

# 2017

# Annual Results

IGG Inc March 2018



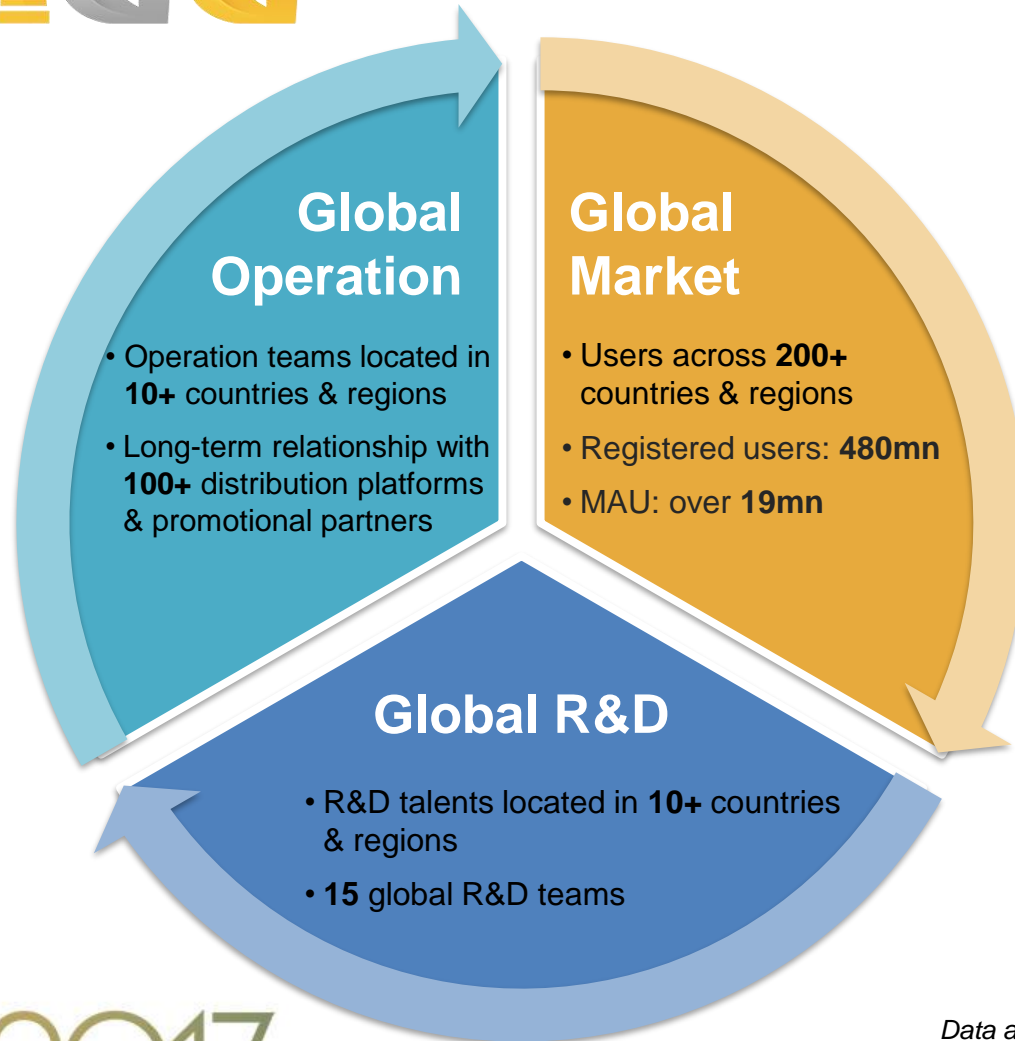
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- 
- **IGG Overview**
  - **Business Review**
  - **2017 Annual Financial Review and Prospects**



A leading global developer and publisher of mobile games



## Hit Titles



# Global Branches

- The Group has 1,000+ employees. R&D, Operation, and Supporting talents account for **54%**, 35% and 11% of total employment, respectively.
- Long-term relationship with Apple, Google Play, Amazon, Microsoft, as well as more than 100 other global distribution platforms and partners.



