

Activision Blizzard Inc

Activision Blizzard (ATVI) is an online, personal computer (PC), videogame console, tablet, handheld and mobile game publisher of interactive entertainment. The company operates through its Activision Publishing, Blizzard Entertainment and King Digital Entertainment segments. Its key franchises include Activision's Call of Duty (CoD) and Skylanders as well as Blizzard's World of Warcraft, Diablo and Starcraft and King's Candy Crush, Farm Heroes and Bubble Witch. Adj. net revenues were down 14% y/y to USD1.78bn. Meanwhile, in-game net bookings contributed USD1.36bn (+13% y/y). Revenues in Activision fell 25% y/y to USD480m, due to lower CoD revenues. However, Blizzard's revenues grew 10% y/y to USD543m, led mainly by higher revenues from Diablo Immortal. Meanwhile, King's revenues rose 6% y/y to USD692m, driven by a continued higher revenues from in-game purchases in the Candy Crush franchise. By platform, revenues fell 36% y/y in console and 37% y/y in PC, while those from mobile and ancillary grew 14% y/y. MAUs [1] deteriorated by 6% y/y to 368m. Adj. EBIT decreased 32% y/y to USD605m (margin: -9.2ppt y/y to 34.0%), due to higher operating expenses. Adj. EPS fell 24% y/y to USD 0.68. Adj. FCF also dropped to USD242m (-51% y/y). ATVI expects revenue of +/-5% y/y in Q4, while cons. is clearly above this target. ATVI has also given guidance for belowcons. in net bookings growth of at least 20% y/y vs cons. of 30% y/y growth. Finally, ATVI expects total segment operating income growth of at least 20% y/y, which is in line with cons.

