



THQ NORDIC

Q4 2017
Interim Report

Feb 14, 2018

Financial performance overview, Q4 2017

Net sales up 99% and EBIT up 102% in Q4 2017 vs. Q4 2016

SEKm	Q4 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	255.4	128.2	507.5	301.9
Net sales growth	99%	30%	68%	42%
Gross profit margin	73%	60%	71%	61%
EBITDA	156.4	60.8	272.6	132.4
EBITDA margin	61%	47%	54%	44%
EBIT	102.0	50.6	188.2	95.0
EBIT margin	40%	39%	37%	31%
Profit after tax	73.4	38.0	139.2	72.0
EPS	0.93	0.59	1.88	1.18
Cash flow from operating activities	98.6	51.3	179.1	99.2

- Net sales increased 99% in Q4 2017 vs. Q4 2016
- Net sales increased 68% in 2017 vs. 2016
- EBIT margin was 40% in Q4 2017 vs. 39% in Q4 2016
- EBIT increased 102% in Q4 2017 vs. Q4 2016
- Gross profit margin was 73% in Q4 2017 vs. 60% in Q4 2016

Net sales breakdowns

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Gross profit	77.5	57.4	61.3	54.9	186.2
Gross profit margin	60%	70%	72%	65%	73%
NET SALES BREAKDOWNS:					
Owned titles, %	73%	67%	76%	74%	82%
Publishing titles, %	27%	33%	24%	26%	18%
Owned titles, SEKm	94.0	54.9	65.5	62.6	208.2
Publishing titles, SEKm	34.2	27.0	20.1	22.1	47.2
New releases in each quarter, %	36%	36%	16%	39%	74%
Back catalogue, %	64%	64%	84%	61%	26%
New releases in each quarter, SEKm	46.2	29.5	13.7	33.7	190.2
Back catalogue, SEKm	82.0	52.4	71.9	51.0	65.1
Physical, %	58%	49%	31%	44%	60%
Digital, %	42%	51%	69%	56%	40%
Physical, SEKm	74.4	40.1	26.6	36.1	149.9
Digital, SEKm	53.8	41.8	59.0	48.6	101.6

- 82% of net sales in Q4 2017 came from owned titles and 18% from publishing titles
- 74% of net sales in Q4 2017 came from new releases in the quarter and 24% from our back catalogue
- 40% of net sales in Q4 2017 came from digital and 60% from physical























Investments and depreciation

Continued significant pipeline investments

SEKm	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
DEPRECIATION:					
IP acquisitions	-3.0	-3.4	-3.4	-3.5	-3.8
Game development	-7.1	-6.3	-5.6	-6.5	-43.4
INVESTMENTS:					
IP acquisitions	19.8	-	-	3.8	-
Game development and royalty advances	34.7	67.2	58.6	78.1	93.2
Capitalized internal development	12.4	13.0	14.4	19.2	33.0
Completed development	12.6	0.8	1.9	39.8	133.9

Releases in Q4 2017

Significant release activity in the quarter with 11 releases of which 9 on own IP

Publishing	Mobile	Publishing	Semi sequel	Asset Care	Sequel
 <i>[Also Mac]</i>  IP: Airship Syndicate	  IP: Shuck Games	  IP: THQ Nordic	  IP: THQ Nordic	  IP: THQ Nordic	 <i>[Also Mac and Linux]</i>  IP: THQ Nordic
Asset Care	Sequel	Asset Care	Early Access	Asset Care	<p>All new products released during the fourth quarter except "Battle Chasers: Nightwar" and "The Muscle Hustle" are based on own IPs</p>
 <i>[Also Mac and Linux]</i>  IP: THQ Nordic	  IP: THQ Nordic	  IP: THQ Nordic	  IP: THQ Nordic	  IP: THQ Nordic	

Games announcements in Q4 2017 [excluding announcements relating to releases in Q4 2017]

Titan Quest coming to console platforms in 2018 – Asset Care porting [PC to console]

TITAN QUEST



Titan Quest [2006] and TQ IT [2007] will form the core game to be ported from PC to console in 2018...

TITAN QUEST IMMORTAL THRONE



TITAN QUEST RAGNARÖK



...TQ Ragnarök also ported but later released as DLC



IP: THQ Nordic

Studio: Black Forest Games

Mythology hack and slash action RPG

Project selection driven by recent fanbase proof of concept

- Titan Quest Anniversary edition #1 on Steam [PC] globally 1 Sep 2016
- Titan Quest Ragnarök #3 on Steam [PC] globally 17 Nov 2017

Experiment 101 acquired in Nov 2017

Developing critically acclaimed game Biomutant



Independent game development studio in Stockholm

Industry veteran Stefan Ljungqvist co-founder and head of studio

Total consideration paid SEK 75.3m
– mix of cash and THQN B shares

Earnout based on Biomutant's financial performance

BIOMUTANT®

Announced at gamescom in Aug 2017
with strong reception



IP: THQ Nordic

Studio: Experiment 101

Open world. post-apocalyptic kung-fu fable

Pipeline – Selected announced projects as of Dec 31, 2017

Well-invested pipeline including some of our largest projects to date



IP: Airship Syndicate



IP: THQ Nordic



IP: THQ Nordic

BIOMUTANT.



IP: THQ Nordic



IP: THQ Nordic



IP: THQ Nordic



IP: Bugbear

TITAN QUEST



IP: THQ Nordic

We had **12** announced and **24** unannounced (**36** in total) projects in our pipeline as of Dec 31, 2017.

Q&A

