

Giant Interactive Group Inc.
Form 6-K
March 05, 2009

Form 6-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE

SECURITIES EXCHANGE ACT OF 1934

For the month of March 2009

Commission File Number: 001-33759

GIANT INTERACTIVE GROUP INC.

2/F No. 29 Building, 396 Guilin Road

Shanghai 200233

People's Republic of China

(Address of principal executive office)

Edgar Filing: Giant Interactive Group Inc. - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-N/A

Giant Interactive Group Inc.

Form 6-K

TABLE OF CONTENTS

	Page
<u>Signature</u>	3
Exhibit 99.1 2008 Fourth Quarter and Fiscal Year Results Presentation dated March 5, 2009	4

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Giant Interactive Group Inc.

By: /s/ Eric He
Name: Eric He
Title: Chief Financial Officer

Date: March 5, 2009

HK000NN7
2008 Fourth Quarter and Fiscal
Year Results Presentation
March 5, 2009
2008 Fourth Quarter and Fiscal
Year Results Presentation
March 5, 2009

©
2009 Giant Interactive Group, Inc. All Rights Reserved
2
Safe Harbor Statement and Currency
Convenience Translation
Safe Harbor Statement and Currency
Convenience Translation

Safe Harbor Statement

Statements in this release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 27A of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, will, expects, anticipates, future, intends, plans, believes, estimates and similar statements and among other things, anticipated benefits as a result of our Win@Giant incubation program, our continued efforts to successfully operate and adjust our adjusted monetization structure for *ZT Online* and launch of *ZT Online* in Vietnam, our ability to successfully commercialize our products, our ability to represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside of our control, and other circumstances may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Factors that may cause our actual results to differ from what we currently anticipate may include failure by *ZT Online* gamers to resume in-game purchases, our ability to develop, purchase and retain our players, our ability to develop and successfully launch expansion packs for our online games, our ability to adjust and enhance our revenues, our dependence on one online game, which currently accounts for the majority of our historical net revenues, our ability to navigate the current world economic crisis, our need to implement and maintain effective internal control over financial reporting, our limited experience with our online game business model, our uncertainties with respect to the PRC legal and regulatory environments and volatility in the PRC market. The information contained in this slide presentation should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report for fiscal year 2007, as filed with the Securities and Exchange Commission on June 18, 2008, and is available on the Securities and Exchange Commission's website. For additional information on these and other important factors that could adversely affect our business, financial condition, results of operations and future prospects, beginning on page 7 of our annual report for fiscal year 2007. Our actual results of operations for the third quarter of 2008 are not necessarily indicative of future periods. Any projections in this slide presentation are based on limited information currently available to us, which is subject to change. Factors influencing them will likely change, we undertake no obligation to update or revise these forward-looking statements, whether or not, otherwise, after the date of this slide presentation. Such information speaks only as of the date of this slide presentation.

Currency Convenience Translation

This slide presentation contains translations of certain Renminbi (RMB) amounts into US dollars (US\$) at the rate of US\$1.00 per RMB as of December 31, 2008 in the City of New York for cable transfers in Renminbi per US dollar as certified for customs purposes by the US Customs and Border Protection. The representation that the Renminbi or US dollar amounts referred to in this slide presentation could have been, or could be, converted into US dollars in the Empire of Sports

and our ability to continue to grow our business and build long-term shareholder value. These forward-looking statements are

Giant Interactive Group
A Leading Online Game Developer & Operator
Giant Interactive Group
A Leading Online Game Developer & Operator
©
2009 Giant Interactive Group, Inc. All Rights Reserved

©
2009 Giant Interactive Group, Inc. All Rights Reserved
4
Giant: NYSE Listed
Giant: NYSE Listed
Shanghai, China
Headquarters:

Over 3,500 including
1,800 liaison personnel
Employees:
www.ga-me.com
About Giant:
Approximately 226 Million
Outstanding Shares:
US\$1.5 Billion
March 4, 2009
Market Cap:
GA
Ticker:
November 1, 2007
NYSE IPO:
Investor Information:

©
2009 Giant Interactive Group, Inc. All Rights Reserved
Key Operational and
Financial Highlights
Key Operational and
Financial Highlights
©

©
2009 Giant Interactive Group, Inc. All Rights Reserved

6
Key Quarterly Operating Metrics
Key Quarterly Operating Metrics
Active Paying Accounts (APA)
1,405

1,447
937
1,290
1,760
986
1,248
1,318
0
200
400
600
800
1,000
1,200
1,400
1,600
1,800
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08
282
273
286
325
309
305
295
320
0
50
100
150
200
250
300
350
400
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08

