

CD PROJEKT Group – financial results for the first half of 2013

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Presentation summary

Financial results – an outline

Description of activity segments

Q&A

CD PROJEKT Group - key financial indicators

	2012 H1	2013 H1
Sales revenue	71 442	63 058
Cost of products, goods and materials sold	39 636	38 704
Gross profit on sales	31 806	24 354
Other revenues and operating cost	17 944	17 374
EBIT	13 862	6 980
Balance of financial revenue and expenses	319	639
Gross profit	14 181	7 619
Net profit	13 810	7 711

Adjusted income statement

	2012 H1	2013 H1	Zmiana
Sales revenue	71 442	63 058	
incl. release W2 EE *	17 927		
from ongoing activities	53 515	63 058	
Cost of products, goods and materials sold	39 636	38 704	
incl. release W2 EE *	7 583		
from ongoing activities	32 053	38 704	
Gross profit on sales	31 806	24 354	
incl. release W2 EE *	10 344		
from ongoing activities	21 462	24 354	
Other expenses and revenue	17 625	16 735	
Gross profit on sales	14 181	7 619	
Gross profit excepting markup on W2 EE*	3 837	7 619	99%
Net profit	13 810	7 711	

* data from the Game development segment referring to sales of W2 EE immediately following release

Adjusted income statement – quarterly breakdown

	2012 Q1	2013 Q1	2012 Q2	2013 Q2
Sales revenue	17 677	27 814	53 765	35 244
Incl. release of W2 EE*			17 927	
from ongoing activities	17 677	27 814	35 838	35 244
Cost of products, goods and materials sold	9 189	17 207	30 447	21 497
incl. release of W2 EE*			7 583	
from ongoing activities	9 189	17 207	22 864	21 497
Gross profit on sales	8 488	10 607	23 318	13 747
Incl. release of W2 EE*			10 344	
from ongoing activities	8 488	10 607	12 974	13 747
Others expenses and revenues	8 240	7 301	9 385	9 434
Gross profit	248	3 306	13 933	4 313
Gross profit excepting markup on W2 EE*	248	3 306	3 589	4 313
Net profit	469	4 071	13 341	3 640

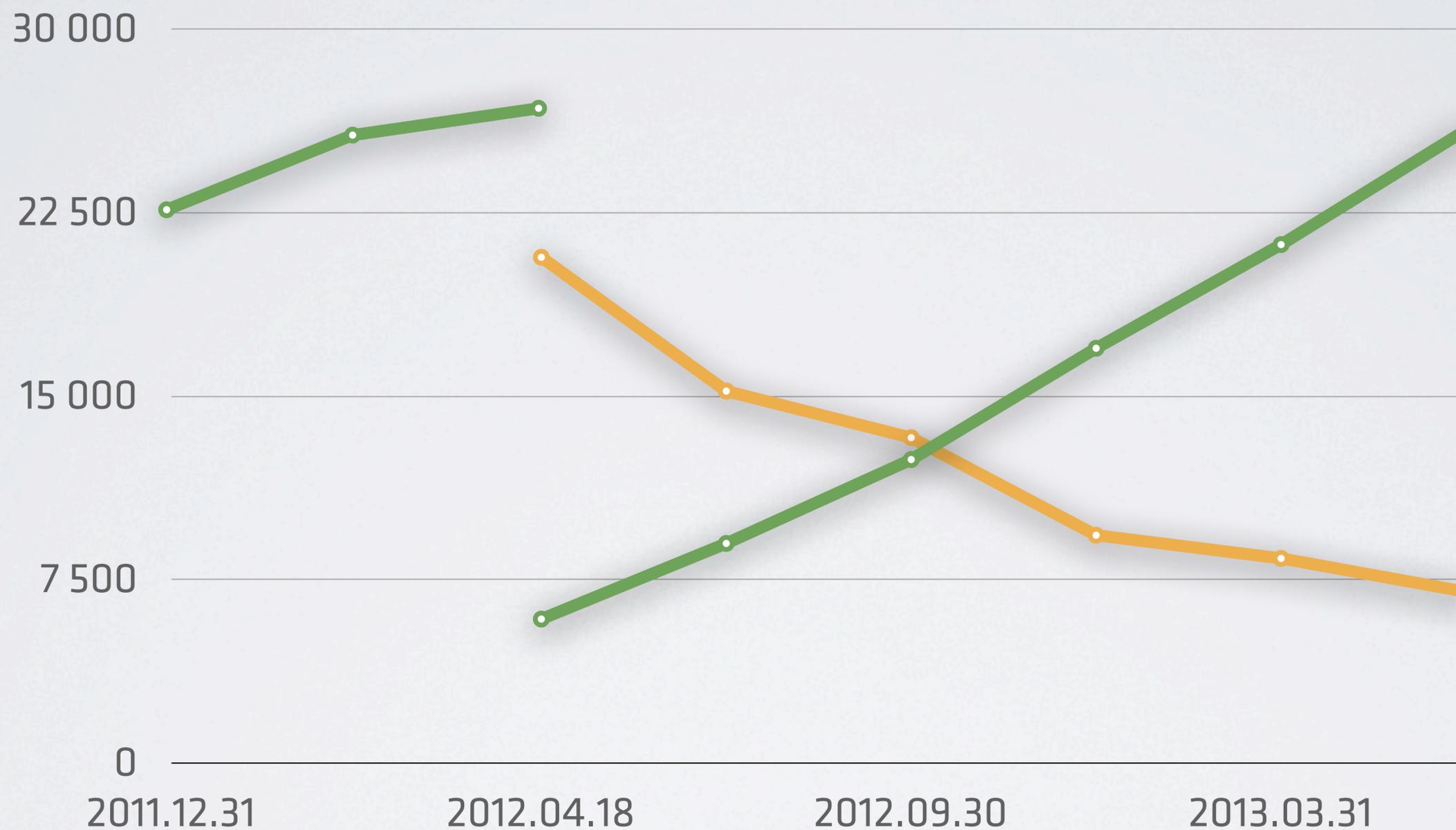
* data from the Game development segment referring to sales of W2 EE immediately following release

