



## Second Quarter 2016 Results

August 4, 2016

# Safe Harbor Disclosure

## Please review our SEC filings on Form 10-K and Form 10-Q

---

The statements contained in this press release that are not historical facts are forward-looking statements, including, but not limited to, statements about (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow or other financial items; (2) statements of our plans and objectives, including those related to product releases; (3) statements of future financial or operating performance; (4) statements relating to the acquisition of King and expected impact of that transaction, including without limitation, the expected impact on Activision Blizzard, Inc.'s future financial results; (5) statements about potential future debt refinancing or other capital structure changes; and (6) statements of assumptions underlying such statements. The company generally uses words such as “outlook,” “forecast,” “will,” “could,” “should,” “would,” “to be,” “plan,” “plans,” “believes,” “may,” “might,” “expects,” “intends,” “intends as,” “anticipates,” “estimate,” “future,” “positioned,” “potential,” “project,” “remain,” “scheduled,” “set to,” “subject to,” “upcoming” and other similar expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risk, reflect management’s current expectations, estimates and projections about our business, and are inherently uncertain and difficult to predict.

The company cautions that a number of important factors could cause Activision Blizzard's actual future results and other future circumstances to differ materially from those expressed in any forward looking statements. Such factors include, but are not limited to: uncertainties as to whether and when Activision Blizzard will be able to realize the anticipated financial results from the acquisition of King; the integration of King being more difficult, time-consuming or costly than expected; the diversion of management time and attention to issues relating to the operations and integration of King; sales levels of Activision Blizzard’s titles; increasing concentration of revenue among a small number of titles; Activision Blizzard’s ability to predict consumer preferences, including interest in specific genres, and preferences among hardware platforms; the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt; adoption rate and availability of new hardware (including peripherals) and related software; counterparty risks relating to customers, licensees, licensors and manufacturers; maintenance of relationships with key personnel, customers, financing providers, licensees, licensors, manufacturers, vendors, and third-party developers, including the ability to attract, retain and develop key personnel and developers that can create high quality titles; changing business models, including digital delivery of content and the increased prevalence of free-to-play games; product delays or defects; competition, including from used games and other forms of entertainment; rapid changes in technology and industry standards; possible declines in software pricing; product returns and price protection; the identification of suitable future acquisition opportunities and potential challenges associated with geographic expansion; the seasonal and cyclical nature of the interactive entertainment market; the outcome of current or future tax disputes; litigation risks and associated costs; protection of proprietary rights; shifts in consumer spending trends; capital market risks; applicable regulations; domestic and international economic, financial and political conditions and policies; tax rates and foreign exchange rates; the impact of the current macroeconomic environment; and the other factors identified in “Risk Factors” included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 and subsequent quarterly reports on Form 10-Q.

The forward-looking statements in this press release are based on information available to the company and we assume no obligation to update any such forward-looking statements. Although these forward-looking statements are believed to be true when made, they may ultimately prove to be incorrect. These statements are not guarantees of our future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

# Non-GAAP (as previously defined) and Non-GAAP (redefined) Financial Measures

---

We provide Non-GAAP (as previously defined) financial measures and Non-GAAP (redefined) financial measures in this earnings release. The only difference between the two measures is the inclusion (Non-GAAP (redefined)) or exclusion (Non-GAAP (as previously defined)) of the impact from revenue deferrals accounting treatment on certain of our online enabled products. We have reported our second quarter of 2016 results under Generally Accepted Accounting Principles ("GAAP"), Non-GAAP (as previously defined) and Non-GAAP (redefined). We have provided our outlook for the third quarter and full year of 2016 under GAAP, and Non-GAAP (redefined). This is the last quarter we will report Non-GAAP (as previously defined) financial measures. In accordance with the updated Compliance and Disclosure Interpretations issued by the SEC staff on May 17, 2016, going forward, we will only be providing results and outlook using GAAP and Non-GAAP (redefined).

