
Take-Two Interactive Software, Inc. (NasdaqGS:TTWO)

Communication Service

Long / 2025 Target Price: \$196.15



Connor Pieprzyca

Kiyan Phelps

Danny Creager

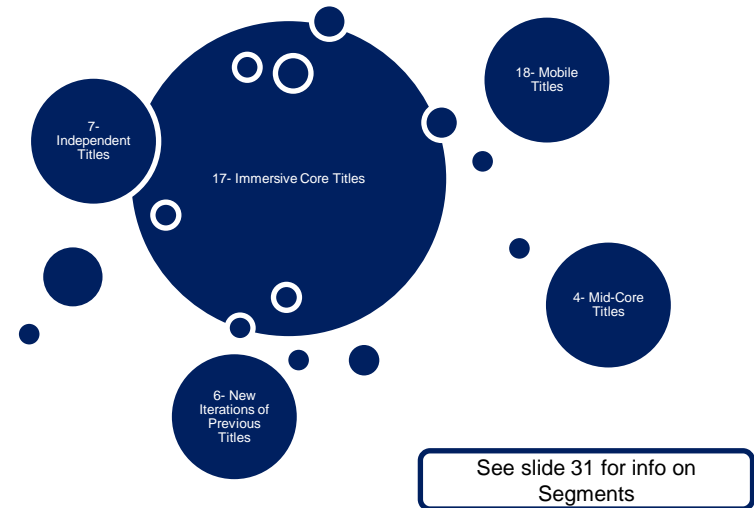
LOTTERY TICKET

- ❖ Ground breaking title in GTA 6, coming in early 2025
- ❖ Predicted to be the largest game release of all time
- ❖ ROCKSTAR has a track record of releasing industry leading titles such as GTA 5 and RD2.



REMAIN Co.

- ❖ Inflection Point for both earnings and gaming pipeline
- ❖ Great Value for a premium compounder



COMPANY OVERVIEW



BUSINESS DESCRIPTION

Founded in 1993, Take-Two is a leading developer, publisher and marketer of interactive software. The company offers products through Rockstar Games, 2K, Private Division, and Zynga.

BRIEF HISTORY

- ❖ March 1998 - TTWO acquires GTA from BMG
- ❖ 2001 - SEC investigation, fraud
- ❖ 2008 - Shareholder take over (ZMC)
 - Strauss Zelnick becomes CEO and largest shareholder
- ❖ 2013- GTA 5
- ❖ 2022- Zynga Merger

MARKET DATA

Key Valuation Statistics (\$mm)

Enterprise Value	\$31,180.4		
Market Cap	\$28,467.6	EBITDA	\$1,364.9
P/E*	53.19x	EBITDA Margin	25.1%
EV/EBITDA*	35.69x	Debt / EV	12.2%
Cash	\$801.9	Total Debt	\$3,514.7

SEGMENTS

TAKETWO

CONSOLE & PC

MOBILE

ROCKSTAR

2K

PRIVATE

ZYNGA



Strauss Zelnick
CEO & Chairman

- ❖ 23+ years of experience in Video Game industry
- ❖ Partner of ZelnickMedia since 2001
- ❖ Former CEO of BMG Entertainment (US)



Sam Houser
President of Rockstar

- ❖ Co-Founder and executive producer of Grand Theft Auto Series
- ❖ Former Head of Development at BMG Interactive
- ❖ Executive Producer in GTA Series and Red Dead Redemption Series



Karl Slatoff
President

- ❖ President since May 2013
- ❖ Joined Take-Two in 2008
- ❖ Karl is a partner at ZelnickMedia, former Vice President for New Media at BMG Entertainment.

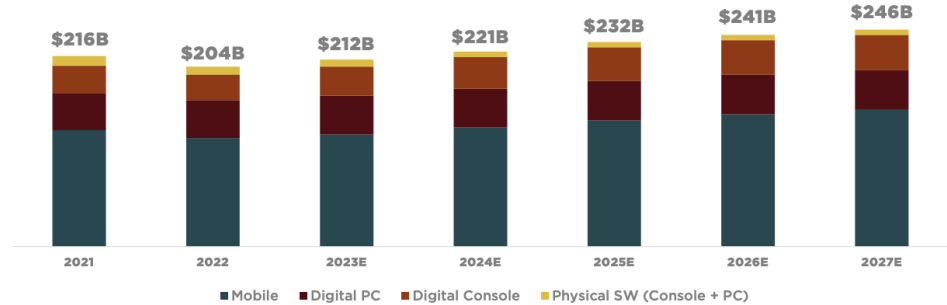
MARKET OVERVIEW



KEY COMPS









GLOBAL VIDEO GAME MARKET



<p>Estimated 3.4 BILLION global video game players in 2023</p>	<p>3+ BILLION Active global video game players</p>	<p>Mobile & Tablet market reached ~\$136 BILLION in Gross Bookings in 2023</p>
<p>77 MILLION GEN 9 CONSOLES OUTSTANDING worldwide, as of December 31, 2023</p>	<p>Interactive entertainment market estimated at ~\$222 BILLION* in 2023</p>	<p>There were nearly 88 BILLION mobile game downloads in 2023</p>
	<p>Interactive entertainment is the #1 entertainment vertical</p>	<p>+4% CAGR expected from 2023-2027 for the mobile gaming market</p>

COMP LANDSCAPE



Brands			 *Pre-MSFT Merger				SONY
Enterprise Value (In Millions)	31,180.4	37,445.0	64,755.5	24,778.9	2,963,849	48,166.1	142,582.7
5 YR Revenue CAGR	24.59%	8.01%	3.68%	19.2%	13.70%	10.21%	7.35%
EBITDA Margins NTM	21%	32%	25.6%	-27.2%	42%	29.4%	11.2%
LTM EV/EBITDA	21.0x	18.0x	26.6x	NM	26.4x	11.7x	14.4x



LOWER GUIDE

- Lower earnings guidance is a result of increased spending on Match Factory (hit video Game)
- Lower than expected spend on NBA 2k
- Higher than expected spend GTA 5 results (850M+)
- Advertising Change to hybrid model which saw advertising rev slowdown but should pick up in FY25

GTA PUSHED BACK???

