

# ATVI Summary as of November 4, 2014



Unless otherwise explicitly stated, all data and comments, including forward-looking information, are current as of November 4, 2014 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 November 4, 2014 and the Company's reports and filings with the SEC.

Stock Information <sup>1</sup> :				Full Year EPS and Outlook:					
Price per share as of 10/28/14 (\$)	19.23	Q3 2014 TTM GAAP EPS (\$)	0.87		2010	2011	2012	2013	2014E <sup>††</sup>
2014 Dividend/share (\$)	0.20	Q3 2014 TTM Non-GAAP <sup>†</sup> EPS (\$)	1.27	GAAP EPS	\$0.33	\$0.92	\$1.01	\$0.95	\$0.91
Daily volume on 10/28/14 (M)	8.2	Q3 2014 TTM FCF/diluted share <sup>2</sup> (\$)	1.17	Non-GAAP <sup>†</sup> EPS	\$0.79	\$0.93	\$1.18	\$0.94	\$1.35
50-day avg. vol., ending 10/28/14 (M)	7.7	Cash and investments <sup>4</sup> /diluted share <sup>2</sup> (\$)	5.17	<b>IR Contacts:</b>					
Shs. Outstanding <sup>2</sup> (M)	742	Book Value/diluted share <sup>2</sup> (\$)	9.42	Kristin Southey, SVP IR and Treasury		Peter Ausnit, VP IR			
Market Cap. as of 10/28/14 (\$B)	13.8	Total cash and investments <sup>4</sup> (\$B)	3.84	Kristin.Southey@ActivisionBlizzard.com		Peter.Ausnit@ActivisionBlizzard.com			
Enterprise Value as of 10/28/14 <sup>3</sup> (\$B)	14.3	Total debt as of 9/30/14 (\$B)	4.37	(310) 255-2635		(424) 744-5686			
Beta as 10/28/14	1.06								

<sup>1</sup>NASDAQ OMX. <sup>2</sup>Based on fully diluted shares and participating securities for the quarter ending September 30, 2014. <sup>3</sup>Using 9/30 cash and investments of \$3.84B and debt of \$4.37B. <sup>4</sup>Includes short-term and long-term investments.

## 2014: Expecting >10% Non-GAAP Revenue Growth, Record Non-GAAP<sup>†</sup> EPS<sup>††</sup>, Strong Cash Flow

### Expanding our Content Portfolio, Communities, Engagement and Monetization

- Entered 2014 with 5 franchises, expect to end 2015 with 10 franchises
- Expanding in China, going from 2 games in 2013 to 6 or more in 2015
- Expanding our mobile presence, bringing Blizzard's Hearthstone to iPad and Android tablets in 2014 and to smart phones in 2015

### Growing Opportunities

- In 2016 we expect global videogames to generate >\$100B\*
- Expecting global industry growth of 10%/yr. through 2017 driven by >15% CAGR in China and digital growth\*
- Growing PS4 & Xbox One base, expecting higher digital attach rate on next-gen consoles\*
- New digital opportunities carry high margins

\* Activision Blizzard estimates.



From Five to Ten Franchises

Pre-2014	 <b>CALL OF DUTY</b> First Person Action Largest Console Franchise LTD	 <b>SKYLANDERS TRAP TEAM</b> Toys-to-life \$2B LTD & 200M Toys	 <b>WORLD OF WARCRAFT</b> World's Largest Subscription MMORPG	 <b>STAR CRAFT</b> PC Real Time Strategy Franchise	 <b>DIABLO III</b> Role Playing Game >20M Copies Sold
2014	 <b>DESTINY</b> Shared-world Shooter Launched Sept. 2014, >9.5M Players LTD	 <b>HEARTHSTONE</b> Free-to-play Digital Card Game for PC & Mobile Launched Mar. 2014, >20M Players LTD			
2015	 <b>CALL OF DUTY 使命召唤 ONLINE</b> Free-to-play Online First Person Action Expect To Enter Unlimited Beta in Q1 2015	 <b>HEROES OF THE STORM</b> Free-to-play Team-based Hero Brawler Expect To Launch in 2015	 <b>OVERWATCH</b> 6 v 6 Team-based Shooter Expect To Enter Beta in 2015		

<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 September 30, 2014, please refer to the tables attached to Company's earnings release dated November 4, 2014, 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.

