

# ATVI Summary as of May 5, 2016



Unless otherwise explicitly stated, all data and comments, including forward-looking information, are current as of May 5, 2016 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 5, 2016 and the Company's reports and filings with the SEC.

Stock Information <sup>1</sup> :		Full Year EPS:							
Price per share as of 5/4/16 (\$)	34.28	Q1 2016 TTM GAAP EPS (\$)	1.12	2011	2012	2013	2014	2015	
2016 Dividend/share (\$)	0.26	Q1 2016 TTM Non-GAAP <sup>†</sup> EPS (\$)	1.40	GAAP EPS	\$0.92	\$1.01	\$0.95	\$1.13	\$1.19
Daily volume on 5/4/16 (M)	5.7	Q1 2016 TTM FCF/diluted share <sup>2</sup> (\$)	1.57	Non-GAAP <sup>†</sup> EPS	\$0.93	\$1.18	\$0.94	\$1.42	\$1.32
50-day avg. vol., ending 5/4/16 (M)	5.9	Cash & investments <sup>4</sup> /diluted share <sup>2</sup> (\$)	3.87	<b>IR Contacts:</b>					
Shs. Outstanding <sup>2</sup> (M)	750	Book Value/diluted share <sup>2</sup> (\$)	11.13	Amrita Ahuja, SVP IR	Amrita.Ahuja@ActivisionBlizzard.com (310) 255-2075				
Market Cap. as of 5/4/16 (\$B)	25.2	Total cash & investments <sup>4</sup> (\$B)	2.91	Colin Roussil, Sr. Director IR	Colin.Roussil@ActivisionBlizzard.com (424) 272-3164				
Enterprise Value as of 5/4/16 <sup>3</sup> (\$B)	28.2	Total debt as of 3/31/16 (\$B)	5.92	Jason Shi, Analyst IR	Jason.Shi@ActivisionBlizzard.com (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, 2016. <sup>3</sup>Using 3/31 cash & investments of \$2.9B and debt of \$5.9B. <sup>4</sup>Includes short-term and long-term investments.

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

- Over-performed non-GAAP<sup>†</sup> guidance by \$108M on revenue & \$0.12 on EPS, with record quarterly digital revenues

### Strategic Pillars of Our Year-Round Engagement Business Model

#### 1. Expanding audience reach across portfolio, platforms, and geographies to 544M MAUs<sup>1</sup>

- MAUs<sup>1</sup>: Activision grew 10% Y/Y; Blizzard grew 23% Y/Y; King grew 3% Q/Q

#### 2. Deepening engagement with 42 billion\* hours of annual entertainment across franchises

- >10B\* hours spent playing Activision Blizzard games in Q1

- 42B\* hours spent with Activision Blizzard titles in the last 12 months, including spectating; in-line with Netflix, greater than Facebook videos, and 4X national viewership of major professional U.S. sports leagues combined

#### 3. Increasing opportunities for player investment

- Non-GAAP<sup>†</sup> revenues from in-game content grew 20% Y/Y standalone and 80% Y/Y including 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.

## A Network of Over a Half Billion Monthly Active Users, with 42 Billion\* Hours of Annual Entertainment Across Franchises

<p>4 of top 10 titles on next-gen consoles, life-to-date**</p>	
<p>Growing community of highly engaged players</p>	
<p>3 of top 15 grossing games on U.S. app store for 9 consecutive quarters***</p>	

<sup>\*</sup>Includes King for full period. <sup>\*\*</sup>NPD. <sup>\*\*\*</sup>U.S. ranking for Apple App Store and Google Play Store, per App Annie Intelligence for first quarter 2016. <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, 2016, please refer to the tables attached to Company's earnings release dated May 5, 2016, which is available on our website, 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 financial results from the acquisition of King Digital Entertainment, 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.

