

Eidos plc

> Preliminary results for six months to 31 December 2003

> Committed to the Gameplay Experience



Agenda

- > Overview
- > Financial Review
- > Operational Performance
- > Acquisition of IO Interactive
- > Market Trends and Release Schedule
- > Outlook
- > Summary

Overview: 3rd consecutive profitable half

- > Sustained profit growth and financial strength
 - Operating profit* up 30% and profit after tax up 42%
 - Turnover impact
- > Delivering on strategic aims: drive for operational excellence
 - All first half releases delivered on time
- > Strategic acquisition of IO Interactive
 - Increases proportion of owned IP
 - Significantly strengthens technical and development capabilities
 - Proven development track record – Hitman franchise

*pre goodwill and exceptionals

Financial Review

(Stuart Cruickshank, CFO)

P & L Highlights

£ million	31 Dec 03	31 Dec 02	% Increase /(Decrease)
Turnover	78.7	88.9	(11%)
Gross Margin	49.0	45.7	
<i>Gross Margin (%)</i>	62%	51%	11%(abs)
Operating Profit*	7.1	5.4	30%
Interest	0.9	0.4	
Exceptional item	-	1.4	
Pre-tax Profit	7.8	6.7	17%
Tax Charge	(1.6)	(2.3)	
Profit after tax	6.2	4.4	42%
EPS before goodwill amortisation	4.6p	3.6p	

* Defined as operating profit pre goodwill and exceptional items, post joint venture income



Foreign Exchange Impact

- > US dollar movement has reduced turnover by £2.7m
- > Operating profit has been reduced by £0.7m year on year
- > Foreign exchange dynamics across the business

Balance Sheet Overview

£ million	31 Dec 03	31 Dec 02 restated
Fixed Assets		
Tangible	4.8	4.8
Goodwill	0.1	0.4
Other	4.1	4.6
	<u>9.0</u>	<u>9.8</u>
Current Assets		
Stock	3.4	4.4
Receivables	35.7	29.8
Cash	58.1	60.4
	<u>97.3</u>	<u>94.6</u>
Payables: <1 year	<u>(27.0)</u>	<u>(41.7)</u>
Payables: > 1 year + Provisions	<u>0.0</u>	<u>(2.2)</u>
Net Assets	<u><u>79.2</u></u>	<u><u>60.5</u></u>

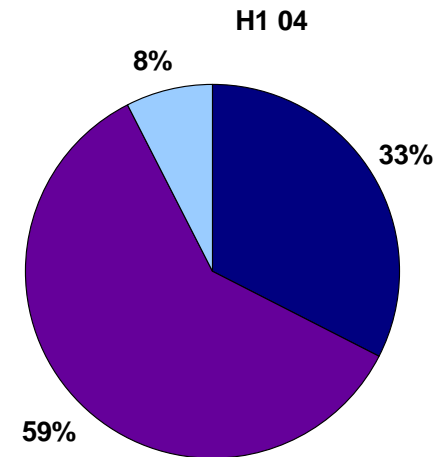
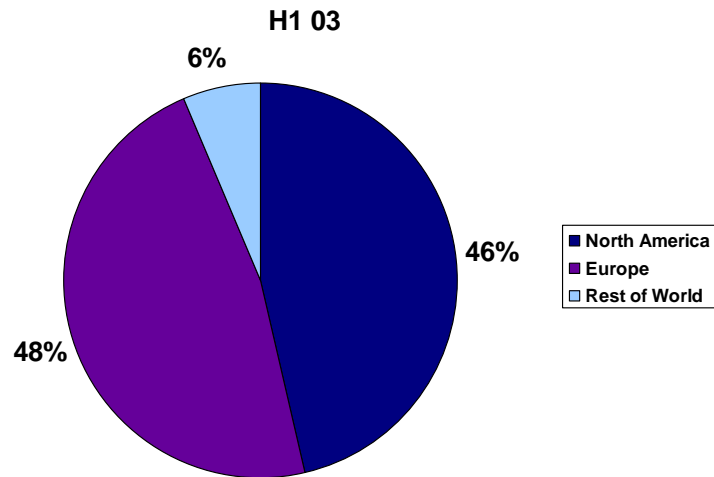