- FY 25 lowered from 8 to 7.1, due to either clarity on game releases or delays in production
- REV increase from 5.4 to 7.1
- Profitability (+EPS)
- **GTA 6 expected in late CY25 and early FY26**
- Should see 6 AAA games in FY26
- **Look for clarity on Q4 Call**

GTA SERIES



- One of the most successful, iconic and critically acclaimed franchises
- Over 420 Million Units
- Best selling title of the past 10 years

RED DEAD



- Series has sold over 86M units
- RDR 2 sold 61M units
- Second best selling title in the U.S. in the past 6 years

GTA 6



2025

OTHER



- Max Payne 3, most technologically sophisticated action-shoot to date
- L.A. Noire, revolutionary facial animation technology

GTA 5 History & GTA 6 Trailer Reception



GTA 6 TRAILER & HEADLINES

- ❖ GTA 6
 - Most viewed Youtube Video in 24 hours
 - Predicted to be the highest grossing video game (replacing GTA 5)

“GTA 6 trailer sets YouTube Views Record” -Variety Magazine

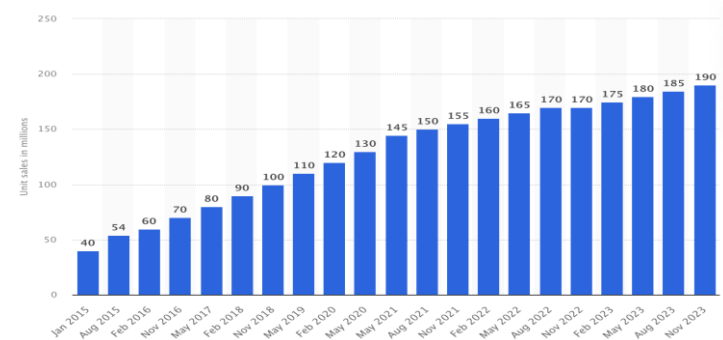
“Grand Theft Auto VI energizes fans... could generate bookings of \$3.5 Billion at launch” -NBC News

“GTA 6 trailer helps Tom Petty Song Surge on Spotify” - GameSpot



GTA 5'S SUCCESS

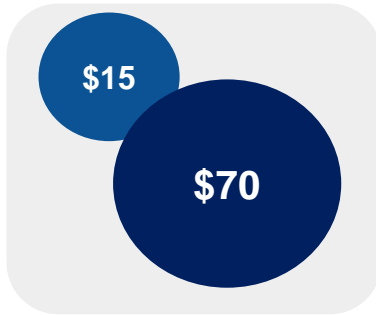
- ❖ GTA 5 Success
 - GTA 5 sold-in over 195 Million copies
 - Most critically acclaimed PS4 game
 - Fastest game to gross \$1B (3 Days)
 - Highest revenue generated by an entertainment product in 24 Hours (800M+)
 - Most-viewed trailer (Broken by GTA 6)



GTA 6 Metric's for CY1



GTA 6 (See slide 27 & 29 for more info)

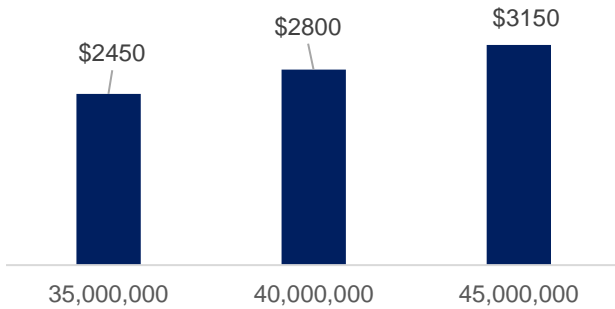


We expect the cost of GTA 6 to be in line in AAA games and for in game purchases to be around \$15 per user

TTWO Rev for First Full Year of GTA 6 @\$70			
Units	35,000,000	40,000,000	45,000,000
Unit Cost	\$2,450,000,000	\$2,800,000,000	\$3,150,000,000
Shark Card Rev	\$525,000,000	\$600,000,000	\$675,000,000
Total Rev GTA6	\$2,975,000,000	\$3,400,000,000	\$3,825,000,000
Lost in Rev of GTA 5	800,000,000	800,000,000	800,000,000
Net Gain from GTA 6	\$2,175,000,000	\$2,600,000,000	\$3,025,000,000

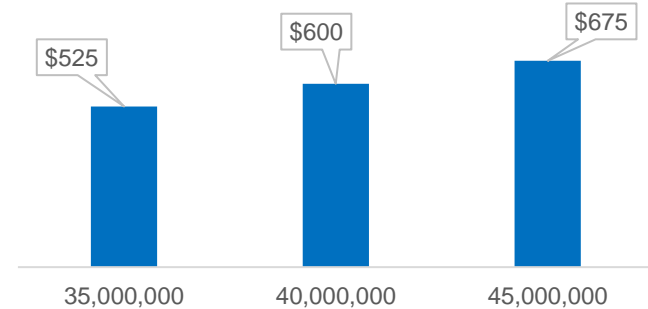
*complete loss for GTA 5

Total Rev from Unit Sales



*These numbers are gross gains from GTA 6 Unit Sales with \$15 in game purchases

Total Rev from Services



*These numbers are gross gains from GTA 6 in game purchase with 45M Units sold



Analyst Expectations (See Slide 29)



