

# GAMELOFT

LONDON  
MARCH 22, 2016



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THIS PRESENTATION INCLUDES INFORMATION ABOUT THE OBJECTIVES OF THE GROUP AND FORWARD-LOOKING STATEMENTS. THESE STATEMENTS ARE SOMETIMES IDENTIFIED BY THE USE OF THE FUTURE OR CONDITIONAL TENSE, AS WELL AS TERMS SUCH AS “ESTIMATE”, “BELIEVE”, “HAVE THE OBJECTIVE OF”, “INTEND TO”, “EXPECT”, “RESULT IN”, “SHOULD” AND OTHER SIMILAR EXPRESSIONS. IT SHOULD BE NOTED THAT THE REALISATION OF THESE OBJECTIVES AND FORWARD-LOOKING STATEMENTS IS DEPENDENT ON THE CIRCUMSTANCES AND FACTS THAT ARISE IN THE FUTURE. FORWARD-LOOKING STATEMENTS AND INFORMATION ABOUT OBJECTIVES MAY BE AFFECTED BY KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY SIGNIFICANTLY ALTER THE FUTURE RESULTS, PERFORMANCE AND ACCOMPLISHMENTS PLANNED OR EXPECTED BY THE COMPANY. THESE FACTORS MAY INCLUDE CHANGES IN THE ECONOMIC AND COMMERCIAL SITUATION, REGULATIONS AND THE RISK FACTORS DESCRIBED IN GAMELOFT'S REGISTRATION DOCUMENT (§2.1.7) FILED WITH THE AMF UNDER NUMBER D.15-0405 ON APRIL 24, 2015.

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# Today's agenda



## Opening remarks

*Michel Guillemot, Founder & CEO*

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## Games roadmap strategy

*Julien Fournials, SVP Games*

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## Monetizing Gameloft's massive mobile audience through programmatic mobile advertising

*Gonzague de Vallois, SVP Sales & Marketing*

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## Medium-term targets

*Alexandre de Rochefort, SVP & CFO*



# Opening Remarks

*Michel Guillemot, Founder & CEO*



# Gameloft is operating in a fast transforming industry

## Yesterday

Industry with strong  
**Western** focus

Fast-growing, highly  
fragmented market under  
strong **disruption**

**Pay-Per-Download**  
monetization

**No** advertising

## Today

Global industry worth **\$36bn**  
in 2015<sup>1</sup>

Established players, **high**  
**barriers** to new game  
launches

**Free-To-Play** monetization  
with **In-App-Purchase**

Traditional **display**  
advertising

## Tomorrow

Global industry worth **\$55bn**  
in 2019<sup>1</sup>; **China** to become  
#1 market

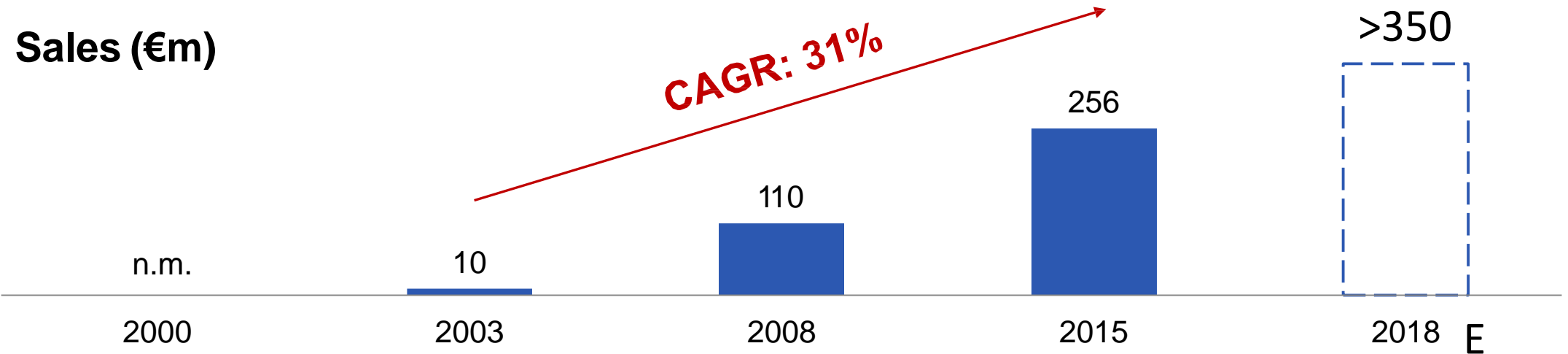
**Further concentration**  
expected

**Free-To-Play** monetization  
with **In-App-Purchase** and  
**advertising**

Secular switch to  
**programmatic** mobile  
advertising

<sup>1</sup> As per NPD, GFK, IDG, PWC, Niko

# Our achievements: consistent organic and self-funded growth over the years, in an industry with platforms, types of games and business model revolutions



## Games

WAP games

1MB action games on feature phones

1GB action games on Smartphones & Tablets

## Platforms

Telecom Operators

Apple, Google, Microsoft, Amazon

## Business model

2003+  
PAY PER DOWNLOAD

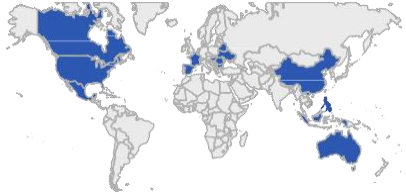
2011+  
PPD+IAP

2013  
+ IAP

2015+  
IAP+Ads

2016+ IAP  
+Ads+  
Programmatic

# Our achievements: a truly global player with executions capabilities across continents



**21** studios across **5** continents



**Top 10** rankings in all key geographics<sup>1</sup>



#3



#2



#1



#2



#4



**200** distribution & billing partnerships globally in >100 countries  
and agreements with >150 mobile operators

<sup>1</sup> Based on the number of downloads on iOS and Google Play in 2015

# Our achievements: a unique, well-balanced games portfolio driving massive audience and user engagement

## A unique portfolio of high-end games



## Massive audience and engagement

#2

Game publisher globally on iOS and Google Play<sup>1</sup>

166

million Monthly Active Users<sup>2</sup>

21

million Daily Active Users<sup>2</sup>

39

minutes spent on average per Daily Active User every day

<sup>1</sup> Based on number of downloads

<sup>2</sup> Average over 2015

# What's next? Well identified levers towards profitable growth



## Build on the core

1

Focused Games portfolio enhancements

2

Ambitious User Acquisition strategy

3

Successful development of  
distribution partnerships

## Capture massive programmatic opportunity

1

Well-identified massive industry  
shift to programmatic underway

2

Assets in place to capture  
disproportionate share of this value

# Build on the core

1

**Focused Games portfolio  
enhancements**

- Build on the strength and resilience of current games
- Focused investments on 8-10 new games per year

2

**Ambitious User Acquisition  
strategy**

- Increase User Acquisition budgets
- Improved productivity of user acquisition at scale, in particular through programmatic
- Higher ROI as advertising revenues / user increase

3

**Successful development of  
distribution partnerships**

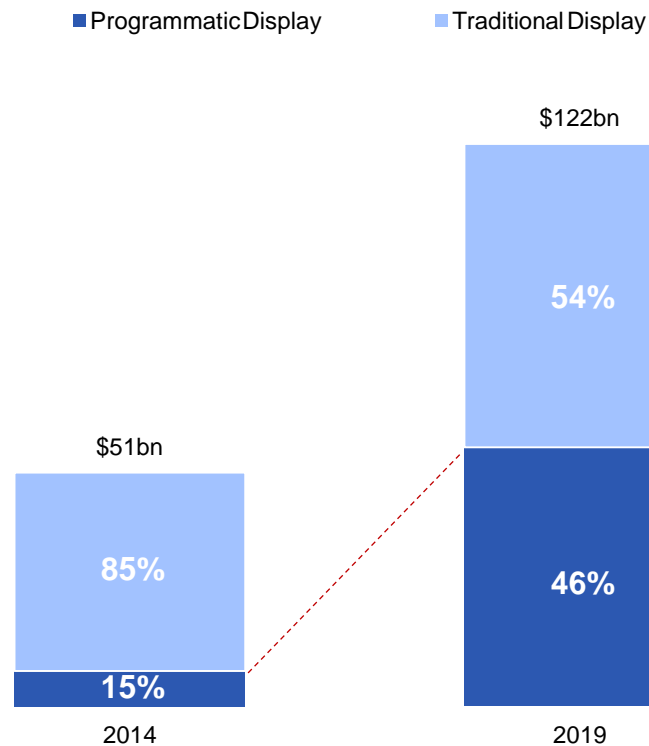
- GungHo / Gameloft recent example in Japan
- Further partnerships in other Asian countries in the pipeline



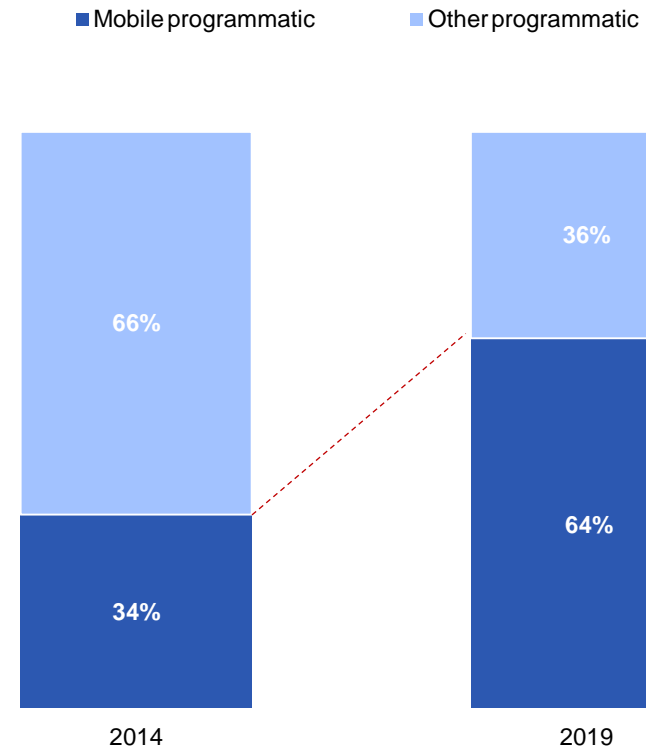
# Capture massive programmatic opportunity

*Well-identified massive industry shift to programmatic underway*

## Structural shift of display advertising towards programmatic...



## ...with mobile capturing an increasing share<sup>1</sup>



Source: IDC, *Worldwide Programmatic Display Advertising Forecast Update, 2015–2019: Almost Half of Worldwide Display Ads Programmatic by 2019* (November 2015)

<sup>1</sup> Based on US market only



# Capture massive programmatic opportunity

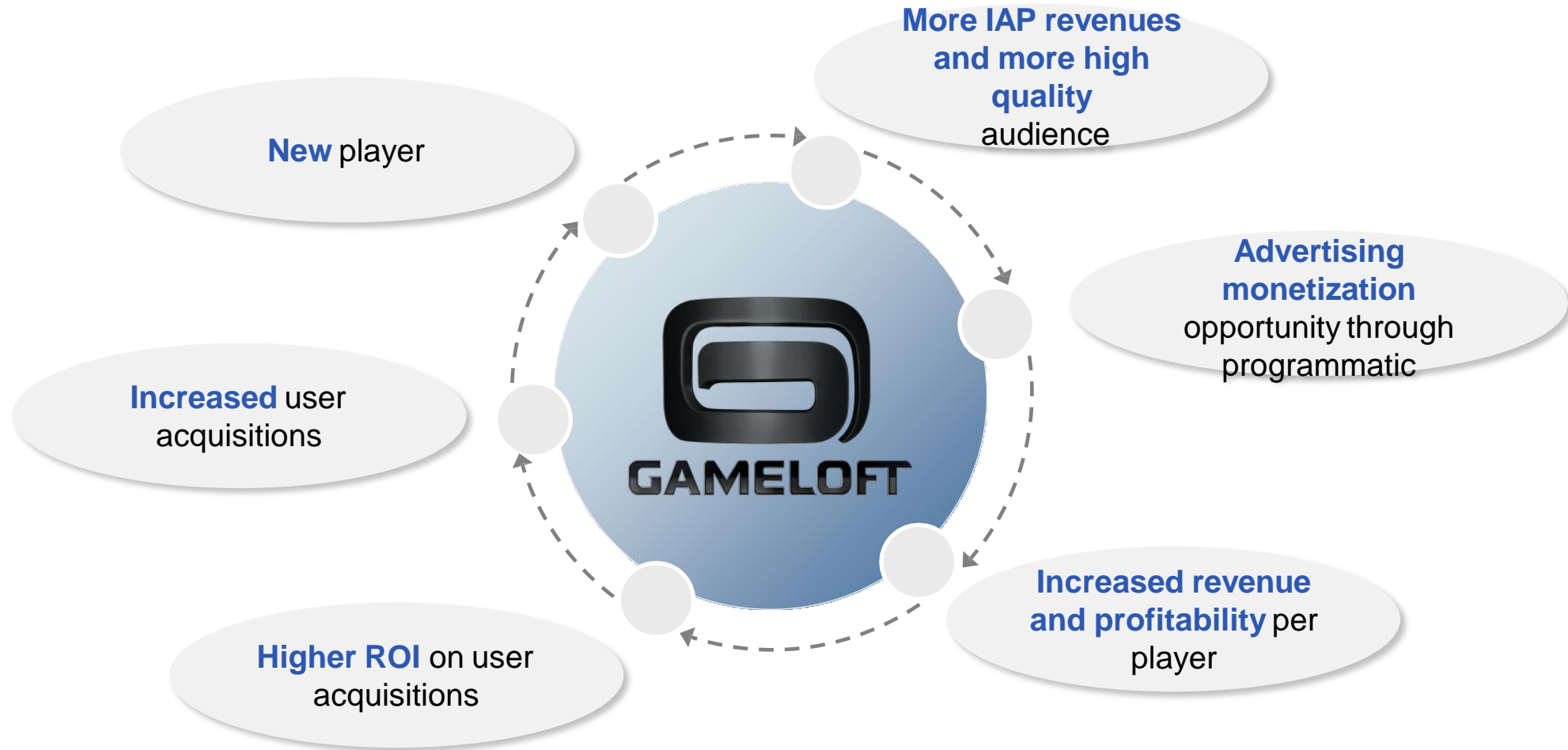
*Assets in place to capture disproportionate share of this value*

<b>Huge Opportunity</b>	\$4bn market in 2015 <sup>1</sup> 52% 2015-2019 CAGR <sup>1</sup>
<b>Massive Audience</b>	166m MAU 21m DAU
<b>Self-owned inventory</b>	No risk of supply uncertainty
<b>High value first-party data</b>	Qualified audience based on Age, Gender, Location, Time
<b>Diverse platforms &amp; formats</b>	Display, video, rich media, native advertising 12 different ad formats
<b>Programmatic capabilities up &amp; running</b>	Direct connections to 10 programmatic partners since 2016 Programmatic at Gameloft already 20% of ads sales

