



STARBREEZE

Q3 2017 HIGHLIGHTS

16 November, 2017



STARBREEZE

ABOUT STARBREEZE

Starbreeze is an independent creator, publisher and distributor of high quality entertainment products. With studios in Paris, Los Angeles, Barcelona, Brussels, and India we create games and virtual reality products based on proprietary design and licensed content.

Headquartered in Stockholm, Sweden, Starbreeze shares are listed on Nasdaq Stockholm under the tickers STAR A and STAR B, ISIN codes SE0007158928 (class A) and SE0005992831 (class B).

More information: starbreeze.com



OUTLINE

01 NEW FINANCIAL GOALS

02 FINANCIAL OVERVIEW

03 STARBREEZE GAMES

04 PUBLISHING

05 VR TECH & OPERATIONS

VISION AND FINANCIAL TARGETS

VISION

> BE A LEADING PROVIDER IN THE ENTERTAINMENT INDUSTRY BY CREATING WORLD-CLASS EXPERIENCES.

FINANCIAL TARGETS

NET SALES

Starbreeze target is to achieve net sales of at least SEK 2 billion in 2020.

PROFITABILITY

Starbreeze target is to generate positive EBITDA for the fourth quarter of 2018 and then on an annual basis for each subsequent financial year.

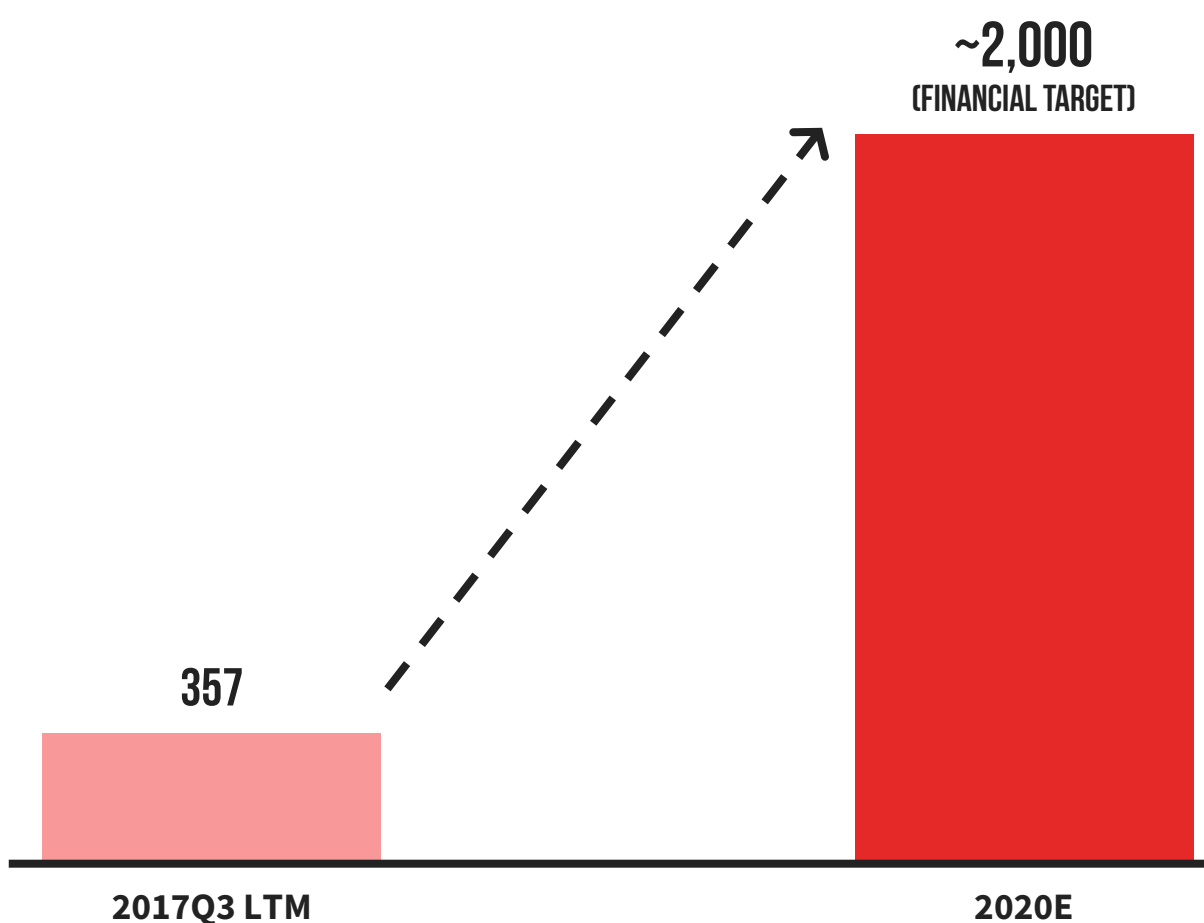
DIVIDEND POLICY

No dividend in the next few years, generated cash flow to finance the continued growth and development of the business.

Long-term policy to distribute 50% of net profit after tax.

