



# THE GAME GROUP PLC

Interim Results  
6 months to 31st July 2008

**Lisa Morgan**

Chief Executive

# Highlights

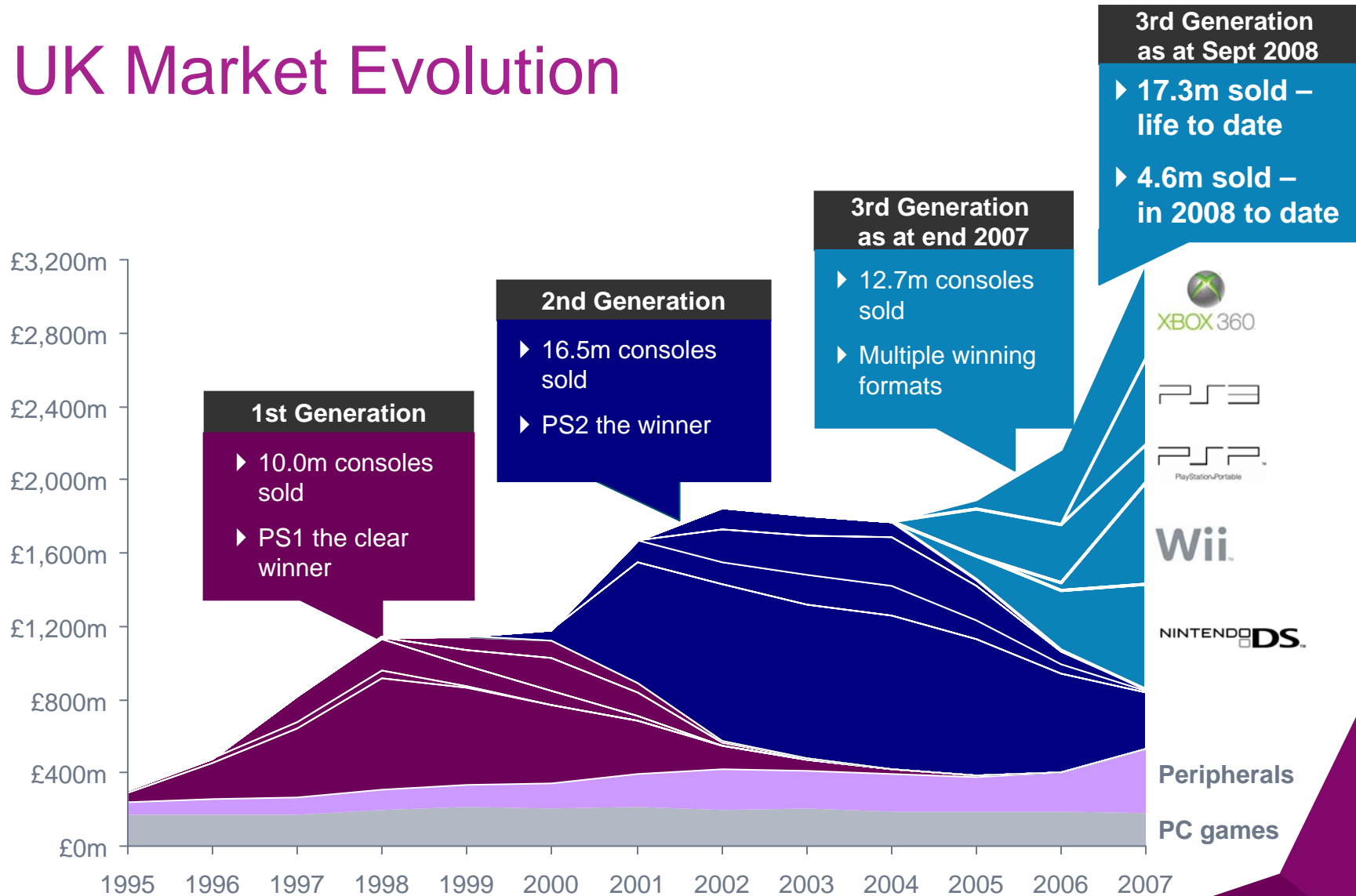
- ▶ Sales growth of 54% and lfl sales up 22%
- ▶ Unprecedented first half software release schedule
- ▶ Record interim PBT\* of £36.4m
- ▶ Gamestation synergies ahead of expectations
- ▶ Growth in all markets
- ▶ Strong growth of eCommerce
- ▶ Guidance raised