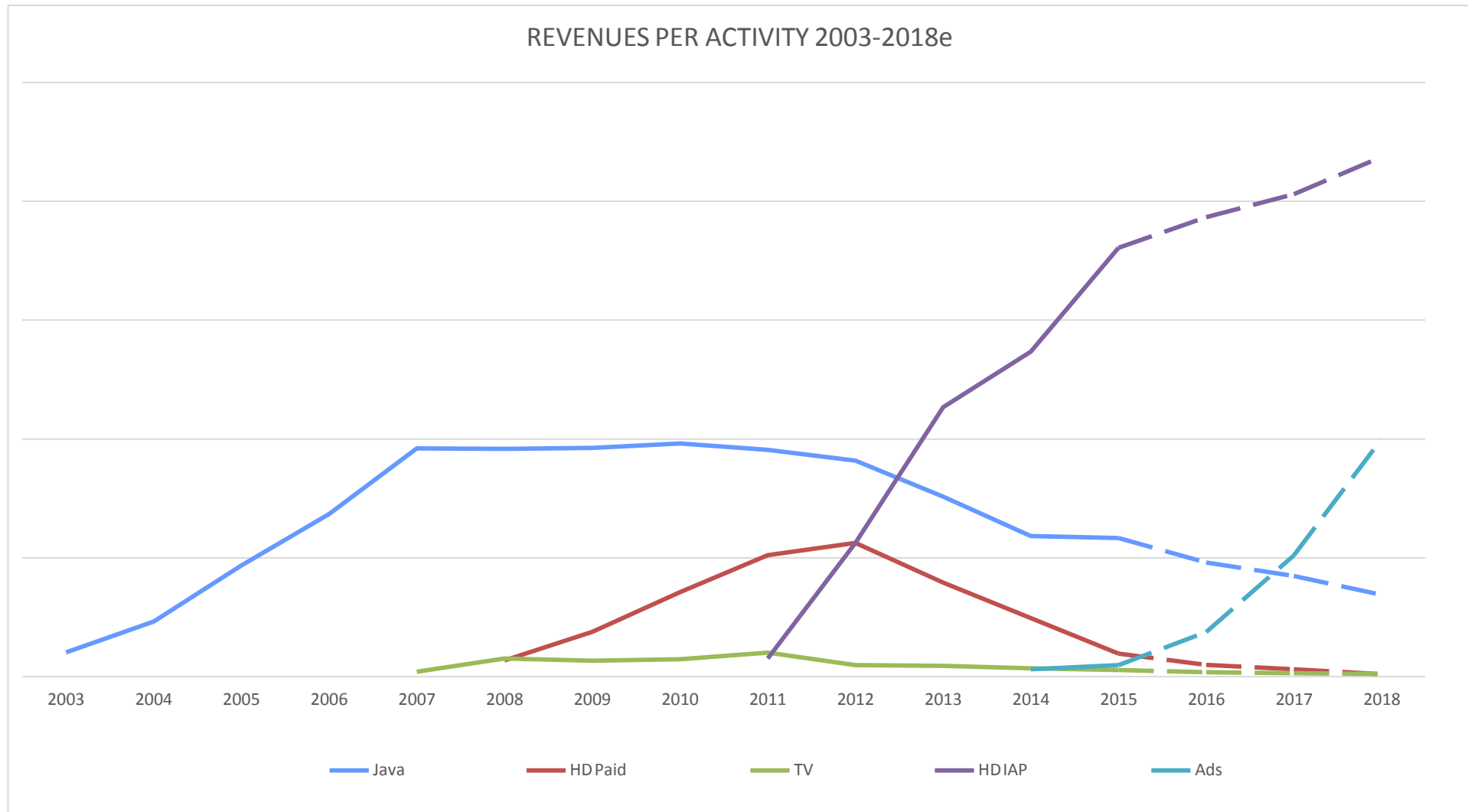
Gameloft has **end-to-end control** over its advertising solutions providing **best production value** and user experience

<sup>1</sup> Based on US market only, as per IDC (November 2015)

# Value creation virtuous circle



# Gameloft : 5 start-ups... so far



# Ambitious yet realistic financial targets

## FY2018 targets

---

**>€350**

million revenues

**>€65**

million current operating profit

**>€85**

Cumulative free cash flow<sup>1</sup> over 2016-18

<sup>1</sup> Defined as Operating cash flow - Total investment-related cash flows

# Our success today is built on our unwavering focus on Gameloft's values

- ✓ Entrepreneurial culture
- ✓ Independence
- ✓ Focus on securing value for its stakeholders
- ✓ Creative, agile, flexible and global teams
- ✓ The value of Gameloft is all in its creation, business, marketing and management teams.



# Games roadmap strategy

*Julien Fournials, SVP Games*

# GAMES ROADMAP 2016 - 2018

## Forward-looking statements

This presentation includes information about the objectives of the Group and forward-looking statements. These statements are sometimes identified by the use of the future or conditional tense, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the realization of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by the Company. These factors may include changes in the economic and commercial situation, regulations and the risk factors described in Gameloft's Registration Document (§2.1.7) filed with the AMF under number D.15-0405 on April 24, 2015.

