

THE GAME GROUP PLC

Strategic Update

16 February 2011



Ian Shepherd

Group CEO



Agenda

- The need for change
- Our strategy - five drivers of growth
- Measuring progress
- Questions and discussion

Risks and challenges

Margin squeeze
Online
Developers selling direct
Publishers selling direct
Single use codes limit preowned
Supermarkets
More preowned competitors
Longer product cycle
Smartphones & tablets
New channels
Customers' leisure time

Competition

It's all going digital

Change is led by customers

I'm an online person – I google everything

I'd download if it was easier

I use trade-in a lot

Reward points help

I want the cheapest

Games are too expensive

I play a game once, then want another

I never buy new

I want it early

I have a Wii, a 360 and an ipad

I buy the day it's released

I need advice

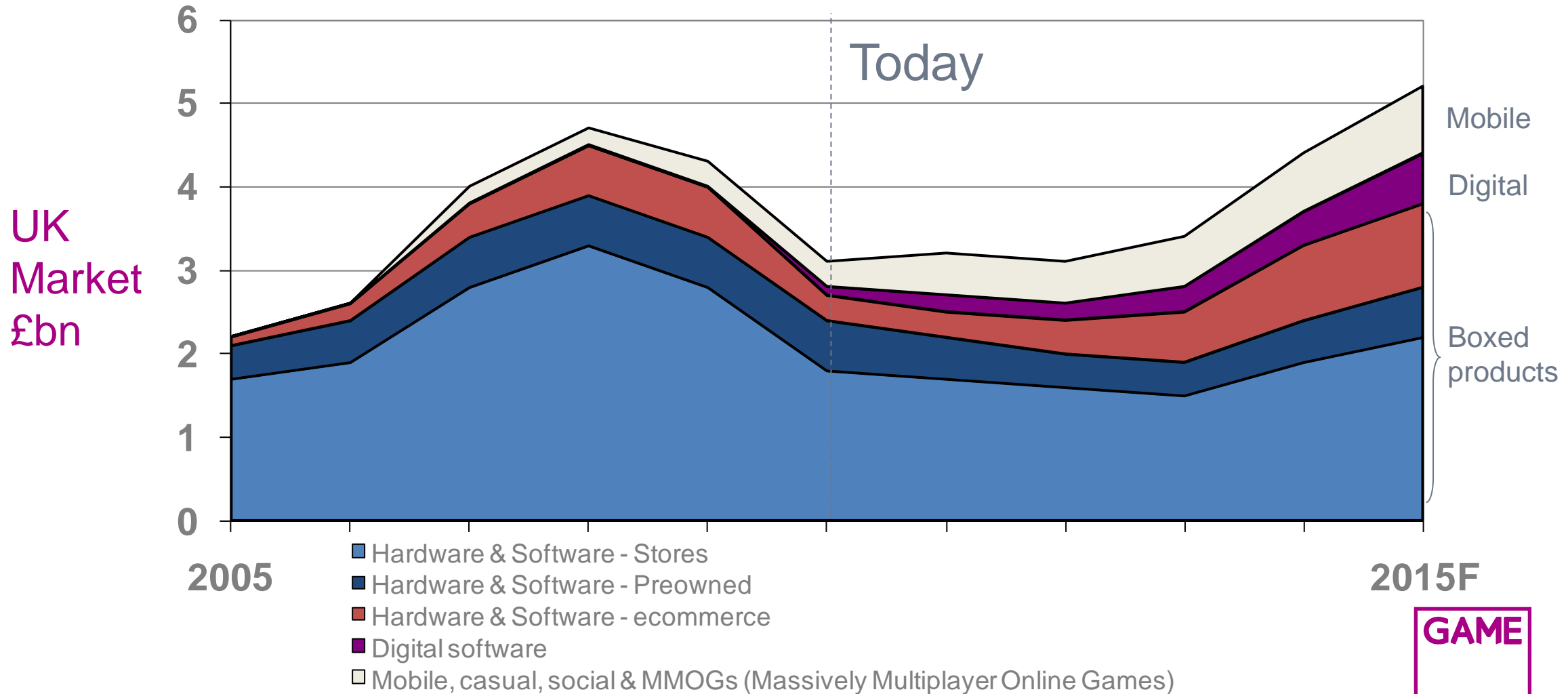
Facebook rocks – it's cheap and I play for hours

