

# THE GAME GROUP PLC

Interim Results

Six Months Ended 31 July 2007



# Lisa Morgan

Group Chief Executive



- **Introduction**
- **Overview**
- **Finance and property review**
- **Strategic overview**
- **Christmas preview**
- **Summary and outlook**
- **Q&A**



# Group Highlights

The **GAME** Group PLC

- **Group turnover up 76.8% and LFL up 45.6%**
- **Group operating profit £6.2m in line with expectations**
- **International sales up 75.2% and LFL up 39.5%**
- **Unprecedented range of new technologies**
- **Expanding footprint and broadening customer appeal**
- **Interim dividend increase of 12.5%**



# David Thomas

Group Finance Director &  
Deputy Chief Executive



# Income Statement

The **GAME** Group PLC

Half Year to 31<sup>st</sup> July

(£m)

Turnover

Gross margin %

Operating expenses

Operating profit/(loss) before non-recurring costs

Non-recurring costs

Operating profit/(loss)

Net interest payable

Pre tax profit/(loss)

Tax charge (effective rate)

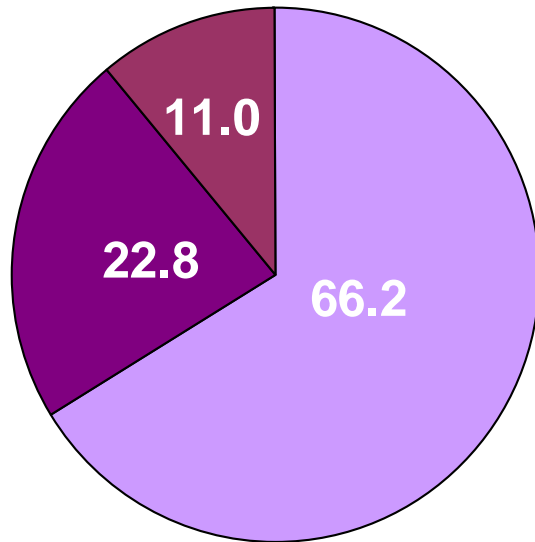
Interim Dividend per share (p)

	<b>2007</b>	<b>2006</b>
	<b>Total</b>	<b>Total</b>
Turnover	482.4	272.9
Gross margin %	25.8%	28.3%
Operating expenses	119.6	82.9
Operating profit/(loss) before non-recurring costs	6.2	(5.6)
Non-recurring costs	(1.4)	-
Operating profit/(loss)	4.8	(5.6)
Net interest payable	(3.5)	(1.5)
Pre tax profit/(loss)	1.3	(7.1)
Tax charge (effective rate)	31.0%	30.9%
Interim Dividend per share (p)	1.43	1.27