**Canada:**  
Localized R&D



**USA:**  
Localized R&D and operation support



**Belarus:**  
Localized R&D and operation support



**The United Arab Emirates (Dubai):**  
Localized R&D and operation support



**Mainland China/HK:**  
IT, R&D and operation support



**Korea:**  
Localized R&D and operation support



**Japan:**  
Localized R&D and operation support



**Thailand:**  
Localized operation support



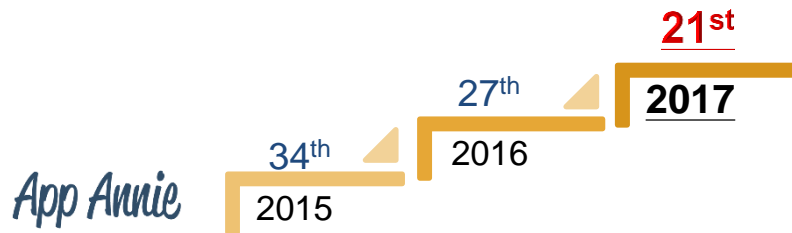
**Singapore:**  
Group headquarters; R&D and operation center



**Philippines:**  
Customer Service Center

## Industry Ranking

- IGG has been listed by App Annie as one of the “Top 52 Publishers” since 2015.



- “Fastest Growing Mobile Game Brand” by Google.
- Ranked **16<sup>th</sup>** in Google’s “BrandZ™ Top 50 Chinese Global Brand Builders 2018”.
- Ranked **19<sup>th</sup>** in the Pocketgamer.biz “Top 50 Mobile Game Developers of 2017”.

Note\*: ranking data from App Annie

## Lords Mobile



- No. 1\*** in war strategy games worldwide since 3Q17 in terms of monthly gross billing.
- Google’s “Android Excellence Game of 2017”
- Ranked **16<sup>th</sup>\*** globally in terms of revenue for iOS and Google Play, up from 26<sup>th</sup> in Jan. 2017.
- “Top 10 Most Popular Games Overseas” at the China Game Industry Annual Conference.

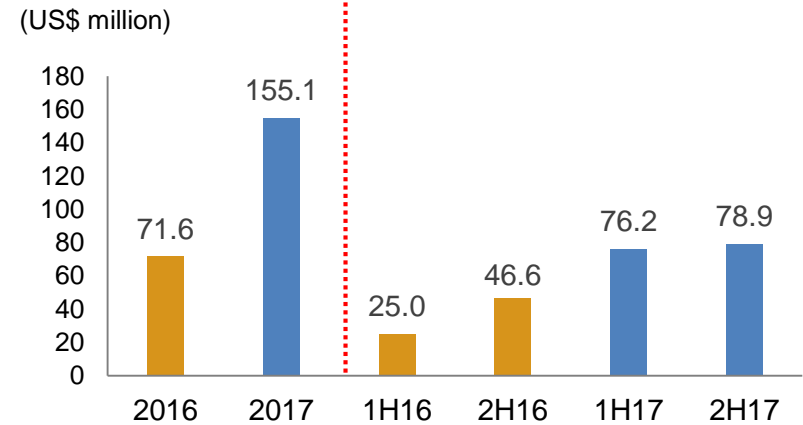
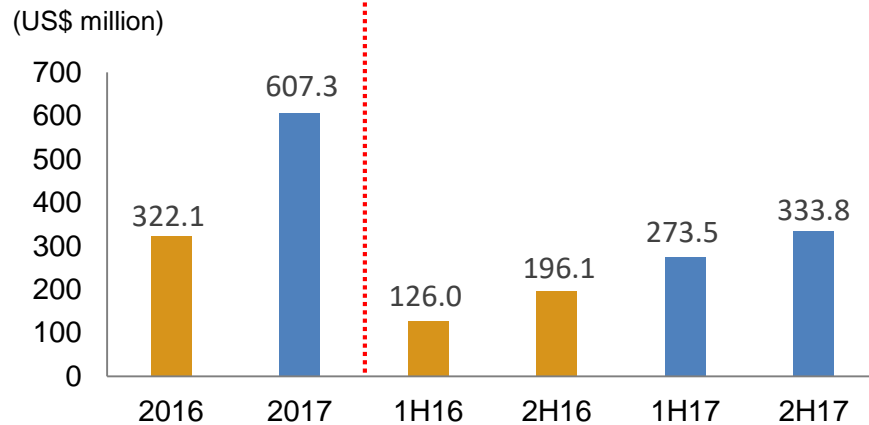
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- Revenue and Net Profit hit record highs in 2017

- Revenue: **US\$607.3M**, surged **+89% YoY**.
- Net Profit: **US\$155.1M**, soared **+117% YoY**.

2017 Revenue Growth: **89%** YoY

2017 Net Profit Growth: **117%** YoY





# Trend of Historical Gross Billing



## 2017

### The Group:

- Monthly gross billing exceeded **US\$67M**.
- 2017 gross billing achieved **US\$662M**.

