

**MTGx**

**Redefining entertainment**

# Agenda

## **A new entertainment world**

**Market trends**

**MTGx strategic overview**

**Gaming and esports**

**When you think of  
entertainment, what  
do you think of?**



**The kids have  
left the sofa**





# Gaming is a basic human need



**An integral part  
of all cultures**





**And gaming has  
become a business  
as well**





**Time has changed:  
If a millennial thinks  
of gaming today**





**Games have been  
part of culture.  
Now they are part  
of our daily life**



**Gaming is highly  
interactive, people  
share, create and  
broadcast content**



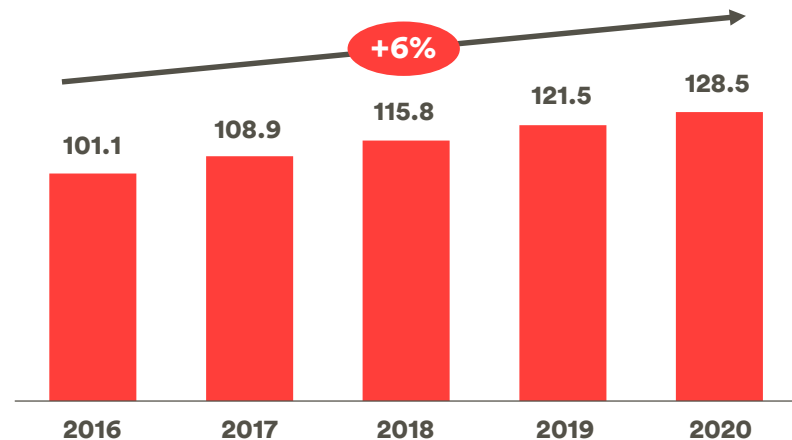


**The game has changed:  
kids now dream of  
becoming pro gamers**



Games are not only  
for millennials – it's a  
mass market and a  
huge business

Global Gaming Market (USD bn)



Mobile growing by 16% in total 2016-2020, constituting 34.8 BUSD in 2017 (32%)

Source: Newzoo; OC&C analysis



**#Gamers**  
2.6Bn



**Avg age**  
35



**Gender**  
M 54%, F 46%

Source: Newzoo; Mary Meeker, ESA





**We have a clear  
strategy to capitalize  
on these trends,  
which aligns with  
our vision to become  
a leading digital  
entertainer**

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# 5 Key Market Trends



1. Free-To-Play model



2. Desire to compete / interact



3. Growth driven by mobile games



4. From products to services



5. esports goes mainstream



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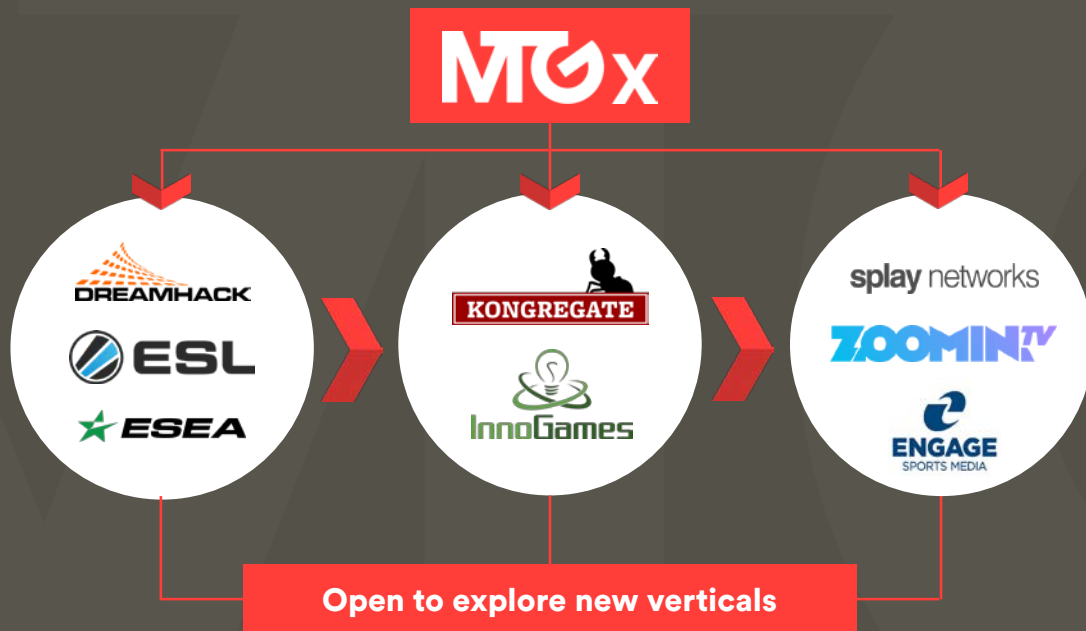
**MTGx strategic overview**

