



Fourth Quarter 2016 Results

February 9, 2017

Safe Harbor Disclosure

Please review our SEC filings on Form 10-K and Form 10-Q

The statements contained in this presentation that are not historical facts are forward-looking statements, including, but not limited to, statements about (1) projections of revenues, expenses, income or loss, earnings or loss per share, cash flow or other financial items; (2) statements of our plans and objectives, including those related to releases of products and services; (3) statements of future financial or operating performance; (4) statements relating to the acquisition of King and expected impact of that transaction, including without limitation, the expected impact on Activision Blizzard, Inc.'s future financial results; and (5) statements of assumptions underlying such statements. The company generally uses words such as “outlook,” “forecast,” “will,” “could,” “should,” “would,” “to be,” “plan,” “plans,” “believes,” “may,” “might,” “expects,” “intends,” “intends as,” “anticipates,” “estimate,” “future,” “positioned,” “potential,” “project,” “remain,” “scheduled,” “set to,” “subject to,” “upcoming” and other similar expressions to help identify forward-looking statements. Forward-looking statements are subject to business and economic risk, reflect management’s current expectations, estimates and projections about our business, and are inherently uncertain and difficult to predict.

The company cautions that a number of important factors could cause Activision Blizzard's actual future results and other future circumstances to differ materially from those expressed in any forward looking statements. Such factors include, but are not limited to: uncertainties as to whether and when Activision Blizzard will be able to realize the anticipated financial benefits from the acquisition of King; the diversion of management time and attention to issues relating to the operations of our acquired or newly started businesses; sales levels of Activision Blizzard’s titles, products and services; concentration of revenue among a small number of titles; Activision Blizzard’s ability to predict consumer preferences, including interest in specific genres, and preferences among hardware platforms; the amount of our debt and the limitations imposed by the covenants in the agreements governing our debt; adoption rate and availability of new hardware (including peripherals) and related software; counterparty risks relating to customers, licensees, licensors and manufacturers; maintenance of relationships with key personnel, customers, financing providers, licensees, licensors, manufacturers, vendors, and third-party developers, including the ability to attract, retain and develop key personnel and developers that can create high-quality titles, products and services; risks relating to the expansion into new businesses, including the potential impact on our existing businesses; changing business models within the video game industry, including digital delivery of content and the increased prevalence of free-to-play games; product delays or defects; competition, including from other forms of entertainment; rapid changes in technology and industry standards; possible declines in software pricing; product returns and price protection; the identification of suitable future acquisition opportunities and potential challenges associated with geographic expansion; the seasonal and cyclical nature of the interactive entertainment market; the outcome of current or future tax disputes; litigation risks and associated costs; protection of proprietary rights; shifts in consumer spending trends; capital market risks; applicable regulations; domestic and international economic, financial and political conditions and policies; tax rates and foreign exchange rates; the impact of the current macroeconomic environment; and the other factors identified in “Risk Factors” included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015.

The forward-looking statements contained herein are based upon information available to the company at this time and we assume no obligation to update any such forward-looking statements. Although these forward-looking statements are believed to be true when made, they may ultimately prove to be incorrect. These statements are not guarantees of our future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and may cause actual results to differ materially from current expectations.

Non-GAAP (as previously defined) and Non-GAAP (redefined) Financial Measures

In accordance with the updated Compliance and Disclosure Interpretations issued by the SEC staff on May 17, 2016, beginning with the reporting of our second-quarter 2016 results, we have reported our financial results and provided our outlook using GAAP and non-GAAP (redefined). We have historically provided Non-GAAP (as previously defined) financial measures. The only difference between the two measures is the inclusion (Non-GAAP (redefined)) or exclusion (Non-GAAP (as previously defined)) of the impact from revenue deferrals accounting treatment on certain of our online enabled products. Please see materials from July 29, 2016 call for further details.

Use of Non-GAAP Measures

As a supplement to our financial measures presented in accordance with Generally Accepted Accounting Principles (“GAAP”), Activision Blizzard presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company’s results of operations as determined in accordance with GAAP.