I always read the reviews on IGN before I buy

I play more on my mobile



A large evolving market



Source: GAME summary of industry forecasts including ChartTrack, Screen Digest, Nick Parker consulting, OC&C



Our strengths position us well

- Leading market share
- Proven skill
- Knowledgeable, passionate people
- Strong retail infrastructure
- Unique customer database



GAME

THE GAME GROUP PLC

Our future strategy

“DEDICATED TO GAMING”

'Dedicated to Gaming' – what does it mean?

A multi channel specialist...

...with the right stores to enhance customers' experiences...

...selling a unique range of products...

...offering novel ways to buy...

...built around customer relationships.



“DEDICATED TO GAMING”



1. A multi channel specialist...



Aim:

To be gamers' first choice in all channels

How:

- Build the most compelling web offer
- Create a truly joined-up multi channel offer
- Invest in the mobile and digital future

Goal:

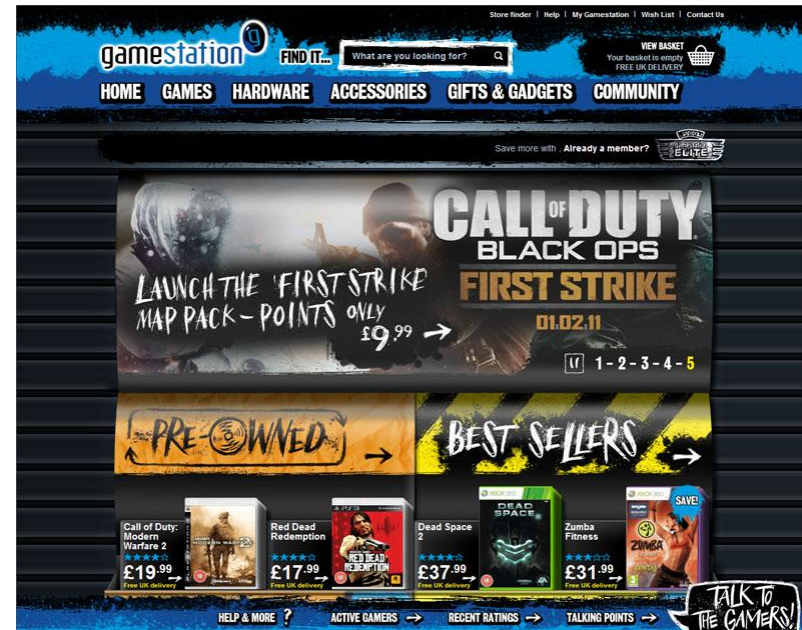
- Online & digital revenues



Build the most compelling web offer



- New UK websites with increased capability
- Leverage preowned online
- Ongoing market share investment



GAME

THE GAME GROUP PLC

Joined up multi channel offer



- Re-engineer retail operations to be multi channel
- Clear pricing strategy
- Click & Collect
- Online content available in store



Invest in the digital & mobile future



- A growing download business
- Continuing broad range of digital R&D
- Creating digital experiences in stores



2. The right stores to enhance the customer experience



Aim:

Use stores as the hub of our multichannel offer

How:

- Appropriate portfolio
- Invest in customer experience
- Use new technology to bring services to life

Goal:

- Customer conversion



GAME

THE GAME GROUP PLC

Operate from the right stores in the right locations



- Re-size UK store portfolio, retaining lease flexibility
- Retain strong international portfolio
- Multi channel opportunities in international markets



Invest in customer experience



- Create multi channel hubs in stores:
 - Web enabled tills
 - Wifi and mobile hotspots
 - Digital content in stores
- Drive conversion through technology:
 - Handheld technology for sales assistants
 - More interactive technology for customers



GAME

THE GAME GROUP PLC

3. Selling a unique range of products



Aim:

Sell products that customers can't buy anywhere else

How:

- Drive own label and licensed product business
- Increase Group & local market exclusives

