



Q4 2014
Financial Results and Key Metrics

February 12, 2015

Non-GAAP financial measures

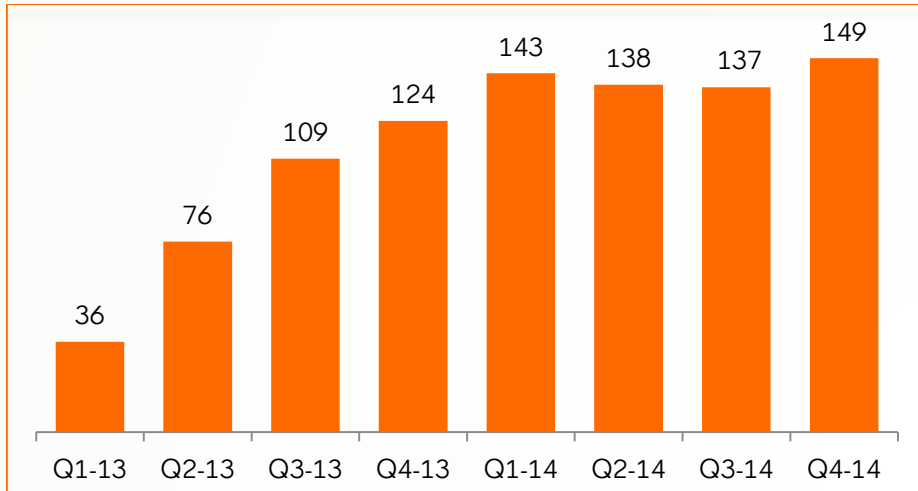
King Digital Entertainment plc (the “Company”) uses International Financial Reporting Standards (“IFRS”). In addition to IFRS financials, this presentation includes certain financial measures not based on IFRS, including gross bookings, adjusted revenue, adjusted EBITDA, adjusted EBITDA margin, adjusted profit and adjusted EPS. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. The non-GAAP financial measures used by King may differ from the non-GAAP financial measures used by other companies, and are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. Some limitations of the non-GAAP financial measures we use are listed in the appendix.

Forward looking statements

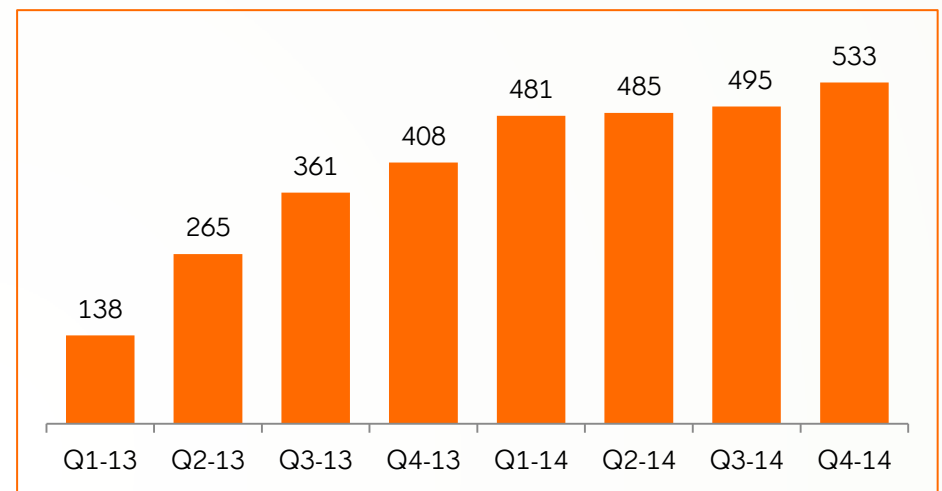
All statements other than statements of historical fact contained in this presentation, including statements regarding future results of the operations of King Digital Entertainment plc, future game releases, our acquisition of Z2Live, Inc., and our share repurchase program, are forward-looking statements. King has based these forward-looking statements on its estimates and assumptions as of the date of this presentation. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially. Factors that might cause or contribute to such differences include, but are not limited to: the fact that a relatively small number of games continue to account for a substantial majority of our revenue and gross bookings, and declines in popularity of these games could harm our financial results; our ability to develop new games and enhance existing games in a timely manner; our ability to effectively manage our growth; revenues and gross bookings from new games may not be sufficient to offset declines in revenues and gross bookings in more mature games; market acceptance of new games and enhancements to existing games; intense competition in our industry; our reliance on the casual game format and the success of our efforts to expand beyond the casual format; our need to anticipate and successfully develop games for new technologies, platforms and devices; fluctuations in our quarterly operating results and other key metrics; reliance on various third-party platforms; reliance on key personnel; our share price and changing market conditions for our ordinary shares; acquisition-related risks, including our ability to integrate our recent acquisitions, the impact of unforeseen integration issues, our ability to retain the key personnel of the acquired businesses, and unknown liabilities; unforeseen difficulties in developing and introducing new games from acquired companies and customer acceptance of such games; general economic conditions and their impact on consumer spending and our share price; the continued effectiveness of our marketing programs; risks associated with operating and offering games in multiple jurisdictions; as well as those risks detailed from time to time under the caption “Risk Factors” and elsewhere in King’s Securities and Exchange Commission filings and reports, including in the Form 6-K filed by the Company on November 7, 2014, the Form 20-F to be filed on February 13, 2015, and future filings and reports by the Company. In addition, King operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for King management to predict all risks, nor can King assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements that King may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation are inherently uncertain and may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, you should not rely upon forward-looking statements as predictions of future events. King does not undertake any obligation to update publicly or revise any forward-looking statements for any reason after the date of this presentation, nor to conform these statements to actual results, future events, or to changes in King’s expectations.

