

CD PROJEKT GROUP 2015 FINANCIAL RESULTS AND SUMMARY OF BUSINESS STRATEGY

#### **ADAM KICIŃSKI**

President, Joint CEO

#### PIOTR NIELUBOWICZ

Member of the Board, CFO



#### AGENDA

2012-2015 business strategy – summary of implementation

2015 financial results

2016-2021 business strategy and incentive program

**Q&A** session



#### SALES OF OUR GAMES

THE WITCHER

THE WITCHER 2: ASSASSINS OF KINGS

THE WITCHES 3: WILD HUNT

#### NET RESULT FOR 2012-2015

## 390MPLN

168% OF INCENTIVE PROGRAM GOAL

#### 2011-2015 SHARE PRICE INCREASE

353%

25.6% INCREASE IN WIG INDEX



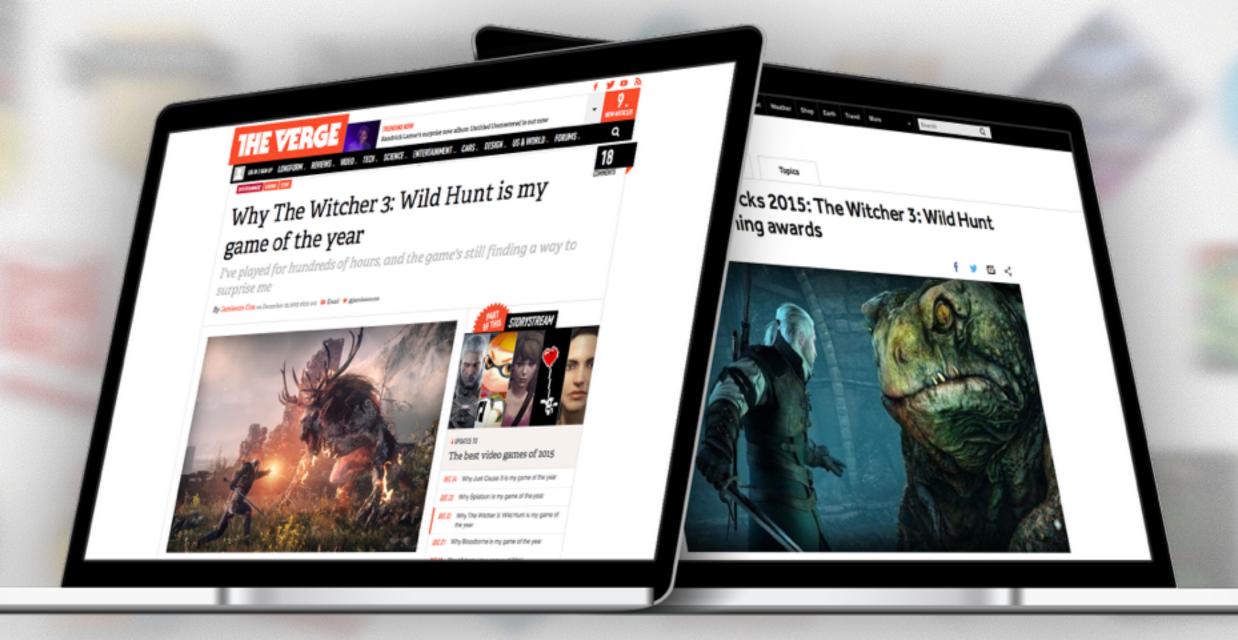


## 800 AWARDS





#### THE WITCHER 3 - MOST TALKED-ABOUT GAME IN ONLINE MEDIA





#### CD PROJEKT GROUP - PROFIT AND LOSS

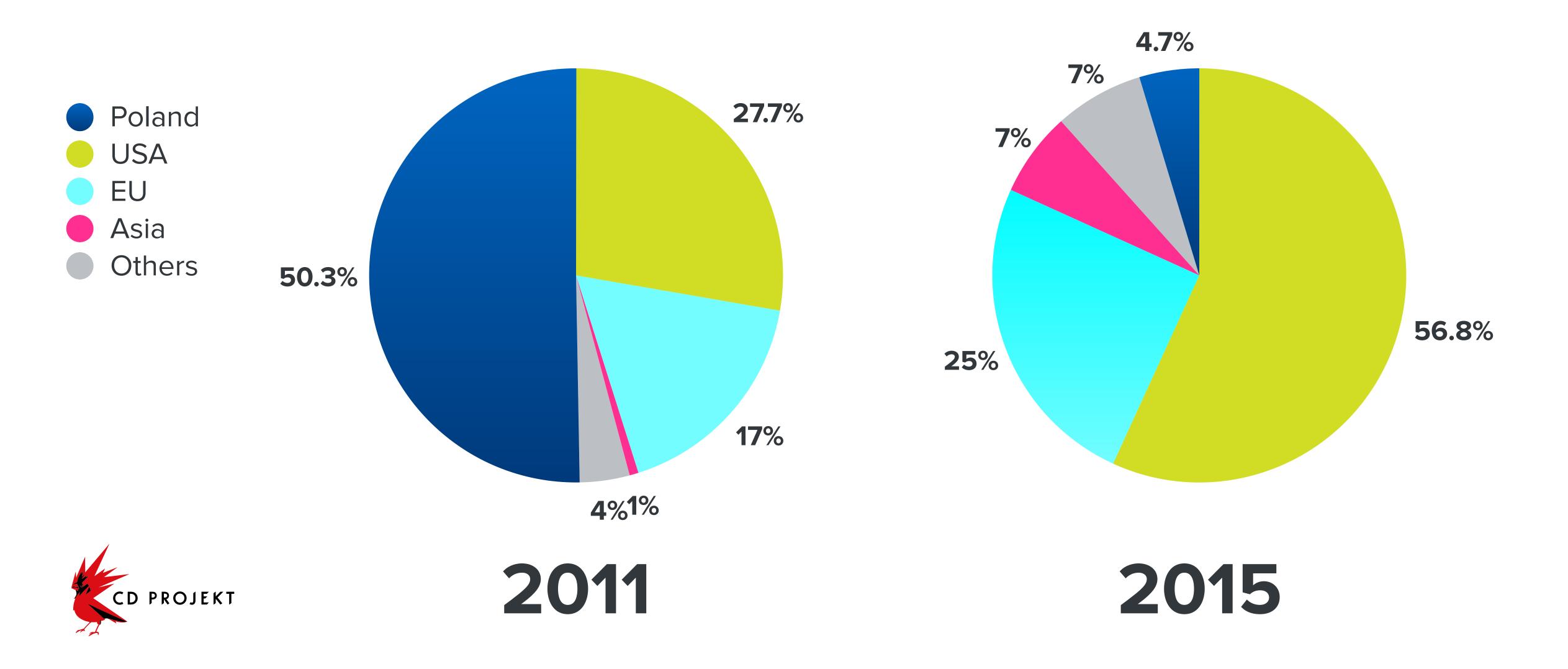
	W2 PC 2011	W2 X360 2012	2013	2014	W3 2015	2015/2011-20 annual averag
Sales revenues	136 210	164 040	142 172	96 194	798 014	5,9
Videogame development	44 058	44 862	22 286	31 093	681 923	
Global digital distribution	24 886	42 096	57 634	63 936	115 823	
Domestic distribution of games	65 272	75 889	61 235			
Other activities	1994	1 193	1 017	1 165	268	
Gross profit from sales	81 706	70 776	52 875	35 563	587 393	9,8
Selling costs	37 981	21 597	22 377	18 553	62 108	
General and administrative expenses	11 586	13 063	12 856	11 283	60 789	4,0
Other operating costs	4 517	7 749	3 238	(3 283)	40 303	
Profit from operating activities	27 622	28 367	14 404	9 010	424 193	
Costs less financial revenues	393	80	(2 316)	-330	2 608	
Pre-tax profit	27 229	28 287	16 720	9 340	421 585	
Net profit from continued operations	23 962	28 125	14 470	9 517	342 430	18,0

