



**Redefining entertainment for Millennials**

# **5 truths about Millennials**

# 1.

**Digital influencers  
gather  
millions  
of followers  
with new  
video formats**



Photo: J. Emilio Flores/NY Times/TT



# 2.

## Millennial stars are from the digital universe

Source: Variety 2015





REC  
3.



# Advertisers connect with Millennials through branded entertainment

Emil Beer (I Just Want To Be Cool) is a signed talent with Splay Networks

A person with dark hair, wearing black-rimmed glasses and a black headset with a microphone, is shown in profile from the chest up. They are looking at a computer monitor. The monitor displays a colorful, abstract game interface with various shapes and patterns. The background is dark and out of focus.

# 4.

## Gaming defines mainstream pop culture

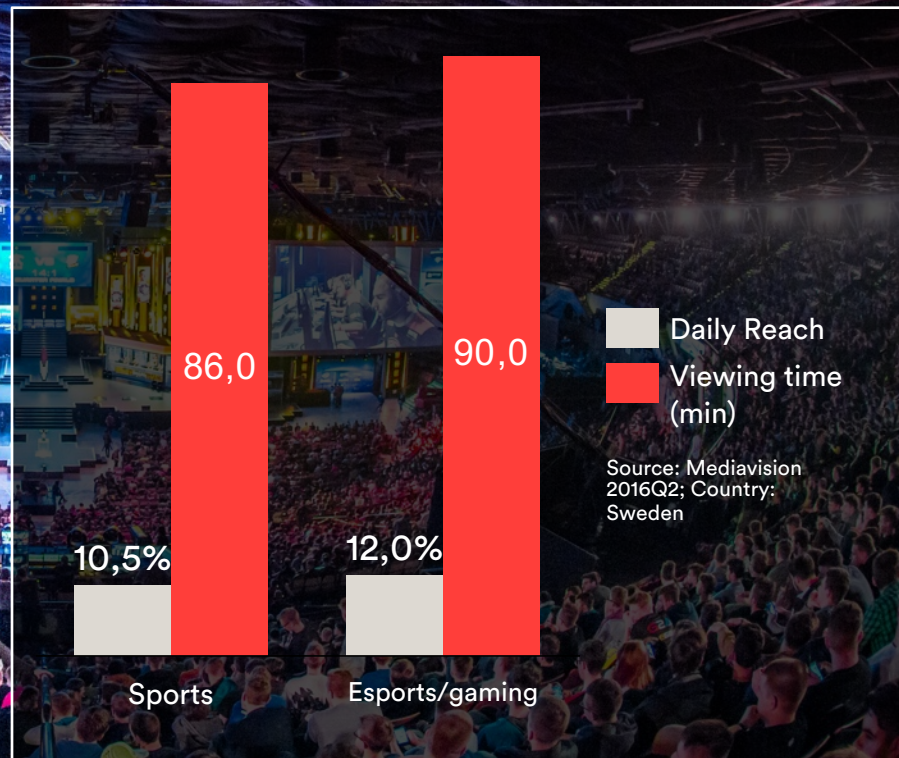
107 Minutes per day playing video games,  
compared to 139min watching live TV

Source: SuperData; Newzoo; Crowdtap; Ipsos Media CT; OC&C analysis



# 5. Esports is the new sport

OTT: daily reach & estimated viewing time  
(2016Q2, min, %)





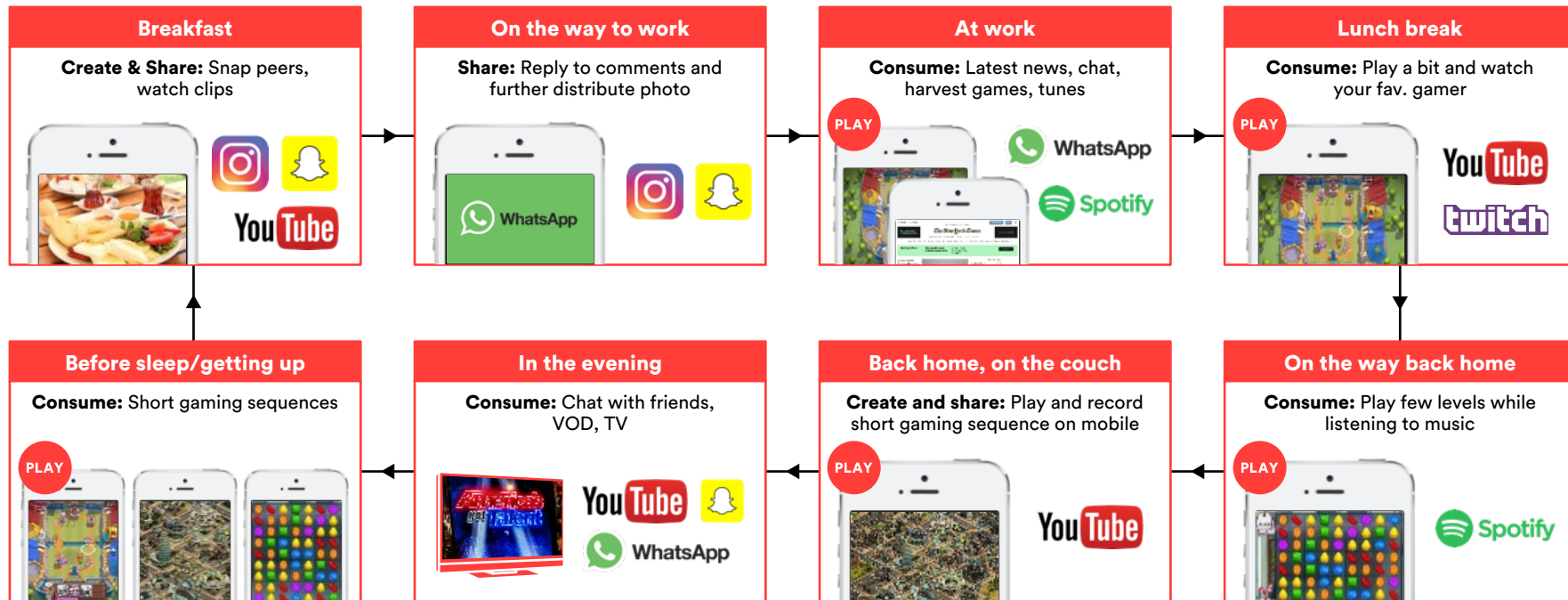
# So, what are Millennials like?