Goal:

- Own label & exclusives revenues



Drive own label

- Expand range and move to direct sourcing
 - 100 products in range
 - Over 50% margins
- Launch a range of licensed products



GAME

THE GAME GROUP PLC

Increase exclusives

- Secure more unique products
- Use digital exclusives to drive awareness of multi channel



Only at **GAME**
UK Exclusive!
Pokémon Branded Black DSi Pack

Only **£84.99** when you trade-in a Nintendo DS*

Trade-in

Pack includes:

- Limited Edition Pokémon Branded Black DSi Console
- Pokémon Black Version Game

Don't miss out!
Pre-order today
Released 4th March

White version also available
All about to launch

£159.99

4. Offering novel ways to buy



Aim:

New models of game ownership and payment

How:

- Continue to expand preowned
- Expand customer finance options
- Loyalty points as currency



Goal: More customers using preowned and trade-in

5. Built around customer relationships



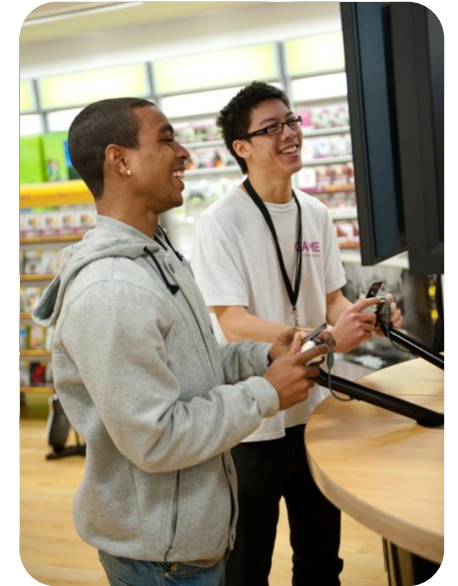
Aim:

Have a direct relationship with every customer

How:

- Expand our Reward & Elite Card user bases
- Create a step change in card usage
- Use tailored personalised communications

Goal: Incremental revenue from CRM activity



GAME

THE GAME GROUP PLC

Personalised communication drives value



Your **GAME** score: 5637

You can spend your points in chunks of 1,000 points or £2.50

Available points value



Available cash value



Dear Elite,

Getting your hands on the latest game is always a good feeling

Scoring a discount with your Reward points is a great reason to drop in to your nearest GAME store now to choose a new title.

Your points balance is above and we're giving you an extra 3000 points to add to your total when you shop at **GAME**. So call in and pick up whatever's top of your most wanted list. You can take your points discount and build up your balance with a voucher at the same time.

With a **GAME** Reward Card you can expect to hear about special offers on stuff we know you're into, info on the next new big game releases and much more...

For example, inside this statement we're featuring the hottest new releases this quarter including Alan Wake, Red Dead Redemption and Super Street Fighter IV. You can pre-order online or in-store with no deposit and collect on launch day from your local store or have these delivered FREE* to your door.

Also inside we have some exclusive details on our special Modern Warfare 2 competition exclusive to Reward Card customers. Just visit game.co.uk/blackops to enter and remember to Link your Reward Card with your online account whilst you're there.

Stick those vouchers in your wallet now and get them added to your balance when you buy in-store before 30th June 2010. And you'll keep on earning Reward points on anything you buy online or in-store.

Now back to the game...