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**STUDIOS**

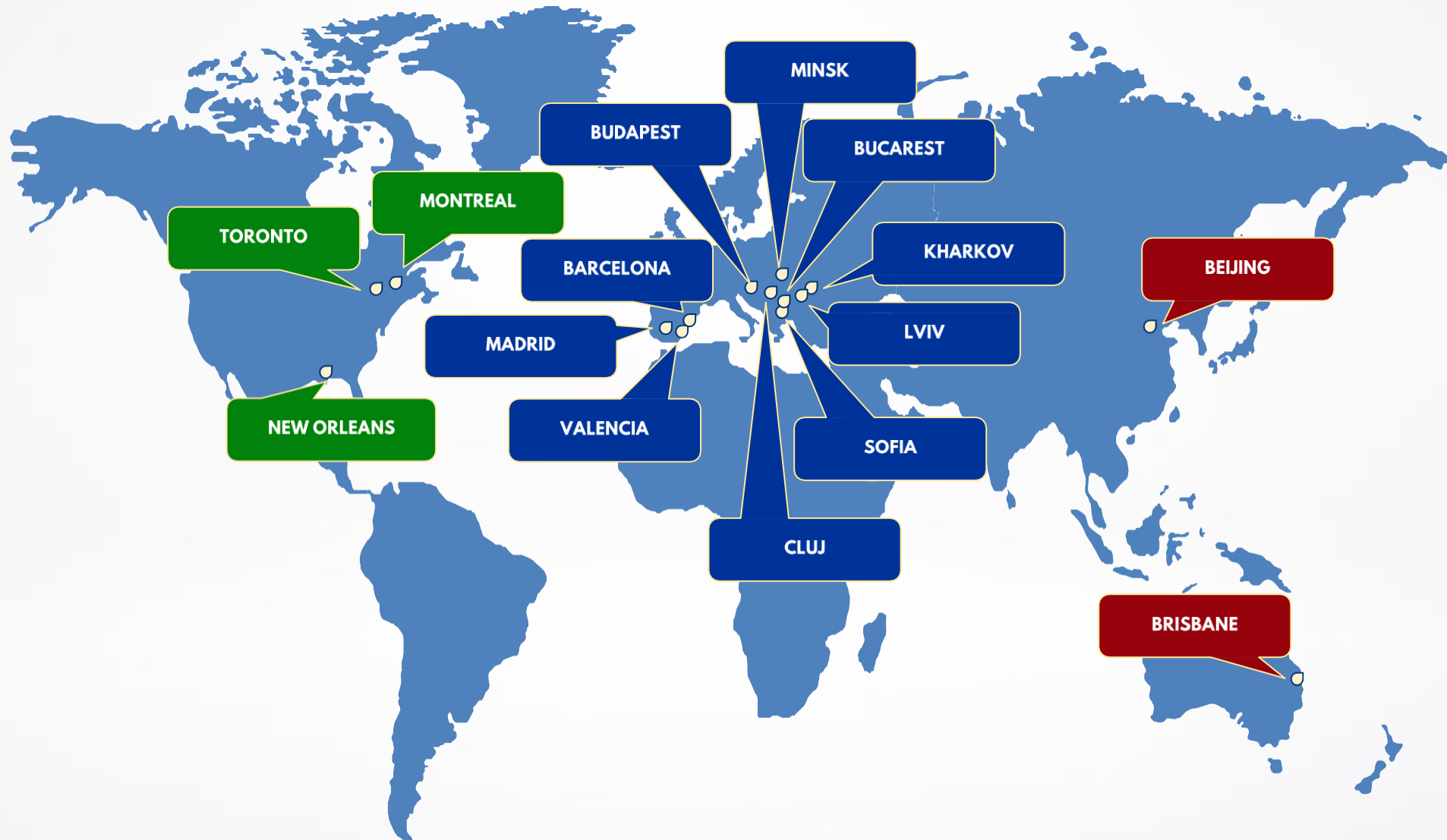
**EDITORIAL STRATEGY**

**GAMES LINE UP**

**STUDIOS**

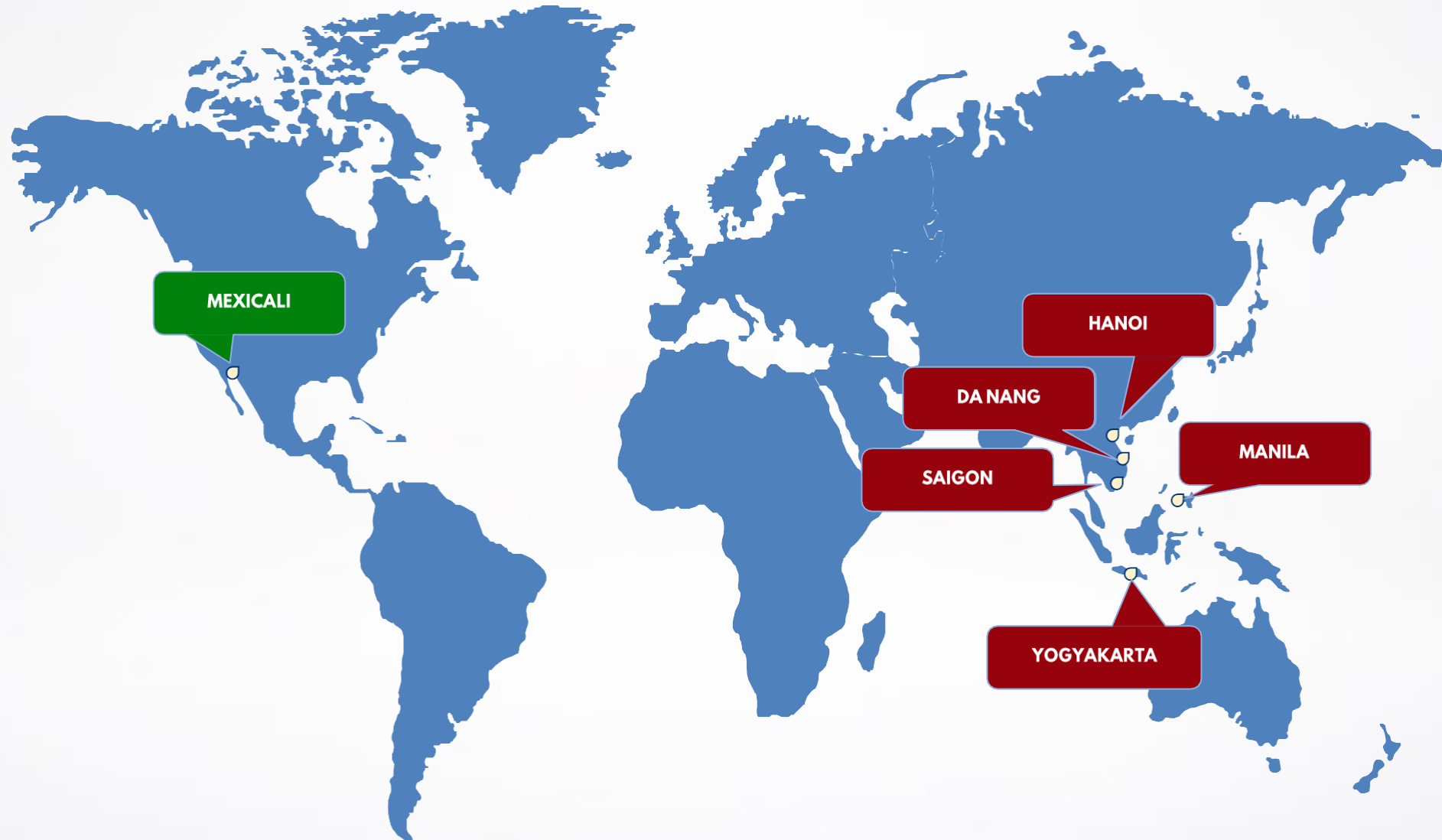
# GAMELOFT CREATION WORLDWIDE

15 Studios around the globe dedicated to creations & game services



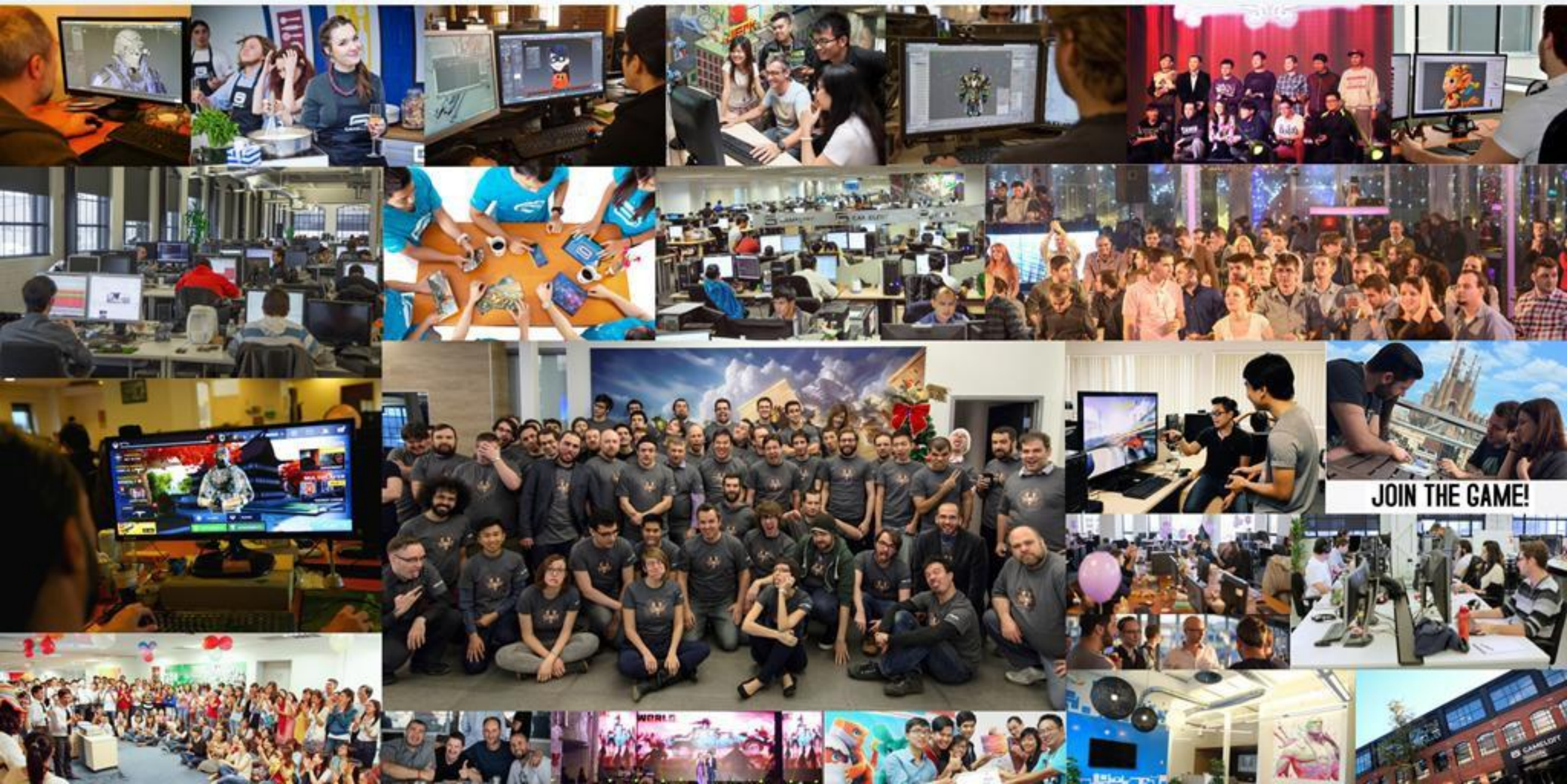
# GAMELOFT DEPLOYMENT WORLDWIDE

6 Deployment Studios to adapt games to all platforms and markets





# STRONGEST ASSET : OUR TEAMS





# GAMELOFT GAME TEAMS

A complete structure : all competences managed internally

## GAMELOFT GAME TEAMS – 5492 EMPLOYEES TODAY

HIGH END MARKETS	3 689
CREATION	1 065
EVOLUTION	2 141
DEPLOYMENT	483

LOW END MARKETS	850
CREATION	259
EVOLUTION	91
DEPLOYMENT	500

SUPPORT & SERVICES	946
ADVERTISING SERVERS	21
ONLINE	112
CUSTOMER CARE	112
TRANSLATION	53
ENGINE/TOOLS/ANTI-HACK	112
HARDWARE & IT	85
SUBMISSION	40
TRACKING	130
VIDEO / MARKETING ASSETS	62
ECOMMERCE	146
BUSINESS INTELLIGENCE	73

# EDITORIAL STRATEGY



# DIVERSIFIED GAME SERVICES PORTFOLIO

Portfolio diversification based on three main categories

Gameloft's  
Competitive advantage

## GAMER AAA

- Reinforcing our brands strength as leaders of Racing, Action RPG, Open World and Shooter genres.
- Introducing new gameplay innovations satisfy and entertain gamers on mobile devices

ASPHALT  
AIRBORNE 8

DUNGEON  
HUNTER

SNIPER  
FURY

GANGSTAR  
VEGAS

MODERN  
COMBAT 5  
BLACKOUT

High DAU

## MASS MARKET

- Increase our footprint on this segment ( in house or external IPs )
- Specialization of 2 studios (Budapest and Toronto) on this genre which requires very special skills

Disney  
Magic  
Kingdoms

DRAGON  
MANIA  
Legends

UNO  
& FRIENDS

DESPICABLE  
ME  
MINION RUSH

my LITTLE  
PONY

High ARPI

## MIDCORE/HARDCORE

- Continue to extend our number of titles
- Specialized studios : Sofia (Midcore) and China (MMORPG).

WORLD  
AT ARMS

GODS  
OF  
ROME

ORDER & CHAOS  
REDEMPTION

MARCH OF EMPIRES

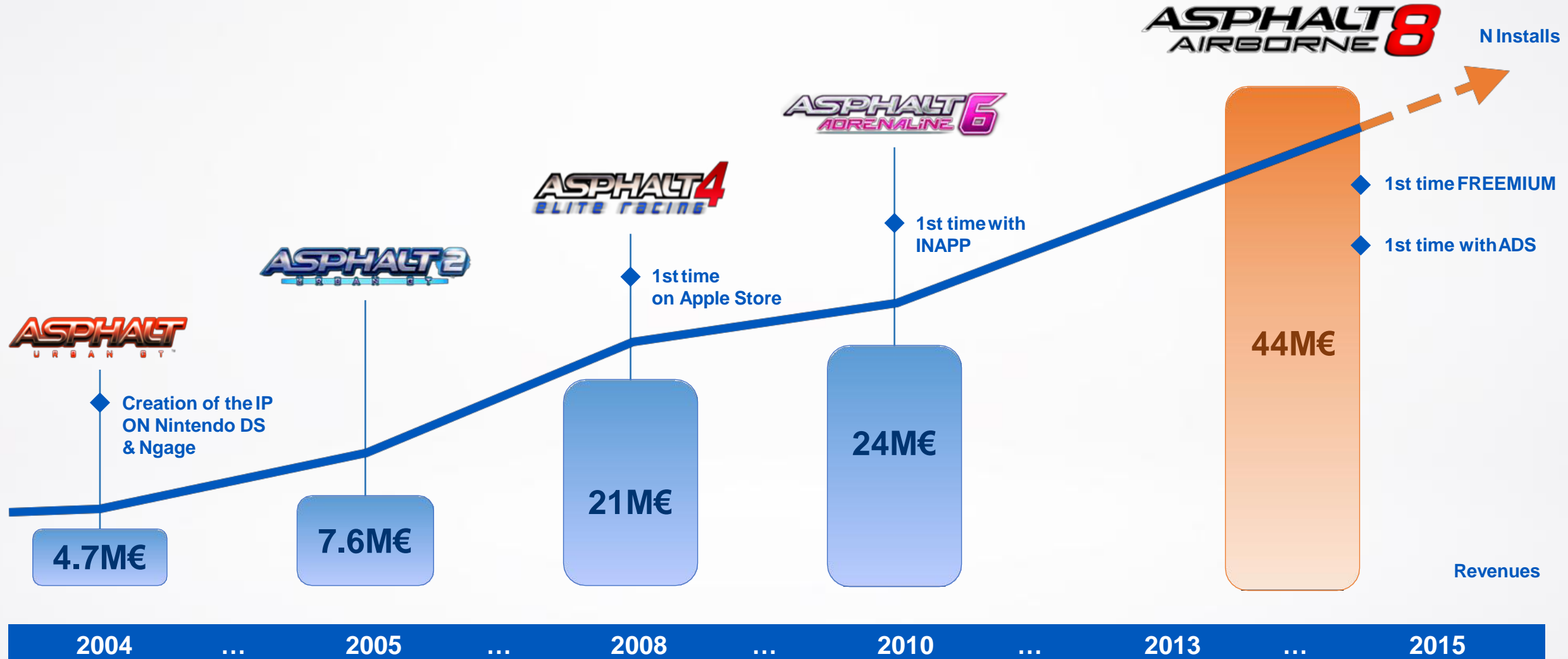
# BRAND DEVELOPMENT : ASPHALT

OVER 360 M DOWNLOADS  
122€ M REVENUE

PAY PER DOWNLOAD

PAYMIUM

FREEMIUM





# ASPHALT BRAND FUTURE



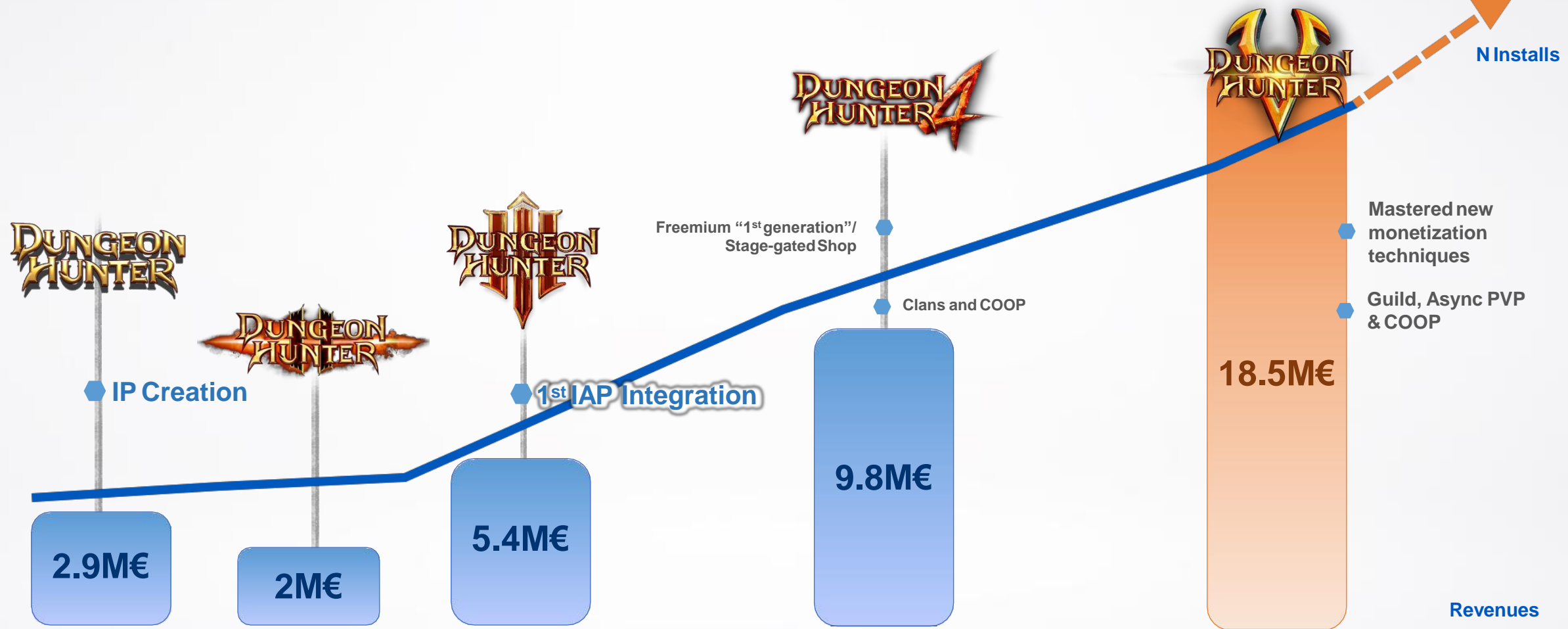
# BRAND DEVELOPMENT : DUNGEON HUNTER

PAY PER DOWNLOAD

PAYMIUM

FREEMIUM

MASTERED NEW MONETIZATION



2009

2010

2011

2012

2013

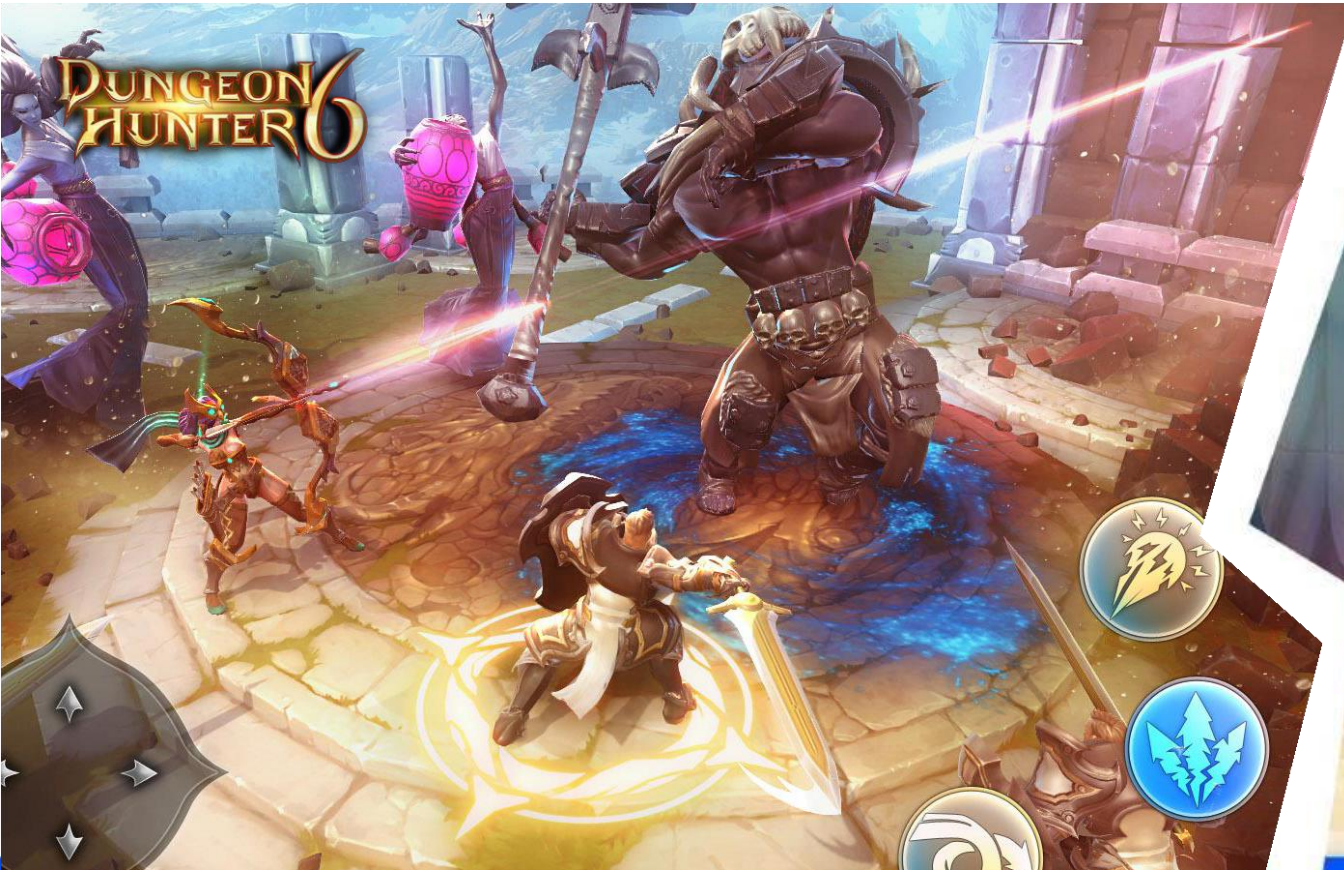
2014

2015

2016



# DUNGEON HUNTER BRAND FUTURE



BRING DH6 TO A HIGHER LEVEL AND DOUBLE OUR REVENUES

- **E-Sport** component: **Multiplayer-Online-Battle-Arena**
- **Heroes based Monetization** (ref: King of Glory (China), Heroes of the Storm)
- **High Production Value** based on **Epic Bosses** and **Outstanding Level Transitions**