**Gaming and esports**





# Our ambition to build a global leading entertainment position started with a vertical approach



- We follow the most interesting trends and consumption patterns
- Investing in globally appealing digital entertainment formats with portfolio synergy effects

# It all comes together – the combination is larger than sum of the parts



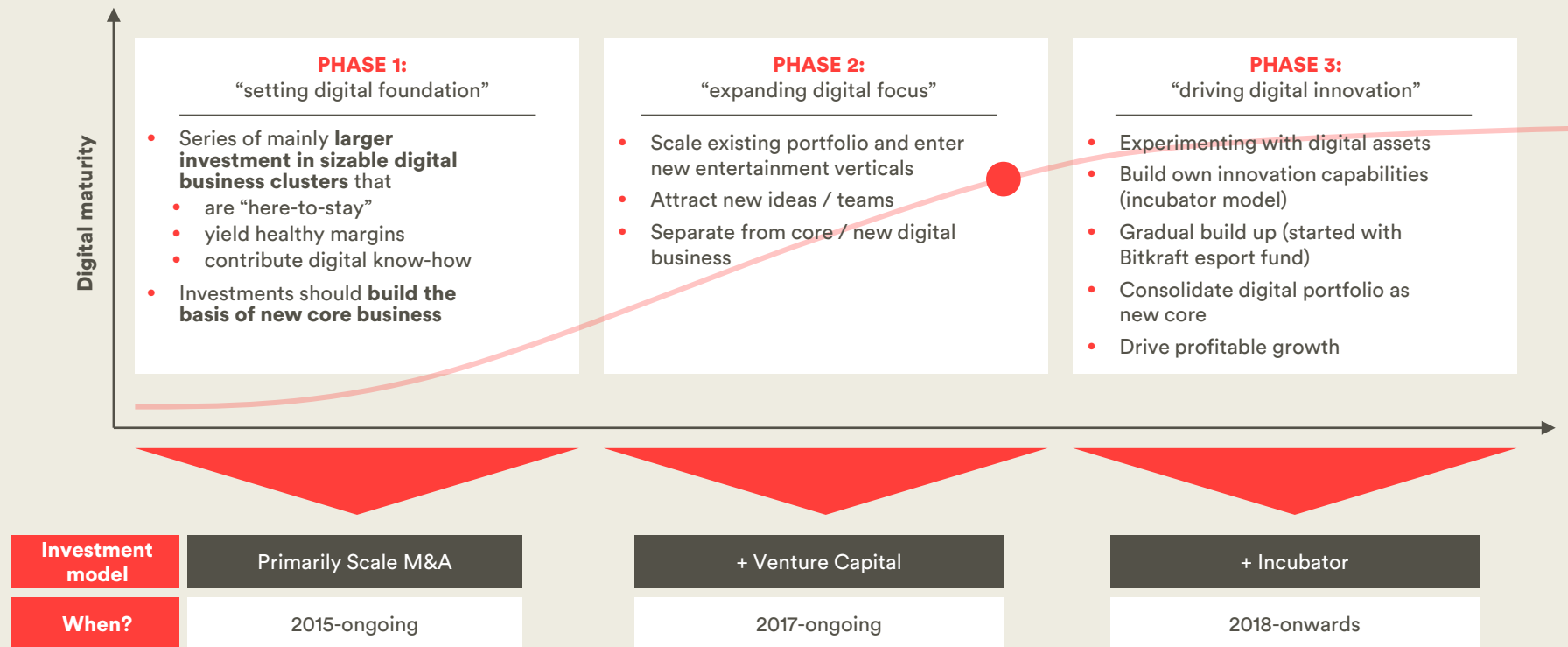
## MTGx synergistic investment approach

- Massive global overlapping audience reach (~2.6 billion gamers, ~385 million esports fans, 2+ billion digital viewers)