14%

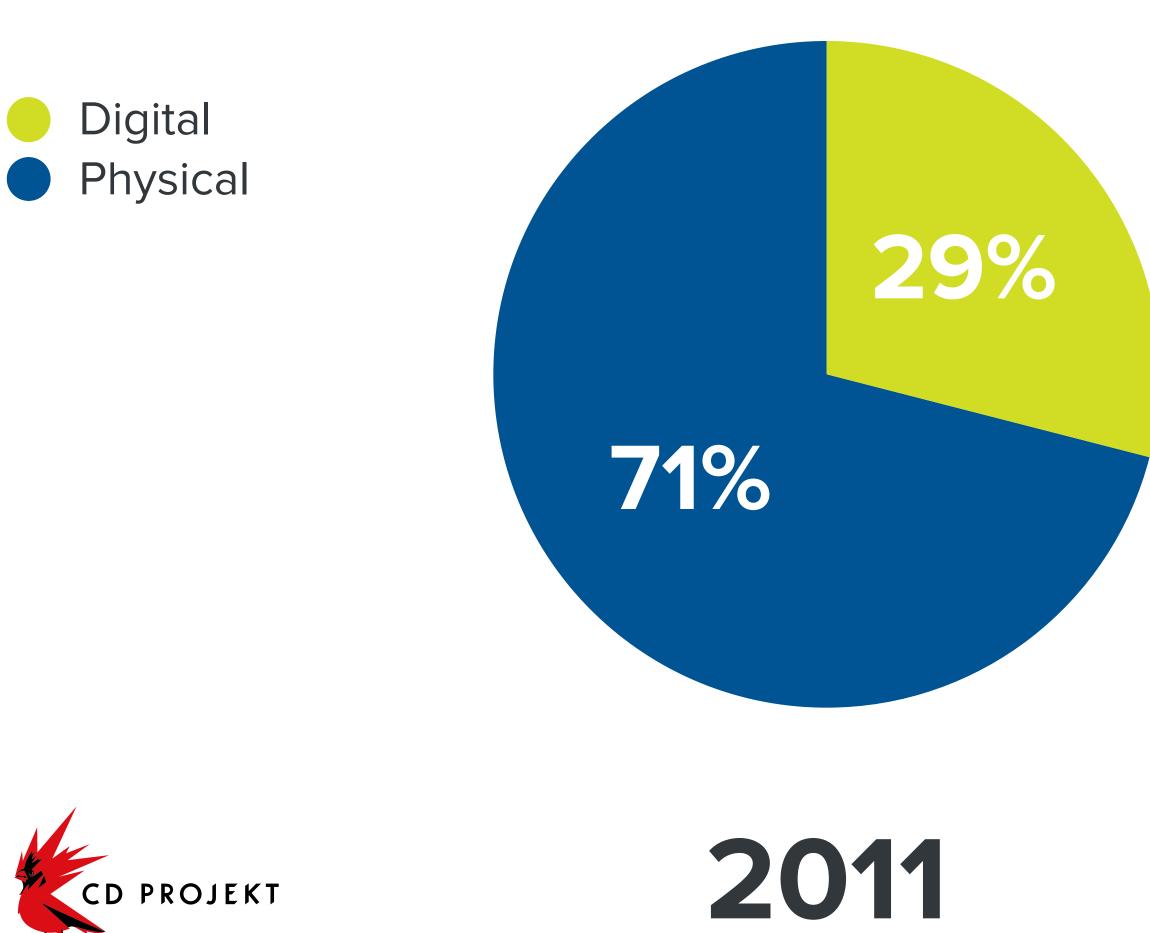
43%

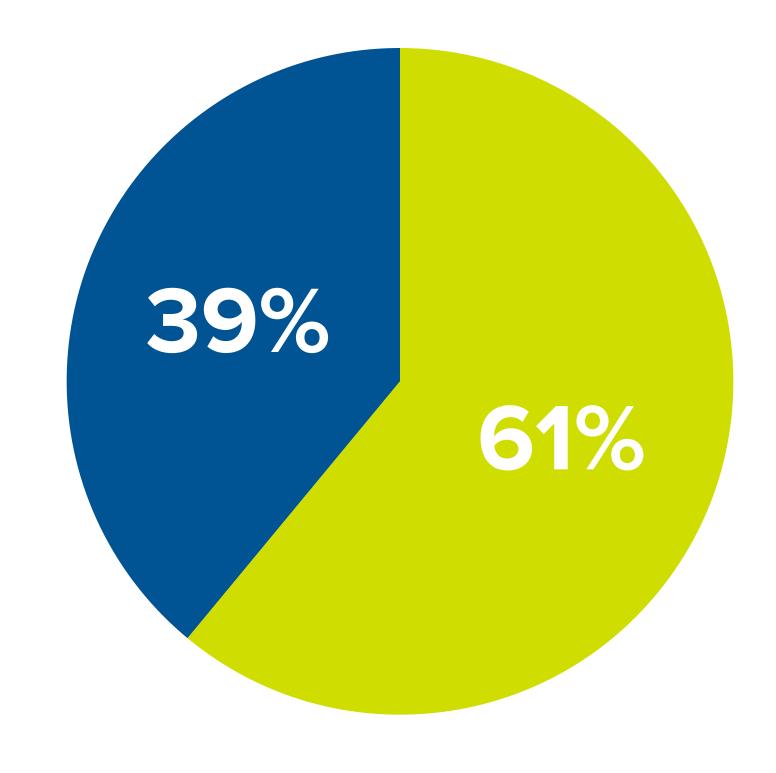
Net profitability

#### **GROUP REVENUES – GEOGRAPHIC BREAKDOWN**



#### CD PROJEKT GROUP DIGITAL