\*before non-recurring costs

# Broadening Appeal of Video Games

- ▶ Widest console choice ever
- ▶ Rapid growth of 3<sup>rd</sup> generation console installed base
- ▶ Widening demographic appeal
- ▶ Innovative range of products
- ▶ Our brands are well positioned to benefit

# UK Market Evolution



Source: Chart track, hardware, software and peripherals UK only



**David Thomas**

Group Finance Director  
and Deputy Chief Executive

# Income Statement

Half Year ended 31 <sup>st</sup> July (£m)	2008	2007
Turnover	743.4	482.4
Gross margin %	27.0%	25.8%
Operating expenses	164.7	119.6
Operating profit*	36.0	4.8
Net interest payable	(2.7)	(3.4)
Pre tax profit	33.3	1.4
Tax charge (effective rate)	29.7%	31%
Dividend per share	1.79p	1.43p

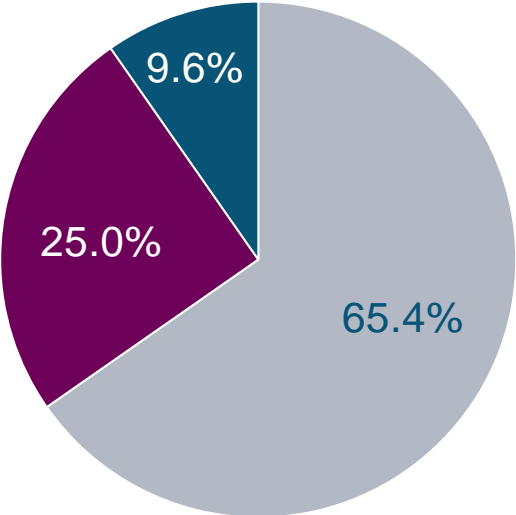
\* After non-recurring costs of £3.0m in 2008 and £1.4m in 2007

# Turnover Analysis

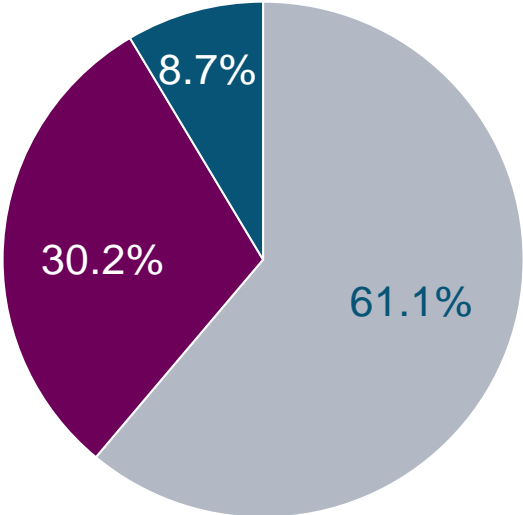
Half Year ended 31 <sup>st</sup> July (£m)	2008	2007
UK	528.5	351.5
France	78.5	47.8
Iberia	97.8	60.8
Scandinavia	19.9	16.5
Australia	18.7	5.8
Total - International	214.9	130.9
Group Total	743.4	482.4