Edgar Filing: Giant Interactive Group Inc. - Form 6-K

Average Revenue per User (ARPU)

3Q08 figures include *ZT Online*, *ZT Online PTP*, *ZT Online Classic Edition*, and *Giant Online*

4Q07

to

2Q08

figures

include

ZT

Before

4Q07,

all

figures

are

ZT

Online

only

Average Concurrent Users (ACU)

512

543

556

450

620

546

481

515

0

100

200

300

400

500

600

700

1Q07

2Q07

3Q07

4Q07

1Q08

2Q08

3Q08

4Q08

Peak Concurrent Users (PCU)

1,073

888

983

2,339

1,578

1,505

1,646

874

0
500
1,000
1,500
2,000
2,500
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08
ZT
Online
PTP
and
Giant
Online
Online,

©
2009 Giant Interactive Group, Inc. All Rights Reserved

7
Strong Profitability and High Margins
Strong Profitability and High Margins
Net Income
42.5

45.8
19.7
32.6
51.1
48.3
38.7
34.7
0
10
20
30
40
50
60
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08
59.6
51.7
39.1
48.6
54.1
67.3
73.6
41.7
0
10
20
30
40
50
60
70
80
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08
Net Revenue
Gross Profit Margin
85.7%

84.0%
91.2%
88.6%
89.2%
88.8%
89.6%
80.1%
60%
65%
70%
75%
80%
85%
90%
95%
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08
3Q08
4Q08
Net Income Margin
76.8%
82.2%
50.6%
71.4%
71.6%
71.8%
69.5%
78.2%
30%
35%
40%
45%
50%
55%
60%
65%
70%
75%
80%
85%
1Q07
2Q07
3Q07
4Q07
1Q08
2Q08

3Q08
4Q08

©
2009 Giant Interactive Group, Inc. All Rights Reserved

8
Q4 2008 Key Financial Highlights
Q4 2008 Key Financial Highlights
-5.3%
0.19

125.0%
0.08
0.18
Basic EPS (US\$)
0.0%
0.18
125.0%
0.08
0.18
Diluted EPS (US\$)
Y-o-Y
%
Q4 2007
US\$
Q-o-Q
%
Q3 2008
US\$
-8.2%
-9.4%
-13.0%
-23.4%
-11.7%
-20.5%
-8.7%
-18.8%
Y-o-Y
%
1.39
126.5%
0.56
1.26
Basic EPS (RMB)
0.54
134.1
105.2
107.3
212.5
52.7
265.2
Q3 2008
RMB
42.5
31.2
12.1
43.4
8.3
51.7
Q4 2008
US\$

1.23
290.3
213.6
82.9
296.5
56.7
353.1
Q4 2008
RMB
1.33
333.8
278.9
93.9
372.8
62.0
434.8
Q4 2007
RMB
128.1%
Diluted EPS (RMB)
82.2%
116.5%
Net Income
60.5%
103.0%
Income from Operations
-22.7%
Operating Expenses
84.0%
39.5%
Gross Profit
7.6%
Cost of Services
33.2%
Total Net Revenue
Margins
Q-o-Q
%
(In millions, except EPS data)

©
2009 Giant Interactive Group, Inc. All Rights Reserved
9
FY2008 Key Financial Highlights
FY2008 Key Financial Highlights
-8.1%
0.74

0.68
Basic EPS (US\$)
-8.3%
0.72
0.66
Diluted EPS (US\$)
Y-o-Y
%
FY2007
US\$
FY2008
RMB
FY2008
US\$
-13.8%
5.40
4.65
Basic EPS (RMB)
5.25
1,136.3
1,079.8
273.7
1,353.5
174.1
1,527.5
FY2007
RMB
162.9
141.6
59.8
201.4
31.9
233.3
FY2008
US\$
4.49
1,113.6
968.0
408.8
1,376.8
217.9
1,594.7
FY2008
RMB
-14.5%
Diluted EPS (RMB)
69.8%
-2.0%
Net Income
60.7%

-10.4%

Income from Operations

49.4%

Operating Expenses

86.3%

1.7%

Gross Profit

25.2%

Cost of Services

4.4%

Total Net Revenue

Margins

Y-o-Y

%

(In millions, except EPS data)

©
2009 Giant Interactive Group, Inc. All Rights Reserved
10
Balance Sheet
Balance Sheet
6,130.0
5,459.3

