

2017 Interim Results

IGG Inc August 2017



This presentation and the accompanying slides (the “Presentation”) do not constitute any offer or invitation to purchase or subscribe for any securities, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. This Presentation has been prepared by the Group based on information and data which the Group considers reliable, but the Group makes no representation or warranty, express or implied, whatsoever, on the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all-inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

Certain matters discussed in this presentation may contain statements regarding the Group’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Group’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation, including, amongst others: whether the Group can successfully penetrate new markets and the degree to which the Group gains traction in these new markets; the sustainability of recent growth rates; the anticipation of the growth of certain market segments; the positioning of the Group’s products and services in those segments; the competitive environment; and general market conditions. The Group is not responsible for any forward-looking statements and projections made by third parties included in this Presentation. All references to “IGG” and “the Group” used in this presentation refer to IGG INC and its subsidiaries.

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



A leading global developer and publisher of mobile games

Global Market

- Users across **200+** countries and regions
- Registered users: **430mn**
- MAU: over **18mn**

Global R&D Global Operation

- R&D and operation teams located in **10+** countries and regions
- Long-term relationship with **100+** distribution platforms and promotional partners

Hit Titles



Data as of 30 June 2017

Global Branches

- R&D, Operation, and Supporting talents account for **54%**, 25% and 21% 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



Industry Ranking

- According to App Annie, IGG ranked **20th** globally in terms of mobile game revenue in 1H17.
- Ranked **27th** on “Top 52 Publishers of 2016” released by App Annie.

Lords Mobile



- Dec. 2016, selected as the “Most Competitive Game of 2016” on Google Play across 73 countries.
- Apr. 2017, nominated for “Best Multiplayer Game” at Google Play Awards 2017, which was the only nominated game produced by Chinese company to compete with EA, Blizzard and other international companies.
- Jul. 2017, selected as the “Most Popular Game of 2017 (First Half)” by Toutiao.
- Aug. 2017, ranked among top 5 in 25 countries, and top 10 in 67 countries as at 24th Aug. on Google Play.

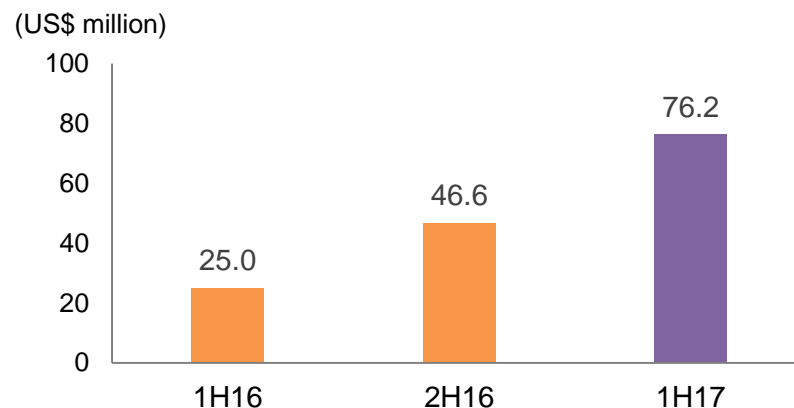
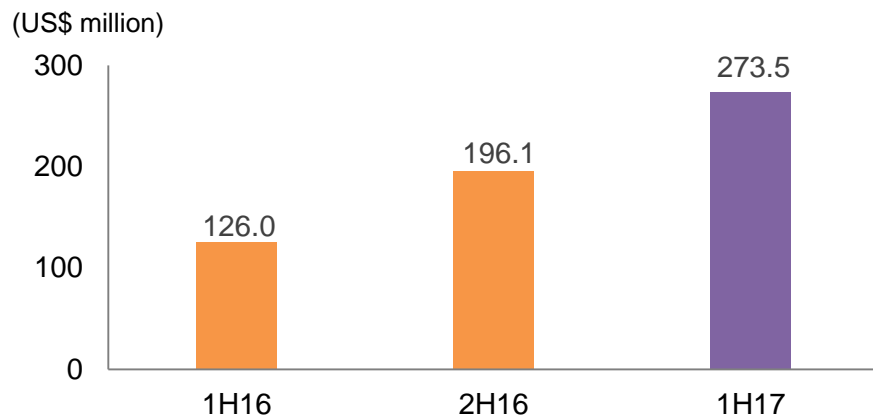
- IGG Overview
- **Business Review**
- **2017 Interim Financial Review and Prospects**

- Revenue and Net Profit hit record highs in 1H17

- Revenue: **US\$273.5M**, surged **+117% YoY**.
- Net Profit: **US\$76M**, soared **+205% YoY**.

