



UBISOFT® REPORTS FULL-YEAR 2015-16 SALES AND EARNINGS FIGURES

- **Sales and earnings exceed revised targets**
 - Sales: €1,394 million
 - Non-IFRS operating income: €169 million
 - A further rise in profitability: 12.1%
 - Non-IFRS diluted EPS: 1.13€
- **Stronger-than-expected performances from Far Cry® Primal and Tom Clancy's The Division™**
- **Significant increase in player engagement levels, boosting the digital segment's sales weighting to a record 32%**
- **Back-catalog sales up sharply, representing 25% of total sales, confirming an increasingly recurring financial profile**
- **2016-17 targets confirmed**

Paris, May 12, 2016 – Today, Ubisoft released its sales and earnings figures for the fiscal year ended March 31, 2016.

Yves Guillemot, Co-Founder and Chief Executive Officer, stated *"We ended fiscal 2015-16 on a very positive note, having effectively executed our plan: the performances delivered by The Division and Far Cry Primal exceeded our expectations, we continued our major come-back in the multiplayer segment and we saw a significant increase in player engagement levels for our games. The Division currently has 9.5 million registered users, and active players are playing the game an average of three hours¹ per day. These successes resulted in our digital segment outperforming our targets for the fiscal year and positively impacted our profitability."*

Guillemot went on to say *"Since our initial public offering 20 years ago, we have built one of the world's leading players in the entertainment industry and have created significant value for our shareholders, with a 14-fold increase in the Company's share price. Over the past few years, we have considerably strengthened our portfolio of owned brands. For example, we have tripled the audience for Far Cry, doubled it for Rainbow Six, and launched The Division and Watch Dogs which were the first and third-largest releases ever for a new video game brand. In parallel, we have increased the sales weighting of our digital segment to 32%, primarily through organic growth."*

Thanks to these repeated successes, we have demonstrated our capacity to effectively implement and execute our strategic plan. As a result, we are now entering a new phase of expansion and strong value creation for our shareholders, with 2018-19 operating margin targeted to reach 20% and free cash flow expected to come in at around €300 million."

¹ As at May 8, 2016

Non-IFRS income statement and key financial data

In € millions	2015-16	%	2014-15 restated*	%
Sales	1,394.0		1,463.8	
Gross profit	1,088.9	78.1%	1,126.7	77.0%
R&D expenses	(500.3)	-35.9%	(573.5)	-39.2%
Selling expenses	(304.5)	-21.8%	(284.1)	-19.4%
General and administrative expenses	(115.1)	-8.3%	(98.6)	-6.7%
Total SG&A expenses	(419.6)	-30.1%	(382.7)	-26.1%
Non-IFRS operating income	169.0	12.1%	170.5	11.6%
Non-IFRS net income	129.0		112.6	
Non-IFRS diluted earnings per share	1.13		1.00	
Cash flows from operating activities**	(148.8)		232.4	
R&D investment expenditure***	586.8		537.3	
Net (debt)/cash position	(41.7)		211.3	

*Restated to reflect the impact of IFRIC 21. ** Based on the consolidated cash flow statement for comparison with other industry players (unaudited). *** Including royalties but excluding future commitments.

Sales

Full-year sales for 2015-16 totaled €1,394.0 million, down 4.8% (or 10.7 % at constant exchange rates) compared with the €1,463.8 million recorded for 2014-15 but higher than the recently revised target of €1,360.0 million.

Sales in the fourth quarter of 2015-16 came to €624.9 million versus €169.9 million in the corresponding prior-year period, representing a jump of 267.7% (or 250.3% at constant exchange rates).

Highlights from 2015-16 include:

- Placing three games (Tom Clancy's The Division, Far Cry Primal, and Tom Clancy's Rainbow Six Siege) among the five best-sellers² for the first three months of calendar 2016.
- The record-breaking releases² of Tom Clancy's The Division and Far Cry Primal, which exceeded expectations and were the industry's most successful new video-game launch ever and the best performance ever for a game released in the month of February, respectively.
- Success of Ubisoft's multiplayer strategy aimed at increasing player engagement:
 - Tom Clancy's The Division attained very high player engagement levels, with currently a total of 9.5 million registered users, and active players playing the game an average of three hours per day.
 - Tom Clancy's Rainbow Six Siege doubled its audience. Daily active users (DAU) is at 60% of peak DAU four months after launch – a remarkable performance compared with industry standards³ and a clear illustration of the exceptional retention power of the game's multiplayer mode.