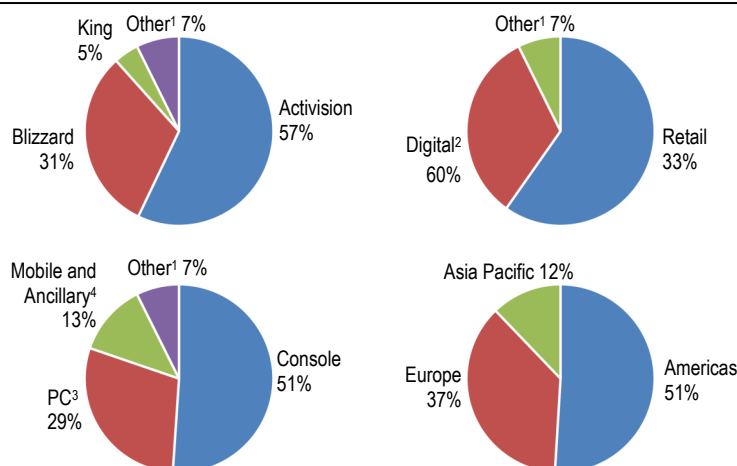
## Segment Performance

	Non-GAAP <sup>†</sup> Q1			Non-GAAP <sup>†</sup> Q1 TTM		
	2015	2016	% Y/Y	2015	2016	% Y/Y
<b>Revenues (\$M)</b>						
Activision	303	360	19	2,751	2,756	0
Blizzard	352	294	-16	1,611	1,507	-6
King	-	207	NM	-	207	NM
Other <sup>1</sup>	48	47	-2	382	355	-7
Total	703	908	29	4,744	4,825	2
<b>Operating Income (\$M)</b>						
Activision	66	99	50	827	904	9
Blizzard	139	86	-38	656	508	-23
King	-	67	NM	-	67	NM
Other <sup>1</sup>	(1)	-	-100	8	35	289
Total	204	252	24	1,491	1,514	2
<b>Operating Margin</b>						
Activision	21.8%	27.5%		30.1%	32.8%	
Blizzard	39.5%	29.3%		40.7%	33.7%	
King	-	32.4%		-	32.4%	
Other <sup>1</sup>	(2.1%)	0.0%		2.1%	9.9%	
Total	29.0%	27.8%		31.4%	31.4%	

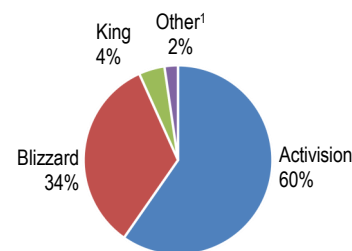
## Revenue Breakdowns

	Non-GAAP <sup>†</sup> Q1			Non-GAAP <sup>†</sup> Q1 TTM		
	2015	2016	% Y/Y	2015	2016	% Y/Y
<b>Distribution Channels (\$M)</b>						
Digital online channels <sup>2</sup>	538	797	48	2,209	2,885	31
Retail	117	64	-45	2,153	1,585	-26
Other <sup>1</sup>	48	47	-2	382	355	-7
Total	703	908	29	4,744	4,825	2
<b>Platforms (\$M)</b>						
Console	232	328	41	2,414	2,464	2
PC <sup>3</sup>	336	301	-10	1,498	1,408	-6
Mobile and Ancillary <sup>4</sup>	87	232	NM	450	598	33
Other <sup>1</sup>	48	47	-2	382	355	-7
Total	703	908	29	4,744	4,825	2
<b>Geography (\$M)</b>						
Americas	354	460	30	2,420	2,459	2
Europe	268	327	22	1,908	1,779	-7
Asia Pacific	81	121	49	416	587	41
Total	703	908	29	4,744	4,825	2

### Q1 2016 TTM Non-GAAP<sup>†</sup> Revenues



### Q1 2016 TTM Non-GAAP<sup>†</sup> Operating Income



<sup>1</sup> Net revenues from Other include revenues from our Media Networks, Studios, and Distribution businesses. <sup>2</sup> Net revenues from digital online channels represent revenues from digitally distributed subscriptions, licensing royalties, value-added services, downloadable content, micro-transactions, and products. <sup>3</sup> Net revenues from PC include revenues that were historically shown as "Online." <sup>4</sup> Mobile and Ancillary includes toys, mobile, other accessories, and handheld.

## Results

	Q1		
	2015	2016	2016
GAAP Net Revenues, \$M	1,278	1,260	1,455
GAAP EPS, \$	0.53	0.21	0.45
Non-GAAP <sup>†</sup> Net Revenues, \$M	703	800	908
Non-GAAP <sup>†</sup> EPS, \$	0.16	0.11	0.23

## Outlook, as of May 5, 2016<sup>††</sup>

	Q2		2016	
	GAAP	Non-GAAP <sup>*</sup>	GAAP	Non-GAAP <sup>*</sup>
Revenues	\$1,425M	\$1,375M	\$6,130M	\$6,275M
COGS (Prod/Online)	24%	23%	25%	24%
Op Ex, including Royalties	65%	46%	60%	44%
Operating Margin <sup>**</sup>	11%	31%	15%	32%
Interest Expense	\$62M	\$60M	\$243M	\$235M
Tax Rate	23%	23%	24%	24%
EPS <sup>***</sup>	\$0.10	\$0.38	\$0.69	\$1.78
Fully diluted weighted avg shares <sup>****</sup>	755M	755M	765M	765M

Note: Outlook assumes \$1.12 USD/Euro and \$1.45 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 5, 2016, 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 2016 prior outlook as of February 11, 2016

## Capital Allocation, as of May 5, 2016

Increasing annual dividend to a record \$0.26 per share, up 13% Y/Y  
 Paid down \$500M of term loan so far in 2016, with another \$1B authorized

## Cash Flows, Repurchases and Dividends

	2011	2012	2013	2014	2015
Operating Cash Flow, \$M	952	1,345	1,264	1,292	1,192
Capital Expenditures, \$M	72	73	74	107	111
Free Cash Flow <sup>†</sup> , \$M	880	1,272	1,190	1,185	1,081
Repurchases, \$M	692	315	5,830	-	-
Dividends/Share, \$	0.165	0.18	0.19	\$0.20	\$0.23

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

<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, 2016, please refer to the tables attached to Company's earnings release dated May 5, 2016, 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 financial results from the acquisition of King Digital Entertainment, 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.