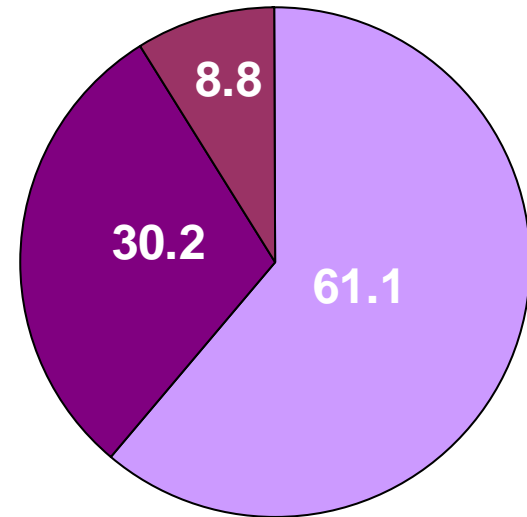
# Sales Mix

**HY 2006 % of sales**



- Total Software (inc Preowned)
- Hardware
- Peripherals / Others

**HY 2007 % of sales**

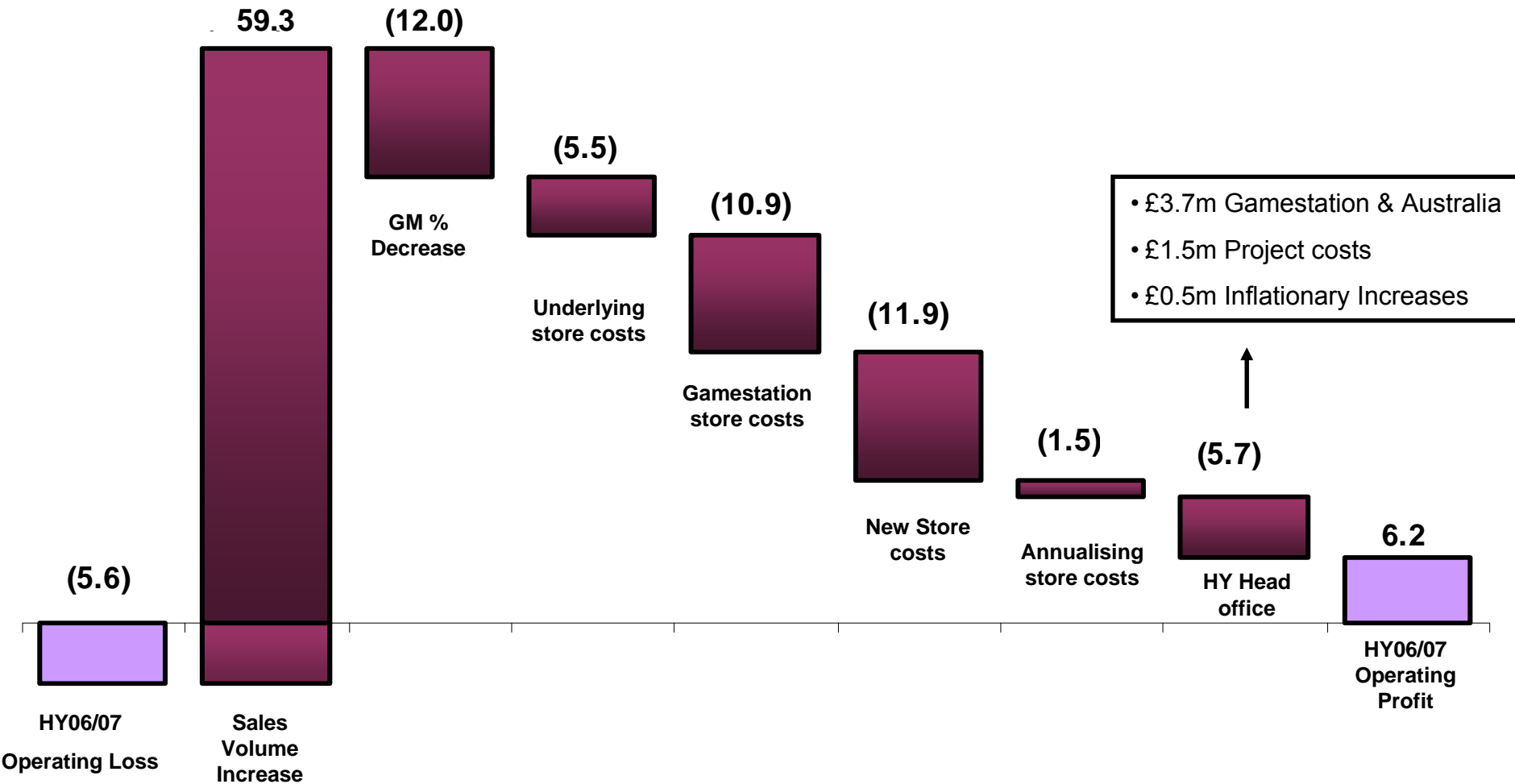


- Total Software (incl Preowned)
- Hardware
- Peripherals / Others



# Operating Profit Bridge (£m)

The **GAME** Group PLC



# Income Statement Extract

The **GAME** Group PLC

Half Year to 31<sup>st</sup> July 2007

(£m)

Net interest payable

Pre tax Profit/(loss)

Tax charge (effective rate)

Interim dividend per share (p)

**HY  
2007**

**HY  
2006**

Total

Total

(3.5)

(1.5)

1.3

(7.1)

31.0%

30.9%

**1.43**

**1.27**



# Balance Sheet

The **GAME** Group PLC

Half Year to 31 <sup>st</sup> July 2007 (£m)	HY 2007	FY 2007	HY 2006
<b>Fixed assets:</b>			
Intangible	166.3	101.5	96.9
Tangible	114.0	101.0	89.8
Deferred Tax	1.7	1.1	0.2
<b>Current assets:</b>			
Stocks	120.5	84.6	69.5
Trade and other receivables	45.6	28.3	35.7
Cash and current loans	(46.5)	28.4	(27.6)
Current liabilities	(157.5)	(155.7)	(95.7)
Net current liabilities	(37.9)	(14.4)	(18.1)
Non current liabilities	(87.1)	(31.9)	(30.9)
Net assets	157.0	157.3	137.9