² Sources: NPD, GFK, and internal estimates

³ Source: DFC Intelligence

- The digital segment amounted to €446.7 million, up 16.7%, and accounted for 32.0% of total sales (26.1% in 2014-15) compared with a target of around 30%.
- A 45.6% rise in back-catalog sales to €354.6 million, led by sustained sales from franchises as well as digital revenues. The back-catalog represented 25.4% of total sales in 2015-16, confirming an increasingly recurring financial profile.

Main income statement items

Gross profit increased to 78.1% as a percentage of sales (versus 77.0% in 2014-15) but contracted to €1,088.9 million from €1,126.7 million in absolute value terms.

Non-IFRS operating income came in at €169.0 million (€170.5 million in 2014-15), exceeding the Group's revised target of €150 million.

The year-on-year change in non-IFRS operating income reflects the following:

- A €37.8 million decrease in gross profit.
- A €73.2 million reduction in R&D expenses to €500.3 million (35.9% of sales) from €573.5 million (39.2% of sales) in 2014-15, primarily due to the fact that (i) five AAA titles were released in 2014-15 (including Assassin's Creed® Rogue) compared with four in 2015-16, and (ii) two major titles – Tom Clancy's The Division and Far Cry Primal – were released towards the end of the fiscal year.
- A €36.9 million increase in SG&A expenses to €419.6 million (30.1% of sales) from €382.7 million (26.1% of sales) in 2014-15:
 - Variable marketing expenses amounted to €217.3 million (15.6% of sales) compared with €206.1 million (14.1% of sales) in 2014-15. The lower figures for 2014-15 reflect the fact that a portion of the marketing expenses for Watch Dogs was incurred in 2013-14.
 - Structure costs totaled €202.2 million (14.5% of sales) versus €176.6 million (12.1% of sales) in 2014-15, with one third of the year-on-year increase due to currency effects.

Ubisoft recorded non-IFRS net income of €129.0 million for 2015-16, representing non-IFRS diluted earnings per share of €1.13, compared with non-IFRS net income of €112.6 million and non-IFRS diluted earnings per share of €1.00 for the previous year.

IFRS net income amounted to €93.4 million, representing IFRS diluted earnings per share of €0.82, versus IFRS net income of €86.8 million and IFRS diluted earnings per share of €0.77 in 2014-15.

The average tax rate was 24% after taking into consideration the upcoming amendments to the income tax rate in France on temporary differences.

Main cash flow statement⁴ and balance sheet items

Cash flows from operating activities represented a net outflow of €148.8 million compared with a net inflow of €232.4 million in 2014-15. This reflects a €104.5 million cash flow from operations (versus €173.5 million in 2014-15) and a €253.3 million increase in working capital requirement (against a €58.9 million decrease in 2014-15) due to the release of two

⁴ Based on the consolidated cash flow statement for comparison with other industry players (unaudited)

major titles – Tom Clancy’s The Division and Far Cry Primal – towards the end of the fiscal year. Free cash flow before working capital requirement was positive, coming in at €61.8 million.

At March 31, 2016 Ubisoft had net debt of €41.7 million compared with net cash of €211.3 million one year earlier, as the Company bought back 3,488,214 shares during the year for €79.3 million.

Outlook

Sales for the first quarter of 2016-17

The Group expects first-quarter 2016-17 sales to amount to approximately €125.0 million, up 29% on first-quarter 2015-16.

Full-year 2016-17

Ubisoft is standing by its targets for full-year 2016-17, namely sales of around €1,700 million, non-IFRS operating income of approximately €230 million and solid free cash flow generation.

Sales growth for the fiscal year will be driven by:

- A rise in revenues from new games releases, with a larger number of AAA title releases (five compared with four),
- Further strong growth for the back-catalog which is expected to account for around 30% of total sales, fueled by the success of Tom Clancy’s The Division, Far Cry Primal and Tom Clancy’s Rainbow Six Siege,
- Another sharp increase in recurring digital revenues, with the digital segment representing over 35% of total sales.

