



Esports and gaming

Opportunities and MTG vertical strategy

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**In games, our fantasy
comes true**



A silhouette of a cowboy wearing a hat, riding a horse. The scene is set against a bright, low sun, creating a strong backlight effect. The sky is a warm, hazy orange, and the foreground shows dark, silhouetted grass. Several small birds are visible in flight against the sky.

**We can become the hero we
always wanted to be**

A person is shown from the side, wearing a large, black gaming headset with a glowing blue logo. They are sitting at a desk, looking at a computer monitor. The monitor displays a first-person shooter game with a blue and black interface. In the background, there are other gaming monitors and posters, including one for 'LEAGUE OF LEGENDS'. The scene is dimly lit, typical of a gaming convention.

**Technology enables us to
play anytime/ anywhere with
our friends and overcome
physical boundaries**

We can truly evolve from zero to hero





HOME

BROWSE



...and broadcast it to the **world!**

Live Followed Channels



more cs stuff - [Follow ...
summit1g
Counter-Strike: Global Offensive



Hearthstone ALL DAY! Slightly ...
Day9tv
Hearthstone



jparaEW ~ 35th Emote Live! ...
JasonParadise
Guitar Hero III: Legends of Rock



h
j
P

Followed Games



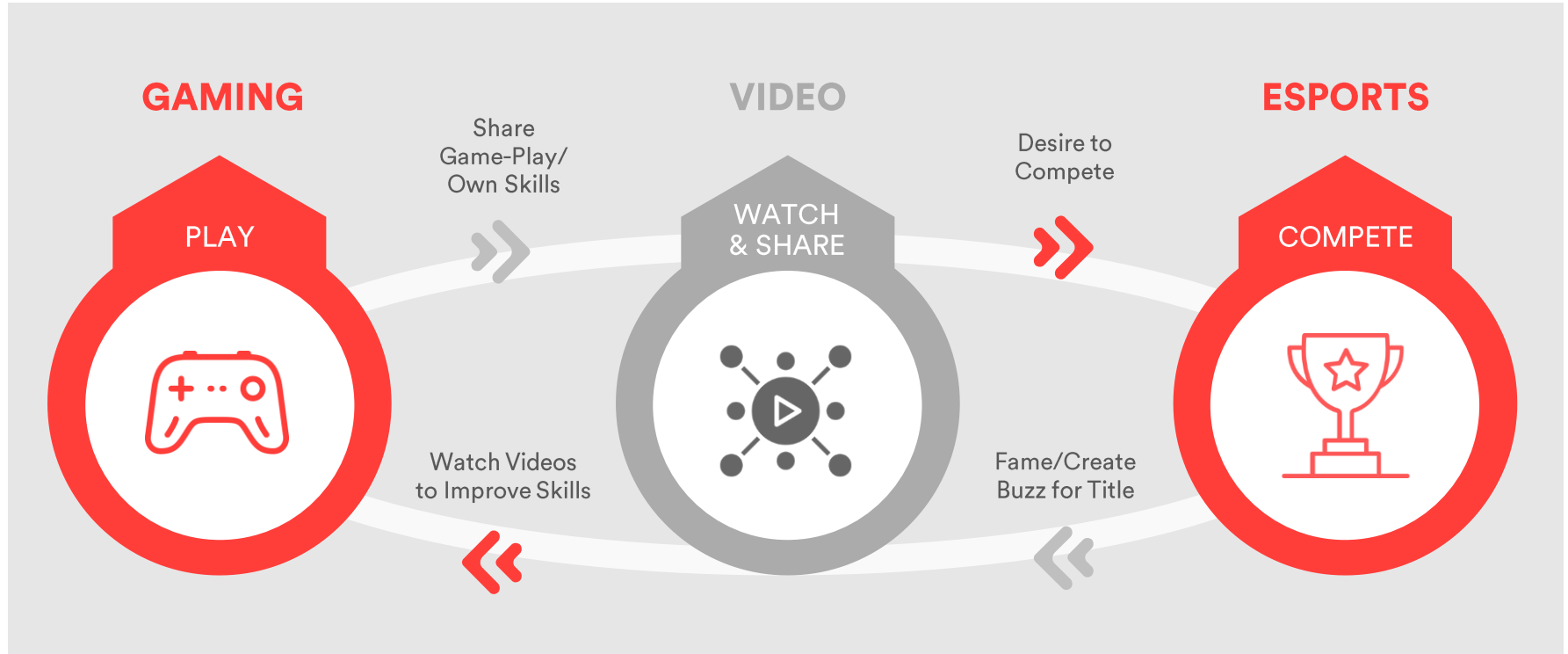


The marriage between
technology & storytelling
creates **gaming entertainment**
for a digital society