DISTRIBUTION REVENUES



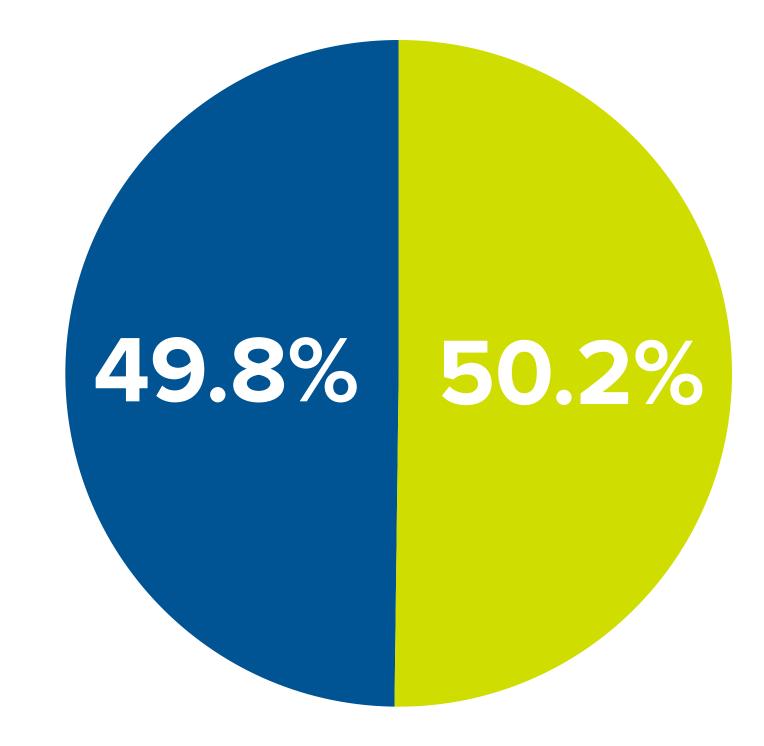


CD PROJEKT

2015

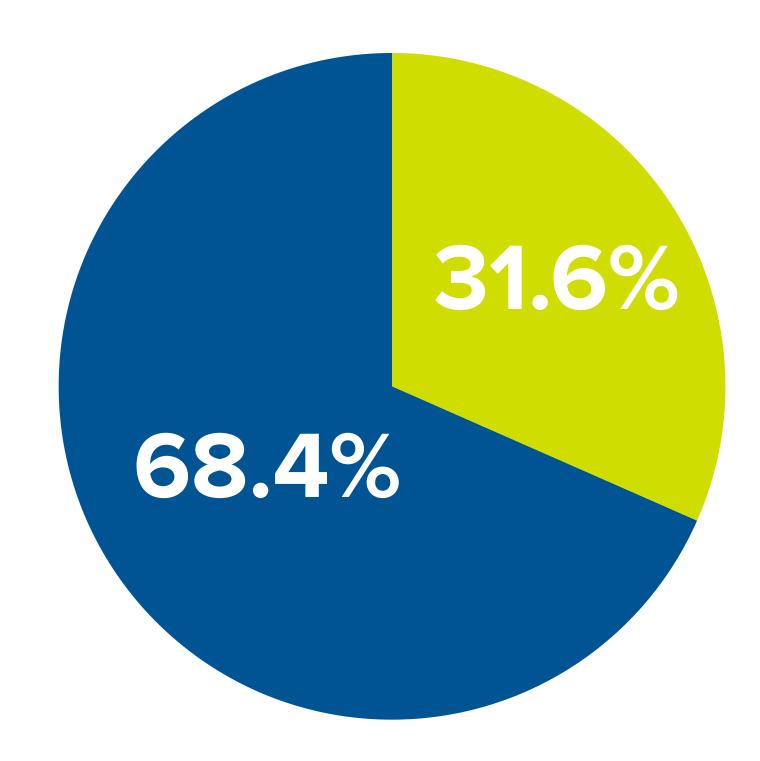
#### 2015 SHARE OF DIGITAL SALES IN TOTAL DISTRIBUTION





