



2012 in retrospect – and more  
Business strategy update

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Warsaw, 21 March 2013

# Meeting agenda

- Summary of key events in 2012 in each activity segment
- CD PROJEKT Capital Group financial results for 2012 – highlights
- Financial results for 2012 in each activity segment – highlights
- Future plans in each activity segment
- Q&A session

## CDP.pl (distribution and publishing activities in Poland)

- Launch of CDP.pl, a local digital distribution platform for games, e-books and e-comics (March 2013)
- New product category in retail portfolio – card and board games
- Major releases – Diablo III (PC), The Witcher 2 (Xbox 360)
- Modern ERP system facilitating optimization of expenses and business processes as well as more efficient logistics and inventory management

## CD Projekt RED Studio (videogame development)

- The Witcher 2: Assassins of Kings, Extended Edition released for Xbox 360 and PC. Successful debut of the REDengine technology on gaming consoles
- The Witcher and The Witcher 2 – Mac release
- Migration to a two-project model with a second team of developers, enabling concurrent work on two major videogame releases
- Announcement of Cyberpunk 2077 and The Witcher 3: Wild Hunt (February 2013), both enthusiastically received by the media and fans
- Ongoing successful sales of older games – The Witcher and The Witcher 2 for the PC

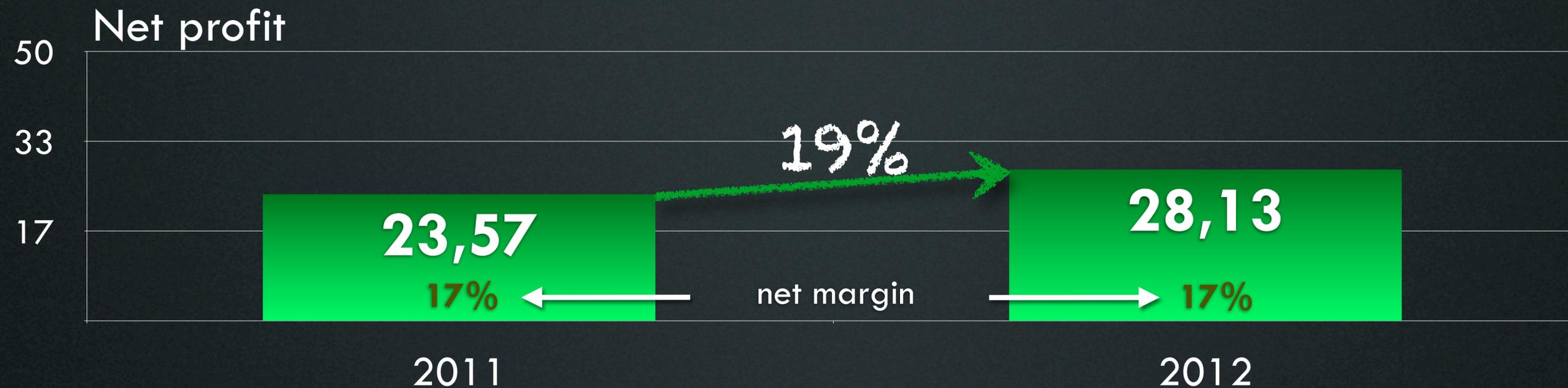
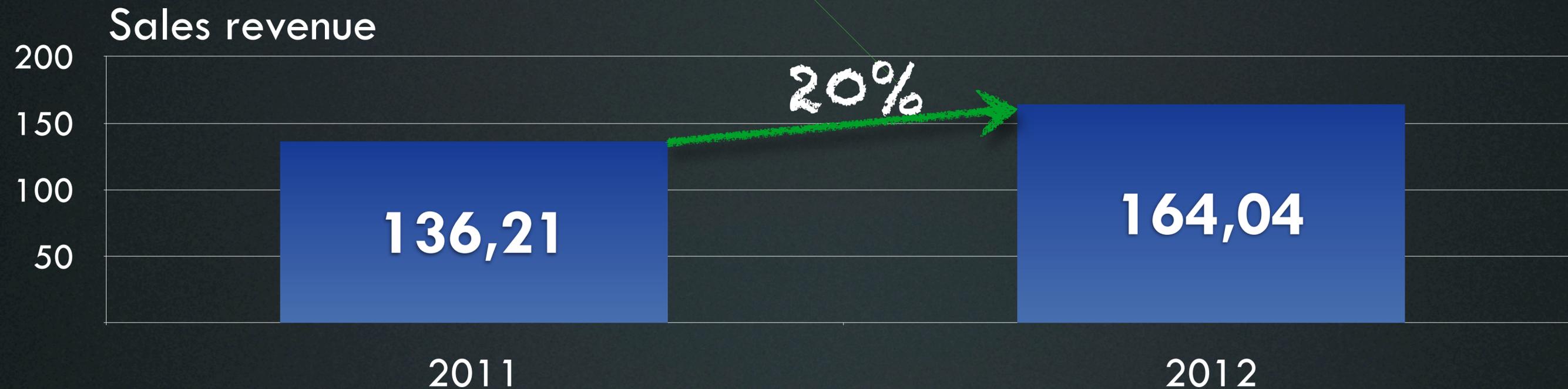
## GOG.com (global digital distribution)

