

# ATVI Summary as of May 6, 2015



Unless otherwise explicitly stated, all data and comments, including forward-looking information, are current as of May 6, 2015 only. Activision Blizzard undertakes no duty to update or revise any forward-looking information contained herein. This is a summary document only. For more detailed information, please refer to Activision Blizzard's earnings release dated May 6, 2015 and the Company's reports and filings with the SEC.

Stock Information <sup>1</sup> :			Full Year EPS:						
Price per share as of 5/4/15 (\$)	23.19	Q1 2015 TTM GAAP EPS (\$)	1.27	2010	2011	2012	2013	2014	
2015 Dividend/share (\$)	0.23	Q1 2015 TTM Non-GAAP <sup>†</sup> EPS (\$)	1.39	GAAP EPS	\$0.33	\$0.92	\$1.01	\$0.95	\$1.13
Daily volume on 5/4/15 (M)	3.5	Q1 2015 TTM FCF/diluted share <sup>2</sup> (\$)	1.72	Non-GAAP <sup>†</sup> EPS	\$0.79	\$0.93	\$1.18	\$0.94	\$1.42
50-day avg. vol., ending 5/4/15 (M)	4.6	Cash and investments <sup>4</sup> /diluted share <sup>2</sup> (\$)	6.04	<b>IR Contacts:</b>					
Shs. Outstanding <sup>2</sup> (M)	741	Book Value/diluted share <sup>2</sup> (\$)	9.77	Amrita Ahuja, SVP IR		Jason Shi, IR Analyst			
Market Cap. as of 5/4/15 (\$B)	16.8	Total cash and investments <sup>4</sup> (\$B)	4.48	Amrita.Ahuja@ActivisionBlizzard.com		Jason.Shi@ActivisionBlizzard.com			
Enterprise Value as of 5/4/15 <sup>3</sup> (\$B)	16.5	Total debt as of 3/31/15 (\$B)	4.12	(310) 255-2075		(424) 744-5687			

<sup>1</sup>NASDAQ OMX. <sup>2</sup>Based on fully diluted shares and participating securities for the quarter ending March 31, 2015. <sup>3</sup>Using 3/31 cash and investments of \$4.48B and debt of \$4.12B. <sup>4</sup>Includes short-term and long-term investments.

## Better-than-Expected Q1 Results: Increasing Full Year Revenue & EPS Guidance

- Record Q1 Non-GAAP<sup>†</sup> digital revenues, comprising 76% of total revenues, up from 68% last year
- On a constant FX basis, Non-GAAP<sup>†</sup> revenue & EPS were flat Y/Y, given strong engagement trends with ongoing monetization

## Business Transitioning to Year Round Digital Engagement Model

- Positioned for growth and margin expansion on full-game download & in-game content, including new free-to-play titles
- Our communities have grown by more than 25% Y/Y

## Strategic Investments in New Franchises, Platforms, and Geographies Setting the Stage for Growth Ahead

- Began 2014 with 5 franchises, expect to end 2015 with 10+, with growing audience base
- Increasing focus on smartphone and tablet with Hearthstone and Guitar Hero
- Positioned for growth in China: Currently 6 franchises in China, up from 2 at the start of 2014

## Strong Traction Across Activision Blizzard's Expanding Franchise Portfolio

	2013	2014	2015	2015+
	Core Franchises	New Genres, Business Models, Platforms, Geographies		

<sup>†</sup>For a full reconciliation of GAAP to non-GAAP numbers and for more detailed information concerning the Company's financial results for the quarter ended March 31, 2015, please refer to the tables attached to Company's earnings release dated May 6, 2015, which is available on our website, [www.activisionblizzard.com](http://www.activisionblizzard.com). <sup>††</sup>Our outlook is based on assumptions about sell-through rates for our products and the launch timing, success and pricing of our slate of new products, all of which are subject to significant risks and uncertainties, including possible declines in the overall demand for video games and in the demand for our products, the dependence in the interactive software industry and by us on an increasingly limited number of popular franchises for a disproportionately high percentage of revenues and profits, our ability to predict shifts in consumer preferences among genres and competition. Our outlook is also subject to other risks and uncertainties including litigation and associated costs, fluctuations in foreign exchange and tax rates, counterparty risks relating to customers, financing providers, licensees, licensors and manufacturers. As a result of these and other factors (including those mentioned in our most recent Annual Report on Form 10-K and our other filings with the SEC) actual results may deviate materially from the outlook presented above.