# Use of Non-GAAP Measures

---

As a supplement to our financial measures presented in accordance with Generally Accepted Accounting Principles (“GAAP”), Activision Blizzard presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company’s results of operations as determined in accordance with GAAP.

Activision Blizzard provides net income (loss), earnings (loss) per share and operating margin data and guidance both including (in accordance with GAAP) and excluding (non-GAAP) certain items. When relevant, the Company also provides constant FX information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. In addition, Activision Blizzard provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation and amortization) and adjusted EBITDA (defined as non-GAAP operating margin (see non-GAAP financial measure below) before depreciation). The non-GAAP financial measures exclude the following items, as applicable in any given reporting period and our outlook:

- expenses related to stock-based compensation;
- the amortization of intangibles from purchase price accounting;
- fees and other expenses related to the King acquisition, inclusive of related debt financings, and future refinancing of long-term debt, including penalties and the write off of unamortized discount and deferred financing costs; and
- the income tax adjustments associated with any of the above items. We derive the income tax adjustments commensurate with the non-GAAP income before income tax expenses.

In the future, Activision Blizzard may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Activision Blizzard’s financial and operating performance. In particular, the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Activision Blizzard by excluding certain items that may not be indicative of the company’s core business, operating results or future outlook. Internally, management uses these non-GAAP financial measures, along with others, in assessing the company’s operating results, and measuring compliance with the requirements of the company’s debt financing agreements, as well as in planning and forecasting.

Activision Blizzard’s non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net income, non-GAAP earnings per share, non-GAAP operating margin, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Activision Blizzard’s performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard’s GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

# Better-Than-Expected and Record Performance

## Raising 2016 revenues and EPS outlook based on strong business momentum

---

### Q2 financial results

- GAAP: record Q2 revenues of \$1,570M (up 50% Y/Y), EPS of \$0.17, down from prior year due to purchase price accounting
- Non-GAAP<sup>1</sup> (redefined): record Q2 EPS of \$0.45 (up 45% Y/Y)
- Non-GAAP<sup>1</sup> (as previously defined): record Q2 revenues of \$1,609M (up >100% Y/Y) and record Q2 EPS of \$0.54 (up >300% Y/Y)
- Record Q2 operating cash flow up more than 250% Y/Y
- Record Q2 free cash flow up more than 300% Y/Y
- Record quarterly digital revenues of over \$1B
- Paid down \$816M of debt in the quarter

### Raising full year guidance based on strong momentum

- Increasing 2016 GAAP outlook to revenues of \$6.4B, incl. net deferrals of \$75M, and GAAP EPS of \$0.87
- Increasing 2016 non-GAAP<sup>1</sup> (redefined) outlook to EPS of \$1.83, including net deferrals of \$0.07