Gaming is not niche anymore, it is massive



MTG covers and capitalises on key areas of the gaming customer journey



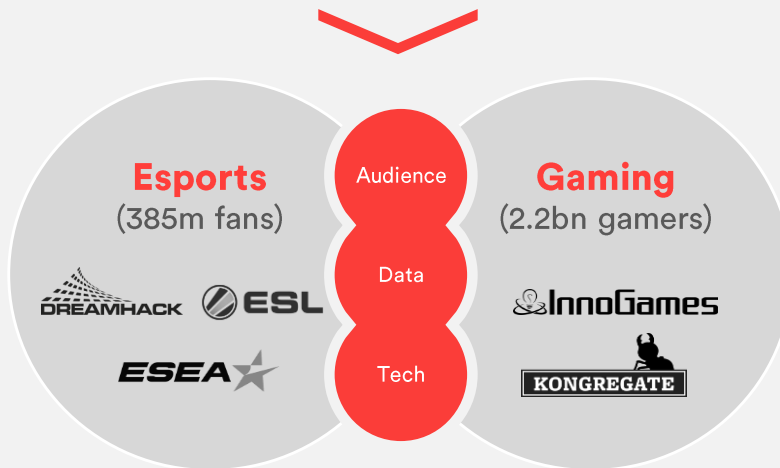
Focusing on two synergetic verticals

The combination is larger than sum of the parts

Massive global overlapping audience reach creating powerful network effects

Leveraging the two verticals to spot new trends/games etc.

Own key parts of the games entertainment customer journey



Cross promotion and marketing muscles

Data driven business that supports monetization

Increased usage and longevity of products

Strong central services to nurture and realize synergies

Knowing what it takes to build a leading games entertainment company

Capabilities needed in Esports & Gaming



Strategy



Capital & funding



Operations & scaling



Governance & management



UA and marketing



Sales and partnerships



Publishing



Game & IP development



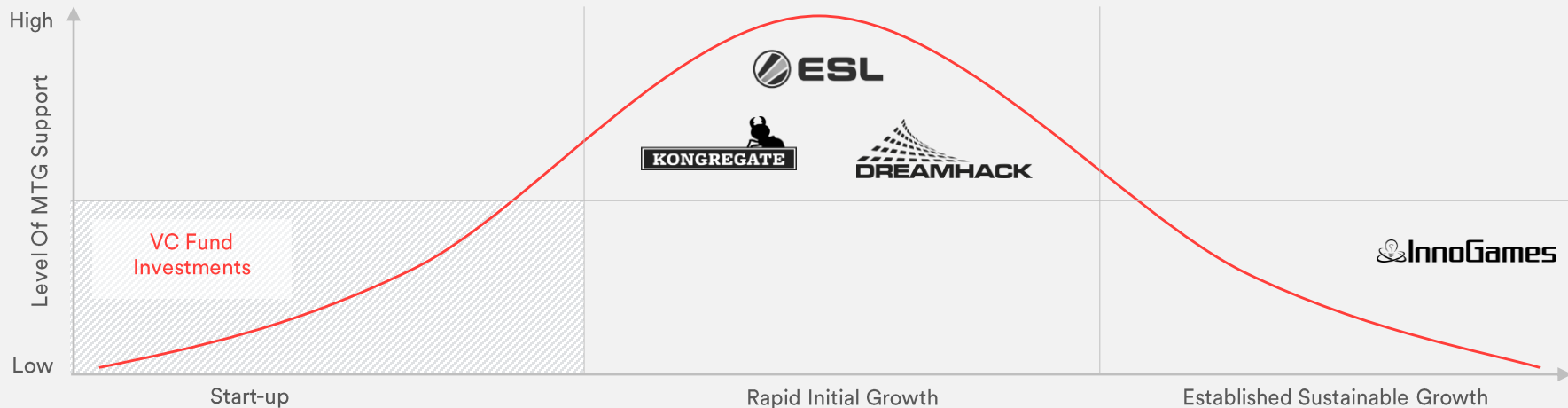
Audience network

To build the preferred Home for
Entrepreneurs

The #1 Preferred Home

for entrepreneurial companies to
leverage value adding capabilities
to accelerate development