**There is no  
OFFLINE**

# Millennials consume, create and share content all day long – mobile & games a big part of their lives

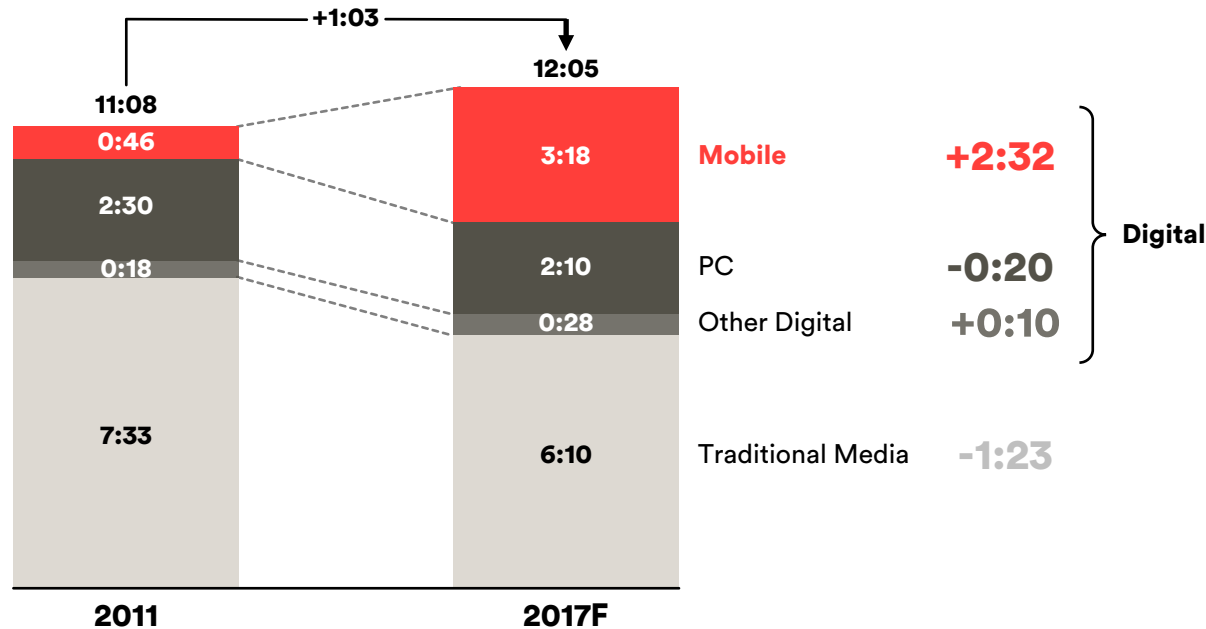




# Gaming is one of the main entertainment products on mobile devices

Daily Time Spent, Adults, US, 2011-2017F (hrs:mins)

Delta 2011-17F



**30%**  
or >1 hour of  
mobile usage  
per day is  
gaming

Source: eMarketer; Flurry; OC&C analysis

A person with short dark hair is shown in profile, wearing a large, white and black gaming headset with a microphone. They are sitting at a desk, looking at a large monitor displaying a colorful, cartoonish game environment with trees, a castle, and various characters. The person's hands are on a black keyboard and a mouse. The scene is lit with a strong red glow, likely from the headset or ambient lighting. The text "We want to become the Leading Entertainer for the Digital Generation" is overlaid in white, bold, sans-serif font in the center of the image.

We want to become the  
**Leading Entertainer**  
for the  
**Digital Generation**

# Our Digital Entertainment Strategy is based on three Verticals



## Esports



## Digital Video Networks



## Gaming





# Our 3 verticals cover the whole customer journey in gaming entertainment



## Esports

Watch – Interact – Compete

- Discover new games
- Start interacting with other players
- Join leagues and participate in tournaments
- Follow favourite players/teams

## MPN

Watch – Create – Share

- Discover new products (e.g. games) and features
- Watching tutorials/recaps/live matches of leading teams and players
- Recording own videos and share via various distribution channels (gaming specific or general)

## Gaming

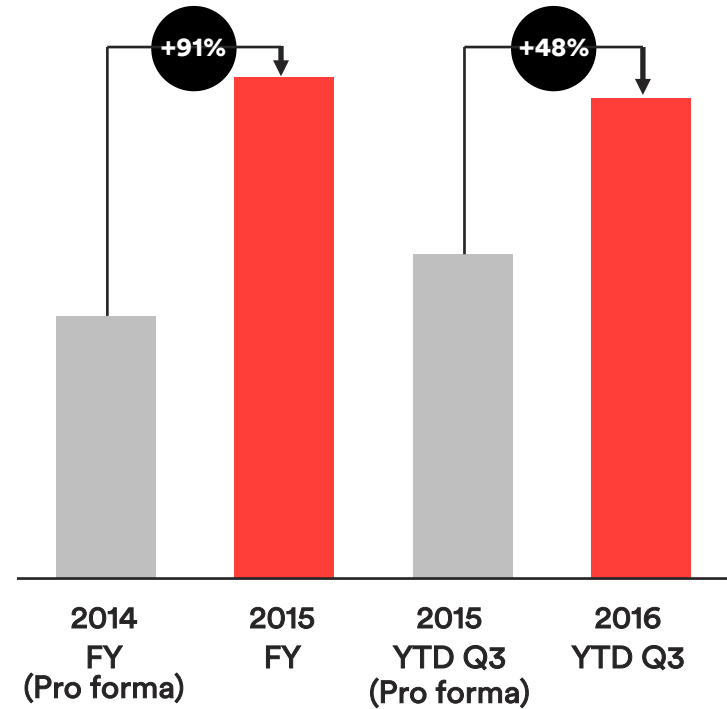
Play – Pay – Create

- Download games and start playing
- Improve gameplay skills
- Eventually start making transactions

Driving overall value creation through owning key parts (IP) of the value chain

**Revenue  
growth  
over time**

## Total MTGx Revenue Growth

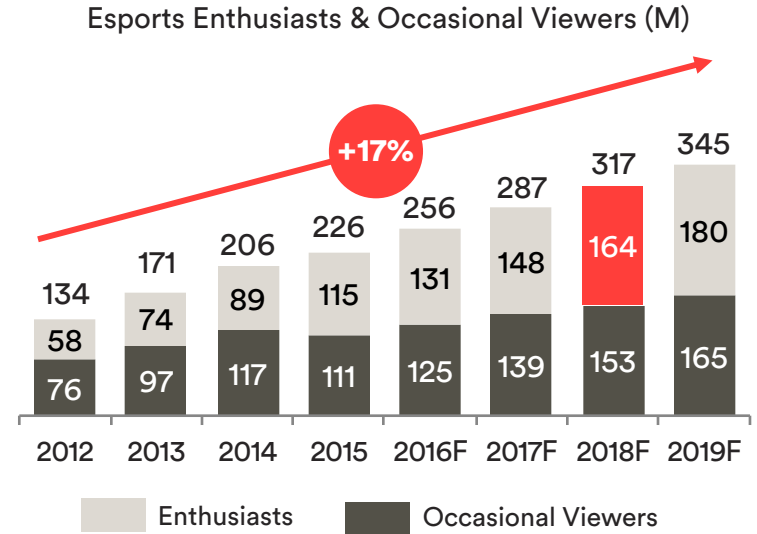
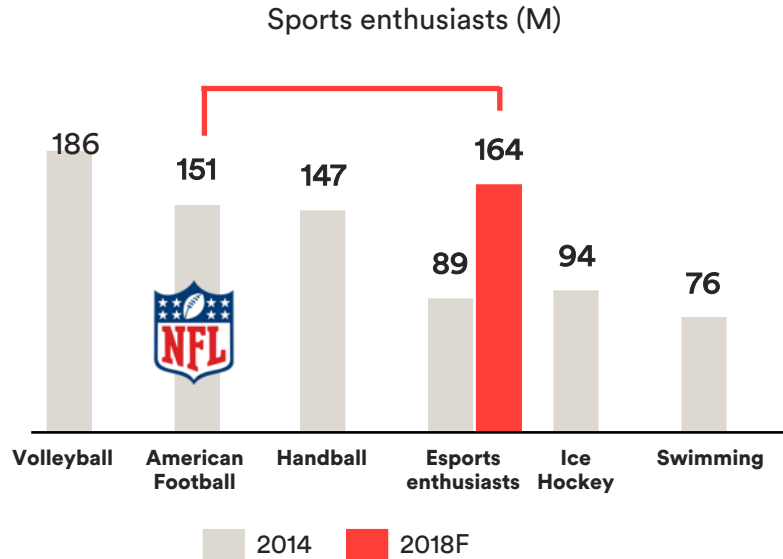