DUNGEON HUNTER GETS DIVERSIFIED BY ADDING ONE MORE TITLE WITH DIFFERENT GAMEPLAY TO ITS BRAND

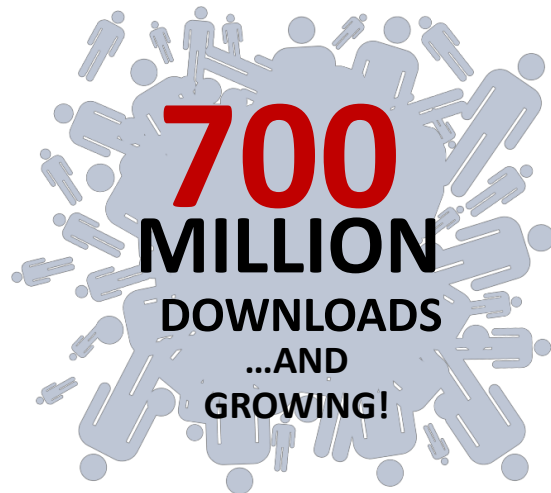
- Proven Gameplay style: **Side-Scroll Beat-Them-All**
- Game content (characters, monsters) based on **Iconic Dungeon Hunter Universe**
- **First title** to explore this genre at Gameloft

# BRAND DEVELOPMENT : MASS MARKET

License renewal signed until June 2017



GLOBAL REACH  
OF **MINION RUSH**



**4<sup>th</sup> all-time most  
downloaded mobile  
game in the World**

AppAnnie Data (iOS + GP Worldwide combined, for 2012 – 2016)

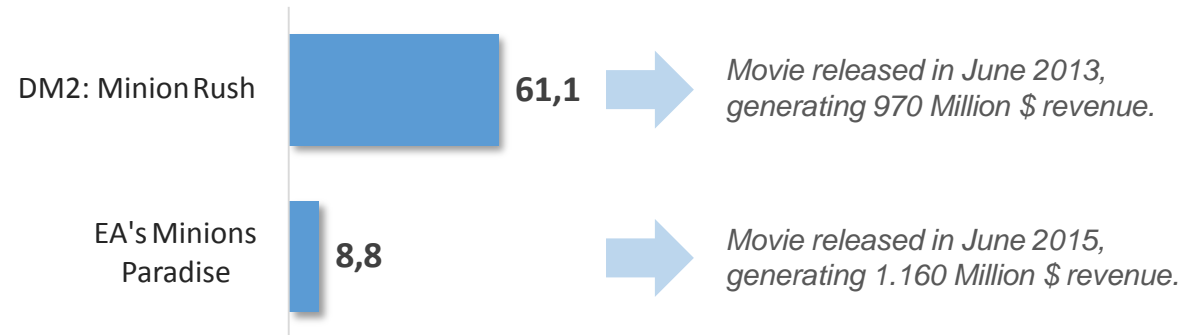


**GAMELOFT EXPERTISE  
LEVERAGING LICENSES**

Choosing the **appropriate gameplay** and adapting it to mobile platform is key for successfully seizing the potential of the brand.

## *iOS Downloads (Millions)*

*First 6 months after game release*



AppAnnie Data (iOS Worldwide)

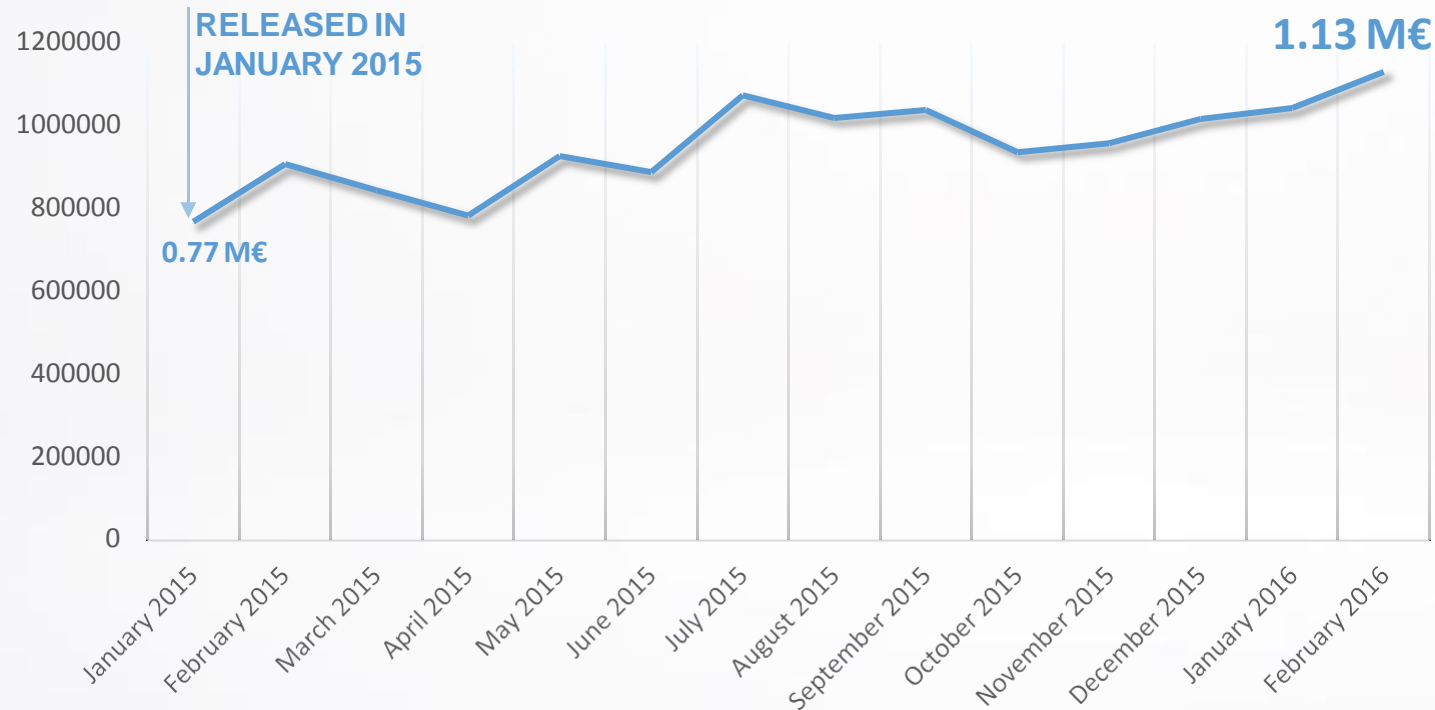


# BRAND DEVELOPMENT : MASS MARKET



## STEADY SALES UPTREND OF **DRAGON MANIA LEGENDS**

*Monthly Revenue – All Platforms*



## MASS MARKET 2016 RELEASES



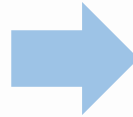


# BRAND DEVELOPMENT : MIDCORE & HARDCORE

Expanding the strategy to midcore games too:



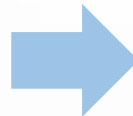
**GAMELOFT FIRST MIDCORE**  
**WORLD AT ARMS**



**26,4 Million €**  
**43,2 Million Installs**  
*Lifetime Worldwide*



**BEST MONETIZING GAME**  
**MARCH OF EMPIRES**



**9€ per USER**  
*Average Lifetime Value  
in United States*

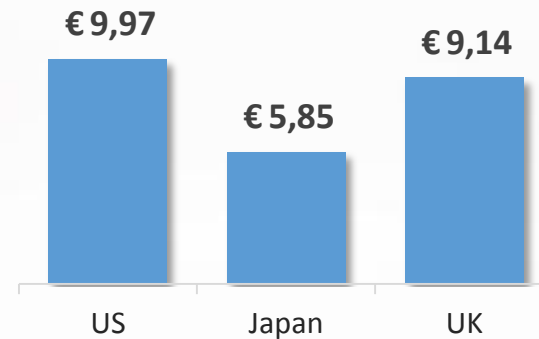
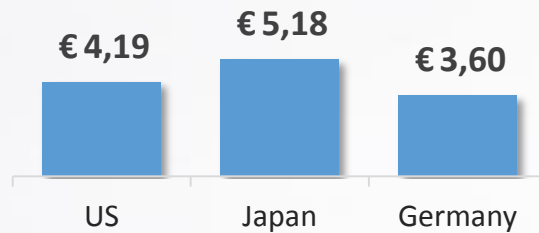
**MIDCORE &  
HARDCORE 2016  
RELEASES:**



# HIGH MONETIZATION TITLES

Monetization improving steadily. Ambitious User Acquisition strategy for high monetization titles

*Lifetime Value per User – iOS + GP*



# COMPACTING DEVELOPMENT

## MAIN LESSONS from last years

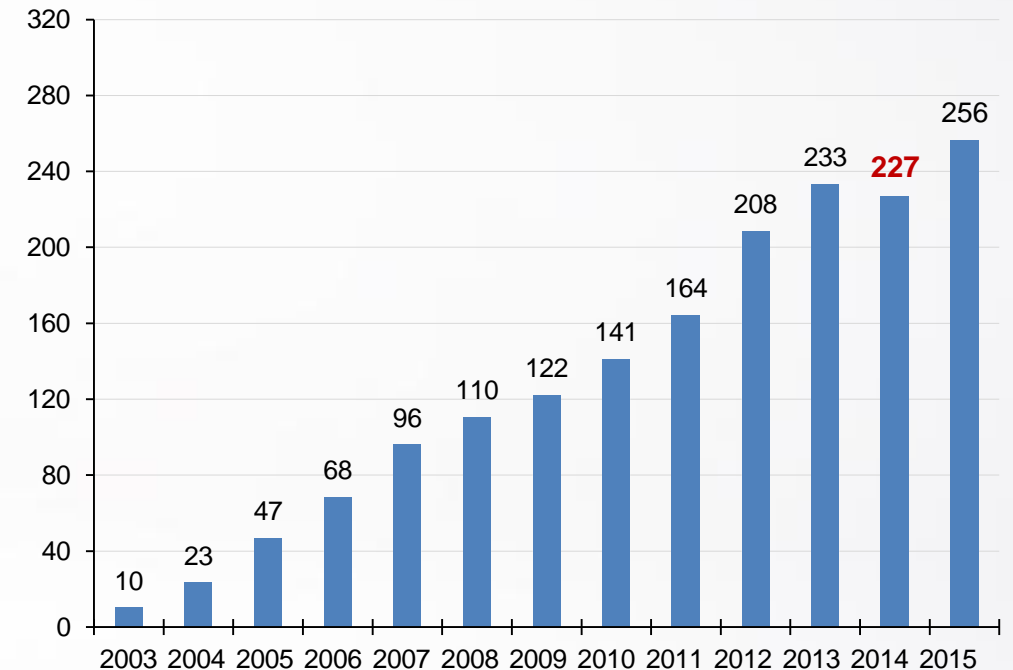
**2015** → less titles, but higher quality and proven gameplay formulas

**2014** → too many games for kids, local markets (Japan, China, Korea), low traction movies, experimental gameplay mixes

## STRATEGY for coming years:

- Focus on less games, 8-12 per year instead of 15-20 (as 2014)
- Operating under lower costs : from 153,2 M€ in 2015 to 140 M€ in 2016
- Focus on top studios only : from 25 to 15 Studios. Specialization per Studio.
- 4 Studio Groups (North America, Eastern Europe, Southern Europe, and China ) to leverage on talent pool.
- Focused Innovation : Innovative Contexts and Gameplays but within a defined genre
- Up to date on the latest Monetization techniques : Cards, Gatcha, Characters and Items leveling up, top content events

SALES (M€)



# REAL TIME GAME SERVICES

- High frequency of game **updates** (Monthly), with relevant content and features



- Regular live operations to engage community. Including time limited events with dedicated gameplays



# REAL TIME GAME SERVICES

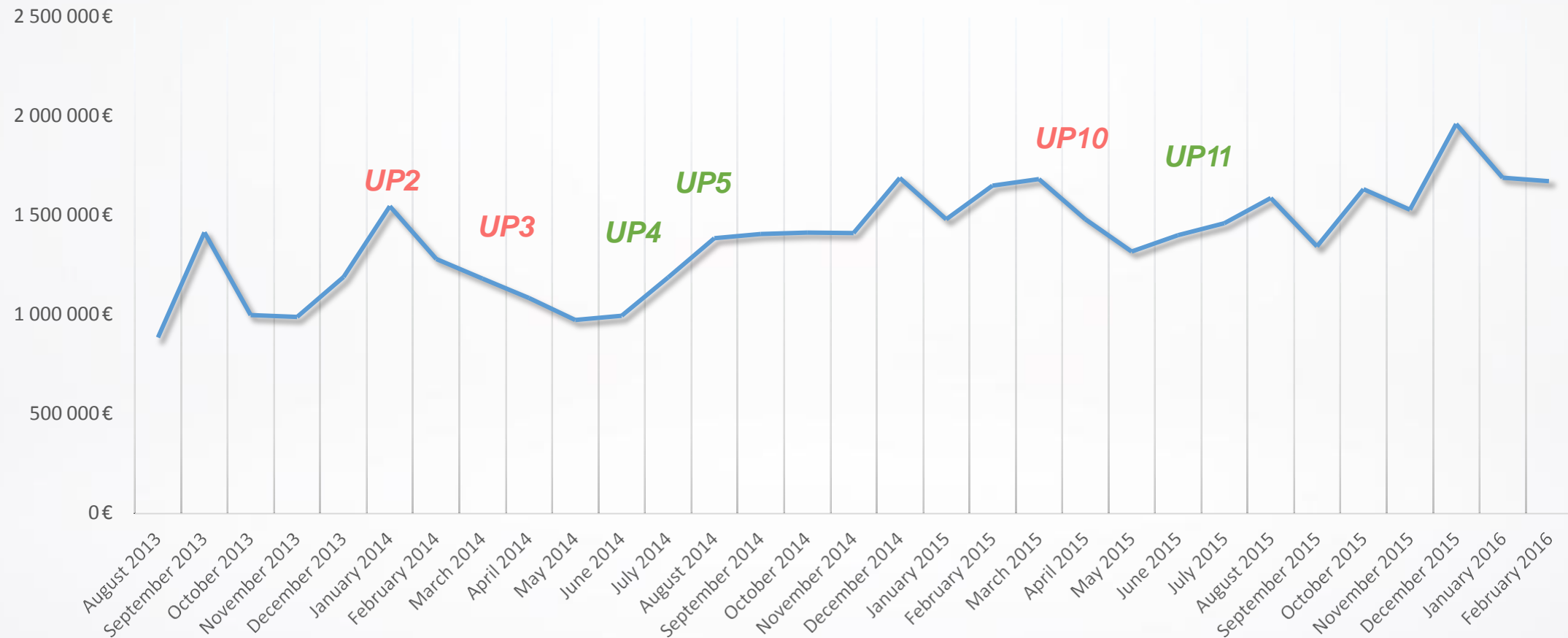
- Matching the players smartly ensure the most challenging experience
- Using data to improve users comfort : auto difficulty adjustment, user leaving prediction and prevention, customized offers
- Using data to prevent users discomfort : IAP not received, progress loss, items loss, connectivity issues, anti hacking
- 24/7 QA human surveillance on all games
- 24/7 automatic alarm systems on all games main KPIs