- Newer games (including brand new releases) in higher price brackets – 32 games priced between 14.99 and 29.99 USD
- Game portfolio now includes Mac releases
- Number of suppliers doubled (currently exceeding 100)
- More than 2 million unique user logins each month
- New popularity record – during one of its promotional events GOG.com was among the 500 most frequently visited websites in the world
- Number of user accounts doubled

# Financial indicators



# CD PROJEKT Group financial results – summary



All figures in PLN millions

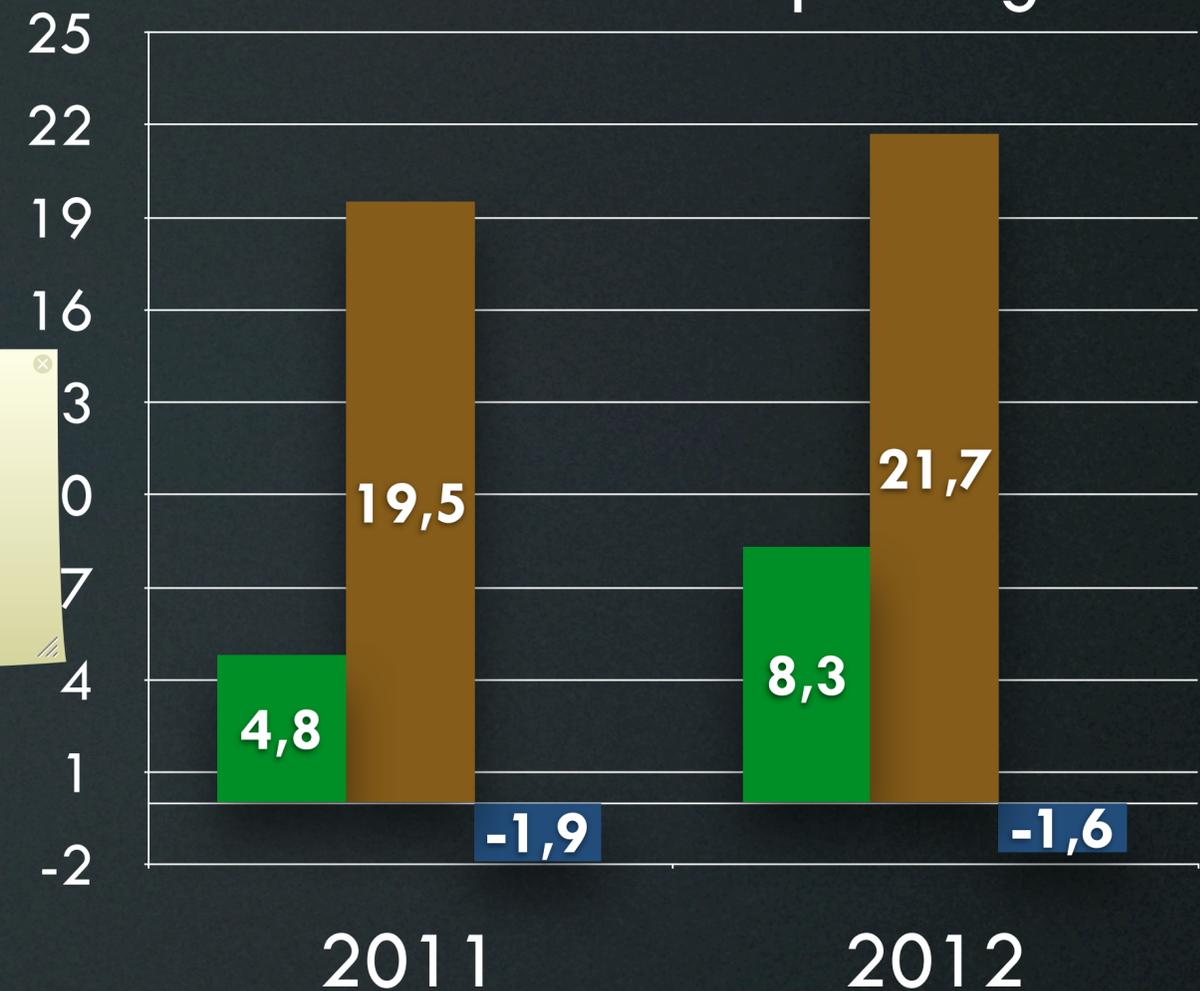
# Financial results by activity segment

Revenue from sales to external entities



- Global distribution of videogames - GOG.com
- Videogame development – CD Projekt RED Studio
- Distribution and publishing activities in Poland – CDP.pl