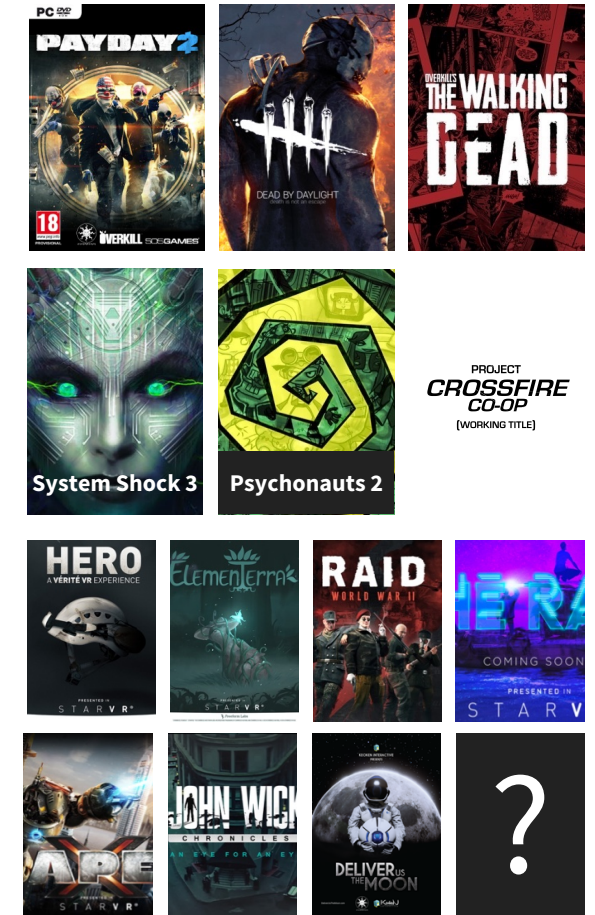
STRONG PORTFOLIO GROWTH AHEAD

CURRENT PORTFOLIO



Net sales (SEKm)

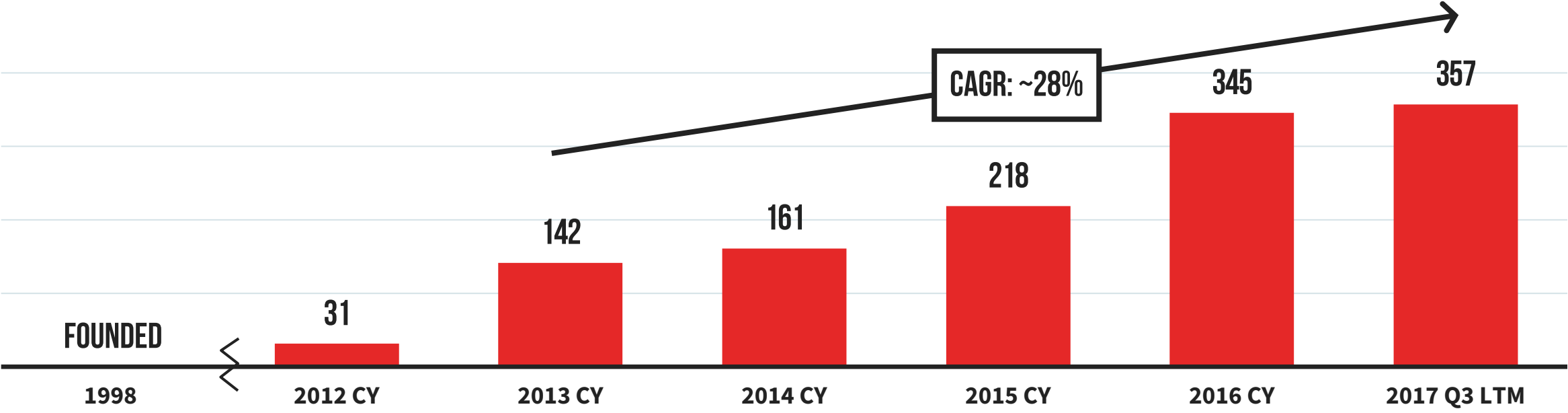
FUTURE PORTFOLIO



FINANCIAL OVERVIEW



STARBREEZE EVOLUTION



■ Net sales (SEKm)

VR ECOSYSTEM

PUBLISHING AND INVESTING IN VR

GAMES DEVELOPMENT

PHYSICAL DISTRIBUTION, FEW PLATFORMS

DIGITAL DISTRIBUTION, MULTI-PLATFORM

PC (retail)



Note: 2012-2015 Jan-Dec figures are not reported fiscal years

MAINTAINED REVENUES AND HIGH ACTIVITY IN Q3

THIRD QUARTER 2017

- Net sales increase by 11 percent excluding non-recurring revenue last year.
- Both PAYDAY and Dead by Daylight generated revenues in line with the third quarter 2016 even though they are one year older.
- Negative EBITDA during the quarter due to higher activity and rate of investment in all business areas in order to reach the new financial targets in 2020.