1H17 Revenue Growth: **117%** YoY

1H17 Net Profit Growth: **205%** YoY



Trend of Historical Gross Billing



1H17

The Group:

- Monthly gross billing exceeded **US\$55M**
- 1H17 gross billing achieved **US\$305M**; Annualized gross billing of approx. US\$677M (US\$2M incremental gross billing per month in 2H17 on the basis of US\$55M in June).

$(677M=305M+372M)$

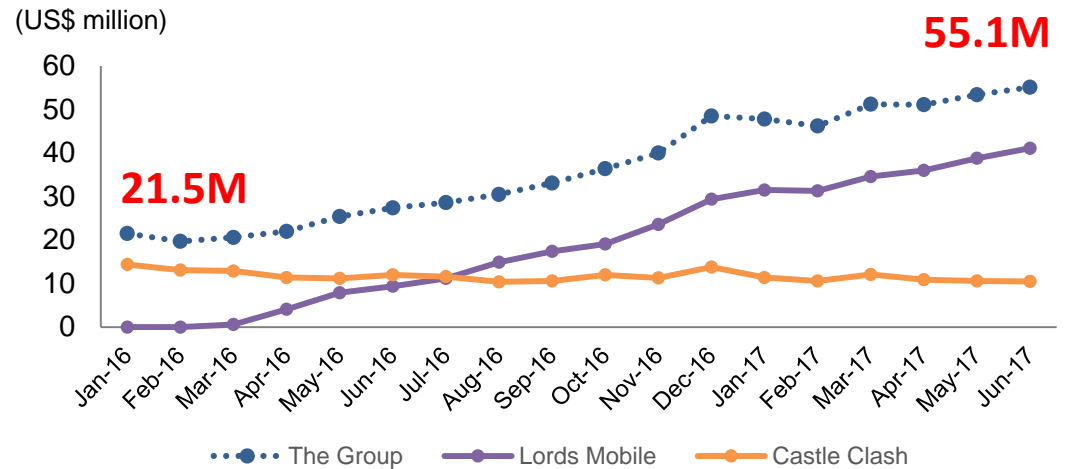
Lords Mobile:

- Monthly gross billing
 - surpassed **US\$31M** in Jan.
 - topped **US\$41M** in Jun.
- 1H17 gross billing: up 84% HoH and up 585% YoY*

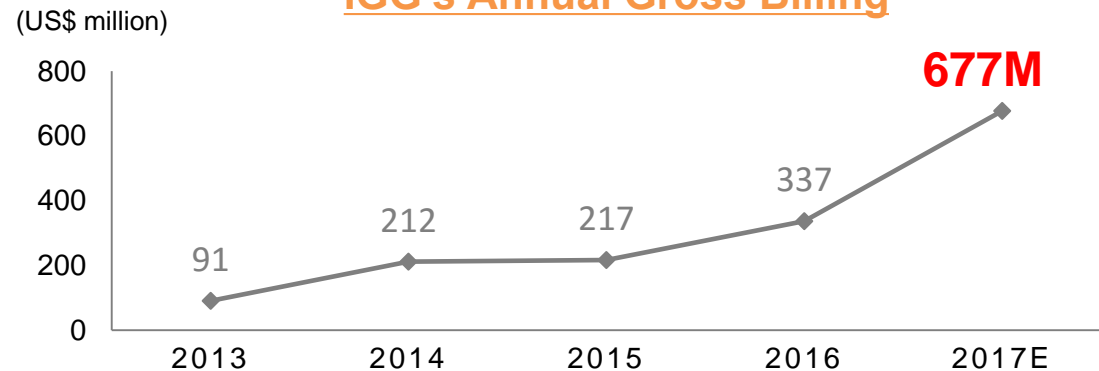
Castle Clash:

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

Monthly Gross Billing



IGG's Annual Gross Billing

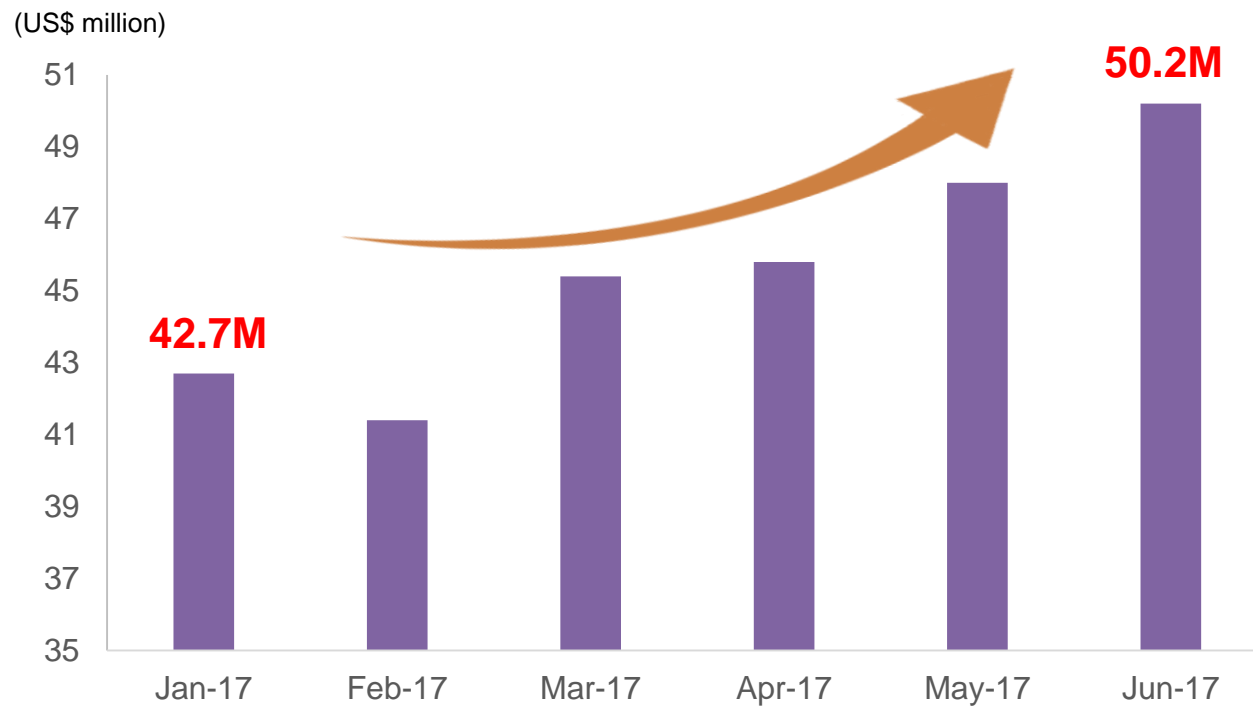


Note*: Lords Mobile was launched in March 2016, gross billing of March-June 2017 increased 585% from the same period in 2016.

IGG INC

Innovators at Work
Gamers at Heart

1H17 IGG Monthly Revenue





Lords Mobile

RTS/RPG Game

- Launched in March 2016
- Available in 18 languages
- Registered users: 48mn
- MAU: 6.7mn
- 69% of total revenue



Castle Clash

Strategy Game

- Launched in July 2013
- Available in 15 languages
- Registered users: 200mn
- MAU: 8mn
- 23% of total revenue