# esports

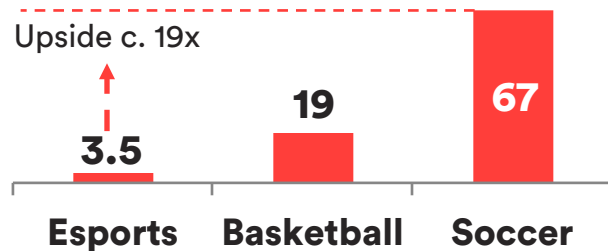


# Esports is rivalling traditional sports on viewership



Source: 2015 Repucom Newzoo 2015/16

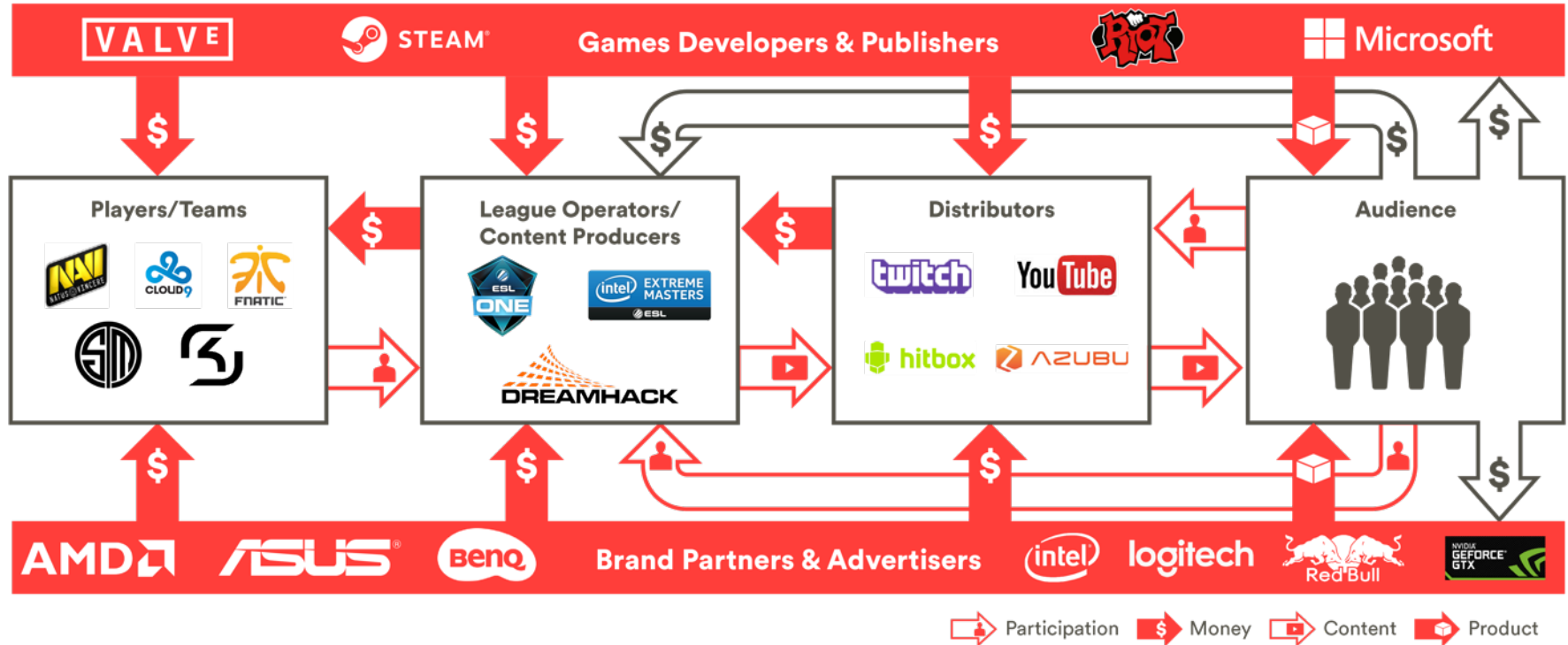
### Average annual revenue per sports fan (USD)



**There is tremendous  
growth potential in  
esports monetization**

Source: Newzoo 2016

# League operator is a key position in the evolving esports ecosystem



# There are 2 main esports categories and MTG is leading both of them

## Esports Leagues & Events

Sold-out stadiums of professional competitive gaming  
2-4 days (usually week-ends)  
10-12 hours of matches/day



**The number 1  
league/event operator**

## Digital Festivals

Community driven  
Bring your own computer to the event  
Watch live esports, digital music, party etc.



**The number 1 digital festival  
and highly engaged esports community**





# ESL defines and shapes the Esports landscape

## Leagues & Tournaments

ESL hosts the biggest events all around the world



## Teams & Players relationship

ESL has long-lasting relationships with the teams and players



## Associations (WESA)

ESL together with the top CS:GO teams founded WESA to unite teams with the tournaments and leagues