Key performance indicators – reach

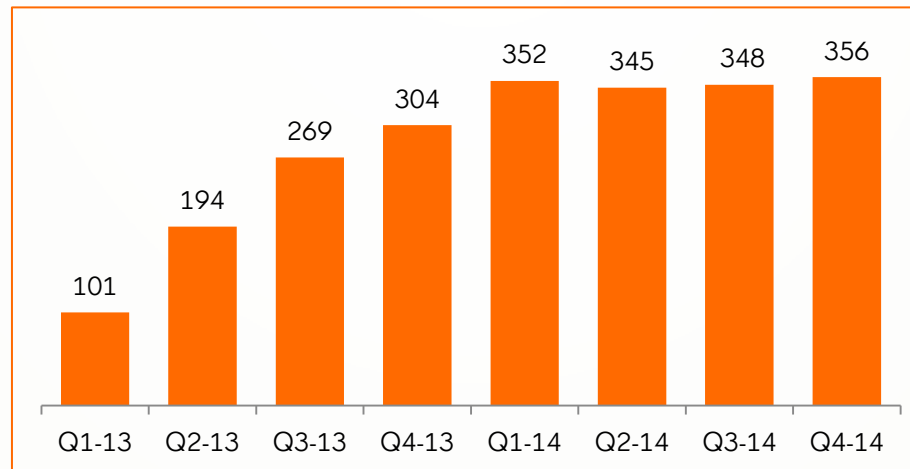
DAUs – Quarterly average daily active users (mm)



MAUs – Quarterly average monthly active users (mm)



MUUs – Quarterly average monthly unique users (mm)

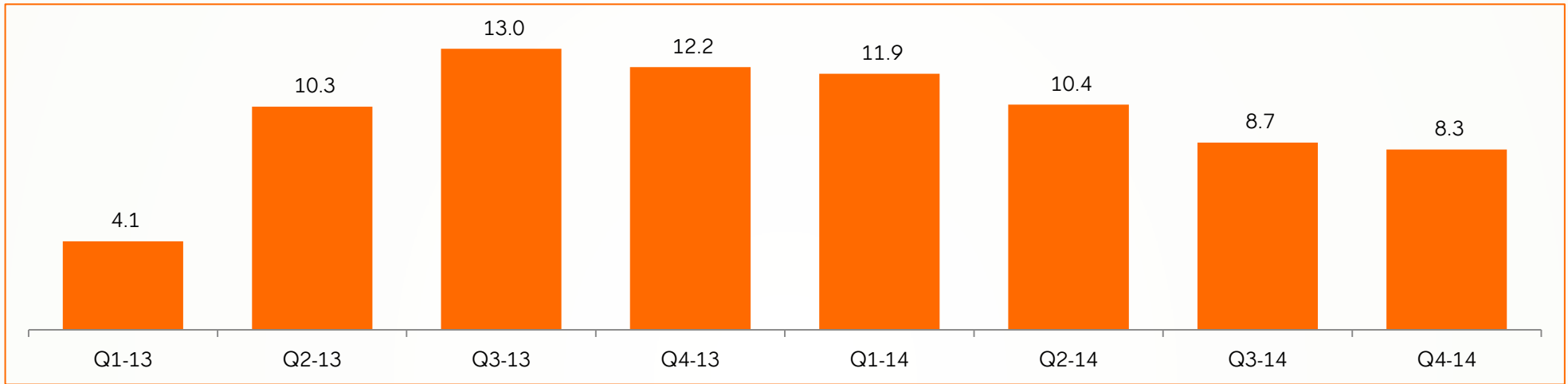


Please see the appendix of this presentation for the definition of DAUs, MAUs and MUUs.