# REAL TIME GAME SERVICES



Monthly Revenue – All Platforms

## EVERY UPDATE COUNTS



# SATISFIED USERS

Average Ratings

GAME	iOS	GP
Despicable Me 2	4,5	4,4
Asphalt 8: Airborne	4,5	4,5
World at Arms	4,5	4,3
Order & Chaos Online	4,5	4,3
Gangstar Vegas	4,5	4,4
My Little Pony	4	4,3
Heroes of Order & Chaos	4	4,3
Blitz Brigade	4	4,3
Modern Combat 5	4	4,2

Average Ratings

GAME	iOS	GP
Dragon Mania Legends	4,5	4,5
Dungeon Hunter 5	4	4,2
Siegefall	4,5	4,3
March of Empires	4	4,2
Order & Chaos 2	4	4,1
Sniper Fury	4	4,3
Gods of Rome	4	4,3
Disney Magic Kingdom	4,5	4,4

iOS data is referred to US Average Ratings  
GP data is referred to Universal Average Ratings

# GAMES LINE UP

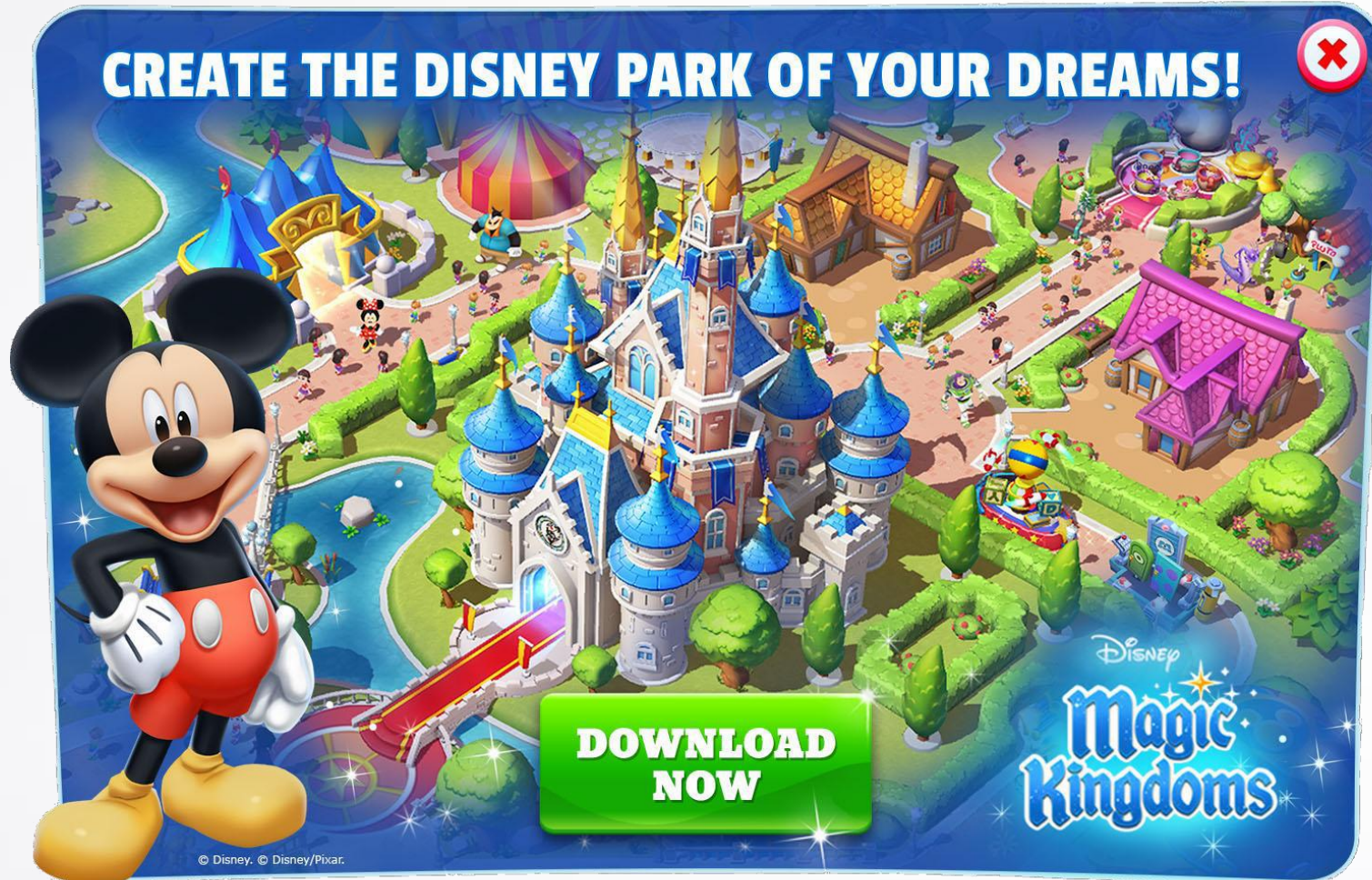


# DISNEY MAGIC KINGDOMS

Q1

2016

Meet with 90 years of Magic and build your Dream Disneyland theme park!  
Collecting beloved characters and unlock World famous attractions







- **Build the most attractive Park ever with characters and attractions spanning more than 90 years of Disney**

The game will feature 7 out of the 10 most profitable entertainment brands in the world !

Endless IP potential to keep players engaged and insure strong long term retention for the game.

- **Top 3D Graphic quality already acclaimed by Disney fans and critics**

Use of 3D Graphics to make the Park and the characters alive ( other tycoons on the market are usually in 2D )

Share spectacular moments with beloved characters such as Mickey Mouse, Rapunzel, Buzz Lightyear, Tinker Bell and more!

- **Strong all new original Disney storytelling**

Unravel a magical story on an exciting adventure with every tap, creating a unique storyline that ties in all IPs.

Close collaboration with Disney to offer players an exclusive narrative experience on the happiest place on mobile!

- **Smart monetization: gacha-based tycoon and Happiness management feature**

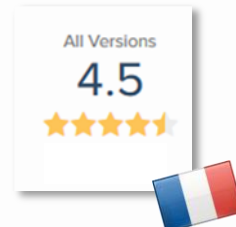
Refined monetization with gacha-based character unlocking.

Gives players more content to go through and creates more monetization potential with collectible character tokens.

Maximizes revenue per user and creates more long term value for players.

All new Happiness feature pushes the gacha loop and entices players to keep coming back to the game often.

## Outstanding Game Reviews



**Best Disney game ever! ★★★★★**  
by Inudani123 – Mar 20, 2016

**Best game I ever played. ★★★★★**  
by yoursally – Mar 18, 2016

**Wow! Just wow! ★★★★★**  
by Baklava01 – Mar 19, 2016

I never thought there could be a game so amazing! If you have ever been to Disneyland or even remotely like anything Disney, this is the game for you. It hardly ever crashes, (it never has for me) has GREAT graphics, and is just plain AMAAAAZING! Everyone needs to play this game!!! I do wish there were more characters, but I can see that there are still updates coming in the future and whatnot, and I couldn't be more excited! Have fun, fellow Disnerds!

**Amazing Game - Love It! ★★★★★**  
by Samdude8888888888 – 17 Mar, 2016

What a brilliant idea! Most of my favourite Disney characters, all in a great game. The graphics are great, the storyline even more so, and things are perfectly priced! I can't wait for future updates with new rides, features and even more great Disney characters (e.g: Bolt, Frozen, The Muppets and The Incredibles). Thanks for a great game - keep up the good work!

## Within the top 5 Free Charts on i OS

Disney Magic Kingdoms	Top Free
United States	5
United Kingdom	4
Russia	2
Germany	3
France	3
Australia	5
Canada	4
Italy	3
Brazil	1
South Korea	1



# ASPHALT 9 : SHOCKWAVE

Q2

2017





# ASPHALT XTREME

Q2

2016

350M users since its creation. Born in the streets, the Asphalt franchise will take you now Off-Road. Get fury, get wild, get fun.





# CITY MANIA

Q3

2016

Run the town of your dreams. Fuse buildings, attract esteemed citizen & use their skills to build the city any Mayor has dreamt about.





# GANGSTAR NEW ORLEANS

Q3

2016

The legendary franchise is back and this time, New Orleans is the playground.  
Enjoy the most social Open World Experience.





# THE DYING WORLD

Q4  
2016

The First Zombie MMOPRG on Smartphones.  
Watch out, you won't be alone.





# WORLD AT ARMS 2

Q4  
2016

Build the Greatest War Industry, and Conquer the World !





# DUNGEON HUNTER 6

Q4

2017





# REAL FOOTBALL

Q1

2018





# MODERN COMBAT VERSUS

Q4

2016

Create your Mercs, Fight the World

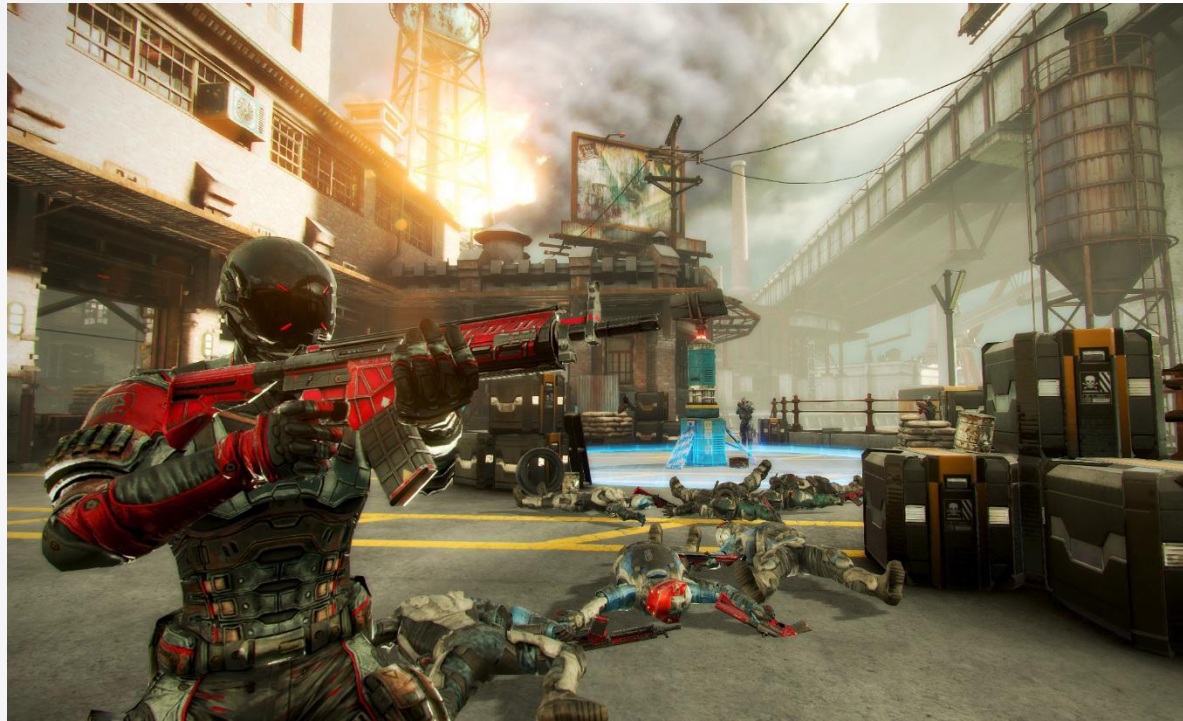




# MODERN COMBAT VERSUS

Q4

2016





**THANKS**  
**FOR YOUR ATTENTION**



# Monetizing Gameloft's massive mobile audience through programmatic mobile advertising

*Gonzague de Vallois, SVP Sales & Marketing*



# *Rishad Tobaccowala*

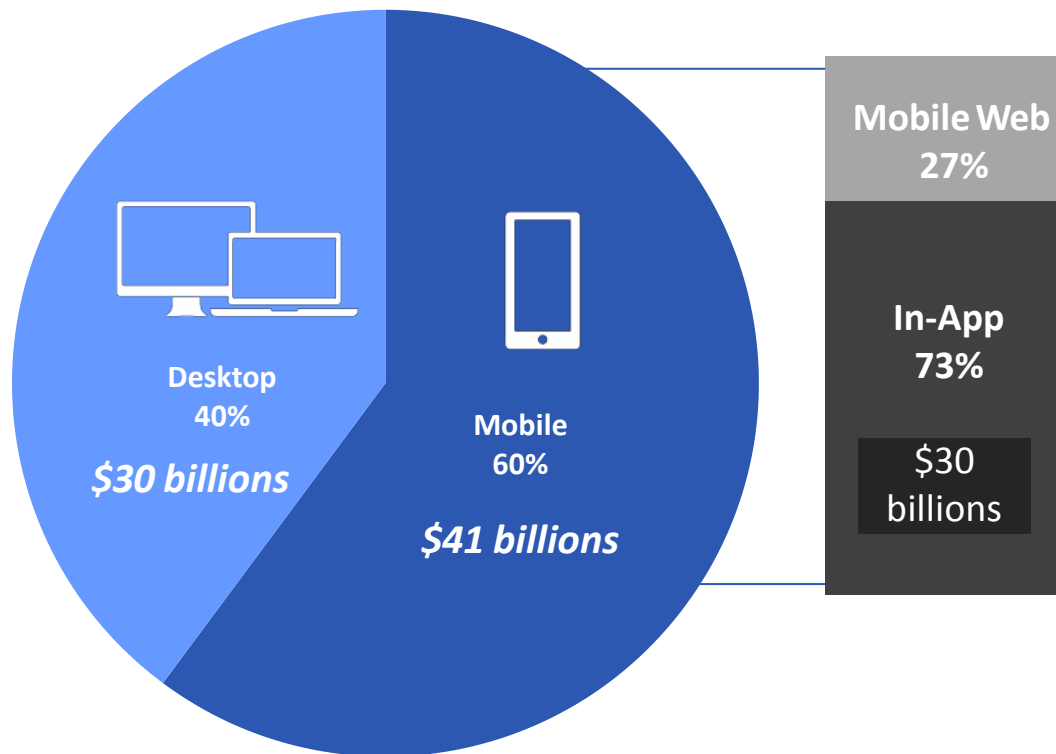
- CHIEF STRATEGIST OFFICER FOR PUBLICIS GROUPE, MEMBER OF PUBLICIS DIRECTOIRE
- CHAIRMAN OF DIGITASLBI AND RAZORFISH, TWO LEADING GLOBAL DIGITAL MARKETING AND BUSINESS TRANSFORMATION NETWORKS
- ADVISOR TO SEVERAL START-UPS IN THE FIELD OF DIGITAL MARKETING
- TED SPEAKER
- NAMED ONE OF FIVE “MARKETING INNOVATORS” BY TIME MAGAZINE AND ONE OF THE TOP EXPERTS IN DIGITAL TRANSFORMATION BY BUSINESS WEEK

