

Q5 FY18/19

Report

22 May 2019

THQNORDIC



Today's presenter:

- Lars Wingefors
- Co-Founder & Group CEO



1. Operational and financial performance

Operational and financial highlights

Performance in the quarter largely driven by releases of Metro Exodus and Satisfactory

Q5 FY18/19

Net sales	YoY growth
SEK 1,631m	158%

Operational EBIT	YoY growth
SEK 396m	217%

Cash flow from operating activities (after change in working capital)
SEK 777m

Key releases

METRO
EXODUS

SATISFACTORY

Positioning for continued growth through M&A and organically

Directed share issue raised gross
SEK 2.1bn

World-class studio and IP acquired:

WARHORSE 

 **Kingdom Come**
Deliverance

Notable agreements signed in 2019 i.e.:


4A GAMES 

Digital subscription, streaming and download services on various platforms

METRO
EXODUS

Key PnL metrics

SEK million	Quarter			Trailing twelve months		
	Q5 FY18/19	Q1 2018	YoY Change	Q5 FY18/19	Q1 2018	YoY Change
	Jan–Mar 2019	Jan–Mar 2018		Apr 2018 –Mar 2019	Apr 2017– Mar 2018	
Net sales	1,631	633	158%	5,121	1,059	384%
EBITDA	619	226	174%	1,367	457	199%
Operational EBIT	396	125	217%	755	292	159%
Operational EBIT margin	24%	20%		15%	28%	

Games business area



SEK million	FY18/19					
	Q1	Q2	Q3	Q4	Q5	
Net sales						
Games total	391	484	376	553	1035	100%
of which THQ Nordic	135	146	124	352	143	14%
of which Deep Silver	257	338	252	187	794	77%
of which Coffee Stain				14	98	9%
Net sales breakdowns						
Digital (rest is physical)	38%	50%	52%	41%		61%
New releases in quarter (rest is back catalogue)	63%	20%	31%	58%		75%
Owned titles (rest is publishing titles)	34%	39%	50%	72%		84%

19 releases in the quarter – selection below



PC
IP: Own



Switch
IP: Own



Switch
IP: Own



Switch
IP: 3rd party



PC PS4 XB1
IP: Exclusive license



82



88%



"Metro Exodus is a masterpiece"
Gameblog.fr

Partner Publishing business area



SEK million	FY18/19				
	Q1	Q2	Q3	Q4	Q5
Net sales					
Partner Publishing	242	354	897	828	596