Key performance indicators – monetization

MUPs – Quarterly average monthly unique payers (mm)

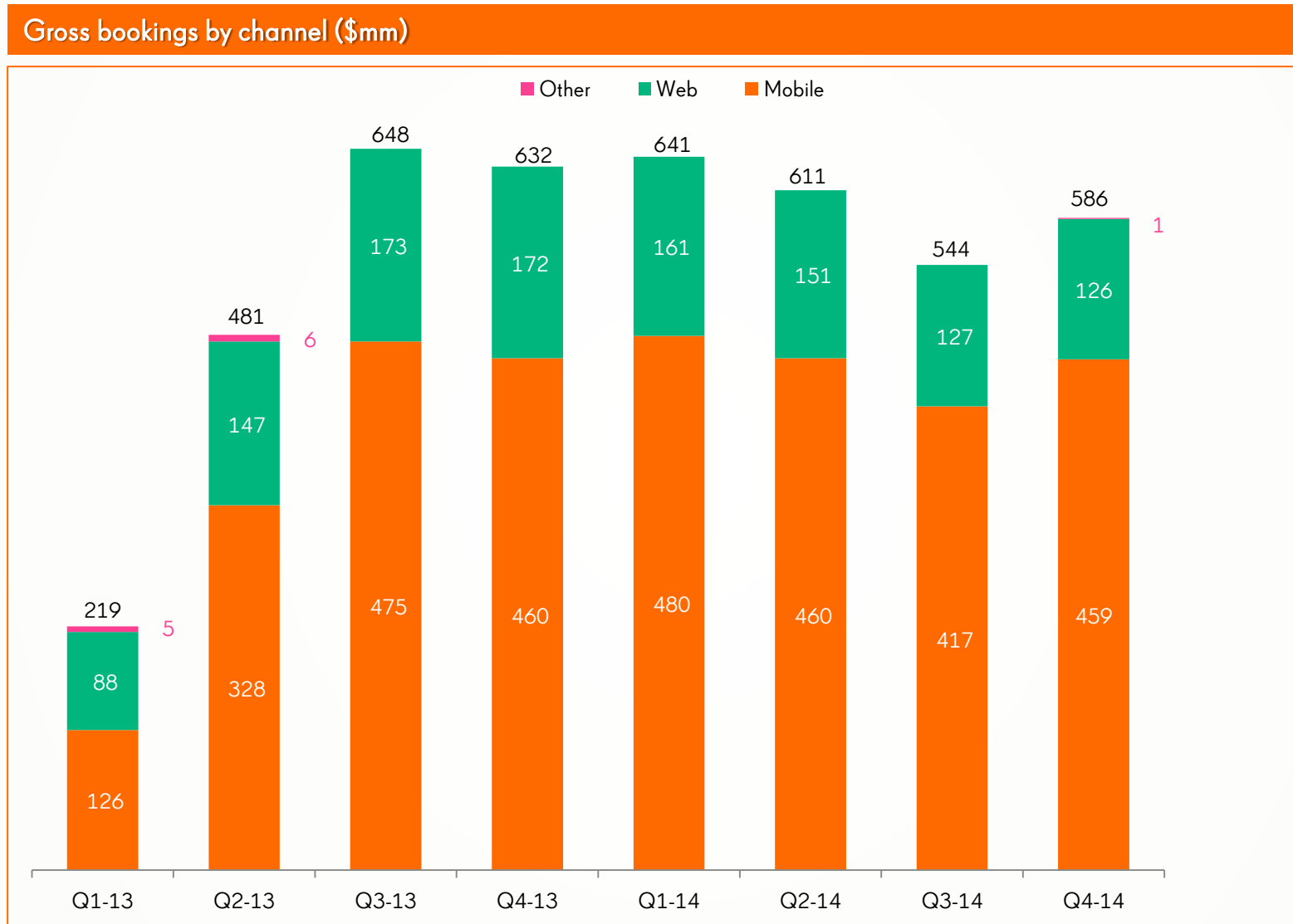


MGABPPU – Monthly gross average bookings per paying user (\$)



Please see the appendix of this presentation for the definition of MUPs and MGABPPU.