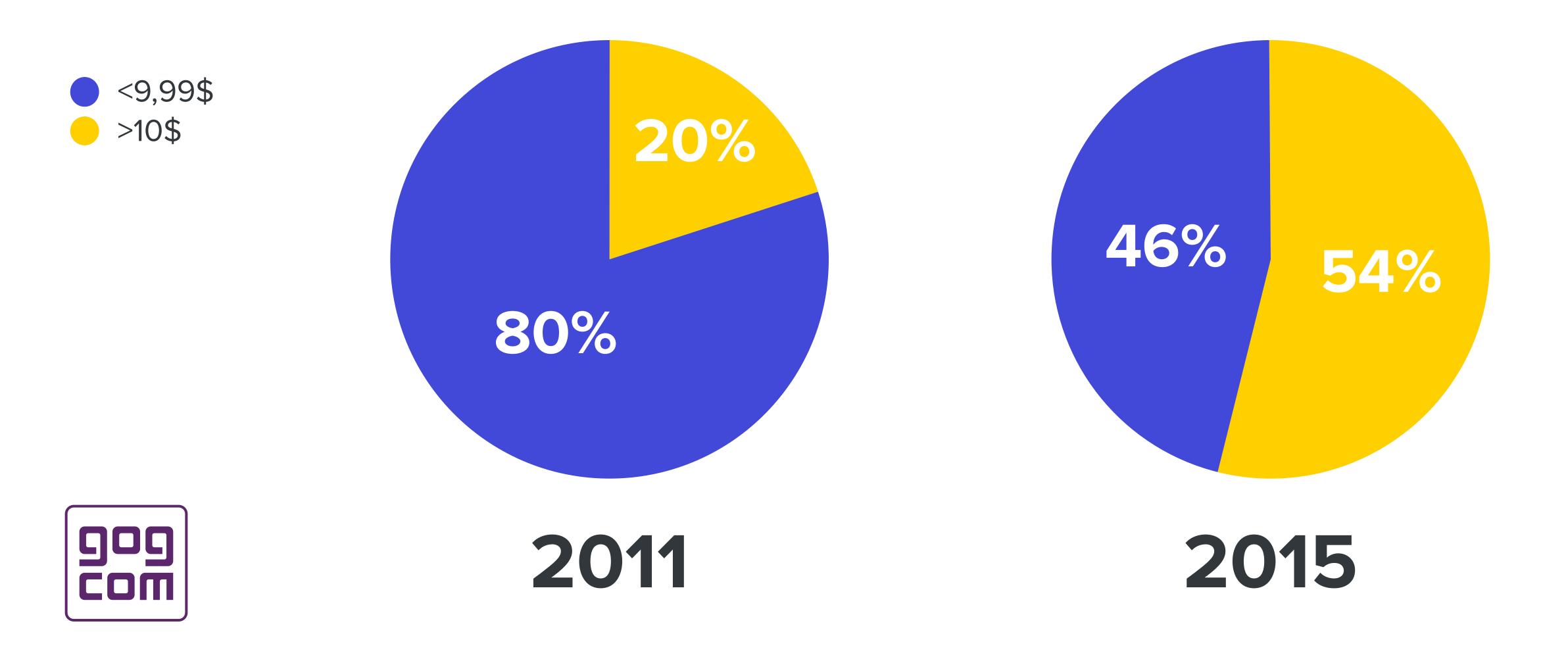
CD PROJEKT

The Witcher 3 revenues

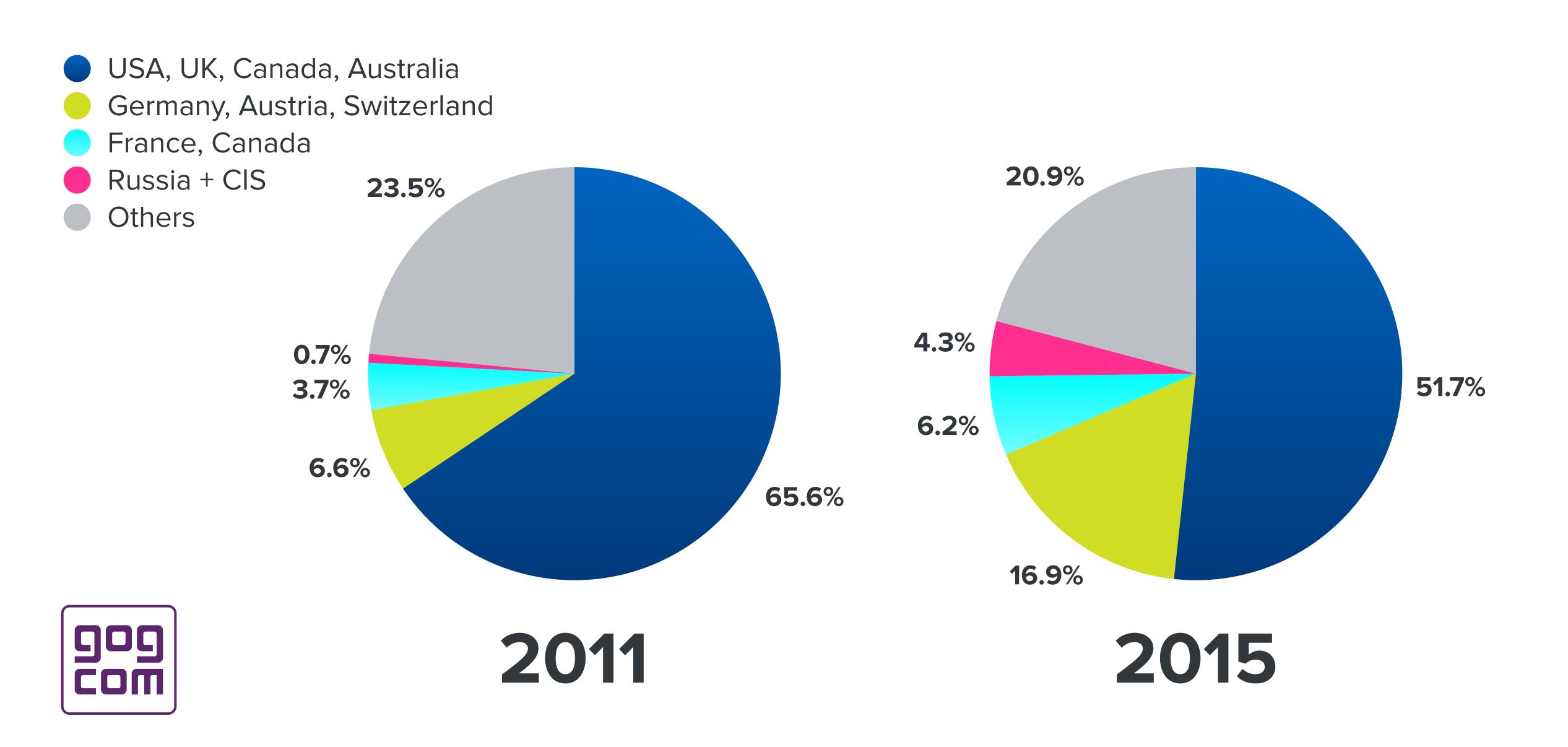


The Witcher 3 units sold

#### **GOG.com PRICING POLICY**



#### **GOG.com SALES BY TERRITORY**



#### CD PROJEKT GROUP - ASSETS

	W2 PC 2011	W2 X360 2012	2013	2014	W3 2015
Fixed assets	90 762	94 202	95 047	93 254	119 187
Current assets	94 964	108 690	122 588	155 691	554 759
Inventories	31 112	33 367	51 966	96 511	34 200
Receivables	34 389	35 882	21 821	17 386	114 234
Other current assets	19 644	12 575	9 117	7 399	12 688
Cash and cash equivalents	9 819	26 866	39 684	34 395	393 637
TOTAL ASSETS	185 726	202 892	217 635	248 945	673 946