Game Title	Analyst Expectation	Reality
GTA 5		
Units Sold on first Day (Millions)	6.5	11
Rev Generated on first day (Millions)	400	800
Time to reach 1 Billion in Sales (Days)	30	3
First Year Sales Estimate Units (Millions)	18	32.5
FY Rev (Billions)	1.8	2.413
FY EPS	\$ 2.25	\$ 4.26
CyberPunk		
First Year Sales Estimate Units (Millions)	20	13
FY Rev (Billions)	1562	1292
GTA 6		
First Year Sales Estimate Units (Millions)	20-40	
FY Rev (Billions)	3	
FY EPS	\$ 9.00	

EPS & REV BREAKDOWN



	EPS				Notes
	2024	2025	2026		
GTA 6 (26%)			\$ ~2.50		Launch GTA 6 in Q1 of 26
Other Taketwo Titles (25%)	\$ 0.87	\$ 2.20	\$ ~3.25		5 AAA titles drop in 26
Zynga (22%)	\$ 1.90	\$ 2.72	\$ 3.00		
Operations	\$ 0.28	\$ 0.25	\$ 0.25		Synergies
Total EPS	\$ 3.05	\$ 5.17	\$ ~9.00		
FWD PE	51	30	17 FWD PE of 23 w/o GTA		

	2024	2025	2026
NBA	1486	1568	1680
Other	360	1600	~1300
Zynga	2757	3029	3125
GTA Online	800	900	~2600
Total Rev	5403	7097	8705 Rev High

The value of the portfolio is constant but launch dates vary...

(See slide 27-29 for detailed Rev Growth Breakdown)

2K GAMES (17)

- Sports, shooter, action, role-playing and strategy titles
- Owned IP and long-term licensed brands
- 7 wholly owned studios
- Relationships with top external studios



ZYNGA (18)

- Pioneer in social gaming and leading mobile game publisher
- Diverse portfolio of highly-engaging, top-grossing games
- Global player base across 175+ countries
- Successful track record of M&A



NBA 2K (1)



- Best-selling basketball simulation property
- First competitive gaming league
- 146M units sold
- Franchise extended to China, Mobile & Arcade

BORDERLANDS (1)



- Critically acclaimed, shooter-looter title
- Franchise has sold-in over 83M units
- Borderlands 3 is 2K's fastest selling title and has sold-in over 19M units

BIOSHOCK



- Franchise has sold-in over 42M units
- Every game in the *BioShock* franchise has received perfect review scores from Metacritic.

OTHER SPORTS TITLES (3)



- Included live entertainment powerhouse WWE.
- PGA Tour 2K, exclusive contract with Tiger Woods.
- 2K sports returns to tennis with Top Spin.

KERBAL SPACE PROGRAM (1)



- Private Division owns and publishes the critically-acclaimed *Kerbal Space Program* series
- Upcoming *Kerbal Space Program 2*

OTHER PRIVATE DIVISION TITLES (7)



- Titles include *After US*, *The Outer Worlds*, etc.
- Publishing label focused on bringing titles from the industry's leading creative talent to market

HYPER CASUAL



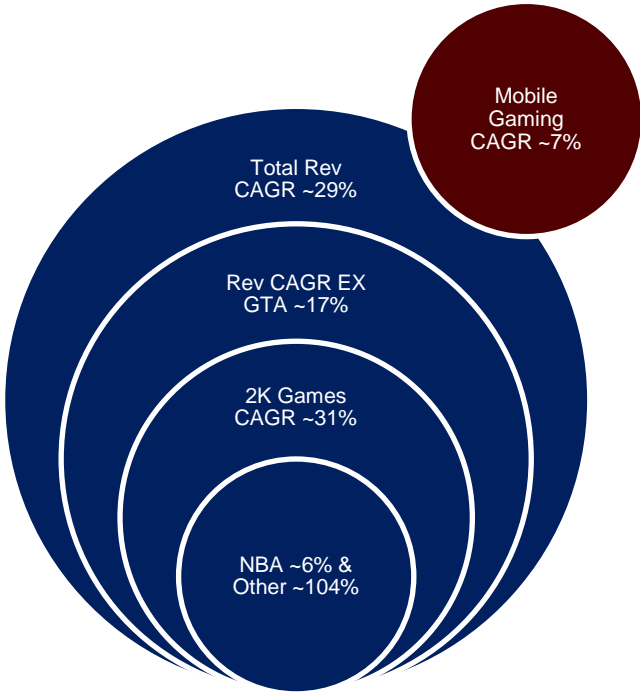
- 2.7B+ Lifetime Downloads
- Hair Challenge, has over 259M+ downloads
- One of the largest hyper-casual publishers in the world in Rollic

OTHER MOBILE GAMES

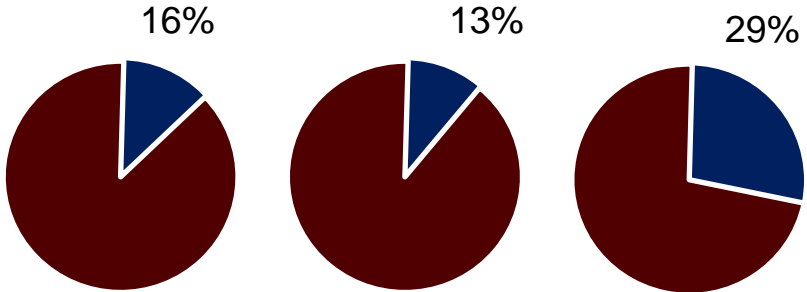


- Notable Titles include Toon Blast, Top Troops, Golf Rival, Merge Dragons!, Farmville 3, CSR Racing 2, Zynga Poker, Dragon City, Match Factory, etc.