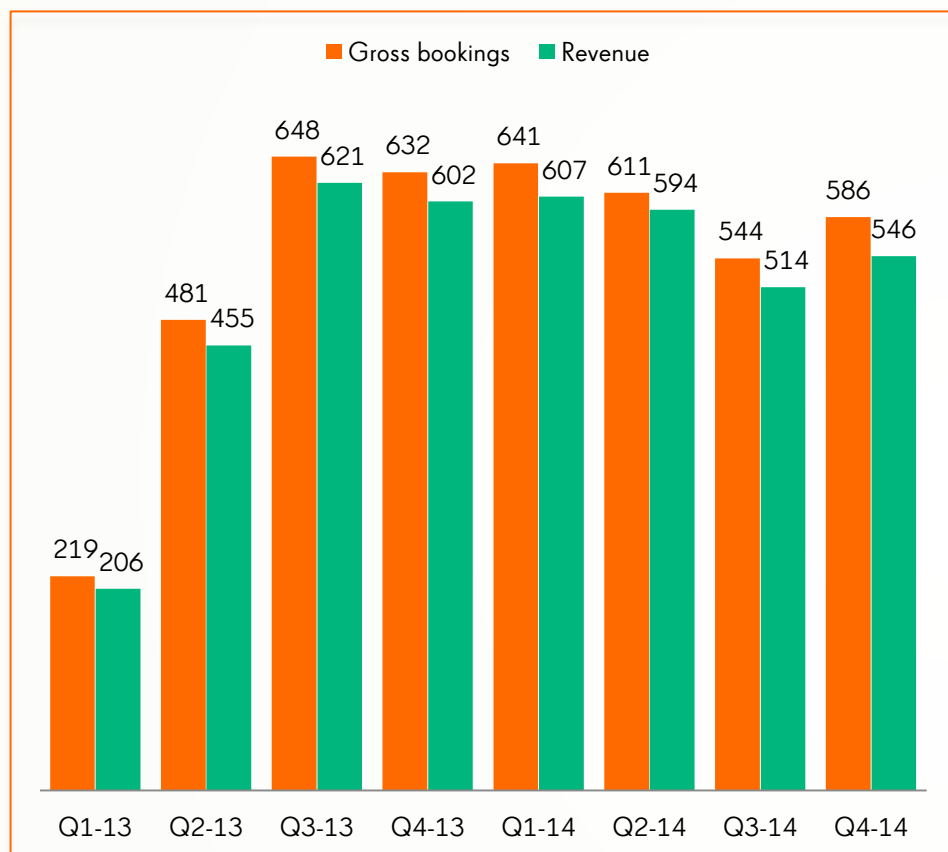
Gross bookings



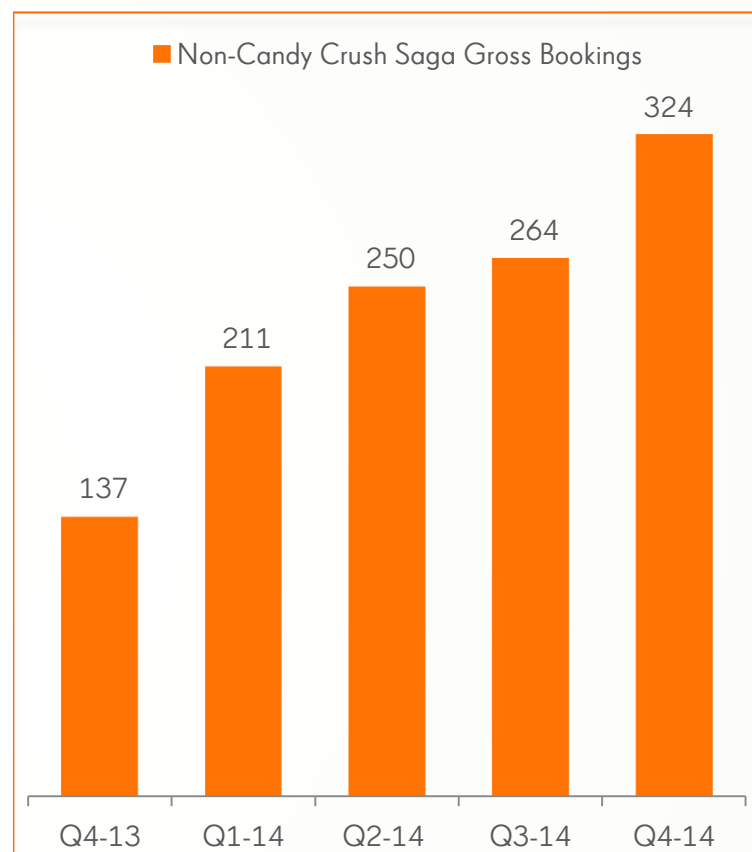
Note: Gross bookings is a financial measure not calculated in accordance with IFRS. For definitions and reconciliations of this non-GAAP measure to the most directly comparable IFRS measure, refer to the appendix of this presentation.

Gross bookings and revenue

Gross bookings and revenue (\$mm)



Non-Candy Crush Saga Gross Bookings (\$mm)



Non-Candy Crush Saga % of gross bookings:

