

News Release

For more information:

Press@pcgamingalliance.org

The PC Gaming Alliance "Horizons Research 2011" Reports Record in PC Gaming Software Sales of \$18.6 Billion Limited-distribution report provides PCGA Members with exclusive coverage of sales forecasts and trends analysis on familiar big-budget games; Enables PCGA members to monitor emerging trends including "Free to Play" as it moves from Asian to European and American markets

March 5th, 2012 – Game Developers Conference, San Francisco, CA – The PC Gaming Alliance (PCGA), a not for profit, industry-led consortium dedicated to driving the worldwide growth of PC gaming, today unveiled its third annual "Horizons" research report. Prepared exclusively for PCGA members by market research firm DFC Intelligence, this timely report covers 2011 year-end sales figures and encompasses major aspects of the PC gaming software industry worldwide through 2015.

Brief highlights of the findings

The global PC games market continues to show surprisingly strong growth in 2011, reaching a record US\$18.6 billion, representing overall growth of 15% over 2010. No geographical market segments tracked showed a decline in 2011 in overall PC game revenue, while China continues to grow at nearly twice the rate of the overall global market for PC games with growth of 27% resulting in record 2011 revenue of US\$6 billion. Additionally, the mature game markets of Korea, Japan, U.S., U.K., and Germany demonstrated significant growth in 2011, together recording increased revenue of 11% in 2011 to US\$8 billion.

The substantial investment in the PC game space seen in 2010 continued through 2011, with concrete signs that these investments are paying off. The year was capped by December IPOs of Zynga and Nexon at a valuation of around US\$7 billion each. Zynga revenue in 2011 almost doubled to US\$1.1 billion – about the same as that of Nexon. Both companies earn most of their revenue from PC games.

The Zynga IPO also put a spotlight on a rapidly growing opportunity in PC games; Free-to-Play (F2P). Germany-based Bigpoint, a provider of browser-based F2P games, raised US\$350 million in 2011 as the company continues to expand outside its home territory. According to DFC analyst David Cole, "a large portion of the US\$10.1 billion revenue in Asia is generated from the F2P model. Companies like Zynga and Bigpoint are now successfully building on that model in North America and Europe."

The biggest investors in PC games continue to be large Asian companies enjoying great success in their domestic markets and looking to expand globally. The most notable global success story of 2011 was Chinese company Tencent's majority acquisition of Riot Games for US\$400 million.

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Tencent launched Riot's flagship F2P product in China in summer 2011, and by November of that year, Riot Games was claiming over 11 million monthly active players. Once full numbers are presented for 2011, it is expected that Tencent will have surpassed Activision Blizzard as the company that generates the most revenue from PC games.

While much of the growth in 2011 came from the growing F2P space, there were also some notable big budget game launches that enjoyed very strong sales, driven by the growing acceptance of digital distribution. These included the large subscription online games Rift, from Trion World Network and Star Wars: The Old Republic from Electronic Arts. Other big releases included Battlefield 3, Call of Duty: Modern Warfare 3, Elder Scrolls V: Skyrim and Assassin's Creed: Revelations. Sports games led by soccer titles from Electronic Arts and Konami also showed surprisingly strong sales on the PC.

"The PC Gaming juggernaut continues unabated, across the industry and geographic boundaries. While reports of Gaming sales at Retail show signs of struggle, the impact hasn't been as great for PC Gaming which had an earlier adoption of newer formats, business-models & delivery with: Digital Distribution, Free to Play, and Subscriptions fueling PC Gaming's strong global growth. For example: Valve's market leading Steam digital distribution service now reports over 40 million users, and traditional retailers are following suit by investing in this space more heavily such as GameStop's acquisition of the Impulse digital distribution service," said Matt Ployhar, PCGA president and Intel analyst. "Not only investment dollars, but real revenue and profits, are now being generated solely from purely digital business models, formats, and delivery."

The report concludes that the PC game business will continue to grow a total of 37% to approximately US\$25.5 billion by 2015. This growth is driven by growing access to broadband connections and the increasing ease of digital distribution delivery solutions and payment methods on a global basis.

About the PCGA

The PC Gaming Alliance (PCGA) is a not for profit corporation helping to drive the continued growth of gaming on Personal Computers, the world's most popular platform for gaming. The PCGA provides an open forum that enables companies to cooperate to develop and promote solutions that drive the PC gaming industry forward, exchange information and views to promote PC gaming, and share promotional activity designed to grow the PC gaming industry. Additional information about the PCGA and its role as the voice of the PC gaming industry is available at www.pcgamingalliance.org

Membership Inquiries:

Andrew Riegel, PCGA Director of Sales and Operations
membership@pcgamingalliance.org

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