INTUITION
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Will GTA VI Help Take-Two Rob a Bank?

Few entertainment releases carry expectations quite like Grand Theft Auto VI (GTA VI). Rockstar Games' next instalment arrives this weekend after more than a decade since GTA V, which has sold more than 230 million copies over its lifetime. The anticipation reflects more than the popularity of the franchise. GTA VI could become one of the most commercially significant entertainment launches ever, mobilising a global fan base and converting years of pent-up demand into billions of dollars of revenue for its New York-listed publisher, Take-Two Interactive (TTWO). Putting on the investor's hat, a blockbuster game is not automatically a blockbuster investment as the rumoured development costs have been colossal. The challenge comes in two stages. First, can GTA VI earn back what was likely one of the most expensive game development budgets in history? Second, even if it does, can it generate enough sales and recurring spending to justify the sky-high expectations already baked into Take-Two's share price?



Daniel Reynard

The video game industry has evolved into much more than a market for selling entertainment software. Publishers now have access to a vast global audience and multiple ways to attract players, build engagement and generate recurring revenue. Industry research firm Newzoo estimates that 1.65 billion people are expected to spend money on games in 2026.

The industry's revenue remains heavily skewed towards mobile gaming, which accounts for 57% of global sales, while console gaming (22%) and PC gaming (21%) continue to represent significant markets. This shift reflects the different growth trajectories across platforms. Mobile gaming has been the industry's primary growth engine since 2023, expanding by approximately 8% annually, while console growth has slowed to 1.7% as the current hardware cycle matures following the launch of the Xbox Series X|S and PlayStation 5 in 2020.

With the launching of GTA VI exclusively on console this weekend, will we see an uptick in sales reported by Sony (PlayStation) and Microsoft (Xbox)?

SPEED READ

- **GTA VI could become one of the largest entertainment launches in history, with analyst estimates expecting more than 34 million copies to be sold in its first financial year.**
- **The first hurdle is commercial success: Take-Two must generate enough game sales and recurring player spending to recover what is believed to be a multi-billion-dollar development investment.**
- **The second hurdle is investor expectations: a profitable launch may still disappoint shareholders if sales fall short of the lofty expectations already reflected in Take-Two's share price.**
- **The biggest opportunity may lie beyond launch day, with GTA Online, subscriptions and in-game spending potentially generating billions of dollars in recurring revenue for years after release.**

What is GTA VI about?

The Grand Theft Auto franchise combines crime-driven storytelling with expansive open-world environments inspired by Miami and Los Angeles. Players can complete missions, drive vehicles and evade the law with no real-world consequence. The games are known for their cinematic storytelling and player freedom, with story campaigns often exceeding 80 hours.

Rockstar Games has built a particularly valuable franchise by creating experiences that keep players engaged well beyond the initial purchase. GTA V is a good example: its commercial success has extended far beyond the original game through GTA Online, where players continue to spend money on subscriptions, virtual currency and additional content. This is important because GTA VI's financial opportunity is not limited to selling the game itself. The potential to monetise a large player base over several years could ultimately be just as important as the initial launch.

What does it take to make a blockbuster pay?

Developing a game on the scale of GTA VI requires substantial capital, specialist talent and years of production. Take-Two has not disclosed the standalone development budget for GTA VI. Its financial year (FY2026) financial statements do, however, show approximately $2.4 billion in capitalised software development costs across the group. This figure covers the company's broader development portfolio and should not be interpreted as the cost of GTA VI alone.

The absence of a confirmed budget makes it difficult to calculate a definitive return on the investment. Nevertheless, we can assess the commercial hurdle by considering the number of copies Take-Two would need to sell to generate net bookings equivalent to an assumed development cost. JPMorgan estimates that Take-Two's FY2027 guidance of $8.0 billion to $8.2 billion in net bookings (net bookings is a fancy term for the total of the current revenue and revenue received in advance) implicitly assumes approximately 34 million GTA VI units sold at an average net selling price of $64 per copy. This would generate approximately $2.2 billion in net bookings from the initial game sales.



GTA has been one of the most successful game franchises in history.

First-year copies sold	$55 per copy	$64 per copy	$75 per copy
	$ Billion	$ Billion	$ Billion
30 million	$1.65	$1.92	$2.25
34 million	$1.87	$2.18	$2.55
40 million	$2.20	$2.56	$3.00
45 million	$2.48	$2.88	$3.38
50 million	$2.75	$3.20	$3.75

The unit sales and net selling prices are for illustrative purposes, showing the sensitivity of net bookings to unit sales and net selling prices. Depending on the inputs, first year net bookings range between $1.65 and 3.75 billion. JPMorgan's estimate assumes approximately 34 million units at $64 per copy.

There is, however, a distinction between the commercial assumptions underpinning company guidance and what the market may already be pricing in. JPMorgan believes that Take-Two's share price reflects expectations of approximately 45 million copies being sold. That is materially higher than the 34 million units implied by its interpretation of management's guidance. While this is relevant to investors assessing the valuation, the underlying commercial question remains whether the game can generate sufficient sales and longer-term online spending to justify the development investment.

The table below illustrates the potential bookings from different sales volumes and average net selling prices.

It's important to note that these figures are net bookings, not profit or free cash flow. They represent the commercial value of products and services sold, rather than revenue necessarily recognised in the same period under accounting standards. They also do not account for marketing, operating expenses, taxes or the timing of cash flows.

A further way to assess the investment is to calculate how many copies would need to be sold for net bookings to equal a hypothetical development budget.