* data from the Game development segment referring to sales of W2 EE immediately following release

CD PROJEKT Group – asset breakdown



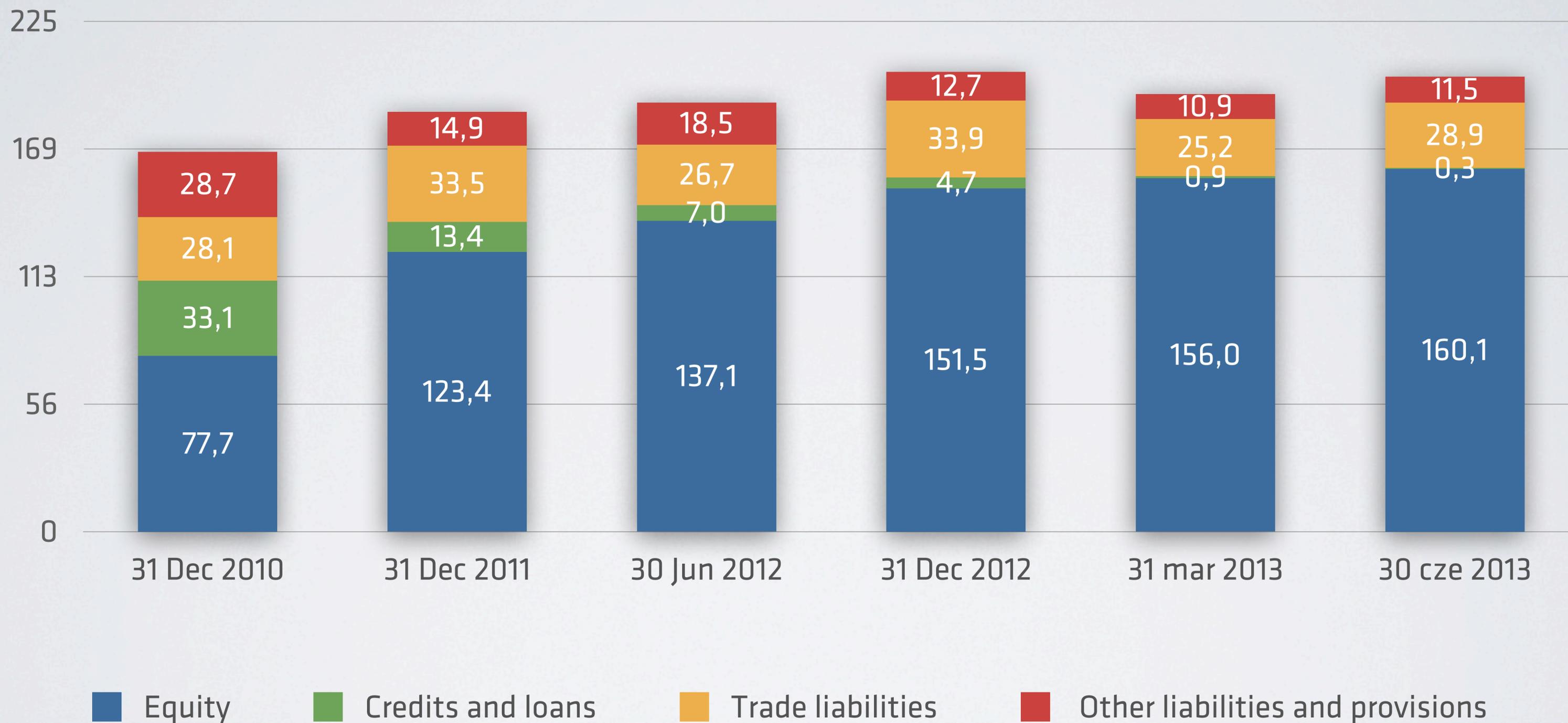
CD Projekt RED – ongoing development vs. finished products