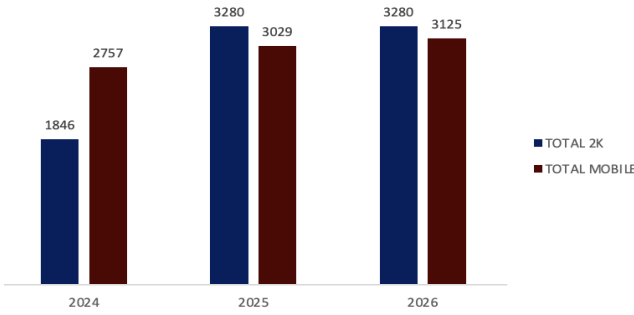
MASSIVE GROWTH EX GTA



REV FROM ROCKSTAR

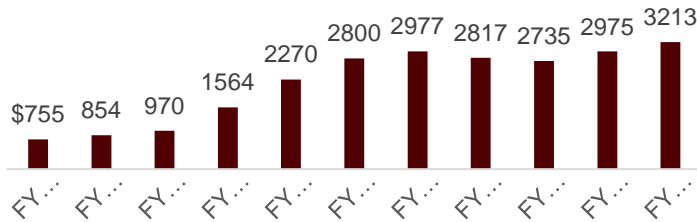


EX GTA REV'S



MOBILE GAMING

- ❖ Acquisition of Zynga (2022)
 - “10% of the world's population plays a Zynga game every month”
- ❖ Quickest growing sector of entertainment (5% through 2030)
- ❖ 23-24 First down year ever for Mobile



ADVERTISING

- ❖ “We've been seeing more discussion of intrinsic in-game advertising, things like in-game billboards. And it seems like brand advertisers are getting more and more comfortable with in-game advertising.”- (Wells Fargo’s Mr. Fitzgerald)
- ❖ “So for example, in NBA, if you go to a basketball game, you're going to see advertising in the arena.” - (Strauss Zelnick Q2 2024)

IN GAME ADVERTISING TAM



Discounted Cash Flow Valuation



BASIC DCF (See Slide 31)

TAKE-TWO INTERACTIVE SOFTWARE, INC. (XNAS:TTWO)

Ticker: **TTWO** Implied Share Price: **198.28831**
 Date: **2/10/24** Today's Share Price: **\$ 154.91** Upside (Downside): **28%**

Assumptions											
Valuations Assumptions											
WACC	8.00%										
TGR	2%										
Income Statement	2021	2022	2023	2024	2025	2026	2027	2028			
Revenue	3,552.60	3,408.18	5,283.60	5,484.53	7,184.00	8,155.00	8,725.85	9,336.66			
% Growth		-4%	55%	4%	31%	14%	7%	7%			
EBIT	947.07	706.56	803.60	842.00	1,486.00	1,864.00	2,159.00	2,559.00			
% Growth		-25%	14%	5%	76%	25%	16%	19%			
Taxes	70.7	31	176.8	95.015713	186.60681	284.83896	281.5569585	348.7047			
% of EBIT	7%	4%	22%	11%	13%	15%	13%	14%			
Cash Flow Items	2021	2022	2023	2024	2025	2026	2027	2028			
D&A	55.6	214	359	91	50	239	260	335			
% of sales	2%	6%	7%	2%	1%	3%	3%	4%			
CapEx	68.92	158.64	204	146	181	199	135	137			
% of sales	2%	5%	4%	3%	3%	2%	2%	1%			
Change in NWC	-192.5	682	856								
% of sales	-5%	20%	16%								

Modeled using
Bloomberg Consensus

DCF	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	3,552.60	3,408.18	5,283.60	5,484.53	7,184.00	8,155.00	8,725.85	9,336.66
% Growth		-4%	55%	4%	31%	14%	7%	7%
EBIT	947.07	706.56	803.6	842	1486	1864	2159	2559
% Margin	27%	21%	15%	15%	26%	26%	26%	26%
Taxes	70.7	31	176.8	95.015713	186.60681	284.83896	281.556958	348.7047
% of EBIT	7%	4%	22%	8%	8%	8%	8%	8%
EBIAT				746.98	1,299.39	1,579.16	1,877.44	2,210.30
D&A				91	50	239	260	335
% of sales				2%	1%	3%	3%	4%
CapEx				146	181	199	135	137
% of sales				3%	3%	2%	2%	1%
Change in NWC				-30	-76	-193	#####	-178
% of sales				-1%	-1%	-2%	-2%	-2%
Unlevered FCF				721.98	1,244.39	1,812.16	2,155.44	2,586.30
Present Value of FCF				668.50397	1066.8666	1438.5519	1584.31498	1760.1891
Terminal Value								43967.02
Present Value of Terminal Value								29923.215
Enterprise Value								36441.642
Cash								801.9
Debt								3514.70
Equity Value								33728.84
Shares								170.1
Share Price								198.28831