- Ownership and creation of own content (control IP where value is created / captured)
- Multiple monetization streams (advertisement, sponsorships, B2C sales)
- Strong distribution, cross promotion, increased usage and longevity of products
- Powerful network effects (control of ecosystem, own key parts of value chain)

Source: Newzoo; Mary Meeker, ESA

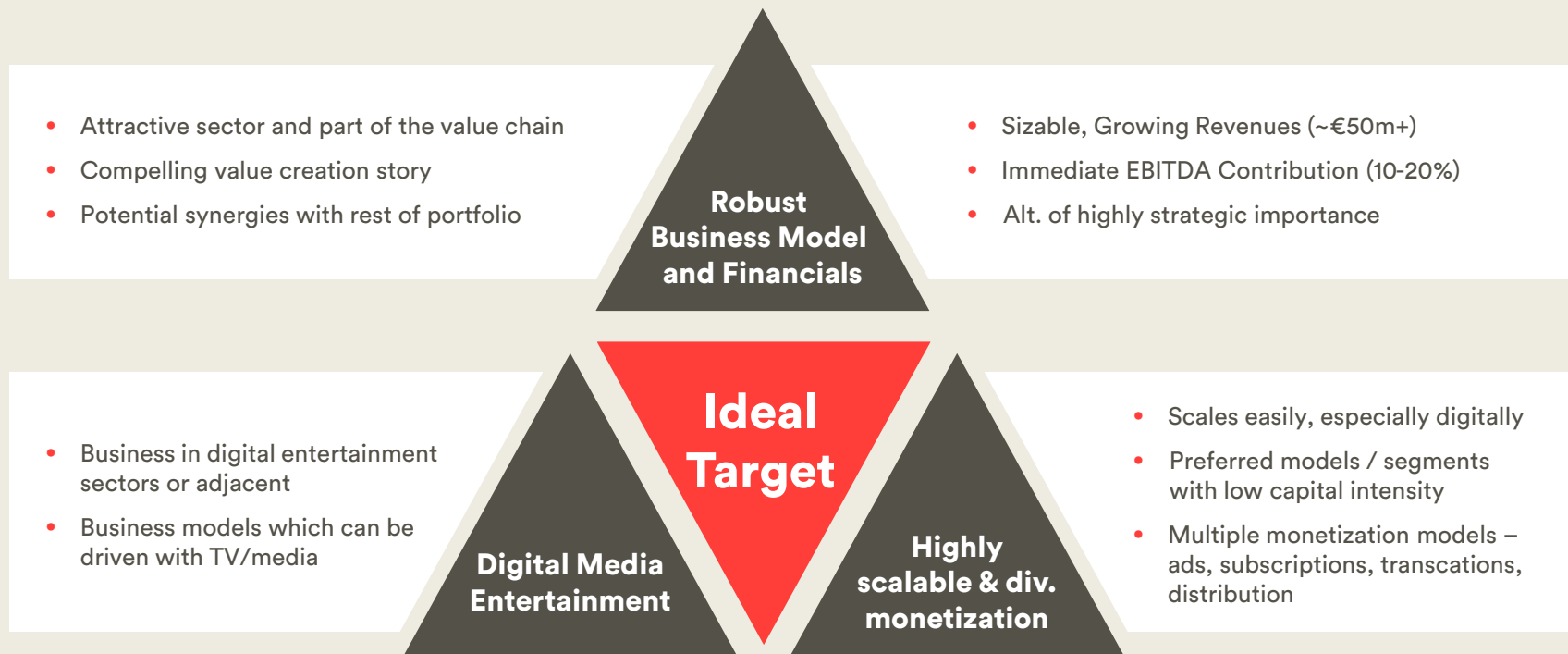
# We scale our digital investments over 3 phases