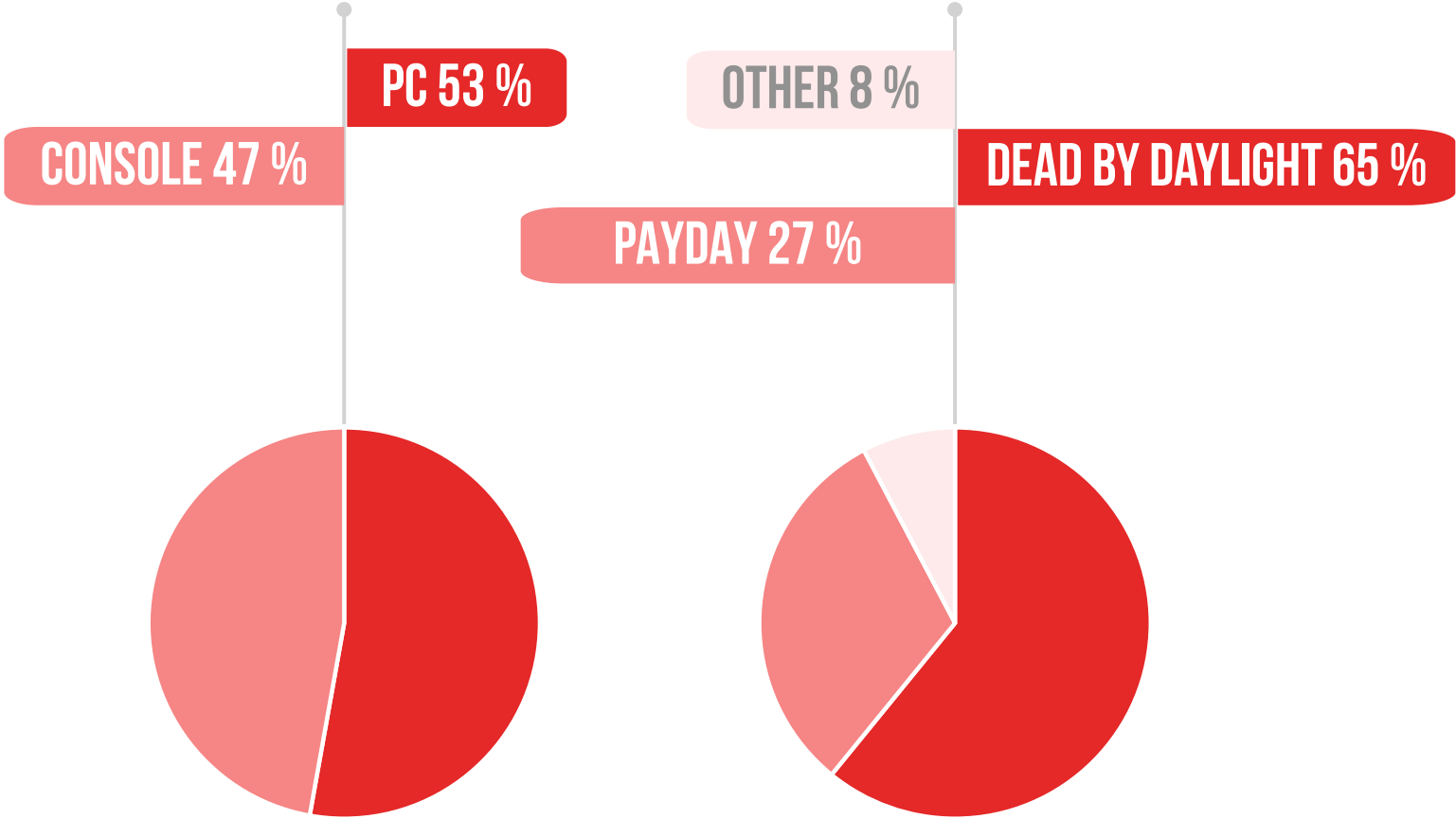
EVENTS DURING THE QUARTER

- Listing on Nasdaq Stockholm.
- New loan financing with Nordea of SEK 150 million.

RESULTS/KEY FIGURES

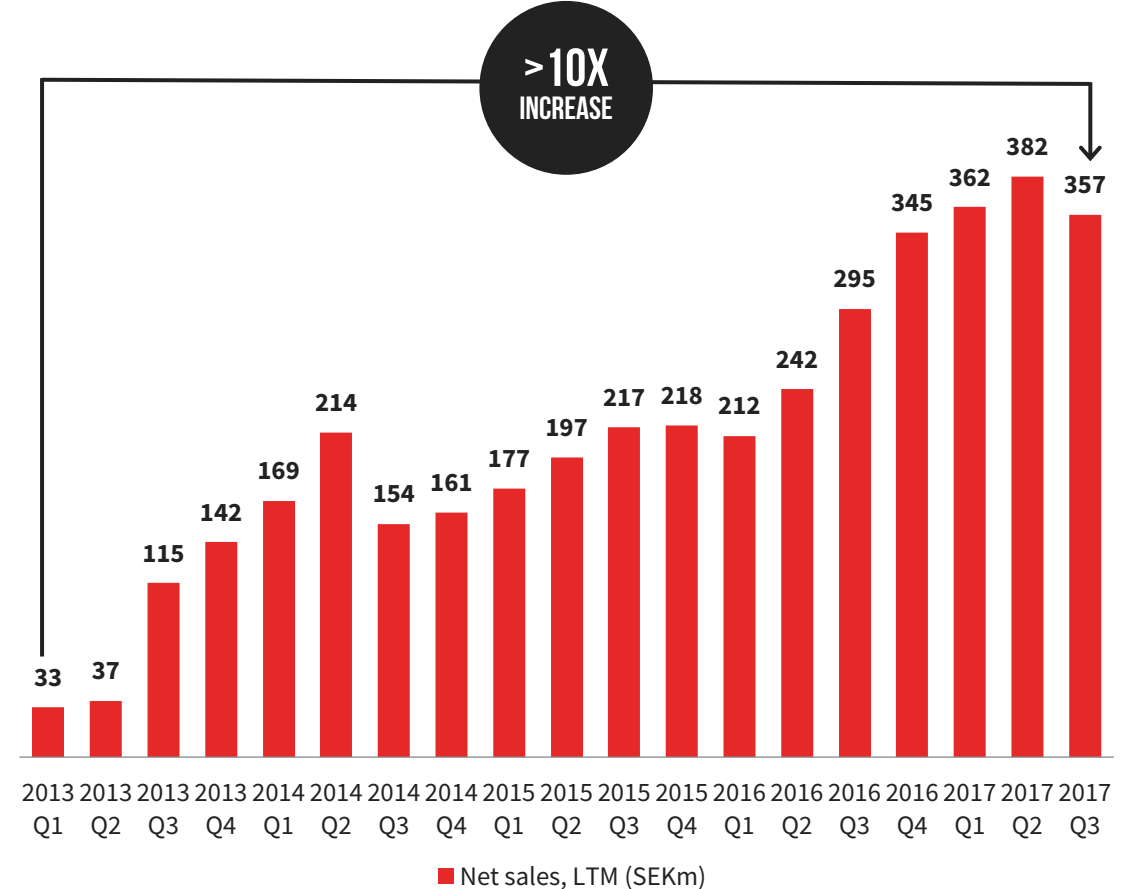
	2017	2016
TSEK	Q3	Q3
Net sales	77,726	102,707
EBITDA	-21,859	19,218
Profit/loss before tax	-35,330	11,032
Profit/loss after tax	-37,913	20,402
Earnings per share, SEK	-0.11	0.08
Exchange difference	-9,334	4,523
Net sales growth, %	-24.3%	42.9%
EBITDA margin, %	-16.1%	13.0%
Cash flow from operations	59,575	36,962