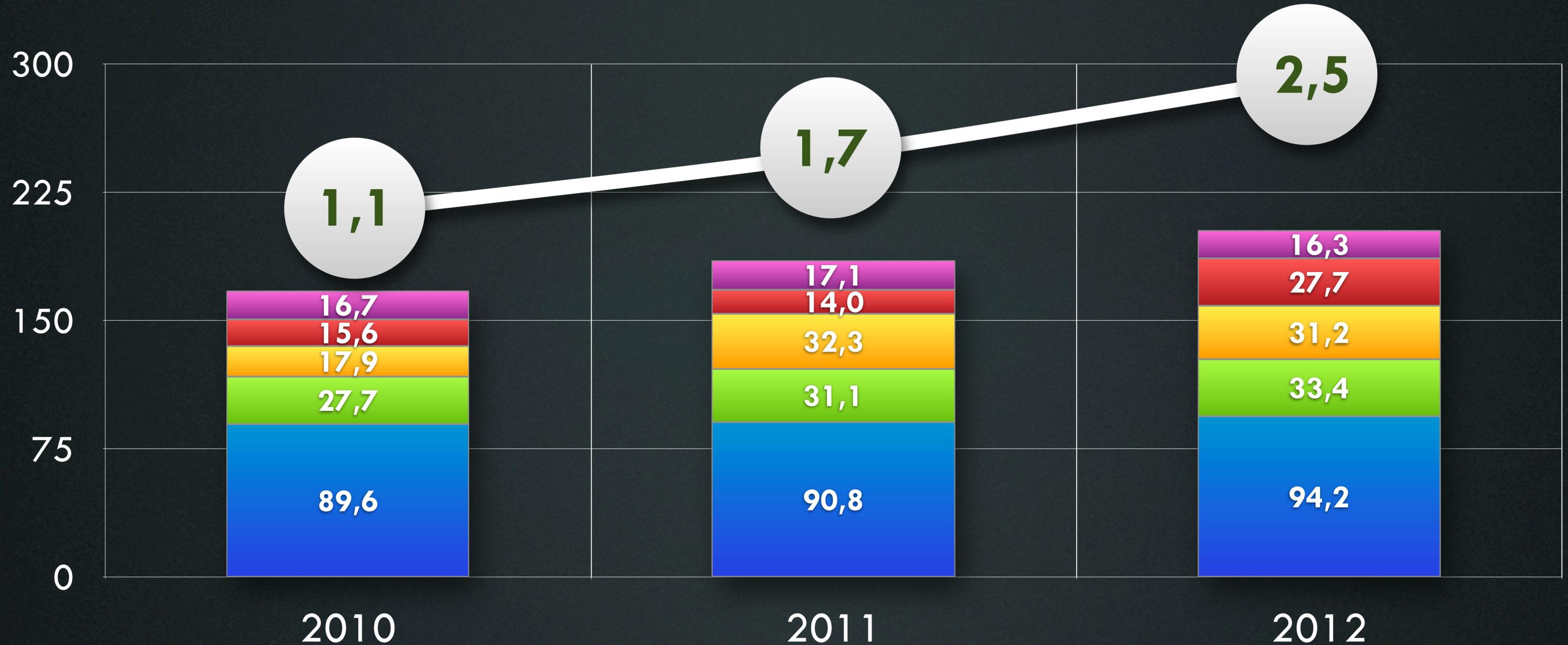
Net financial result per segment\*



\* CDP.pl net result adjusted for revenue from internal sale of the CD PROJEKT brand (9.2 million PLN)