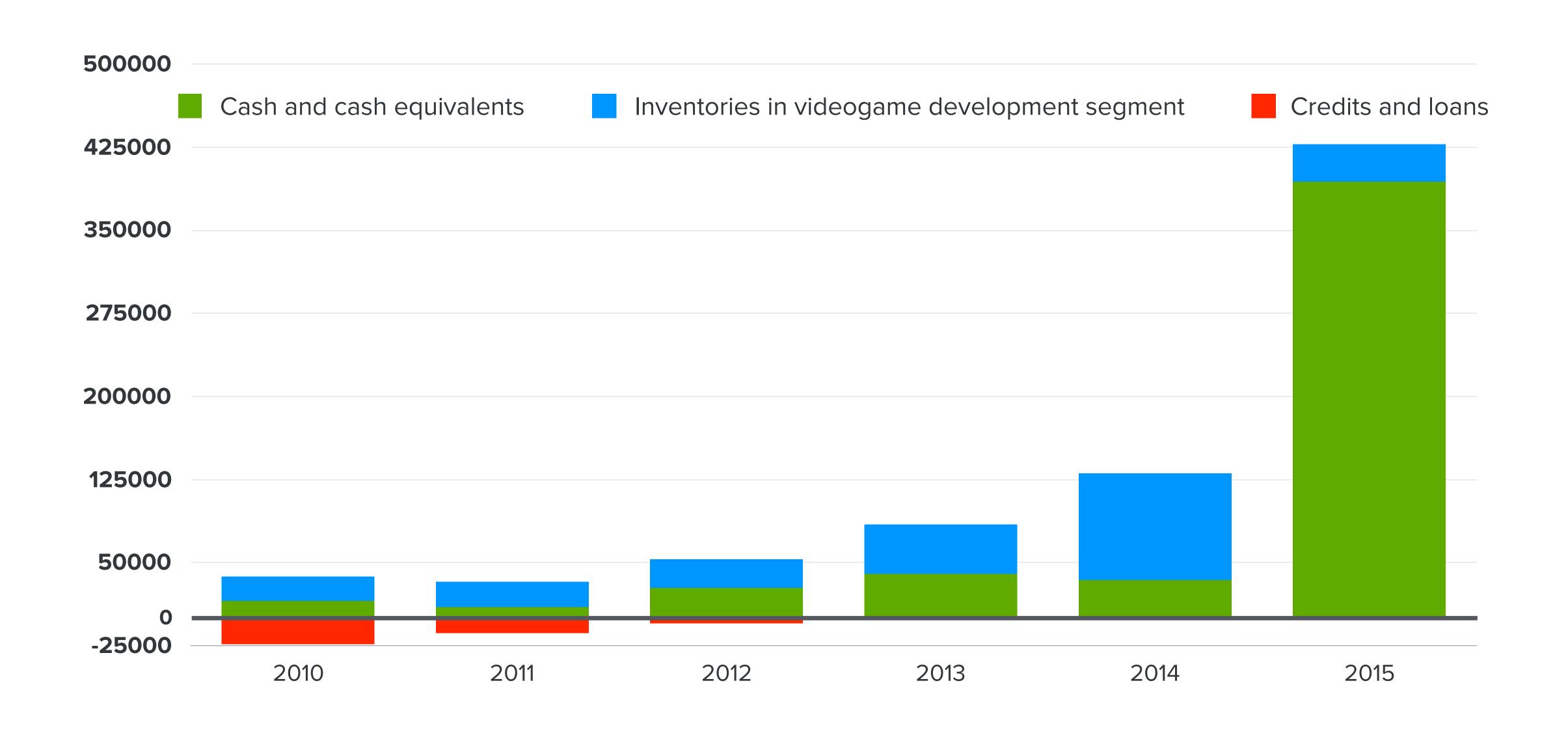
#### CD PROJEKT GROUP - LIABILITIES

	W2 PC 2011	W2 X360 2012	2013	2014	W3 2015
Equity	123 809	151 530	166 987	168 018	513 675
Long-term liabilities	7 590	7 604	5 187	2 137	18 414
Short-term liabilities	54 327	43 758	45 461	78 790	141 857
Credits and loans	13 404	4 745	21	4	0
Liabilities	40 013	38 411	44 956	73 848	97 320
Deferred revenues and provisions	910	602	484	4 938	44 537
TOTAL LIABILITIES	185 726	202 892	217 635	248 945	673 946

#### CD PROJEKT GROUP - CASH FLOWS

	W2 PC 2011	W2 X360 2012	2013	2014	W3 2015
Net cash flows from operating activities	185	26 695	22 054	-3 231	371 618
Net cash flows from investment activities	-6 239	-125	-4 127	-493	-12 403
Net cash flows from financial activities	263	-9 523	-5 109	1627	27
TOTAL NET CASH FLOWS	-5 791	17 047	12 818	-2 097	359 242
Cash assets at end of period	9 819	26 866	39 684	34 395	393 637

#### CD PROJEKT GROUP - CASH & INVENTIORIES







#### CD PROJEKT GROUP PHILOSOPHY

- What guides our business activities
- What we look for in videogames
- Why we remain independent
- How we wish to develop our business















## CD PROJEKT RED MISSION STATEMENT AND BUSINESS OBJECTIVES

#### CD PROJEKT RED MISSION STATEMENT

To create **revolutionary RPGs** which go straight to the heart of gamers from around the world.