Agile resource allocation to support & capture growth opportunities



Monitoring	Steering - board + hands-on operations	Steering - board
Provide expertise and access to MTG network Capital investment Limited operational involvement	Establish strategy, processes, functions, Develop incentive model and governance Develop management teams	Framework for reporting, finance, etc. Network access, leadership development

Five key market trends in the gaming sector with major impact on the esports industry



01. Indies leading the way



02. Desire to compete and interact



03. Growth driven by mobile games



04. Esports turned mainstream

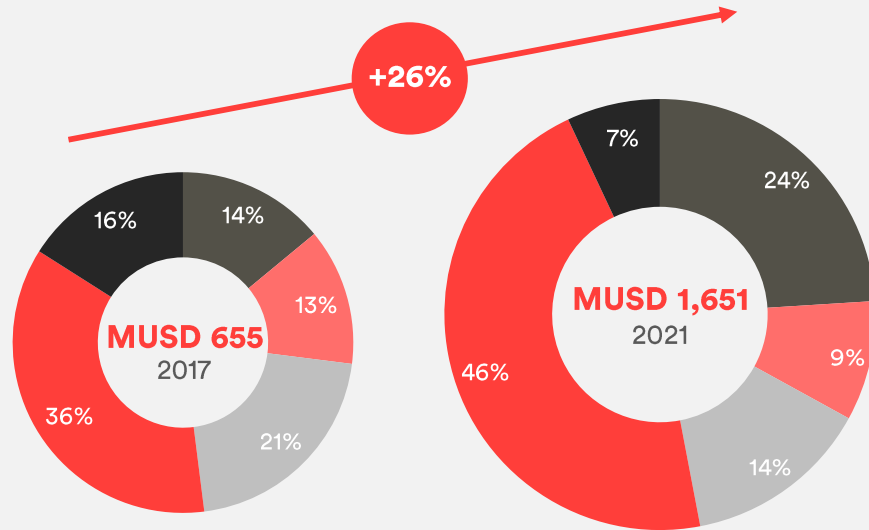


05. New mega hit games emerging



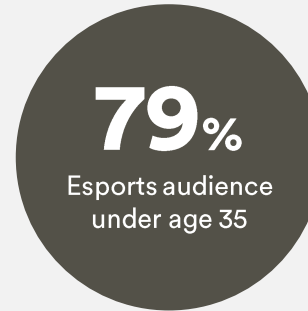
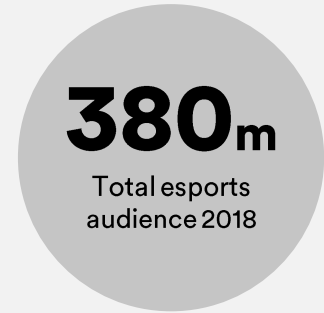
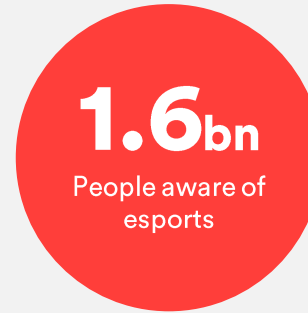
The rapidly growing esports industry

Global esports market 2017 – 2021
(USDm, CAGR)



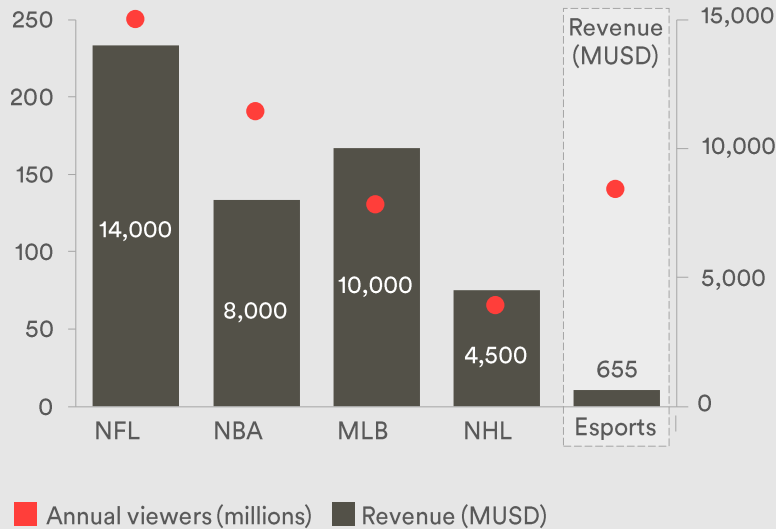
■ Media rights ■ Advertising ■ Game publisher fees