All figures in PLN millions

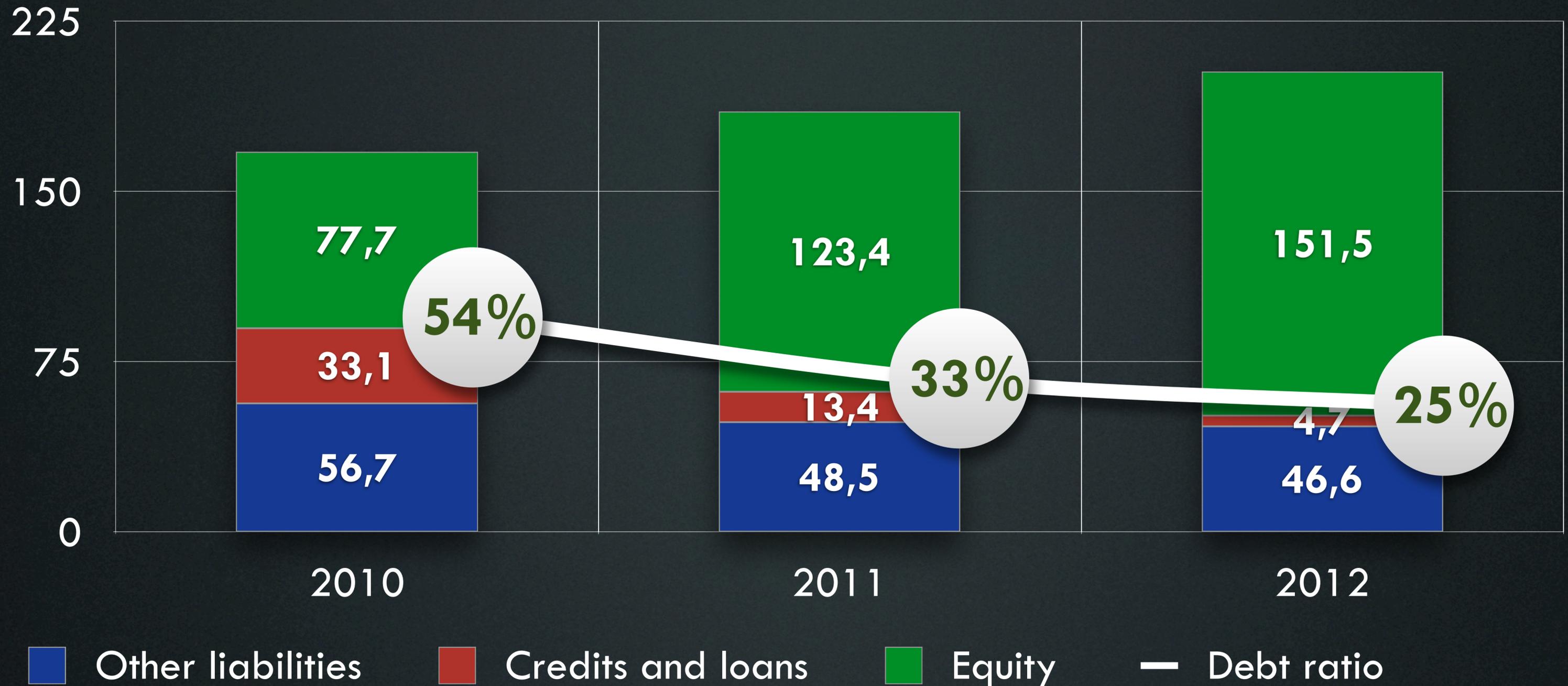
# CD PROJEKT Group asset structure



- Fixed assets
- Cash and investment fund shares
- Inventories
- Others
- Trade receivables
- Current ratio