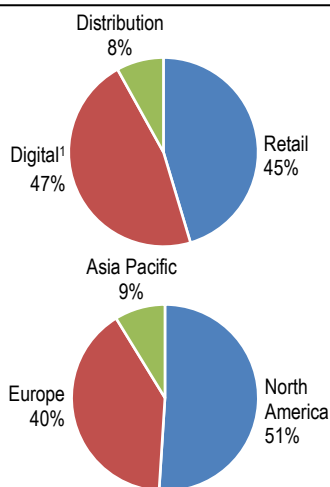
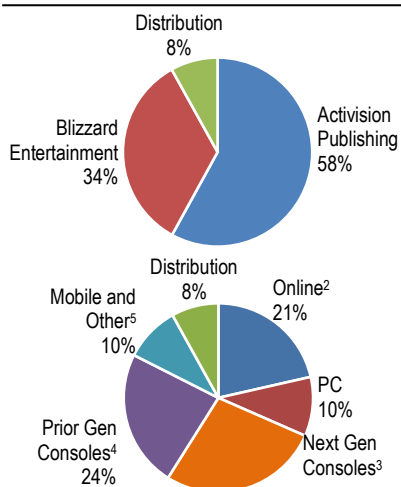
## Segment Performance

	Non-GAAP <sup>†</sup> Q1			Non-GAAP <sup>†</sup> Q1 TTM		
	2014	2015	%	2014	2015	%
<b>Revenues (\$M)</b>						
Activision	237	303	28	2,708	2,751	2
Blizzard	462	352	-24	1,255	1,611	28
<u>Distribution</u>	<u>73</u>	<u>48</u>	<u>-34</u>	<u>346</u>	<u>382</u>	<u>10</u>
Total	772	703	-9	4,309	4,744	10
<b>Operating Income (\$M)</b>						
Activision	2	66	NM	861	827	-4
Blizzard	239	139	-42	480	656	37
<u>Distribution</u>	<u>(1)</u>	<u>(1)</u>	<u>-100</u>	<u>6</u>	<u>8</u>	<u>33</u>
Total	240	204	-15	1,347	1,491	11
<b>Operating Margin</b>						
Activision	0.8%	21.8%		31.8%	30.1%	
Blizzard	51.7%	39.5%		38.2%	40.7%	
<u>Distribution</u>	<u>(1.4%)</u>	<u>(2.1%)</u>		<u>1.7%</u>	<u>2.1%</u>	
Total	31.1%	29.0%		31.3%	31.4%	