Recent significant events

Release of Hungry Shark® World: More than 10 million^[1] downloads in less than 6 days, making it the world's second biggest release of the year.

Presentation of the three-year plan: On February 18, 2016, Ubisoft presented its financial targets for 2018-19, which correspond to sales of approximately €2,200 million, non-IFRS operating margin of 20%, and free cash flow of around €300 million.

Appointment of Didier Crespel as Lead Independent Director: Following a proposal from the Appointments Committee, Ubisoft’s Board of Directors decided to create the role of Lead Independent Director, and appointed Didier Crespel to fill this new position. In this role, Mr. Crespel will act as the main point of contact for shareholders on all matters under the Board’s responsibility and will keep the Board informed of any such contacts.

Unveiling of Eagle Flight™: This virtual reality game – which gives players the chance to soar over Paris – will be available on the main virtual reality platforms, including PlayStation VR, Oculus Rift and HTC Vive for PC in 2016.

Ubisoft Motion Pictures: Appointment of Gérard Guillemot as CEO. Gerard has more than 30 years’ experience in the entertainment industry. His detailed knowledge of Ubisoft, experience managing creative teams and expertise in marketing and publishing makes him an ideal choice. He also has been a long-time proponent of pushing Ubisoft’s brands into new entertainment mediums, and as the spearhead of that strategy, Ubisoft Motion Pictures is a natural fit.

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Non-IFRS financial information

Ubisoft considers that "Non-IFRS operating income/(loss)" and "Non-IFRS net income/(loss)" – which are measures that are not prepared strictly in accordance with IFRS – are relevant indicators of the Group's operating and financial performance. Management uses them to run the Group's business as they are the best reflection of its recurring performance and exclude the majority of non-operating and non-recurring items. A reconciliation between the IFRS and non-IFRS measures is provided in the appendices to this press release.

Disclaimer

This statement may contain estimated financial data, information on future projects and transactions and future business results/performance. Such forward-looking data are provided for estimation purposes only. They are subject to market risks and uncertainties and may vary significantly compared with the actual results that will be published. The estimated financial data have been presented to the Board of Directors and have not been audited by the Statutory Auditors. (Additional information is specified in the most recent Ubisoft Registration Document filed on July 2, 2015 with the French Financial Markets Authority (l'Autorité des Marchés Financiers)).

About Ubisoft

Ubisoft is a leading creator, publisher and distributor of interactive entertainment and services, with a rich portfolio of world-renowned brands, including Assassin's Creed, Just Dance, Watch_Dogs, Tom Clancy's video game series, Rayman and Far Cry. The teams throughout Ubisoft's worldwide network of studios and business offices are committed to delivering original and memorable gaming experiences across all popular platforms, including consoles, mobile phones, tablets and PCs. For the 2015-16 fiscal year Ubisoft generated sales of €1,394 million. To learn more, please visit www.ubisoftgroup.com.

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APPENDICES

Breakdown of sales by geographic region

	% Sales	% Sales	% Sales	% Sales
	Q4 2015/16	Q4 2014/15	12 months 2015/16	12 months 2014/15
Europe	43%	45%	40%	43%
North America	47%	41%	48%	46%
Rest of world	10%	14%	12%	11%
TOTAL	100%	100%	100%	100%

Breakdown of sales by platform

	Q4 2015/16	Q4 2014/15	12 months 2015/16	12 months 2014/15
PLAYSTATION®4	48%	23%	42%	32%
XBOX One™	31%	19%	26%	20%
XBOX 360™	1%	10%	4%	13%
PLAYSTATION®3	1%	8%	3%	13%
PC	14%	23%	14%	12%
Wii™	0%	4%	3%	4%
Wii U™	0%	1%	2%	1%
Others*	5%	12%	6%	5%
TOTAL	100%	100%	100%	100%

* Mobile, ancillaries...