# Cash Flow Highlights

The **GAME** Group PLC

Half Year to 31 <sup>st</sup> July 2007 (£m)	2007	2006
Cash inflow from operating activities	15.0	1.4
Working Capital Movements	(42.6)	(52.5)
Cash flow generated from operations	(27.6)	(51.1)
Capital expenditure and financial investment	(15.4)	(5.3)
Acquisitions	(80.3)	-
Proceeds from long term borrowings	115.3	2.2
Dividends paid	(5.6)	(4.7)
Share capital issue	2.1	0.8
Net decrease in cash	(11.5)	(58.0)
Period end net debt	(127.5)	(55.2)
Average net debt	(86.7)	(48.0)

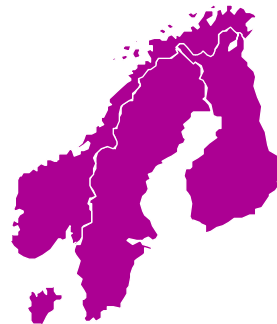


- **New facilities with RBS following acquisition of Gamestation**
- **£105m term loan**
- **£70m revolving credit facility**
- **Standard covenants**



# Property Portfolio

The **GAME** Group PLC



	UK & Ireland		France		Iberia		Scandinavia		Australia		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Owned</b>	<b>633<sup>a</sup></b>	<b>408</b>	<b>161<sup>b</sup></b>	<b>95</b>	<b>183</b>	<b>129</b>	<b>61</b>	<b>54</b>	<b>22</b>	<b>0</b>	<b>1,060</b>	<b>686</b>
<b>Franchise</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>24</b>	<b>35</b>
<b>Total</b>	<b>633</b>	<b>408</b>	<b>168</b>	<b>106</b>	<b>195</b>	<b>153</b>	<b>61</b>	<b>54</b>	<b>27</b>	<b>0</b>	<b>1,084</b>	<b>721</b>

<sup>a</sup> Includes 223 Gamestation Stores

<sup>b</sup> Includes 31 Maxi-Livres stores opened after 31 January

•All figures are as at 31st July 2007 and 31st July 2006



# Gamestation Acquisition

The **GAME** Group PLC

- **Acquisition highlights**

- UK Specialist PC & Video games retailer
- 217 Stores nationwide
- Synergies

- **Costs of integration**

- **Regulatory process**

- 9 August – referral to Competition Commission
- 18 September – Statement of Issues
- w/c 29 October – publish Provisional Findings
- End of January – statutory deadline
- Costs of inquiry





# Lisa Morgan

## Group Chief Executive



- **Group & brand positioning**

- Improved consumer offer
- Unrivalled customer knowledge and satisfaction
- Delivering best practice and efficiency benefits across the divisions