670.7
670.7
6,130.0
5,826.6
5,236.3
September
30, 2008
RMB
878.3
786.2
92.1
92.1
878.2
832.0
741.5
December
31, 2008
US\$
6,002.4
5,373.1
629.3
629.3
6,002.4
5,686.1
5,068.1
December
31, 2008
RMB
6,305.5
Shareholders
Equity
7,587.7
Total Liability and Shareholders
Equity
1,282.2
Total Liabilities
1,282.2
Current Liabilities
7,587.7
Total Assets
7,373.5
Current Assets
7,295.5
Cash, Cash Equivalents and Short-Term
Investments
December
31, 2007
RMB
(In millions)

©
2009 Giant Interactive Group, Inc. All Rights Reserved
Business Operation Updates
Business Operation Updates
©
2009 Giant Interactive Group, Inc. All Rights Reserved

©
2009 Giant Interactive Group, Inc. All Rights Reserved
12
Recent Business Highlights
Recent Business Highlights
Continued
optimizing

Giant
Online
features;
official
version
expected
in
2009
ZT
Online
players
adapting
to
monetization
adjustment
with
enhanced
features;
ZT
Online
gaining solid users base in Vietnam

Empire
of
Sports
launched
into
closed
beta
testing
(Prologue)

in
Europe
in

December 2008; limited closed beta testing in China expected at the end of 2Q09
Launched Win@Giant incubation program to attract innovation and creativity for
potential blockbuster pipeline games

1
1
3
3
4
4
2
2
5
5

King
of
Kings
III

continues

detailed

game

optimizations;

limited

closed

beta testing

in China expected at the end of 2Q09

6

6

As

of

December

31,

2008,

Giant

has

repurchased

14,947,200

ADSs

for

total

consideration of US\$97.7 million, out of the \$150 million share repurchase program

7

7

Cash dividend declared for FY2008 of US\$0.18 per share for shareholders of record date as of March 27, 2009 and estimated payment date of April 10, 2009

©
2009 Giant Interactive Group, Inc. All Rights Reserved
13
Enhancing Our Product Portfolio
Enhancing Our Product Portfolio
Limited closed beta testing in
China to launch at the end of

2Q09

GA acquired rights to operate in China in **2007**

Currently being tailored and optimized for the Chinese market, core game design complete

King of Kings III

Beta testing in China to launch

at the end of **2Q09**

Sequel to ZT Online

Self-developed Free-To-Play 2D MMORPG

Enhanced graphics, sound effects,

of professions, animation, etc.

ZT Online II

Official version to launch in

2009

Open beta testing launched at end of **Q108**

Frequent updates made based on player feedback

Giant Online

Limited closed beta testing in

China to launch at the end of

2Q09

GA acquired rights to operate in China in early **2008**

Officially

launched

in

Europe

in

December

2008

Currently being tailored and optimized for the Chinese market

Empire of Sports

New expansion pack to roll out

in **1H09**

Launched in January **2006**

Multiple expansion packs introduced since launch

ZT

Online

Classic

Edition

available

for

gamers

Monetization restructuring in **Q308**

Now also available in Vietnam

ZT Online

Planned Upcoming Initiatives

Game History and Milestones

Games

14

Stabilizing Marketing Efforts in Q4 '08

Over 420 liaison offices

Over 1,800 dedicated liaison personnel

Over 280 distributors

116,500 retail outlets

Penetration of all large cities and almost all provinces
in China

Focus on penetrating medium / small cities with
continued Internet and on-site promotional events

Reduced advertising costs associated with the revised
monetization features of *ZT Online*

Maximize

Maximize

Player

Player

Awareness

Awareness

and

and

Game

Game

Recognition

Recognition

to

to

Improve

Improve

Penetration

Penetration

Q4 2008 Marketing and Distribution

Network

Q4 2008 Marketing and Distribution

Network

©
2009 Giant Interactive Group, Inc. All Rights Reserved
Business Outlook
Business Outlook
©
2009 Giant Interactive Group, Inc. All Rights Reserved

©
2009 Giant Interactive Group, Inc. All Rights Reserved
16
Player Segmentation Based on Game Features and Spending
Preferences to Increase Player Loyalty and to Extend Game
Lifecycles
Enhance Online Community and Expand Geographical Coverage

to Grow Our Player Base

Pursue Opportunities for Acquisitions, Strategic Joint Ventures
and Opportunistic Investments

1

1

2

2

3

3

Growth Strategies

Growth Strategies

To Become the Largest Online Game Developer and Operator in Asia

To Become the Largest Online Game Developer and Operator in Asia

HK000NN7
NYSE: GA
Thank you
www.ga-me.com
NYSE: GA
Thank you
www.ga-me.com