■ Merchandise & tickets ■ Sponsorships

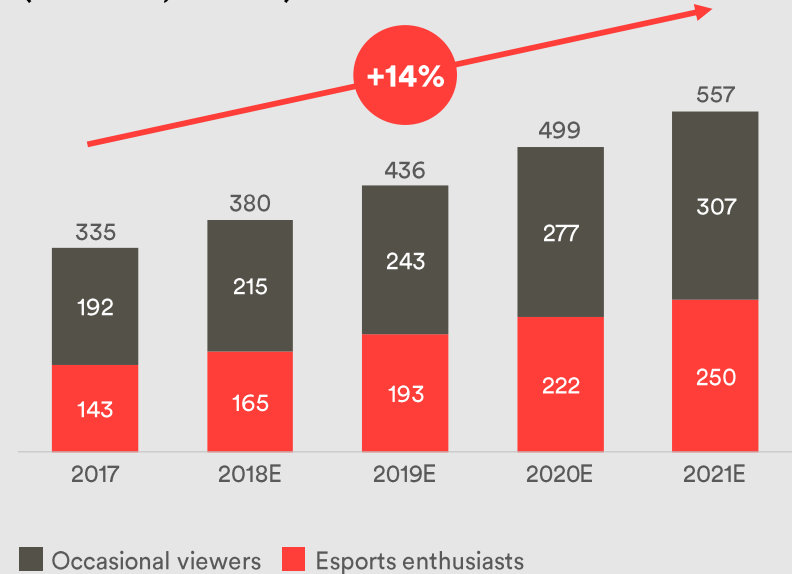


Undermonetised industry with strong upside

Esports enthusiasts and revenue 2017
(million, USDm)



Global esports viewers 2017 – 2021
(millions, CAGR)



Operating the largest esports brands in the world

Shaping the future of the industry



- 100% owned
- World's largest grass-roots LAN parties & digital festivals as well as esports events organiser
- Focus on interaction and gaming
- Building high engagement levels



- 82% owned
- The world's leading esports company and the category brand leader
- League operator, stadium events organiser, content producer and B2C product developer

Highlights of esports vertical 2018

**NEW
PUBLISHER
DEALS**



**1ST
MOBILE
EVENT
SERIES**



**NEW
LEAGUES**



**ASIA
EXPANSION**



**O&O
GROWTH OF
+41% YOY
ON BACK OF
SPONSOR &
MEDIA SALES**

Centrally positioned in the esports ecosystem



Products across all tiers of professionalism, supporting a true zero-to-hero story