Cash Flow

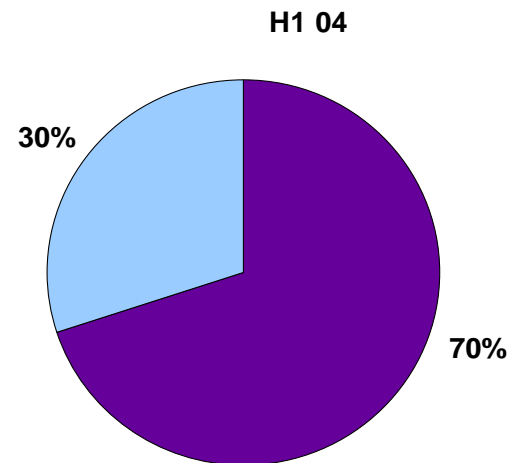
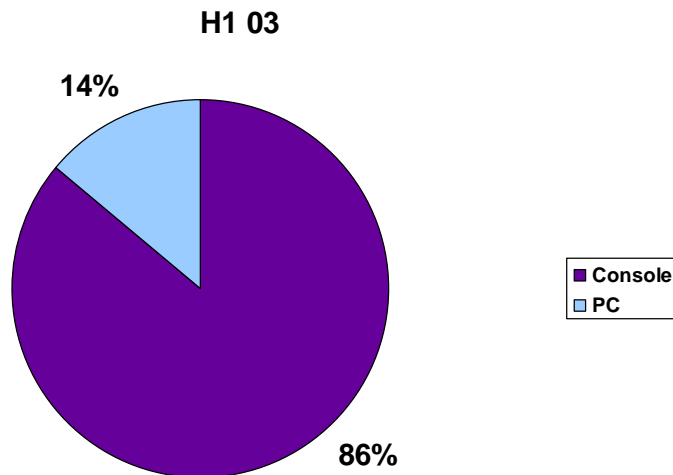
<u>£ million</u>	<u>31 Dec 03</u>	<u>31 Dec 02</u>
Operating Profit (excluding JV income)	<u>4.8</u>	<u>2.6</u>
Depreciation and Amortisation	1.2	1.2
Movements in :		
Stocks	(0.8)	(1.2)
Receivables	2.6	(19.0)
Payables	<u>(3.6)</u>	<u>16.4</u>
Net Cash inflow / (outflow) from Operating Activities	<u>4.2</u>	<u>(0.0)</u>
Cash Balance	<u>58.1</u>	<u>60.4</u>

Revenue Mix

Territory



Platform



Operational Performance

(Mike McGarvey, CEO)

H1 Titles: Overall Solid Performance

> Key releases

Championship Manager: Season 03/04	PC	Europe
Backyard Wrestling: Don't Try This At Home	PS2, Xbox	US / Europe
Deus Ex: Invisible War	Xbox & PC	US
Commandos 3: Destination Berlin	PC	US / Europe
Legacy of Kain: Defiance	PS2, Xbox & PC	US

> Back catalogue

Catalogue sales: valuable contribution continues

Tomb Raider: AOD: performed well across Europe on console



Operational Performance: Drive for Excellence

- > Improved development process delivering quality games on time
- > Reducing risk by further integrating Publishing and Development
- > Strengthened executive and senior management team
- > Technology development for next generation has commenced
- > Clear focus on performance and added value



Operational Performance: Development

- > Beautiful Game studios (UK):
 - Championship Manager 5 on track for Q2 FY05
 - Brand quality will maintain competitive edge
- > Core Design studio (UK):
 - Refocused and redirected
 - High quality development team retained and motivated
- > Crystal Dynamics studio (US):
 - Tomb Raider franchise bedding in well for FY05 release
- > External studio relationships



Operational Performance: Publishing

- > Continued leverage of own IP delivering extra value
 - Another movie deal : Fear Effect
 - Further expansion of Tomb Raider franchise
- > Increased use of market research to optimise game play experience
 - Focus testing in pre-production
- > Risk management programme extended into Publishing business



New Media Division: Strong Early Successes

- > New Media Division launched Oct 03 headed by Simon Protheroe
- > Created to drive New Media opportunities within core business
- > Initial successes : Tomb Raider No.1 on N-Gage and Vodafone *live!*
- > Agreement recently concluded with AT&T Wireless
- > Division gaining real momentum



Acquisition of IO Interactive

Acquisition Rationale: Strong Strategic Fit

- > In line with Eidos strategy of increasing owned IP
- > Adds experienced management and creative teams, significantly strengthening European base
- > Secures Hitman franchise going forward
- > Broadens Eidos technical knowledge base
 - Wider application opportunities
 - Key resource for development of next generation technology
 - Platform for combined technology engines across Eidos studios
- > Opens channel to creative opportunities in Scandinavia