- **Strong growth**

- Opened 267 stores since January 2007
- Further opportunities in all divisions

- **Online expansion**

- Investing in long-term multi-channel strategy



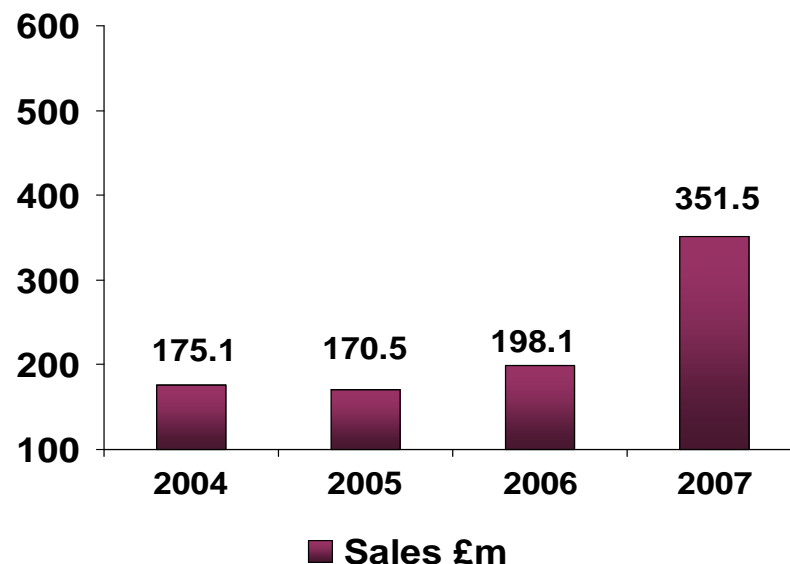
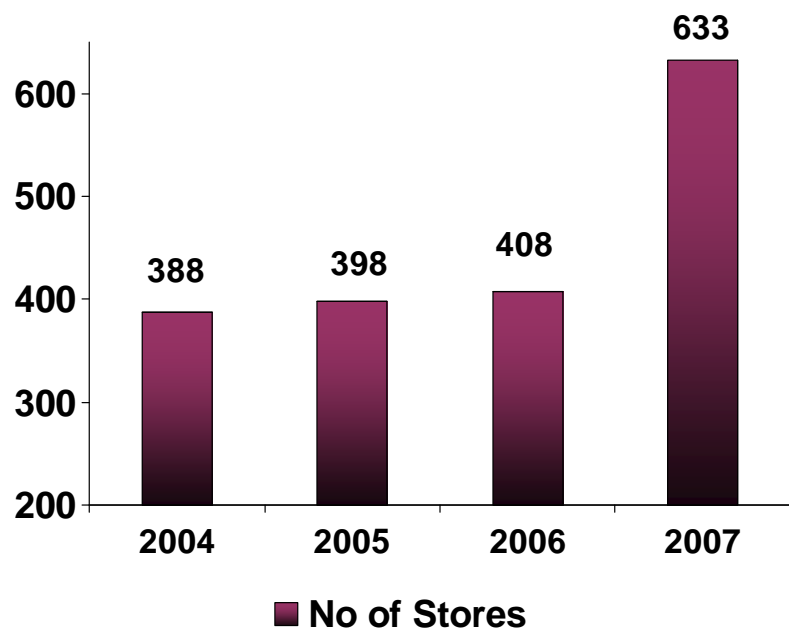
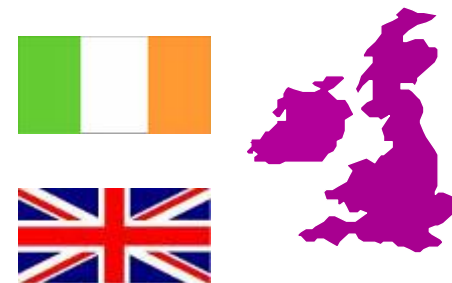
- **Broad product appeal**
- **Well positioned ahead of cycle**
  - 481 stores opened since May 2005
  - 1120 stores opened for Christmas 2007
  - Operating in 5 territories
- **GAME proposition appeals to all audiences**
  - 30% more female consumers in H1 2007 than H1 2005
  - New marketing initiatives



# UK & Ireland

The **GAME** Group PLC

- Revenues up 77% to £351.5m (inc. Gamestation)
- Lfl revenues up 48% (exc. Gamestation)
- 410 GAME stores and 223 Gamestation stores
- Enhanced customer proposition