Clash of Lords II

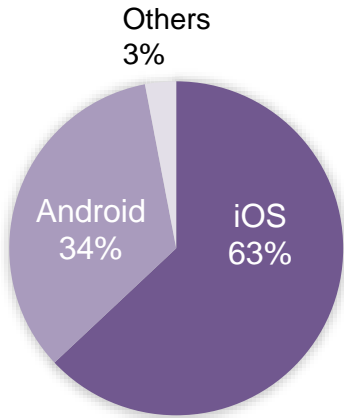
Strategy Game

- Launched in December 2013
- Available in 12 languages
- Registered users: 63mn
- MAU: 1.4mn
- 5% of total revenue

Data as of 30 June 2017

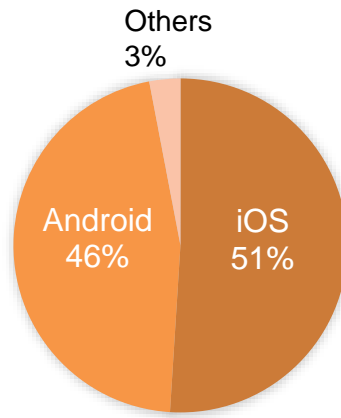
By Platform

By Region



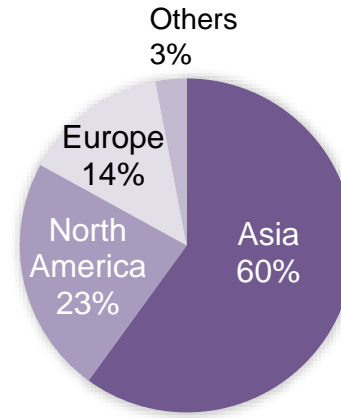
Lords Mobile

iOS momentum continues



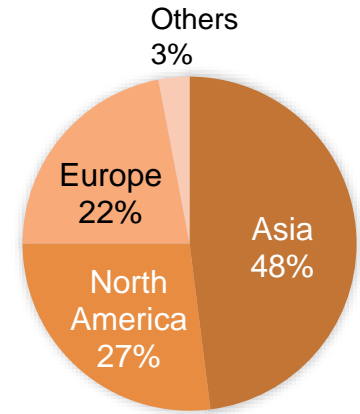
IGG

Well balanced revenue contribution from iOS and Google Play



Lords Mobile

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



IGG

Revenue structure in line with global mobile games market distribution

Data as of 30 June 2017

Hybrid Marketing Strategies

Bus/MTR advertisement



(Singapore)



(Hong Kong)

Outdoor/TV commercials



(Times Square - NY)



(Turkey)

Tournaments



(Hong Kong & Taiwan)

Cinematic-quality advertisement



Endorsement by top-tier celebrities



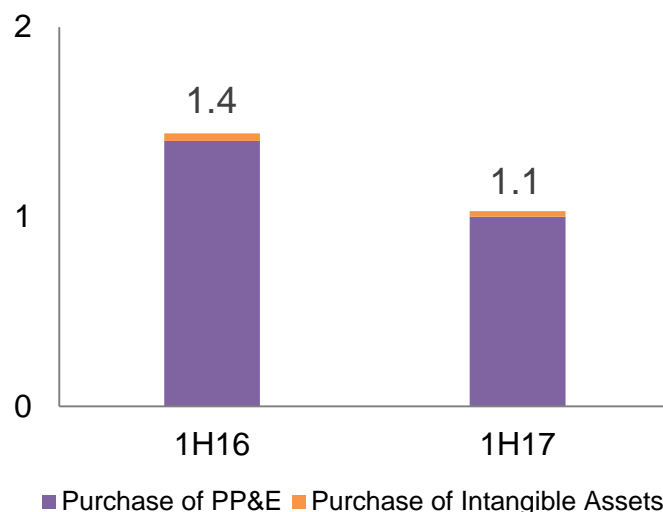
- IGG Overview
- Business Review
- **2017 Interim Financial Review and Prospects**