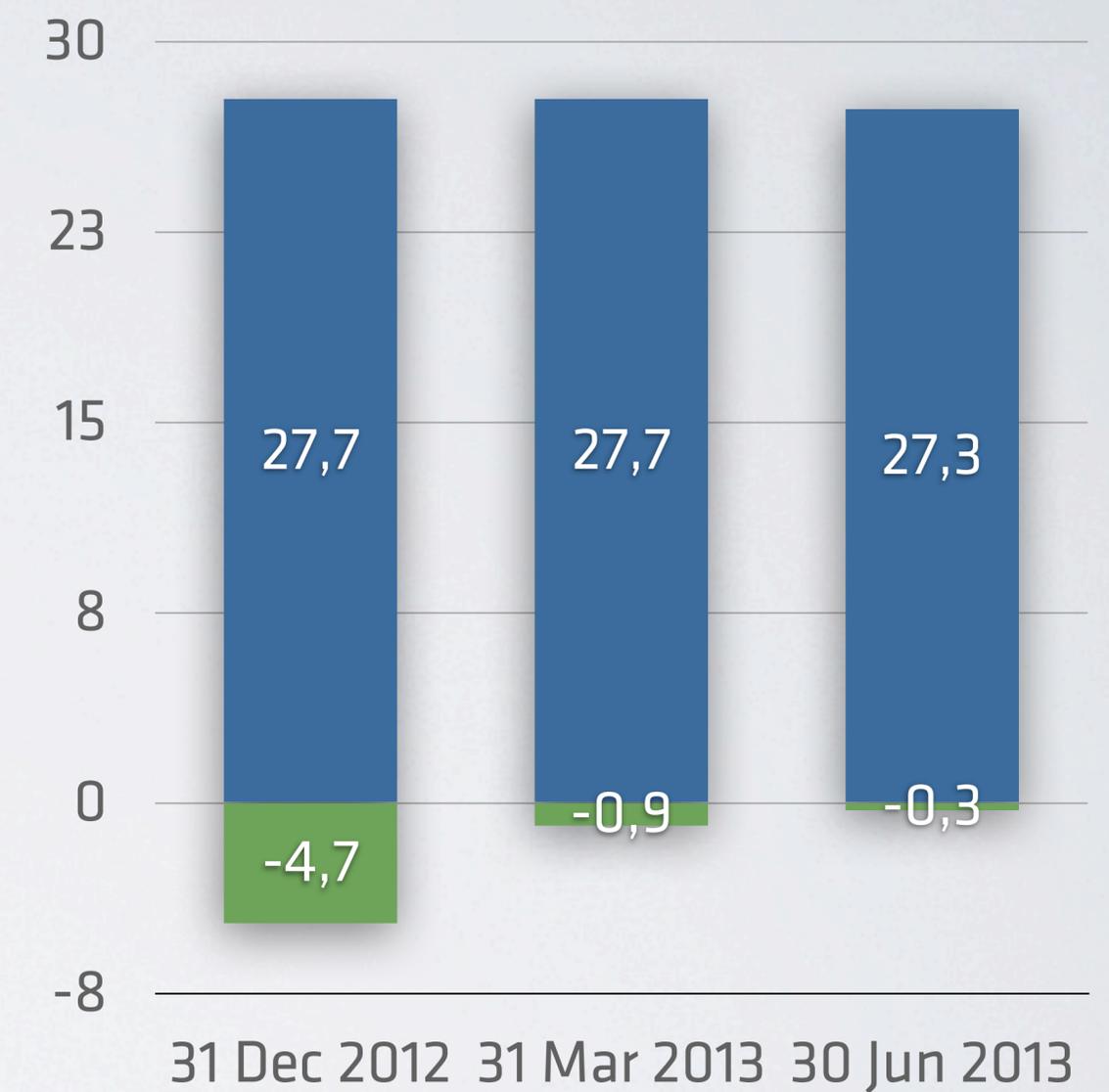
○ Ongoing development

○ Finished products

CD PROJEKT Group - liability breakdown



Cash on hand + IF shares – credits and loans



■ Cash on hand + IF shares
 ■ Credits and loans

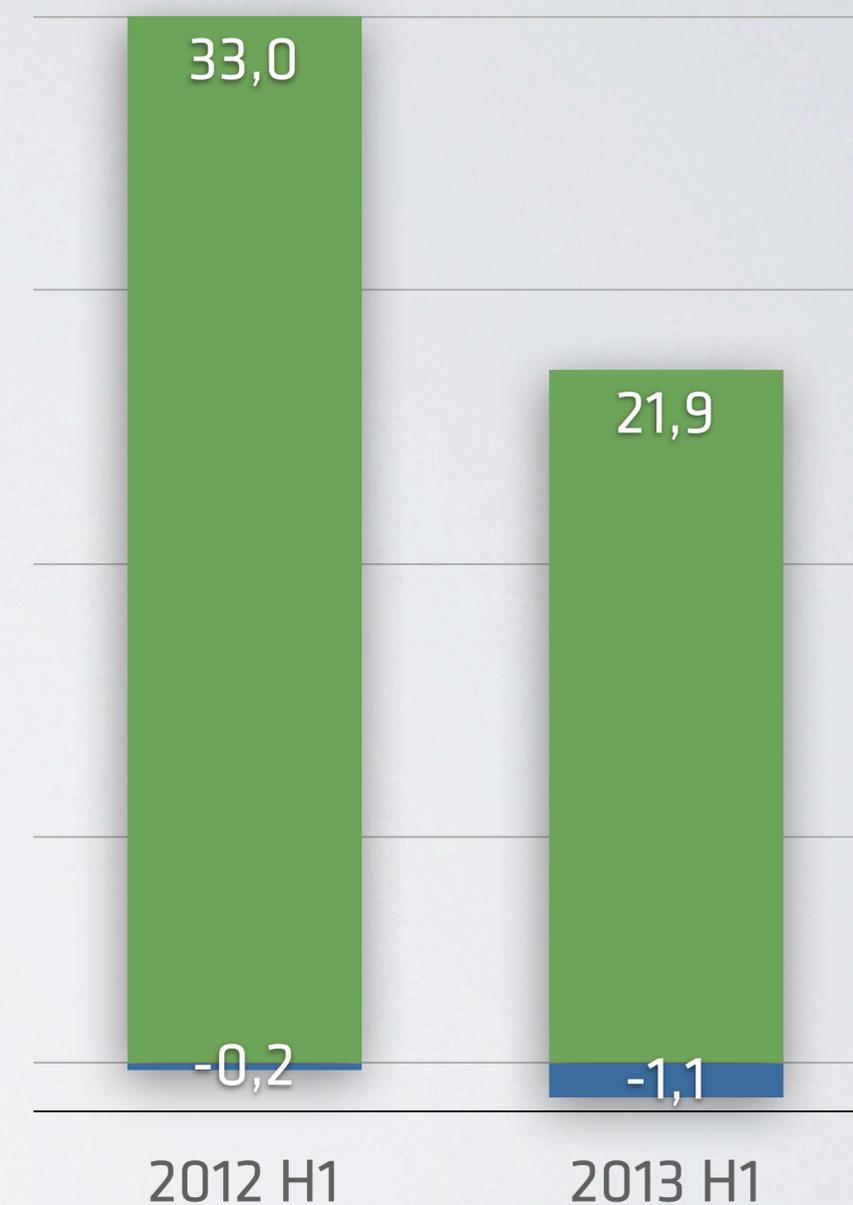
CD PROJEKT Group - cash flow

	2012 H1	2013 H1	2013 Q1	2013 Q2
Net profit	13 810	7 711	4 071	3 640
Cash flow from operating activities	4 401	6 286	4 977	1 309
<i>Incl. increase in reserves from game development</i>	<i>7 073</i>	<i>9 055</i>	<i>4 286</i>	<i>4 769</i>
Income	2 749	186	107	79