### Overwatch global launch was a resounding success

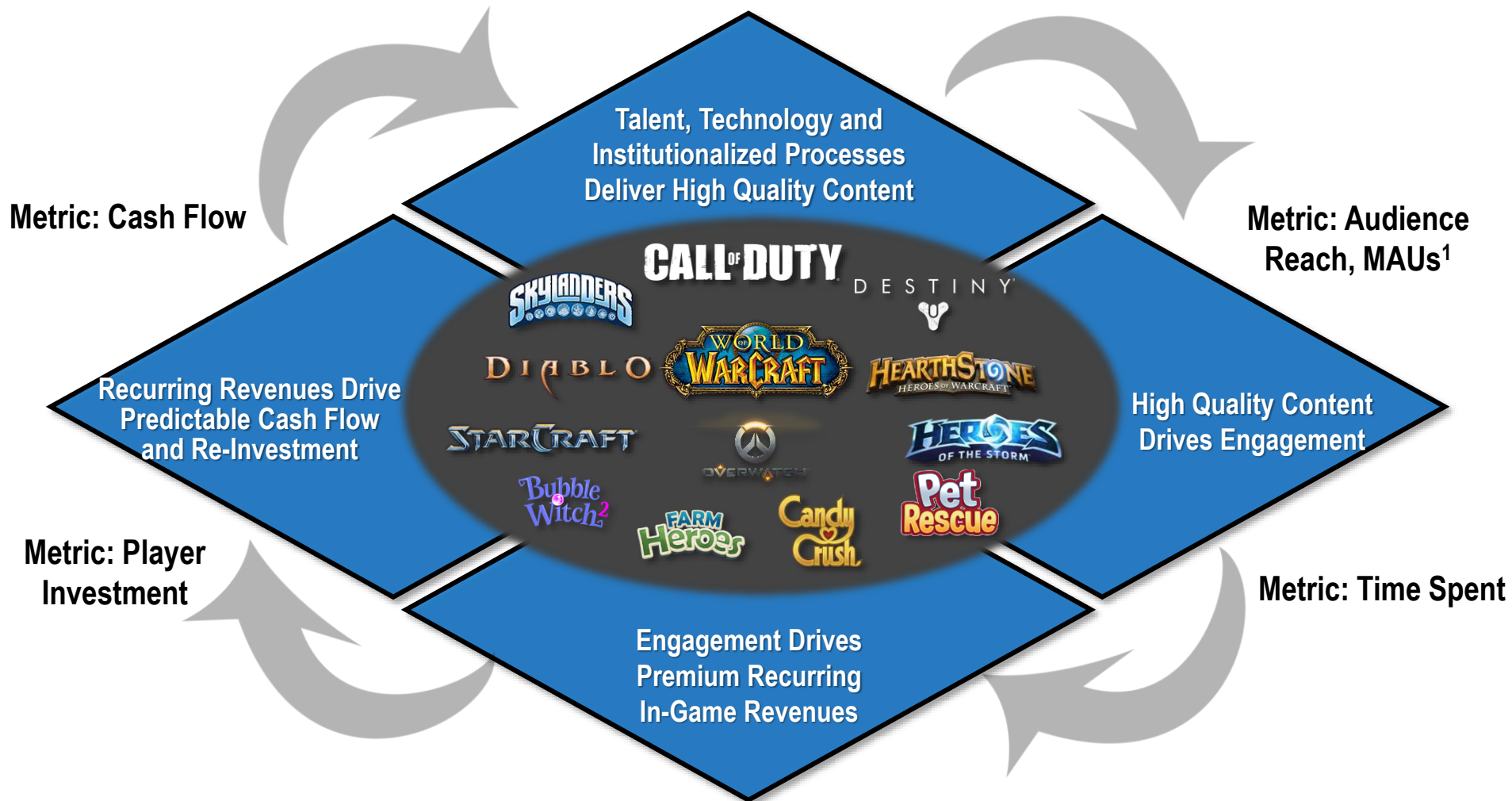
- Over 15M players to date who have played about 500M hours
- Launched simultaneously across multiple platforms and regions, including China and Korea

**Remain focused on key priorities:** building audiences globally, growing engagement by investing in new content, celebrating our players through initiatives like esports, and continuing to be a great place to work

<sup>1</sup> Non-GAAP information; reconciliation tables in the appendix of the earnings release dated August 4, 2016, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

# Strategic Focus on Franchises

We relentlessly focus on building reach, engagement, and player investment



<sup>1</sup> MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details.

# Audience Reach

Nearly 500M MAUs<sup>1</sup> across the company

	Activision	Blizzard	King
MAUs <sup>1</sup>	49M, Q2 record	33M, quarterly record	409M

## Details:



- 15M+ players around the globe, achieving this milestone more quickly than any game in Blizzard's history; player base split roughly evenly between East and West
- Broke **Diablo® III**'s record as fastest-selling PC game in China
- #1 position in Korean Internet Game Rooms with over 30% share of play-time



- **World of Warcraft®** MAUs<sup>1</sup> double digit growth quarter-over-quarter and year-over-year
- Strong momentum in China following **Warcraft®** film, one of highest grossing Hollywood releases ever in China and the biggest game-based movie release worldwide
- Next expansion, **Legion™**, is expected to launch Q3, with pre-purchases tracking in-line with last expansion