1H17 Financial Analysis

(US\$ million)	1H16	2H16	1H17	HoH (%)	YoY (%)	Remarks
Revenue	126.0	196.1	273.5	+40%	+117%	Substantial increase in revenue from Lords Mobile.
Gross profit	88.6	130.3	186.1	+43%	+110%	YoY growth due to the significant increase in revenue.
Gross profit margin (%)	70%	66%	68%	+2 pts	-2 pts	HoH increase benefited from economies of scale; YoY drop due to the rise of mobile games channel costs that resulted from the growth of mobile games business.
Selling & distribution exp.	34.0	46.1	61.0	+32%	+79%	Increase in marketing expense for Lords Mobile.
% of Revenue	27%	24%	22%	-2 pts	-5 pts	Thanks to robust revenue growth of Lords Mobile.
Administrative exp.	11.2	12.4	13.8	+11%	+23%	Increase in wages and benefits from team expansion.
% of Revenue	9%	6%	5%	-1 pts	-4 pts	Administrative expense/revenue ratio dropped due to significant revenue growth.
R&D cost	16.2	19.8	21.7	+10%	+34%	Increases in salary, bonus and outsourcing expense
% of Revenue	13%	10%	8%	-2 pts	-5 pts	R&D cost/revenue ratio dropped due to significant revenue growth.
Net profit	25.0	46.6	76.2	+64%	+205%	Increase in NP margin was mainly due to (i) the substantial growth in revenue, and (ii) the drop of cost to revenue ratio.
Net profit margin (%)	20%	24%	28%	+4 pts	+8 pts	
EPS (basic, US cents)	1.91	3.46	5.76	+66%	+202%	
Cash & cash equivalents	158.7	184.1	237.3	+29%	+50%	

Capital Expenditures

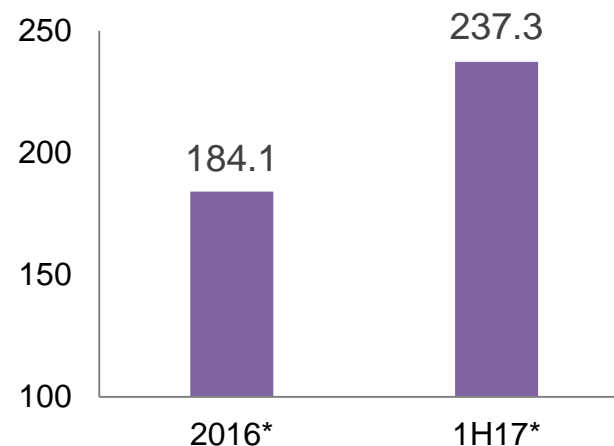
(US\$ million)



- Low capex
 - ✓ 1H16: 0.6% of total asset
 - ✓ 1H17: 0.3% of total asset

Cash & Cash Equivalents

(US\$ million)



- **Share buyback:** spent **US\$6.2M** to repurchase **8.5mn** shares in 1H17
- **Dividend payment:** 2016 2nd interim dividend and special dividend payment of **US\$23.3M**

Note*: cash balance at period end, data as at 31 Dec. 2016 and 30 Jun. 2017 respectively

IGG INC

*Innovators at Work
Gamers at Heart*

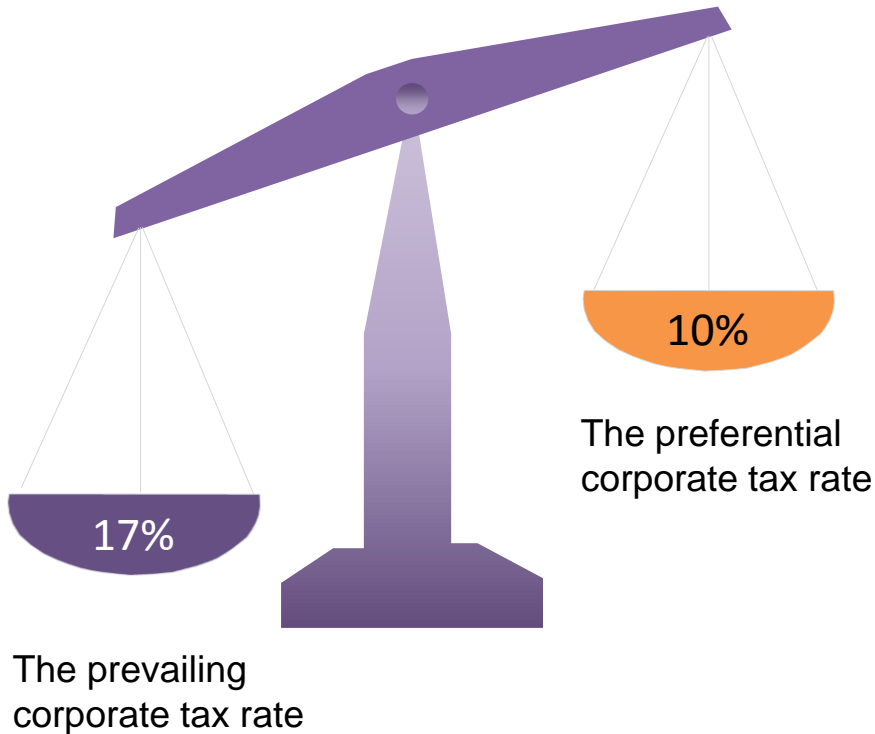
	Dividend Type	Dividend per share (HK, cents)	Total amount (US\$, million)	Dividend payout ratio (% of net profit)	Payment Date
2017	1 st interim dividend	13.0	23.0	30%	Sep. 28, 2017
	Special dividend	22.0	38.0	50%	
	Total	35.0	61.0	80%	