## Sponsors & Partnerships

ESL has partnership relations >10 years



## Game Publishers

ESL has a proven track record with the leading game publishers

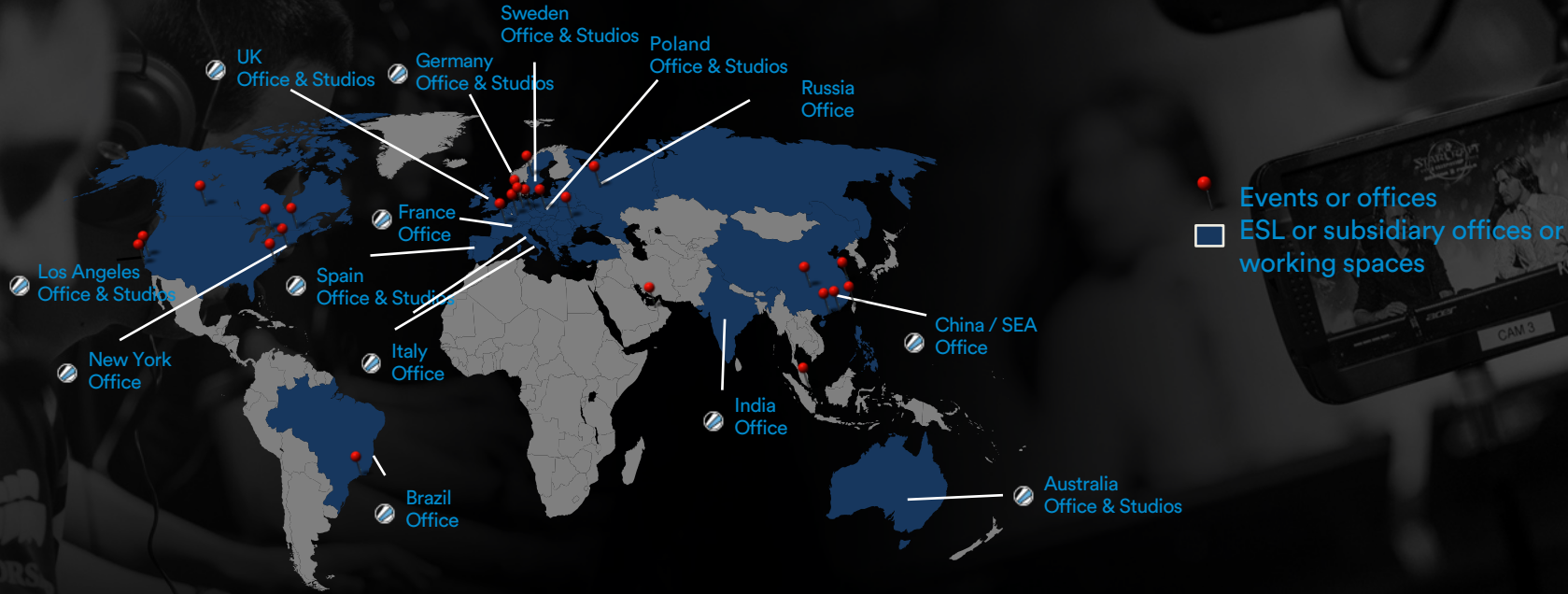


## Distribution

ESL owns the distribution rights and production to the events



# ESL has built a global footprint through talent acquisitions



# ESL is the biggest esports content provider with exploding growth figures

## September YTD KPIs



**331% Growth YoY**  
**Sessions**



**272% Growth YoY**  
**Uniques**



**129% Growth YoY**  
**Minutes watched**



# ESL's events fill the biggest arenas

## ESL ONE COLOGNE 2016

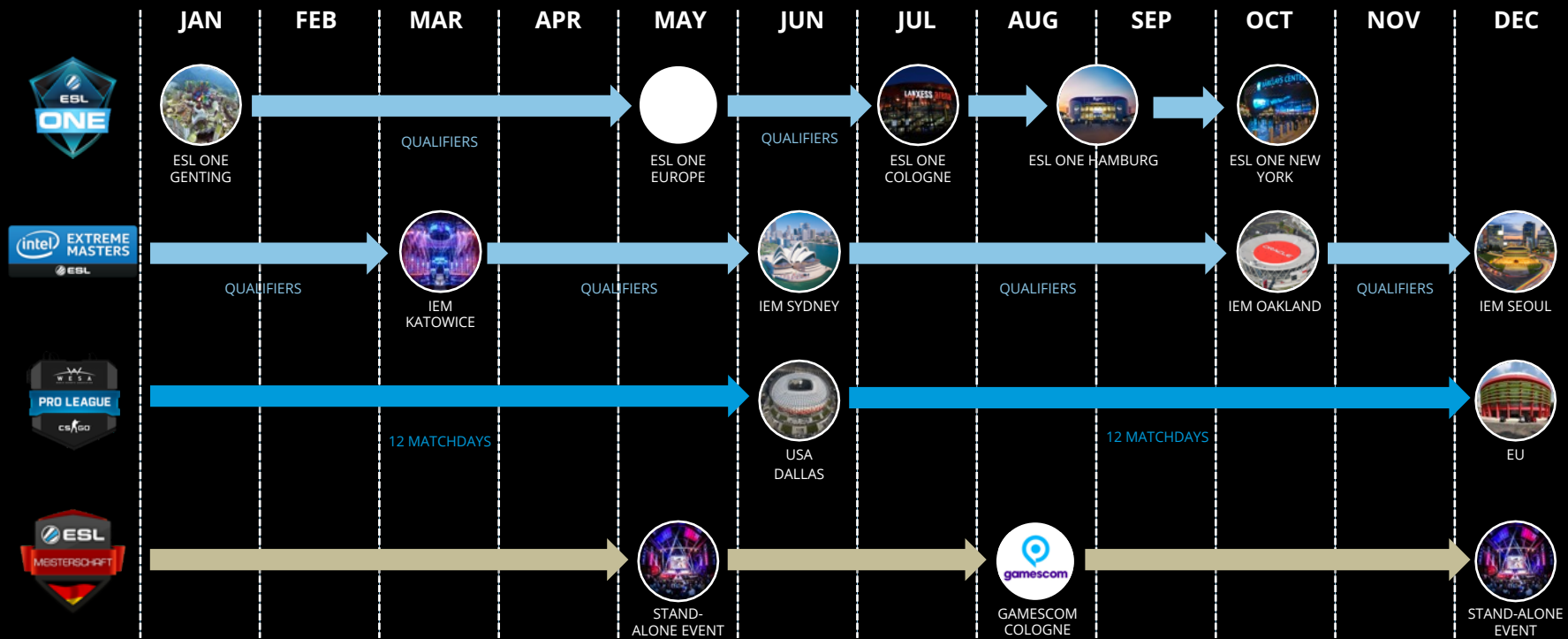
- 3 Days - CS:GO Event
- World's best esports teams
- 1,000,000 Peak Concurrent Viewers
- 14,000 event visitors per day
- > 25 Millions are watching live online
- \$1,000,000 in prize money



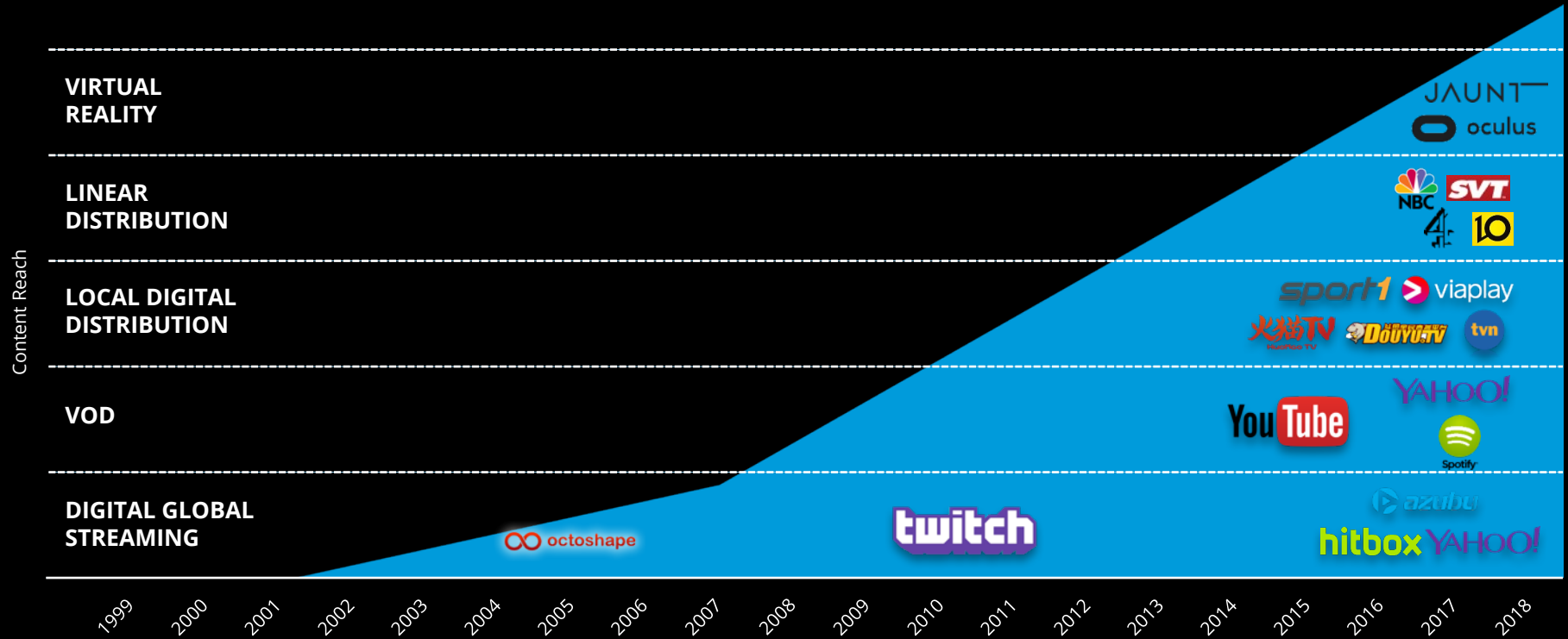
# ESL runs a portfolio of league brands for every competition level worldwide