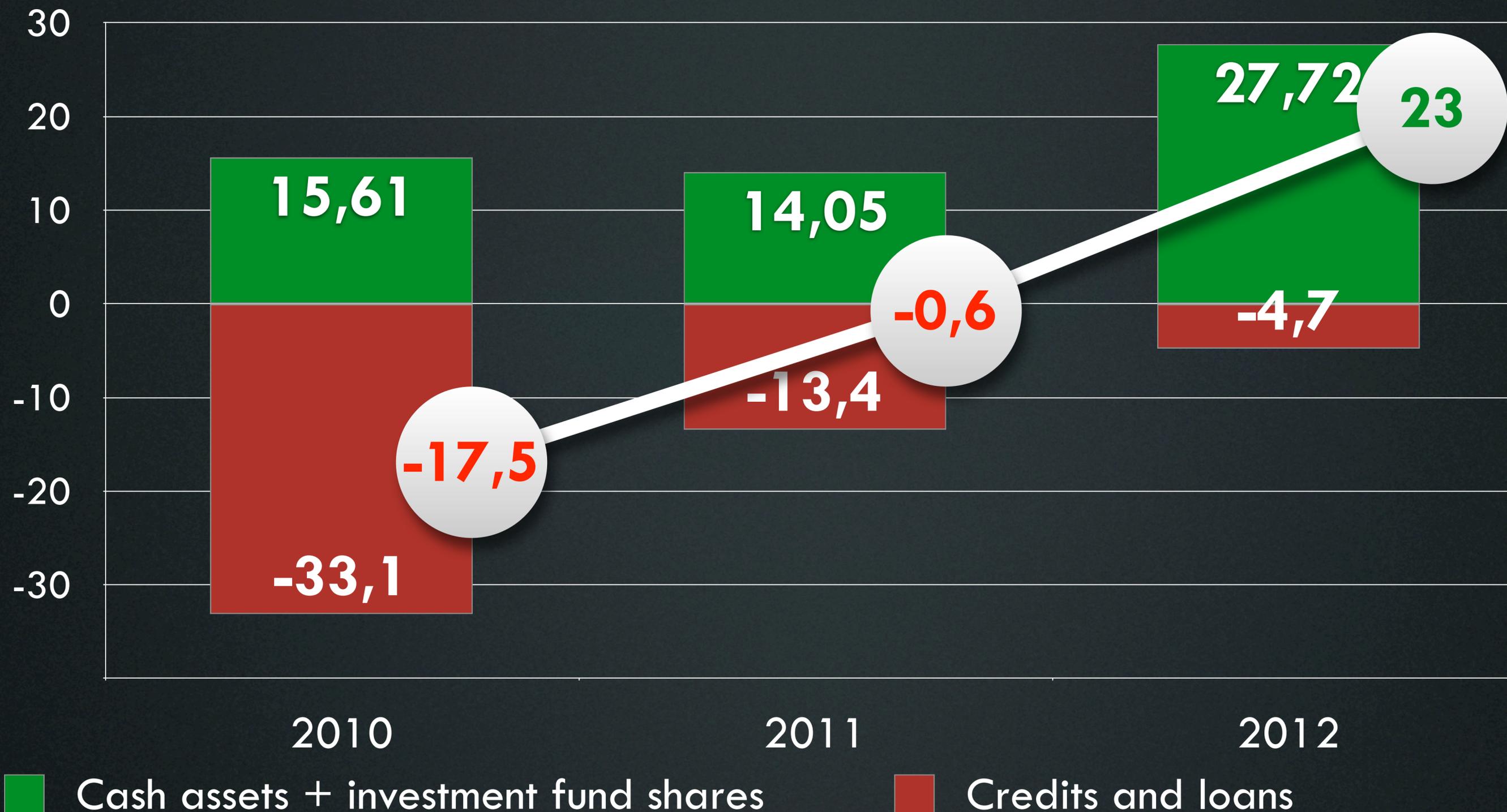
All figures in PLN millions

# CD PROJEKT Group liability structure



All figures in PLN millions

# Cash vs. credits at the CD PROJEKT Group



All figures in PLN millions

# Cash flows in 2012 by subsidiary

	CDP.pl Sp. z o.o.	GOG Ltd + GOG Poland Sp. z o.o.*	CD PROJEKT S.A.	Consolidation adjustments	Total
Profit/loss before tax	5 867	9 222	26 546	-13 350	28 287
Changes in inventories	1 306		-3 562		-2 255
Changes in receivables	4 457	-2 732	-7 909	3 598	-2 586
Changes in liabilities excepting credits and loans	-4 103	7 633	-2 455	-3 598	-2 523
Changes in other assets and liabilities, incl. miscellaneous adjustments	-2 984	-3 846	-809	13 412	5 772
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>4 543</b>	<b>10 277</b>	<b>11 811</b>	<b>62</b>	<b>26 695</b>
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-534</b>	<b>-558</b>	<b>5 135</b>	<b>-4 168</b>	<b>-125</b>
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>-2 924</b>	<b>-3 910</b>	<b>-6 795</b>	<b>4 106</b>	<b>-9 523</b>
<b>AGGREGATE NET CASH FLOWS</b>	<b>1 085</b>	<b>5 809</b>	<b>10 152</b>		<b>17 047</b>
Cash assets at beginning of period	11	7 785	2 023		9 819
Cash assets at end of period	1 097	13 594	12 175		26 866

All data in PLN thousands

\* Aggregate total for GOG Ltd and GOG Poland Sp. z o.o.

# Strategic plans





Distribution and publishing activities in Poland

## Digital distribution

- New product category to complement the existing portfolio
- Initiating cooperation with 1-2 global leaders in the videogame publishing segment

## Retail distribution

- Initiating cooperation with at least 1 new partner in the videogame/motion picture publishing segment
- Expansion on the card and board game market, either by finding a business partner or launching a proprietary line of products
- Further streamlining of logistics, accounting and administrative operations to increase efficiency

# Subsequent three-year period (2014-2016)



- Digital distribution: ongoing expansion of the publishing portfolio; acquisition of products from leading publishers in all segments
- Retail distribution: Focus on the premium segment, i.e. highly acclaimed videogames and motion pictures