Masters

Mass audience



Challenger

Enthusiasts



Open

Friends & family

ESL OPEN

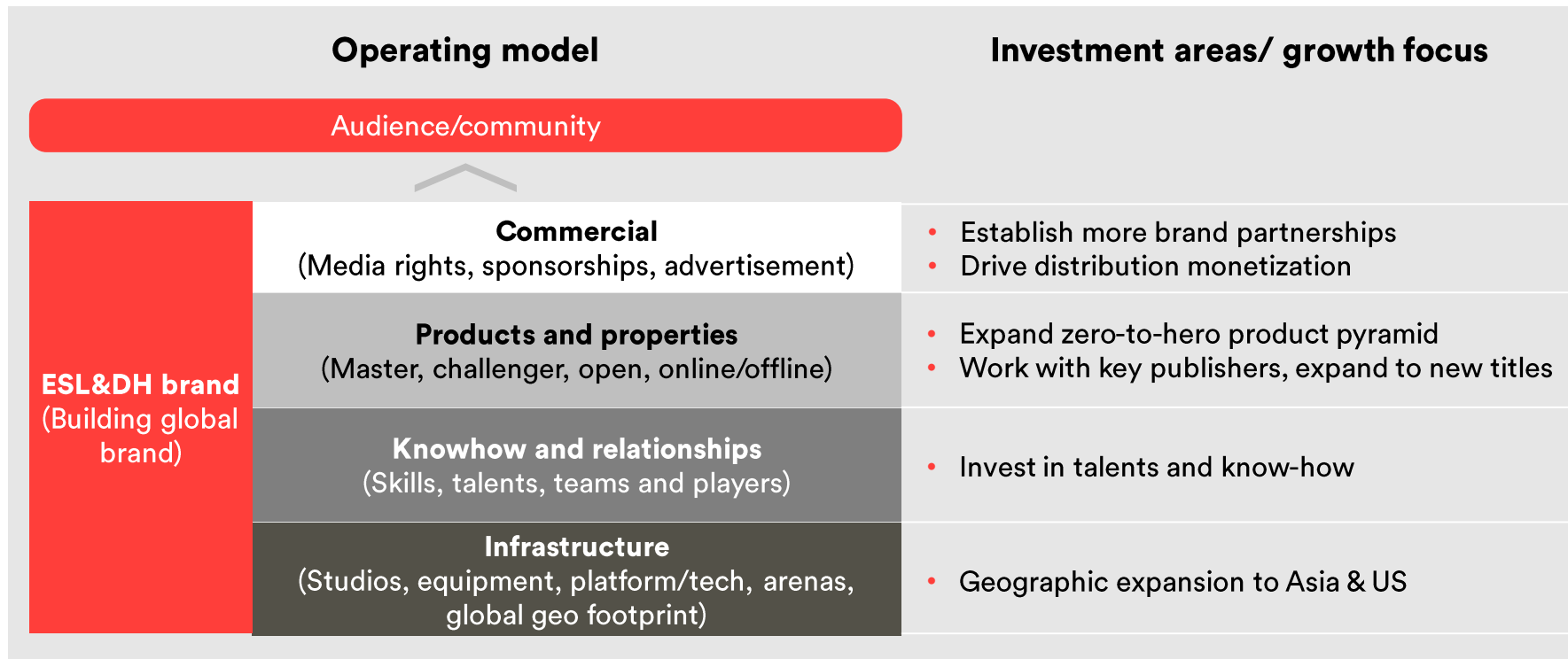
ESEA

DREAMHACK

Own and operating across:

- All platforms – from Console to Mobile
- All games – 40 + titles
- All levels – Competitions ranging from “Sunday League” to Intel Extreme Masters
- All geographies – Amateur and professional tournaments in EU, NA, SA, Africa, Asia and Australia

Unique esports value proposition to communities, publishers and partners



Esports 5 key takeaways

01

Strong foundation and position in ecosystem

02

Key focus is on O&O, operational excellence and expanding B2C

03

Geo expansion (added focus on Asia, grow US presence)

04

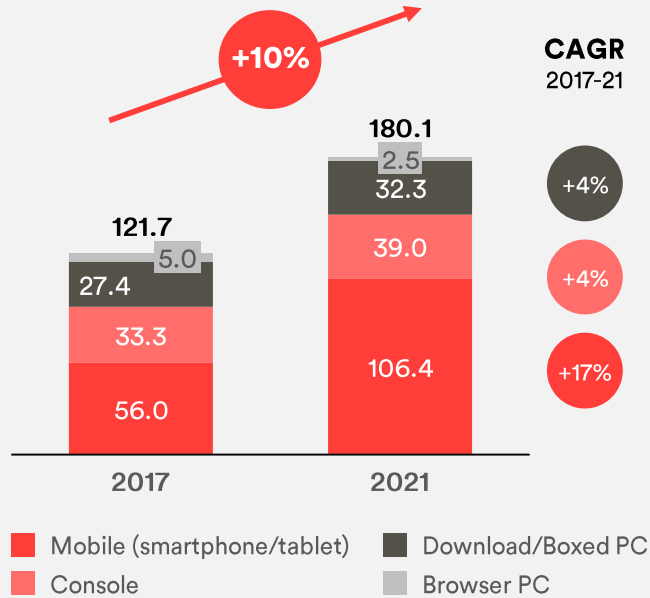
Grow number of games and publishers

05

Continued focus on bringing onboard non-endemics

Huge global market opportunity in online gaming

Global gaming market 2017 – 2021 (USDb, CAGR)



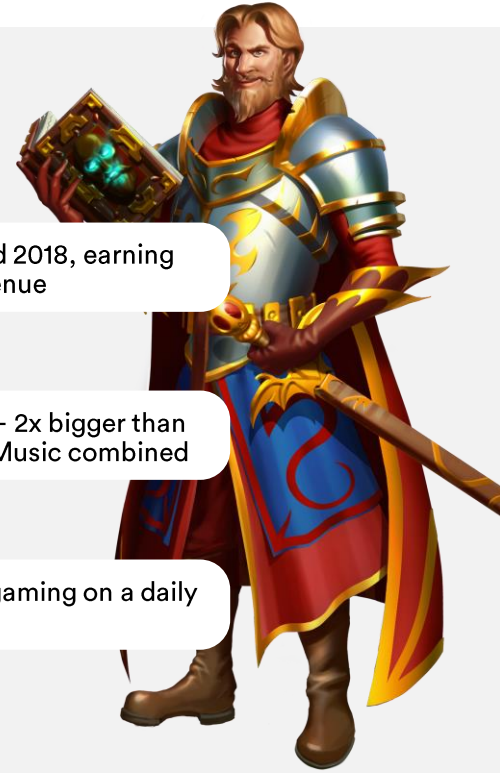
Free-to-play titles dominated 2018, earning more >80% of all games revenue