Title release schedule
1st quarter (April – June 2016)

DIGITAL

ASSASSIN'S CREED® CHRONICLES	PS VITA
ASSASSIN'S CREED® IDENTITY	Google Play
HUNGRY SHARK® WORLD	App Store, Google Play, Amazon
TOM CLANCY'S THE DIVISION™ INCURSIONS <i>(Free)</i>	PC, PLAYSTATION®4, Xbox One™
TOM CLANCY'S THE DIVISION™ CONFLICT <i>(Free)</i>	PC, PLAYSTATION®4, Xbox One™
TOM CLANCY'S THE DIVISION™ UNDERGROUND	PC, PLAYSTATION®4, Xbox One™

The Statutory Auditors have completed their audit of the consolidated financial statements. They will issue their audit report after verifying the Group's annual financial report.

Consolidated income statement (IFRS, audited)

In thousands of euros	31.03.16	31.03.15*
Sales	1 393 997	1 463 753
Cost of sales	-305 065	-337 073
Gross Margin	1 088 932	1 126 680
Research and Development costs	-509 779	-580 554
Marketing costs	-305 735	-284 965
General and Administrative costs	-117 296	-100 311
Current operating income	156 122	160 850
Non-current expenses and income	-19 334	-21 717
Operating income	136 788	139 133
Net borrowing costs	-7 440	-4 766
Net foreign exchange gains/losses	-5 168	1 159
Other financial income	2 548	6 085
Other financial expenses	-3 666	-1 764
Net financial income	-13 726	712
Income tax	-29 654	-52 996
Profit for the period	93 408	86 849
Earnings per share		
Basic earnings per share (in €)	0,86	0,81
Diluted earnings per share (in €)	0,82	0,77
Weighted average number of shares in issue	108 131 113	107 523 851
Diluted weighted average number of shares in issue	114 198 228	113 297 751

* Restated to reflect the impact of IFRIC 21

Reconciliation of IFRS Net income and non-IFRS Net income

In million of euros, except for per share data	2015-16			2014-15*		
	IFRS	Adjustment	Non-IFRS	IFRS	Adjustment	Non-IFRS
Sales	1 394,0		1 394,0	1 463,8		1 463,8
Total Operating expenses	(1 257,2)	32,3	(1 225,0)	(1 324,6)	31,3	(1 293,3)
Stock-based compensation	(12,9)	12,9	0,0	(9,6)	9,6	0,0
Non-current expenses and income	(19,3)	19,3	(0,0)	(21,7)	21,7	0,0
Operating Income	136,8	32,3	169,0	139,1	31,3	170,5
Net Financial income	(13,7)	3,3	(10,4)	0,7	(5,2)	(4,4)
Income tax	(29,7)	0,0	(29,7)	(53,0)	(0,4)	(53,4)
Net Income	93,4	35,6	129,0	86,8	25,7	112,6
Diluted earnings per share	0,82	0,31	1,13	0,77	0,23	1,00

* Restated to reflect the impact of IFRIC 21

Consolidated balance sheet (IFRS, audited)

ASSETS	Net	Net*
In thousands of euros	31.03.16	31.03.15
Goodwill	106 194	129 906
Other intangible assets	647 602	572 225
Property, plant and equipment	83 946	80 984
Other financial assets	4 339	4 162
Deferred tax assets	122 193	135 051
Non current assets	964 274	922 328
Inventory	19 374	18 425
Trade receivables	419 577	23 904
Other receivables	100 985	113 855
Other current financial assets	13 780	4 919
Current tax assets	41 464	12 380
Cash and cash equivalents	461 375	656 661
Current assets	1 056 555	830 144
Total assets	2 020 829	1 752 472

* Restated to reflect the impact of IFRIC 21

LIABILITIES AND EQUITY	Net	Net*
In thousands of euros	31.03.16	31.03.15
Capital	8 710	8 478
Premiums	215 125	180 515
Consolidated reserves	701 267	703 378
Consolidated earnings	93 408	86 849
Total equity	1 018 510	979 220
Provisions	8 888	7 497
Employee benefit	6 618	5 430
Long-term borrowings	277 383	275 739
Deferred tax liabilities	47 648	48 944
Non-current liabilities	340 537	337 610
Short-term borrowings	228 218	183 226
Trade payables	206 246	94 919
Other liabilities	213 807	149 874
Current tax liabilities	13 511	7 623
Current liabilities	661 782	435 642
Total liabilities	1 002 319	773 252
Total liabilities and equity	2 020 829	1 752 472