Comparables Valuation



Comps Analysis	Market Information					Earnings			Multiples		
	Share Price	Shares Outstanding	Market Cap	Net Debt	EV	Total Revenue	EBITDA	Net Income	EV/EBITD		P/E
Take-Two Interactive (NasdaqGS:TTWO)	155	170	26,366	2,713	29,078	5,438	1,365	(1,513)	5.3x	21.3x	
Electronic Arts Inc. (NasdaqGS:EA)	138	269	37,044	(77)	36,967	7,593	1,896	993	4.9x	19.5x	37.3x
Roblox Corporation (NYSE:RBLX)	44	624	27,505	(420)	27,085	2,628	(1,003)	(1,118)	10.3x	61.7x	*NTM EBITDA for RBLX everything else is LTM EBITDA
Zynga Inc (Acquired by TTWO)	8	1,137	9,302	1,692	10,994	2,811	502 (106)	4,000	3.6x	19.0x	
Nintendo Co., Ltd. (TSE:7674)	52	1,164	60,780	(14,675)	46,105	12,350	4,117		3.7x	11.2x	15.2x
Activision Blizzard, Inc (NasdaqGS:ATVI) (PRE MERGER)	94	787	74,289.50	3,612	77,902	8,706	2,322	2,166	7.4x	26.6x	34.6x
Tencent Holdings Limited (SEHK:700)	38	9,336	350,868	1,472	352,340	84,443	21,186	18,281	4.2x	16.6x	19.2x
Ubisoft Entertainment SA (ENXTPA:UBI)	26	127	3,255	1,309	4,563	2,121	(660)	(350)	2.2x	22.9x	
Microsoft Corporation (NasdaqGS:MSFT)	376	7,432	2,794,828	(38,264)	2,756,564	218,310	108,531	93,900	12.6x	25.4x	29.8x
Codemasters Group Holdings Limited (Acquired by EA)	6	156	841	1	842	117	49	21	7.63	18.0x	43.0x
Sony Group Corporation (TSE:6758)	95	1,231	117,083	26,862	143,945	88,512	9,619	6,842	1.6x	15.0x	17.1x
GLU Mobile Inc. (Acquired by EA)	13	176	2,204	39	2,243	561	76	21	3.2x	21.4x	
Average									5.6x	23.4x	28.0x
Median									4.2x	19.5x	29.8x

EA & ATVI Best COMPS

Valuation			
Implied EV	30316	31923	(42405)
Net Debt	2713	2713	2713
Implied Market Value	27603	29210	(45117) *can't be done since negative Net Income
Shares Outstanding	170	170	170
Implied Value / Share	\$ 162.27	\$ 171.72	\$ (265.24)
Upside (Downside) from current price	4.69%	10.79%	

2026 Projections	Total Revenue	EBITDA	Net Income			
Take-Two Interactive (NasdaqGS:TTWO) using 2025 Capital IQ Estimates	7,753	1,838	1,252	5.6x	23.4x	28.0x *assume peer average multiples for valuation
Implied EV	43,224	35,829	37,264			
Net Debt	2,713	2,713	2,713			
Implied Market Value	40,511	33,117	34,552			
Shares Outstanding	170	170	170			
Implied Value / Share	238.16	194.69	203.13			
Upside (Downside) from current price	53.65%	25.61%	31.05%			



OPTIONS FOR VALUE CREATION

Special One Time Dividends

- TTWO is the **only** major US publisher who doesn't pay dividends

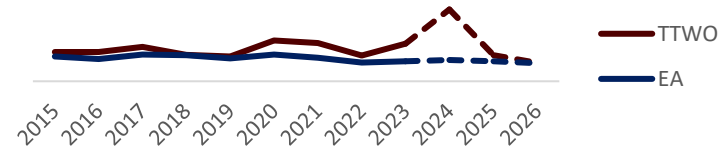
Buybacks

- When GTA 5 released TTWO bought back 13% of shares
 - Diluted shares due to Zynga Merger

Debt Repayments

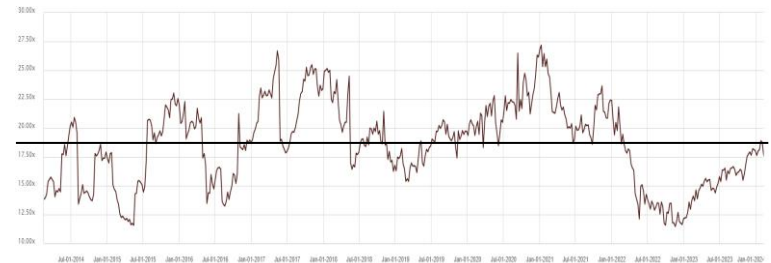
- TTWO has a **history** of paying down debt after game releases

TTWO v EA



TTWO historically trades at a premium to EA

- FWD PE shows TTWO reach EA levels (~17 FWD PE)
- TTWO is also trading in-line with historical 10 year average FWD PE



DEBT

- ❖ Company acquisitions have led to significant debt increases (\$3.3B since March 2022)

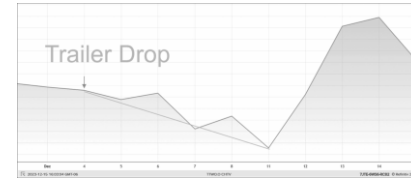


CYBERSECURITY CONCERNS

- ❖ Content leaks have hurt stock prices
 - Trailer leaks (Dec. 5, 2023)
 - Gameplay leaks (Sept. 22, 2023)
- ❖ Source code leak could lead to game delays

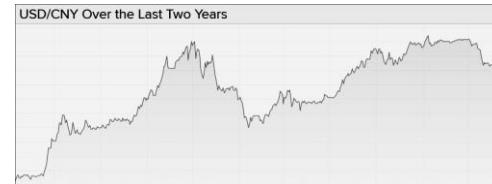
DELAY RISK

- ❖ *GTA VI* schedule pushbacks could cause price volatility
- ❖ **2025** release date caused price decline following trailer drop



CHINA RISK

- ❖ China has a stringent game approval process with significant restrictions
- ❖ *Playtime is severely restricted for minors - change???*
- ❖ More exposure to the Yuan from 2K NBA could see translation losses (\$58.9M loss in 2023 FY)



Long / 2025 Target Price: \$196.15



Based on a current share price of **\$154.91**, we see a **+27%** upside with an base case share price of **\$196.15**.

