East Meets West: In a rapidly globalizing games market, what are the opportunities for non-Asian companies in Asia and vice versa?

The Trade Balance of Public Companies

In 2015, $69.6 billion of the $91.8 billion dollar global games market was generated by almost 70 public companies worldwide. Asian public companies generated $36.2 billion, of which 32%, or $11.4 billion, was generated outside of Asia. Sony and Nintendo contributed almost half of this, illustrated by the dominance of the console segment. Vice versa, 16% of the $33.4 billion generated by non-Asian public companies was generated in Asia: $5.3 billion. More than half of this, $3.0 billion, is from Google and Apple taking home 30% of app store revenues.

Source: Newzoo Global Games Market Report Premium
In 2016, Japan, Korea, China & Greater SEA Will Total $45Bn Game Revenues

Global Games Market Revenues Per Sub Region | 2016e

<table>
<thead>
<tr>
<th>Sub Region</th>
<th>Revenues (Bn)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAM</td>
<td>$25.4Bn</td>
<td>+4.1%</td>
</tr>
<tr>
<td>W-EU</td>
<td>$17.3Bn</td>
<td>+4.4%</td>
</tr>
<tr>
<td>E-EU</td>
<td>$3.0Bn</td>
<td>+7.3%</td>
</tr>
<tr>
<td>MEA</td>
<td>$3.2Bn</td>
<td>+26.2%</td>
</tr>
<tr>
<td>CHINA</td>
<td>$24.4Bn</td>
<td>+2.3%</td>
</tr>
<tr>
<td>S. KOREA</td>
<td>$4.0Bn</td>
<td>+2.3%</td>
</tr>
<tr>
<td>JAPAN</td>
<td>$12.4Bn</td>
<td>+1.2%</td>
</tr>
<tr>
<td>OCEANIA</td>
<td>$1.3Bn</td>
<td>+2.1%</td>
</tr>
<tr>
<td>SEA</td>
<td>$3.7Bn</td>
<td>+26.4%</td>
</tr>
<tr>
<td>REST APAC</td>
<td>$0.8Bn</td>
<td>+53.5%</td>
</tr>
<tr>
<td>LATAM</td>
<td>$4.1Bn</td>
<td>+20.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$45.0Bn</td>
<td></td>
</tr>
</tbody>
</table>

Global game revenues in 2016

45%

Of the global games market revenues come from key Asian Markets

Source: Newzoo Global Games Market Report Premium

2016e Game Revenues by Segment | Japan, Korea, China & Greater SEA

Smartphone takes the highest share of revenues in the key Asian markets in 2016 with 36%, or $16.0 billion. This is just ahead of PC/MMO games, which will generate $15.4 billion this year. The individual markets vary wildly when it comes to the most lucrative segments. In Japan for example, over 50% of revenues come from console games. Combined with the other key markets, the share taken by console games drops to below 15%. In SEA, more than half of all revenues come from mobile gaming.

Source: Newzoo Global Games Market Report Premium
This Year, 11 Asian Countries Generate 55% of Global Mobile Game Revenues

Key KPIs | Global vs. China, Japan, Korea & Greater SEA | 2016e

CHINA, JAPAN, KOREA & GREATER SEA

- **POPULATION**: 2.2 Bn
- **ONLINE POPULATION**: 1.2 Bn
- **GAMERS**: 0.9 Bn
- **GAMES REVENUES**: $44.6 Bn
- **MOBILE GAME REVENUES**: $20.4 Bn

THE WORLD AS A WHOLE IN 2016

- **POPULATION**: 7.4 Bn
- **ONLINE POPULATION**: 3.4 Bn
- **GAMERS**: 2.1 Bn
- **GAMES REVENUES**: $99.6 Bn
- **MOBILE GAME REVENUES**: $36.9 Bn

Globally, the key Asian markets will account for an impressive 55% of all mobile game revenues in 2016. The rest of APAC will generate 3% of global revenues, the majority of which will come from India. The remaining regions will take 42% of all revenues or $15.3 billion. The US alone will generate $6.7 billion this year and is the largest Western market.

Source: Newzoo Global Games Market Report Premium
China & Japan: A Snapshot

China 2015
Mobile Revenues
$7.1 Bn
Estimate 2015 “Western” Revenues
(of revenues of top 100 iOS games)
Share:
5.7% ($400M)
Comparable to all games revenues in:
Poland

China 2016e
Game Revenues
$24.4 Bn
YoY Growth
15%
Mobile Revenues
$10.0Bn
Share Mobile Games
41%

Japan 2015
Mobile Revenues
$6.2 Bn
Estimate 2015 “Western” Revenues
(of revenues of top 100 iOS games)
Share:
4.9% ($300M)
Comparable to mobile game revenues in:
Italy

Japan 2016e
Game Revenues
$12.4Bn
YoY Growth
1.2%
Mobile Revenues
$6.5Bn
Share Mobile Games
52%

Source: Newzoo Global Games Market Report Premium
South Korea & Greater SEA: A Snapshot

South Korea 2015

Mobile Revenues
$1.8 Bn

Estimate 2015 “Western” Revenues (of revenues of top 100 iOS games)

Share: 14.2% ($260M)

Comparable to mobile game revenues in:

Brazil

South Korea 2016e

Game Revenues
$4.0Bn

YoY Growth
2.3%

Mobile Revenues
$1.9Bn

Share Mobile Games
48%

Greater Southeast Asia 2015

Mobile Revenues
$1.4 Bn

Estimate 2015 “Western” Revenues (of revenues of top 100 iOS games)

Share: ~33% ($470M)

Comparable to mobile game revenues in:

Canada

Greater Southeast Asia 2016e

Game Revenues
$3.7Bn

YoY Growth
26.4%

Mobile Revenues
$2.1Bn

Share Mobile Games
56%

Source: Newzoo Global Games Market Report Premium
Asian Companies Continue Impressive Growth

Top 10 Public Asian Companies by Game Revenue | 2014 vs. 2015

21% YoY Growth for Tencent

$4.7Bn YoY growth for the top 10 companies

NetEase owns the number one and two mobile titles in China with Fantasy Westward Journey and Fantasy Westward Journey 2. Its growth is mainly driven by the success of its mobile segment. In 2015, mobile revenues accounted for 45% of NetEase’s $2.8 billion game revenues. This was only about 10% of the $1.6 billion generated in 2014. NetEase plans to launch Fantasy Westward Journey: Warriors, Raven, and a series of new game titles based on the best-selling novels by Mr. Gu Long in the coming months.

Mixi was the fastest growing public game company in 2015. It achieved 187% growth YoY, growing to $1.5 billion game revenue in 2015. This growth is mainly due to Mixi’s popular mobile game Monster Strike, which has now been downloaded more than 30 million times. The popular game has expanded to anime, the Nintendo 3DS, and esports with the Monster Strike Grand Prix 2016. Its success on mobile gaming has led Mixi to recently publish two new mobile titles: Black Knight Rises and Marvel Tsum Tsum.

Garena established itself in 2010 with the launch of Garena+, an online platform where people can meet, chat and play games. Since then, it has been one of the fastest growing internet companies in Southeast Asia, growing from four to 4500 employees and earning more than $300 million in annual revenues. Garena exclusively distributes games like League of Legends, Heroes of Newerth, FIFA Online 3, Point Blank and AVA in Southeast Asia, while also owning mobile hit Thunderstrike. Garena is also well known for its esports activities.
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