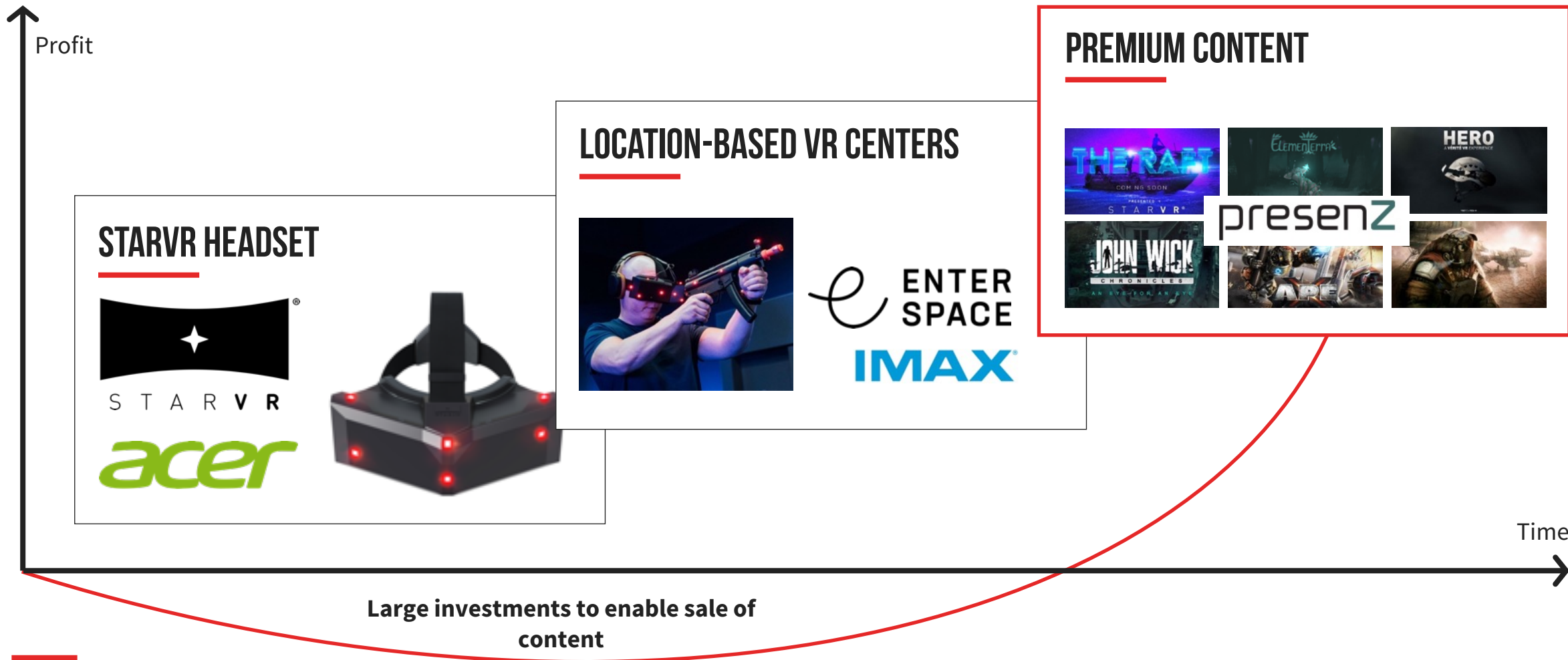
LARGE FIELD

100+ USERS










VR STRATEGY – TO ENABLE PREMIUM CONTENT

Illustrative



LOCATION BASED VR TO PROVIDE ADDITIONAL REVENUE

BUSINESS MODEL DYNAMICS BY TYPE OF CENTER

	Share of ticket price 15 USD	Wholly-owned (Stockholm)	Partnership (Dubai)	Tech and content supplier (IMAX)
Headset, tech, pods	20-40%			
Content	20-40%			
Operations (landlords)	20-40%		-	-
Costs carried by Starbreeze	-	All costs	Costs for headset, tech, pods and content	No costs

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

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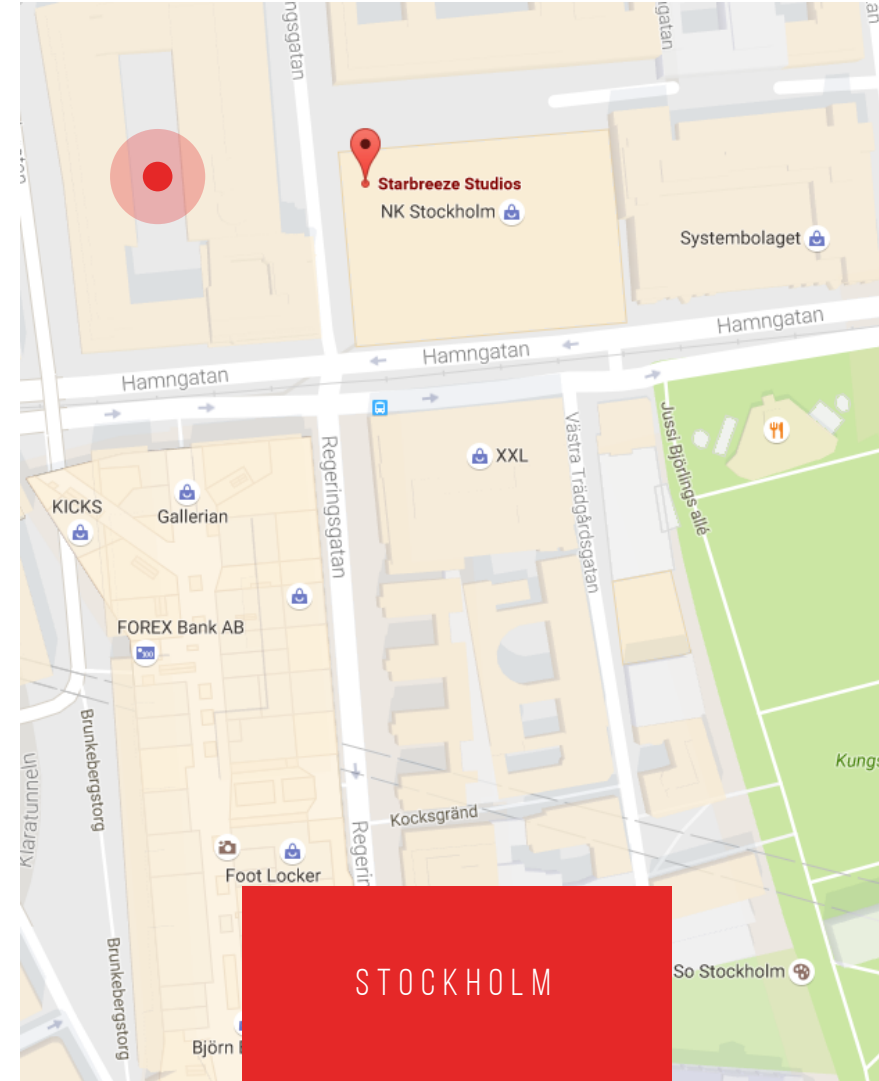
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THANKS!

The Starbreeze team