Gaming industry is massive – 2x bigger than Hollywood (Box office) and Music combined



On average, 1 hour is spent gaming on a daily basis



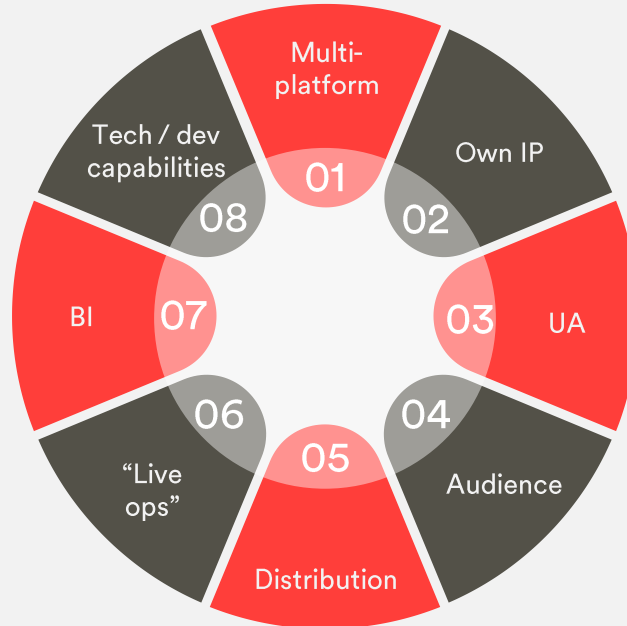
On track to build the next gen games publishing hub

Our ambition

“

Our ambition is to build a Next Gen Publishing Hub in gaming by assembling the world's best independent developers & entrepreneurs

Capabilities required



Portfolio setup is key

“

Build a well-balanced portfolio by maximize upside and diversify away downside risks with a fully optimized portfolio

Strong foundation with two corner stone assets

MTG Gaming Vertical



Game developer // 51% owned

- Cross-platform games developer for mid-core strategy and simulation games
- Combines healthy top-line growth with high & stable profitability margins
- Upcoming commercial launch of Warlords of Aeternum and God Kings in 2019
- 7 successful games with more to come



Publisher // 100% owned

- Mobile & PC game publisher and web gaming portal
- Provides MTG with valuable network access and abilities to screen the game developer landscape
- Expanding into 1st-party game development through expansive and opportunistic bolt-on acquisitions
- Cross-platform publishing with large audience network

Highlights of gaming vertical 2018

 InnoGames

**12th
year**

Consecutive
growth

**Built
new
own IP**



**Identified
& engaged
with
promising
M&A
targets**

**Completed
15 VC
deals**
since inception



450m+
Lifetime
registrations
across all
platforms

Creating a diversified, profitable portfolio

MTG Portfolio Approach



Rising stars
“Promising IPs & teams”
(VC)



Mega hit potentials
(M&A, VC)



Capabilities access
“Success enablers”
(M&A, VC)



Profitable core
“High-margin businesses”
(M&A)