# GAME Sales Mix

HY 2008/09



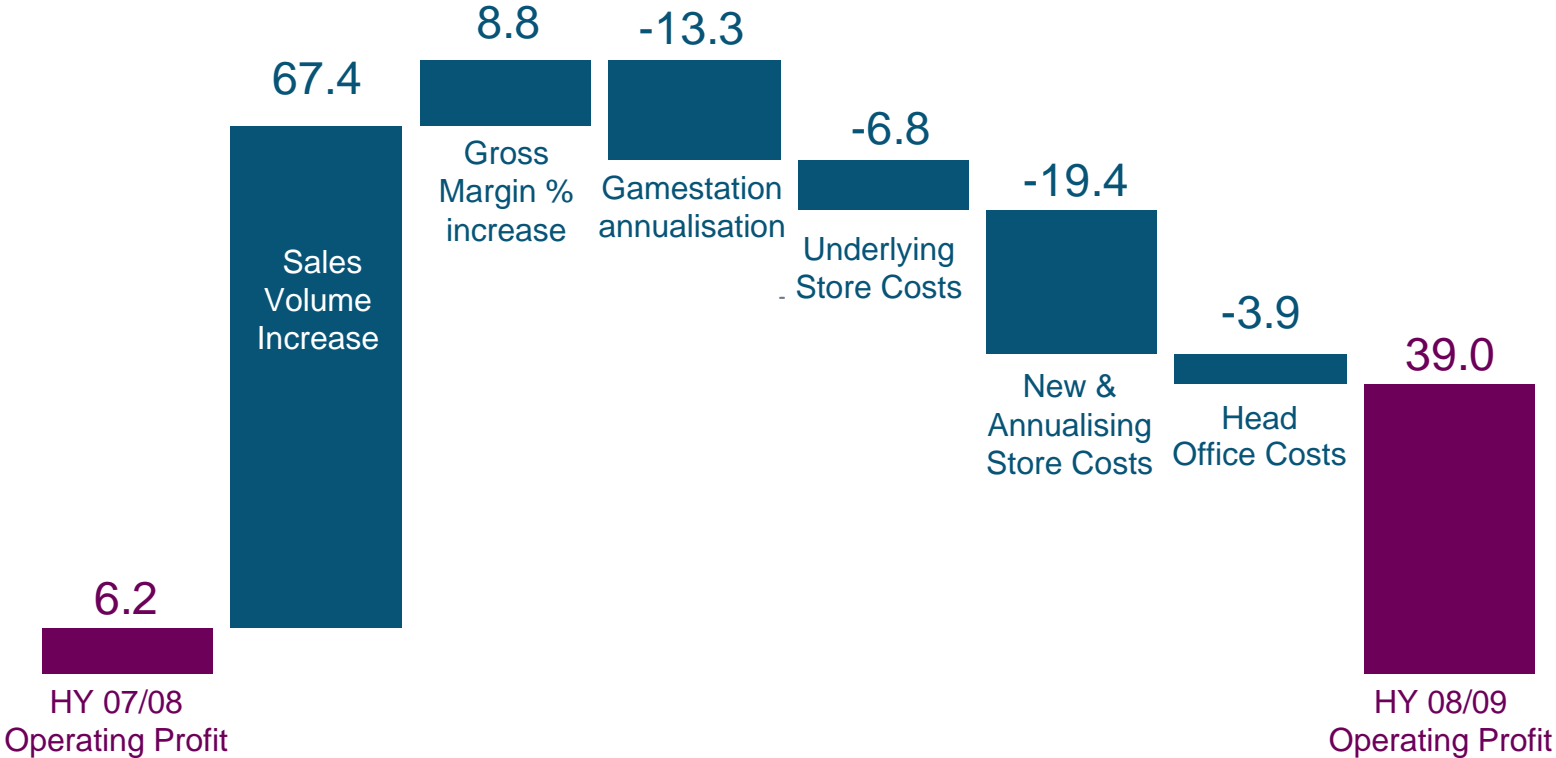
HY 2007/08



- Software
- Hardware
- Peripherals/Other

# Operating Profit Bridge

(£m)



# Income Statement Extract

Half Year ended 31 <sup>st</sup> July (£m)	2008	2007
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# Balance Sheet