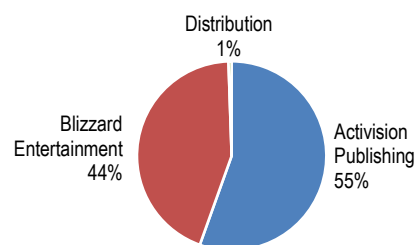
## Revenue Breakdowns

	Non-GAAP <sup>†</sup> Q1			Non-GAAP <sup>†</sup> Q1 TTM		
	2014	2015	%	2014	2015	%
<b>Distribution Channels (\$M)</b>						
Retail	172	117	-32	2,301	2,153	-6
Digital online channels <sup>1</sup>	527	538	2	1,662	2,209	33
<u>Distribution</u>	<u>73</u>	<u>48</u>	<u>-34</u>	<u>346</u>	<u>382</u>	<u>10</u>
Total	772	703	-9	4,309	4,744	10
<b>Platforms (\$M)</b>						
Online <sup>2</sup>	227	209	-8	803	1,017	27
PC	239	127	-47	434	481	11
Next Gen Consoles <sup>3</sup>	32	133	316	334	1,298	289
Prior Gen Consoles <sup>4</sup>	118	99	-16	1,835	1,116	-39
Mobile and Other <sup>5</sup>	83	87	5	557	450	-19
<u>Distribution</u>	<u>73</u>	<u>48</u>	<u>-34</u>	<u>346</u>	<u>382</u>	<u>10</u>
Total	772	703	-9	4,309	4,744	10
<b>Geography (\$M)</b>						
North America	330	354	7	2,213	2,420	9
Europe	337	268	-20	1,738	1,908	10
<u>Asia Pacific</u>	<u>105</u>	<u>81</u>	<u>-23</u>	<u>358</u>	<u>416</u>	<u>16</u>
Total	772	703	-9	4,309	4,744	10

### Q1 2015 TTM Non-GAAP<sup>†</sup> Revenues



### Q1 2015 TTM Non-GAAP<sup>†</sup> Operating Income



<sup>1</sup>Digital includes revenues from subscriptions, memberships and licensing royalties, value added services, downloadable content, digitally distributed products, and wireless devices.

<sup>2</sup>All World of Warcraft <sup>3</sup>Wii-U, PS4, Xbox One. <sup>4</sup>Wii, PS3, Xbox 360 <sup>5</sup>Mobile and Other includes toys, mobile, and other accessories and handheld.

## Q1 Results

	Q1		
	2014	2015	2015
GAAP Net Revenues, \$M	1,111	1,140	1,278
GAAP EPS, \$	0.40	0.37	0.53
Non-GAAP <sup>†</sup> Net Revenues, \$M	772	640	703
Non-GAAP <sup>†</sup> EPS, \$	0.19	0.05	0.16

## Outlook, as of May 6, 2015<sup>††</sup>

	Q2		2015	
	GAAP	Non-GAAP <sup>*</sup>	GAAP	Non-GAAP <sup>*</sup>
Revenues	\$930M	\$650M	\$4,250M	\$4,425M
COGS (Prod/Online)	20%	19%	23%	24%
Op Ex, including Royalties	52%	63%	50%	45%
Operating Margin <sup>**</sup>	28%	18%	27%	31%
Interest Expense	\$50	\$50M	\$202M	\$202M
Tax Rate	25%	26%	22%	24%
EPS <sup>**</sup>	\$0.21	\$0.07	\$0.98	\$1.20
Fully diluted weighted avg shares <sup>***</sup>	745M	745M	750M	750M

Note: Outlook assumes \$1.11 USD/Euro and \$1.54 USD/GBP. Revenue and EPS increase if Euro or GBP strengthen vs. USD.

<sup>\*</sup> Non-GAAP information reconciliation tables in the appendix of the earnings release dated May 6, 2015, which is available on [www.activisionblizzard.com](http://www.activisionblizzard.com).

<sup>\*\*</sup> May not recalculate due to rounding. <sup>\*\*\*</sup> Including fully diluted shares and participating securities based on average share price.

<sup>†</sup>Q1 2015 prior outlook as of 2/5/15

## Capital Allocation, as of May 6, 2015

Announced two-year share repurchase authorization of \$750M on February 5th  
Paid down \$250M of term loan on February 11th  
Increased dividend to a record \$0.23 per share, expected to be paid on May 13th

## Cash Flows, Repurchases and Dividends

	2010	2011	2012	2013	2014
Operating Cash Flow, \$M	1,376	952	1,345	1,264	1,292
Capital Expenditures, \$M	97	72	73	74	107
Free Cash Flow <sup>††</sup> , \$M	1,279	880	1,272	1,190	1,185
Repurchases, \$M	959	692	315	5,830	-
Dividends/Share, \$	0.15	0.165	0.18	0.19	\$0.20

<sup>†</sup>Free Cash Flow represents Operating Cash Flow minus Capital Expenditure.

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