**CDPROJEKT<sup>®</sup> RED**

Videogame development

# Current year (2013)

- Concluding distribution agreements for The Witcher 3 with representatives of key international markets
- Launch of The Witcher 3 promotional campaign – exciting news ahead! ;)
- Launch of REDkit open beta and extending support to the modding community
- Launch of the first “unplugged” game set in The Witcher universe
- Ongoing promotional campaigns supporting sales of The Witcher 2
- Establishment of US branch of the CD Projekt RED Studio responsible for marketing and PR activities in the Americas, with particular focus on the US market

# Subsequent three-year period (2014-2016)



## Game releases

- The Witcher 3: Wild Hunt
- Cyberpunk 2077
- Two smaller (approx. 20 hours of gameplay) high-quality titles supporting one of the Studio's main product lines
- Cross-platform mobile game based on one of the Studio's core brands

# Subsequent three-year period (2014-2016)



## Other notable projects

- Commercial licensing scheme for REDengine
- Long-term support for The Witcher 3: Wild Hunt
- Launch of the full version of REDkit and extending support to the modding community
- Ongoing active sales support and back-catalogue management

THE  
WITCHER<sup>®</sup> 3  
WILD HUNT

The logo for 'The Witcher 3 Wild Hunt' is centered on a dark grey background. It features the word 'THE' in a small, white, sans-serif font above the word 'WITCHER' in a large, white, stylized font with a red lightning bolt graphic striking through it. To the right of 'WITCHER' is a large, red, stylized number '3'. Below 'WITCHER' is the subtitle 'WILD HUNT' in a white, sans-serif font. A red lightning bolt graphic also extends from the bottom of the '3'.

# THE WITCHER<sup>®</sup> 3 WILD HUNT

CDPROJEKT RED

## Key commercial highlights

- The Witcher 3: Wild Hunt is a continuation of a cult series (over 200 awards and accolades), praised by critics and beloved by fans worldwide
- The game belongs to the so-called AAA segment comprising premium-budget blockbusters with top-of-the-line production values and the highest marketing potential
- Epic, innovative RPG with a shallow sales falloff curve characteristic of this genre
- Concurrent release in 2014 for at least three leading hardware platforms including PC and PS4

# THE WITCHER<sup>®</sup> 3 WILD HUNT

CDPROJEKT RED

## Game characteristics

- **Storyline:** Imaginative, mature and nonlinear narrative with over 100 hours of detailed adventures, 36 possible conclusions and three distinct endings.
- **Open world:** A dark fantasy world, teeming with life and 35 times larger than the world of The Witcher 2. A fascinating mosaic of cultures, communities and quests.
- **Visuals:** Rendered in great detail using cutting-edge visualization software based on REDengine 3 and tailored for next-generation hardware. Rich character models, detailed locations and impressive special effects that go beyond anything seen in modern sandbox RPGs.

# The Witcher 3

## A worthy beginning

**CDPROJEKT** RED



***The Witcher 3: Wild Hunt - a must see next generation RPG***

Gameinformer  
(USA, Australia) #1 videogame journal in the USA and  
worldwide, with a print run of 8 million copies, reaching  
34 million readers

# The Witcher 3

## A worthy beginning

CD PROJEKT RED



*“With its mature storyline, deep consequences of player choices and wide open world The Witcher 3 is poised to outdo everything the industry has had to say on the subject of video RPGs.*

*The combat system looks nothing short of fantastic.*

*We cannot wait for the release!”*

CD Action (Poland)

# The Witcher 3

## A worthy beginning

CDPROJEKT RED



*Very ambitious – and it looks amazing*  
*One of the most ambitious projects*  
*we've seen in years*

*Combining a deep story and moral*  
*choices with a huge open world,*  
*Witcher 3 could even surpass Skyrim.*  
*And that says a lot*

PC Games (Germany)

# The Witcher 3

## A worthy beginning

CD PROJEKT RED



*The Witcher 3 is bigger, bloodier and more open than Skyrim!*

PC Gamer (United Kingdom)

# The Witcher 3

## A worthy beginning

CD PROJEKT RED



*Bigger, more open & more ambitious:  
For the Witcher 3, CD Projekt RED  
vows to go bigger than life*

Canard PC (France)

# The Witcher 3

## A worthy beginning

- Enthusiastic reception by the gaming media
- 10 magazine covers (with more underway ;) ) spanning the who's who of videogame journalism – including Game Informer (#1 in readership among men aged 18-24 globally)
- 40 articles in mainstream printed press
- 100+ online publications within 5 days of announcement
- ...and that's just for starters!