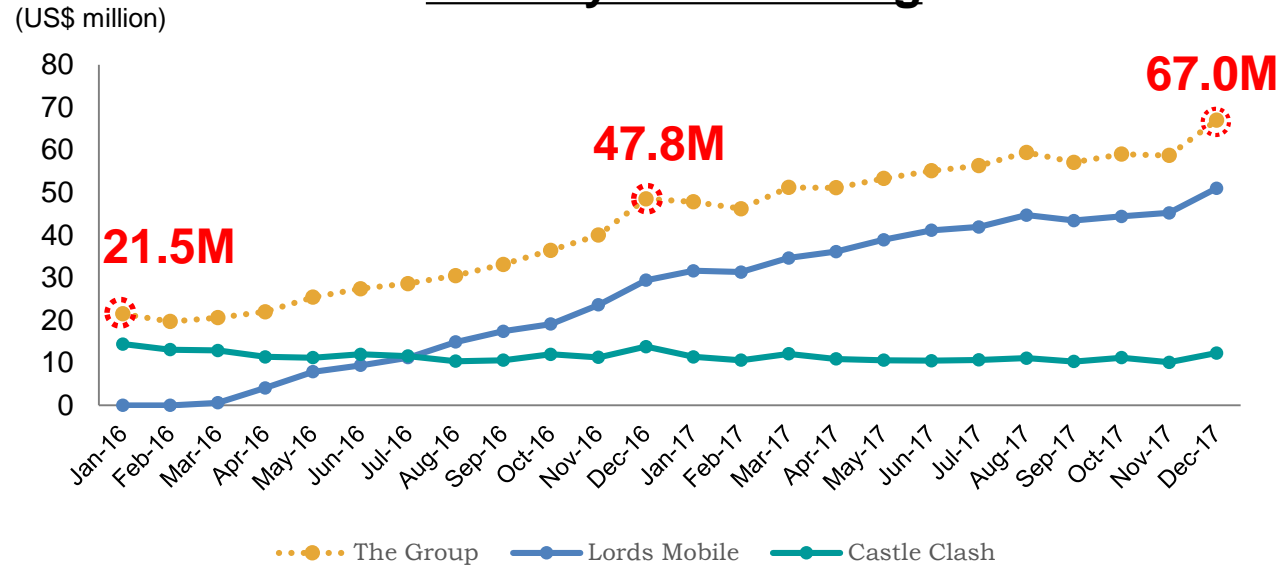
### Lords Mobile:

- Monthly gross billing
  - surpassed **US\$30M** in Jan.
  - topped **US\$50M** in Dec.
- 2017 annual gross billing surged +252% YoY.

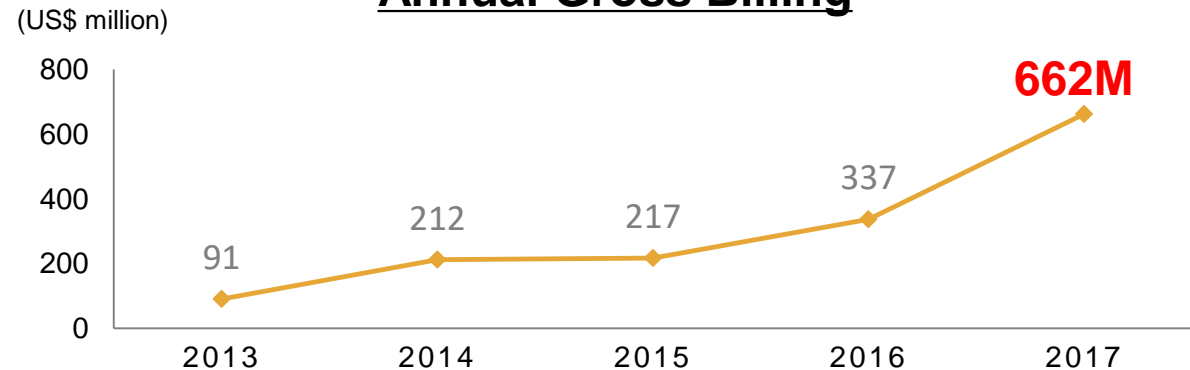
### Castle Clash:

- avg. monthly gross billing of US\$11M

## Monthly Gross Billing



## Annual Gross Billing





## Lords Mobile

RTS/RPG Game

- Launched in March 2016
- Available in 17 languages
- Registered users: 98mn
- MAU: 12mn
- 72% of total revenue



## Castle Clash

Strategy Game

- Launched in July 2013
- Available in 15 languages
- Registered users: 220mn
- MAU: 6.2mn
- 20% of total revenue



## Clash of Lords II

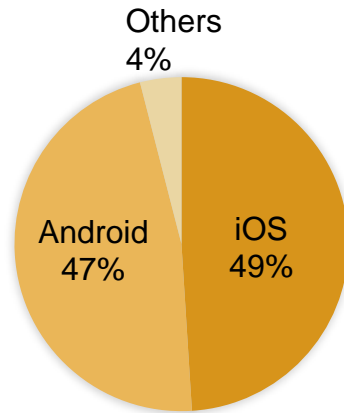
Strategy Game

- Launched in December 2013
- Available in 10 languages
- Registered users: 67mn
- MAU: 710k
- 3% of total revenue