Notable releases in the quarter



by Square Enix



by Capcom

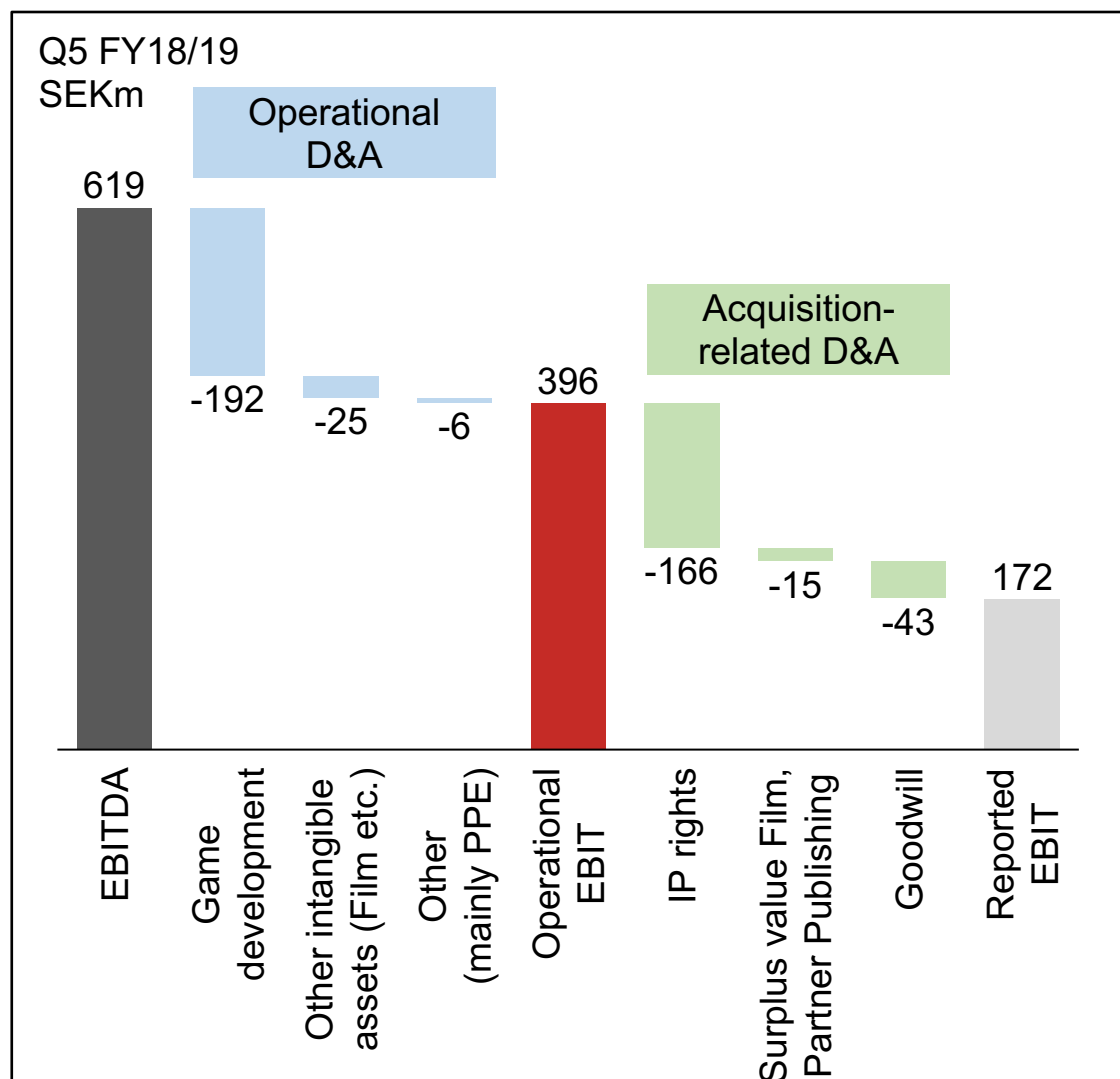


by Codemasters



by Capcom

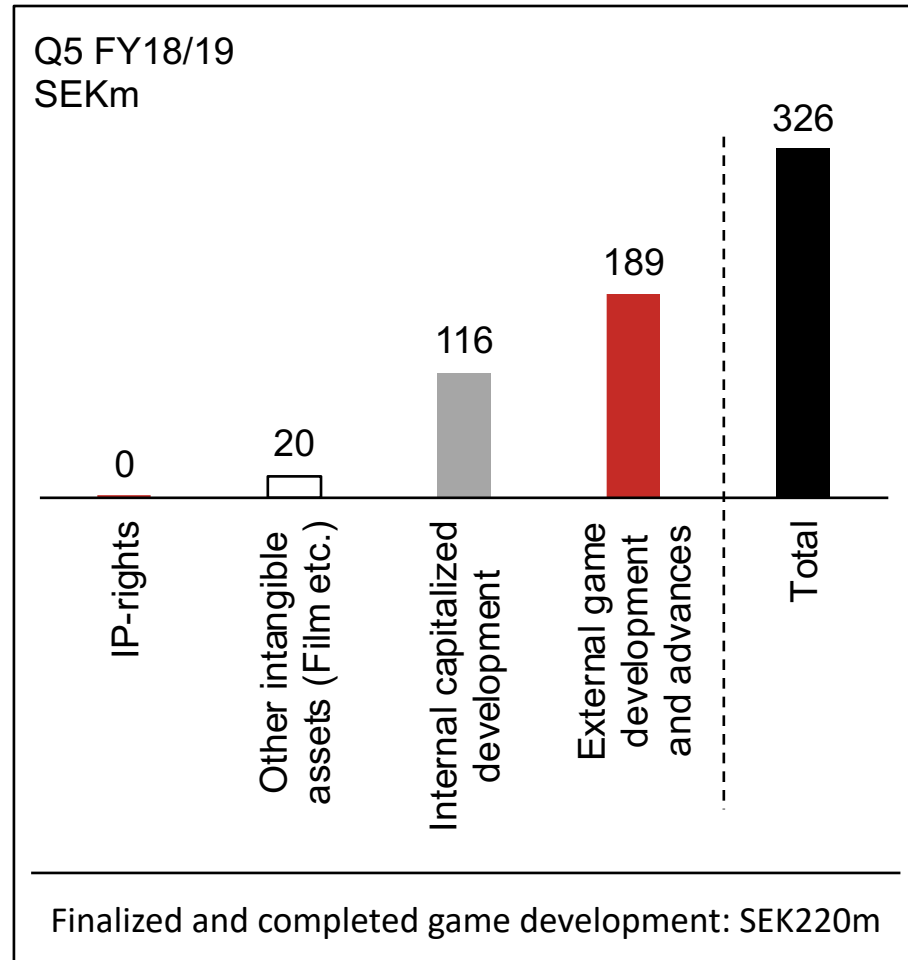
Depreciation and amortization



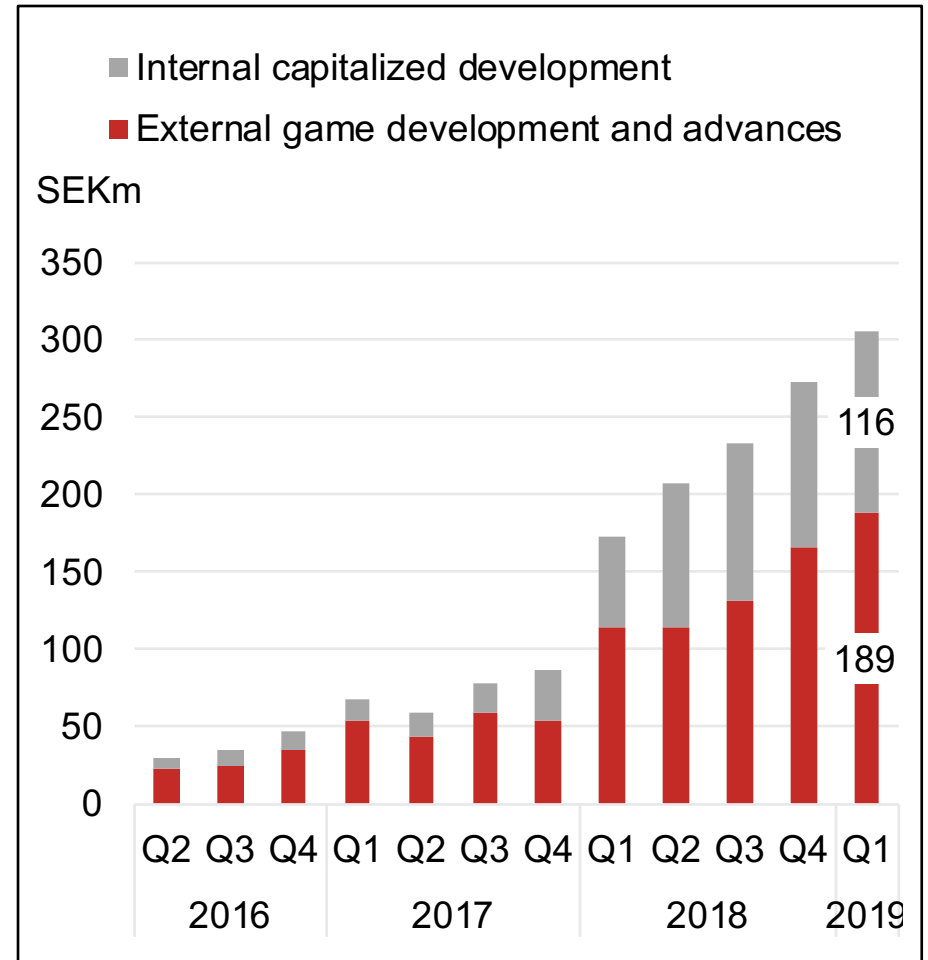
- “Operational EBIT”: Providing a more clear picture of underlying operational performance and simplify comparisons with industry peers
- Final PPA for the Koch Media acquisition was established in the quarter,
- in which SEK 479m was allocated to IPs (amortized straight-line over five years)
- The final PPA results in an additional amortization of SEK 108 million in the quarter, of which SEK 84 m relates to previous quarters.
- Preliminary PPAs have been made in the quarter for the acquisitions of Coffee Stain, Bugbear, Warhorse and 18POINT2,
- and total surplus value for these acquisitions amount to SEK 1,407m, and has preliminarily been allocated to goodwill and IP-rights.

