

# REMEDY ENTERTAINMENT

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FY2018 Financial Review

12.2.2019



# AGENDA

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**1** **Review of 2018**  
Tero Virtala, CEO

**2** **Financial Results of 2018**  
Terhi Kauppi, CFO

**3** **Outlook for 2019**  
Tero Virtala, CEO





# FY2018 SUMMARY – 1/2

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- Revenue **20,1 million** euros (+17,3 %).
- EBIT **0,6 million** euros (-69,6 %).
- The Board of Directors proposes dividend distribution of **0,10 euros** per share.
- Revenue growth positively affected by two projects proceeding into full production phase according to plans.
- EBIT affected by personnel growth in game development teams as well as investments in support functions and infrastructure. No product development costs capitalized.



# FY2018 SUMMARY – 2/2

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- **Operation Frost**, our first CrossFire project was completed.
- New **CrossFire** game project started with Smilegate.
- **Control** announced during PlayStation media briefing at E3 2018, related to a marketing deal with Sony.
- It was announced that a TV series based on the **Alan Wake** game is being prepared.
- **Alan Wake** returned to digital gaming outlets with renegotiated music licenses.
- A new **Vanguard** game development team was formed.





2017–2018

# TRANSFORMATION TO BUILD THE BASIS FOR FUTURE GROWTH

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1

Games that stand out  
in the market and expand  
into long-term franchises

2

Operating on a  
multi-project model

3

Stronger position  
in the value chain

# GAMES THAT STAND OUT & EXPAND INTO FRANCHISES

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- Long and successful track record in creating high quality PC & console games.
- Memorable characters & immersive stories.
- High quality, polished action gameplay.
- Towards longer, unique games with longer-lasting gameplay mechanics and new storytelling techniques.
- Games that always build basis for long-term franchises.



# SCALABILITY VIA MULTI-PROJECT MODEL

## SINGLE PROJECT MODEL



## MULTI-PROJECT MODEL





# STRONGER POSITION IN THE VALUE CHAIN



Partner brands



GAME DEV

BRAND OWNERSHIP

FINANCING

MARKETING

MANU-FACTURING

DISTRIBUTION

RETAIL

**CONTROL**

3rd project

VANGUARD

Remedy brands





# CURRENT PROJECTS

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**CROSSFIRE**



**CONTROL**

**VANGUARD**

Unannounced  
Third Project

# CROSSFIRE

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- CrossFire is one of the world's most popular first-person shooters (FPS): over **650 million** registered and **8,5 million** simultaneous players in **80 countries**.
- Created and owned by Smilegate, the game generates **over billion dollars** in revenue yearly.
- Operation Frost single player campaign has been completed. **Remedy's first FPS game**.
- Smilegate and Remedy collaboration continues with **a new CrossFire project**.
- Remedy revenues based on development payments from the publisher and potential royalties.
- CrossFire distribution, marketing and communications handled by Smilegate.





# CONTROL

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- Master supernatural abilities in a deep and unpredictable world as you struggle to regain Control in this challenging **3rd-person action-adventure game**.
- Currently in full production mode, to be released by publisher **505 Games** in 2019 for PlayStation 4, Xbox One and PC.
- Game announcement part of Sony's PlayStation media briefing at **E3 2018**. Marketing deal with Sony.
- IGN, GameSpot, Digital Trends, Polygon and many other gaming media listed Control as one of the **most anticipated** games of 2019.
- Remedy revenues based on development payments from the publisher and share of game sales revenue.





# THIRD PROJECT AND VANGUARD

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## Unannounced 3<sup>rd</sup> project

- Based on our strategy of developing longer-lasting games and franchises.
- Currently in concept and design phase, including related team building.

## Vanguard

- Objective to create a long-lasting service-based multiplayer game combined with selected Remedy strengths.
- A small team working on designs and prototyping.

# TALENTED & MOTIVATED PERSONNEL

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200

31.12.2018 (+34 %)

220 12.2.2019

55 %

Finns

45 %

23 nationalities





# SYSTEMATICALLY ATTRACTING THE RIGHT TALENT FOR US

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- 2 723 job applications received during 2018.
- Efficient and well-working recruitment process.
- ...and 40 internal promotions: personnel growth and career progress support our development.



# ENGAGING AND SUPPORTING OUR PEOPLE TO SUCCEED

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- Valued employer with a solid reputation.
- Motivating work with good colleagues and atmosphere.
- Good leadership and ways of working.
- Career paths and personal development opportunities.
- Good reward and work-life balance.



Peakon score

8,3

Peakon benchmarks Remedy to other tech related companies with the size of 151–500 people in Europe and US. Engagement score describes our overall level of commitment and enthusiasm to our work and Remedy on a scale of 0-10. Our score is above benchmark companies.