Thank you for your time

Questions?



Connor Pieprzyca

Kiyan Phelps

Danny Creager

GTA 6 Metrics and Sales predictions



Current GTA 5 Sales

GTA Rev	\$781,000,000.00
visits a year	43000000
average visit cost	\$14.53

*shark cards are assumed to be around \$15 per users based off of GTA 5 units sold in 2022. Likely this number would be high since it's a new game with new content users

*safety margin of 20%

*assumption that 5.5 Billion EX GTA 6 which is NO GROWTH

GTA 6 Sales- \$150

	10,000,000	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000	40,000,000	45,000,000	50,000,000	55,000,000
Units	10,000,000	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000	40,000,000	45,000,000	50,000,000	55,000,000
Cost	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Shark Cards per user*	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Total Rev	\$1,645,302,326	\$2,467,953,488	\$3,290,604,651	\$4,113,255,814	\$4,935,906,977	\$5,758,558,140	\$6,581,209,302	\$7,403,860,465	\$8,226,511,628	\$9,049,162,791
Lost in Rev of GTA 5	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Net Gain from GTA 6	\$1,045,302,326	\$1,867,953,488	\$2,690,604,651	\$3,513,255,814	\$4,335,906,977	\$5,158,558,140	\$5,981,209,302	\$6,803,860,465	\$7,626,511,627	\$8,449,162,789
REV EST FY2025:	\$6,545,302,326	\$7,367,953,488	\$8,190,604,651	\$9,013,255,814	\$9,835,906,977	\$10,658,558,140	\$11,481,209,302	\$12,303,860,465	\$13,126,511,627	\$13,949,162,789

GTA 6 Sales- \$75

	10,000,000	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000	40,000,000	45,000,000	50,000,000	55,000,000
Units	10,000,000	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000	40,000,000	45,000,000	50,000,000	55,000,000
Cost	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70
Shark Cards per user*	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Total Rev	\$850,000,000	\$1,275,000,000	\$1,700,000,000	\$2,125,000,000	\$2,550,000,000	\$2,975,000,000	\$3,400,000,000	\$3,825,000,000	\$4,250,000,000	\$4,675,000,000
Lost in Rev of GTA 5	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000	800,000,000
Net Gain from GTA 6	\$50,000,000	\$475,000,000	\$900,000,000	\$1,325,000,000	\$1,750,000,000	\$2,175,000,000	\$2,600,000,000	\$3,025,000,000	\$3,450,000,000	\$3,875,000,000
REV EST FY2026:	\$5,550,000,000	\$5,975,000,000	\$6,400,000,000	\$6,825,000,000	\$7,250,000,000	\$7,675,000,000	\$8,100,000,000	\$8,525,000,000	\$8,950,000,000	\$9,375,000,000

*another assumption is that all GTA 5 rev is completely lost

Q's Guide: CY25 & FY26 launch of GTA 6

BofA Research, JP Research, Bloorberg, Cap IQ

Year	2025 Year					2026 Year						
	Q1	Q2	Q3	Q4	FY 25		Q1	Q2	Q3	Q4	FY 26	
	2024	2024	2024	2025			2025	2025	2025	2026		
Total Rev	1274.688	1492.704	2158.7232	2343.36	7097	34%	3151	1851	1851	1851	8705	23%
GTA REV 6	NO RELEASE					0%	1625	325	325	325	2600	
NBA 2K REV					1568	6%	420	420	420	420	1680	7%
OTHER (includes GTA 5)					2500	594%	325	325	325	325	1300	-48%
MOBILE					3029	10%	781.25	781.25	781.25	781.25	3125	3%
GTA 6 UNITS SOLD	NO RELEASE						25	5	5	5	40	

Our view: We have estimated that in the first calendar year of GTA 6, it will sell **40 million copies** and will have an average of \$15 spent on in game purchases

* GTA 5 sold 32.5M, RD2 sold 27M

FY 25: In line with management
 FY 26: Rev is way to low based off of analyst reports

All numbers except GTA 6 Rev are based off of analyst reports just divided evenly across 4Q's

JP Morgan Research

BoF America Research

Prior Year 271 308 311 308 1,183 1,285 1,332
 Q1 115 0 0 0 115 1,750 GTA 8 early '25 120