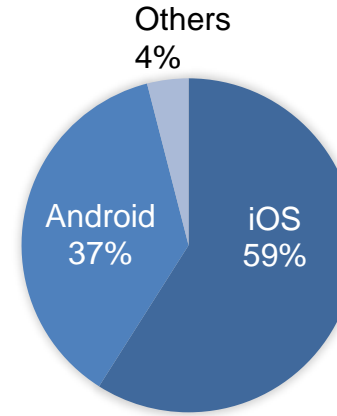
## IGG

## Lords Mobile

### By Platform

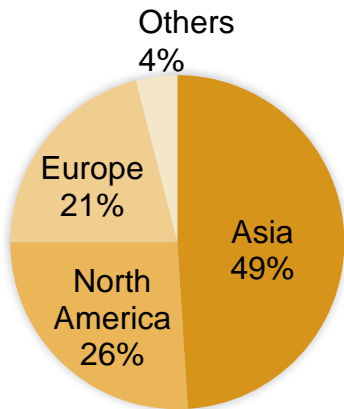


Well balanced revenue contribution from iOS and Android

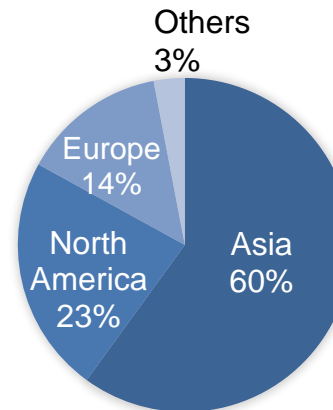


Android contribution increased in 2H17 compared to 1H17

### By Region



Steady growth across regions  
Revenue structure in line with global mobile games market distribution



Strong Asia contribution  
Steady growth in N.A. and Europe

# Marketing Initiatives

Hollywood film composer Klaus Badelt + London Symphony Orchestra to produce game soundtracks



## Tournaments



Co-Marketing campaigns with smartphone makers & telecom giants



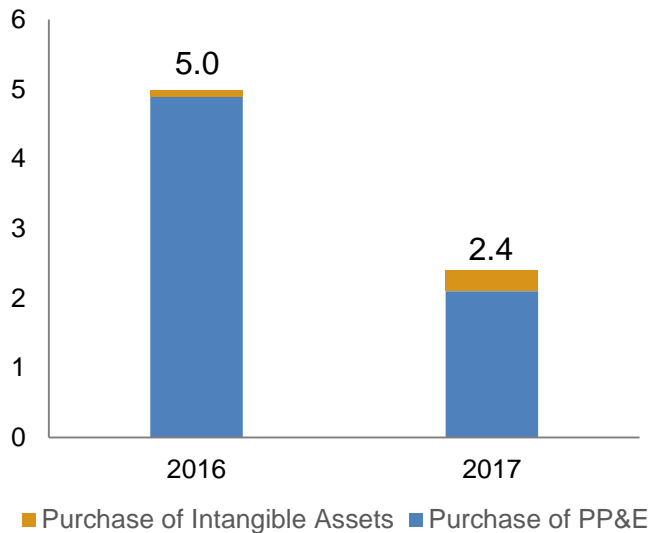
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# 2017 Financial Analysis

(US\$ million)	2016	2017	YoY (%)	Remarks
<b>Revenue</b>	322.1	<b>607.3</b>	<b>+89%</b>	Substantial increase in revenue from Lords Mobile.
<i>Lords Mobile</i>	124.4	<b>437.8</b>	+252%	
<i>Castle Clash</i>	135.7	<b>124.2</b>	-8%	
<b>Gross profit</b>	218.9	<b>414.6</b>	+89%	YoY growth due to the significant increase in revenue.
<b>Gross profit margin (%)</b>	68%	<b>68%</b>		
<b>Selling &amp; distribution exp.</b>	80.1	<b>159.0</b>	+99%	Increase in marketing expense for Lords Mobile.
% of Revenue	25%	<b>26%</b>	+1ppts	Selling & distribution expense/revenue ratio increased due to the increase in global marketing expense for Lords Mobile, especially in 2H17.
<b>Administrative exp.</b>	23.6	<b>33.4</b>	+42%	Increase in wages, performance-based bonus and benefits.
% of Revenue	7%	<b>6%</b>	-1ppts	Administrative expense/revenue ratio dropped due to significant revenue growth.
<b>R&amp;D costs</b>	36.0	<b>46.7</b>	+30%	Increase in wages, performance-based bonus and benefits.
% of Revenue	11%	<b>8%</b>	-3ppts	R&D cost/revenue ratio dropped due to significant revenue growth.
<b>Net profit</b>	71.6	<b>155.1</b>	<b>+117%</b>	
<b>Net profit margin (%)</b>	22%	<b>26%</b>	<b>+4ppts</b>	Increase in NP margin was mainly due to (i) the substantial growth in revenue, and (ii) the drop of cost to revenue ratio.
<b>EPS (basic, US\$)</b>	0.054	<b>0.117</b>		
<b>Cash &amp; cash equivalents</b>	184.1	<b>221.9</b>		