Q4-13
22%

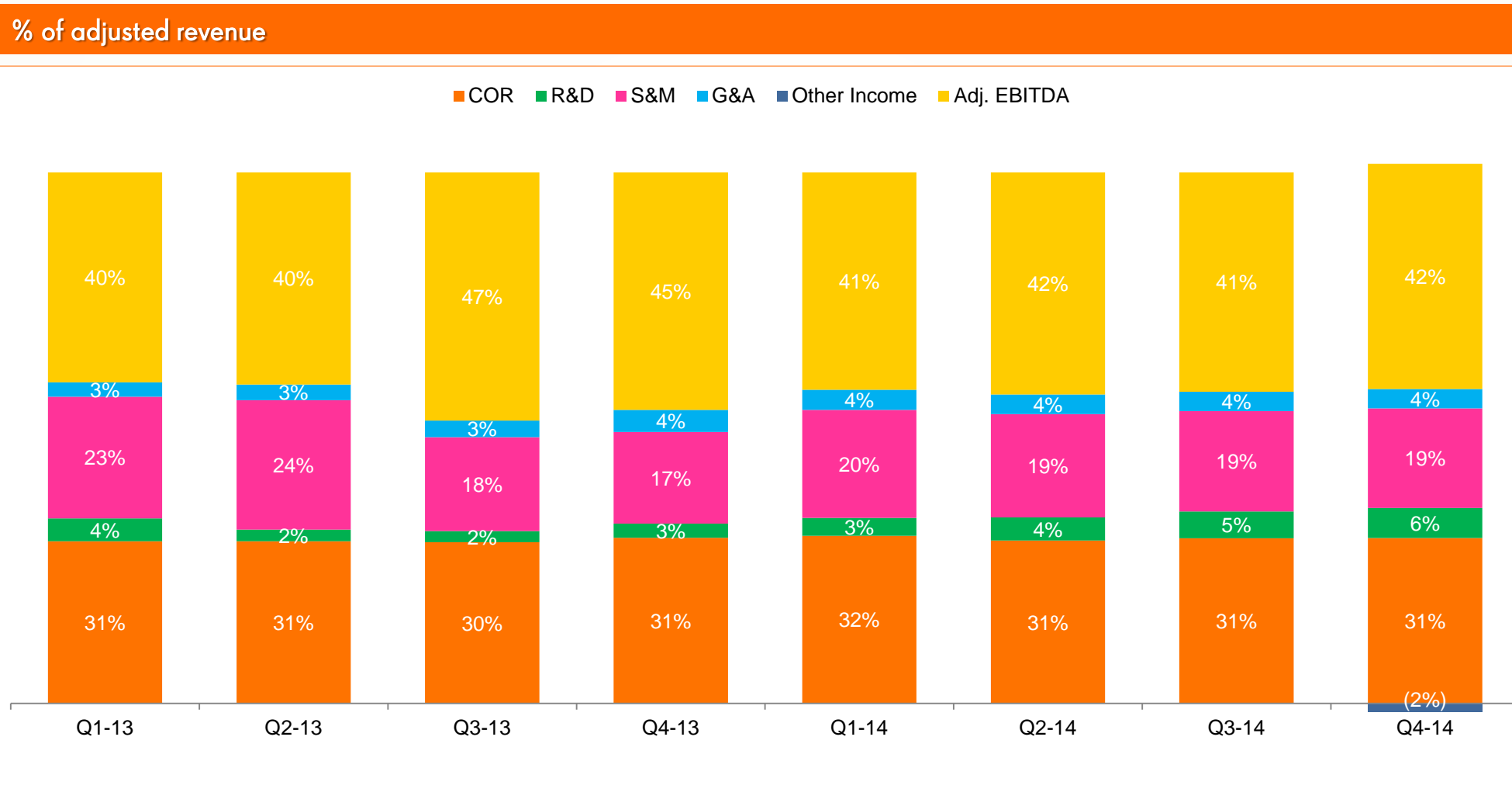
Q4-14
55%

Note: Gross bookings is a financial measure not calculated in accordance with IFRS. For definitions and reconciliations of this non-GAAP measure to the most directly comparable IFRS measure, refer to the appendix of this presentation. Certain figures in the presentation may not recalculate exactly due to rounding. This is because percentages and figures contained herein are calculated based on actual numbers and not the rounded numbers presented.

Non-Candy Crush Saga gross bookings represents total gross bookings (including Candy Crush Soda Saga) less gross bookings from Candy Crush Saga.



Profitability



Note: King reports adjusted revenue primarily on a gross basis, including payments to platform partners. Adj. EBITDA margin (as a % of adjusted revenue) and other figures on this page may not be comparable to similarly named metrics of other companies who report revenues net of such costs.

Expense items are not calculated in accordance with IFRS and are adjusted for depreciation and amortization, share-based and other equity related compensation, acquisition-related expenses and other non-operating charges. Adjusted EBITDA is a financial measure not calculated in accordance with IFRS. For definitions and reconciliations of Adjusted EBITDA, refer to the appendix of this presentation.

Key metrics and financials

Adjusted EBITDA

(\$mm)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Gross Bookings	218.6	481.0	648.2	632.1	641.1	611.1	543.9	586.3
Adjusted Revenue	206.0	461.2	620.9	601.4	607.6	593.5	523.4	559.2
Other income	-	-	-	-	-	-	-	9.2
% of adjusted revenue	-	-	-	-	-	-	-	(2%)
Cost of revenue	62.9	140.8	188.4	187.7	191.9	182.0	162.8	174.3
% of adjusted revenue	31%	31%	30%	31%	32%	31%	31%	31%
Research and development	8.9	10.2	13.0	15.9	20.4	25.9	26.4	31.5
% of adjusted revenue	4%	2%	2%	3%	3%	4%	5%	6%
Sales and marketing	47.2	112.5	109.9	103.8	123.5	115.6	98.8	104.8
% of adjusted revenue	23%	24%	18%	17%	20%	19%	19%	19%
General and administrative	5.6	13.6	19.4	25.2	23.2	21.8	19.2	20.4
% of adjusted revenue	3%	3%	3%	4%	4%	4%	4%	4%
Adjusted EBITDA	81.4	184.2	290.2	269.0	248.6	248.2	216.1	237.3
% of adjusted revenue	40%	40%	47%	45%	41%	42%	41%	42%

Note: King reports adjusted revenue primarily on a gross basis, including payments to platform partners. Adj. EBITDA margin (as a % of adjusted revenue) and other figures on this page may not be comparable to similarly named metrics of other companies who report revenues net of such costs.