## MTG digital strategy summary and approach





# We apply the same investment logic across all our digital investments



# Our future investment thesis is clear – we invest in companies where we can leverage our key capabilities

## Key MTG capabilities

Ad sales

Subscription- sales and management

Content production

Content acquisition

Product development

Partner network

Management capabilities

## Our investment thesis:

We invest to build and operate as a main objective

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We invest in companies where we can leverage our key capabilities from being a media player

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We drive value through accelerating companies to the next stage of professionalization

# And we are set up globally at key areas with an exceptional team and a great network

## MTGx Capabilities

- Our team consists of entrepreneurs with 100+ years of experience in buying and building companies
- They are media and digital entertainment professionals with backgrounds from start-ups to McKinsey, corporate finance to gaming and esports
- We are a diverse team of experts in digital transformation & digital investments with a network that spans across the globe consisting of some of the industry's most influential people
- Together with our portfolio companies, MTGx makes a great team with a powerful network and a diverse set of expertise and key competences





# What we said last year at CMD and key achievements

## What we said last CMD...

## What we achieved since...

### Esports



- Geo expansion, added mega events
- Global excl. sponsors
- New content/distr. deals

### Digital video



- Geo expansion
- Own content IP
- New content/distr. deals

### Gaming

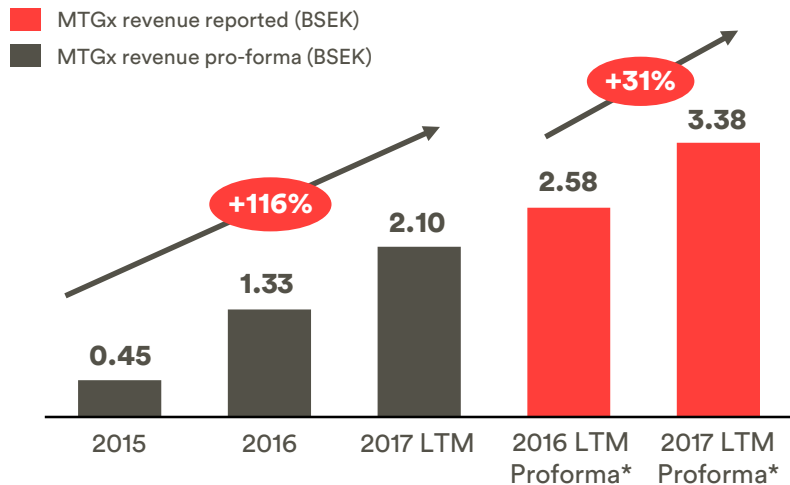


- Entered the game development market via InnoGames
- Invested in Kongregate
- Outperforming plan

- 1 Position MTG as a leading digital entertainer with a Vertical strategy
- 2 Invest into attractive gaming companies
- 3 Continue helping our companies to drive existing and new revenue streams, and provide access to a powerful global commercial network

# MTGx have grown heavily on top of key strategic investments – we continue to be highly committed with an ambition to expand much further

## MTGx shows strong growth...



## ..and it is just the beginning

- Strong organic growth of current assets
- Continue to invest in esports and acquire additional gaming companies
- Continue strengthen our esports and gaming footprint via investments through our newly founded VC Fund
- Explore new verticals

