



THE GAME GROUP PLC

Interim Results

26 weeks to 31st July 2010



Ian Shepherd

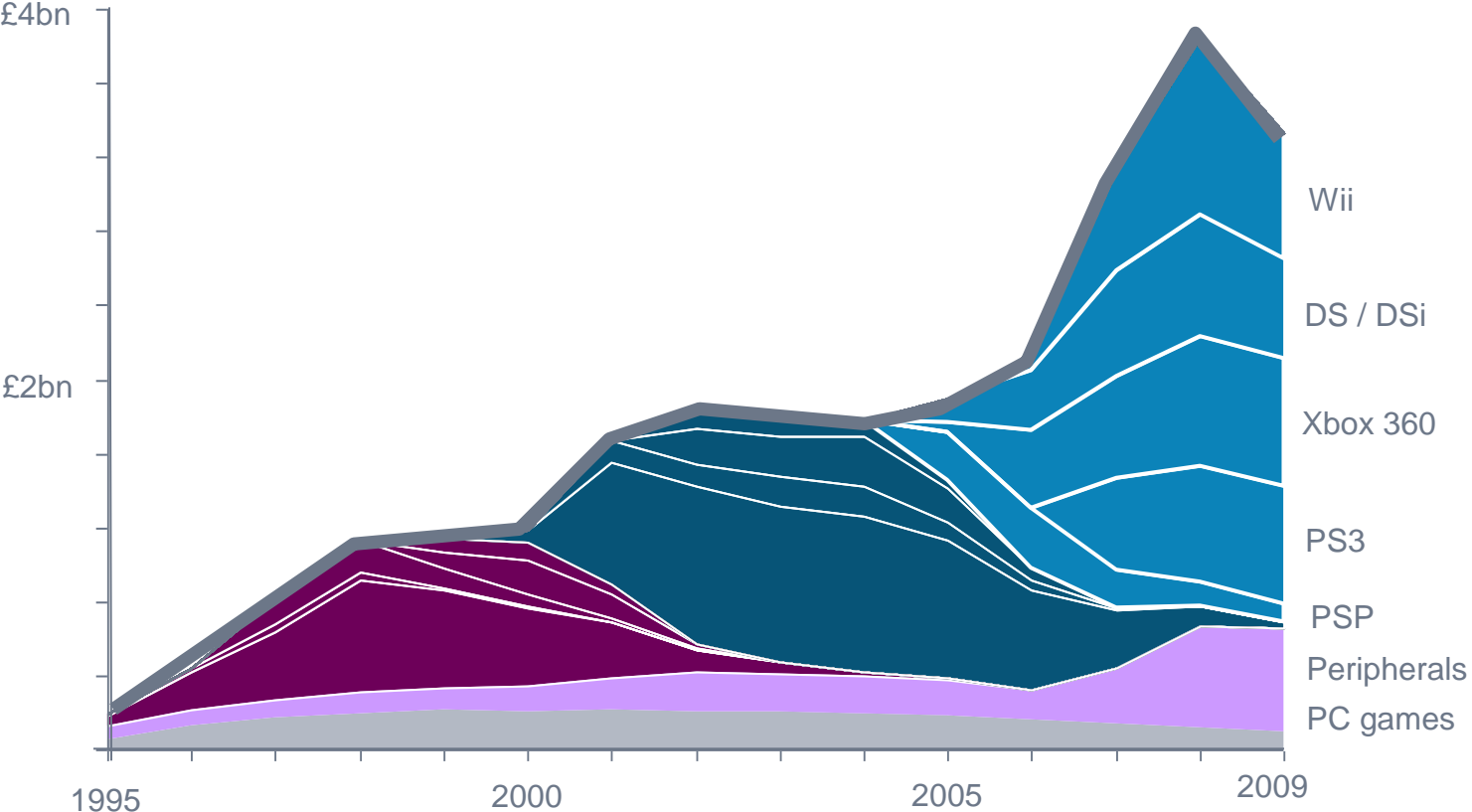
Chief Executive



Agenda

- ▶ Overview
- ▶ Financial performance
- ▶ Commercial update
- ▶ Initial views
- ▶ Current Trading and Outlook
- ▶ Summary

UK Market Evolution



Source: Chart Track UK market value including hardware, software and peripherals



Summary:

Financial summary:

- Revenues: £624.6m (2009: £690.8m)
- Gross Margin: 26.0% (2009: 28.9%)
- Operating loss before non-recurring: £16.1m (2009: Profit £16.7m)