Assumed development costs	$55 per copy	$64 per copy	$75 per copy
$ Billion	Million Units	Million Units	Million Units
$1.25	22.7	19.5	16.7
$1.50	27.3	23.4	20.0
$1.75	31.8	27.3	23.3
$2.00	36.4	31.3	26.7
$2.25	40.9	35.2	30.0

This is a hypothetical cost-recovery exercise, not a formal break-even calculation. It excludes marketing, taxes, time value of money and other costs. It implies that the required unit sales range between 16.7 to 40.9 million to recover its development cost.

At an assumed development cost of $1.5 billion and a net selling price of $64, Take-Two would need to sell approximately 23.4 million copies to generate equivalent net bookings. JPMorgan's estimated 34 million first-year sales would comfortably exceed that illustrative hurdle. This does not mean the development investment would necessarily be fully recovered in the first year. The actual cost, marketing expenditure, accounting treatment and cash-flow profile are not disclosed. It does, however, demonstrate the potential scale of the initial commercial opportunity.

The bigger opportunity is online

While initial game sales are important, the longer-term opportunity lies in what happens after players have purchased the game. GTA Online has provided a platform for continued engagement and spending through additional content, virtual currency and other in-game purchases. JPMorgan estimates that GTA Online generated approximately $515 million in net bookings during Take-Two's FY2026.

The distinction is important. Selling a copy of GTA VI generates an initial transaction. Building an online ecosystem gives Take-Two the opportunity to monetise that customer repeatedly.

JPMorgan has illustrated the potential scale of this opportunity using an assumed annual bookings contribution of $65 per online player. Under its scenario, 40 million players in FY2028 would generate approximately $2.6 billion in annual net bookings. Increasing the player base to 50 million in FY2029 would lift this to approximately $3.3 billion. These figures are scenarios rather than company guidance. The $65 annual bookings assumption is not a disclosed measure of current player spending. It depends on Take-Two successfully attracting and retaining a large online audience, encouraging subscriptions and in-game purchases, and maintaining a regular pipeline of content that gives players reasons to return.

The potential is nevertheless significant. JPMorgan estimates that GTA Online could achieve a gross margin of approximately 75% in FY2028, compared with around 65% for game unit sales. These are analyst estimates, not Take-Two guidance, but they illustrate why recurring online spending could be more valuable than relying on the initial sale alone. The economics also depend on execution. Take-Two will need to deliver an engaging online experience, retain players and introduce content at a sufficient pace to sustain spending. A strong launch does not guarantee a successful online platform, and the company will need to manage the costs associated with maintaining and expanding the ecosystem.

The economics of a lasting franchise

The commercial logic behind GTA VI is relatively straightforward. Take-Two is making a large upfront investment in intellectual property that has the potential to generate returns over several years. Initial game sales provide the first opportunity to recover that investment. The online ecosystem offers the possibility of extending the commercial life of the product, generating recurring bookings from an established player base. If Take-Two can sustain engagement and spending, the returns could continue well beyond the initial launch period.

GTA V provides evidence that this model can work. Its lifetime sales and the continued contribution from GTA Online demonstrate the value of building a franchise rather than simply releasing a successful game. Repeating that performance with GTA VI is not guaranteed but Take-Two is not starting from scratch. It has an established intellectual property, a large existing audience and experience operating one of the industry's most successful online gaming platforms.

"Take-Two is making a large upfront investment in intellectual property that has the potential to generate returns over several years."

The principal risk is that the scale of the investment raises the consequences of underperformance. Poor gamer satisfaction, weaker-than-expected sales, poor player retention or lower spending could all reduce the return on capital. The success of the project will therefore depend

not only on the quality of the initial release, but also on Take-Two's ability to manage the franchise over its longer commercial life.

Harvard House clients may already have exposure

Take-Two offers relatively direct exposure to the commercial success of the Grand Theft Auto franchise. However, Harvard House clients may already have indirect exposure to the broader gaming industry through two of the three largest companies in the world: Tencent and Microsoft.

Naspers and Prosus provide exposure through their investment in Tencent, which has substantial mobile gaming operations. Microsoft also participates in the industry through Xbox, its games portfolio and associated services. These investments offer broader exposure to gaming, rather than direct exposure to the financial returns from GTA VI.

Conclusion

GTA VI represents a substantial investment for Take-Two, but also an opportunity to create one of the most valuable entertainment franchises in the world. Initial game sales could generate billions of dollars in net bookings and provide a meaningful contribution towards recovering the development investment.

The more compelling opportunity, however, lies in the years that follow. If Take-Two can convert the initial audience into an active online community, it could generate recurring bookings, benefit from attractive margins and extend the commercial life of the franchise well beyond launch.

GTA V has demonstrated the durability of this business model. Whether Take-Two can replicate that success remains to be seen, but the underlying investment proposition is clear: the objective is not simply to sell millions of copies of GTA VI. It is to turn one of gaming's most anticipated releases into a long-lasting source of profitable, recurring income. The real heist may be what happens after players have bought the game.



November is a big month for gaming fans as Grand Theft Auto VI launches.

Or next seminar series will be held in November, when we traditionally review the past year and cast our eyes forward to the new year. We will do some with some trepidation, as we try to unpack whether 2027 will bring clam or chaos.

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HARVARD HOUSE GROUP

3 Harvard Street, Howick, 3290, South Africa

P.O. Box 235, Howick, 3290, South Africa

+27 (0) 33 330 2164

+27 (0) 33 330 2617

admin@hhgroup.co.za

www.hhgroup.co.za

Topic:	**Outlook for 2027 – a more normal year?**
Natal Midlands	
Date:	3rd of December, 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm
Johannesburg	
Date:	24th of November, 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am
Cape Town	
Date:	26th of November, 2026
Venue:	J&J Belmont Square, Belmont Road, Rondebosch
Time:	7.30am
Venue:	Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town
Time:	5.30pm for 6pm

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