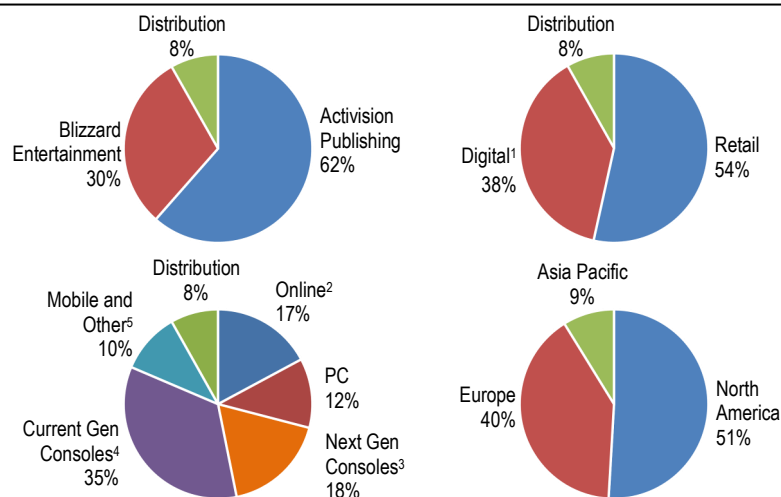
## Segment Performance

	Non-GAAP <sup>†</sup>			Y/Y	Non-GAAP <sup>†</sup> TTM			Y/Y
	Q3 2012	Q3 2013	Q3 2014		Q3 2012	Q3 2013	Q3 2014	
<b>Revenues (\$B)</b>								
Activision	0.28	0.32	0.70	119	2.86	3.23	3.00	-7
Blizzard	0.42	0.28	0.39	39	1.57	1.15	1.47	30
Distribution	0.05	0.06	0.08	33	0.37	0.28	0.40	43
Total	0.75	0.66	1.17	77	4.80	4.66	4.87	5
<b>Operating Income (\$B)</b>								
Activision	(0.02)	0.04	0.10	150	0.72	1.27	0.82	-35
Blizzard	0.17	0.09	0.16	78	0.70	0.37	0.64	73
Distribution	-	-	-	0	0.01	0.01	0.01	0
Total	0.15	0.13	0.26	100	1.43	1.65	1.47	-11
<b>Operating Margin</b>								
Activision	-7.1%	12.5%	14.3%		25.3%	39.3%	27.3%	
Blizzard	40.5%	32.1%	41.0%		44.6%	32.2%	43.5%	
Distribution	0.0%	0.0%	0.0%		2.7%	3.6%	2.5%	
Total	20.5%	19.5%	22.2%		29.8%	35.4%	30.2%	

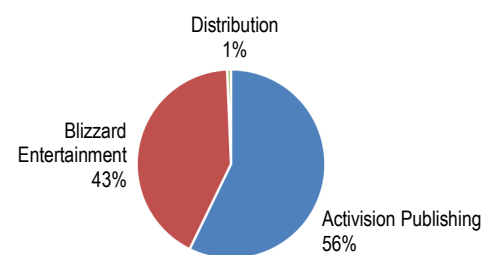
## Revenue Breakdowns

	GAAP TTM			Y/Y	Non-GAAP <sup>†</sup> TTM			Y/Y
	Q3 2012	Q3 2013	Q3 2014		Q3 2012	Q3 2013	Q3 2014	
<b>Distribution Channels (\$B)</b>								
Retail	2.68	2.93	2.21	-25	2.90	2.79	2.61	-6
Digital online channels <sup>1</sup>	1.45	1.62	1.74	7	1.53	1.59	1.86	17
Distribution	0.37	0.28	0.40	43	0.37	0.28	0.40	43
Total	4.50	4.83	4.35	-10	4.80	4.66	4.87	5
<b>Platforms (\$B)</b>								
Online <sup>2</sup>	0.97	1.00	0.80	-20	1.04	0.88	0.84	-5
PC	0.52	0.48	0.51	6	0.70	0.32	0.58	81
Next Gen Consoles <sup>3</sup>	-	0.03	0.43	NM	-	0.04	0.87	NM
Current Gen Consoles <sup>4</sup>	2.16	2.36	1.72	-27	2.21	2.46	1.68	-32
Mobile and Other <sup>5</sup>	0.48	0.68	0.49	-28	0.48	0.68	0.50	-25
Distribution	0.37	0.28	0.40	43	0.37	0.28	0.40	43
Total	4.50	4.83	4.35	-10	4.80	4.66	4.87	5
<b>Geography (\$B)</b>								
North America	2.28	2.51	2.15	-14	2.37	2.49	2.48	0
Europe	1.83	1.93	1.82	-6	1.98	1.84	1.96	7
Asia Pacific	0.39	0.39	0.38	-3	0.45	0.33	0.43	30
Total	4.50	4.83	4.35	-10	4.80	4.66	4.87	5

### Q3 2014 TTM Non-GAAP<sup>†</sup> Revenues



### Q3 2014 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 and Call of Duty Elite memberships <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.

## Outlook, as of Nov. 4, 2014<sup>††</sup>

	Q4, GAAP	Q4, Non-GAAP <sup>*</sup>	2014, GAAP	2014, Non-GAAP <sup>*</sup>
<b>Revenues</b>	<b>\$1,492M</b>	<b>\$2.2B</b>	<b>\$4.3B</b>	<b>\$4.8B</b>
COGS (Prod/Online)	31%	27%	28%	26%
Op Ex, including Royalties	47%	32%	48%	42%
Operating Margin <sup>**</sup>	21%	41%	25%	32%
Interest Expense	\$51M	\$51M	\$203M	\$203M
Tax Rate	23%	25%	21%	24%
<b>EPS<sup>**</sup></b>	<b>\$0.28</b>	<b>\$0.86</b>	<b>\$0.91</b>	<b>\$1.35</b>
Fully diluted weighted average shares <sup>***</sup>	748M	748M	745M	745M

<sup>\*</sup> Non-GAAP information reconciliation tables in the appendix of the earnings release dated November 4, 2014, 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.

## Q3 2014 Results

	Q3 2013	Q3 2014
GAAP Net Revenues, \$M	691	753
GAAP EPS, \$	0.05	(0.03)
Non-GAAP <sup>†</sup> Net Revenues, \$M	657	1,170
Non-GAAP <sup>†</sup> EPS, \$	0.08	0.23

## Cash Flows, Repurchases and Dividends, \$M

	2009	2010	2011	2012	2013
Operating Cash Flow (OCF)	1,183	1,376	952	1,345	1,264
Capital Expenditures (CapEx)	69	97	72	73	74
Free Cash Flow (FCF <sup>*</sup> )	1,114	1,279	880	1,272	1,190
Repurchases and Dividends	1,109	1,148	886	519	6,046

<sup>\*</sup>FCF represents OCF minus CapEx.

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