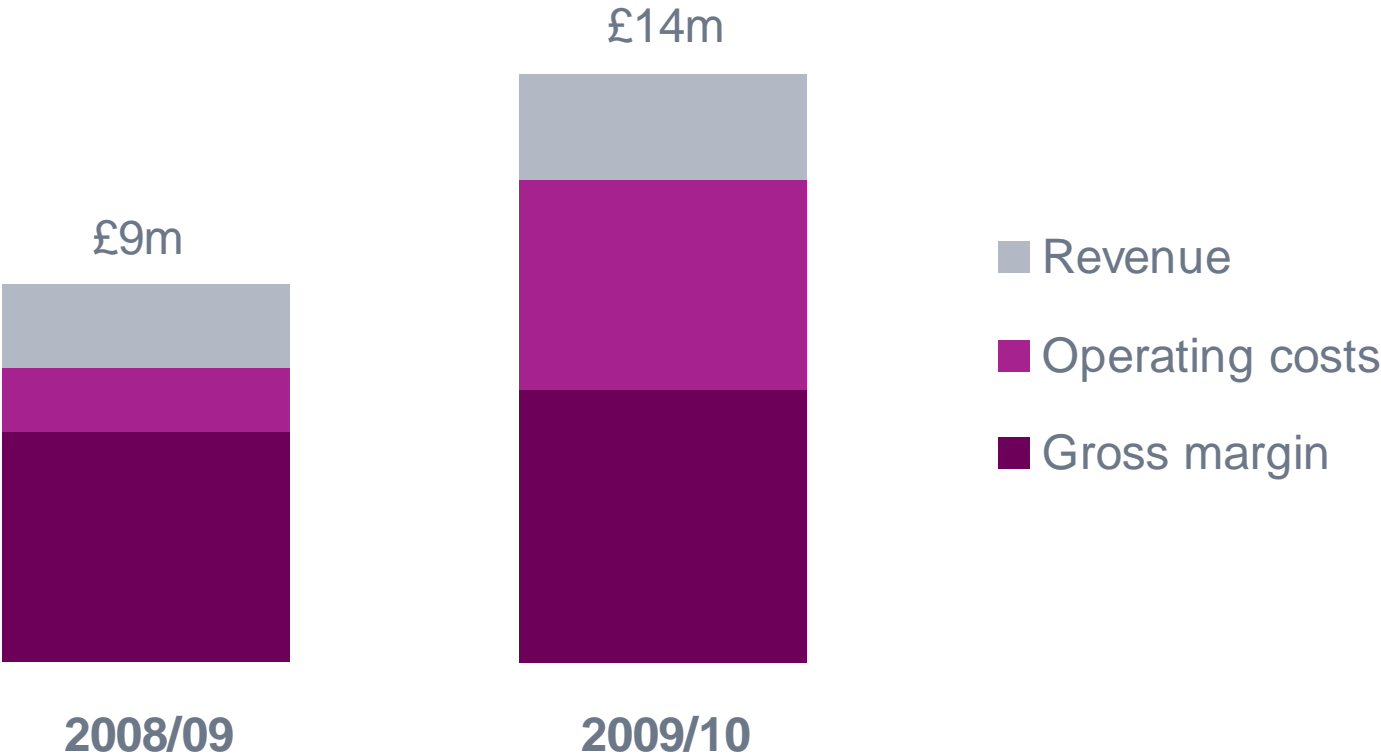
Half Year ended 31 <sup>st</sup> July (£m)	2008	2007	2007/08*
Tangible fixed assets	144.9	114.0	130.7
Intangible fixed assets	175.6	166.3	172.9
Stock	184.0	120.5	145.0
Trade creditors	(169.8)	(96.6)	(192.5)
Net cash and borrowing	(57.8)	(127.5)	42.1
Other	(53.8)	(19.7)	(94.3)
Net assets	223.1	157.0	203.9

\*as at 31 January 2008

# Cash Flow Highlights


Half Year ended 31 <sup>st</sup> July (£m)	2008	2007
Cash inflow from operations	49.4	15.0
Working Capital Movements	(113.4)	(42.6)
Cash flow generated from operations	(64.0)	(27.6)
Capital expenditure and financial investment	(21.8)	(15.4)
Acquisitions	(1.6)	(80.3)
Dividends paid	(10.3)	(5.6)
Share movements	(2.2)	2.1
Loan movements	25.1	115.6
Other movements	(0.5)	(0.3)
Decrease	(75.3)	(11.5)
Half Year end net debt	(57.8)	(127.5)

# UK synergies



# Property review

# GAME Group property portfolio (at 31 July 2008)



Head Office: York  
246 stores  
[www.gamestation.co.uk](http://www.gamestation.co.uk)



Head Office & DC:  
Basingstoke  
423 stores  
[www.game.co.uk](http://www.game.co.uk)

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Head Office & DC:  
Stockholm  
62 stores  
[www.game.se](http://www.game.se)