REVENUE BREAKDOWN Q3

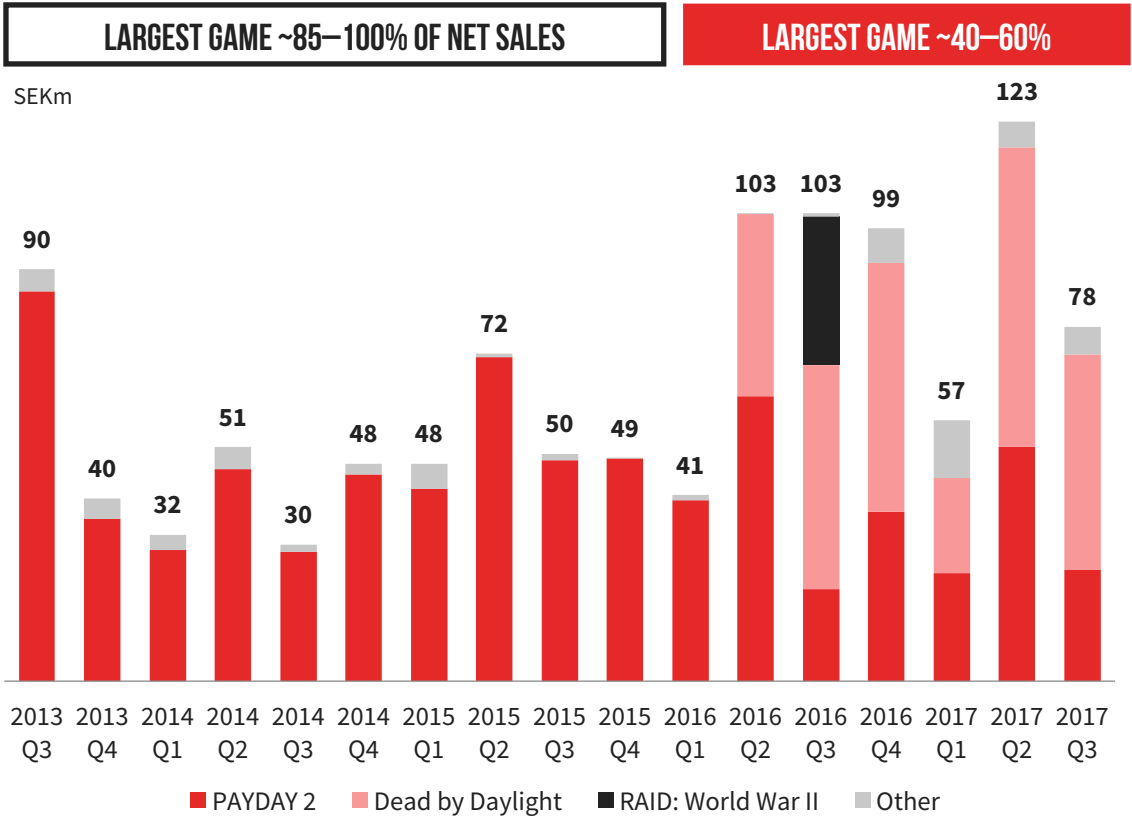


STRONG REVENUE GROWTH DRIVEN BY NEW RELEASES

NET SALES DEVELOPMENT, 2013 Q1–2017 Q3



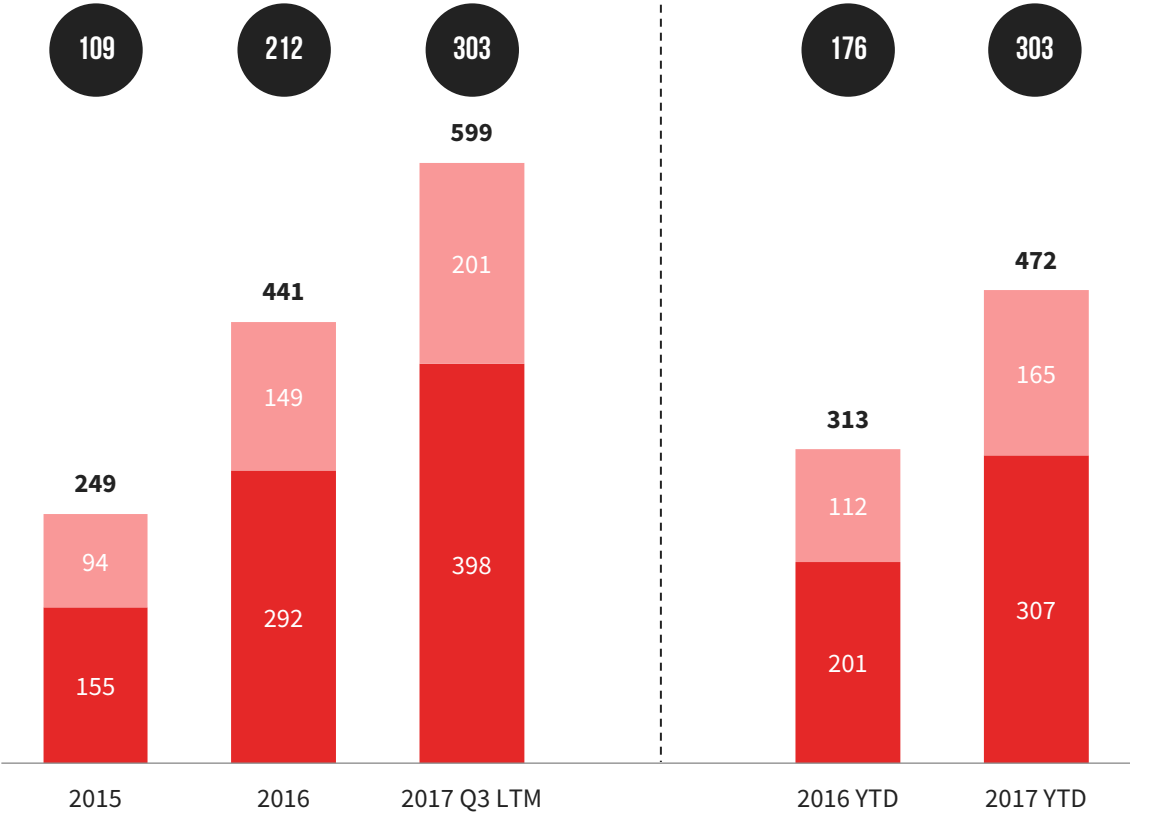