Activision Blizzard provides net income (loss), earnings (loss) per share and operating margin data and guidance both including (in accordance with GAAP) and excluding (non-GAAP) certain items. When relevant, the company also provides constant FX information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. In addition, Activision Blizzard provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation and amortization) and adjusted EBITDA (defined as non-GAAP operating margin (see non-GAAP financial measure below) before depreciation). The non-GAAP financial measures exclude the following items, as applicable in any given reporting period and our outlook:

- expenses related to stock-based compensation;
- the amortization of intangibles from purchase price accounting;
- fees and other expenses related to the King acquisition, inclusive of related debt financings, and refinancing of long-term debt, including penalties and the write off of unamortized discount and deferred financing costs;
- restructuring charges;
- other non-cash charges from reclassification of certain cumulative translation adjustments into earnings as required by GAAP; and
- the income tax adjustments associated with any of the above items (tax impact on Non-GAAP pre-tax income is calculated under the same accounting principles applied to the GAAP pre-tax income under ASC 740, which employs an annual effective tax rate method to the results).

In the future, Activision Blizzard may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Activision Blizzard’s financial and operating performance. In particular, the measures facilitate comparison of operating performance between periods and help investors to better understand the operating results of Activision Blizzard by excluding certain items that may not be indicative of the company’s core business, operating results or future outlook. Internally, management uses these non-GAAP financial measures, along with others, in assessing the company’s operating results, and measuring compliance with the requirements of the company’s debt financing agreements, as well as in planning and forecasting.

Activision Blizzard’s non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net income, non-GAAP earnings per share, non-GAAP operating margin, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Activision Blizzard’s performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Activision Blizzard’s GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

Better-Than-Expected and Record Performance

Executing on growth opportunities

A record year in 2016:

- Record 2016 GAAP revenues up 42% Y/Y and EPS up 8% Y/Y
- Record 2016 non-GAAP (redefined)¹ operating margins of >35% and EPS up 68% Y/Y
- Record operating cash flow of \$2.2B, up 71% Y/Y

Key growth initiatives:

1. Overwatch[®] proved our ability to launch new owned IP:

- *Blizzard's fastest game to reach over 25M players globally*

2. Successfully integrated King:

- *Mobile gross bookings² for the Candy Crush™ franchise grew in 2016*
- *Progressed on initiative to bring advertising to one of the world's largest and most engaged mobile networks*

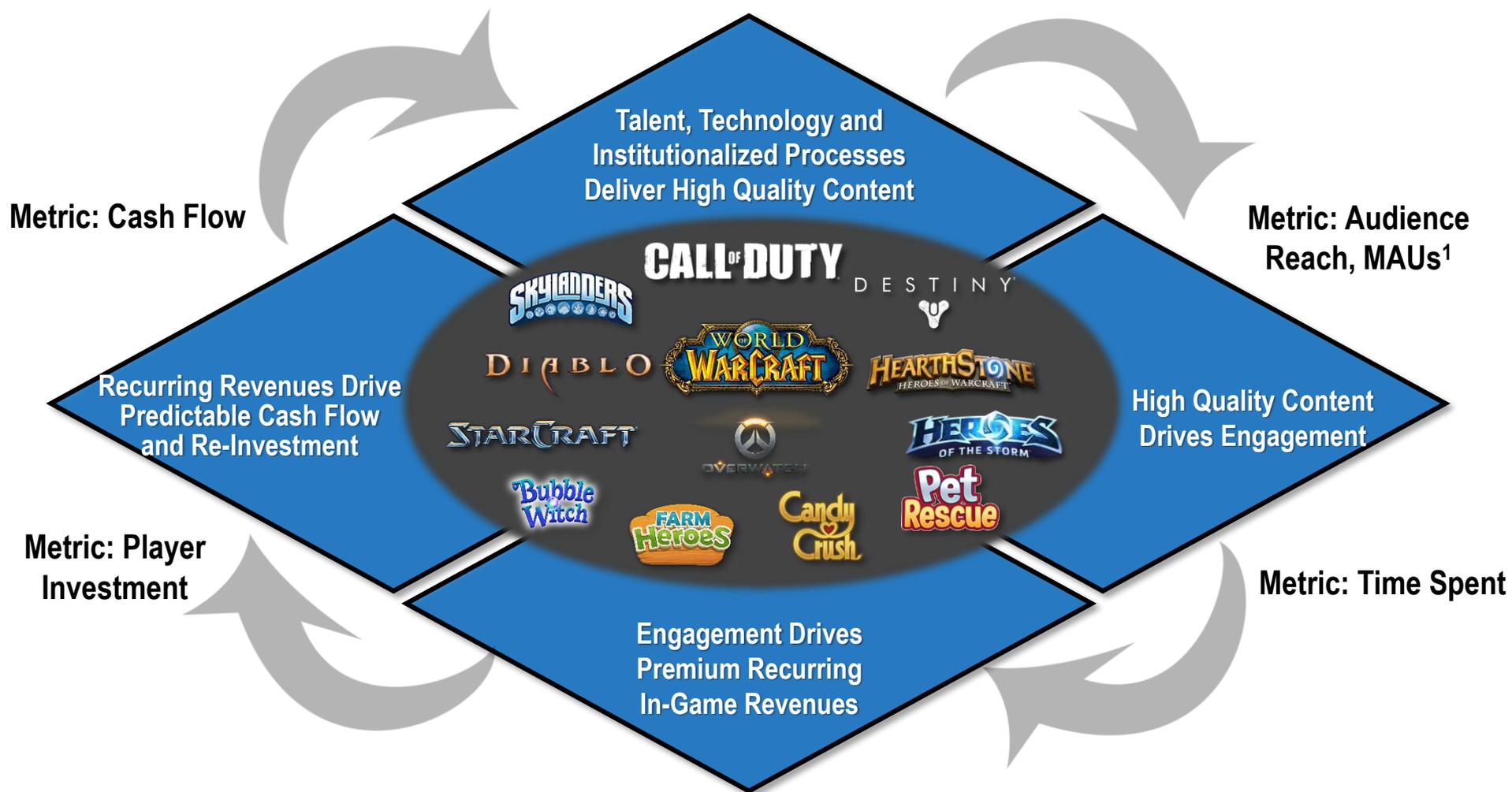
3. Nurtured emerging growth opportunities outside of games including esports, film and TV, and consumer products:

- *Accelerated esports efforts with the integration of MLG, the formation of the Call of Duty[®] World League, and the announcement of the Overwatch League™*

¹ Non-GAAP information: reconciliation tables in the appendix of the earnings release dated February 9, 2017, which is available on www.activisionblizzard.com. "Non-GAAP (redefined)" includes the net effect of revenue deferrals accounting treatment on certain of our online enabled products. Please see materials from July 29, 2016 call for further details. ² Gross bookings is an operating metric reflecting the total price paid by players, which includes indirect taxes (sales tax or value added tax etc.), platform providers fees, and King's share of revenues.

Strategic Focus on Franchises

We relentlessly focus on building reach, engagement, and player investment



¹ Monthly Active Users (MAUs) defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in earnings release for additional details.

Audience Reach

447M MAUs¹ in the quarter across the company

	Activision	Blizzard	King
Q4 MAUs ¹	51M	41M, Q4 record	355M
2016 MAUs ¹	50M, all-time record	36M, all-time record	405M

Details:



- Record for strongest launch year financial performance of any game in Blizzard's 25-year history
- Reached 25M registered players faster than any franchise in Blizzard history with balanced player base across east and west
- Q4 MAUs¹ rose to new franchise high
- Received 55 "Game of the Year" awards



- 2016 MAUs¹ grew 10% Y/Y; Q4 MAUs¹ grew >20% Y/Y



- 2016 record MAUs¹ grew 20% Y/Y; Q4 MAUs¹ were also up Y/Y



- #1 franchise in NA for 8th year in a row, #1 console franchise globally for 7 of last 8 years²
- Life-to-date on current-gen consoles, **Call of Duty** has 3 of the top 10 games²
- **Call of Duty** is the most successful videogame franchise of the 20 years²
- Record annual MAUs¹ for the franchise; Q4 MAUs¹ stable as players engaged on multiple titles
- 2017 title will take **Call of Duty** back to its roots



- 11th largest console franchise of all time with more than 300M toys sold²
- **Skylanders™ Academy** TV series on Netflix well received; second season expected to be delivered later this year, & Netflix has ordered a 3rd season; new mobile game in development

¹ MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in earnings release for additional details. ² NPD & GfK Chart-Track

Deep Engagement

>10B hours spent playing our games in Q4; ~43B¹ hours including spectating in 2016

 <p>Hours spent with content in 2016:</p>	<table border="1"> <tr> <th>ATVI</th> <th>NFLX</th> <th>Snapchat</th> </tr> <tr> <td>~43B¹</td> <td>45B+</td> <td>~22 – 26B</td> </tr> </table>	ATVI	NFLX	Snapchat	~43B ¹	45B+	~22 – 26B
ATVI	NFLX	Snapchat					
~43B ¹	45B+	~22 – 26B					

Details:

	<ul style="list-style-type: none"> Blizzard had record Q4 play time, breaking previous record set in Q3 Overwatch's seasonal events continue to drive engagement records, including the most recent Lunar New Year event World of Warcraft[®] time spent grew Q/Q, surpassing Legion's[™] launch quarter and all non-launch quarters in the last 4 years
	<ul style="list-style-type: none"> Player base continues to be highly engaged with 34 minutes per day per DAU, up Q/Q and Y/Y New franchise sequel, Bubble Witch Saga 3[™] launched early 2017
	<ul style="list-style-type: none"> Announced new Consumer Products division, headed by Tim Kilpin, veteran of Mattel and Disney
	<ul style="list-style-type: none"> Viewership on social platforms like Facebook and Instagram grew 50% Y/Y
	<ul style="list-style-type: none"> COD World League delivered 120M video views with >2x the time spent viewing vs. 2015's season
	<ul style="list-style-type: none"> BlizzCon[®] had 25,000+ attendees and 10M+ viewers; sold record number of DirecTV PPV tickets
	<ul style="list-style-type: none"> Announced at BlizzCon, creating a premier experience for team owners, players, and fans Plan to start the process of selling teams and commercializing media rights in 2017

¹ Includes King for full period. ² MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in earnings release for additional details.

Providing Opportunities for Player Investment

Quarterly record of over \$1B GAAP in-game revenues

2016 GAAP in-game revenue:

ATVI	Y/Y
\$3.6B	+126%

Details:



- Record levels of quarterly and full year in-game revenues driven by *World of Warcraft* content and continued strength in *Overwatch*'s seasonal events



- Record levels of Q4 and full year in-game revenues
- Black Ops III* with record add-on revenues, greater than à la carte map packs and Season Pass combined, even with record Season Pass participation



- Full *Destiny* sequel in 2017 to broaden the franchise's global reach, which along with follow-on content plans, sets the stage for growth



- Gross bookings¹ per paying user has increased 6 quarters in a row to its highest level
- Stability in *Candy Crush* franchise in the year with Q4 and 2016 mobile gross bookings¹ up Y/Y

¹ Gross bookings is an operating metric reflecting the total price paid by players, which includes indirect taxes (sales tax or value added tax etc.), platform providers fees, and King's share of revenues. ² U.S. ranking for Apple App Store and Google Play Store combined, per App Annie Intelligence for fourth quarter 2016.

Fourth Quarter and 2016 Segment Results

Record 2016 Blizzard segment net revenue and segment operating income

			
Q4 Segment Net Revenues:	\$1,151M	\$669M	\$436M
Q4 Segment Operating Income:	\$479M 42%	\$273M 41%	\$156M 36%
2016 Segment Net Revenues:	\$2,220M	\$2,428M	\$1,586M
2016 Segment Operating Income:	\$788M 35%	\$1,013M 42%	\$537M 34%
Key Highlights:	<ul style="list-style-type: none"> Record 2016 segment operating margin of 35%, driven by strong digital performance Record Q4 and full year in-game revenues 	<ul style="list-style-type: none"> Record 2016 segment revenues and operating income In 2016, >60% of segment revenues from non-World of Warcraft franchises, 20% of segment revenues from non-PC platforms, and >25% of segment revenues in APAC 	<ul style="list-style-type: none"> Contributed more than the originally planned 30% accretion to results In 2016, Candy Crush franchise mobile gross bookings¹ grew Y/Y 2 of the top 10 grossing games in the U.S. for the 13th quarter in a row²

¹ Gross bookings is an operating metric reflecting the total price paid by players, which includes indirect taxes (sales tax or value added tax etc.), platform providers fees, and King's share of revenues. ² U.S. ranking for Apple App Store and Google Play Store combined, per App Annie Intelligence for fourth quarter 2016.

Note: Segment results here are consistent with how we report our US GAAP segment results externally in the footnotes to our financial statements. The segment performance is exclusive of the impact of the change in deferred revenues and related cost of revenues with respect to certain of our online-enabled products, stock-based compensation expense, amortization of intangible assets as a result of purchase price accounting, and fees and other expenses related to financings and acquisitions. Reconciliation of our segment results to our consolidated results is included in the appendix of the earnings release dated February 9, 2017, which is available on www.activisionblizzard.com.

Better-than-Expected Fourth Quarter 2016 Results

Record total & digital revenues; GAAP EPS up 57% and Non-GAAP(redefined) EPS up 160%

If you would like to calculate Non-GAAP metrics as previously defined, in order to do year-over-year comparisons, you would add the impact of GAAP deferrals to the relevant Non-GAAP (redefined) metrics. Please see materials from July 29, 2016 call for further details.