# EVENT SCHEDULE 2017: esports action throughout the year



# New distribution platforms are driving the growth and monetization of esports





# ESL founded WESA together with globally leading teams to professionalize esports

Create an authentic framework to support growth and set industry standards:

- Fairness
- Transparency
- Integrity
- Sharing



Predictable schedules for fans, players, organizers and broadcasters, and involve all stakeholders for the first time

# With ESEA ESL runs the leading competitive B2C Counter-Strike community



Industry leading B2C subscription service  
with proprietary platform

62%

Paid Subscribers Base  
Growth YoY Q3

# ESPORTS ON THE RISE

"For the first time in generations we're witnessing the birth of a new sport..."

"...Gaming is what every traditional sports league is desperate to become: young, global, digital and increasingly diverse."








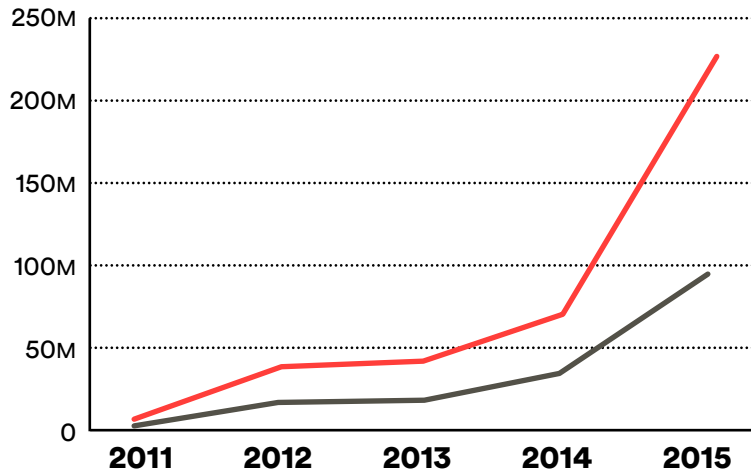
# DREAMHACK





**DreamHack was founded in 1994 as a modest LAN party. It has grown to become the leading digital festival brand.**

# DreamHack - world's #1 digital festival



● views  
● hours watched



# DreamHack runs a broad esports portfolio

## Events

### Festivals



### International Events



## Esports

### Pro - International



### Pro/AM - Open



### Amateur – National & Local



## Broadcasting

### Studio



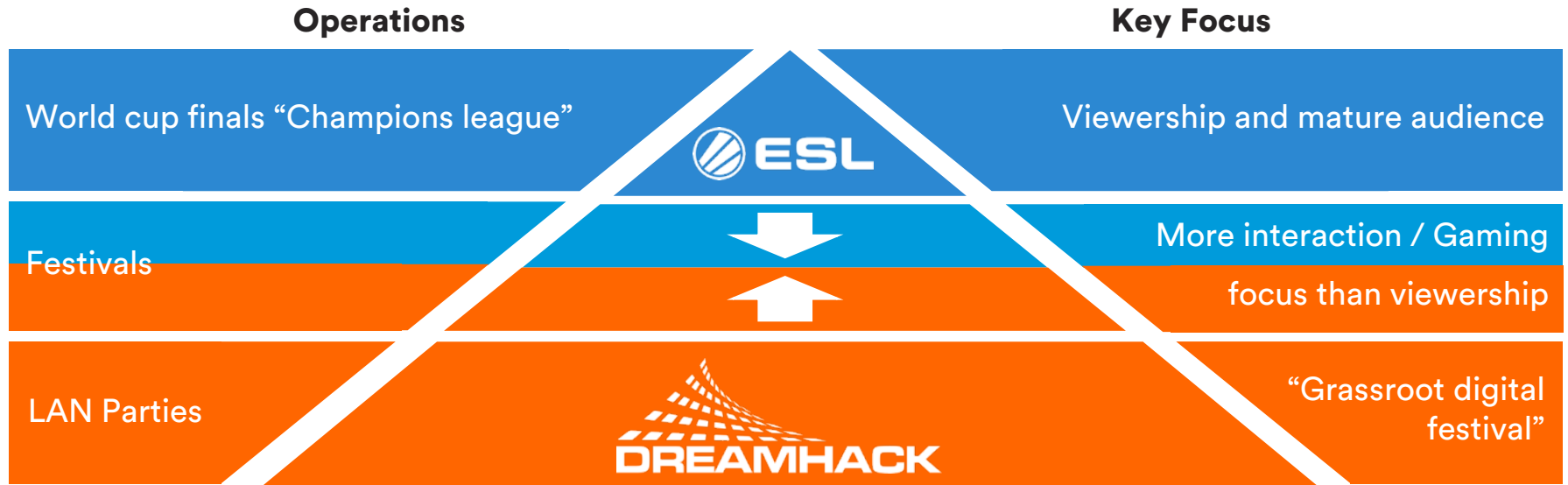
### Production

## Online

### DreamHack

- Ticket platform
- Digital event experience
- Ad platform
- DH One Account

# ESL and DreamHack combined cover the full esports spectrum





# Key achievements in 2016:

## Launch of the first esports association

### Leagues and Event expansion

- 1 DreamHack Geo-rollout into the U.S, First ESL Event in Southeast Asia (ESL Manila), League expansion into LATAM (Brazil), new Halo championship series

### International Expansion

- 2 Driven by M&A investments in Australia and UK we grew our geographical footprint in key markets