## Capital Expenditures

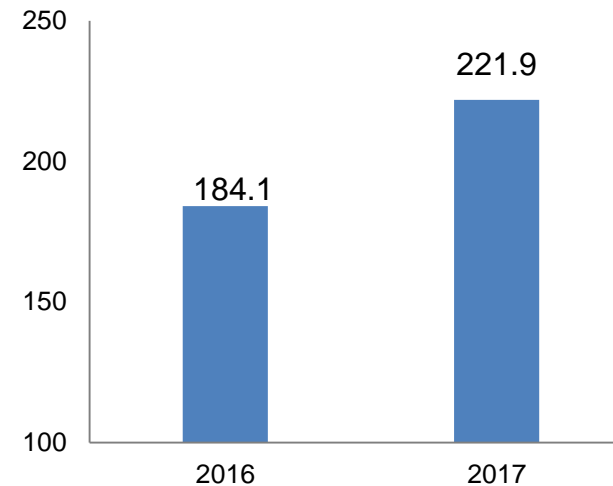
(US\$ million)



- **Low capex**
  - **2016: 2.1% of total asset**
  - **2017: 0.8% of total asset**

## Cash & Cash Equivalents

(US\$ million)



- Dividend payment of **US\$83.9M**, and spent **US\$37.7M** on share buyback in 2017. Dividend + share buyback total amount to **US\$121.6M** in 2017.

Dividend Type	Dividend per share (HK, cents)	Total amount (HK\$, million)	Dividend payout ratio (% of the corresponding period net profit)	Dividend payout ratio (% of 2017 net profit)	Payment Date
1 <sup>st</sup> interim dividend	13.0	176.3	30%	15%	Sep. 28, 2017
Special dividend	22.0	298.3	50%	25%	
<b>2<sup>nd</sup> interim dividend</b>	<b>14.0</b>	<b>186.7</b>	<b>30%</b>	<b>15%</b>	<b>Apr. 19, 2018</b>
Total	49.0	661.3		55%	

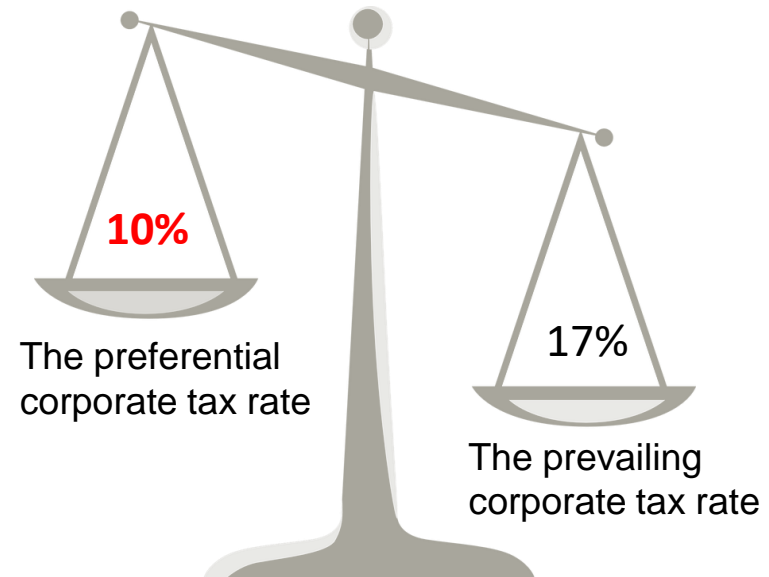
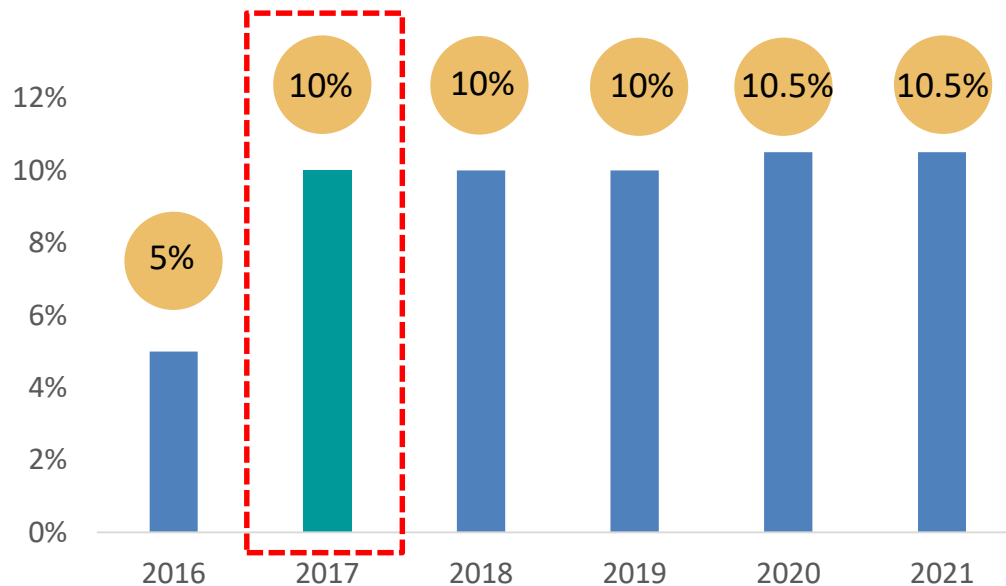
- The full year dividend plus share buy-back accounted for **79%** of annual net profit.
- The future dividend payout ratio will be formulated in consideration of the Group's profitability and funding need for M&A.