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Head Office & DC:  
Sydney  
72 stores  
[www.game.au](http://www.game.au)

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Head Office & DC:  
Paris  
187 stores  
[www.game.fr](http://www.game.fr)

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Head Office & DC:  
Prague  
19 stores  
[www.jrc.cz](http://www.jrc.cz)  
Acquired 21/08/08

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Head Office & DC:  
Madrid  
241 stores  
[www.game.es](http://www.game.es)  
[www.game.pt](http://www.game.pt)

THE GAME GROUP PLC

# GAME International - Czech Republic

- ▶ Revenues in 2007 of £6.8m and EBITDA of £625k
- ▶ Trading from 19 stores and eCommerce
- ▶ Strong local management team retained
- ▶ Opportunity to develop GAME's international business in Central and Eastern Europe

# GAME UK - Borders Concessions Agreement

- ▶ Successful six store trial
- ▶ 33 store agreement
- ▶ Targeting new locations, many out of town
- ▶ Broadening our consumer reach

**Lisa Morgan**

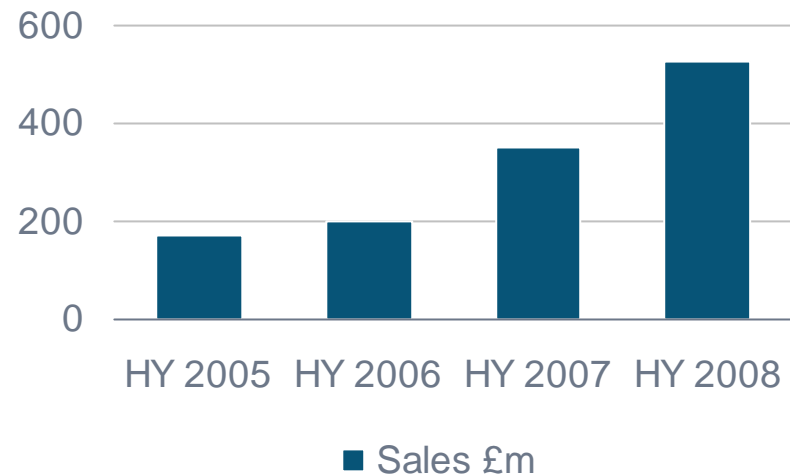
Chief Executive

# The Right Strategy

- ▶ Dual brand proposition in the UK
- ▶ Further international growth
- ▶ Evolve our specialist offer
- ▶ Maintain cost disciplines and drive efficiencies
- ▶ Invest in multi-channel strategy

# GAME Group UK & Ireland

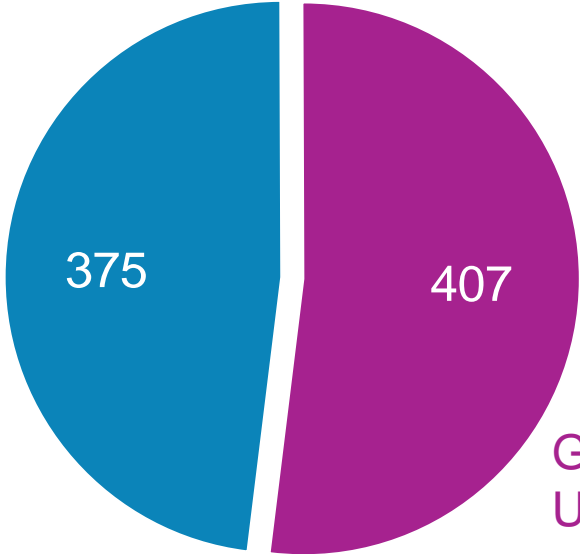
- ▶ Revenues up 50% to £528m
- ▶ Trading from 669 stores
- ▶ Enhanced customer proposition via two brands