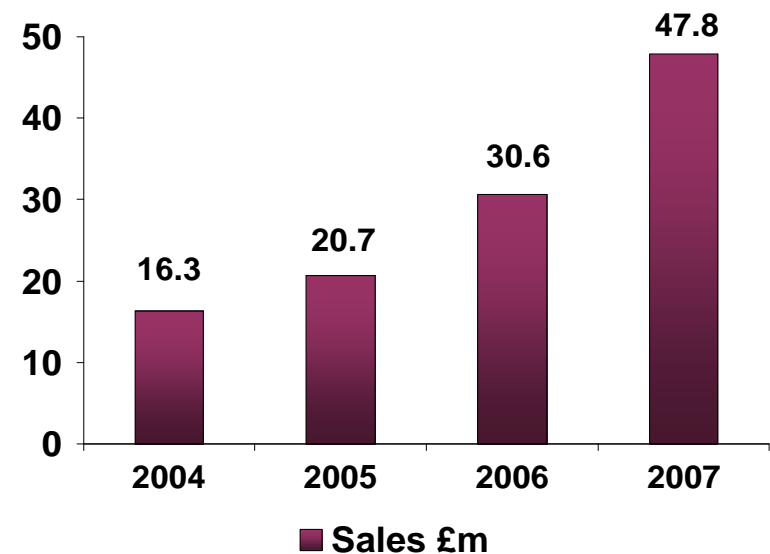
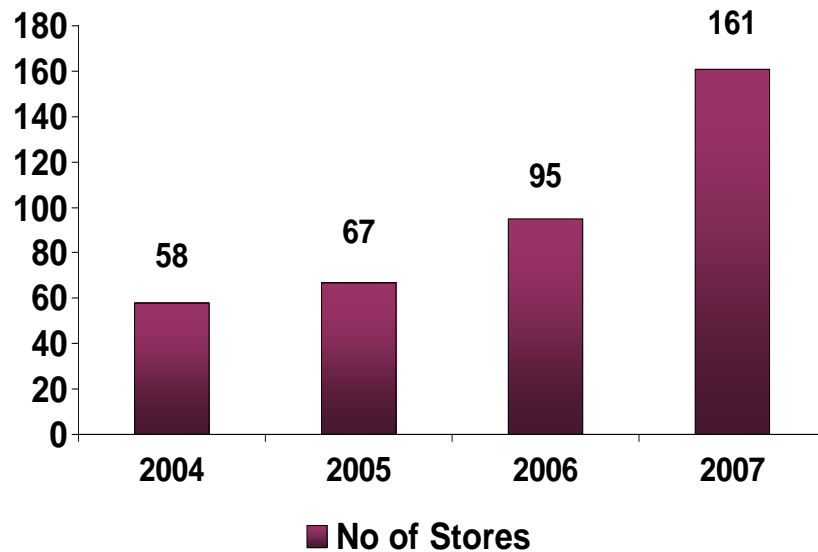
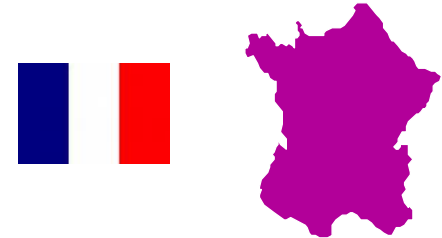




# France

The **GAME** Group PLC

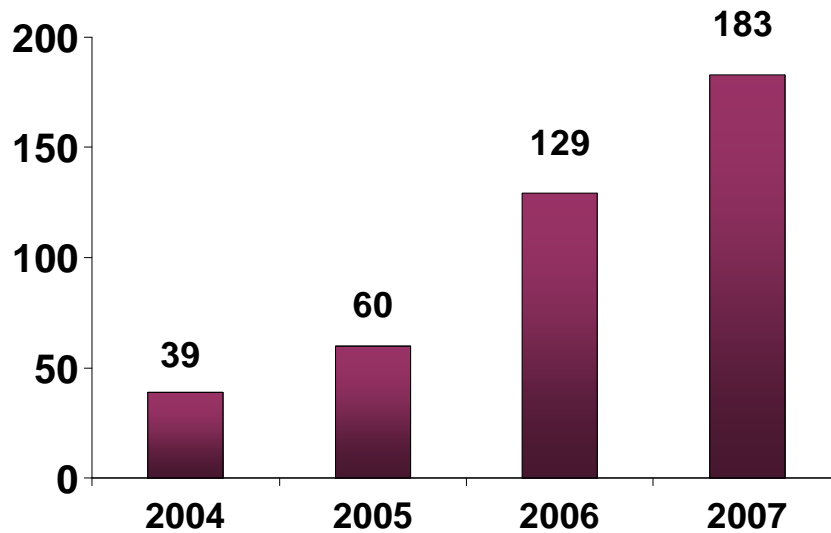
- Revenues up 56% to £47.8m
- Trading from 161 stores and 7 franchises
- 50 Maxi-Livres stores integrated
- Growing profitability with the benefits of scale
- Enhancements to customer offer



