



1Q 2012  
25 May 2012

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## Disclaimer – forward looking statements

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- This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking. You should not place undue reliance on these forward-looking statements for many reasons.
- These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.
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# Agenda

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1. Key highlights 1Q 2012
2. Key financials
3. Project status
  1. Game overview
  2. Large scale MMO's
  3. Free-to-play MMO's
4. Summary and outlook

## 1Q 2012 highlights

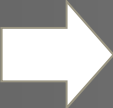


- Funcom has secured a standby equity facility of up to USD 22 million which can be used at the Company's discretion and can be drawn upon in tranches.
- The launch date of *The Secret World* has been adjusted by 2 weeks for market reasons. Early access for the game has been set to 29 June and full launch to 3 July.
- Currently well over 1 million gamers have signed up for the beta programs of *The Secret World* and the number is increasing rapidly. This is significantly higher than for *Age of Conan* before launch.
- Large beta tests have confirmed the stability of the technology base for *The Secret World* and thus reduced the launch risk of the game.
- The indicators on fun factor and retention for *TSW* are positive, based on the beta-programs. Login numbers among invited players, playtime and return visits are all significantly higher than for *Age of Conan*.
- A large number of press previews from press across the world have been published, with positive feedback centering on setting, story, graphics, content, dungeons and innovative role-play system.
- Marketing for *TSW* will expand significantly in the upcoming weeks towards launch, to further increase awareness and expectation for the game.
- *Fashion Week Live* was launched in Open Beta. Early indicators are positive.

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## Key financial summary, 1Q 2012



TUSD	1Q,2012	1Q,2011
Revenues	2,293	3,389
EBITDA	-4,512	-1,117
EBIT	-5,830	-2,496
EAT	-6,143	-4,063

### Revenues

- Main source: revenues from the *Age of Conan* game
- Revenues down in 1Q12 compared to same period in 2011 as *Age of Conan* was impacted negatively by the launch of a large competitor

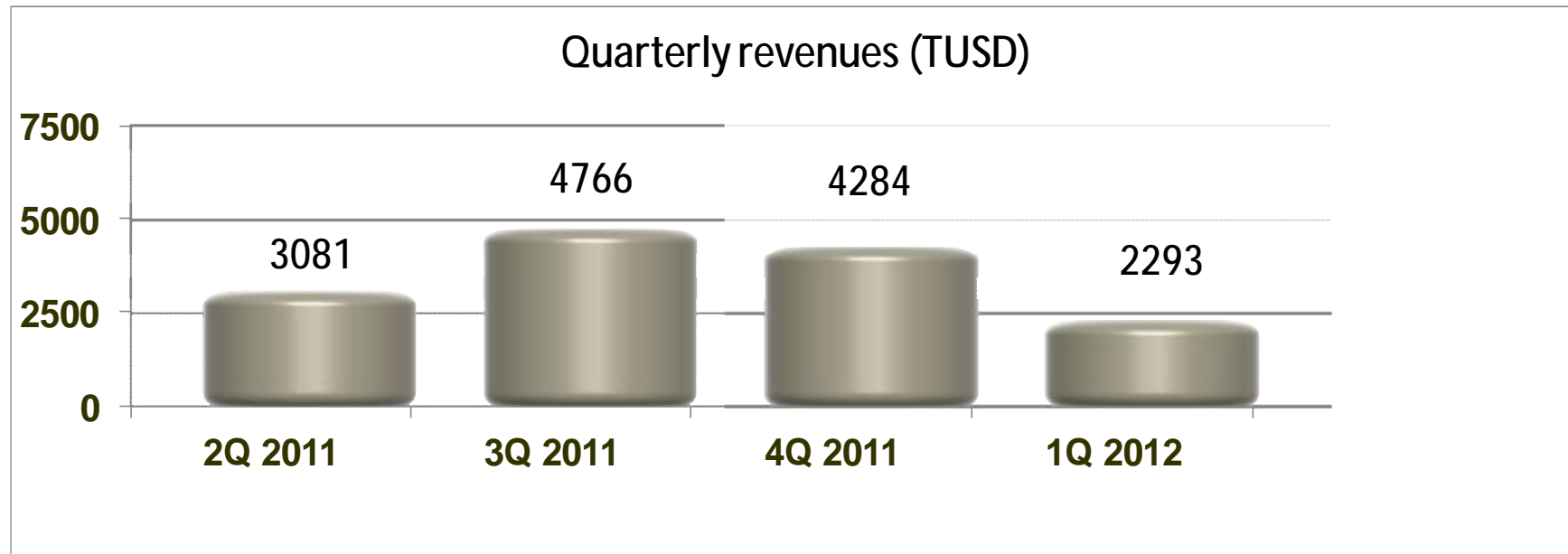
### Earnings

- Build-up costs for *The Secret World* have and will impact EBITDA negatively towards launch.