### esportsTV

- 3 Launch of first 24/7 esports TV channel

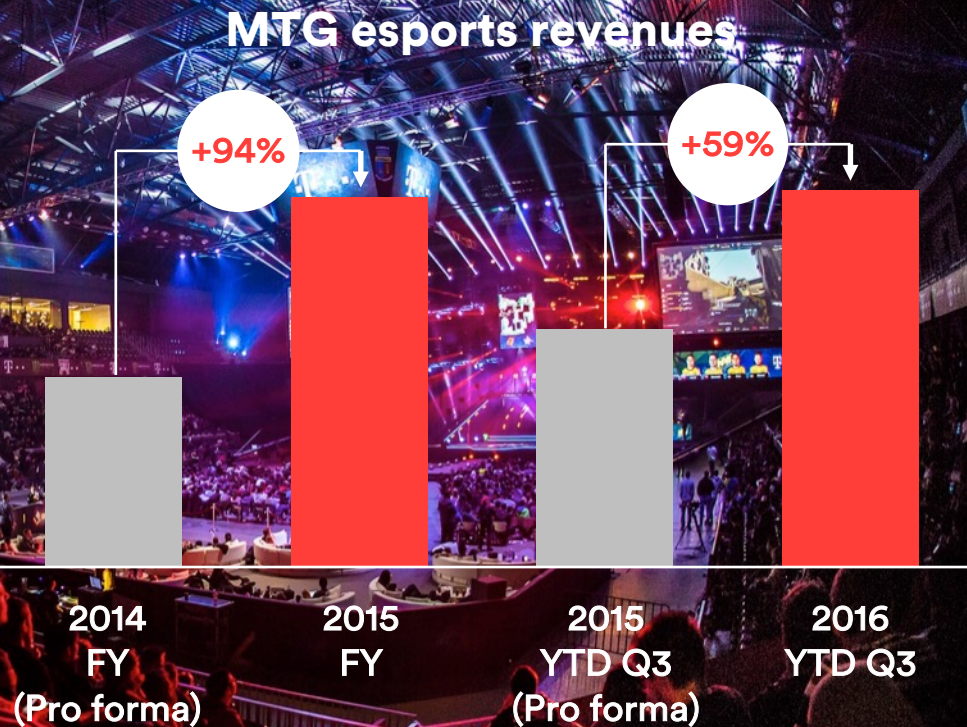
### Definition of Sports environment

- 4 Launch of World Esports Association (WESA)

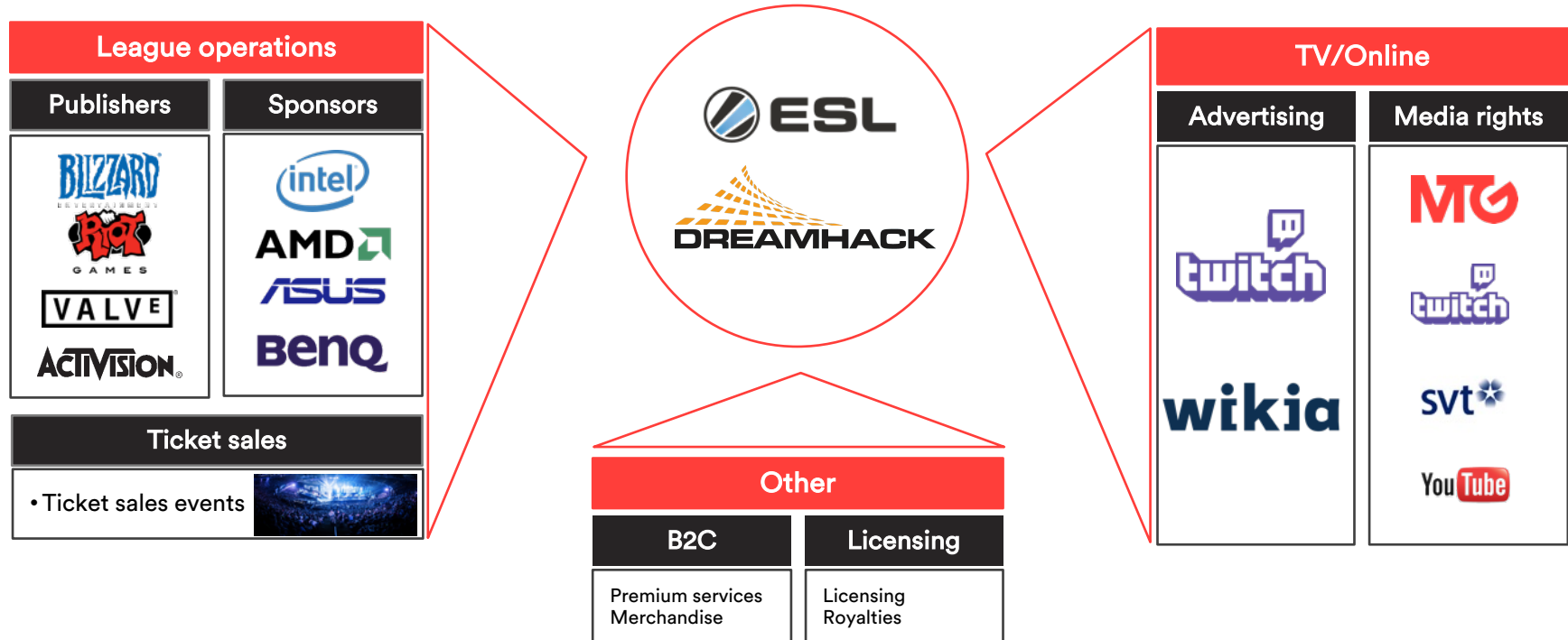
### Strategic Partnerships

- 5 Commercial partnership with AEG group, one of the biggest venue holders in the world

**We are  
investing  
in fast growth  
for our  
esports  
assets**



# Esports revenues derive from three main sources



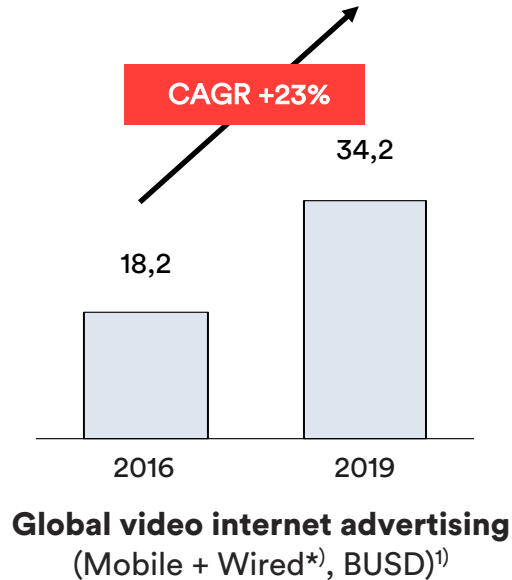
# Our strategic measures focus on investments into geo expansion, leagues and B2C products





## A woman with dark curly hair, wearing a black fedora with a white band, a yellow long-sleeved top, and blue denim overalls, is leaning forward to adjust a professional video camera mounted on a black tripod. The camera has a large lens and a microphone. A softbox light is positioned above the camera. The background is a white shelving unit filled with various fashion-related items: a black hat, a sign that says "Believe", a framed picture of a woman's face, a small dog figurine, a collection of lipsticks, and several fashion sketches or posters. The word "Video Networks" is overlaid in large, bold, red letters across the center of the image.