## Key commercial highlights

- Cyberpunk 2077 – Role-playing game targeted for the PC and consoles. Based on Mike Pondsmith's Cyberpunk® cult classic with over 5 million fans, 70% of whom live in the USA.
- The game belongs to the so-called AAA segment, comprising premium-budget blockbusters with top-of-the-line production values and the highest marketing potential
- Epic, innovative RPG with a shallow sales falloff curve characteristic of this genre



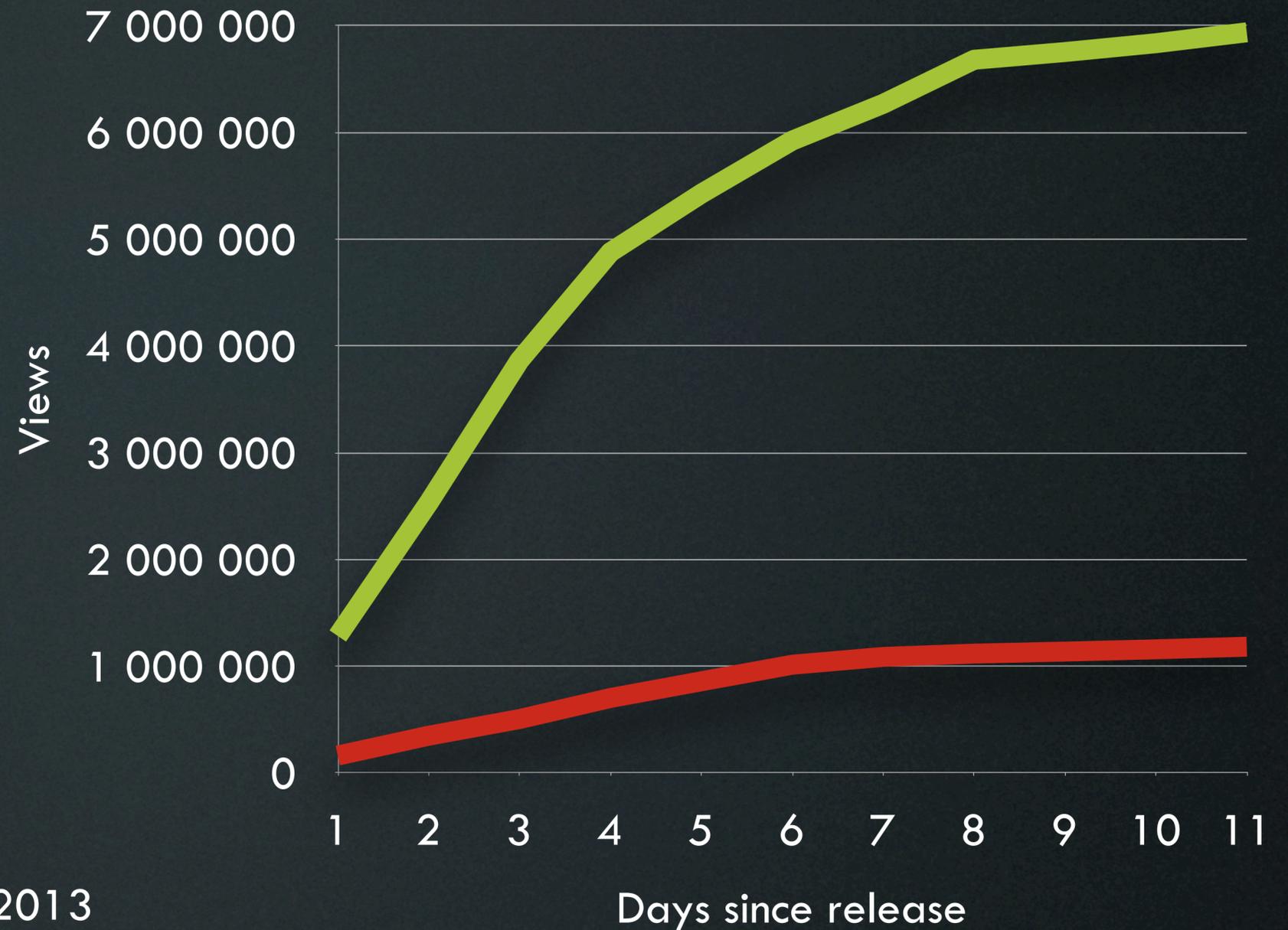
## Game characteristics

- Futuristic thriller with an engrossing storyline set in a world of pervasive entertainment, media conglomerates and street gangs, where modern technology serves a dystopian society.
- The game is based on a nonlinear story, full of unexpected twists and vivid personalities, and immersed in a vast, detailed, open world, the center of which is a sprawling metropolis called Night City.
- Open-ended gameplay, tactical combat interfaces and varied character classes provide substantial replay value.
- The game features cutting-edge visuals based on REDengine 3 and designed for next-generation hardware.