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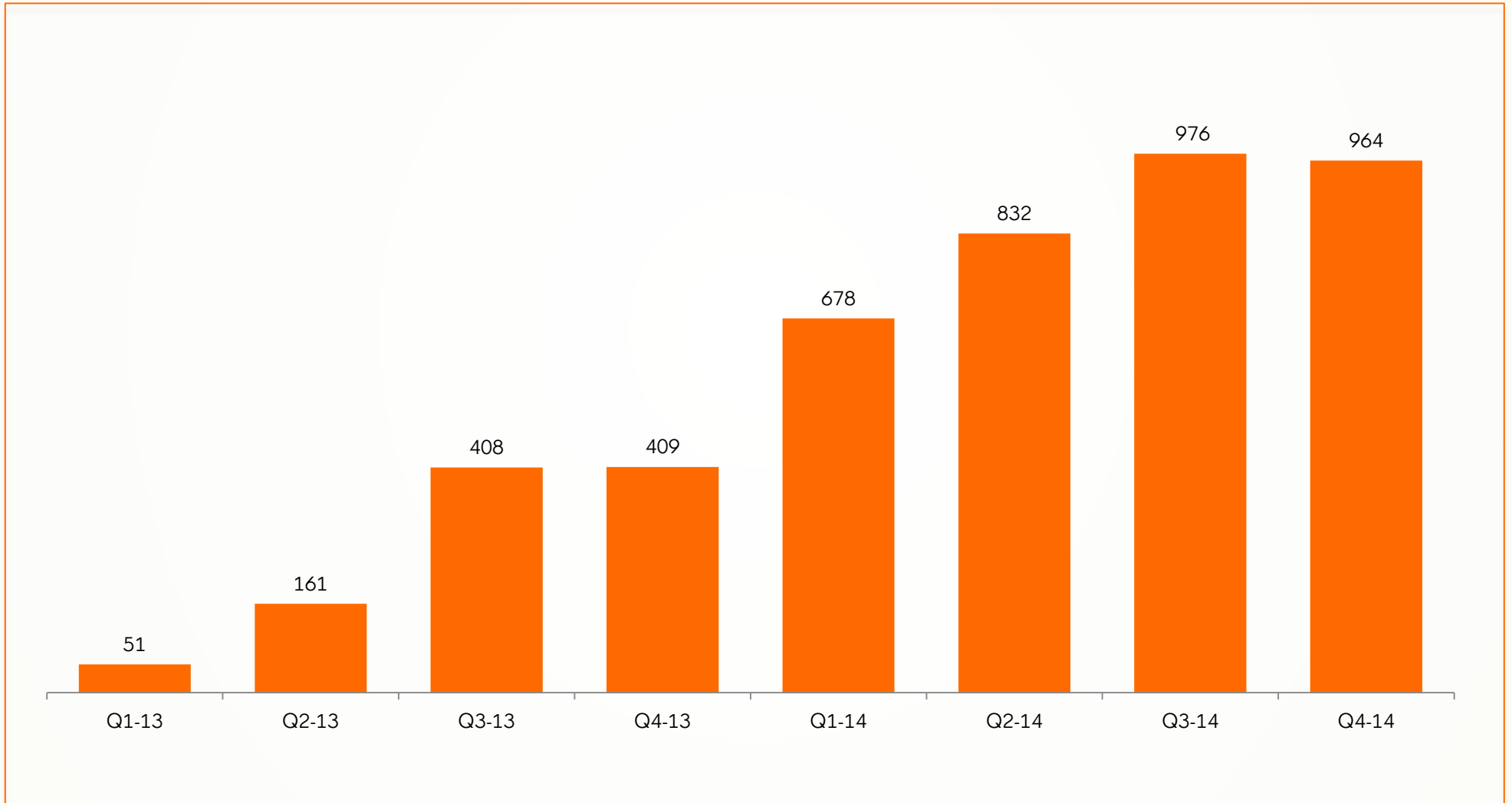
Earnings per share

(\$mm, except per share data)	Q4-13	Q4-14
Profit	159.2	140.6
Adjusted profit	204.9	184.2
Basic weighted average number of shares	305.4	315.2
Diluted weighted average number of shares	319.1	322.2
Basic EPS (IFRS)	0.52	0.45
Diluted EPS (IFRS)	0.50	0.44
Adjusted EPS (non-GAAP)	0.64	0.57

Note: Adjusted Profit and Adjusted EPS are financial measures not calculated in accordance with IFRS. For definitions and reconciliations of this non-GAAP measures to the most directly comparable IFRS measure, refer to the appendix of this presentation.