# Preferential Corporate Tax Rate

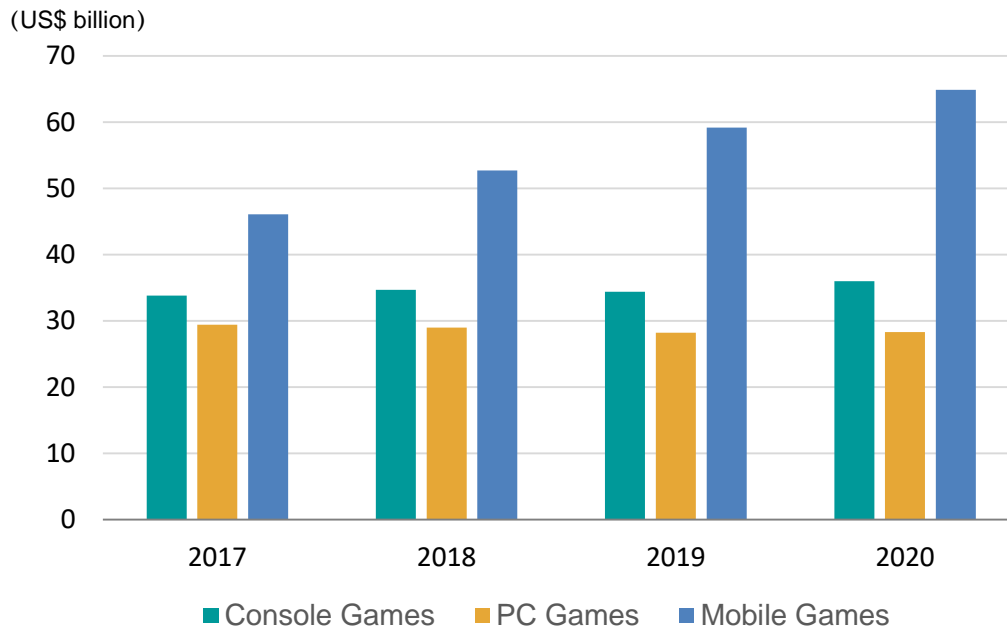
- **IGG Singapore** (Intellectual Property holding company) enjoys preferential tax treatment, subject to requirements as specified by Singapore Economic Development Board.
- The prevailing corporate tax rate: 17%
- The preferential corporate tax rate for IGG Singapore: 10%



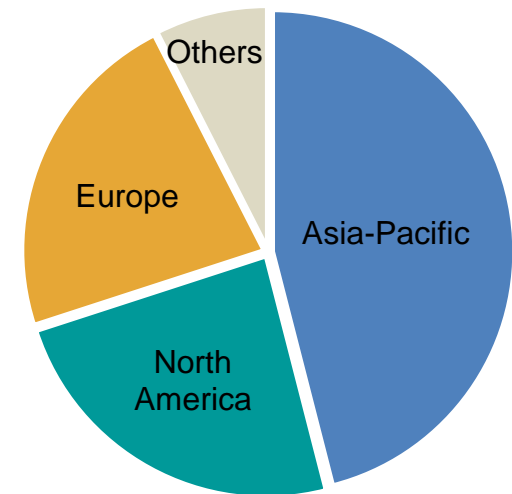
# Global Games Market Trend

- The global games market is expected to hit US\$165 billion in 2018 and US\$230 billion by 2022.
- By 2022, Mobile and PC games are expected to grow to US\$90 billion and US\$65 billion, respectively.