Operational highlights:

- ▶ Market share held
- ▶ Implementing April plans to increase competitive advantage
- ▶ Cost and capital expenditure control
- ▶ Addressing issues in France and Australia



Ben White

Group Finance Director



Income Statement

Period ended 31 st July (£m)	2010/11	2009/10
Turnover	624.6	690.8
Gross margin %	26.0%	28.9%
Operating expenses before non-recurring costs	(178.2)	(183.2)
Operating (loss) / profit before non-recurring costs	(16.1)	16.7
Non-recurring costs	(2.7)	(3.7)
Operating (loss) / profit	(18.8)	13.0
Net interest payable	(2.7)	(2.2)
(Loss) / profit before tax	(21.5)	10.8
(Loss) / profit before tax and non-recurring costs	(18.8)	14.5
Tax charge (effective rate)	28.3%	28.3%
Dividend per share	1.88p	1.88p



Turnover Analysis - Geographic

Period ended 31 st July (£m)	2010/11	2009/10
UK	352.3	428.3
France	65.2	77.0
Iberia	115.1	105.8
Scandinavia	21.8	19.5
Australia	32.9	24.5
Czech Republic	3.4	2.5
Total - International	238.4	229.3
Online	33.9	33.2
Group Total	624.6	690.8

Divisional performance

Period ended 31st July (£m)

	2010/11			2009/10		
	UK	INT	ONL	UK	INT	ONL
Turnover	352.3	238.4	33.9	428.3	229.2	33.2
Gross margin	97.7	60.6	3.8	135.0	58.8	6.2
<i>Gross margin %</i>	<i>27.7</i>	<i>25.4</i>	<i>11.3</i>	<i>31.5</i>	<i>25.7</i>	<i>18.5</i>
Operating expenses	(99.3)	(73.5)	(5.4)	(110.0)	(68.7)	(4.6)
Non-recurring costs	-	(2.7)	-	(3.7)	-	-
Operating (loss) / profit	(1.6)	(15.6)	(1.6)	21.3	(9.9)	1.6