- IGG declared a total dividend of HK 35.0 cents, representing 80% of the net profit for the first half of 2017, comprising an interim dividend accounting for 30% of 1H17 net profit and a special dividend accounting for 50% of 1H17 net profit. Total dividend for 1H17 soared 714% YoY.
- The future dividend payout ratio will be formulated in consideration of the Group's profitability and funding need for M&A.

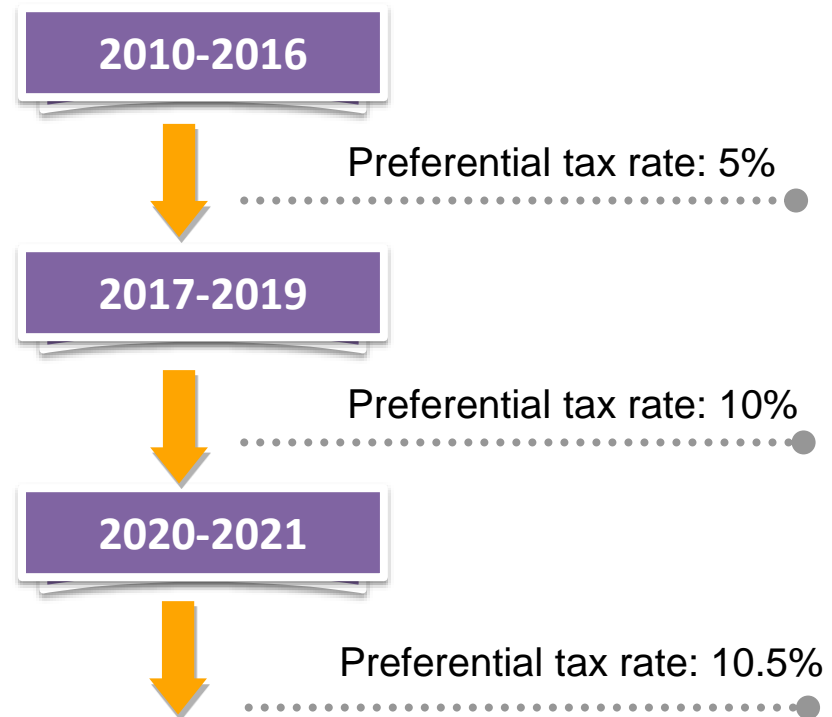


Preferential Corporate Tax Rate

IGG Singapore



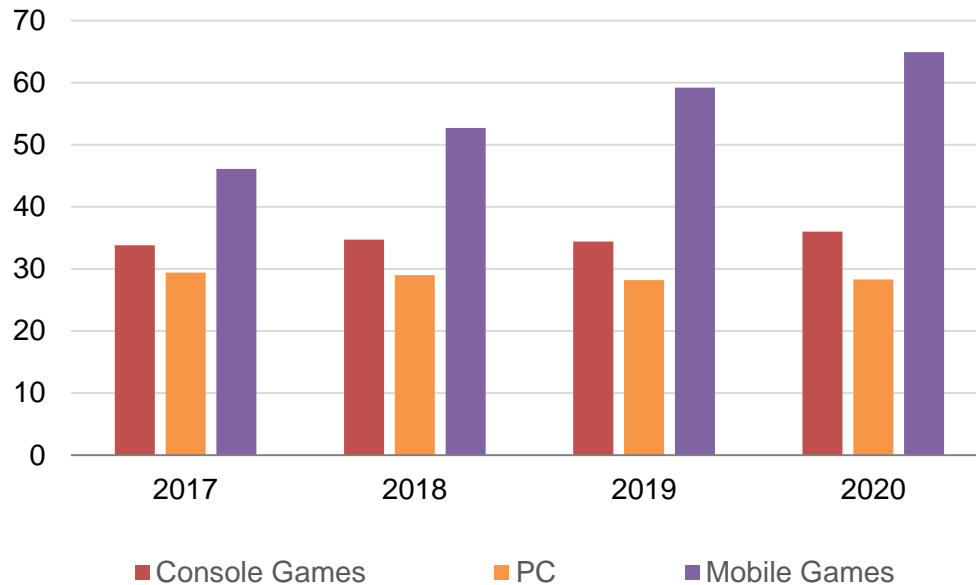
IGG Singapore (Intellectual Property holding company) enjoys preferential tax treatment, subject to requirements as specified by Singapore Economic Development Board.



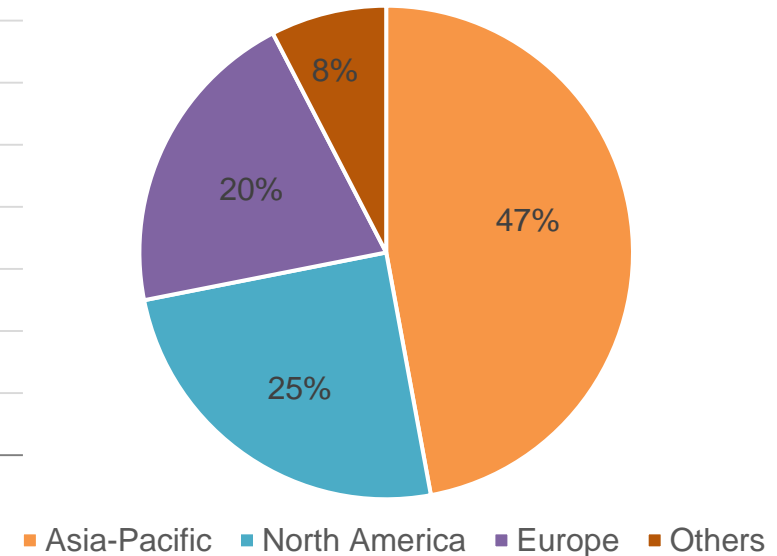
- The global games market is expected to hit US\$ 108.9bn in 2017 and US\$ 128.5bn by 2020.
- From 2017 to 2020, the expected CAGR of Mobile, Console and PC games are 12.1%, 2.1% and -1.3% respectively.

Global Games Market Overview

(US\$ billion)



Global Games Market (by Region)



Source: Newzoo Global Games Market report, 2017

IGG INC

*Innovators at Work
Gamers at Heart*

R&D Plan

- Focus on quality, innovation and excellence;
 - Continually striving to optimize and refine new products, including casual game and war strategy games;
 - Sequels to Castle Clash and Clash of Lords are under development;
- The Group pays close attention to the application of new trend and tech in mobile games, such as augmented reality (AR), location-based service (LBS) and etc;
- To further increase user loyalty and enhance IGG's brand image globally, the Group established a new business division to produce merchandise based on its IP.

Operation and Marketing

- Increase market share in the mainstream markets of North America, Europe and Asia;
- New marketing strategies to roll-out: launch celebrity-endorsed promotional campaigns, release live game streaming videos hosted by internet influencers, produce cinematic-quality advertisements, engage world-famous music artistes to produce the game soundtrack, organize international tournaments, and more.
- Lords Mobile received publishing approvals from State Administration of Press, Publication, Radio, Film and Television of China and Ministry of Culture of China on 29th Jun. 2017 and 26th July respectively.