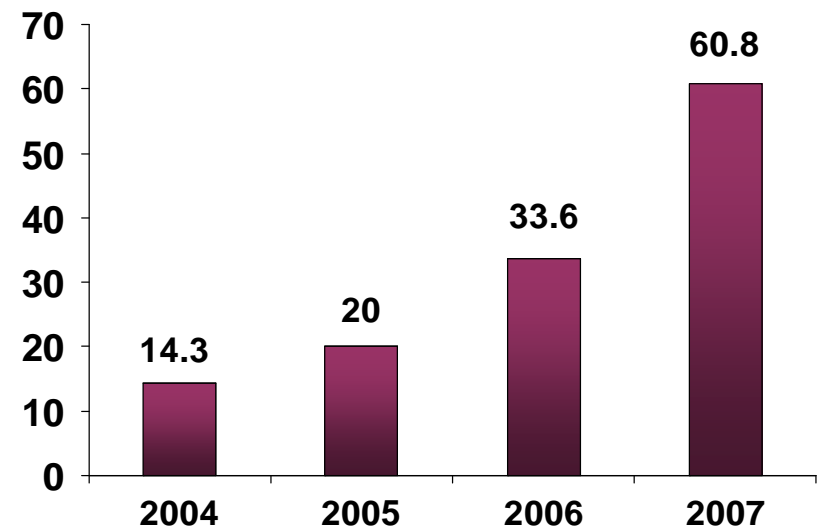
# Iberia

The GAME Group PLC

- Revenues up 81% to £60.8m
- Trading from 183 stores and 12 franchises
- Market leader in Spain
- Portugal progressing well



■ No of Stores



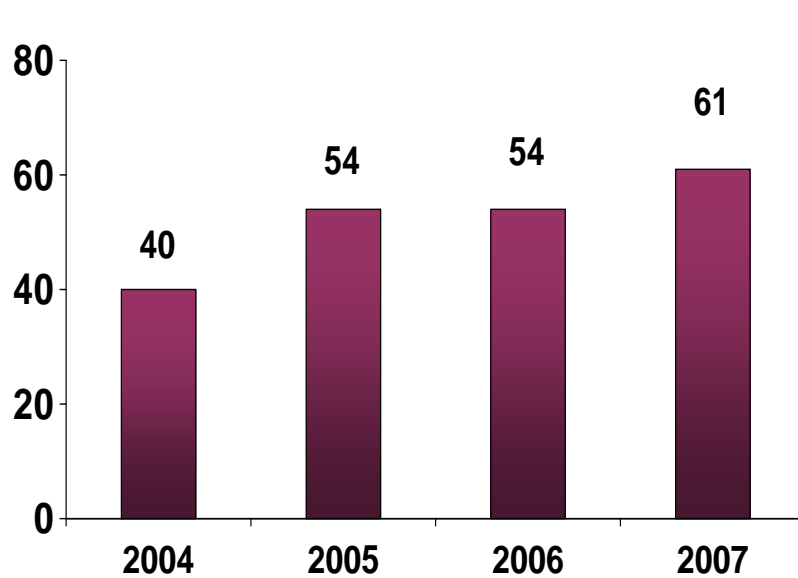
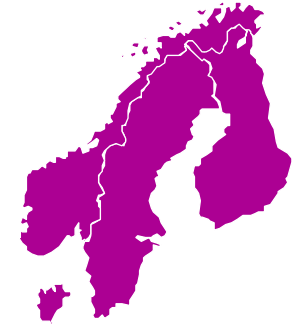
■ Sales £m



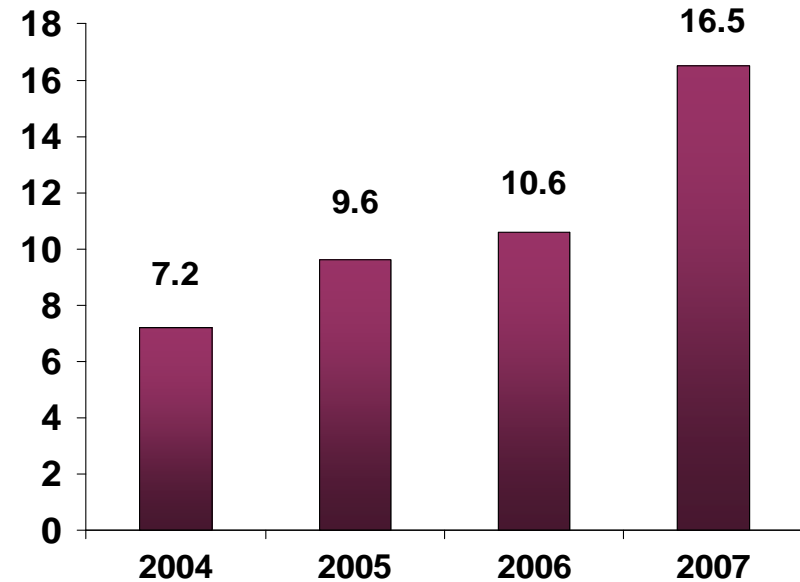
# Scandinavia

The **GAME** Group PLC

- Revenues up 56% to £16.5m
- Trading from 61 stores
- Improved performance from existing infrastructure
- Stores in Norway integrated and rebranded