NET SALES BY TITLE PER QUARTER, 2013 Q3–2017 Q3¹⁾



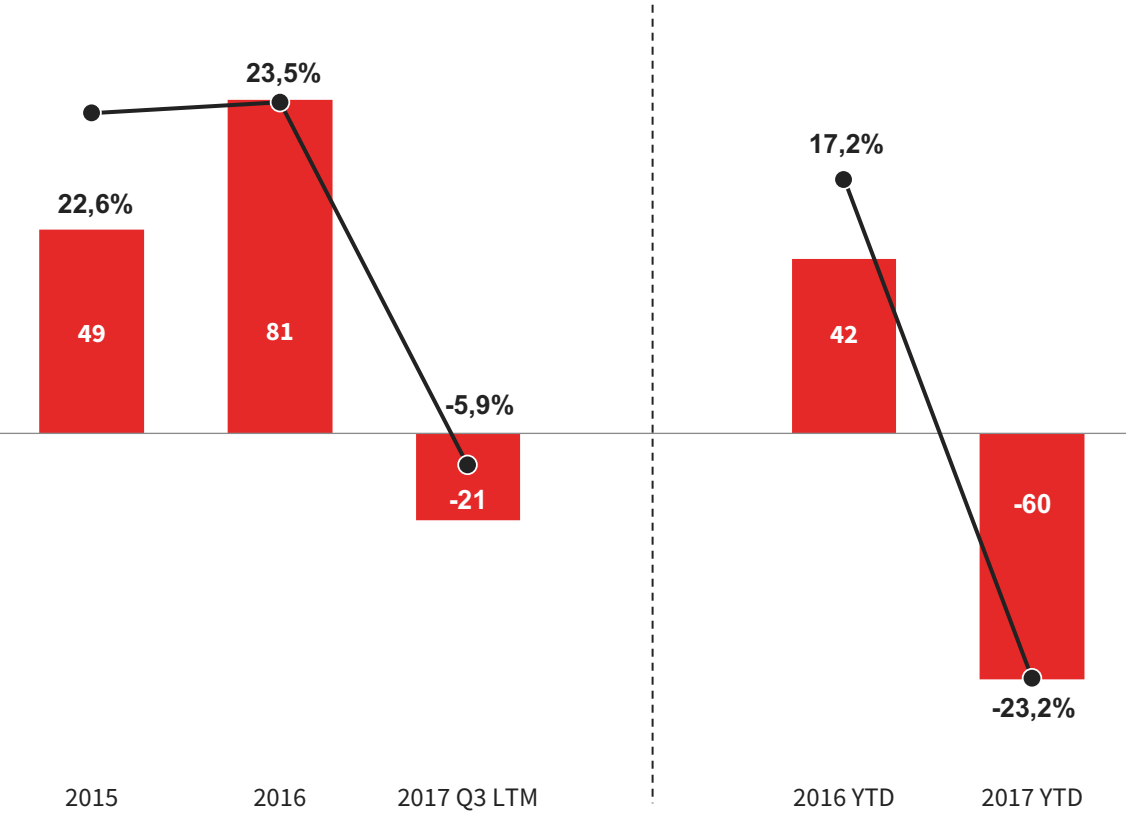
1) Other equals residual of total net sales less mentioned games in graph