## Global Games Market Overview



## Global Games Market (by Region)



## R&D Plan

- Embrace the corporate spirit of “Innovators at Work, Gamers at Heart”
  - Continuously refines and updates Lords Mobile, Castle Clash, and etc;
  - Release new, high-quality projects including “Castle Clash 2”, “Clash of Lords 3”, “Galaxy” and “Reborn”;
- To further increase user loyalty, the Group opened online store offering a series of exquisite products based on its IP.

## Operation and Marketing

- Set up more local operation teams to further increase its market shares in North America, Europe, Southeast Asia and the Middle East;
- Tap into global potential to reach new heights by offering localized service with high standard.



# New Title – Project Galaxy

SHIP CREATE

Hero Information

12	Hero's Classification Hero's Name
Shield Penetration	Physical
Gerne	999
Weight	99999999
Duration	999
Ammo	999
Attack Damage	999

CANON ARTILLERY **CANON ARTILLERY** CANON ARTILLERY CANON ARTILLERY CANON ARTILLERY CANON

Real-time strategy game with space theme DONE



# New Title – Project Galaxy

BATTLE RESULT



31/05/17  
03:15:00

VICTORY

G:41 X:10 Y:145

Force  
-20,000

Damaged  
2

Destroyed  
1

Survived  
7

VIP 3

LV  
39

[IGG]LordJason  
G:125 X:478 Z:25

VS

[IGG]MarkFarm  
G:41 X:10 Z:145

LV  
20

Force  
-125,000

Damaged  
1

Destroyed  
9

Survived  
1

VIP 10

Obtained

12,000k

12,000k

12,000k

12,000k

Items



# New Title – Project Reborn

戦力 : 219

123

1M +

0

0

[Secret] Makes particle positions simulate in.  
[World] The Particle System's general parameters .