* Restated to reflect the impact of IFRIC 21

Consolidated cash flow statement for comparison with other industry players (non audited)

In thousands of euros	31.03.16	31.03.15*
Cash flows from operating activities		
Consolidated earnings	93 408	86 849
+/- Depreciation on internal & external games & movies	402 959	457 889
+/- Other depreciation	59 841	53 075
+/- Provisions	449	3 201
+/- Cost of share-based payments	12 918	9 609
+/- Gains / losses on disposals	104	64
+/- Other income and expenses calculated	24 335	-15 534
+/- Cost of internal development and license development	-489 464	-421 683
CASH FLOW FROM OPERATION	104 550	173 469
Inventory	-11	3 007
Trade receivables	-402 877	53 783
Other assets	-29 918	-29 837
Trade payables	116 466	-5 292
Other liabilities	63 033	37 262
+/- Change in working capital from operating activities	-253 307	58 923
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-148 757	232 392
- Payments for the acquisition of intangible assets and property, plant and equipment	-42 499	-56 244
+ Proceeds from the disposal of intangible assets and property, plant and equipment	67	122
+/- Other cash flows from investing activities	-34 391	-23 709
+ Repayment of loans and other financial assets	34 115	23 373
+/- Changes in scope ⁽¹⁾	358	-3 188
CASH USED BY INVESTING ACTIVITIES	-42 350	-59 646
Cash flows from financing activities		
+ New long term loans	234 554	622 283
+ New finance leases	0	10 142
- Repayment of finance leases	-891	-291
- Repayment of borrowings	-230 216	-466 578
+ Proceeds from shareholders in capital increases	21 924	18 054
+/- Sales / purchases of own shares	-77 272	639
+/- Partner current account	258	-260
CASH GENERATED (USED) BY FINANCING ACTIVITIES	-51 643	183 989
Net change in cash and cash equivalents	-242 750	356 735
Cash and cash equivalents at the beginning of the fiscal year	505 215	115 610
Impact of translation adjustments	-6 777	32 870
Cash and cash equivalents at the end of the fiscal year	255 688	505 215
⁽¹⁾ Including cash in companies acquired and disposed of	371	-
RECONCILIATION OF NET CASH POSITION		
Cash and cash equivalents at the end of the period	255 688	505 215
Bank borrowings and from the restatement of finance leases	-282 372	-278 896
Commercial papers	-15 000	-15 000
NET CASH POSITION	-41 684	211 319

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Consolidated cash flow statement IFRS (audited)

In thousand of euros	31.03.16	31.03.15*
Cash flows from operating activities adjusted		
Consolidated earnings	93 408	86 849
+/- Depreciation	462 800	510 963
+/- Provisions	449	3 201
+/- Cost of share-based payments	12 918	9 609
+/- Gains / losses on disposals	104	64
+/- Other income and expenses calculated	24 335	-15 534
+/- Tax Expense	29 654	52 996
TOTAL CASH FLOW FROM OPERATIONS	623 668	648 148
Inventory	-11	3 007
Trade receivables	-402 877	53 783
Other assets	-30 588	-23 503
Trade payables	116 466	-5 292
Other liabilities	61 635	34 294
+/-Change in working capital from operating activities adjusted	-255 375	62 289
+/- Payable tax expense	-27 586	-56 362
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	340 707	654 075
- Payments for the acquisition of internal & external games	-489 464	-421 683
- Payments for the acquisition of intangible assets and property, plant and equipment	-42 499	-56 244
+ Proceeds from the disposal of intangible assets and property, plant and equipment	67	122
+/- Other cash flows from investing activities	-34 391	-23 709
+ Repayment of loans and other financial assets	34 115	23 373
+/- Changes in scope ⁽¹⁾	358	-3 188
CASH USED BY INVESTING ACTIVITIES ADJUSTED	-531 814	-481 330
Cash flows from financing activities		
+ New long term loans	234 554	622 283
+ New finance leases	0	10 142
- Repayment of finance leases	-891	-291
- Repayment of borrowings	-230 216	-466 578
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