**2017-2018**

# BUILDING BASIS FOR FUTURE GROWTH



# KEY FIGURES

FAS (HALF-YEAR NUMBERS UNAUDITED)	H2-2018	H2-2017	FY-2018	FY-2017
Revenue, 1 000 €	10 922	8 862	20 149	17 168
Revenue growth, %	23.3 %	1.9 %	17.3 %	4.6 %
EBIT, 1 000 €	997	1 389	609	2 006
% of Revenue	9.1 %	15.7 %	3.0 %	11.7 %
Result for interim period, 1 000 €	880	943	532	1 469
% of Revenue	8.1 %	10.6 %	2.6 %	8.6 %
Headcount in average during interim period	179	145	169	139
Result per share, €	0.073	0.078	0.044	0.122
Balance total, 1 000 €			28 261	26 652
Net cash, 1 000 €			20 089	20 694
Cash position, 1 000 €			23 028	22 589
Gearing, %			-89.9 %	-94.8 %
Equity ratio, %			79.1 %	81.9 %
Number of shares at the end of interim period			12 072 150	12 072 150

Revenue

20.1

+17.3 %

EBIT

0.6

-69.6 %



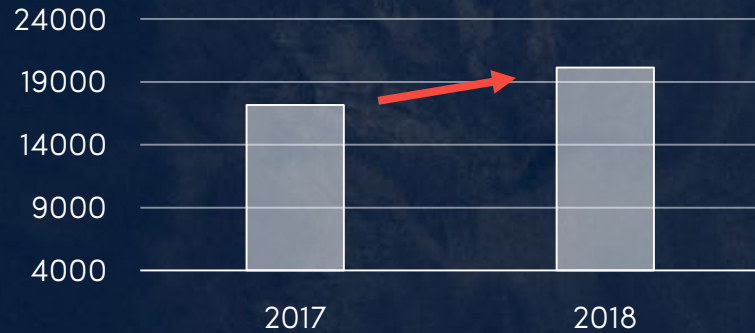
# KEY FIGURES



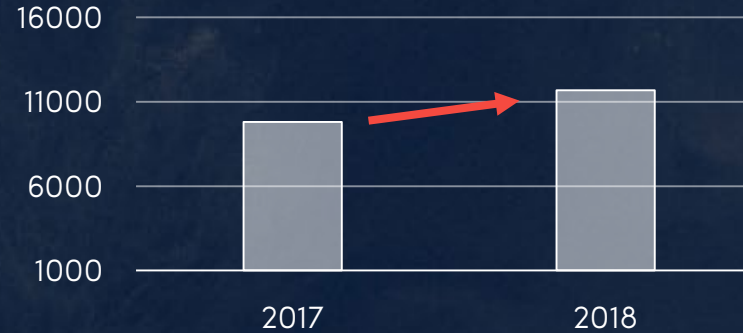
□ Revenue (M€)    ● EBIT %

# EBIT ANALYSIS

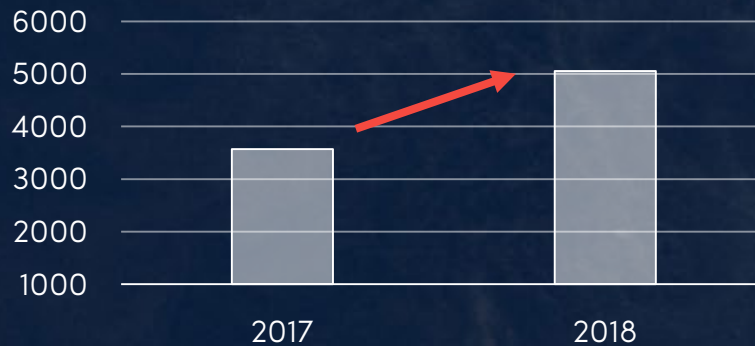
Net sales



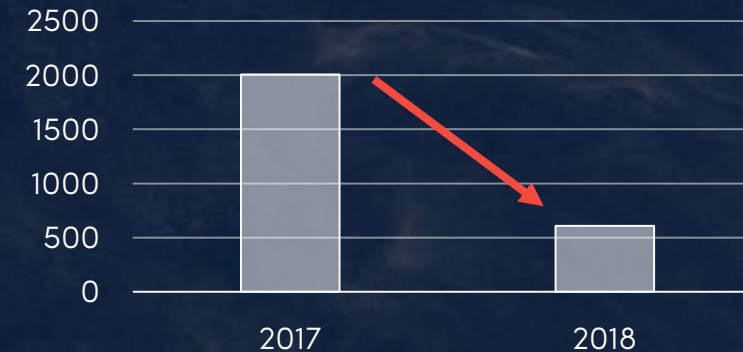
Staff expenses



Other operating costs



EBIT



- Revenue mainly from two simultaneous game projects.
- No new game launches during 2018.
- Staff expenses impacted by increasing headcount.
- Company does not capitalize product development costs which represent significant share of total expenses.

# 2018 SUMMARY AND OUTLOOK FOR 2019

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- We have carried out our transformation and investments successfully, while staying profitable.
- Game projects have proceeded as planned.
- Operation Frost, our first CrossFire project was completed. Collaboration with Smilegate continues with a new CrossFire project.
- Control was revealed at E3 2018 and was well received. Game will be released for PlayStation 4, Xbox One & PC in 2019.
- Small teams working on the unannounced third game project and Vanguard.
- From 2019 onwards, we aim to launch at least one game or game expansion every year.
- We expect revenue and EBIT growth in 2019.
- Majority of revenue and profitability growth is estimated to materialize during H2.