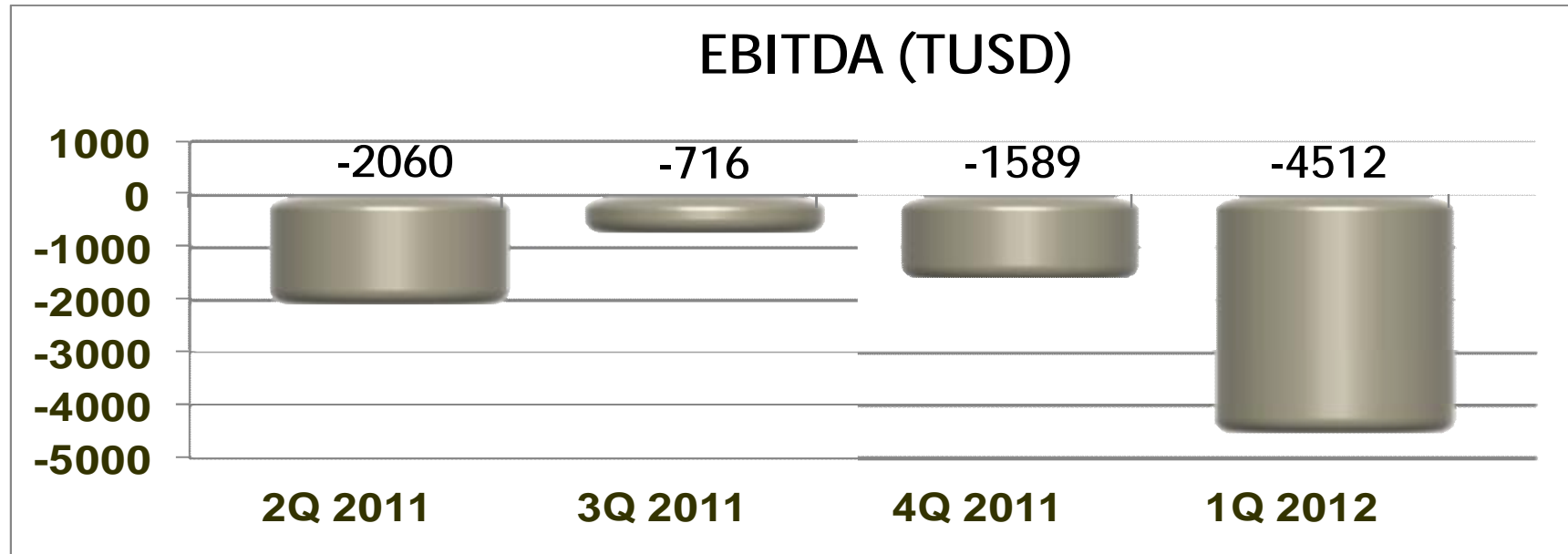
### Consolidated statement of financial position

- Cash balance of 12,234 TUSD as of 31 March 2012, equity-to-assets ratio of 62 %.
- The carrying amount of interest-bearing debt amounting to approximately 22 mUSD.

# Key financial summary, 1Q 2012



## Key financial summary, 1Q 2012





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# Overview of main games



<b>Game</b>	<b>Segment</b>	<b>Status</b>
<i>Age of Conan</i>	Large scale MMO	Launched, Cash flow positive
<i>Anarchy Online</i>	Large Scale MMO	Launched, Cash flow positive
<i>The Secret World</i>	Large Scale MMO	In development, Investment phase
<i>Bloodline Champions</i>	Free-to-play MMO	Launched, Cash flow positive
<i>Fashion Week</i>	Free-to-play MMO, Social game	In open beta phase, Investment phase
<i>Pets vs Monsters</i>	Free-to-play MMO	In open beta phase, Monetization phase
<i>Project A</i>	Large scale MMO	Concept phase, Investment phase
Project B	Free-to-play MMO	Early development. Brand update

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Video





# THE SECRET WORLD

## Status

- The launch of The Secret World has been adjusted by 2 weeks for market reasons. Early access will commence on June 29 and full commercial launch will be on July 3.
- Well over 1 million gamers are now registered for The Secret World and the number is growing rapidly. This is significantly higher than Age of Conan reached before launch.
- Over 250.000 gamers participated in The Secret War, a online social experience related to The Secret World, to gain in game advantages and beta access for The Secret World.
- Awareness for The Secret World among MMO-gamers is high. Rating and purchase intent among aware consumers is high. A focus for the Company going forward is to further increase awareness among gamers through marketing spend and PR-initiatives
- Gamespot and partners update





# THE SECRET WORLD

## Feedback

- Many and extensive press previews, and lately, beta previews have been written by press across the world. Funcom considers a lot of the feedback to be very positive, with press commenting favorably on elements such as setting and mood, storytelling, graphics, role-playing systems, dungeons, content etc.
- Through beta surveys, Funcom, receives detailed and broad feedback on the game from the beta testers. The feedback in these surveys is very positive, but it may be that positively inclined players are more likely to reply to the surveys. Over 80% of the beta test participants in the last beta test stated they would buy the game.
- Funcom considers the in-game mood and the feedback on the beta forums to be positive and encouraging and notably more positive than for Age of Conan before launch.
- Beta testers are highlighting the same key strengths as the journalists when giving feedback to the game.