**Chief Strategist interview**

# The mobile advertising opportunity ahead of us is massive

## DIGITAL AD SPENDING

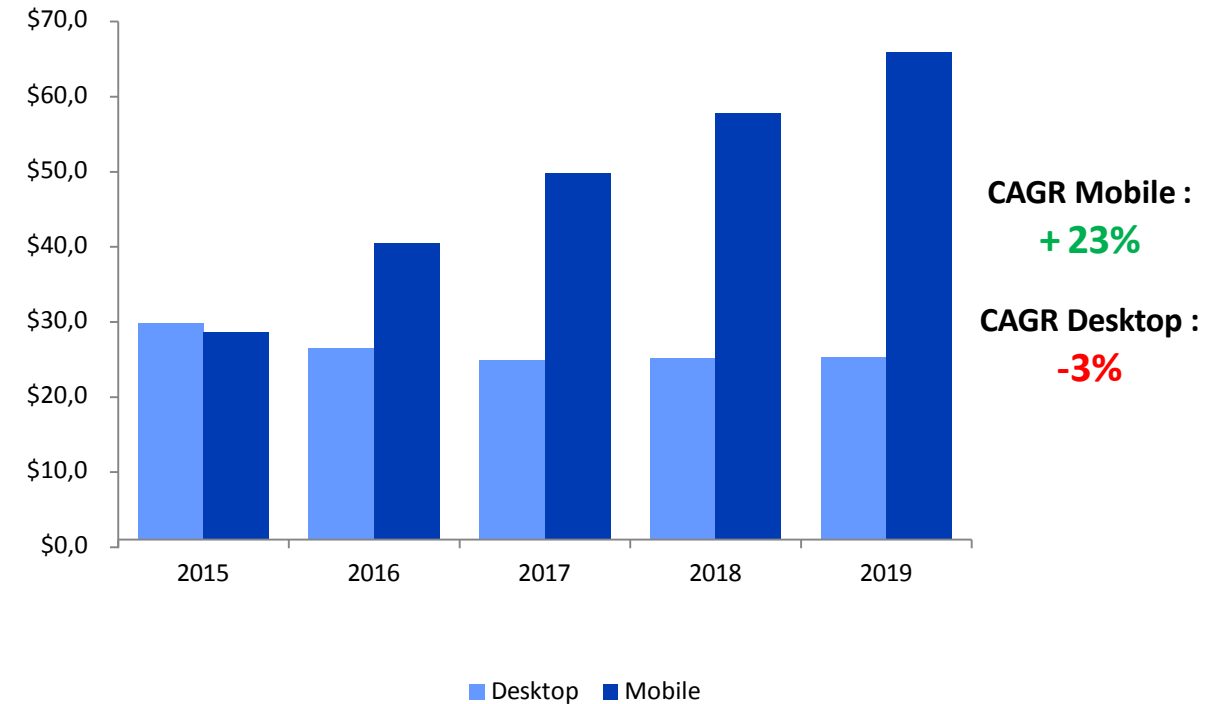
Forecast 2016



## DIGITAL AD SPENDING

Overview 2015 - 2019

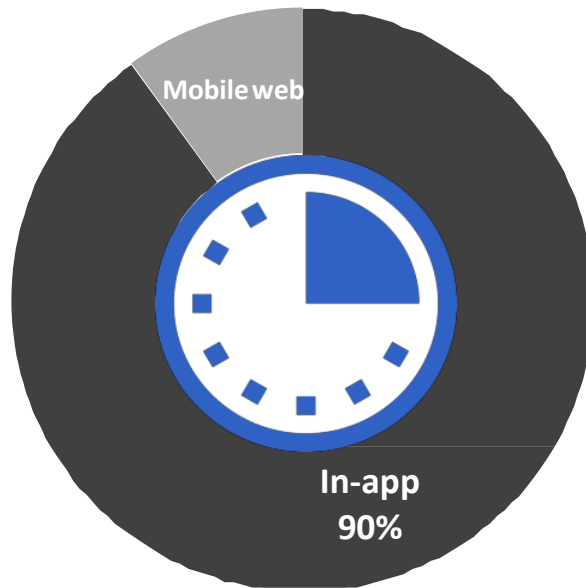
Billions



# The shift to mobile ad spending is driven by structural forces

## A GROWING CONSUMER ENGAGEMENT

*Time spent in-app*



**198 Minutes in App**  
per day

Flurry 2015 – USMarket

## ADVERTISERS' NEEDS

*Efficient reach*



**Rich targeting data available**

eMarketer Report 2015

## A CONTROLLED ENVIRONMENT

*Safe - Premium - Native*



**Advertiser & User's benefit**

eMarketer Report 2015



# Gameloft addresses all advertisers' needs

Reaching **166M Monthly Active Users<sup>1</sup>** worldwide across all demographics



**39 minutes per day per player across 5 game sessions**



**Full stack of 1<sup>st</sup> party data for a perfect targeting**

- Age, Gender, Location, etc.



**Total Premium inventory**

- 8 Billion impressions per month with over 95% Viewability
- Across the globe for an annual market value of 150 M EUR

<sup>1</sup> Average over 2015

# Why leveraging this opportunity internally

- ✓ External partners are short term wins with limited leverage for Gameloft
  - Short term commitment
  - Low CPM
  - Focus on performance advertising
  - No leverage on our set of 1<sup>st</sup> party data
- ✓ **Premium inventory with unmatched data drives direct relationships to advertisers and higher CPMs**
  - CPM of ~\$7 vs. ~\$1 when sourced via external partners
- ✓ Allows to keep **full end-to-end control** over our advertising solutions and what we deliver to advertisers
- ✓ Size of the lever for Gameloft is **significant** enough to justify the internal solution

# 2015: Take off of our premium advertising business

## 3 main first achievements

Development of our ad products

Recruitment of the local sales teams

Establishment of the Gameloft Advertising Solutions brand

## A few operational highlights

75 ad sales people in 40 markets

Over 680 campaigns delivered globally in 2015

Repeat buy rate of 40% in Q4 2015

A nice brand track record

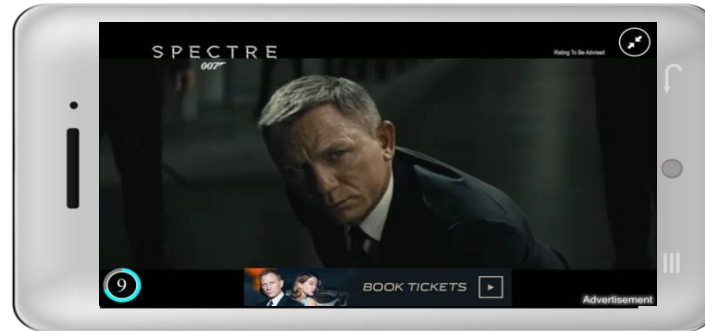
# A rich offer of ad formats

## DISPLAY



12 ad formats  
IAB standards or  
Gameloft exclusive  
production

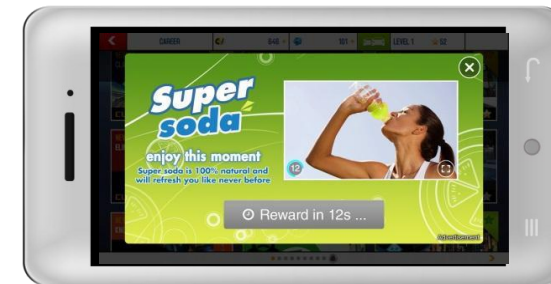
## VIDEO



## RICH MEDIA



## NATIVE



# Our advertising sales and ad operations team globally



## North America

- Seattle, USA
- San Francisco, USA
- Los Angeles, USA
- New-York City, USA
- Toronto, Canada

## LATAM

- Bogota, Colombia
- Buenos Aires, Argentina
- Mexico City, Mexico
- Santiago De Chile, Chile
- Sao Paulo, Brazil
- Rio de Janeiro, Brazil

## Europe

- Paris, France
- London, UK
- Madrid, Spain
- Berlin, Germany
- Milan, Italy
- Moscow, Russia
- Copenhagen, Denmark
- Warsaw, Poland
- Bucharest, Romania
- Zurich, Switzerland

## Middle East & Africa

- Dubai, UAE
- Istanbul, Turkey
- Johannesburg, South Africa

## Asia / Oceania

- Tokyo, Japan
- Seoul, Korea
- Beijing, China
- Shanghai, China
- Singapore
- Kuala Lumpur, Malaysia
- Bangkok, Thailand
- New Delhi, India
- Saigon, Vietnam
- Taipei, Taiwan
- Hong Kong
- Manila, Philippines
- Jakarta, Indonesia
- Sydney, Australia
- Melbourne, Australia
- Auckland, New Zealand

# Ad tech and product teams globally



## North America

- Montreal, Canada

## LATAM

- Mexicali, Mexico

## Europe

- Paris, France
- Bucharest, Romania
- Cluj, Romania
- Sofia, Bulgaria

## Asia / Oceania

- Beijing, China
- Singapore
- Ho Chi Minh City, Vietnam



In 2015, we had live ad campaigns with multiple blue chip global advertisers



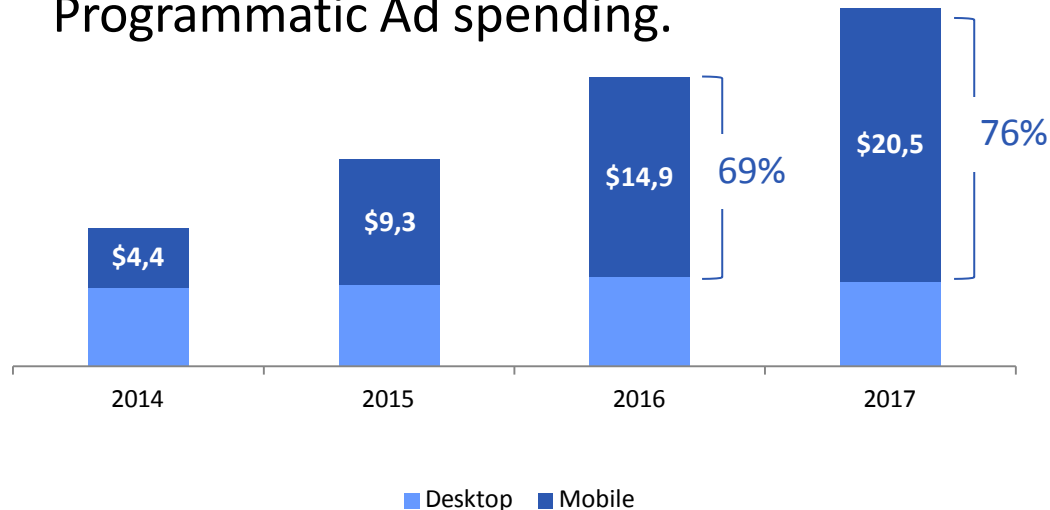
# Medium term advertising perspective with programmatic

# 2016: The explosion of programmatic

*“Mobile is cited as the channel or format expected to have the most opportunity for programmatic buying, appealing advertisers by its advanced targeting capabilities”*

Survey by RBC Capital Markets and Advertising Age – February 2015

In 2016, US Mobile Programmatic accounts for **69%** of total Digital Programmatic Ad spending.

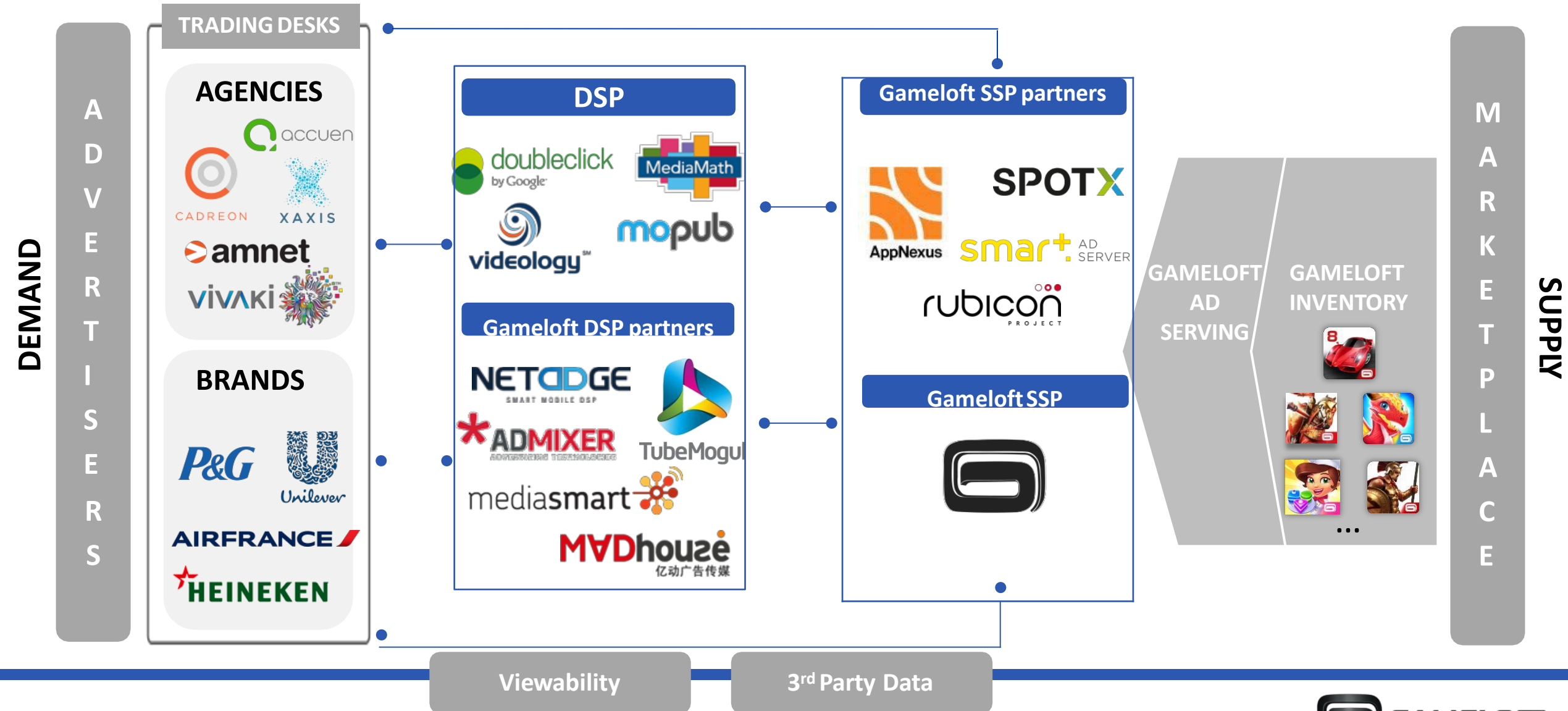


In 2018, mobile advertising will overtake desktop and account for 50.2% of all internet advertising, according to ZenithOptimedia (ZO)'s new "Advertising Expenditure Forecasts". Mobile advertising will total \$114BN in 2018, up from \$50BN in 2015, and will be larger than all other media except for TV (which will total \$215BN, up from \$206BN in 2015).