Expenses	2 066	2 028	1 041	987
Cash flow from investment activities	683	-1 842	-934	-908
Income	3 327	71	125	-54
Expenses	9 890	4 870	4 163	707
Cash flow from financial activities	-6 563	-4 799	-4 038	-761
Total cash flow	-1 479	-355	5	-360
<i>Incl. increase in reserves from game development</i>	<i>7 073</i>	<i>9 055</i>	<i>4 286</i>	<i>4 769</i>
Cash at start of the period	9 819	26 866	26 866	26 871
Cash at end of period	8 340	26 511	26 871	26 511



Distribution and publishing activities in Poland

	1H 2012	1H 2013
Revenue from sales	33 014	21 850
- to external clients	32 138	21 831
- between segments	876	19
Segment profit/loss	-216	-1 081



■ Profit/loss
 ■ Sales revenue

CDP.pl – plans for the second half of 2013



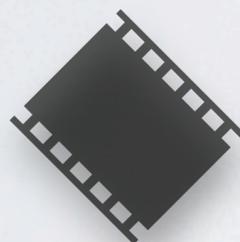
Diablo III – first-ever console release of the cult classic series



Innovative combination of videogames and collectible figurines for children



Realistic battlefield simulator



Rollout of motion picture service on the www.cdp.pl platform

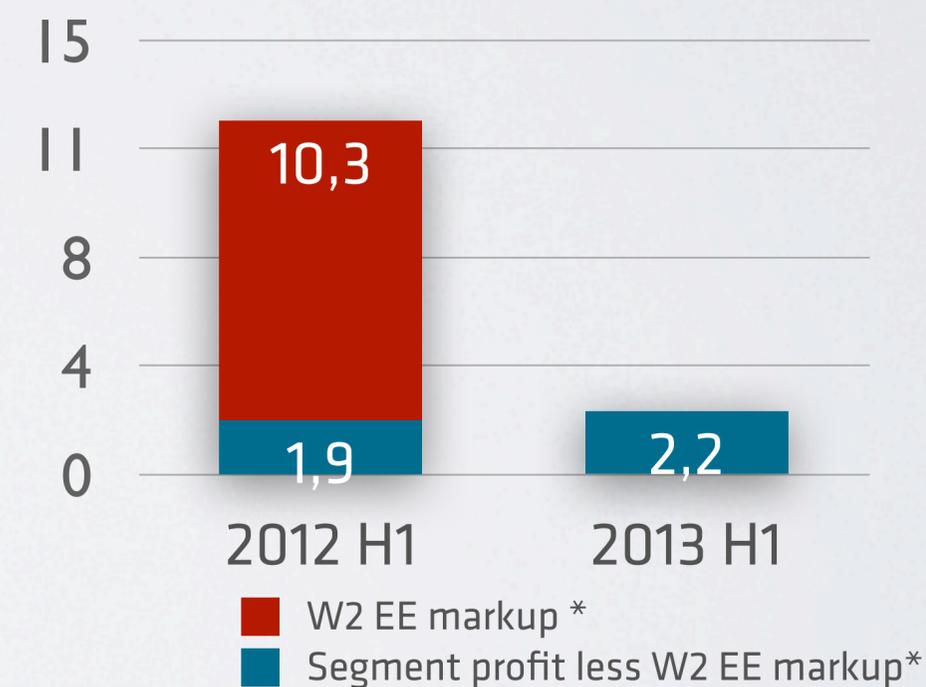
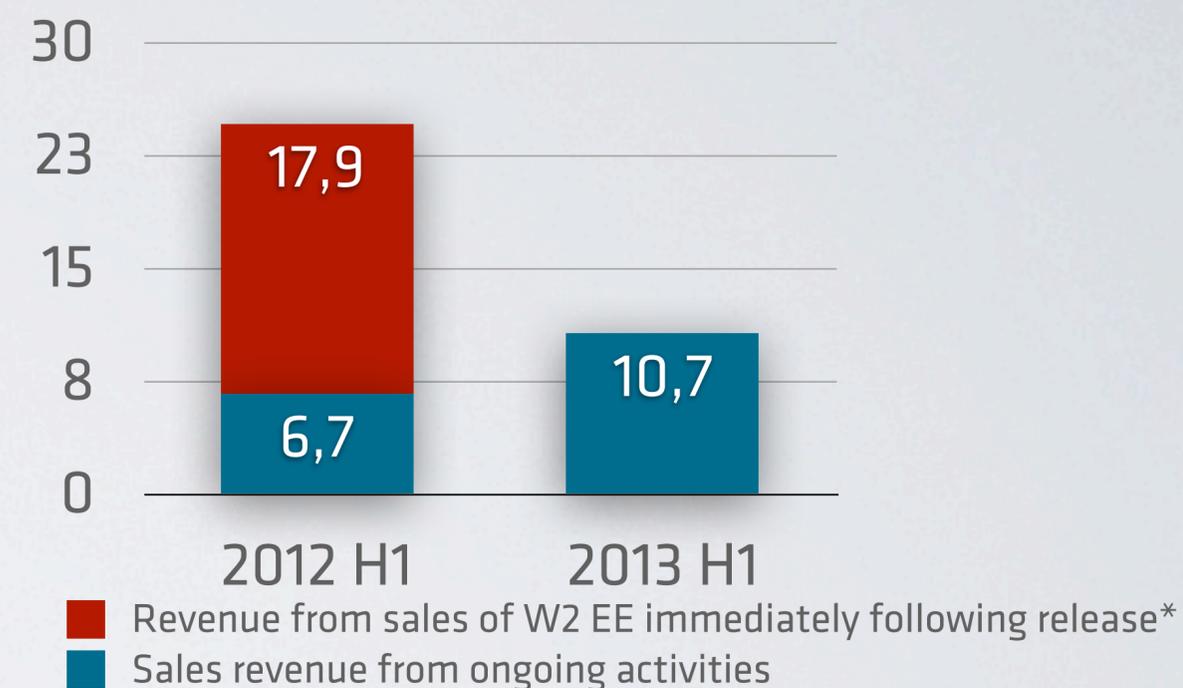