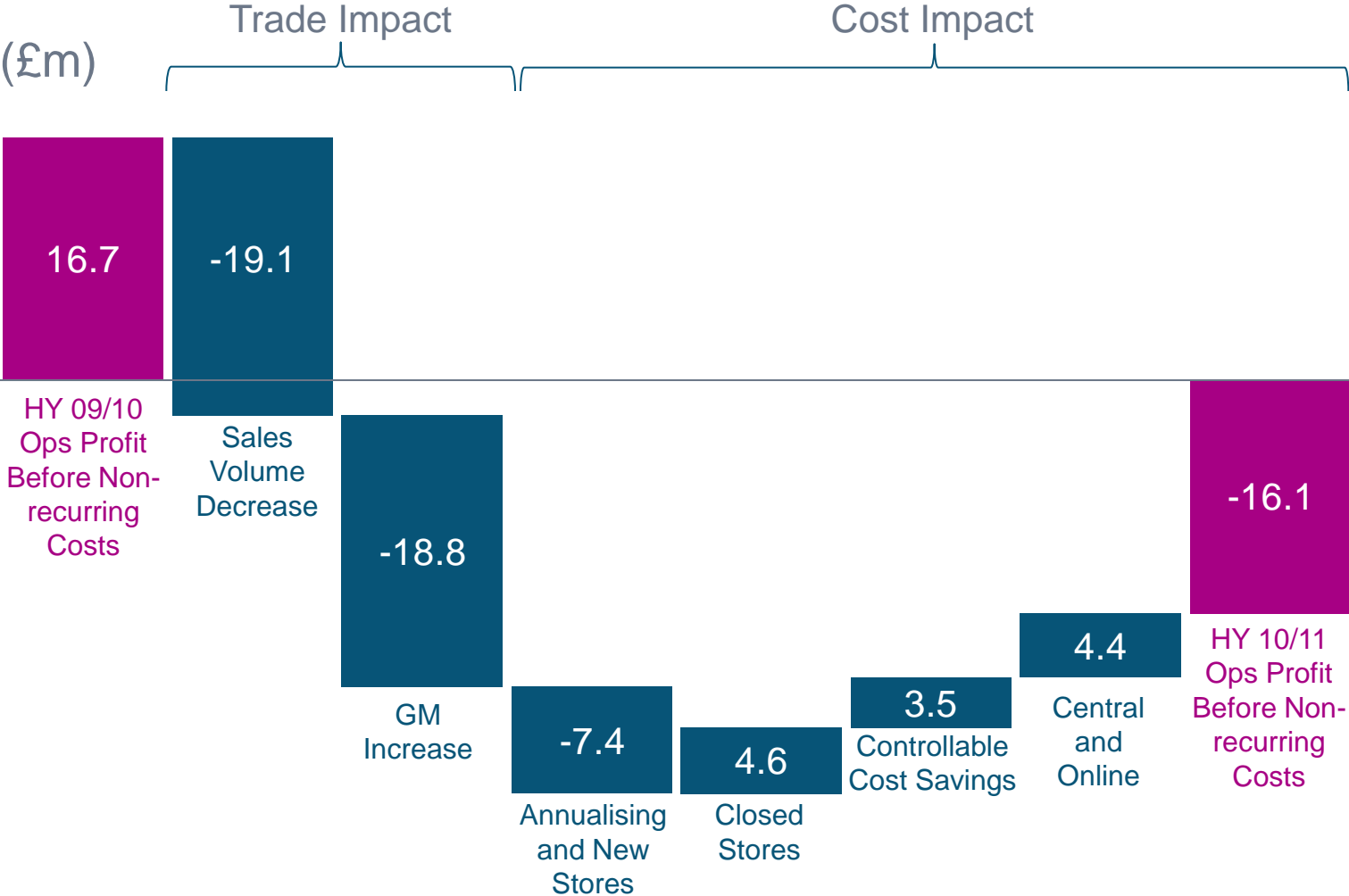
Turnover and Margin Analysis - Product

Period ended 31 st July (£m)	2010/11		2009/10	
Turnover				
New hardware	115.8	18.5%	146.7	21.2%
New software	249.1	39.9%	282.8	40.9%
New hardware & software	364.9	58.4%	429.5	62.1%
Preowned	171.5	27.5%	177.3	25.7%
Peripheral and other	88.2	14.1%	84.0	12.2%
Total	624.6	100.0%	690.8	100.0%

Gross Margin %

New hardware & software	19.4%	23.9%
Preowned	38.5%	41.0%
Peripheral and other	28.6%	29.6%
Total	26.0%	28.9%

Operating Profit Bridge



Income Statement Extract

Period ended 31 st July (£m)	2010/11	2009/10
Net interest payable	(2.7)	(2.2)
Non-recurring costs	(2.7)	(3.7)
Pre tax (loss) / profit	(21.5)	10.8
Tax charge (effective rate)	28.3%	28.3%
Dividend per share	1.88p	1.88p

Balance Sheet

	As at 31 July 2010 £m	As at 31 July 2009 £m	As at 31 Jan 2010 £m
Tangible fixed assets	155.2	162.2	161.1
Intangible fixed assets	178.7	181.4	180.1
Stock	144.2	166.5	176.0
Trade and other payables	(156.9)	(192.4)	(258.2)
Net cash and borrowing	(63.5)	(80.2)	44.9
Other	37.5	42.1	27.7
Net assets	295.2	279.6	331.6

Cashflow

Period ended 31 st July (£m)	2010/11	2009/10
Cash (outflow) / inflow from operations	(7.0)	29.9
Working Capital Movements	(66.7)	(139.5)
Tax and interest	(10.5)	(24.1)
Cashflow generated from operations	(84.2)	(133.7)
Capital expenditure and financial investment	(10.7)	(14.0)
Dividends paid	(13.5)	(12.8)
Share movements and other	71.3	78.7
Decrease in net cash	(37.1)	(81.8)
Net debt	(63.5)	(80.2)

GAME Group stores

	31 July 2010	31 Jan 2010	Difference
UK	635	677	(42)
France	198	199	(1)
Iberia	287	283	4
Scandinavia	68	68	0
Czech Republic	31	29	2
Australia	118	118	0
Stores – total	1,337	1,374	(37)
Franchises	1	6	(5)
Total outlets	1,338	1,380	(42)

Martyn Gibbs

Regional Managing Director, Northern Europe



Maintaining competitive advantage



- Enhancing value in mint, preowned and own-brand
- Delivering best products and range
- Enhancing our service proposition
- Leading in customer loyalty