Rob Voase

Head of CRM

*Free delivery applicable in the UK only



game.co.uk/reward

GAME
START HERE

GAME

THE GAME GROUP PLC

Cost control

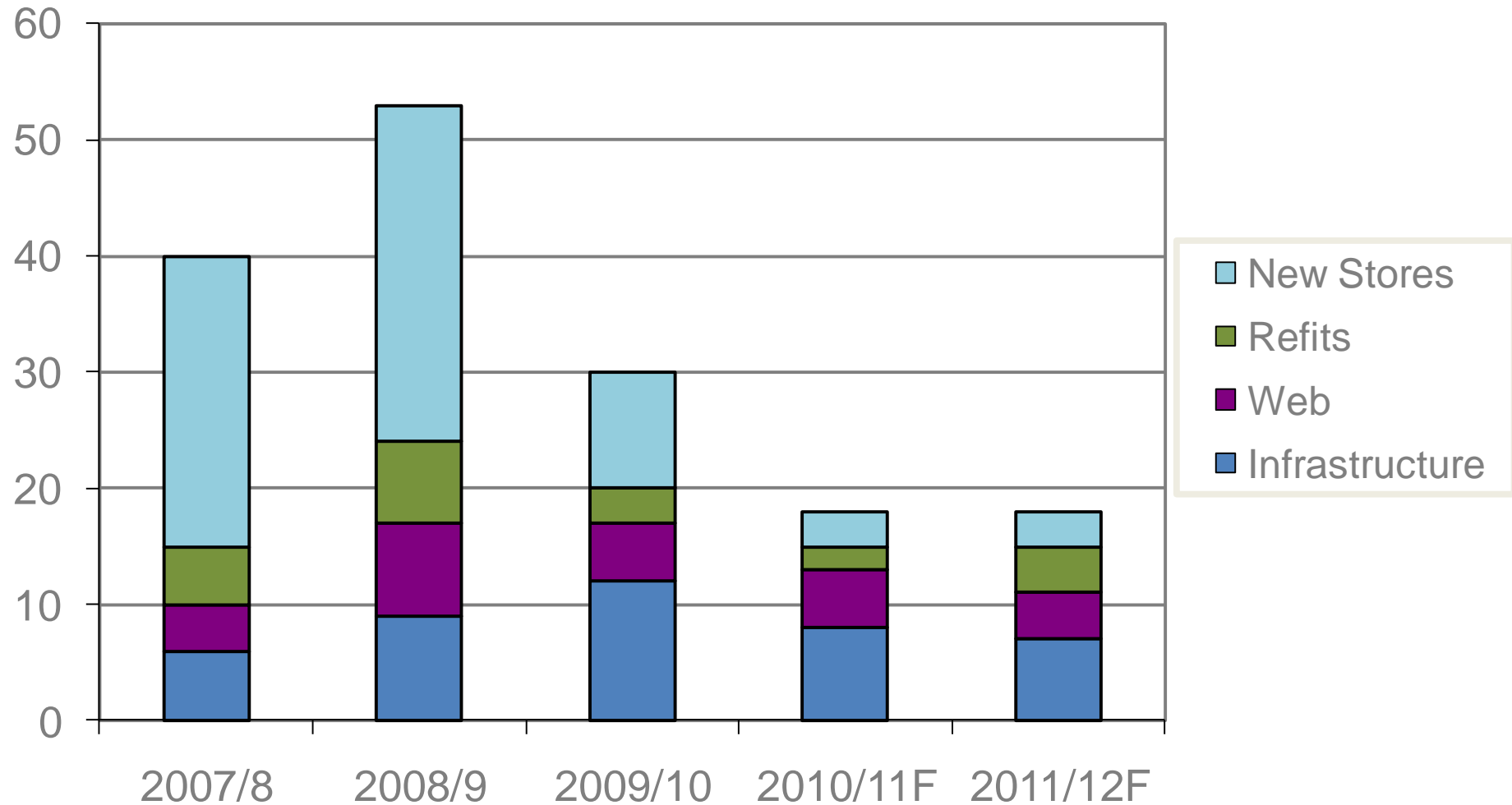
- Tight control of working capital
- Balance sheet discipline
- Focus on operating cost savings

Ben White

Group Finance Director



Capital expenditure – what will it cost?



Measuring success

Multi channel

Right stores

Unique range

Novel ways to buy

Customer relationships

Market Share

Multi channel

Conversion

Own brand

Preowned and trade in

Card usage



Financial outlook for 2011/12

Market:

Continues to be challenging

GAME revenues:

Outperform the market

Margin:

100 bps reduction

- VAT
- Value offer
- Loyalty
- Channel mix
- Preowned
- Own brand

Costs:

Savings allow strategic investment

Non-recurring costs:

Portfolio rationalisation
New websites



Ian Shepherd





GAME

THE GAME GROUP PLC

Thank you