# Evolution of International Business

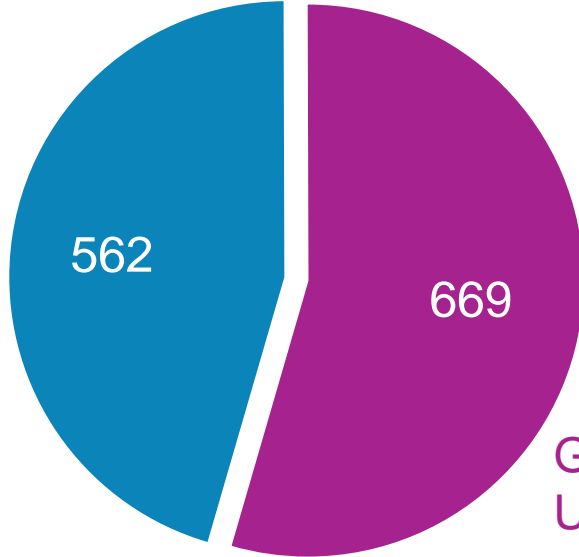
## Group Stores Overview

GAME  
International



**2006/07**

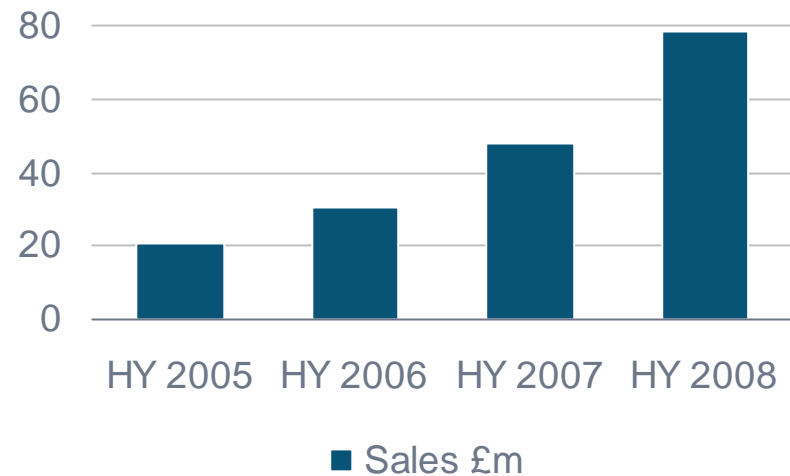
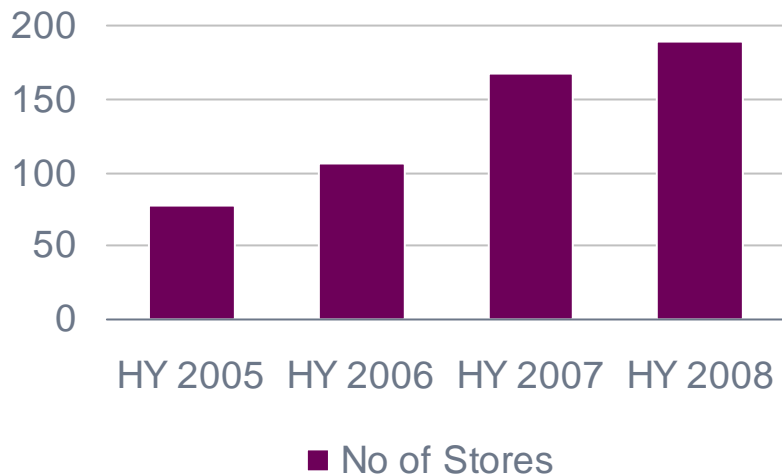
GAME  
International