Uniform multi channel offer

The screenshot shows the GAME website homepage. At the top, there's a navigation bar with links for Store finder, Reward card, Wish list, Your basket, Your account, Help, and LOGIN. Below this is the GAME logo and a search bar. A prominent banner for 'IT'S YOUR MOVE' is featured, advertising a Starter Pack & Bundles for PS3, priced from £29.99. To the right of the banner is a 'Shopping basket' section indicating it's empty, and a 'GAME Rewards' section welcoming a guest. Below the banner is a 'SAVE MORE' section with a 'Games from £4.99' offer. Further down are three columns of product recommendations: Games (Best Sellers, Coming Soon, Latest Offers), Consoles (Top Picks, Top Accessories, What To Buy), and Pay Less! (Preowned Consoles, Best Sellers, Trade In Offers). At the bottom, there are sections for Downloads, Mobile, and Services. A 'CALL OF DUTY BLACK OPS' section with a 52:10:20:40 timer is also visible.

- More interactivity in stores ✓
- Enhanced IT platform ✓
- Expanding digital offer ✓

Cost control and operational focus



- Rationalise portfolio
- Manage payroll and headcount
- Stock reduced
- Non-stock savings



Product Launches – Halo: Reach



Christmas 2010

September/
October



November/
December



Exclusives



Launch activities



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Initial views and Outlook

Ian Shepherd



Market challenges

Telegraph.co.uk

Game Group sales down as competition bites

Retail's Christmas rally failed to extend to Game Group, which announced worse-than-expected sales figures on Tuesday.

FT.com
FINANCIAL TIMES

Game hit by sharp fall in sales of consoles

December 8 2009

guardian.co.uk

Game the big loser as it waits for Kinect

Game issued a profit warning after bid hopes waned and before the launch of Kinect and new Nintendo 3DS.

MCV_{THE}

Tesco trade-ins go national

Friday, 20th August 2010

BBC

NEWS

'Console killer' OnLive to launch in June

GAME

THE GAME GROUP PLC

GAME has powerful assets...

Strengths:

- ▶ Brand
- ▶ Scale
- ▶ People



...and significant opportunities

- ▶ Build on community of 15m Reward card holders
- ▶ Grow multi channel
- ▶ Drive specialist credentials



Current trading and summary

- ▶ Current trading:
 - Improving lfl of -10.0%
 - Products launching well
- ▶ Economy remains tough
- ▶ Games market driven by content and launches
- ▶ Maintaining or enhancing market positions
- ▶ Tight cost control and adjustments to underperforming businesses
- ▶ Focus on working capital
- ▶ Focused on delivering value to our shareholders

Thank You



Appendix

Expected Future Releases 2010

Format	Title	Publisher	Release
360, PS3, PSP, Wii, PC, DS	FIFA 11	EA	01-Oct-10
360, PS3, PSP, Wii, PC	PES 2011	Konami	08-Oct-10
Wii	Wii Party	Nintendo	08-Oct-10
360, PS3, PC	Medal of Honor	EA	15-Oct-10
Wii	Just Dance 2	Ubi Soft	15-Oct-10
360, PS3, PC	Fallout: New Vegas	Zenimax	22-Oct-10
DS	Professor Layton and the Lost Future	Nintendo	22-Oct-10
360	Fable 3	Microsoft	29-Oct-10
360, PS3, PSP, Wii, DS	Star Wars: The Force Unleashed 2	Activision Blizzard	29-Oct-10
360, PS3, Wii, DS, PC	The Sims 3	EA	29-Oct-10
PC	Football Manager 2011	Sega	05-Nov-10
360, PS3, Wii, PSP	WWE Smackdown vs Raw 2011	THQ	05-Nov-10
360, PS3, PC, PSP	Bond: Bloodstone	Activision Blizzard	05-Nov-10
PS3	Gran Turismo 5	Sony	05-Nov-10
360, PS3, Wii, PC	Call of Duty: Black Ops	Activision Blizzard	09-Nov-10
360	Kinect	Microsoft	10-Nov-10
PC	World of Warcraft: Cataclysm	Activision Blizzard	Nov-10
360, PS3	Assassin's Creed: Brotherhood	Ubi Soft	19-Nov-10
360, PS3, Wii, PC	Need For Speed: Hot Pursuit	EA	19-Nov-10
360, PS3, Wii, DS	Harry Potter & The Deathly Hallows Part 1	EA	19-Nov-10
PS3	Little Big Planet 2	Sony	19-Nov-10