...as well as the ever-popular Disney productions on DVD/Blu-ray

CDPROJEKT® RED

Videogame development – CD Projekt RED Studio

	1H 2012	1H 2013
Revenue from sales:	24 581	10 674
- to external clients	23 100	9 982
- between segments	1 481	692
incl. release of W2 EE *	17 927	
from ongoing activities*	6 654	10 674
Segment profit/loss	12 220	2 184
W2 EE release markup*	10 344	
Segment profit/loss less W2 EE release markup*	1 876	2 184



* data from the game development segment referring to sales of W2 EE immediately following release

The Witcher 3 – an enthusiastic reception by the media



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

Gameinformer
(USA, Australia) Most widely circulated gaming journal, >8 million subscribers; 34 million readers

The Witcher 3 – an enthusiastic reception by the media



Bigger than Skyrim: The Witcher 3 sets the bar for next generation action-RPGs

Edge

Arguably the most respected gaming monthly, notable for its critical reviews.

The Witcher 3 – Microsoft conference



The Witcher 3 – enthusiastic reception by the media

” ” E3 2013: The Witcher 3 Defines Next-Gen.

Truly open-world, stunning to look at and groundbreaking in scope.

I'm more impressed with The Witcher 3 than anything else I've seen at E3. ” ”

ign.com

<http://www.ign.com/articles/2013/06/13/e3-2013-the-witcher-3-defines-next-gen>

CD Projekt RED – news highlights

- | | |
|---------------|--|
| New contracts | The first distribution agreement for The Witcher 3 has been signed; others are being negotiated |
| New office | A new office was opened in Kraków on 1 July, with 20 experienced game developers joining the CD PROJEKT Group. |
| New projects | In addition to the ongoing development of The Witcher 3 and Cyberpunk 2077, two smaller high-quality productions have started. |
| New market | Board game – The Witcher Adventure Game |