- **Call of Duty®: Black Ops III** continues to be the top selling current-gen game LTD<sup>2</sup>, outperforming the prior year's game across MAUs<sup>1</sup>, full game sales, in-game content, and engagement

D E S T I N Y



- April update and Rise of Iron announcement drove M/M growth in MAUs<sup>1</sup> and time spent / MAU<sup>1</sup>
- **Rise of Iron**, the expansion coming in September, with strong digital pre-purchases tracking ahead of last year's **The Taken King**

<sup>1</sup> MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details. <sup>2</sup> NPd & GfK Chart-Track. .

# Deep Engagement

Nearly 10B hours spent playing our games in Q2 with a strong content pipeline ahead

## Details:



- About 500M hours spent playing **Overwatch**<sup>®</sup>
- Added new hero, competitive play mode, & Summer Games content with new soccer-like mode



- Record quarterly time spent and MAUs<sup>1</sup> with the launch of **Whispers of the Old Gods**<sup>™</sup>
- Deep engagement drove double digit revenue increase year-over-year in the quarter
- **One Night in Karazhan**<sup>™</sup>, the next adventure is expected to launch next week



- 10<sup>th</sup> BlizzCon this November, to include **Overwatch World Cup**



- Debuted the **Enhanced Viewer Experience (EVE)** which provides real-time stats and competition insights; making the viewing experience richer and more accessible
- Announced partnership with Facebook to broadcast live competitions as well as the weekly Esports Report, providing broad reach for our premium content
- Since the December acquisition, MLG's reach on Facebook has increased by more than 700%



- With the growth of **Call of Duty World League**, franchise esports viewership has increased by more than 5x Y/Y to 33M views during Stage 1 events
- Anticipate sold-out championships at Call of Duty XP in September to be the most-viewed Call of Duty esports event in history by a wide margin



- **Skylanders**<sup>™</sup> **Academy**, a new TV series celebrating the beloved kids franchise expected to premier on Netflix this fall
- **Skylanders**<sup>®</sup>: **Imaginators**, innovative new title from Toys for Bob, expected to launch this fall



- King time spent per MAU<sup>1</sup> was up Q/Q and Y/Y

<sup>1</sup> MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in press release for additional details.



# Increasing Opportunities for Player Investment

Quarterly record of \$900M GAAP & \$1B Non-GAAP (prev. def.) digital in-game content sales

Q2 GAAP digital revenues:

Q2 non-GAAP<sup>1</sup> (as previously defined) digital revenues:

ATVI	YY (incl. King)	YY (ex. King)
>\$1.1B	+101%	+20%
>\$1.4B	+129%	+50%

## Details:



- **Candy Crush**<sup>TM</sup> franchise gross bookings<sup>2</sup> up Q/Q and Y/Y
- King's average revenue per paying user up Q/Q and Y/Y across the network. Mobile bookings also grew Y/Y
- King now has at least 3 of the top 15 grossing games in the Apple App Store and Google Play Store in the U.S. for 10 quarters in a row<sup>3</sup>
- Continuing with advertising tests and expect to expand to **Candy Crush** later this year



- Blizzard delivered record quarterly and 1H segment revenues
- **Overwatch** life-to-date revenues of about half a billion dollars, excluding deferrals, as of today
- Double digit year-over-year revenue growth for **Hearthstone**<sup>®</sup> and strong pre-expansion momentum for **World of Warcraft**



- Launched new micro-transactions for **Destiny** with strong community engagement



- **Call of Duty** delivered the most revenue and OI, excluding deferrals, in its history in 1H of year
- **Call of Duty** in-game content continues to perform at record levels for the franchise
- Doubled the number of in-game purchasers, with no degradation to average revenue per user all while increasing engagement
- **Infinite Warfare**<sup>TM</sup> innovation paired with **Modern Warfare**<sup>®</sup> Remastered bonus content driving a far higher percentage of pre-orders on higher value premium SKUs than ever before