“

For **MTG**, esports and gaming is not a hit-driven business

“

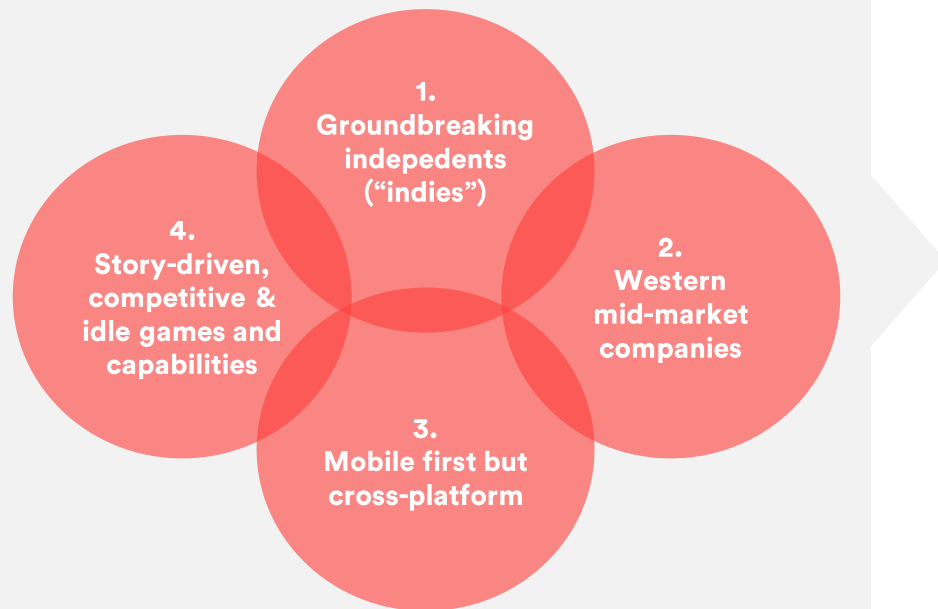
“Focus to operate and develop an **optimized portfolio** with a **strong profit-driving core**, adding capabilities to accelerate and increase chances of **developing mega hit companies**”

“

“Well balanced capital allocation policy to drive revenues and profitability”

Our sweet spot is strong IP – story driven, competitive & idle games and capability assets

Core focus going forward

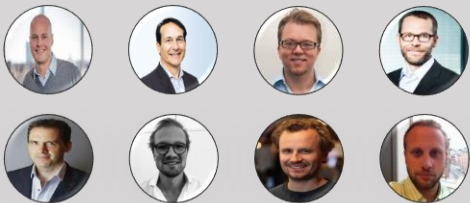


..has strong strategic fit with MTG

- We are investing where we can leverage our existing assets/footprint to maximize reward and minimize risk
 - Western Independent companies (Kongregate)
 - Story-driven games (MTG)
 - Competitive games (ESL, Dreamhack)
- We will always have a mobile first approach but strong titles are strong on all platforms

Senior team of execs from gaming, media & investment industry operating with a global footprint