The Witcher Adventure Game

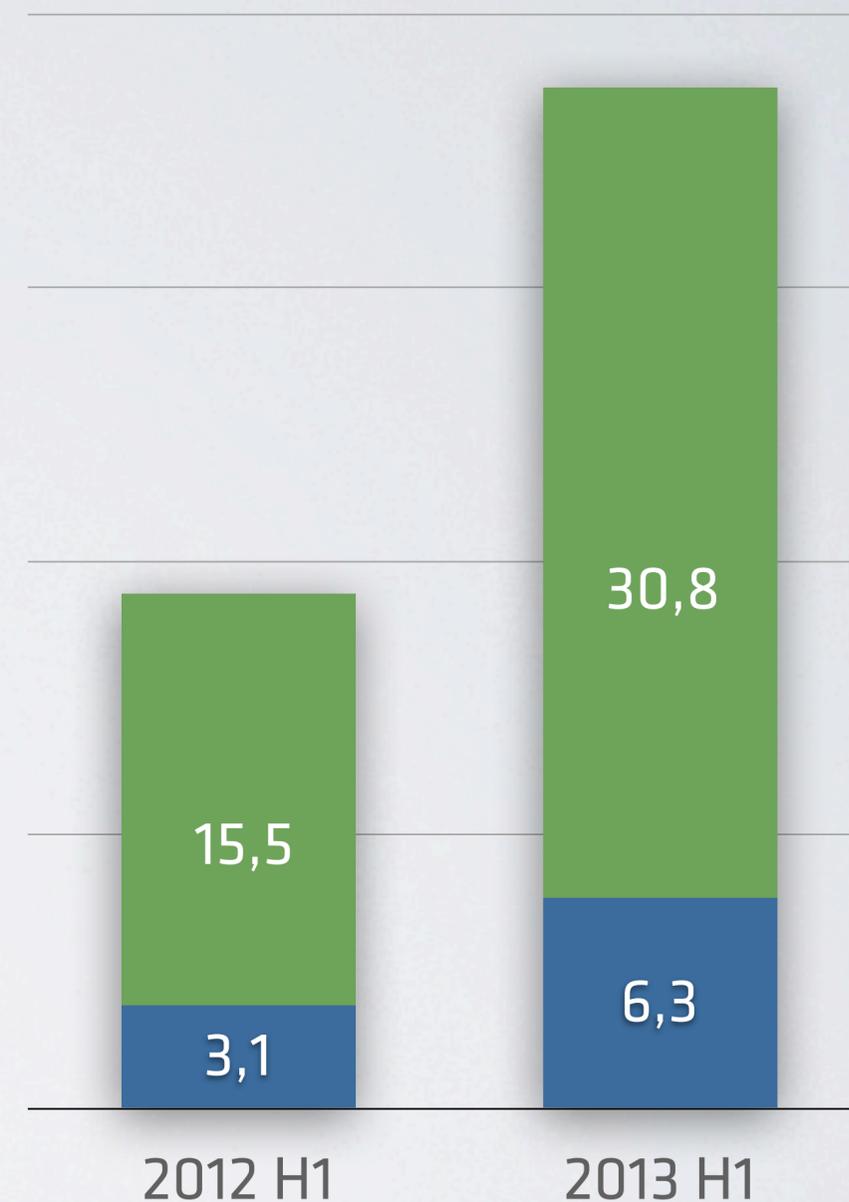
Creator	Ignacy Trzewiczek
Publisher	CD Projekt RED
Distribution in Poland	CDP.pl Sp. z o.o.
Release	2014
Versions	Box set and iPad application