Net Revenues

Digital Revenues %

Operating Income

Operating Margin

Interest Expense, Net³

EPS

Total share count for EPS⁴

Operating Cash Flow⁵

Free Cash Flow^{5,6}

Q4 2015 Actual

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$1,353M	\$1,353M	\$765M
54%	54%	
\$250M	\$284M	\$554M
18%	21%	
\$49M	\$49M	
\$0.21	\$0.25	\$0.58
750M	750M	

\$1,063M

\$1,047M

Prior Q4 2016 Outlook²

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$1,856M	\$1,856M	\$522M
12%	26%	
\$129M	\$45M	
\$0.05	\$0.40	\$0.34
765M	765M	

Q4 2016 Actual

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$2,014M	\$2,014M	\$438M
72%	72%	
\$425M	\$681M	\$238M
21%	34%	
\$125M	\$41M	
\$0.33	\$0.65	\$0.27
758M	758M	

\$859M

\$822M

¹ Non-GAAP reconciliations are in the appendices of the earnings releases dated November 3, 2016 and February 9, 2017, which are available on www.activisionblizzard.com. ² Prior outlook provided November 3, 2016. ³ Includes a \$82M loss on extinguishment of debt in 2016 Q4 GAAP actual results. ⁴ Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. ⁵ During Q3 2016 we adopted a new accounting standard that included retrospectively revising cash flows for all periods presented. Refer to the tables attached to the company's earnings released dated November 3, 2016, for more details. ⁶ Free Cash Flow represents Operating Cash Flow minus Capital Expenditure (which includes payment for acquisition of intangible assets).

Record 2016 Results

Record revenues, digital revenues, EPS, and operating cash flow

If you would like to calculate Non-GAAP metrics as previously defined, in order to do year-over-year comparisons, you would add the impact of GAAP deferrals to the relevant Non-GAAP (redefined) metrics. Please see materials from July 29, 2016 call for further details.

Net Revenues

Digital Revenues %

Operating Income

Operating Margin

Interest Expense, Net⁶

Tax Rate

EPS

Total share count for EPS³

Operating Cash Flow⁴

Free Cash Flow^{4,5}

2015 Actual

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$4,664M	\$4,664M	(\$43M)
54%	54%	
\$1,319M	\$1,427M	\$39M
28%	31%	
\$198M	\$198M	
20%	21%	
\$1.19	\$1.30	\$0.02
747M	747M	

\$1,259M

\$1,148M

Prior 2016 Outlook²

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$6,450M	\$6,450M	\$75M
19%	33%	
\$313M	\$213M	
17%	24%	
\$0.98	\$1.92	\$0.10
762M	762M	

2016 Actual

GAAP	Non-GAAP ¹ (redefined)	Impact of GAAP deferrals
\$6,608M	\$6,608M	(\$9M)
74%	74%	
\$1,412M	\$2,324M	\$10M
21%	35%	
\$306M	\$206M	
13%	22%	
\$1.28	\$2.18	\$0.02
757M	757M	

\$2,155M, up 71% Y/Y

\$2,019M, up 76% Y/Y

¹ Non-GAAP reconciliations are in the appendices of the earnings releases dated November 3, 2016 and February 9, 2017, which are available on www.activisionblizzard.com. ² Prior outlook provided November 3, 2016. ³ Fully diluted weighted average shares outstanding includes options and participating securities based on average share price. ⁴ During Q3 2016 we adopted a new accounting standard that included retrospectively revising cash flows for all periods presented. Refer to the tables attached to the company's earnings released dated November 3, 2016, for more details. ⁵ Free Cash Flow represents Operating Cash Flow minus Capital Expenditure (which includes payment for acquisition of intangible assets). ⁶ Includes a \$92M loss on extinguishment of debt in 2016 GAAP actual results.