■ No of Stores



■ Sales £m



# Australia

The **GAME** Group PLC

- Acquired September 2006
- Re-branding complete
- New head office and distribution centre
- Introduced Group trading initiatives
- Trading from 22 stores and 5 franchises
- Healthy pipeline of new stores



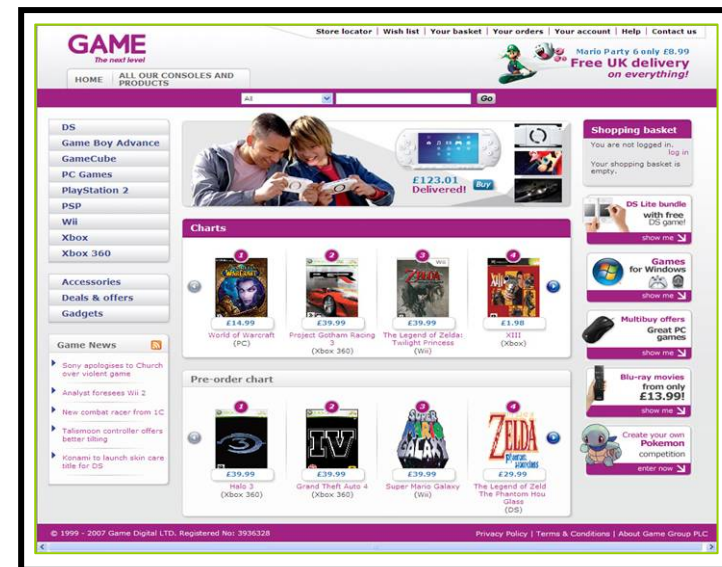
## • Strategy

- Broader customer offer
- Improved proposition
- Multi channel offer



## • Highlights

- Traffic increased
- Despatches increased
- New revenue opportunities





# Online

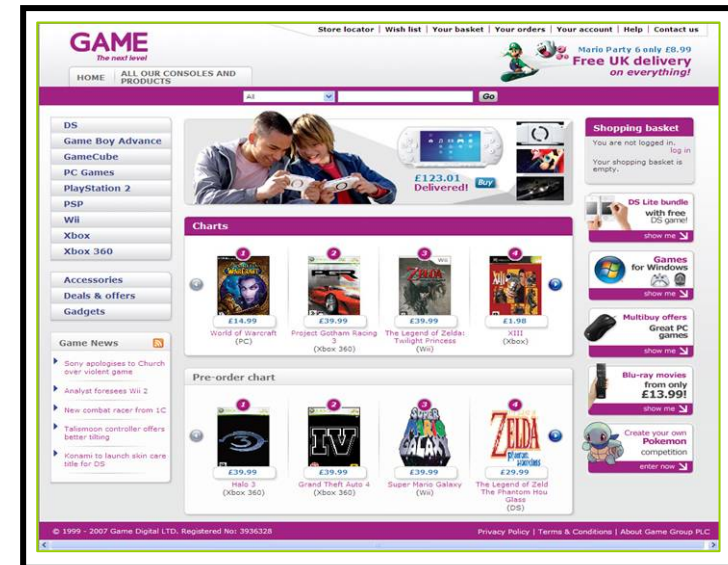
- **Multi channel offer**

- Specialist customer service
- Online support for stores
- Loyalty



- **New revenue opportunities**

- Mobile
- Downloads
- Games on demand



# Christmas Communication

The **GAME** Group PLC



**FREE Game!**

only ~~£249.99~~ **£69.99**

Get *Stuntman: Ignition* FREE  
When you buy a Premium Xbox 360

**GAME**  
Something special for everyone!

The ultimate  
**Christmas**  
Gift Guide 2007

**GAME**  
Something special for everyone!

More  
**Brain Training**

ROYAL MAIL  
FIRST CLASS  
DELIVERED BY POST

only ~~£24.99~~ **£19.99**  
Out NOW!