INCREASED OPERATING EXPENSES DRIVEN BY INITIATIVES

OPERATING EXPENSES DEVELOPMENT 2015–2017YTD



EBITDA DEVELOPMENT 2015–2017YTD

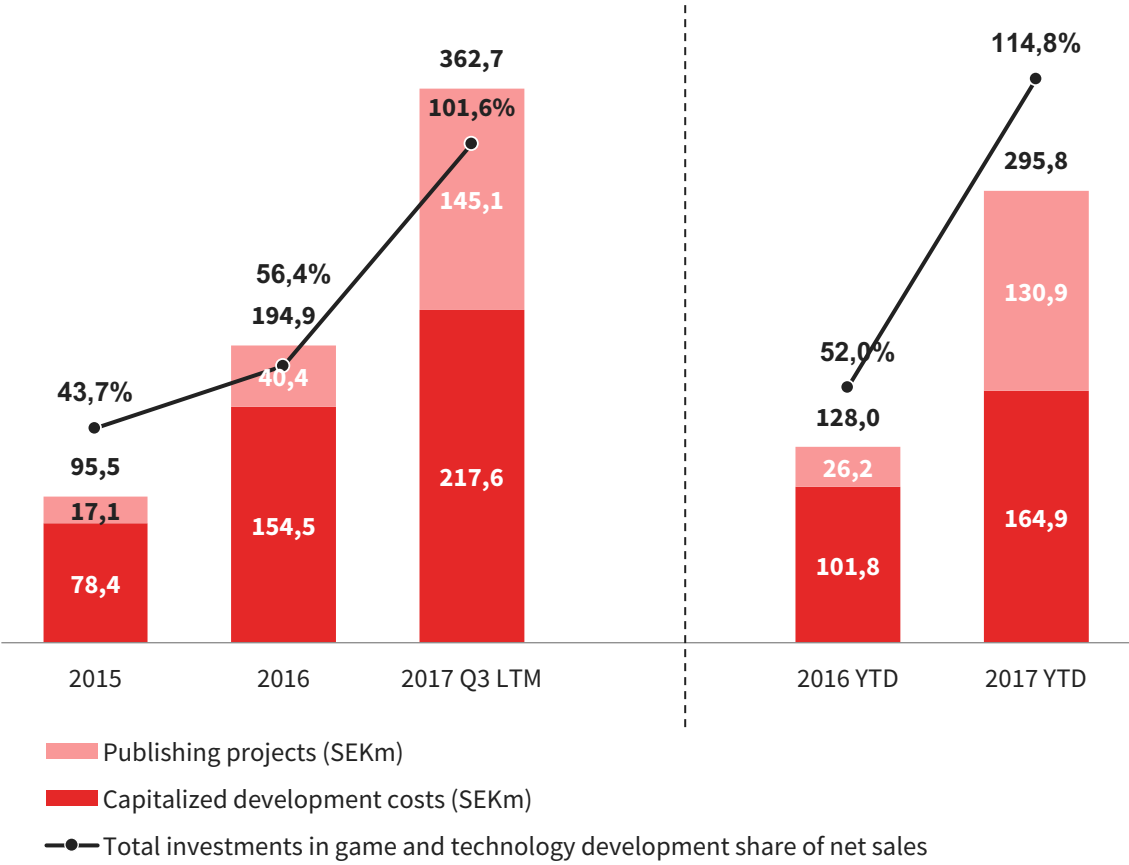


■ Other external expenses (SEKm) ■ Employee expenses (SEKm) ● Employees (end of period)

■ EBITDA (SEKm) ● EBITDA margin

INCREASED RATE OF INVESTMENTS TO FUEL FUTURE GROWTH

INVESTMENTS IN GAMES DEVELOPMENT AND PUBLISHING¹⁾



COMMENTS

- Starbreeze invests in game and product development, which will make it possible for the Company to continue releasing high-quality games.
- Historical investments include developing the new business model including a publishing platform, ventures in StarVR and the VR acquisitions.
- The investments are expected to generate substantial added value for shareholders in the future.


¹⁾ Publishing projects and capitalized development costs equals total investments in game and technology development.

STARBREEZE SEGMENTS

STARBREEZE GAMES

The business area consists of the company's own games portfolio. Revenues currently comprise sales revenue and royalties for the rights to PAYDAY. The business area also includes ongoing Starbreeze game projects, including OVERKILL's The Walking Dead and Crossfire.

PUBLISHING


DEAD BY DAYLIGHT
death is not an escape
Starbreeze publishes games developed by third parties in the Publishing business area. Revenues currently comprise mainly royalties for the rights to Dead by Daylight.