Balance Sheet

Record 2016 adjusted-EBITDA, up over 60% Y/Y

	12/31/15	9/30/16 ²	12/31/16
Cash and investments	\$5.4B¹	\$2.50B³	\$3.27B
Term loan B	\$1.87B	---	---
Term loan A	---	\$2.69B	\$2.69B
New 2021 Notes	---	\$0.65B	\$0.65B
Original 2021 Notes	\$1.50B	--- ⁴	---
2023 Notes	\$0.75B	\$0.75B	\$0.75B
2026 Notes	---	\$0.85B	\$0.85B
Gross Debt	\$4.12B	\$4.94B	\$4.94B
Net Debt⁵	---	\$2.44B	\$1.67B
Adjusted TTM EBITDA⁶	\$1,513M	\$2,039M	\$2,447M
Secured Debt / Adj. TTM EBITDA ⁶	1.2x	NA	NA
Gross Debt / Adj. TTM EBITDA ⁶	2.7x	2.4x	2.0x
Net Debt ³ / Adj. TTM EBITDA ⁶	NA	1.2x	0.7x

¹ Includes \$3.6B of cash in escrow. ² Adjusts the September 30, 2016 balances to remove the temporary increase in cash and debt due to issuance of new 5 & 10 year notes with the intent of calling and refinancing existing 2021 notes. On October 19, we redeemed those legacy notes inclusive of call premiums, which reduced our cash and debt positions by ~\$1.6B and \$1.5B, respectively.

³ Reduced the September 30, 2016 cash and investments position of \$4.1B by ~\$1.6B for the October repayment of the 2021 notes.

⁴ Reduced the September 30, 2016 existing 2021 Notes balance of \$1.5B for the October repayment to extinguish the liability.

⁵ Net debt is defined as gross debt less cash and cash equivalents, short-term investments and long-term investments.

⁶ Adjusted TTM EBITDA is calculated as non-GAAP (redefined) operating income plus depreciation for the trailing twelve months of respective periods ended.

Financial Outlook as of February 9, 2017

Expect to build on year-round engagement and in-game player investment

	Q1 2017		2017		Impact of GAAP Deferrals ²	
	GAAP	Non-GAAP ¹ (redefined)	GAAP	Non-GAAP ¹ (redefined)	Q1 2017	2017
Net Revenues	\$1,550M	\$1,550M	\$6,000M	\$6,000M	(\$500M)	\$300M
COGS (Prod/Game Ops)	21%	21%	22%	22%		
Op Ex, incl. Royalties	60%	43%	64%	47%		
Operating Margin³	18%	35%	14%	31%		
Interest Expense from Debt	\$43M	\$39M	\$156M	\$149M		
Tax Rate	21%	24%	21%	24%		
EPS	\$0.25	\$0.51	\$0.72	\$1.70	(\$0.33)	\$0.15
Fully Diluted Weighted Avg. Shares ⁴	760M	760M	765M	765M		

Currency Assumptions for Current 2017 Outlook:

- \$1.08 USD/Euro (vs. \$1.11 avg. for 2016 & \$1.11 avg. for 2015)
- \$1.25 USD/GBP (vs. \$1.36 avg. for 2016 & \$1.53 avg. for 2015)
- Note: Revenue and EPS increase if the Euro or GBP strengthen vs. USD

If you would like to calculate Non-GAAP metrics as previously defined, in order to do year-over-year comparisons, you would add the impact of GAAP deferrals to the relevant Non-GAAP (redefined) metrics. Please see materials from July 29, 2016 call for further details.

¹ Non-GAAP information: reconciliation tables in the appendix of the earnings release dated February 9, 2017, which is available on www.activisionblizzard.com. ² Net effect of revenue deferral accounting treatment on certain of our online enabled products. ³ May not recalculate due to rounding. ⁴ Including fully diluted shares and participating securities based on average share price.

A Portfolio of Compelling Franchises

Seven \$1B+ franchises across our portfolio of primarily owned IP¹

ACTIVISION

3 of top 10 titles on current-gen consoles, life-to-date²

CALL OF DUTY

DESTINY

SKYLANDERS

BILZARD ENTERTAINMENT

Record 2016 segment revenue, segment operating income, and MAUs³

WORLD OF WARCRRAFT

HEARTHSTONE HEROES OF WARCRRAFT



OVERWATCH

DIABLO

STARCRRAFT

HEROES OF THE STORM

King

2 of top 10 grossing games on U.S. app stores for 13 consecutive quarters⁴

Candy Crush

Pet Rescue

FARM HEROES

Bubble Witch

¹ Based on revenues life-to-date ² NPD & GfK Chart-Track. ³ MAUs defined as number of individuals who played a particular game in a given month averaged across the number of months in a respective period. Refer to definition included in earnings release for additional details. ⁴ U.S. ranking for Apple App Store and Google Play Store combined, per App Annie Intelligence for fourth quarter 2016.



Q&A

February 9, 2017