# Cyberpunk 2077

## enthusiastic reception

- Cyberpunk 2077 teaser trailer – 7 million views in the first days following release
- Media acclaim – top headlines on prominent gaming news portals (IGN, Gamespot, Gry-Online)
- Fan raves



— Cyberpunk 2077 Teaser Trailer - 11.01.2013

— The Witcher 2 Extended Edition CG Intro – 26.01.2013

# Sony PlayStation 4 Release event slide



20 February 2013, New York

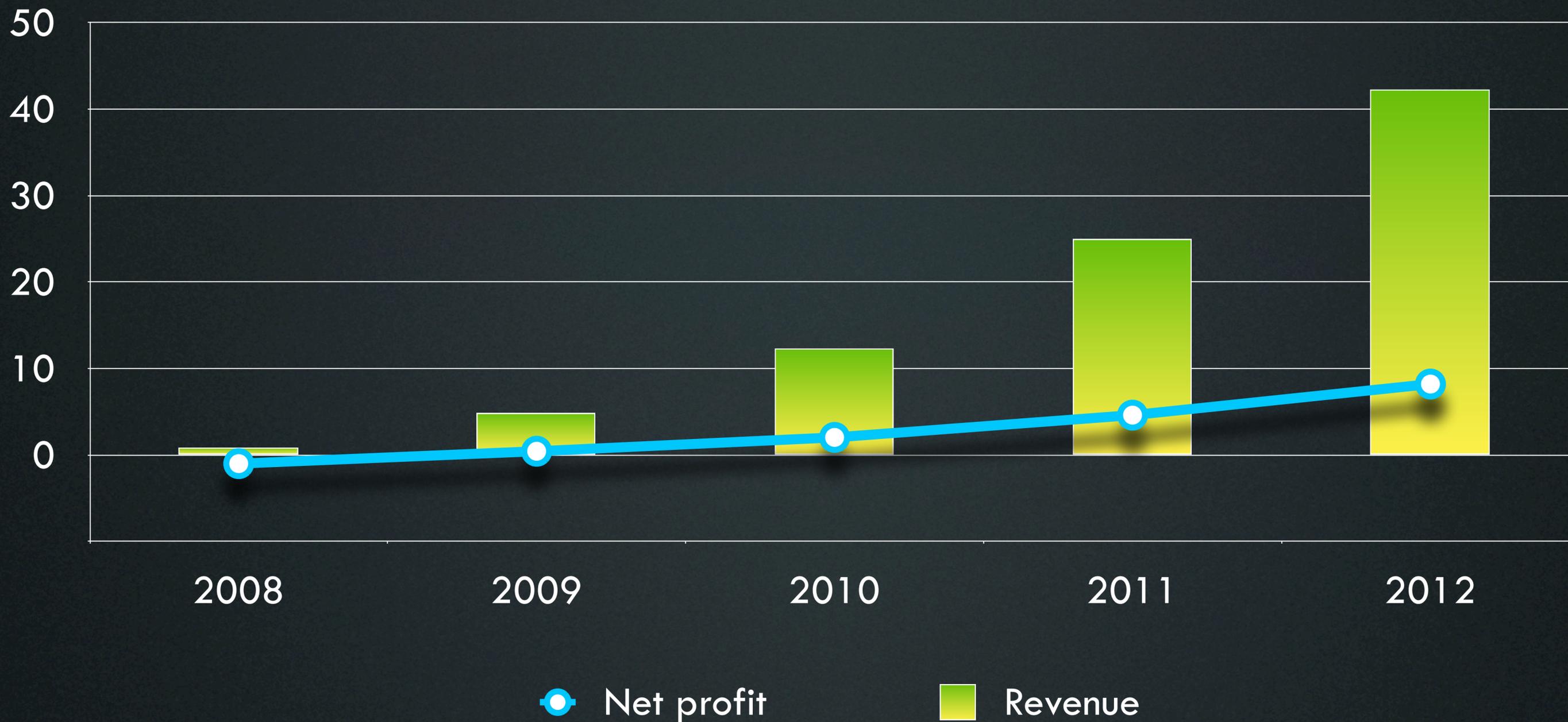
**gog.com**

Global digital distribution

# Current year (2013)

- Two major R&D projects in support of further expansion of the platform
- New DRM-free games in higher price brackets, concurrent with their respective global releases
- Establishing a presence in the United States (in collaboration with CD Projekt RED) to facilitate growth and recruitment activities

# Dynamic growth



\*All figures in PLN millions

Thank you for your attention!

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Q&A session



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