#### CD PROJEKT RED BUSINESS OBJECTIVES

To be counted among the world's **top three videogame developers**; To ensure a lasting place for our brands in the global popular culture.







## CD PROJEKT RED PLANS FOR 2016-2021







### CD PROJEKT RED STUDIO PLANS FOR 2016

- Release of the second expansion pack for The Witcher 3: Wild Hunt
   Blood and Wine.
- Implementation of new promotional and marketing activities supporting continued sales of *The Witcher 3: Wild Hunt*.
- A new type of video game format previously unexplored by the Studio.

#### CD PROJEKT RED STUDIO

**PLANS FOR 2017-2021** 

PART



- Release of another AAA RPG title.
- Expansion of our core franchises with additional media content and product lines.
- Further active marketing and support for our earlier releases.













### CD PROJEKT RED STUDIO PLANS FOR 2017-2021 (CONTINUED)

PART II

- Near-twofold **expansion of the CD PROJEKT RED team**. Creation of **four individual teams,** two of which will be tasked with development of games representing new segments.
- Establishment of new local branches of CD PROJEKT RED in key territories.









## GOG.com MISSION STATEMENT AND BUSINESS OBJECTIVE

#### **GOG.com MISSION STATEMENT**

We combine our **passion for videogames and respect for fans** to successfully deliver the world's top videogame releases, supported by online services.

#### **GOG.com BUSINESS OBJECTIVE**

To create a catalogue of **brand-new AAA** releases fully supported by GOG Galaxy.

To turn GOG Galaxy into a **technological foundation** upon which gamers can access videogames produced by CD PROJEKT RED and interact with one another.







# GOG.com PLANS FOR 2016-2021







#### GOG.com PLANS FOR 2016

- Release of a AAA game developed by an unaffiliated entity with full support for GOG Galaxy, concurrent with its global release date.
- Expansion of GOG Galaxy with new features and networking technologies required by new CD PROJEKT RED products.
- Support for pricing and payments in additional currencies and new language localizations of the GOG.com platform.
- Ongoing support for the "early access" mechanism introduced in early 2016, important from the point of view of the platform's ability to expand its catalogue with new games.







#### GOG.com PLANS FOR 2017-2021

- Additional **global releases of major videogames** developed by unaffiliated entities with full support for GOG Galaxy.
- ▶ **Technological support** for new CD PROJEKT RED development projects, including customized solutions for multiplayer gaming and other online features.
- Rollout of additional language localizations of the GOG.com platform.



#### INCENTIVE PROGRAM

#### Result goal – 80% of warrants:

- ▶ 2016-2019 at least 618.4 million PLN, or
- ▶ 2016-2020 at least 855.5 million PLN, or
- ▶ 2016-2021 at least 1.09 billion PLN.

#### Market goal – 20% of warrants:

> share price increase +100% over WIG during the reference period

**REFERENCE PERIOD** – not longer than 2016-2021, with possible early evaluation should the corresponding goals (result and market) be jointly attained faster than anticipated











#### LEGAL DISCLAIMER

The information contained in this presentation reflects current conditions and projections based upon the status quo (March 2016), which is liable to change. All forecasts and statements concerning future events are based upon subjective opinions, evaluations and assumptions, and may therefore prove erroneous or inaccurate. As unforeseen circumstances may arise, the situation cannot be guaranteed to evolve in line with predictions. CD PROJEKT SA, its subsidiaries, its management board and its employees make no claims regarding the accuracy or completeness of any statements expressed in this presentation.

This presentation is distributed strictly for information purposes. CD PROJEKT SA, its subsidiaries, its management board and its employees cannot be held responsible for any losses or damages, whether direct or indirect, resulting from the use of this document or the information contained herein.

This presentation does not constitute a complete and comprehensive analysis of the financial standing of CD PROJEKT S.A. or the CD PROJEKT Capital Group, and does not comprehensively portray their current situation and future plans. The presentation may contain omissions and inconsistencies. The Company wishes to advise all readers that the sole definitive source of information concerning CD PROJEKT S.A. are its current and periodic reports published by the Company in order to meet its disclosure obligations under Polish law.

This English language translation has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. CD PROJEKT, its representatives and employees decline all responsibility in this regard.