<sup>1</sup> Non-GAAP information. <sup>2</sup> Gross bookings is an operating metric reflecting the total price paid by players, which includes indirect taxes (sales tax or value added tax etc.), platform providers fees, and King's share of revenues. <sup>3</sup> U.S. ranking for Apple App Store and Google Play Store, per App Annie Intelligence for second quarter 2016

# Better-than-Expected First Half 2016 Results

**1H non-GAAP<sup>1</sup> (as previously defined) revenues up 72% Y/Y, EPS up 175% Y/Y**

*Note that this is the last quarter that we are providing Non-GAAP (as previously defined) metrics*

	1H 2015 Actual			1H 2016 Actual		
	GAAP	Non-GAAP <sup>1</sup> (redefined)	Non-GAAP <sup>1</sup> (prev. def.)	GAAP	Non-GAAP <sup>1</sup> (redefined)	Non-GAAP <sup>1</sup> (prev. def.)
<b>Net Revenues</b>	<b>\$2,322M</b>	<b>\$2,322M</b>	<b>\$1,462M</b>	<b>\$3,025M</b>	<b>\$3,025M</b>	<b>\$2,517M</b>
Digital Revenues	\$1,150M	\$1,150M	\$1,149M	\$2,067M	\$2,067M	\$2,199M
Digital Revenues %	50%	50%	79%	68%	68%	87%
Operating Income	\$874M	\$921M	\$376M	\$693M	\$1,101M	\$840M
Operating Margin	38%	40%	26%	23%	36%	33%
Interest Expense, Net	\$100M	\$100M	\$100M	\$117M	\$115M	\$115M
Tax Rate	22%	22%	24%	20%	21%	21%
<b>EPS</b>	<b>\$0.81</b>	<b>\$0.86</b>	<b>\$0.28</b>	<b>\$0.61</b>	<b>\$1.04</b>	<b>\$0.77</b>
Weighted-avg shares outstanding:						
Diluted shares	734M	734M	734M	748M	748M	748M
Participating securities	10M	10M	10M	3M	3M	3M
Total share count for EPS <sup>2</sup>	744M	744M	744M	751M	751M	751M
<b>Operating Cash Flow</b>	<b>\$344M</b>			<b>\$788M, up 129% Y/Y</b>		
<b>Free Cash Flow<sup>3</sup></b>	<b>\$295M</b>			<b>\$717M, up 143% Y/Y</b>		

<sup>1</sup> Non-GAAP reconciliations are in the appendices of the earnings releases dated August 4, 2015 and August 4, 2016, which are available on [www.activisionblizzard.com](http://www.activisionblizzard.com)

<sup>2</sup> Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. May not recalculate due to rounding.

<sup>3</sup> Free Cash Flow represents Operating Cash Flow minus Capital Expenditure (which includes payment for acquisition of intangible assets)

# Record Second Quarter 2016 Results

## Record Q2 revenues

*Note that this is the last quarter that we are providing Non-GAAP (as previously defined) metrics*