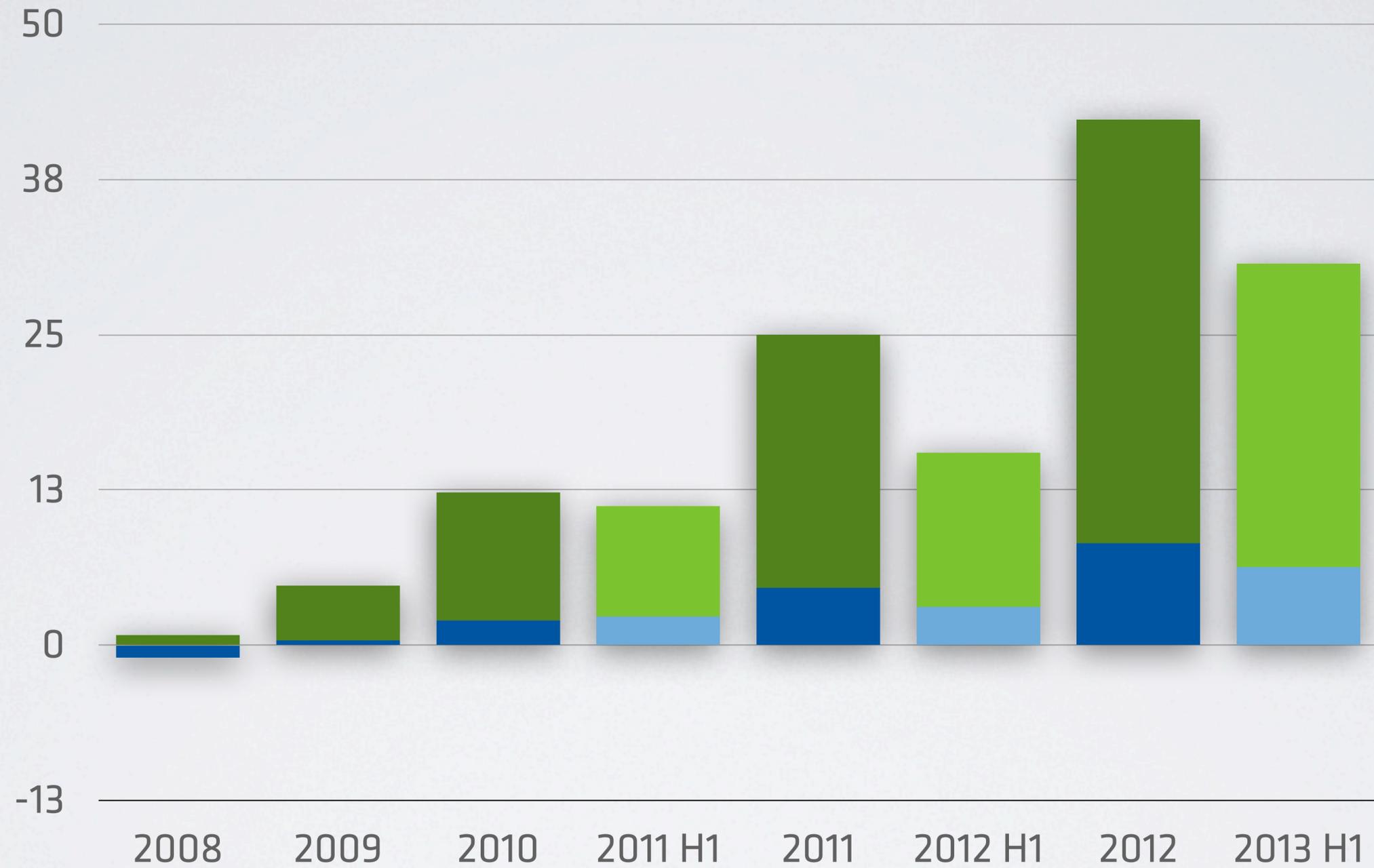
GOG.com – key financial indicators

	1H 2012	1H 2013
Revenue from sales	17 424	33 328
- to external clients	15 519	30 768
- between segments	1 905	2 560
Segment profit/loss	3 103	6 348



■ Revenue from sales to external clients
■ Segment profit/loss

GOG.com – dynamic growth



net income

sales revenue

H1 net income

H1 sales revenue

GOG.com – current status

Market position	#2 among independent digital distribution platforms
Partners	150+ companies (publishers and developers)
Catalogue	600 games
Sales	Twofold increase in sales revenue compared to the corresponding period in 2012
Mac	Over 1.1 million game downloads to-date

GOG.com – media exposure

Hundreds of press articles; tens of thousands of retweets, mentions, likes and shares. And to top it off...

TIME

50 Best Websites 2013

GOG.com – New offering for indie developers



Game assessed within 2 weeks of submission



Advance payment for royalties – provides funds for wrapping up development



Clear rules for splitting income between the service and the developer: 70/30 or 60/40 until repayment of royalty advances



Ongoing access to the hottest new indie games

GOG.com – market environment

According to data presented at this year's Game Developers Conference by the most respected videogame market analysts – NPD, iResearch and Digi-Capital – digital distribution of videogames and other content is growing at an annual rate of **33%** in the United States and EU countries.

NPD estimate the total value of digital game content sold in the United States, Great Britain, France and Germany (the principal markets for GOG.com) at **10 billion dollars**.

According to NPD digital distribution accounts for **40% of game purchases** in the United States compared to 28% in 2010.

GOG.com – new ideas for content monetization

DLC (downloadable content)



season pass – single payment for access to all future expansions for a given videogame



episodic content – publishing videogames (e.g. adventure games) in the form of sequential installments forming a coherent storyline.







CD PROJEKT S.A.

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Thank you!



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