Investments

Investments in the quarter



Investments in game development by quarter



Note: Not including investments in property, plant and equipment

Key cash flow metrics

SEK million	Quarterly	
	Q5 FY18/19	Q1 2018
	Jan–Mar 2019	Jan–Mar 2018
Cash flow from operating activities before changes in working capital	527	192
Change in working capital	250	508
Cash flow from operating activities after changes in working capital	777	700
Cash flow from investing activities	-621	-550
Cash flow from financing activities	1,849	-681
Cash flow for the period	2,006	-531

Balance sheet

SEK million	31 Mar 2019	31 Dec 2018	31 Dec 2017
Intangible assets	3,707	1,899	571
Property, plant and equipment	156	33	8
Financial assets	196	195	3
Inventories	323	146	30
Current receivables	1,297	591	90
Cash and bank balance	2,929	99	627
Total assets	8,608	2,963	1,329
Share capital	1	1	1
Other capital reserves	5,054	811	811
Recognized profit incl. profit for the period	658	375	262
Provisions	667	339	41
Non-current liabilities	211	-	-
Current liabilities	2,018	1,438	215
Total equity and liabilities	8,608	2,963	1,329
<i>Interest-bearing receivables</i>	<i>2,929</i>	<i>99</i>	<i>627</i>
<i>Interest-bearing liabilities</i>	<i>918</i>	<i>253</i>	<i>110</i>

- Intangible assets of SEK 3,707m at 31 Mar 2019 comprising:
 - Finished, completed games of SEK 394m
 - Ongoing game development projects of SEK 1,115m
 - Other intangible assets (film etc.) of SEK 150m
 - IP-rights of SEK 1,057m
 - Surplus value Film and Partner publishing of SEK 168m
 - Goodwill of SEK 830m
- As of 31 Mar 2019, cash and cash equivalents were SEK 2,929m. Available liquidity including credit facilities was SEK 4,521m



2. M&A and financing

SATISFACTORY

Acquisitions in the quarter

Warhorse Studios



- [Link to presentation](#)

18Point2

Local
publishing partner



AUSTRALIA



NEW ZEALAND



TECHLAND®



milestone



Licensed
sub-publisher
with market leading
content providers



SONY

- [Link to presentation](#)

- M&A prospects continue to look favorable
- Ongoing, patient activity at HQ in Sweden, THQ Nordic Vienna and Koch Media
- Substantial shortlist of IPs, development studios and publishers
- Strategy of giving autonomy to our local management teams is empowering them to continue succeeding, and attracting more companies to join our family

Directed new share issue

Comments

- Directed new share issue completed 21 Feb 2019
- SEK 2,090m raised before transaction costs
- Use of proceeds: M&A and organic growth
- Substantially over-subscribed
- Subscribers wide range of reputable Swedish and international institutional investors – both existing and new
- Subscription price: SEK 190 per share
- Dilution: 10.7% of capital and 6.0% of votes

Selected new and existing investors





3. Pipeline

SELECTED UPCOMING RELEASES

Games business area



PC
IP: Own



PC PS4 XB1
IP: Own



PC PS4 XB1
IP: License



PS4 XB1
IP: Own



PC PS4
IP: 3rd party

BIOMUTANT.

PC PS4 XB1
IP: Own



PC PS4 XB1
IP: Own

WASTELAND 3

PC PS4 XB1
IP: 3rd party



PC, PS4, XB1
IP: Own



PC PS4 XB1
IP: 3rd party



WARHORSE



volition



Coffee
Flain
NORTH



4A GAMES

In total
80 projects
(32
announced
and 48
unannounced)

Partner publishing

Q1 FY19/20:

Team Sonic Racing
by Sega

F1 2019
by Codemasters

Wolfenstein
Youngblood
by Bethesda

Moto GP 19
by Milestone

Q&A



**MONSTER
JAM**
STEEL
TITANS

COMING 25 JUNE 2019