	Q2 2015 Actual			Prior Q2 2016 Outlook <sup>2</sup>			Q2 2016 Actual		
	GAAP	Non-GAAP <sup>1</sup> (redefined)	Non-GAAP <sup>1</sup> (prev. def.)	GAAP	Non-GAAP <sup>1</sup> (redefined)	Non-GAAP <sup>1</sup> (prev. def.)	GAAP	Non-GAAP <sup>1</sup> (redefined)	Non-GAAP <sup>1</sup> (prev. def.)
<b>Net Revenues</b>	<b>\$1,044M</b>	<b>\$1,044M</b>	<b>\$759M</b>	<b>\$1,425M</b>	<b>\$1,425M</b>	<b>\$1,375M</b>	<b>\$1,570M</b>	<b>\$1,570M</b>	<b>\$1,609M</b>
Digital Revenues	\$569M	\$569M	\$611M				\$1,141M	\$1,141M	\$1,402M
Digital Revenues %	55%	55%	81%				73%	73%	87%
Operating Income	\$332M	\$354M	\$173M				\$232M	\$480M	\$588M
Operating Margin	32%	34%	23%	11%		31%	15%	31%	37%
Interest Expense, Net	\$50M	\$50M	\$50M	\$62M		\$60M	\$65M	\$64M	\$64M
Tax Rate	25%	25%	24%	23%		23%	24%	18%	23%
<b>EPS</b>	<b>\$0.29</b>	<b>\$0.31</b>	<b>\$0.13</b>	<b>\$0.10</b>	<b>\$0.36</b>	<b>\$0.38</b>	<b>\$0.17</b>	<b>\$0.45</b>	<b>\$0.54</b>
Weighted-avg shares outstanding:									
Diluted shares	735M	735M	735M				750M	750M	750M
Participating securities	9M	9M	9M				3M	3M	3M
Total share count for EPS <sup>3</sup>	744M	744M	744M	755M	755M	755M	753M	753M	753M
<b>Operating Cash Flow</b>	<b>\$135M</b>						<b>\$479M, up 255% Y/Y</b>		
<b>Free Cash Flow<sup>4</sup></b>	<b>\$107M</b>						<b>\$435M, up 307% Y/Y</b>		

<sup>1</sup> Non-GAAP reconciliations are in the appendices of the earnings releases dated August 4, 2015, May 5, 2016 and August 4, 2016, which are available on [www.activisionblizzard.com](http://www.activisionblizzard.com)

<sup>2</sup> Prior outlook provided May 5, 2016. "Non-GAAP (redefined)" outlook is what would have been provided on May 17, 2016 if the Company were providing outlook based on the redefined methodology at that time.

<sup>3</sup> Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. May not recalculate due to rounding.

<sup>4</sup> Free Cash Flow represents Operating Cash Flow minus Capital Expenditure (which includes payment for acquisition of intangible assets)

# Balance Sheet

Paid down \$816M of term loan in Q2; \$0.26/share dividend paid on May 11

	6/30/15	3/31/16	6/30/16
<b>Cash and investments</b>	<b>\$4.53B</b>	<b>\$2.91B</b>	<b>\$2.30B<sup>1</sup></b>
Cash and investments per share <sup>2</sup>	\$6.09	\$3.87	\$3.06
\$250M revolving facility	---	---	---
5-year term loan A	---	\$2.55B	\$2.53B
7-year term loan B	\$1.87B	\$1.12B	\$0.32B
8-year notes due 2021 (5.625%)	\$1.50B	\$1.50B	\$1.50B
10-year notes due 2023 (6.125%)	\$0.75B	\$0.75B	\$0.75B
<b>Gross Debt</b>	<b>\$4.12B</b>	<b>\$5.92B</b>	<b>\$5.10B</b>
<b>Net Debt<sup>3</sup></b>	<b>---</b>	<b>\$3.01B</b>	<b>\$2.80B</b>
<b>Net Cash<sup>4</sup></b>	<b>\$0.41B</b>	<b>---</b>	<b>---</b>

		As Reported	Including King TTM EBITDA <sup>6</sup>
<b>Adjusted TTM EBITDA<sup>5</sup></b>	<b>\$1,631M</b>	<b>\$1,607M</b>	<b>\$1,714M</b>
Secured Debt / Adj. TTM EBITDA <sup>5</sup>	1.1x	2.3x	1.7x
Gross Debt / Adj. TTM EBITDA <sup>5</sup>	2.5x	3.7x	3.0x
Net Debt <sup>3</sup> / Adj. TTM EBITDA <sup>5</sup>	0x	1.9x	1.6x

<sup>1</sup> Includes over \$0.7B of domestic cash and investments.

<sup>2</sup> Based on weighted average shares outstanding of 744M, 750M, and 753M for the quarters ending June 30, 2015, March 31, 2016, and June 30, 2016, respectively.

<sup>3</sup> Net debt is defined as gross debt less cash and cash equivalents, short-term investments and long-term investments.