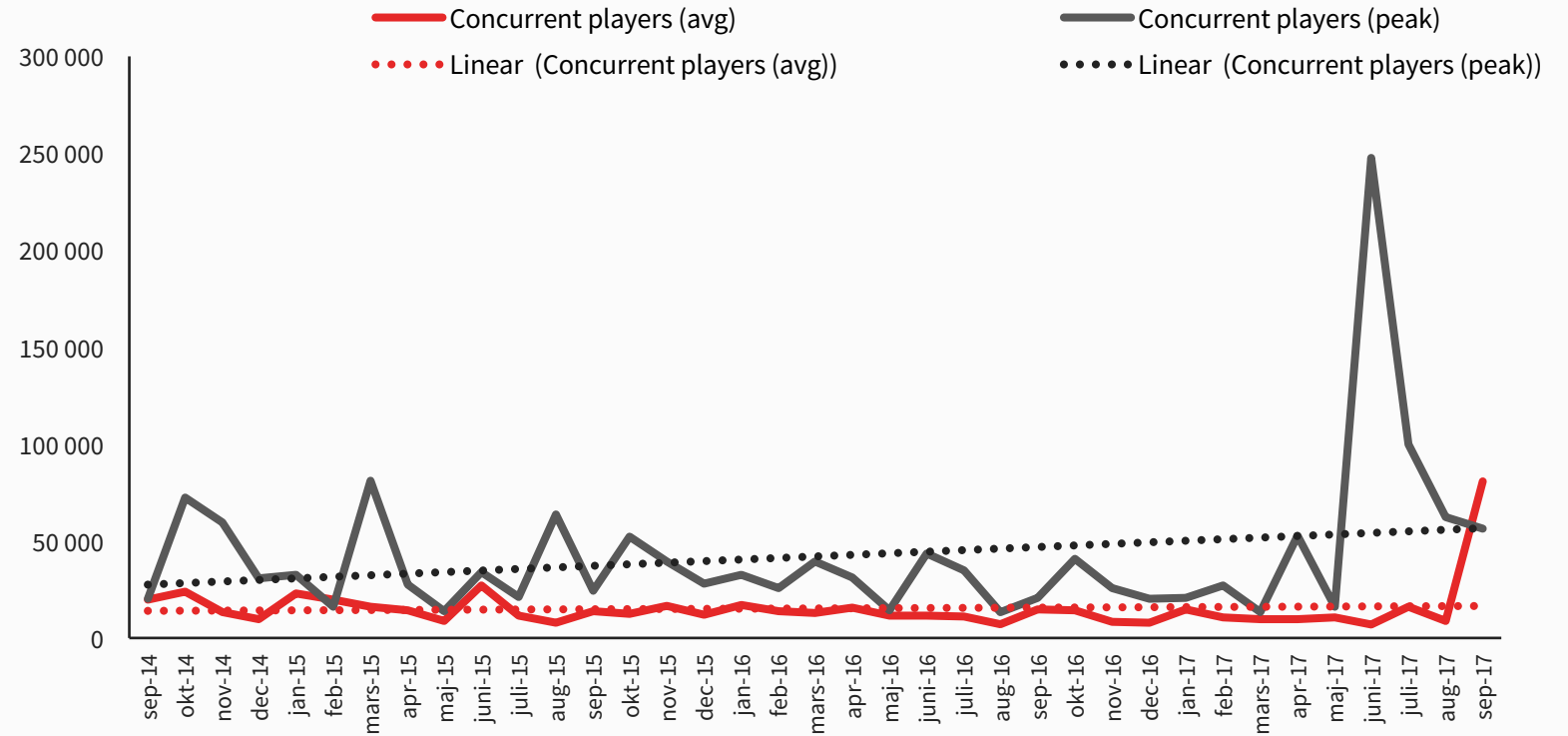
VR TECH & OPERATIONS

The business area consists of virtual reality (VR) technology and software development by Starbreeze, including the development of the StarVR headset and the VR movie format PresenZ. Revenues and costs for VR centers are also included as of the third quarter 2017.

STARBREEZE GAMES



AT PEAK 99,900 PLAYED PAYDAY 2 IN JULY



PAYDAY 2: 5.45 M MEMBERS ON STEAM



PAYDAY 2

VR BETA

Beta starts later today! Ongoing beta to test all features, available for free for all existing PAYDAY 2 players.



GEMINOSE: ANIMAL POPSTARS

Starbreeze announced that Geminose: Animal Popstars will exclusively be launched for Nintendo Switch™

Read more about the news on our website:
[Geminose: Animal Popstars to be exclusively launched for Nintendo Switch™](#)





STARBREEZE
PUBLISHING

DEAD BY DAYLIGHT
death is not an escape

DEAD BY DAYLIGHT DLC RELEASES

Dead by Daylight updates
released during Q3 2017

LULLABY FOR THE DARK

Dead by Daylight free character update

Released July 27 on Steam and August 23 on Consoles

- One new killer
- One new survivor
- One new map

MORE INFORMATION

- [Dead by Daylight: A Lullaby for the Dark - New Free Chapter out now on STEAM](#)



CHARITY CASE

Dead by Daylight paid cosmetic update

Released August 10 on Steam at \$4.99

- 26 cosmetic items
- All profits to Bran & Behavior Research Foundation

MORE INFORMATION

- [Dead by Daylight: Charity Case - New DLC Pack out now on Humble Bundle and Steam](#)





STARBREEZE

DEAD BY DAYLIGHT DLC RELEASES

Dead by Daylight paid character update

Released September 14 on
Steam at \$3.99, released
September 26 on Console

Read more about the news on our website:
[A Chainsaw Massacre Coming to Dead by
Daylight](#)

SLIDE / 21



RAID: WORLD WAR II PC RELEASE

RAID: World War II was released
on PC on September 26th.

Read more on our website: [RAID: World War II available today on steam for windows pc!](#)