**2008/09**

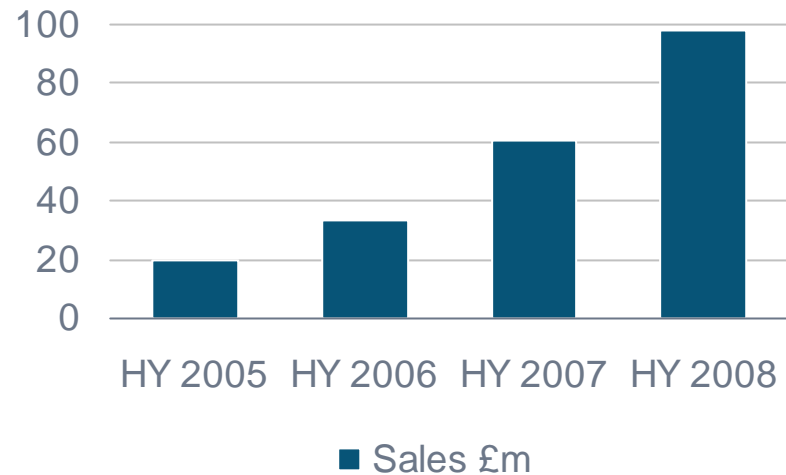
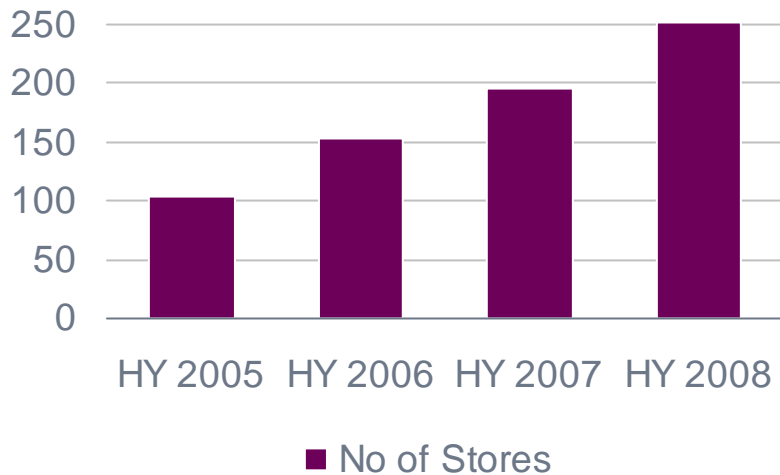
# France

- ▶ Revenues up 64% to £78.5m
- ▶ Trading from 187 stores and 2 franchises
- ▶ Growing profitability with the benefits of scale



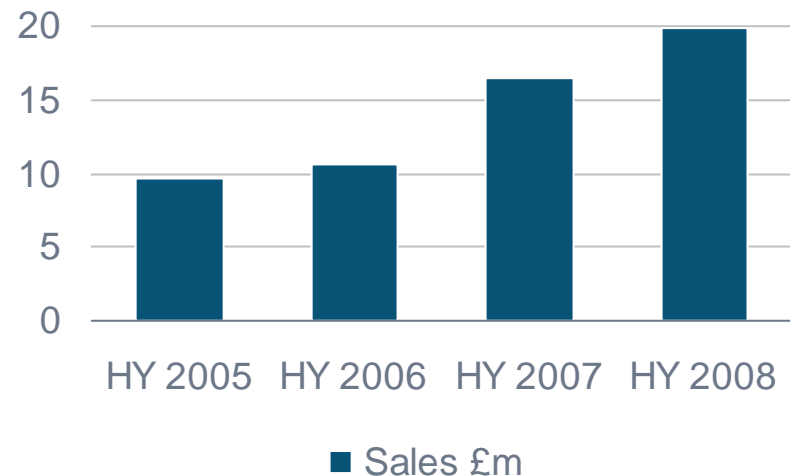
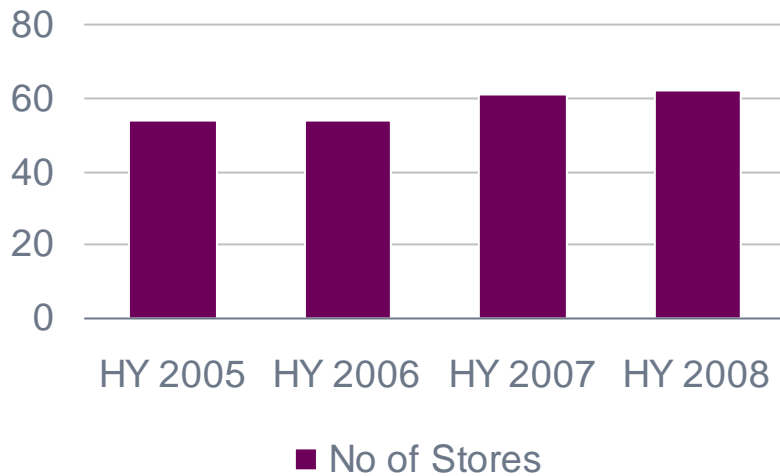
# Iberia

- ▶ Clear market leader
- ▶ Revenues up 61% to £97.8m
- ▶ Trading from 241 stores and 10 franchises