<sup>4</sup> Net cash is defined as cash and cash equivalents, short-term investments and long-term investments less gross debt.

<sup>5</sup> Adjusted TTM EBITDA is calculated as non-GAAP (redefined) operating income plus depreciation for the trailing twelve months of respective periods end.

<sup>6</sup> Based on King's trailing twelve months adjusted EBITDA including \$180 million for Q3CY15, \$188 million for Q4CY15 (as reported by King), and 2016 pre-transaction close King adjusted EBITDA of \$93 million.

# Financial Outlook as of August 4, 2016

## Raising 2016 GAAP and non-GAAP<sup>1</sup> (redefined) revenues and EPS outlook

	Q3 2016		2016		Impact of GAAP Deferrals <sup>2</sup>	
	GAAP	Non-GAAP <sup>1</sup> (redefined)	GAAP	Non-GAAP <sup>1</sup> (redefined)	Q3 2016	2016
<b>Net Revenues</b>	<b>\$1,490M</b>	<b>\$1,490M</b>	<b>\$6,400M</b>	<b>\$6,400M</b>	<b>\$45M</b>	<b>\$75M</b>
COGS (Prod/Game Ops)	23%	23%	24%	24%		
Op Ex, incl. Royalties	64%	47%	58%	44%		
<b>Operating Margin<sup>3</sup></b>	<b>13%</b>	<b>30%</b>	<b>17%</b>	<b>32%</b>		
Interest Expense	\$138M	\$53M	\$311M	\$223M		
Tax Rate	18%	24%	18%	24%		
<b>EPS<sup>2</sup></b>	<b>\$0.06</b>	<b>\$0.39</b>	<b>\$0.87</b>	<b>\$1.83</b>	<b>\$0.01</b>	<b>\$0.07</b>
Fully Diluted Weighted Avg. Shares <sup>4</sup>	760M	760M	765M	765M		

### Currency Assumptions for Current 2016 Outlook:

- \$1.11 USD/Euro (vs. \$1.11 avg. for 2015 & \$1.33 avg. for 2014)
- \$1.31 USD/GBP (vs. \$1.53 avg. for 2015 & \$1.65 avg. for 2014)
- Note: Revenue and EPS increase if the Euro or GBP strengthen vs. USD

If you would like to calculate Non-GAAP revenues and EPS as previously defined, in order to do year-over-year comparisons, you would add the impact of GAAP deferrals to GAAP Revenues and to Non-GAAP (redefined) EPS. Please see materials from July 29 call for further details.

<sup>1</sup> Non-GAAP information; reconciliation tables in the appendix of the earnings release dated August 4, 2016, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

<sup>2</sup> Net effect of revenue deferral accounting treatment on certain of our online enabled products.

<sup>3</sup> May not recalculate due to rounding.

<sup>4</sup> Including fully diluted shares and participating securities based on average share price.

# A Portfolio of Compelling Owned Franchises

Seven \$1B+ franchises across the portfolio<sup>1</sup>

## ACTIVISION

4 of top 10 titles on next-gen consoles, life-to-date<sup>2</sup>

## CALL OF DUTY

## DESTINY

## SKYLANDERS

## BILZARD

ENTERTAINMENT

Largest quarterly online community in history, with record quarterly and first half segment revenues

## WORLD OF WARCRAFT

## HEARTHSTONE

HEROES OF WARCRAFT



## OVERWATCH

## DIABLO

## STAR CRAFT

## HEROES OF THE STORM

## King

3 of top 15 grossing games on U.S. app stores for 10 consecutive quarters<sup>3</sup>

## Candy Crush

## Pet Rescue

## Bubble Witch<sup>2</sup>

## FARM Heroes

<sup>1</sup> Based on Non-GAAP (as previously defined) revenues life-to-date. <sup>2</sup> NPD & GfK Chart-Track. <sup>3</sup> U.S. ranking for Apple App Store and Google Play Store, per App Annie Intelligence for second quarter 2016.



**Q&A**

August 4, 2016