**GAME**  
Something special for everyone!



# Christmas Hardware Line Up

The **GAME** Group PLC

**Sony PS2**  
9.6m units



**Sony PSP/Slim & Lite'**  
2.2m units



**Nintendo DS Lite**  
3.8m units



**Xbox 360**  
1.3m units



**Nintendo Wii**  
1.1m units



**Sony PS3**  
394k units

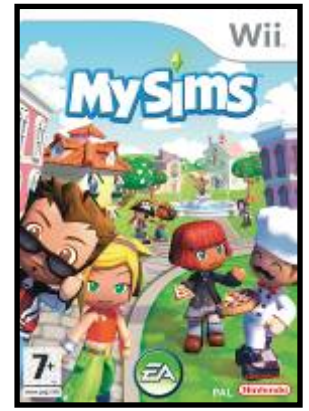
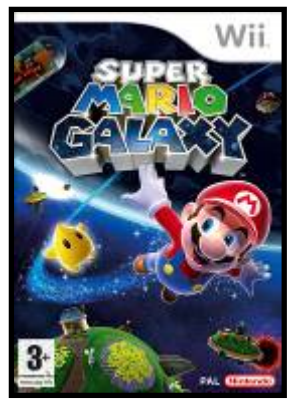
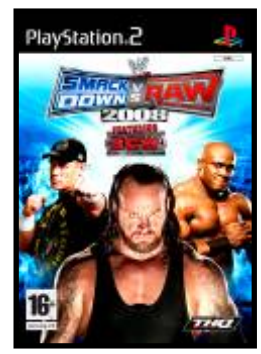
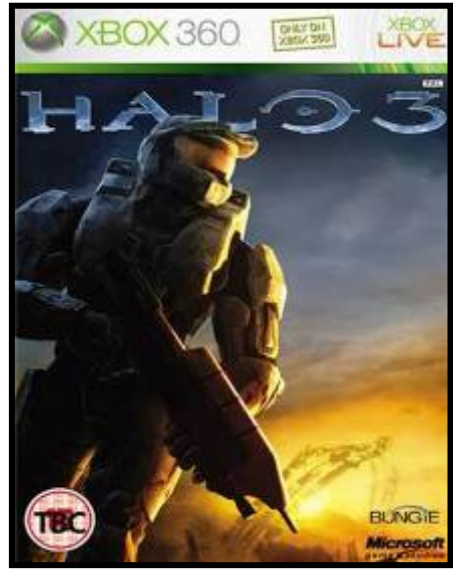


UK installed base as at 15 September 2007, source ChartTrack



# Key Christmas Software

The **GAME** Group PLC



# Summary and Outlook

The **GAME** Group PLC

- **Industry fully transitioned into new cycle - successful launch of PS3 in March 2007**
- **Strong specialist business with over 1100 stores in 5 key regions**
- **Delivering efficiency benefits and best practice across the Group**
- **Strong first half and positive outlook**
- **Leading and evolving customer offer**



# Q & A



# Christmas Release Schedule

The **GAME** Group PLC

Street Date	Title	Supplier	Format						
			360	PS3	PS2	PSP	Pc	Wii	DS
14-Sep-07	Stranglehold	Midway	✓	✓			✓		
21-Sep-07	My Sims	EA						✓	✓
26-Sep-07	Halo 3	Microsoft	✓						
28-Sep-07	FIFA 2008	EA	✓	✓	✓	✓	✓	✓	✓
28-Sep-07	Ratatouille	THQ	✓	✓	✓	✓	✓	✓	✓
19-Oct-07	High School Musical	Disney			✓			✓	✓
19-Oct-07	Football Manager 2008	Sega				✓	✓		
19-Oct-07	Zelda Phantom Hourglass	Nintendo							✓
26-Oct-07	Pro Evolution Soccer 2008	Konami	✓	✓	✓	✓	✓		
26-Oct-07	The Sims 2 Castaway	EA			✓			✓	✓
26-Oct-07	Metroid Prime Corruption	Nintendo						✓	
02-Nov-07	Need for Speed: Pro Street	EA	✓	✓	✓	✓	✓	✓	
02-Nov-07	The Simpsons	EA	✓	✓	✓	✓		✓	
09-Nov-07	WWE SmackDown Vs. RAW 2008	THQ							
09-Nov-07	Call of Duty Modern Day	Activision	✓	✓	✓	✓		✓	✓
09-Nov-07	Lego Star Wars: The Complete Saga	Activision	✓	✓				✓	✓
16-Nov-07	Mario Galaxy	Nintendo						✓	
16-Nov-07	Mario & Sonic Olympic Games	Dega						✓	
16-Nov-07	Assassins Creed	Ubi Soft	✓	✓					
30-Nov-07	Golden Compass	Sega	✓	✓	✓	✓	✓	✓	✓