Mobile advertising is responsible for almost all of the growth in global adspend. ZO forecasts it to grow at an average rate of 32% a year between 2015 and 2018, contributing with 87% of all of the new ad dollars added to the global market during the mentioned period.

ZenithOptimedia forecasts desktop internet advertising to peak at \$114BN in 2017, before falling back slightly to \$113BN in 2018, as adspend migrates from desktop to mobile.

# What is mobile programmatic for Gameloft ?







# 2016-2018: The explosion of programmatic for Gameloft

## First strong achievements in the bag

- Kick off in October 2015
- Live with top ad tech partners globally in January 2016  
  
- Already over 20% of our ad revenues through Private Market Place and open Real Time Bidding

## Very promising pipeline

- Worldwide Private deals with Key Advertisers in test
- Campaigns live with all major agencies trading desks in all markets  
   

# Gameloft's Programmatic advertisers



NETFLIX



TOSHIBA

Booking.com



Walmart



ToysRUs



Coca-Cola



Campbell's

Google



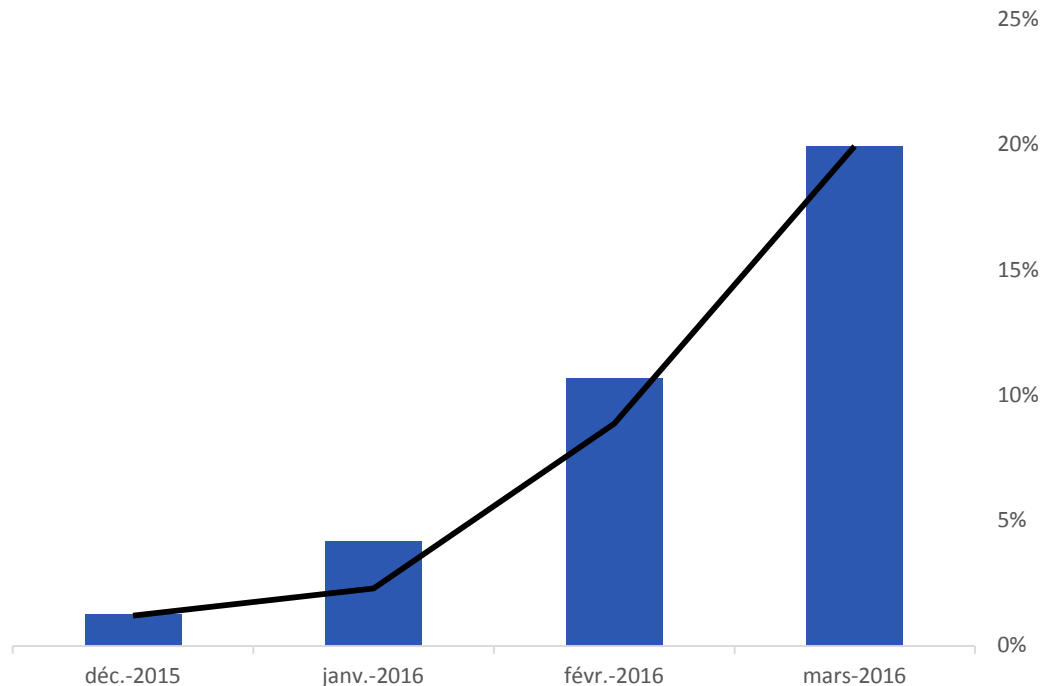
Walgreens

US market – French Market 2016



# Early 2016 numbers and Mid Term Perspective

## Share of programmatic in our ad revenues ramping up

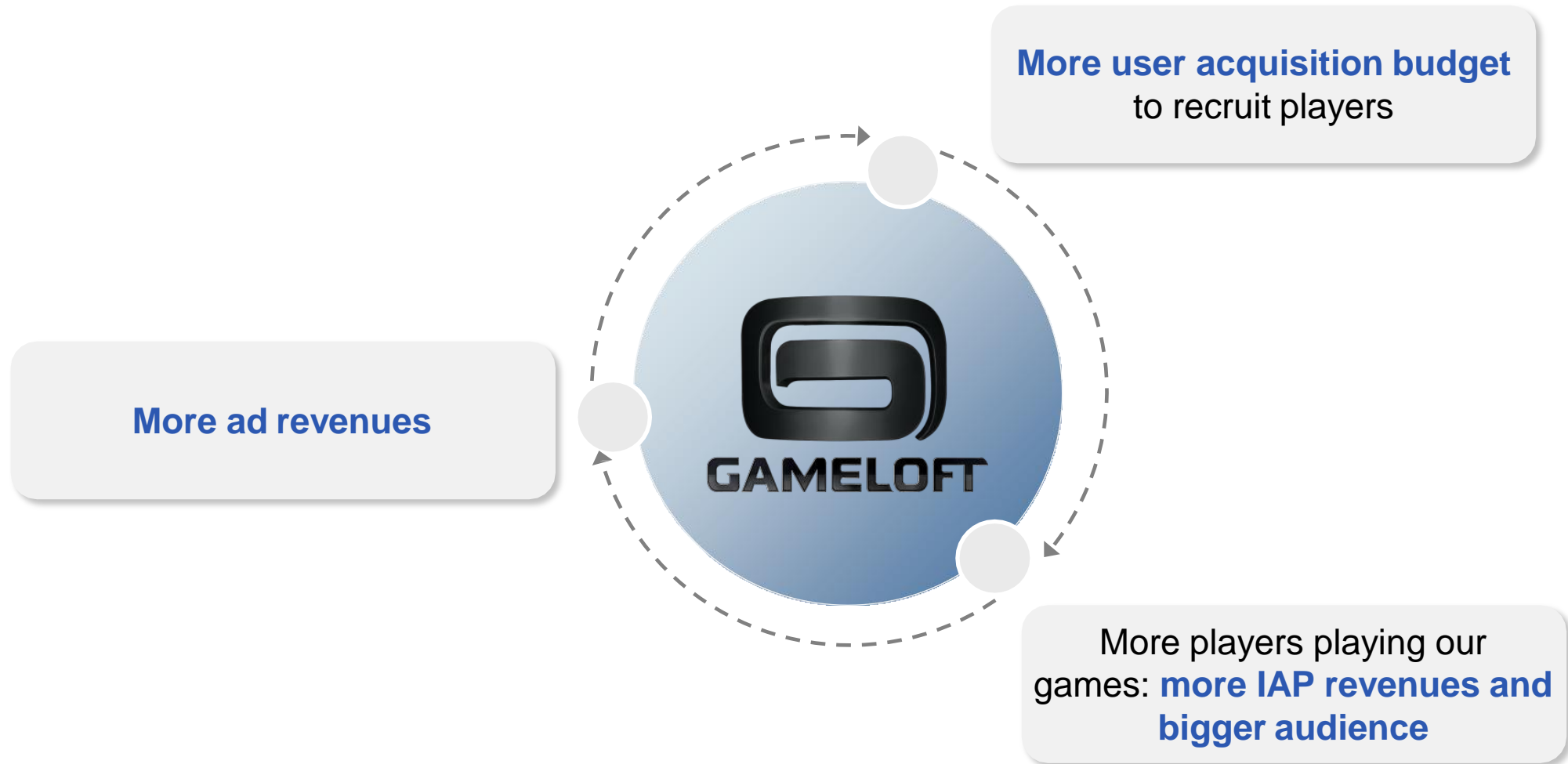


## Ambitious yet realistic targets

- End of March 2016, **Run Rate close to 20 M EUR per year**
- 2018 Advertising Revenues: **100m€**
  - Equals **2/3 fill rate**
  - Estimated **80% coming from programmatic**

# Advertising, audience and game revenues

# Launching the virtuous circle



## 2016: Strong Acceleration on User Acquisition

- User Acquisition budgets multiplied by 3 in H1 2016 versus H1 2015
- Strong push on our User Acquisition Programmatic initiatives for a better performance
  - Access to new pools of inventories
  - For optimized Cost Per install at scale
- Great learnings on TV programming in 2015 for a full acceleration in 2016





**THANK YOU !**



## Medium-term targets

*Alexandre de Rochefort, SVP & CFO*

### **Forward-looking statements**

*This presentation includes information about the objectives of the Group and forward-looking statements. These statements are sometimes identified by the use of the future or conditional tense, as well as terms such as “estimate”, “believe”, “have the objective of”, “intend to”, “expect”, “result in”, “should” and other similar expressions. It should be noted that the realization of these objectives and forward-looking statements is dependent on the circumstances and facts that arise in the future. Forward-looking statements and information about objectives may be affected by known and unknown risks, uncertainties and other factors that may significantly alter the future results, performance and accomplishments planned or expected by the Company. These factors may include changes in the economic and commercial situation, regulations and the risk factors described in Gameloft's Registration Document (§2.1.7) filed with the AMF under number D.15-0405 on April 24, 2015.*

### **Disclaimer**

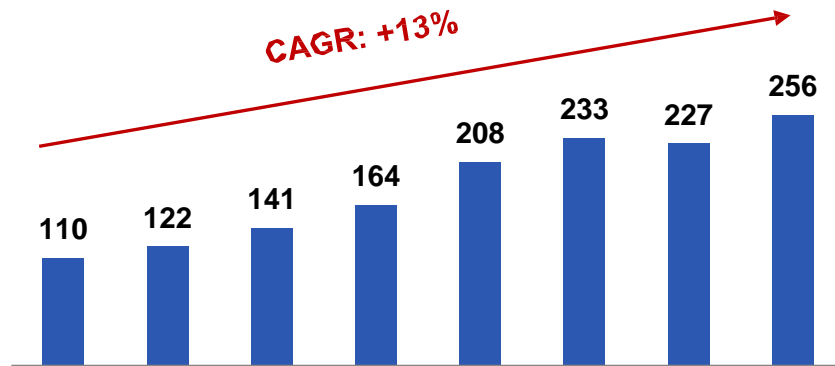
*This presentation and the information contained herein do not constitute either an offer to sell or purchase or the solicitation of an offer to sell or purchase securities of Gameloft.*

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# HISTORICALLY, GAMELOFT HAS DELIVERED STRONG TOP-LINE GROWTH, PROFITABILITY AND CASH GENERATION

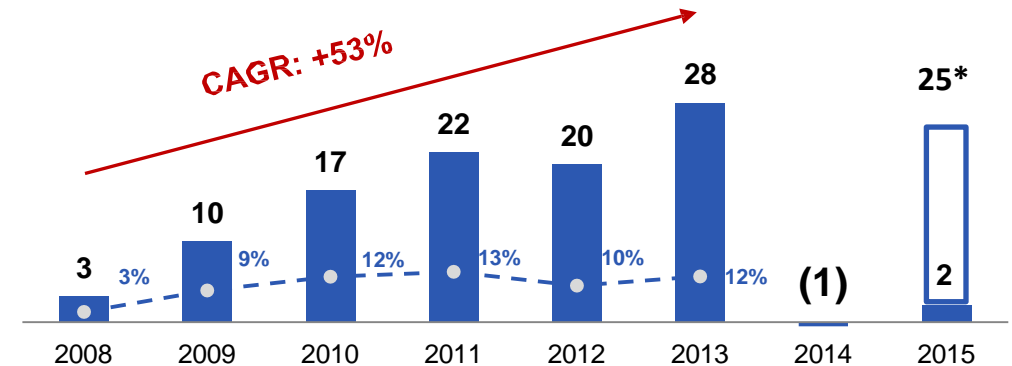
## Sustained top-line growth...

Sales (€m)



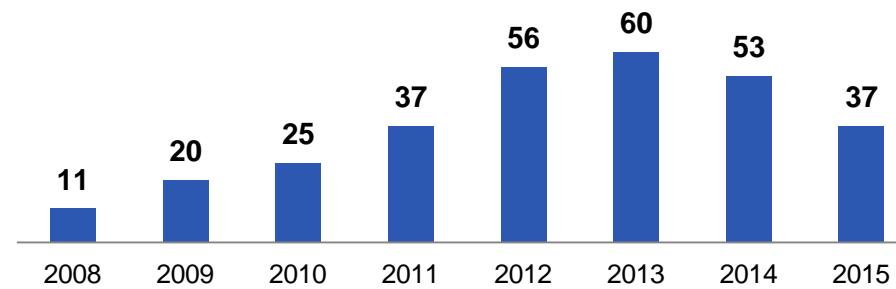
## ... and attractive margin profile...

Current operating profit (€m) and margin



## ... driving increasing net cash position over time

Year-end net cash position (€m)



<sup>1</sup> including 23m€ of cost savings had the reorganization been fully implemented by January 1<sup>st</sup>, 2015,



# GAMELOFT SUCCESSFULLY ADAPTED ITS BUSINESS MODEL AND COST STRUCTURE IN 2014 – 2015

**Adapted business model and structural investments for the future**

- Shift to a 2-leg monetization model with both **IAP and advertising**
- **Structural investments** to benefit from massive programmatic opportunity
- In-house development of **Gameloft Advertising Solutions** including hiring of own sales force

**Significantly improved cost structure**

- Workforce reduction of 850 positions: **12.5% of global staff**
- 10 low-performing studios closed: **annualized gross savings of over €35m with limited impact on top-line**
- Data center investments completed: **2015 CAPEX down 30% YoY**