New Title – Sweet Maker

Tile-matching game



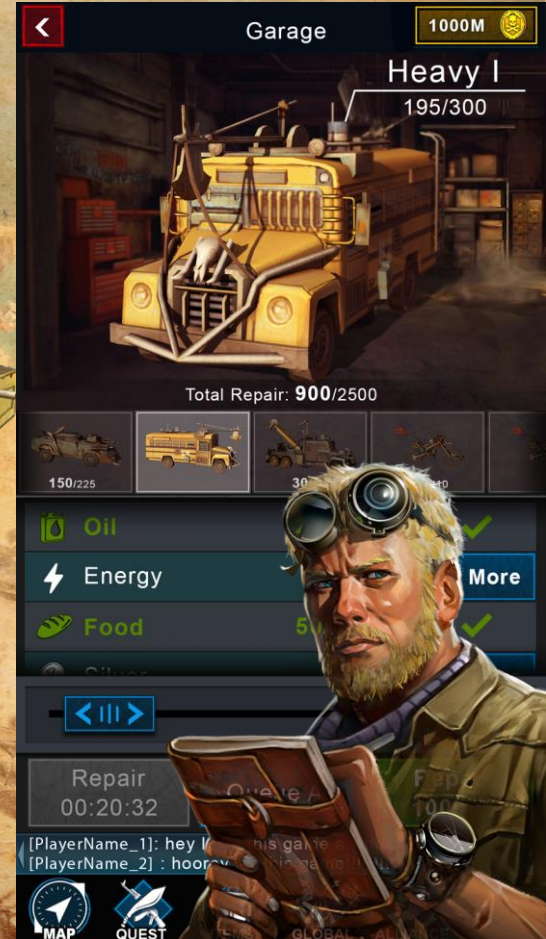
New Title – Madlands



War strategy game with post-apocalyptic theme




New Title – Madlands



New Title – Madlands

 [IGG] Bombahawk

2.2k  50

[APL] Slipstream 

 5 0.2k



Combat Highlight Cam 



A rectangular window with a black border and a filmstrip-like bottom edge. It contains a view of a desert landscape under a bright, orange-yellow sky, likely representing a combat highlight. A red dot is visible in the top right corner of the window.

Real-time strategy game with space theme

殲滅守方艦隊 進入行星要塞攻略戰



New Title – Galaxy Online III

家名稱

192%

▲2 ▲2 ▲6

▲2 ▲2 ▲6

玩家名稱

75%

暴-965對海爾默茲繞行者施放技能心靈控制

暴-965使用戰機攻擊海爾默茲繞行者 -9

繞行者被擊毀了



New Title – Galaxy Online III

MAIL



Team 01 SHIPS

MVP

EXP +200,000



ARRESTED



DAMAGED

12

EXP +200,000



CRASH



CRASH

33

EXP +200,000



69

EXP +200,000



99

EXP +200,000



99

EXP +200,000



EXP +200,000



EXP +200,000



EXP +200,000



EXP +200,000



New Title – Reborn

戰力: 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 – Reborn



New Title – Reborn

1223K +
1211111123K

[Secret] Makes particle positions simulate in worldspace or local space.
[World] The Particle System's general parameters are kept inside a special Main module.

MAIN NAME MAIN NAME
TITLE NAME TITLE NAME

LV 123 23,456/23,456 +



SKILL



GRAND WAVES



GRAND WAVES



A GRAND WAVES
A GRddAND WAVEeeES A heeES A ky A heeEccc
WAdhreVES.



B GRAND WAVES
A GRddAND WAVEeeES A heeES A ky A heeEccc
WAdhreVES.



C GRAND WAVES
A GRddAND WAVEeeES A heeES A ky A heeEccc
WAdhreVES.



FAMILY



New Title – COL III



Strategy Game
Sequel of COL II

New Title – COL III



New Title – COL III





LORDS
MOBILE

Thanks!

IR Contact

- ir@igg.com