# The global digital video advertising market has significant growth potential



**We are well positioned  
in the most attractive AVOD segments  
in the market**

**We are platform agnostic and drive our  
own content IP and O&O channels**

Source: PwC Global entertainment and media outlook 2016-2020

Note: \*) Platforms accessed through a wired connection 1) Includes revenues from in-stream video advertising (pre-rolls, mid-rolls, post-rolls) and out-of-stream video advertising. It includes revenue from both traditional broadcasters and Internet-based websites, including YouTube. This revenue is digital, and from advertiser spending

# The market trends towards focus on premium content and less dependency on YouTube

**Distribution beyond YouTube**

**MCN is now MPN**

**Content Licensing and Productions**

**Premium content production:  
Own IP**

**Increasing Competition**

**“Reach” is now “Engagement”**

**Digital Ad Budgets growing**

**Branded Entertainment in  
Brand-Safe Ad Environments**



**22,000+ channels**  
**1.5BN monthly views**  
**14 countries**  
**[www.zoomin.tv](http://www.zoomin.tv)**



**splay networks**

**640+ channels**  
**230M monthly views**  
**4 countries**  
**[www.splay.tv](http://www.splay.tv)**



**16 digital channels**  
**4 Own & Operated**  
**4 Sports**  
**[www.engesportsmedia.com](http://www.engesportsmedia.com)**

Trending

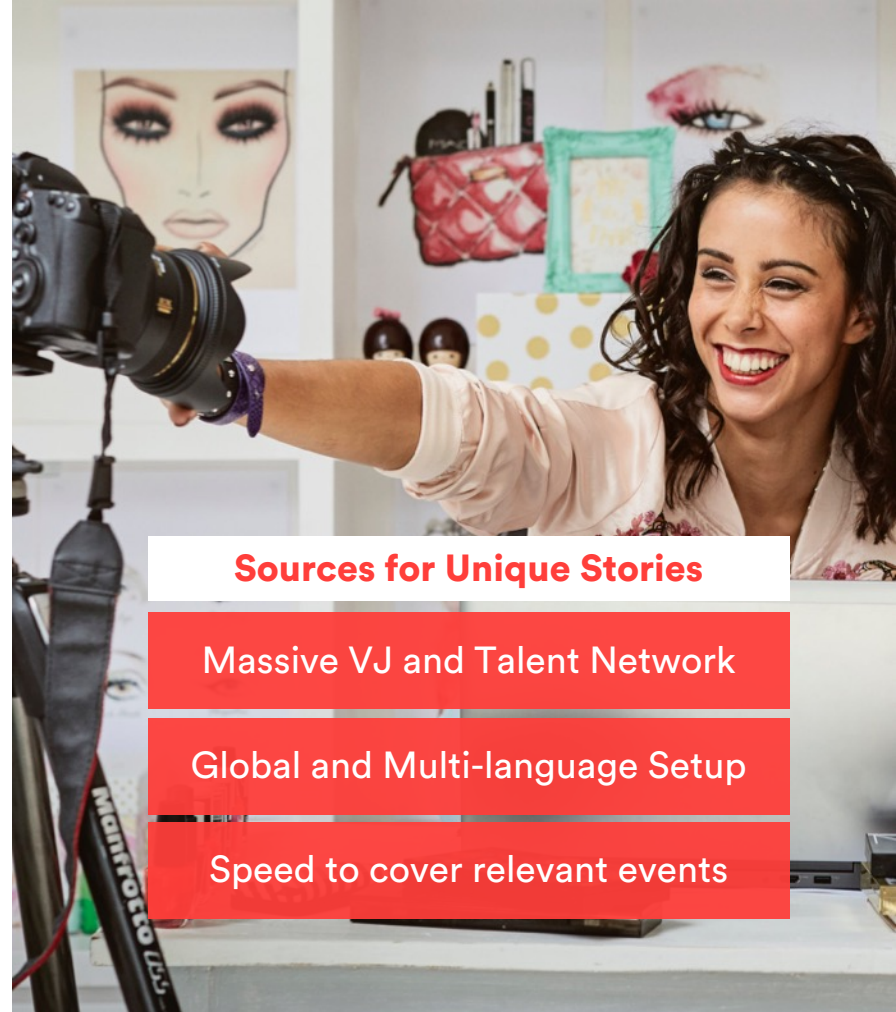
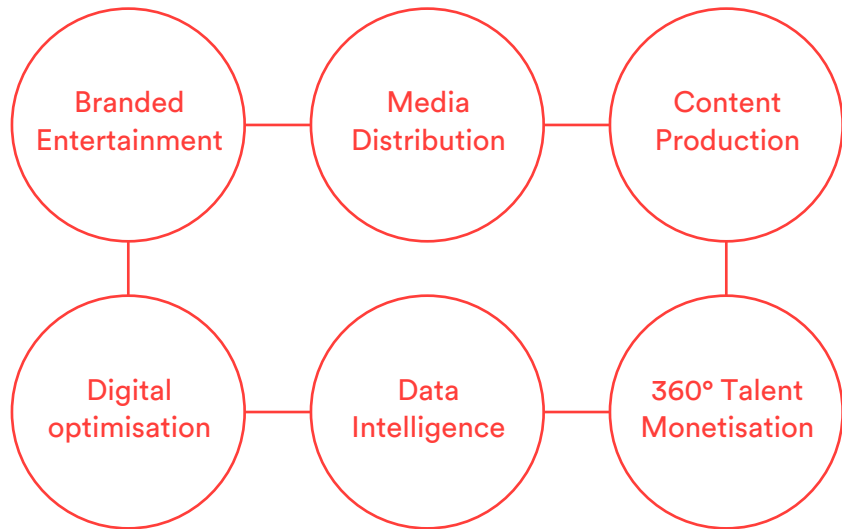
Esports

Video Networks

Gaming



# Zoomin creates strong own IP by leveraging a global VJ network



# Splay expands production for new distribution partners

Broadcasters



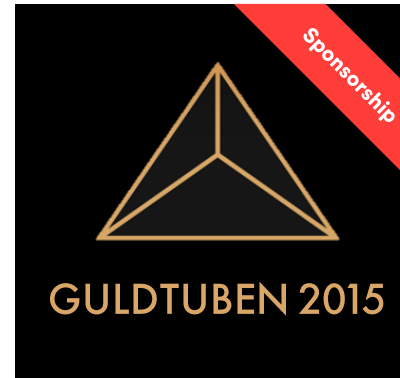
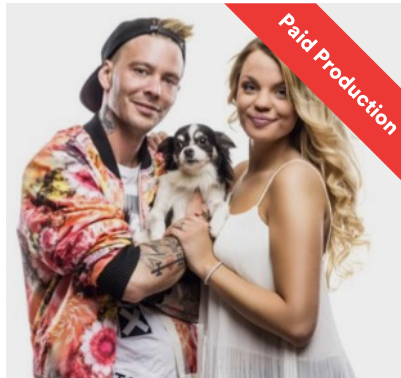
Telco's



Publishers



Advertisers



**Offer engaging content for ad-averse audiences through branded entertainment and influencer marketing**



# Engage Sports Media

## Exploring digital video for global sports franchises

### Digital first video production



Class leading approach to video capture



Digital format development



Digital channel development

### Content distribution



Linear holdbacks and non-linear distribution



40 digital network and publisher deals/ 6 continents



Content ingest, configure and distribute via ESM SaaS tools

### Premium sponsorship monetisation



Branded content extends sponsor presence around the event



Supported by SaaS analytics solution



Themes and formats can be linked to off-air, retail and POS activity



# Our 5 strategic priorities: We invest into own content IP and branded entertainment

- 1** Diversify revenue streams and broaden product portfolio
- 2** Create premium cross-sales products with MTG
- 3** Deliver short and long form premium productions towards new players
- 4** Continue developing talents into brands and build out influencer marketing
- 5** Become 'digital video agencies' for brands and deliver strong on branded entertainment