NOW
★AVAILABLE★



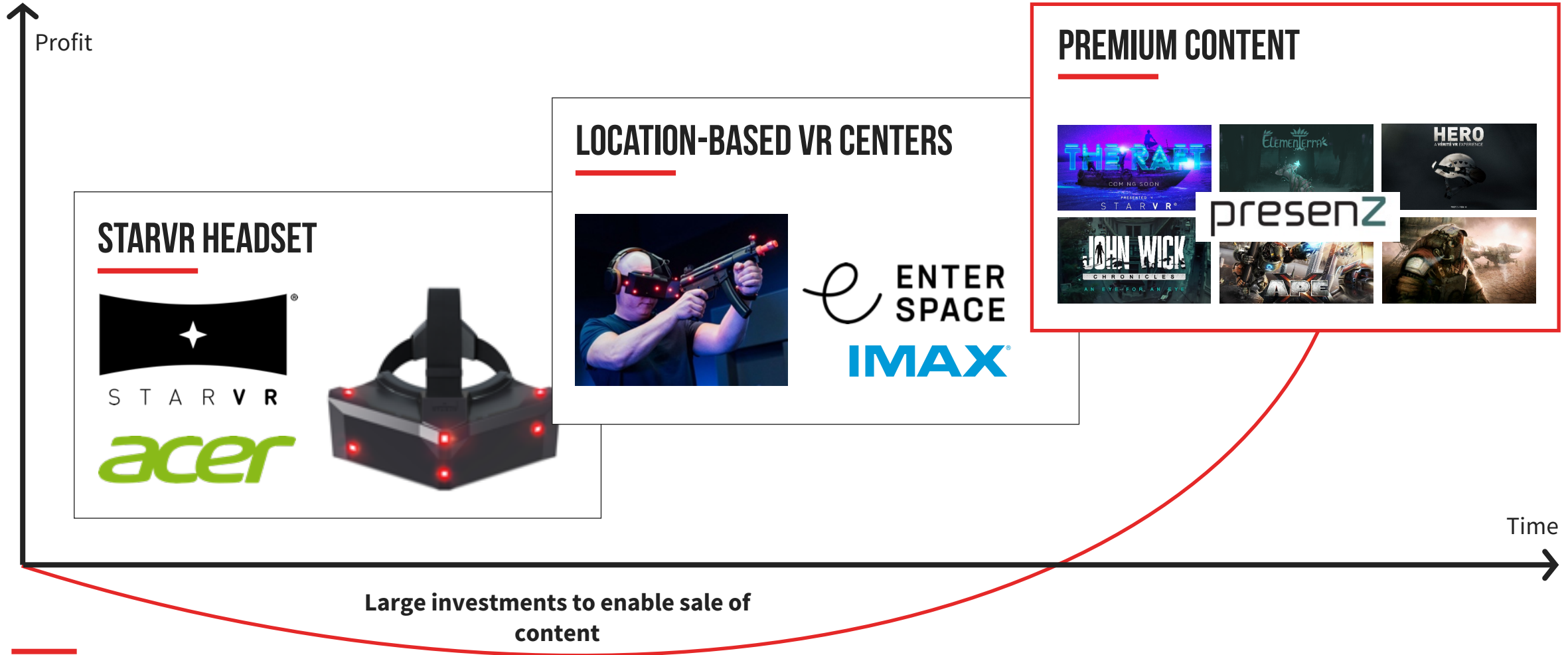
STEAM®

VR TECH & OPERATIONS



VR STRATEGY – TO ENABLE PREMIUM CONTENT

Illustrative

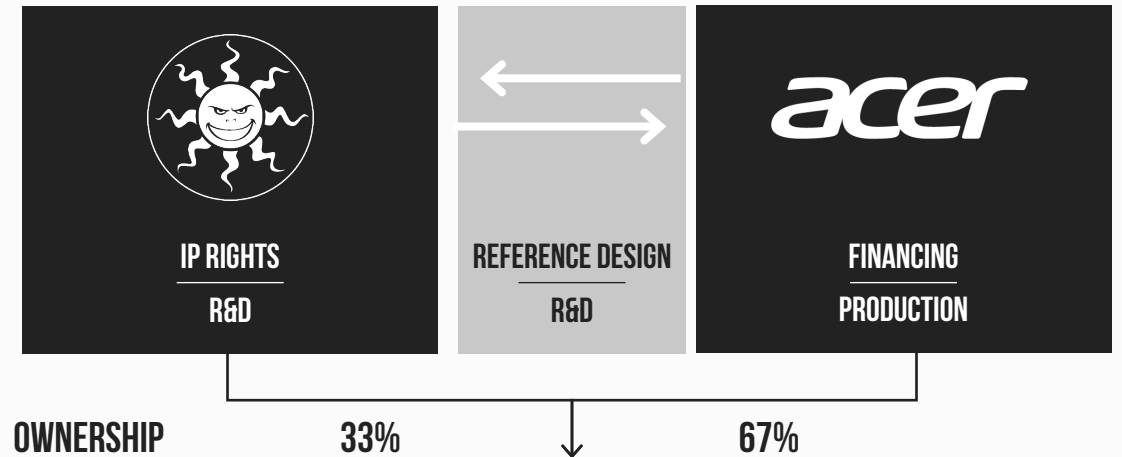


NEW FINANCING PLAN FOR STARVR

PURPOSE OF DEVELOPING A VR HEADSET

- Enable an end-to-end concept for location-based VR entertainment.
- Full control of entertainment experience.
- Pioneer and unlock the B2B market.
- Target multiple market segments e.g. arcade centers, real estate, engineering, healthcare, theme parks, shopping malls.

STARVR JOINT VENTURE OVERVIEW





S T A R V R

SALES

MARKETING

SUPPORT AND AFTERMARKET

Purpose: StarVR HMD is being manufactured to become a high-quality VR product aimed at the professional market with 210 degree field of vision with 5K resolution.

Target customers: Location-based VR centers, theme parks and selected B2B segments.

Timing: Mass production of initial version of the StarVR HMD to being ~end 2017 or early 2018.

Financial impact: Starbreeze receives a share of the StarVR profit and a license fee.

NEW VR CENTER IN DUBAI

Agreement signed to be lead partner to the new VR center in Dubai.

Read more: [Starbreeze main partner for new VR centre in Dubai](#)



ENTER SPACE

www.enterspacevr.com

CORNER-STONES OF VR PREMIUM CONTENT STRATEGY

ACQUIRE KEY TECHNOLOGY TO ENABLE PREMIUM VR CONTENT

presenz



DEVELOP NEW TITLES AND LEVERAGE ON SUCCESSFUL IPS



EXPAND VR GAMES PORTFOLIO THROUGH PUBLISHING



PREMIUM CONTENT

Future revenue driver for VR
initiatives in LBE.





Contact us at ir@starbreeze.com