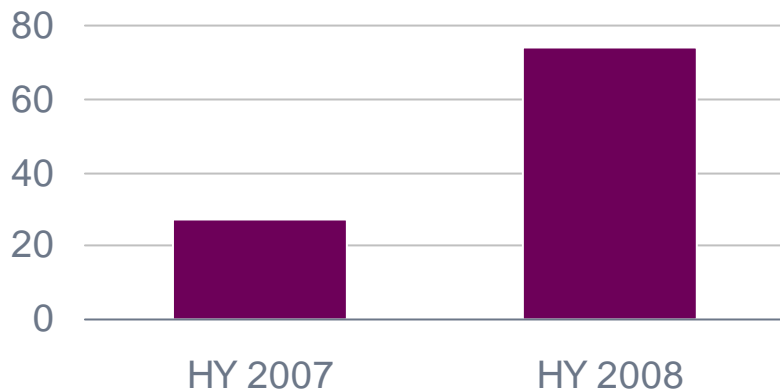
# Scandinavia

- ▶ Revenues up 21% to £19.9m
- ▶ Trading from 62 stores
- ▶ Ongoing profit improvement

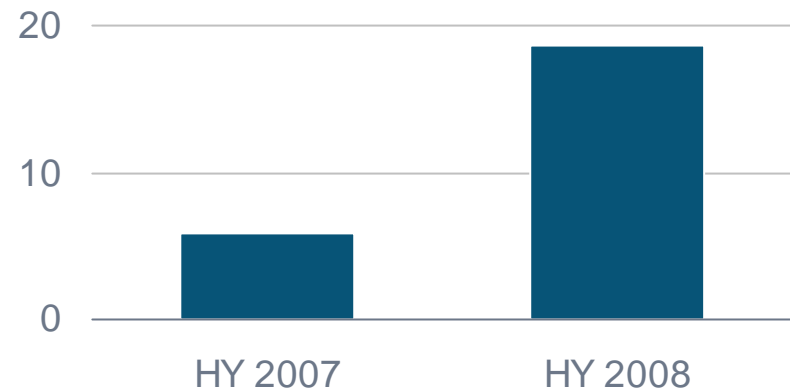


# Australia

- ▶ Transformed business with strong growth prospects
- ▶ Currently trading from 72 stores - 100 stores by Christmas
- ▶ Revenues up over 200% to £18.7m



■ No of Stores



■ Sales £m

# eCommerce Growth

- ▶ Online sales grew by over 80% to £32m
- ▶ Trading from three brands – GAME, Gameplay, Gamestation
- ▶ Our online and in-store offer is an important differentiator
- ▶ Multi-channel shoppers spend more

# Evolving our multi-channel offer

- ▶ 25m unique visitors last year
- ▶ Our multi-channel proposition
  - Store finder
  - Click and collect
  - Trade-in
  - Gift selector
- ▶ £7m investment for the current year

# Our Leading Specialist Proposition

- ▶ Compelling store environment
- ▶ Superior customer service
- ▶ Knowledgeable and well trained employees
- ▶ Trade-in programme and preowned offer
- ▶ Reward Card
- ▶ Widest range of leading offers and promotions
- ▶ Unique customer proposition

# Buoyant Hardware Market (UK/Eire)

	PS3	PSP	Xbox 360	Wii	DS	Total
Installed base as at September 2007	0.4m	2.2m	1.3m	1.1m	3.8m	8.8m
Current Installed base September 2008	1.4m	2.9m	2.3m	3.6m	7.1m	17.3m
<b>GAME estimates by Christmas</b>	<b>1.9m</b>	<b>3.1m</b>	<b>2.8m</b>	<b>4.9m</b>	<b>8.3m</b>	<b>21m</b>
Current RRP's in £	299.99	129.99	129.99	179.99	99.99	

Source: Chart track UK (factored units)

# Christmas Software



# Summary & Outlook

- ▶ Record half-year results
- ▶ Broadening our reach in the UK and internationally
- ▶ Increasing investment in multi-channel strategy
- ▶ Buoyant video games market
- ▶ Growing and evolving customer base
- ▶ Good outlook for Christmas

**Q & A**