Cash position

Cash and cash equivalents (\$mm)



Statement of financial position

(\$mm)	December 31, 2013	December 31, 2014
Cash and cash equivalents	408.7	964.0
Trade and other receivables	221.6	228.4
Total assets	811.5	1,441.8
Trade and other payables	176.8	137.6
Deferred revenue	10.9	34.3
Income tax liabilities (current and non-current)	239.6	284.2
Total liabilities	444.1	472.9
Total shareholders' equity	367.4	968.9

Special dividend

- Board of Directors declared a special dividend of \$0.94 per ordinary share or approximately \$300 million in aggregate
- Payable to shareholders of record on March 4, 2015
- Expected to be paid on March 24, 2015

Z2Live, Inc. Acquisition

- On February 6, 2015, we signed an agreement to acquire Z2Live, Inc., a game developer based in Seattle, Washington
- The consideration consists of:
 - \$45 million upfront cash payment
 - Up to \$105 million linked to future events including revenues generated
- Will focus on contributing to our diversification into new genres
- Will be our first game studio in the United States
- Subject to Hart-Scott-Rodino approval, expected to close in first quarter of 2015



Appendix



Key metrics and definitions

Daily Active Users (DAUs) are the number of individuals who played one of our games during a particular day. We calculate average DAUs by adding the total number of DAUs for each day in a period and dividing by the number of days in the period.

Monthly Active Users (MAUs) are the number of individuals who played a particular game in the 30-day period ending with the measurement date. We calculate average MAUs by adding the total number of active users as of the end of each month in a given period and dividing by the number of months in the period.

Monthly Unique Users (MUUs)¹ are the number of unique individuals who played any of our games on a particular platform in the 30-day period ending with the measurement date. We calculate average MUUs by adding the total number of unique users as of the end of each month in a given period and dividing by the number of months in the period.

Monthly Unique Payers (MUPs)¹ are the number of unique individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date. We calculate average MUPs by adding the total number of unique payers as of the end of each month in a period and dividing by the number of months in the period. Average MUPs for periods prior to April 2013 exclude Google's Android payers due to technological limitations.

Monthly Gross Average Bookings per Paying User (MGABPPU) is calculated by dividing (1) our total gross bookings in a given period, by (2) the number of months in that period, divided by, (3) the average number of MUPs during the period. Android gross bookings and Android MUPs are excluded from MGABPPU calculation prior to April 2013 due to technological limitations.

¹Because we cannot always distinguish unique individuals playing across multiple platforms, an individual or payer who plays or pays on two different platforms (eg Facebook and mobile) may be counted as two MUUs in the event we cannot de-duplicate. This is consistent with industry practice.

Non-GAAP and other financial measures and definitions

Gross Bookings: Gross bookings is a non-GAAP financial measure that is not calculated in accordance with IFRS. Gross bookings is defined as the economic benefit collected from the sale of virtual items and for access to skill tournaments.

The Company uses gross bookings to evaluate the results of our operations, generate future operating plans and assess our performance. King believes that this non-GAAP financial measure provides a meaningful measurement of our business performance during a particular period. This information should be considered as supplemental in nature and is not meant as a substitute for revenue recognized in accordance with IFRS. In addition, other companies, including companies within our industry, may calculate gross bookings differently or not at all, which reduces its usefulness as a comparative measure.

Adjusted Revenue: Adjusted revenue is a non-GAAP financial measure that is not calculated in accordance with IFRS. King defines adjusted revenue as revenue adjusted for changes in deferred revenue. King believes that adjusted revenue is a useful metric for calculating adjusted EBITDA margin and understanding our operating results and ongoing profitability.

Adjusted EBITDA and Adjusted EBITDA Margin: Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures that are not calculated in accordance with IFRS. King defines adjusted EBITDA as profit, adjusted for income tax expense (credit), foreign currency exchange loss (gain), acquisition-related expense, non-operating (income) expense, net finance (income) costs, depreciation, amortization, share-based and other equity-related compensation (including social security charges associated therewith) and changes in deferred revenue. King defines adjusted EBITDA margin as adjusted EBITDA as a percentage of adjusted revenue. King believes that adjusted EBITDA and adjusted EBITDA margin are useful metrics for investors to understand and evaluate our operating results and ongoing profitability because it permits investors to evaluate our recurring profitability from our ongoing operating activities. King also uses these measures internally to establish forecasts, budgets and operational goals and to manage and monitor our business, as well as evaluating our ongoing and historical performance. Adjusted EBITDA and adjusted EBITDA margin have certain limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results of operations as reported under IFRS. Other companies, including companies in our industry, may calculate adjusted EBITDA differently or not at all, limiting its usefulness as a direct comparative measure.

Capital Expenditures: King defines capital expenditures as the amount paid in the period for the purchase of property, plant and equipment, and intangible assets. King monitors capital expenditures as a measure of the amount we have invested in maintaining or growing the scope our business. Other companies, including companies in our industry, may calculate capital expenditures differently or not at all, limiting its usefulness as a direct comparative measure.