Corporate Ratings	Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (If Available)			
S&P A-											
Outlook -											
Moody's Baa1											
Outlook -											
Fitch -											
Outlook -											
CDS Data											
5 YR CDS #N/A N/A											
% 3 Months #N/A N/A											
% 6 Months #N/A N/A											
% 1 Year #N/A N/A											
52 Week Low #N/A N/A											
52 Week High #N/A N/A											
Profitability											
EBIT 2,069											
Operating Margin 28.12											
Pretax Margin 27.16											
Return on Assets 7.00											
Return on Common Equity 9.71											
Return on Capital -											
Asset turnover 0.30											
Structure											
Current Ratio 5.76											
Quick Ratio 4.98											
Total Debt to Total Assets 14.09											
Total Debt to Com Equity 19.19											
Acct Receivable Turnover 11.84											
Inventory Turnover --											
Gross Margin 71.14											
EBIT / Total Inter --											
Growth Potential											
Sales 1yr Growth 8.87											
Asset 1yr Growth 8.43											
Capital 1yr Growth 13.54											
Income Statement Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Revenue	2,005.5	3,087.6	7,357.0	1,782.0	1,644.0	1,768.0	2,163.0	2,070.0	2,296.0	2,275.0	2,413.0
Operating Income	665.8	1,471.7	2,069.0	497.0	351.0	509.0	712.0	827.0	972.0	825.0	649.0
Pretax Income	659.1	1,441.7	1,998.0	512.0	334.0	484.0	668.0	762.0	1,015.0	795.0	618.0
Income bef XO Items	592.0	798.2	1,675.0	435.0	280.0	395.0	565.0	639.0	876.0	619.0	508.0
Net Income	555.1	1,196.3	1,736.3	445.6	291.0	410.8	588.9	641.6	890.6	643.0	537.5
Basic EPS Before XO Items	--	--	2.22	0.57	0.37	0.53	0.76	0.82	1.15	0.83	0.70
Basic EPS	0.70	1.52	2.79	0.68	0.48	0.38	1.25	0.72	0.91	0.84	1.21
Diluted EPS Before XO Items	--	--	2.21	0.56	0.37	0.52	0.75	0.82	1.14	0.82	0.69
Diluted EPS	--	--	2.13	0.55	0.36	0.50	0.72	0.82	1.12	0.79	0.65
Dividends per Share	--	--	1.4	0.47	0.47	0.47	0.00	0.47	0.47	0.47	0.00
EBITDA	741.6	1,556.1	2,937.0	628.0	475.0	631.0	1,203.0	764.0	767.0	877.0	1,181.0
Return on Common Equity	8.0	25.7	9.4	9.4	10.9	14.9	16.5	16.9	17.4	16.3	15.8
Balance Sheet Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Total Current Assets	13,110.0	13,110.0	12,507.0	12,486.0	12,556.0	11,211.0	10,887.0	10,922.0	10,565.0	10,565.0	10,565.0
Total Long-Term Assets	12,510.0	12,510.0	12,487.0	12,526.0	12,500.0	12,766.0	12,685.0	12,503.0	12,544.0	12,544.0	12,544.0
Total Assets	25,620.0	25,620.0	24,994.0	25,012.0	25,056.0	23,977.0	23,572.0	23,425.0	23,109.0	23,109.0	23,109.0
Total Current Liabilities	2,278.0	2,278.0	2,024.0	2,291.0	2,411.0	2,016.0	2,253.0	3,181.0	3,100.0	3,100.0	3,100.0
Total Long-Term Liabilities	4,534.0	4,534.0	4,722.0	4,890.0	5,046.0	5,011.0	5,033.0	4,913.0	4,972.0	4,972.0	4,972.0
Total Liabilities	6,812.0	6,812.0	6,746.0	7,181.0	7,457.0	7,027.0	7,286.0	8,094.0	8,072.0	8,072.0	8,072.0
Total Shareholders' Equity	18,808.0	18,808.0	18,248.0	17,831.0	17,599.0	16,950.0	16,286.0	15,331.0	15,037.0	15,037.0	15,037.0
Shares Outstanding	779.1	779.1	782.3	781.6	779.1	778.8	777.7	776.9	776.9	776.9	776.9
Book Value per Share	25.9	25.0	24.1	24.1	23.3	22.8	22.6	21.8	20.9	19.7	19.6
Tangible Book Value / Sh	10.6	10.6	10.6	10.6	9.9	9.3	9.2	8.2	7.5	6.3	6.1
Shareholder Equity/Total Liab	73.4	73.4	73.0	71.3	70.2	70.7	69.1	65.4	65.1	65.1	65.1
Cash Flow Summary	03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Net Income	592.0	798.2	1,675.0	435.0	280.0	395.0	565.0	639.0	876.0	619.0	508.0
Depreciation and Amortization	26.2	26.2	136.0	20.0	69.0	22.0	25.0	25.0	26.0	28.0	27.0
Change in Working Capital	1,637.0	1,637.0	1,637.0	349.0	288.0	50.0	950.0	561.0	893.0	276.0	650.0
Cash - Operating Activities	1,758.0	1,758.0	1,758.0	257.0	198.0	642.0	661.0	521.0	388.0	844.0	1,140.0
Capital Expenditures	-23.8	-26.0	-88.0	-15.0	-37.0	-15.0	-21.0	-23.0	-14.0	-22.0	-22.0
Cash - Investing Activities	-3,151.0	-3,151.0	-3,151.0	-2,940.0	-260.0	7.0	42.0	73.0	-88.0	-86.0	0.0
Cash - Financing Activities	-574.0	-574.0	-574.0	-58.0	-408.0	-107.0	-1.0	-81.0	-364.0	-123.0	95.0
Net Changes in Cash	-1,967.0	-1,967.0	-1,967.0	-2,741.0	-470.0	542.0	702.0	513.0	-64.0	635.0	1,235.0
Free Cash Flow	825.8	1,131.1	1,670.0	242.0	161.0	627.0	640.0	498.0	374.0	822.0	1,118.0

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