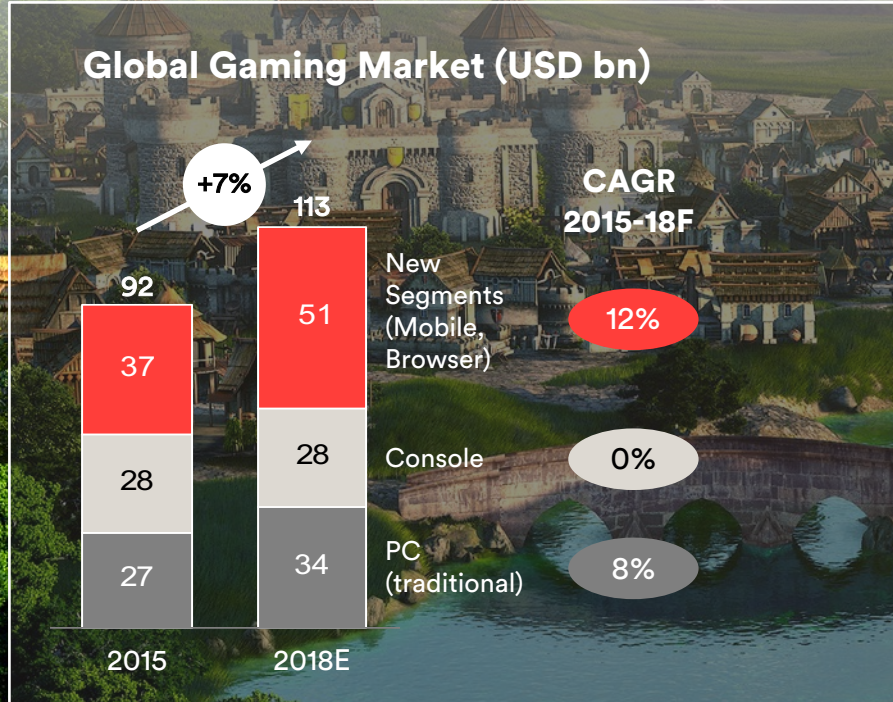


A man with a beard and mustache, wearing a black headset with a microphone, is shown in profile, looking intently at a computer monitor. The background is blurred, showing other people in a similar setting, suggesting a gaming arena or esports event. The lighting is bright and colorful, with blue and green hues.

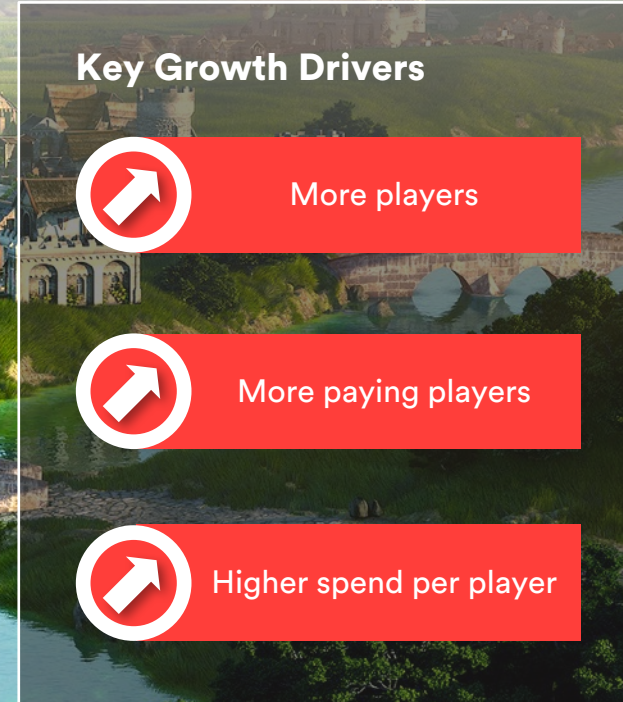
# Third Vertical: Gaming



# Gaming is a highly attractive growing market with a mass audience for B2C



Source: Newzoo, OC&C Analysis



# We enter the multi-billion dollar online gaming market by acquiring 35% of InnoGames





# InnoGames is a leading online & mobile games developer & publisher

Founded 2007 in Hamburg;

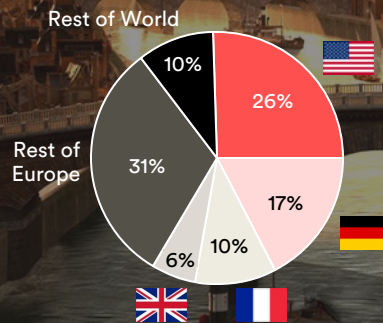
A global games developer and self-publisher with established track record in Strategy / RPG

Portfolio of 6 cross-platform titles operating with free-to-play model, i.e. monetised through in-game purchases

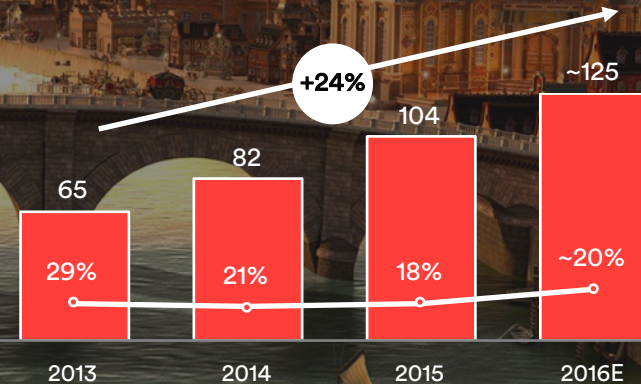
InnoGames has been profitable from year 1 and combined healthy top-line growth with high & stable margins

RPG = Role Playing Games

Revenue split (2015)



Revenue (EURm) & EBITDA margin (%)





# InnoGames runs 6 successful gaming brands

**2003**

*Tribal Wars*

InnoGames founders Hendrik Klindworth, Eike Klindworth and Michael Zillmer develop the first of the browser-based MMO strategy game – Tribal Wars

**2008**

*THE WEST*

InnoGames' second game, The West, a MMORPG, is launched

**2010**

*GREPOLIS*

InnoGames launches its third game, Grepolis, a MMO strategy game

**2012**



InnoGames further broadens its game portfolio with the city builder game, Forge of Empires

**2014**



Expansion of the Tribal Wars franchise with launch of Tribal Wars 2

**2015**



6 successful games with more to come

Powerful cross-platform strategy

Established position in mid-core segment

>150 million registered players

# What's next? Focus on mobile only games



## MMO Strategy

Epic guardians  
Stunning 3D graphics  
Diverse game world

## Action Role Playing

3 unique heroes  
Hundreds of weapons  
Epic boss battles

## Survival Role Playing

First of its type on mobile  
Mysterious single player  
Unique crafting system

# Summary: We're building the next generation entertainment company by creating 3 strong verticals

## Esports

- Invest into leagues, events and B2C products
- Professionalize and shape esports ecosystem

## Digital Video

- Focus on creation of own content IP
- Ramp up branded entertainment capabilities

## Gaming

- Build up of a 3rd vertical by investing into attractive gaming companies

**Not the end**