1M

1M

## War Strategy Game

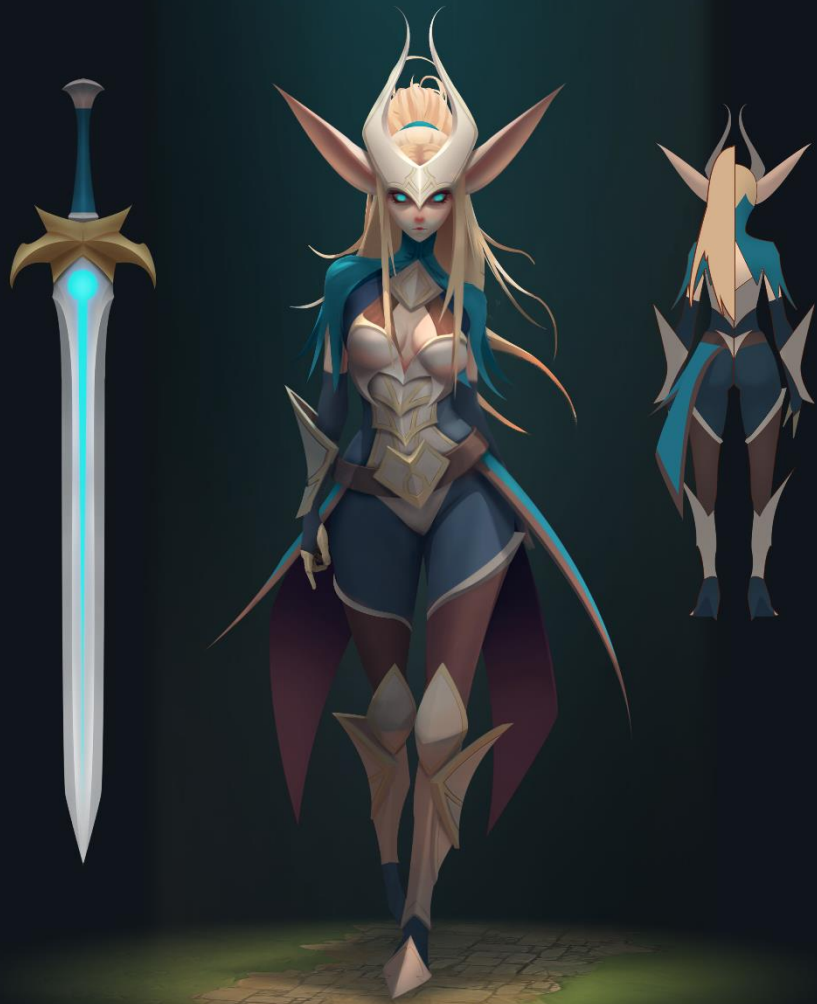


# New Title – Project Reborn





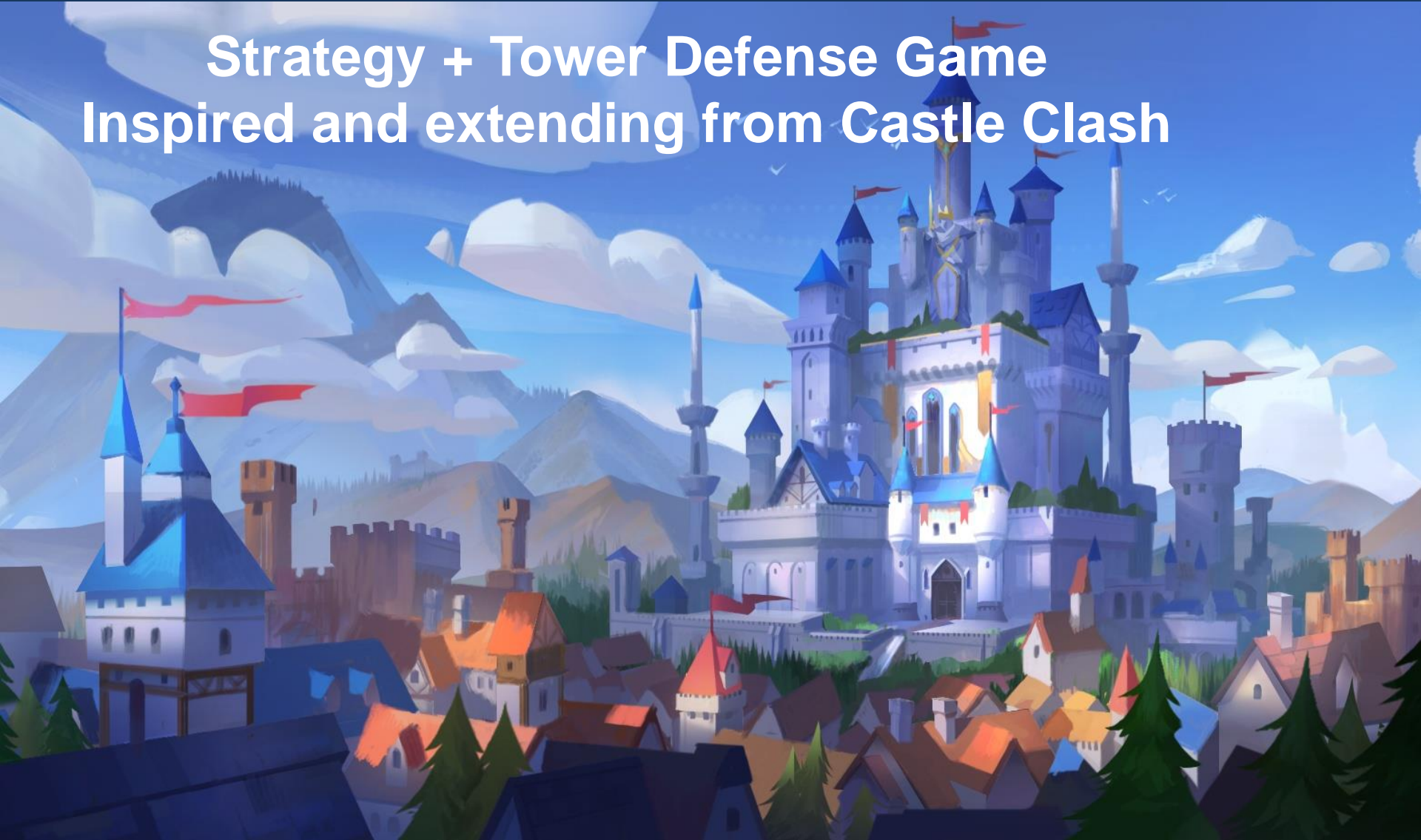
# New Title – Project Reborn



# New Title – Project Castle Clash II



Strategy + Tower Defense Game  
Inspired and extending from Castle Clash



2017

Annual Results

Innovators at Work • Gamers at Heart

# New Title – Project Castle Clash II



2017

Annual Results

Innovators at Work • Gamers at Heart

# New Title – Project Castle Clash II



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Annual Results

Innovators at Work • Gamers at Heart



***Thanks!***

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MOBILE

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**2017**

Annual Results

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