\$ in millions	FY23A	FY24E	FY25E	FY26E
Financial Estimates				
Revenue	5,284	5,275	7,150	8,294
Adj. EBIT	804	650	1,426	1,993
Adj. EBITDA	858	763	1,577	2,150
Adj. net income	565	386	1,097	1,604
Adj. EPS	3.49	2.24	6.27	9.00
BBG EPS	3.61	3.13	7.34	8.46
Cashflow from operations	1	86	872	1,546
FCFF	(203)	(64)	794	1,425
Margins and Growth				
Revenue Growth Y/Y (%)	55.0%	(0.2%)	35.5%	16.0%
EBIT margin	15.2%	10.6%	20.0%	24.0%
EBIT growth	13.5%	(30.3%)	154.7%	39.7%
EBITDA margin	16.2%	14.5%	22.1%	25.9%
EBITDA Growth Y/Y (%)	11.8%	(11.1%)	106.5%	36.4%
Net margin	10.7%	7.3%	15.3%	19.3%
Adj. EPS growth	(30.8%)	(35.8%)	179.6%	43.7%
Ratios				
Adj. tax rate	18.0%	18.0%	18.0%	18.0%
Interest cover	-	-	17.8	58.8
Net debt/Equity	0.1	0.3	0.2	0.0
Net debt/EBITDA	1.1	2.8	0.9	0.0
ROE	8.8%	4.4%	13.0%	17.8%
Valuation				
FCFF yield	(0.7%)	(0.2%)	2.7%	4.7%
Dividend yield	-	-	-	-
EV/Revenue	5.0	5.4	4.0	3.4
EV/EBITDA	30.8	37.5	18.0	13.1
Adj. P/E	48.6	75.7	27.1	18.8

JP sees 1750 I first Q launch then 1400 next calendar year so 45M in 5Qs. Plus increase of 600M in online transactions in first 2 years.

Estimates (Mar) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	5.17	3.50	2.24	5.85	11.40
GAAP EPS	3.58	(7.03)	(6.39)	(0.95)	4.94
EPS Change (YoY)	-25.5%	-32.3%	-36.0%	161.2%	94.9%
Consensus EPS (Bloomberg)			3.13	7.34	8.46
DPS	0	0	0	0	0
Valuation (Mar)					
P/E	32.8x	48.5x	75.7x	29.0x	14.9x
GAAP P/E	47.4x	NM	NM	NM	34.3x
EV / EBITDA*	34.1x	27.5x	36.0x	17.9x	9.3x
Free Cash Flow Yield*	0.3%	-0.7%	-0.2%	1.2%	5.7%

* For full definitions of ^Qmethod™ measures, see page 13.

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	3,408	5,284	5,274	6,767	9,931
% Change	-4.1%	55.0%	-0.2%	28.3%	46.8%
Gross Profit	1,984	3,365	3,483	4,447	6,093
% Change	-2.5%	69.6%	3.5%	27.7%	37.0%
EBITDA	933	1,157	884	1,778	3,404
% Change	-18.7%	24.0%	-23.6%	101.2%	91.4%
Net Interest & Other Income	(1)	(173)	(108)	(108)	(130)
Net Income (Adjusted)	604	561	386	1,020	2,005
% Change	-24.8%	-7.2%	-31.1%	164.3%	96.5%

Rockstar (Bottom Up)		842	735	3,016
of which Full Game		300	215	2,187
of which Recurrent Consumer Spending		542	520	829

Both are high quality Bull thesis but differ completely on how to reach revenue estimates and EPS targets. We believe it will fall somewhere in between.

Bof A sees no launch in FY25, with 700M in online spend and see ~35M Units in CY1

Franchise Concerns- Sequels Make Money

Property	Year	Box Office
Return of the Jedi	1983	482
The Phantom Menace	1999	1,027
The Force Awakens	2015	2,071
Avatar	2009	2,923
Avatar 2	2022	2,320
GTA 5 Life Time	2015	815*
GTA 6 Projections	2025	3000**

Leading Franchise generate sales no matter the quality of the content. Legacy fans return for nostalgia and new generation is introduced to the franchise.

	title	Production Costs (\$)	Revenue (\$)	Copies Sold
2025 (est.)	GTA VI	\$2B (rumored)	N/A	N/A
2013	GTA V	\$265M	\$7.7B	185M
2008	GTA IV	\$100M	\$2B	25M

1. *first day sales
2. **Projected 40 million units sold at AAA rated price of \$70 w/o in game purchases, if include would be 3.8 billion in the first year with in game purchases
3. Currently GTA 5 makes around 500M annually, net gain in first year sales of 2.5 to 3.3 billion

PIPELINE DEFINITIONS

IMMERSIVE CORE

Titles that have the deepest gameplay and the most hours of content. Examples include our key sports franchises (like *PGA 2K* and *NBA 2K*) as well as *Grand Theft Auto* and *Red Dead Redemption* (to name a few).

INDEPENDENT

Externally developed Private Division releases.

MOBILE

Any title released on a mobile platform. Our title counts only include titles that are currently scheduled for worldwide launch and exclude hyper-casual games.

MID-CORE

Titles that are either an arcade title (like *WWE Battlegrounds*) or games that have many hours of gameplay, but not to the same extent as an immersive core title.