Outline Terms

- > Conditional acquisition agreement announced today
- > Initial payment of £23m in cash and stock, with £21m cash, and 1.5 million Eidos shares
- > Up to £5m contingent payment based on 4 year earn-out linked to number of units released > 2.1m units p.a.
- > Eidos stock to be held by 14 senior management and key employees – phased release
- > Completion expected by 31 March – results will be consolidated from this date



IO: Strong Addition

- > 2003 audited turnover of £7.9m (2002 : £9.2m) and operating profit of £0.1m (2002 : £4.2m)*
- > Net assets of £2.3m for 2003, principally working capital (2002 : £2.1m)*
- > Royalty based incentive (capped) to drive exceptional performance
- > New service contracts for senior management and key employees
- > Expected to make small contribution to operating profit in FY04 and earnings enhancing at each level of the earn out

*The results of IO have been translated into sterling at a rate of 10.57 DKK (closing rate at 31 December 2003)
The results shown are for the years ended 31 December 2002 and 2003



IO: IP

> **Titles released:**

Hitman: Codename 47 (Nov 2000)

Hitman 2: Silent Assassin (Oct 2002)

Freedom Fighters (Sept 2003), EA release

> **Release Pipeline:**

Hitman: Contracts (30 April 2004)

Hitman (4th installment) (H2 FY05)

Freedom Fighter sequel/new IP (H1 FY06)

> Recognised as a leading European creator of owned IP



IO: What Does it Bring to Eidos?

- > European in-house development increased from 159 to 293
- > Janos Flösser, MD, joins Eidos Development Committee
- > Experienced development and project management capabilities
- > Strategic role in transition to, and development of, next generation
- > Potential to share leading edge technology across Eidos group
- > IO and Eidos stronger force as combined entity

IO : Janos Flösser, MD

- > Introduction
- > Creation of IO
- > The Eidos/IO collaboration
- > IO IP Track record- Hitman and Freedom Fighters
- > Future opportunities

Market Trends

(Jonathan Kemp, European MD)

Market : Installed Bases

millions	Europe	US
> Dec 03 :		
PS2	20.4	22.5
Xbox	3.9	8.0
GameCube	3.0	6.9
> CY 04 expectations :		
PS2	26.0 – 28.0	27.5 – 30.0
Xbox	6.0 – 7.0	11.0 – 12.5
GameCube	4.0 – 5.0	9.0 – 10.0

Source : Eidos estimates



Video Games Market – Software Growth (Value)

	CY 04	CY 04
	Europe	North America
PS2	5-10%	5-10%
XBOX	5-10%	10-15%
GameCube	0%	0%
PC	0%	0%

Source : Eidos estimates



Release Schedules

2nd Half FY04: Release Schedules

Deus Ex : Invisible War	Xbox & PC	Europe
Legacy of Kain : Defiance	PS2, Xbox & PC	Europe
Whiplash	PS2 & Xbox	Europe
Hitman : Contracts	PS2, Xbox & PC	US/Europe
Thief : Deadly Shadows	Xbox & PC	US/Europe
ShellShock : Nam '67	PS2, Xbox & PC	US/Europe



Outlook

(Mike McGarvey, CEO)

Outlook FY 04

- > Turnover growth to exceed market rates
- > Full year gross margin now set to exceed 2003 levels
- > Sustained full year profit growth
- > Continued investment in R&D
- > Cash position will remain strong
- > Cost base under tight control
- > IO expected to make small contribution to operating profit in FY04

Outlook

- > On track to deliver market expectations FY04
- > Well positioned to grow profitability in excess of market rates
- > Hardware - installed base outlook
- > Eidos intends to take proactive role in industry consolidation
- > IO expected to be earnings enhancing at all levels of 4 year earn-out



Summary

Summary

- > Operating profit* up 30% and profit after tax up 42%
- > 3rd consecutive half year profits
- > Acquisition of IO a significant step forward
- > Good progress in Operational Excellence programme
- > Strengthening of technical knowledge base across Eidos
- > Well positioned to benefit from continued market growth
- > Increasing balance towards original IP
- > Continuing to review further opportunities as market consolidates

*pre goodwill and exceptionals