# THE SECRET WORLD

Selected quotes from recent press previews\*:

ZAM: "TSW is a tremendously immersive experience that will invite you in to stay"

Gamesbeat: "You will love TSWs atmosphere"

Gamesradar: "A skill-progression unlike any other MMO to date."

Massively: "*Fantastic, refreshing and unique*"

Gamespy: "I loved, LOVED, exploring Kingsmouth."

Destructoid  
"the first MMO I've been excited about in a very long time."

\* For more complete overview see [thesecretworld.com](http://thesecretworld.com)



# THE SECRET WORLD

## Development status

- The development on The Secret World is currently focused on bug-fixing, polishing and fine-tuning technology and game play elements and on finishing some specific game elements like character creation, animations, combat impacts and grouping.
- Through several beta stress tests, closed beta and open betas, the infrastructure and technology of the game has been extensively tested, with good results. The technology risks related to the launch of the game have been reduced.
- Testing of the technology will continue until launch through the long term closed beta-programs, the open betas and through dedicated stress tests.
- Over 250 people are currently working on the development and operations of the project





# TSW target financial scenario



## Target scenario

- § Client sales 30 % higher than *Age of Conan*
- § Majority of digital client sales
- § Subs/client price as *Age of Conan*
- § In-game store sales/uptick amounting to 35 % of subs. revenue
  - § AO: 30 %, AOC: 100 %
- § Healthy retention; 490,000 average subs

## Conan-like scenario

- § 1,050,000 client sales first year
- § Poor retention (a bit better than *Age of Conan*)  
280,000 average subscribers
- § Other assumptions as above

Comments on indicators for community size, beta sign-ups, press and gamer feedback, pre-order upsell, in-game purchase intent, retention indicators

## Funcom results

- § First yr revenue est \$ 157 million
- § Est. game profit margin: 53 %

- § First yr revenue est \$ 100 million
- § Est. game profit margin: 43 %

\* Many other scenarios are conceivable and investors are encouraged to explore both low and high scenarios

# Future Funcom MMOs



- § DreamWorld game engine. Major competitive advantage for Funcom.
  - § Most advanced MMO-tech available
  - § Built for fast implementation and iterations and low cost development
  - § Significantly lower cost of development for future games
- § Operational costs
  - § Significant reduction in costs through server tech and operational set-up
- § Game Direction
  - § Focus on utilizing technology strengths of DreamWorld
  - § Player driven content, engagement and community
  - § Multi-platform engagement
  - § Utilize technology advantage for high-end games at highly competitive cost, up to 50% lower than competitors



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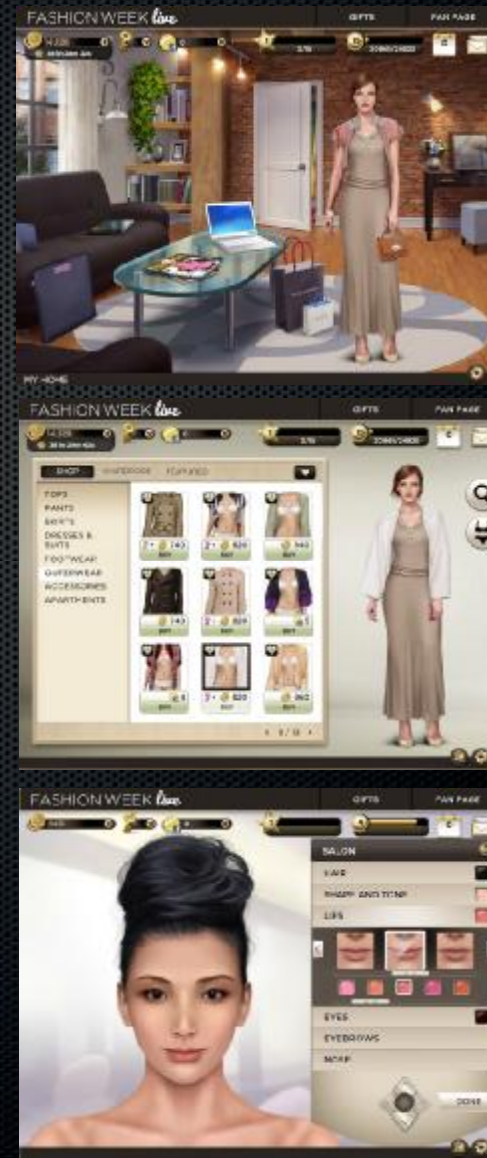


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# Status *Fashion Week Live*

- *Fashion Week Live*, Funcom's first larger investment into the social games space, was launched in Open Beta. Early indicators on monetization and retention are encouraging.
- The current focus is on measuring and improving monetization, retention and virality and fine-tuning the game. Over the next few weeks the marketing initiatives will gradually be increased
- Partnerships have been struck with several high-profile, global fashion brands for inclusion in the game. Details will follow in a few weeks.
- *Fashion Week Live* is developed in a three-way partnership with IMG and 505 Games.



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