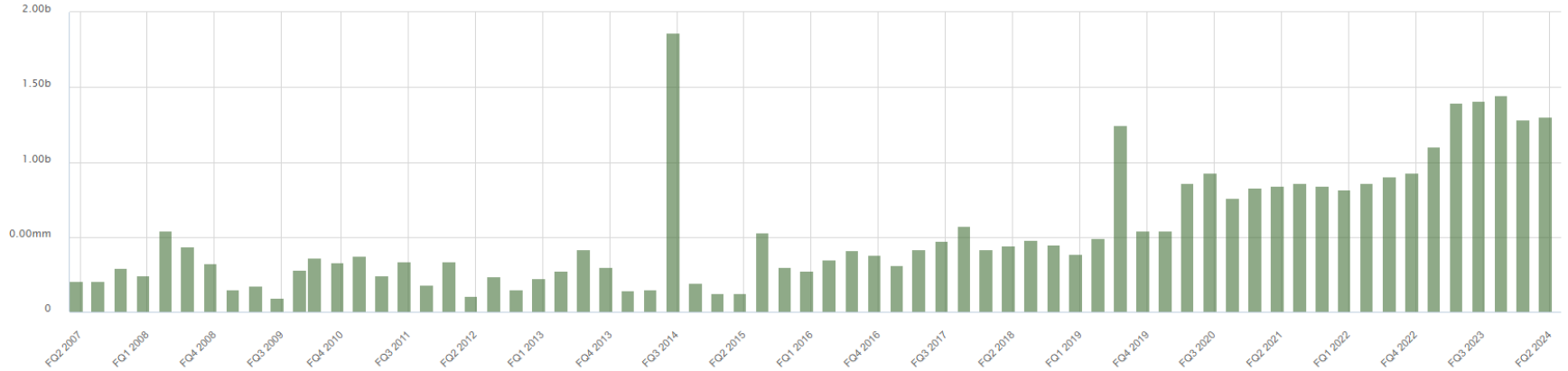
NEW ITERATIONS OF PRIOR RELEASES

This includes ports and remastered titles. Sequels would not fall into this category.

Geographic breakdown

	Fiscal Year Ended March 31,					
	2023		2022		2021	
Net revenue by geographic region:						
United States	\$ 3,360.0	62.8 %	\$ 2,100.2	59.9 %	\$ 2,015.9	59.8 %
International	1,989.9	37.2 %	1,404.6	40.1 %	1,356.9	40.2 %
Net revenue by platform:						
Mobile	\$ 2,538.6	47.5 %	\$ 403.4	11.5 %	\$ 274.1	8.1 %
Console	2,303.8	43.1 %	2,528.9	72.2 %	2,517.0	74.6 %
PC and other	507.5	9.5 %	572.5	16.3 %	581.7	17.2 %
Net revenue by distribution channel:						
Digital online	\$ 5,085.7	95.1 %	\$ 3,149.0	89.8 %	\$ 2,972.4	88.1 %
Physical retail and other	264.2	4.9 %	355.8	10.2 %	400.4	11.9 %
Net revenue by content:						
Recurrent consumer spending	\$ 4,180.4	78.1 %	\$ 2,271.2	64.8 %	\$ 2,152.0	63.8 %
Full game and other	1,169.5	21.9 %	1,233.6	35.2 %	1,220.8	36.2 %

Quarterly Rev Record was GTA 5 Launch



Other DCF

Bloomberg

Discounted Cash Flow

Ticker	TTWO US				Currency	Trading									
Name	Take-Two Interactive Software				Data	Adjusted (If available)			Summary Analysis			Input Calculation		Output Analysis	
Revenue (Estimate Comparable)	1,595	2,408	3,188	3,553	3,408	5,350	5,443	7,184	8,262	8,841	9,459	10,122			
% YoY Growth		0%	32%	11%	-4%	57%	2%	32%	15%	7%	7%	7%			
EBITDA	57	280	674	1,035	822	1,472	842	1,486	1,889	2,187	2,593	2,749			
% Margin	4%	12%	21%	29%	24%	28%	15%	21%	23%	25%	27%	27%			
Free Cash Flow		173	407	1,069	652	2,074	703	1,396	1,936	2,246	2,758	2,705			
% Margin		7%	13%	30%	19%	39%	13%	19%	23%	25%	29%	27%			

Perpetuity Growth Method							
Current Price (USD)							155.00
Consensus Price Target							177.22
DCF Estimated Value per Share (USD)							214.12
DCF Estimated Upside							38%
Perpetuity Growth							
		1.0%	1.5%	2.0%	2.5%	3.0%	
Discount Rate (WACC)	7.6%	221.47	236.35	253.90	274.89	300.47	
	8.1%	205.21	217.76	232.36	249.58	270.19	
	8.6%	191.12	201.81	214.12	228.46	245.36	
	9.1%	178.79	187.98	198.48	210.57	224.64	
	9.6%	167.91	175.89	184.92	195.22	207.09	
		1.0%	1.5%	2.0%	2.5%	3.0%	
Discount Rate (WACC)	7.6%	43%	52%	64%	77%	94%	
	8.1%	32%	40%	50%	61%	74%	
	8.6%	23%	30%	38%	47%	58%	
	9.1%	15%	21%	28%	36%	45%	
	9.6%	8%	13%	19%	26%	34%	

EBITDA Multiple Method							
Current Price (USD)							155.00
Consensus Price Target							177.22
DCF Estimated Value per Share (USD)							347.06
DCF Estimated Upside							124%
Terminal EBITDA Multiple							
		24.9x	26.4x	27.9x	29.4x	30.9x	
Discount Rate (WACC)	7.6%	329.01	345.70	362.39	379.08	395.77	
	8.1%	322.01	338.32	354.62	370.93	387.24	
	8.6%	315.19	331.13	347.06	363.00	378.93	
	9.1%	308.56	324.13	339.70	355.28	370.85	
	9.6%	302.10	317.32	332.54	347.76	362.98	
		24.9x	26.4x	27.9x	29.4x	30.9x	
Discount Rate (WACC)	7.6%	112%	123%	134%	145%	155%	
	8.1%	108%	118%	129%	139%	150%	
	8.6%	103%	114%	124%	134%	144%	
	9.1%	99%	109%	119%	129%	139%	
	9.6%	95%	105%	115%	124%	134%	