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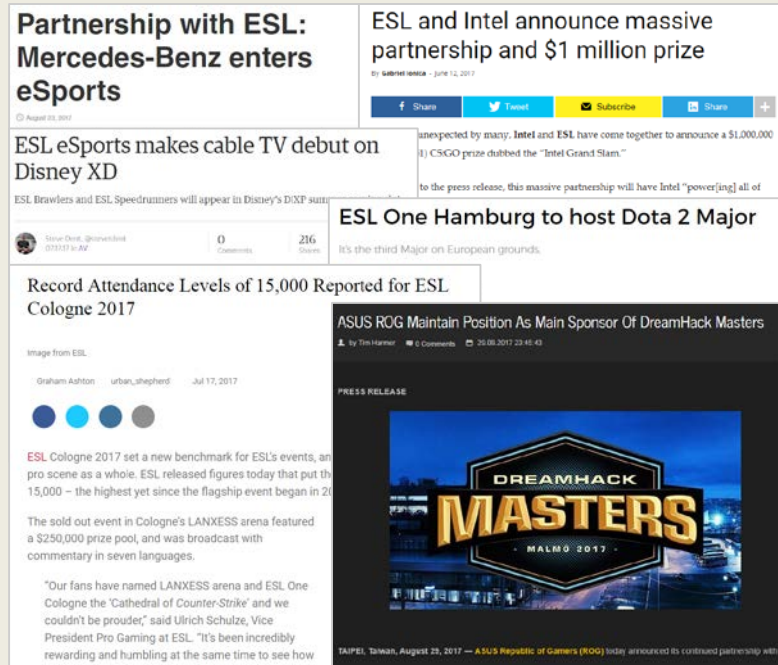


# Deep-dive: esports

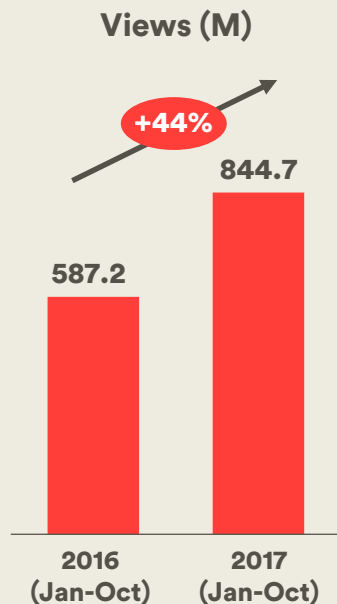


# In esports – we cement our globally leading position and continue to shape the market

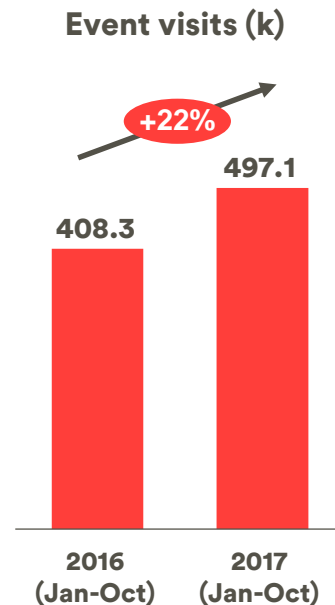
- **Sponsorship Deals:** ESL closing a landmark sponsorship deal with Mercedes-Benz and finalize new Intel partnership
- **Record attendance and digital engagement** for ESL One Cologne and Hamburg
- **Original Programming:** New Disney D|XP Programming will feature ESL's Esports Shows “ESL Brawlers” and “ESL Speedrunners”



# We show continued strong traction through out our products



**MTGx** Esports





# We play a long term game as the esports ecosystem brand, connecting gamers to brands via the most compelling content

## ESL growth engine

### Zero to hero product system

Consolidate pyramid from Amateur to Pro and establish world ranking system across all relevant esports games.

### Open ecosystem champion

Nurture esports ecosystem adding value to publishers, distributors and players across all games and all platforms.

### The esports category brand

Invest on brand development to ignite expansion into larger audiences.