**Lower short-term revenue growth and profitability to maximize long-term value of the business**

# Ambitious yet realistic financial targets

## FY2018 targets

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**>€350**

million revenues

**>€65**

million current operating profit

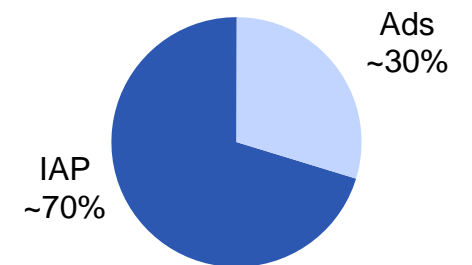
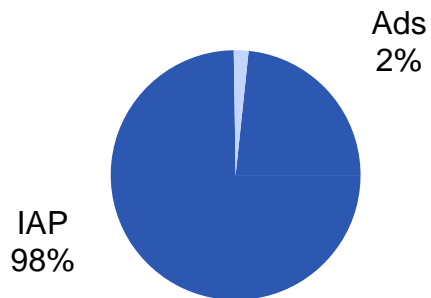
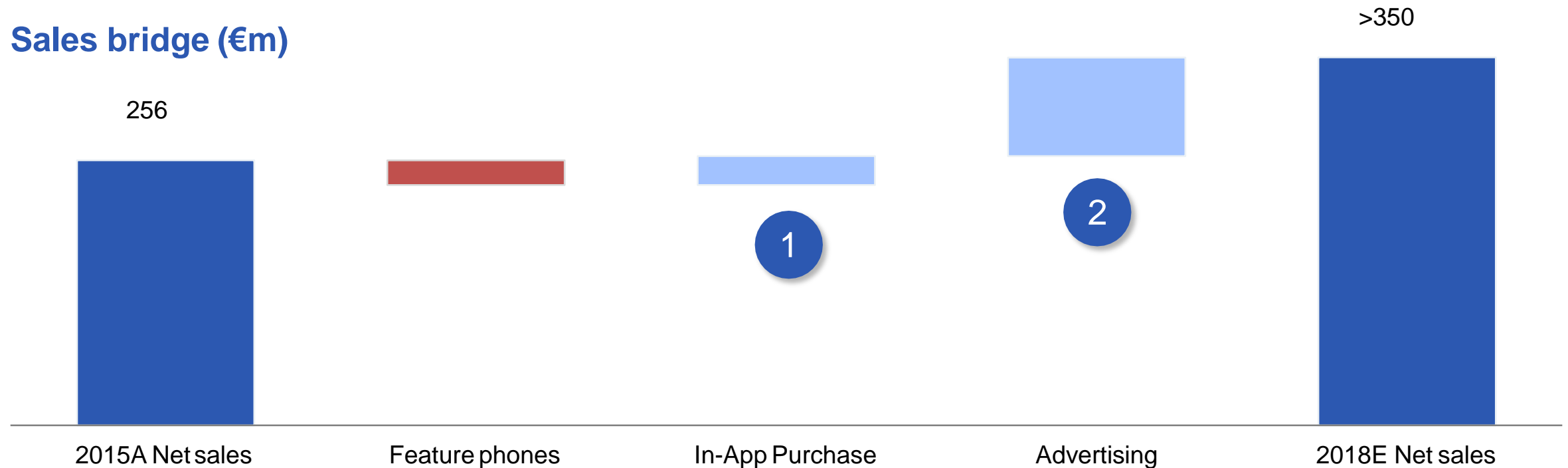
**>€85**

Cumulative free cash flow<sup>1</sup> over 2016-18

<sup>1</sup> Defined as Operating cash flow - Total investment-related cash flows

# Top-line growth mainly driven by advertising

## Sales bridge (€m)

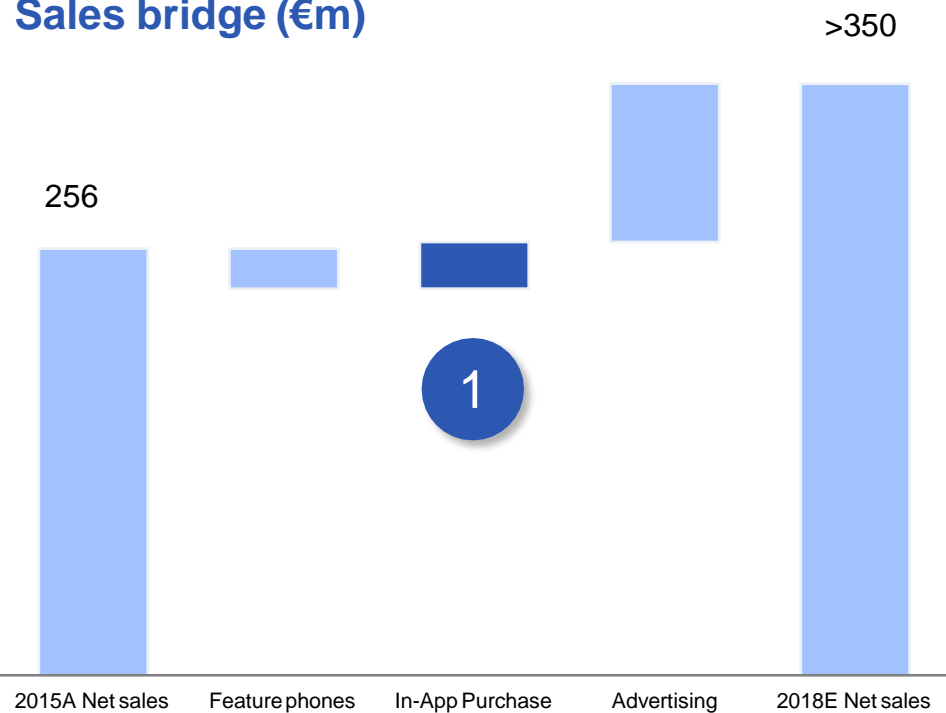


<sup>1</sup> Defined as low-end mobile phones which typically provide voice calling and text messaging functionality, in addition to basic multimedia and internet capabilities

# IN-APP PURCHASE ASSUMPTIONS

**~30% of total revenue growth**

**Sales bridge (€m)**



**Underlying assumptions**

- Continued monetization of current game portfolio with longer lifetime value
- 8-10 new games launched per year with a focus on established franchises and mid-core<sup>1</sup> games, increasing game portfolio size and value
- Conservative monetization assumptions
  - Stable DAU
  - Stable revenue / DAU

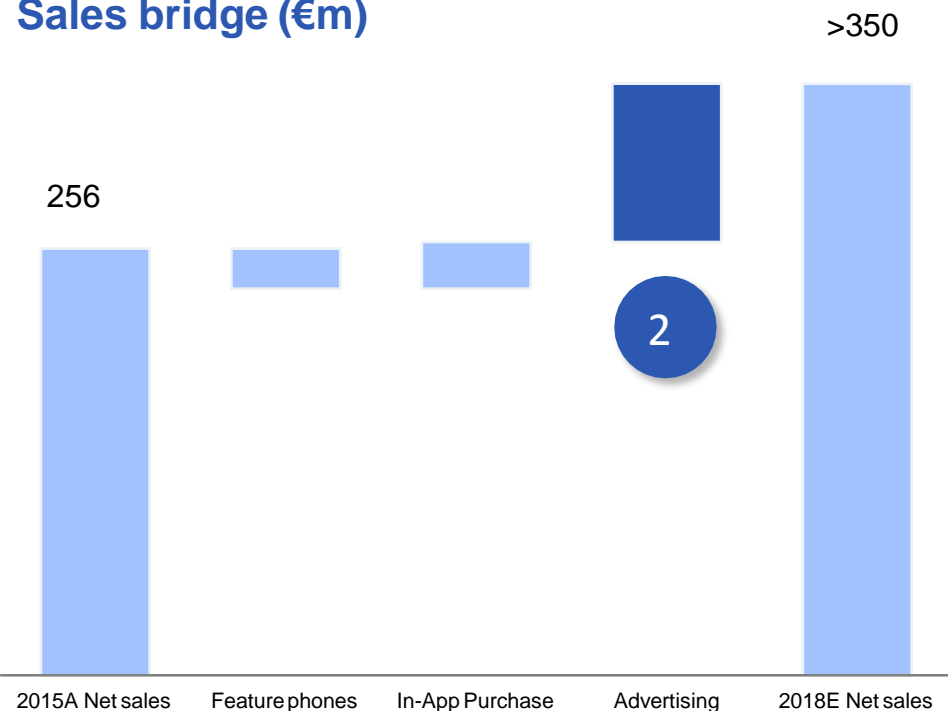
<sup>1</sup> Games with high production value positioned between casual games and hardcore games



# ADVERTISING ASSUMPTIONS

~70% of total revenue growth

Sales bridge (€m)



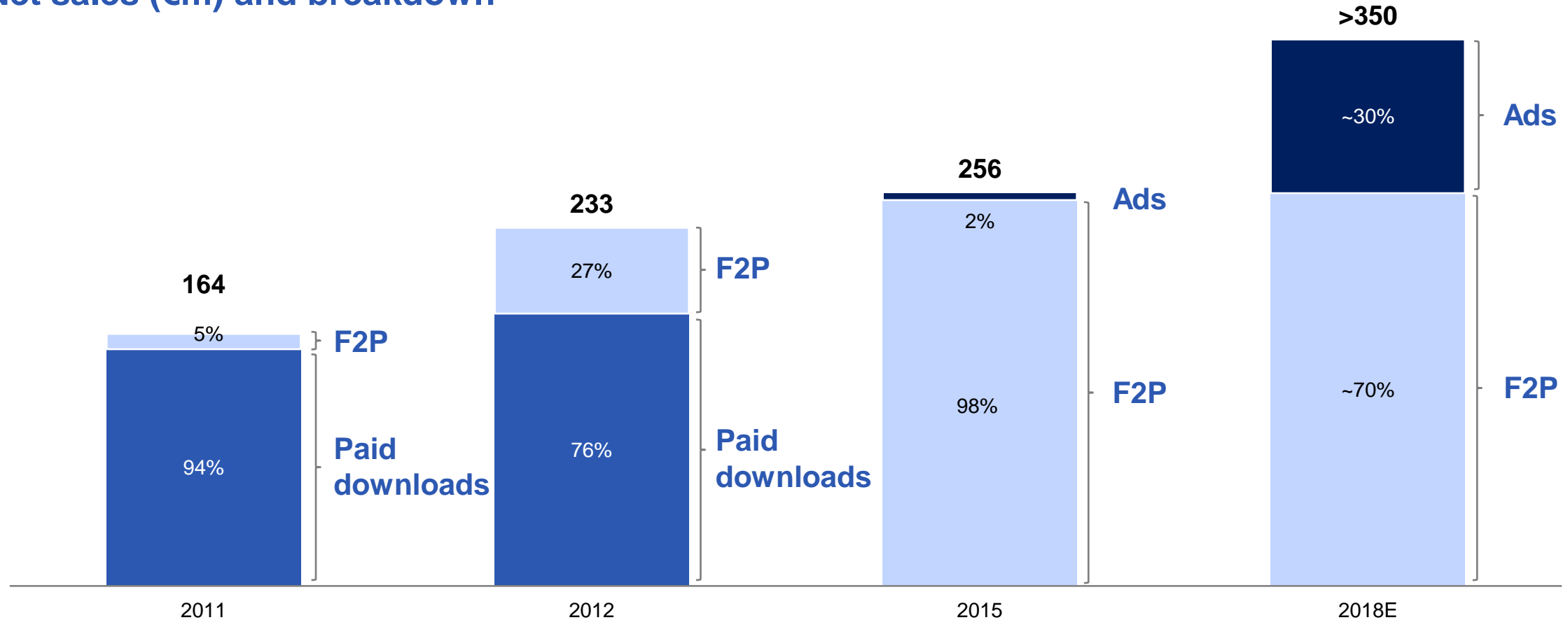
Underlying assumptions

2015	2018
21m DAU	Stable vs. 2015
x	
2,15€ CPM	Stable vs. 2015
x	
190m daily slots	Stable vs. 2015
=	=
150m€	150m€
x	x
3%	~66%
=	=
€5m	€100m

At constant 2015 cost base

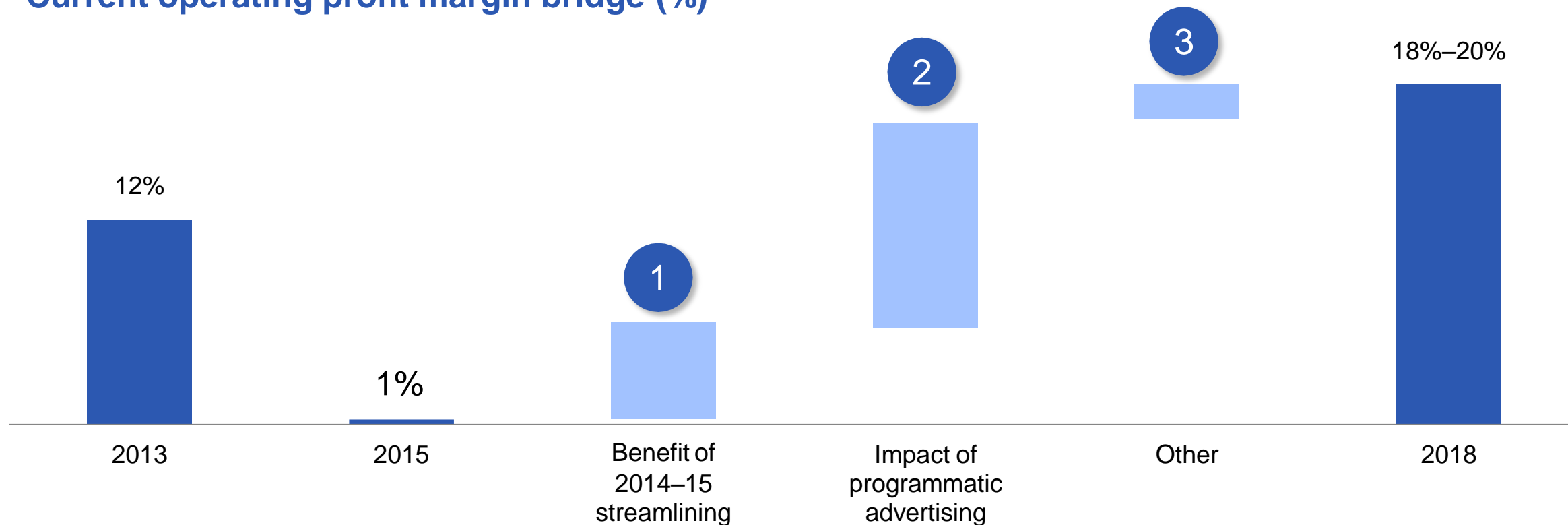
# HISTORY REPEATS ITSELF: WE HAVE PREVIOUS TRACK-RECORD IN ADAPTING OUR MONETIZATION STRATEGY

## Net sales (€m) and breakdown



# WE PLAN TO INCREASE OUR MARGIN TO 18%–20%

## Current operating profit margin bridge (%)



*Phasing*

*2016*

*2016-18*

# WE PLAN TO INCREASE OUR MARGIN TO 18%–20%

1

## Benefit of the 2014-15 streamlining

- €35m of annualized gross cost savings from closure of 10 low-performing studios – Full run-rate impact in 2016
- Workforce reduction of 850 positions
- Restructuring costs fully absorbed in 2015

2

## Impact of programmatic advertising

- Margin on advertising driven by shift towards programmatic
- Very high operating leverage: fixed-cost model
- All investments have been made: ad tech programmatic live at Gameloft since Oct-15

3

## Other

- Increase in gross margin driven by increasing weight of Gameloft IPs
- Decrease in COGS<sup>1</sup> related to lower feature phone revenues

<sup>1</sup> Revenues shared with feature phone manufacturers are included in COGS



# Ambitious yet realistic financial targets

## FY2018 targets

---

**>€350**

million revenues

**>€65**

million current operating profit

**>€85**

Cumulative free cash flow<sup>1</sup> over 2016-18

<sup>1</sup> Defined as Operating cash flow - Total investment-related cash flows

## Potential upsides not included in business plan

- ✓ Stable DAUs despite increase in User Acquisition Costs
- ✓ Stable revenue / DAU
- ✓ Impact of future local distribution deals in Asia (besides GungHo) not included
- ✓ Only 66% inventory fill rate

# THANK YOU !