Adjusted Profit: Adjusted profit is a non-GAAP financial measure that is not calculated in accordance with IFRS. King defines adjusted profit as profit, adjusted for share-based and other equity-related compensation (including social security charges associated therewith), changes in deferred revenue, acquisition-related (income) expense and amortization of acquired intangible assets. Other companies, including companies in our industry, may calculate adjusted profit differently or not at all, limiting its usefulness as a direct comparative measure.

Adjusted EPS: Adjusted EPS is a non-GAAP financial measure that is not calculated in accordance with IFRS. King defines adjusted EPS as adjusted profit divided by the diluted weighted average number of ordinary shares in issue during the period.

Reconciliations of these non-IFRS measures to the most directly comparable IFRS measure are included in this appendix.

Reconciliation of revenue to gross bookings

(\$mm)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Revenue	205.9	455.5	621.2	601.7	606.7	593.6	514.4	545.6
Sales tax	14.7	23.3	30.1	31.5	34.7	18.6	21.0	27.4
Other revenue	(3.5)	(4.8)	(4.2)	(2.4)	(2.5)	(2.4)	(1.9)	(1.8)
Movement in player wallet and other adjustments	1.3	1.2	1.3	1.6	1.3	1.5	1.5	1.5
Change in deferred revenue	0.1	5.7	(0.3)	(0.3)	0.9	(0.0)	9.0	13.6
Gross bookings	218.6	480.9	648.2	632.1	641.1	611.1	543.9	586.3

Appendix

Reconciliation of revenue to adjusted revenue

(\$mm)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Revenue	205.9	455.5	621.2	601.7	606.7	593.6	514.4	545.6
Change in deferred revenue	0.1	5.7	(0.3)	(0.3)	0.9	(0.0)	9.0	13.6
Adjusted revenue	206.0	461.2	620.9	601.4	607.6	593.5	523.4	559.2

Reconciliation of profit to adjusted EBITDA

(\$mm)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Profit	52.7	125.9	229.8	159.2	127.2	165.4	141.7	140.6
Add:								
Income tax expense	12.9	29.3	56.9	47.6	34.0	50.2	45.8	63.5
Foreign currency exchange loss (gain)	(0.6)	(0.4)	1.0	0.9	4.1	(1.9)	(16.1)	(15.1)
Acquisition-related expense	-	-	-	-	-	-	3.8	0.5
Non-operating (income) expense	0.1	0.7	(0.3)	(0.2)	1.4	-	(2.5)	1.5
Net finance (income) costs	(0.0)	(0.0)	1.8	(0.1)	0.3	0.3	0.2	0.2
Share-based and other equity-related compensation	15.3	21.7	(0.5)	59.6	78.0	31.4	30.8	27.1
Change in deferred revenue	0.1	5.7	(0.3)	(0.3)	0.9	(0.0)	9.0	13.6
Depreciation and amortization	1.0	1.3	1.8	2.2	2.8	3.1	3.5	5.6
Adjusted EBITDA	81.4	184.2	290.2	269.0	248.6	248.2	216.1	237.3
% Adjusted EBITDA margin	40%	40%	47%	45%	41%	42%	41%	42%

Share-based and other equity-related compensation

(\$mm)	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Cost of revenue	1.1	1.6	0.3	1.5	4.1	0.6	0.6	0.5
Research and development	13.3	18.6	(2.0)	32.6	25.8	13.8	12.8	11.6
Sales and marketing	0.5	0.4	0.3	2.5	5.6	2.2	1.9	2.0
General and administrative	0.5	1.1	0.9	22.9	42.6	14.8	15.5	12.9
Total share-based and other equity-related compensation	15.3	21.7	(0.5)	59.6	78.0	31.4	30.8	27.1

Reconciliation of profit to adjusted profit and adjusted EPS

(\$mm)	Q4-13	Q4-14
Profit	159.2	140.6
Add:		
Share-based and other equity-related compensation	59.6	27.1
Acquisition-related expense	-	0.5
Change in deferred revenue	(0.3)	13.6
Amortization of acquired intangible assets	(0.0)	0.5
Tax effect of adjustments	(13.7)	2.0
Adjusted profit	204.9	184.2

(\$mm, except share data)	Q4-13	Q4-14
Adjusted profit	204.9	184.2
Diluted weighted average number of shares	319.1	322.2
Adjusted EPS	0.64	0.57

Reconciliation of costs and expenses Q4-14

(\$mm)	IFRS	Adjustments			Non-GAAP measure
		Acquisition-related expense	Share-based and other equity-related compensation	Depreciation and amortization	
Costs and expenses:					
Cost of revenue	174.8	-	(0.5)	-	174.3
Research and development	48.5	(3.4)	(11.6)	(2.0)	31.5
Sales and marketing	107.8	(1.0)	(2.0)	-	104.8
General and administrative	37.1	(0.2)	(12.9)	(3.6)	20.4

Note: Expense items are not calculated in accordance with IFRS and are adjusted for depreciation and amortization, share-based and other equity related compensation, acquisition-related expenses and other non-operating charges. For definitions and reconciliations of these non-GAAP measures to the most directly comparable IFRS measure, refer to the appendix of this presentation.