### Global geographical presence

Accelerate geographical expansion into eg. SEA, China, LATAM. Consolidate USA presence. The audience is global.

### New innovative formats

Attract mass market audiences with new esports gaming entertainment formats, content and distribution.

Sponsorships

Media rights

Game publisher

Amateur & commerce

Online advertisement

Industry services

Top-line and bottom-line growth across all revenue streams

# Deep-dive: Gaming vertical



# We have a clear investment philosophy and operational approach to drive value beyond individual asset plans

## Gaming Investment philosophy

**1**

### **Establish strong publishing capabilities**

- Developer scanner & vetting process
- BI & Analytics tools/team
- Platform relationships
- Effective UA operations

**2**

### **Build and grow O&O Audience Network**

- Ensure network tools, activities and management
- Score and segment users
- Run large scale cross game and platform activities

**3**

### **Invest heavily into new product IP**

- Place smaller bets in many promising developers
- Invest in more mature products that benefits from platform
- Secure large scale franchise IP/brands

# InnoGames drives growth through cross platform approach – large focus on mobile

## Strong titles

THE WEST

Tribal Wars

GREPOLIS



InnoGames



Powerful  
cross-  
platform  
strategy

6  
successful  
games  
with more  
to come

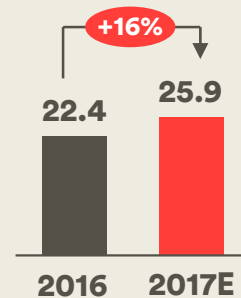
Established  
position in  
mid-core  
segment

Mobile  
focus

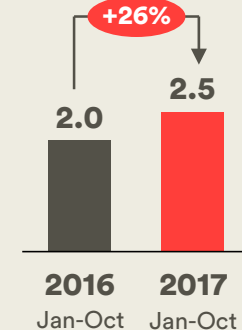


**InnoGames as first investment gave us a great foundation in the gaming market**

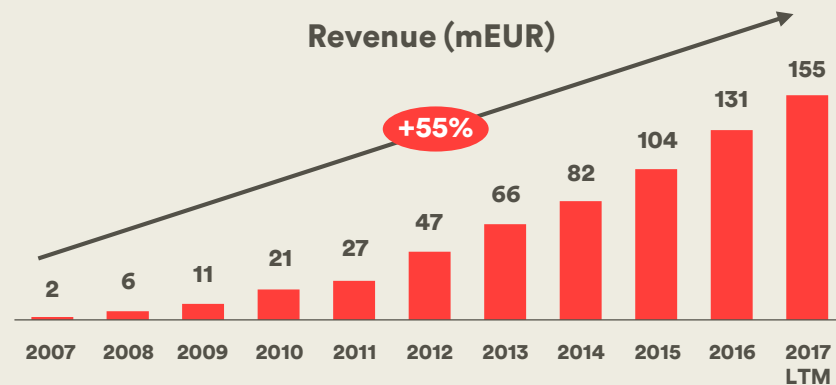
**Total registered players (M)**



**Average Mobile MAU (M)**



**Revenue (mEUR)**



# Kongregate enables access to the games developer market



Cross Platform Publishing Platform that operates a large, cross platform Audience Network



Kongregate vets 20 games per day in highly efficient and structured product funnel



To improve profit margins and secure IP Kongregate acquired the first developer studio in Q2 2016



Kongregate has developed a leading publishing platform for the independent games market

Great access to **top developers and IP** worldwide

Strong **appstore relations** and featuring (Apple, Google)

Mobile: **>100MM** Installs and **6MM MAUs** (12MM in total)

Published **55** games in total on mobile **since 2013**

# Synapse and Chinzilla studio roll-up provides most recent proof of concept

K

Kongregate's knowledge of top developers worldwide enabled the acquisition of Synapse and Chinzilla

K

Chinzilla is a developer of casual and role play games on mobile and PC

K

Synapse is a developer of mid- to hard core strategy/ collectible card games on mobile and PC