Senior well-connected team



THE CARLYLE GROUP

IEQT

SEGA



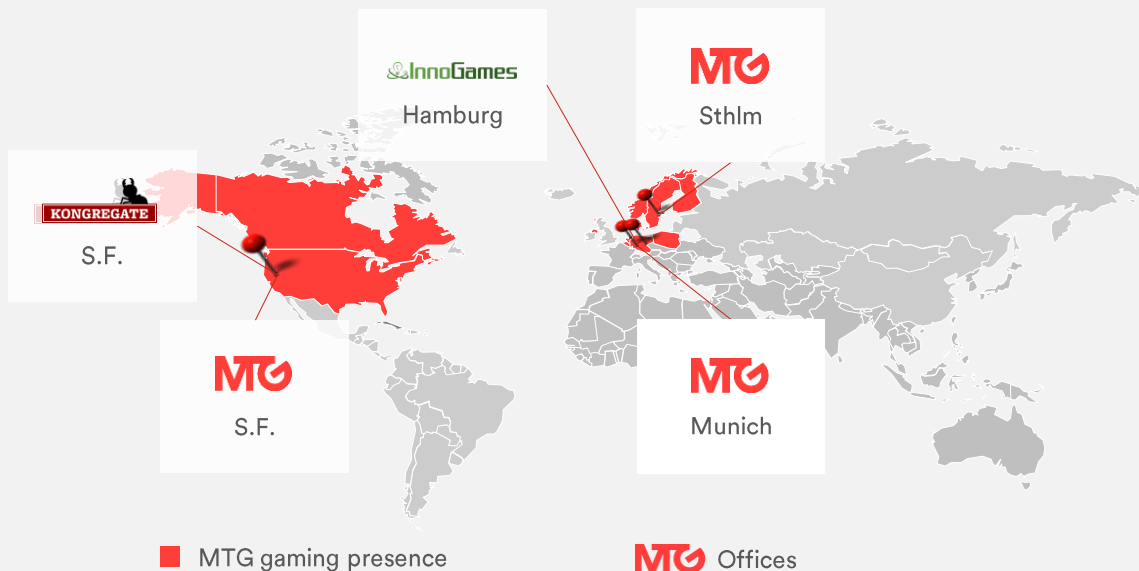
McKinsey&Company



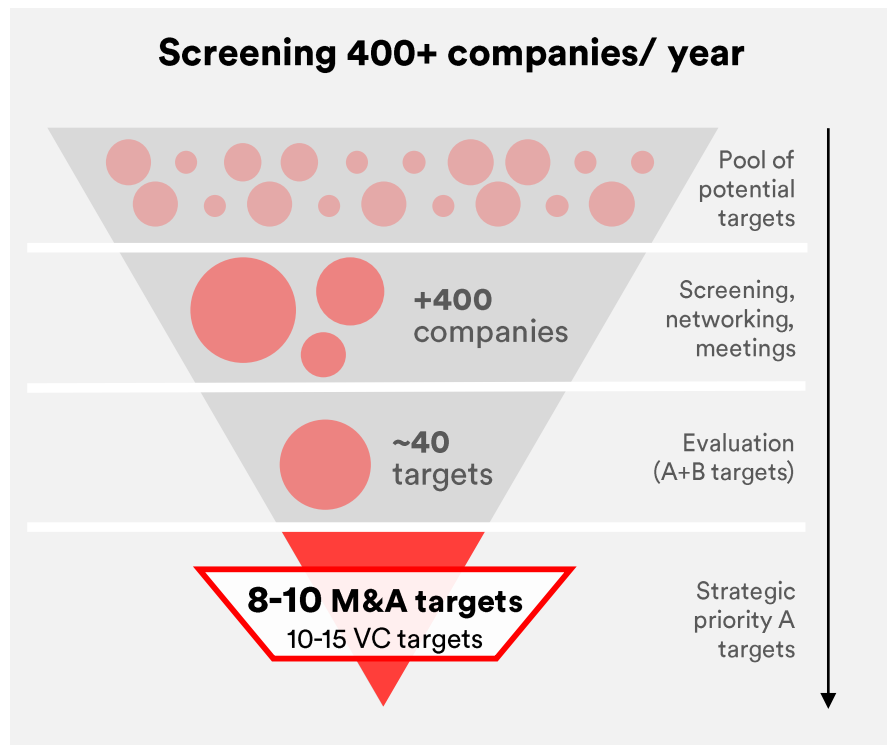
SevenVentures

Entrepreneurs and executives with 100+ years of buying and building companies – powerful global gaming network and diverse set of expertise/competencies

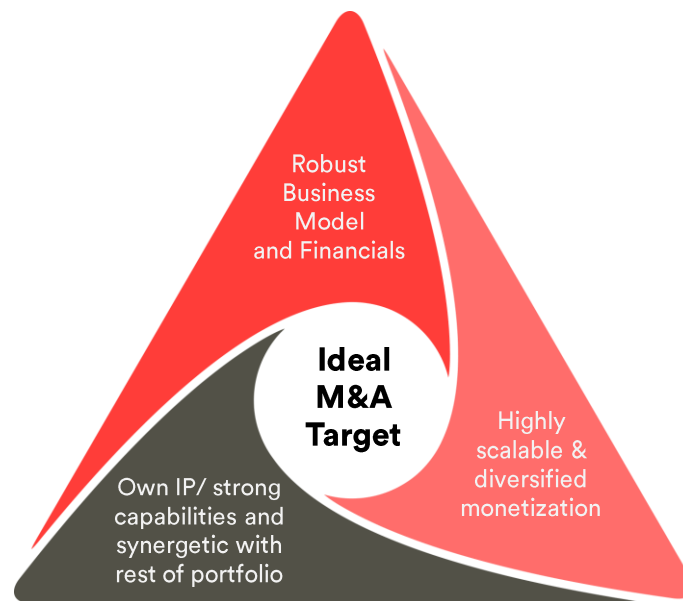
With global presence and operations in key areas



Solid M&A pipeline built on clear investment criteria



Evaluated with a consistent investment approach



Providing selected entrepreneurs an advantageous framework for success



The endgame is to create a family of strong IP with top-tier central services



Creating a family of strong companies with natural support & community nurtured between them via best in class capabilities

- **Revenue synergies, eg:**
 - Leverage audience
 - Reach new target group
 - Cross-sell titles
- **Cost synergies, eg:**
 - Publishing / Marketing (Live-ops, BI & analytics)
 - Tech / development
 - Increased UA efficiency
- **Bundle and leverage know-how and talents**
- **Extend lifetime and monetization of titles**

Gaming 5 key takeaways

01

Strong foundation with Innogames and Kongregate

02

Successfully launched new mobile games

03

Drive mid-market consolidation of indie gaming companies

04

The Home for Entrepreneurs and gaming companies

05

Building a well-balanced portfolio with strong IP, high growth and sound profits