K

Kongregate provides valuable network access and abilities to screen the game developers landscape



**KONGREGATE**



# Kongregate has a proven 3-folded publishing strategy to select and publish high quality games

- Focus on later stage, lower risk, 3<sup>rd</sup> party games allows Kongregate to invest into higher yielding projects
- Use of known engines allows Kongregate to launch lower risk IP, reducing time to market by “reskinning” existing games

## KONGREGATE

### Strategic composition of new games publishing portfolio

Higher Risk	New and un-proven	2-3 games/year	Focused on Innovation to find the next concept, genre and potential block buster
Lower Risk	Known Engine	5-7 games/year	Game Mechanics and studio or IP is well proven with KPI's from prior games as guide
Lower Risk	Playable / Test Market	2-3 games/year	Games at final stage of completion which can be tested and tweaked for release quickly



# Deep-dive: VC fund



# MTGx early stage investing approach differs from other VC and media company funds



**Focus on gaming, esports & adjacent verticals where we add unique value**

- Tighter sector focus than traditional VCs and other corporate funds
- Clear ability to add operational and strategic value to portfolio
- Makes MTG “strategic investor of choice” in eyes of VCs & management teams, enhancing our deal flow and terms
- Sector-specificity ensures access to all opportunities in our key segments



**Filling a void in the games VC market**

- Limited early-stage and follow-on VC capital available in gaming
- Enables MTG to negotiate rights to follow-on investment, possibly last refusal rights on M&A opportunities
- Unique opportunity to position MTG as full life cycle capital partner to game companies



**Trans-Atlantic approach**

- On the ground presence in the US and Europe
- Global VC & entrepreneur relationships
- Cross-border entrepreneurial and investment experience on MTG team
- Strategic value to portfolio companies in multiple markets



# We are now launching a 30 MUSD VC Fund targeted towards gaming and esports

**We have defined clear investment criteria;**



Investing in promising early and mid-stage games and esports companies



**500k – 2m** USD investments, minority stakes, 8-10 deals per year, **60%** in games, **40%** in esports



We co-invest with leading gaming VCs

**We secure access to future M&A targets and position MTG as attractive strategic partner**

# With Bitkraft we have a proof-of-concept

**BITKRAFT**  
**ESPORTS VENTURES**

14 portfolio  
companies

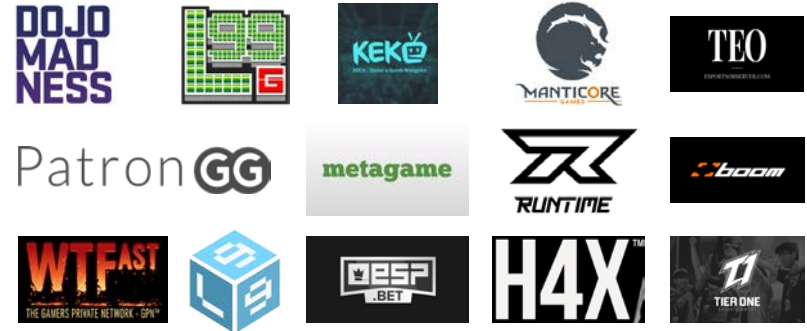
6 EU  
5 NA  
3 AS

6 incubations  
8 Direct inv.

## Bitkraft in brief

- Early stage investor focused on the esports sector
- Bitkraft invest, support and build companies along with the industry's most influential companies and professionals
- Bitkraft is the go-to investor in esports

## Current portfolio companies





# To sum up/key takeaways: we are building the next generation entertainment company

## Market

Gaming is one of the key driver of the new interactive entertainment world

## Esports

We play a long-term game as esports ecosystem brand by connecting gamers to brands

## Gaming

Cross platform approach and own IP increasingly important and our gaming companies are perfectly positioned

## VC Fund

The VC fund will provide new opportunities to secure access to future M&A targets