



UBISOFT® REPORTS FIRST-HALF 2015-16 SALES AND EARNINGS FIGURES

- **€207.3 million in sales, coming in above target**
 - An excellent showing from major franchises with a 53.1% jump in back-catalog sales to €184.3 million.
- **Ever-growing proportion of revenues from the digital segment**
 - Revenues from the digital segment came to €100.1 million, representing 48.3% of total sales (versus 27.8% in first-half 2014-15).
- **Confirmation of targets for full-year 2015-16**
 - Sharp increase in sales expected in the second half thanks to the launch of five major titles – Assassin’s Creed® Syndicate, Far Cry® Primal, Just Dance® 2016, Rainbow Six® Siege and The Division™ – compared with four last year
 - Stable year-on-year sales
 - Growing Non-IFRS operating income to at least 200 M€

Paris, November 4, 2015 - Today, Ubisoft released its sales and earnings figures for the six months ended September 30, 2015.

Yves Guillemot, Co-Founder and Chief Executive Officer, stated *"The quality of our back-catalog and the growing digitization of our business enabled us to deliver a solid performance in the first half of the year, even though – as planned – we did not release any major titles during the period. The fact that more than 80% of our annual sales are expected to be generated in the second half of the year mechanically weighed on our earnings for the first six months."*

Yves Guillemot continued by saying *"The outlook for our industry continues to be very promising, with a return to growth, a healthier competitive environment, and the favorable impact of digital. Against this backdrop, Ubisoft has unique value-creating potential. We are ideally positioned in open-world games, whose market share is increasing. We also own our brands and have the in-house skills and expertise to create them. These two significant characteristics offer our shareholders an unrivalled level of long term visibility and security. In addition, the release of numerous multi-player games such as For Honor, Ghost Recon Wildlands, Rainbow Six Siege and The Division represent a major opportunity to develop players’ engagement and grow our highly-profitable digital segment. And lastly, we are pioneers in leveraging our brands in areas beyond video games, as demonstrated by the agreements we have signed with the most powerful international partners such as Columbia, Fox New Regency, Nickelodeon and Warner."*

Guillemot concluded by saying *"We continue developing Ubisoft’s business with the aim of becoming one of the highest-performing groups in the video game industry and a leader in the overall entertainment sector. In doing so, we are offering our shareholders significant value-creation potential for the coming years."*

Non-IFRS income statement and key financial data

In € millions	H1 2015-16	%	H1 2014-15*	%
Sales	207.3		484.2	
Gross margin	154.3	74.4%	378.1	78.1%
R&D expenses	(99.5)	-48.0%	(181.2)	-37.4%
Selling expenses	(111.1)	-53.6%	(127.2)	-26.3%
General and administrative expenses	(51.5)	-24.9%	(44.9)	-9.3%
Total SG&A expenses	(162.6)	-78.4%	(172.1)	-35.5%
Non-IFRS operating income/(loss)	(107.8)	-52.0%	24.9	5.1%
Non-IFRS net income/(loss)	(65.7)		17.5	
Non-IFRS diluted earnings/(loss) per share (in €)	(0.57)		0.15	
Cash flows from operating activities**	(334.7)		(19.5)	
R&D investment expenditure***	(270.6)		(250.0)	
Net cash/(debt) position	(155.5)		(40.3)	

* Restated to reflect the impact of IFRIC 21

** Based on the consolidated cash flow statement for comparison with other industry players (unreviewed)

*** Including royalties but excluding future commitments

Sales

Sales for the first half of 2015-16 came to €207.3 million, down 57.2% (or 60.3% at constant exchange rates) compared with the €484.2 million recorded for first-half 2014-15, which saw the release of Watch Dogs®.

Sales in the second quarter of 2015-16 totaled €110.7 million versus €124.1 million in the corresponding prior-year period, representing a decrease of 10.8% (or 16.8% at constant exchange rates). This second-quarter showing was higher than the target of approximately €90.0 million issued when Ubisoft released its sales figures for the first quarter 2015-16.

Ubisoft's sales performance in first-half 2015-16 reflects:

- The excellent staying power of major franchises (Assassin's Creed, Far Cry, Just Dance, The Crew® and Watch Dogs), which drove up back-catalog sales by 53.1% to €184.3 million.
- The ever-growing importance of the digital segment, whose revenues amounted to €100.1 million, representing 48.3% of Ubisoft's total sales for the period versus 27.8% in first-half 2014-15.

Main income statement items

Gross margin represented 74.4% of sales (€154.3 million) in the first half of 2015-16, versus 78.1% (€378.1 million) for the first six months of 2014-15. This decrease was due to the strong proportion of sales generated by the back-catalog, which has a lower gross margin. However, compared with the first six months of 2012-13 and 2013-14, gross margin grew by 5 points.

Ubisoft reported a non-IFRS operating loss of €107.8 million for first-half 2015-16, versus non-IFRS operating income of €24.9 million in the first six months of 2014-15 (when sales reached €484.2 million thanks to the release of Watch Dogs) and a non-IFRS operating loss of €98.0 million in first-half 2013-14 (when sales came to €293.3 million).

The non-IFRS operating income gap reflects the combined impact of the following factors:

- A €223.8 million contraction in gross margin, partially offset by
- a €81.7 million decrease in R&D expenses to €99.5 million (48.0% of sales) from €181.2 million (37.4% of sales) in first-half 2014-15,
- a €9.5 million reduction in SG&A expenses to €162.6 million (78.4% of sales) from €172.1 million (35.5% of sales) in the first six months of 2014-15:
 - Variable marketing expenses amounted to €72.4 million (34.9% of sales) compared with €91.9 million (19.0%) in first-half 2014-15.
 - Structure costs amounted to €90.2 million (43.5% of sales) versus €80.8 million (16.7%). Half of this year-on-year increase was due to the currency effect.

Ubisoft ended the first half of 2015-16 with a non-IFRS net loss of €65.7 million, representing a non-IFRS diluted loss per share of €0.57, compared with non-IFRS net income of €17.5 million for the first half of 2014-15, representing non-IFRS diluted earnings per share of €0.15, and a non-IFRS net loss of €62.1 million and a non-IFRS diluted loss per share of €0.59 in first-half 2013-14.

The IFRS net loss for the first half of 2015-16 came to €75.2 million, representing an IFRS diluted loss per share of €0.65, compared with IFRS net income of €12.1 million and IFRS diluted earnings per share of €0.11 in first-half 2014-15, and an IFRS net loss of €62.3 million and an IFRS diluted loss per share of €0.60 in the first six months of 2013-14.

Main cash flow statement¹ and balance sheet items

Cash flows from operating activities represented a net outflow of €334.7 million compared with a €19.5 million net outflow in first-half 2014-15 and a €260.7 million net outflow in the first six months of 2013-14. This reflects a negative €208.8 million in cash flow from operations (versus a negative €37.1 million in the same period of 2014-15 and a negative €144.8 million in the first six months of 2013-14) and a €125.9 million increase in working capital requirement (against a €17.5 million decrease in first-half 2014-15 and a €115.9 million increase in the first six months of 2013-14).

At September 30, 2015 Ubisoft had net debt of €155.5 million versus €40.3 million at September 30, 2014 and €141.8 million at September 30, 2013.

¹ Based on the consolidated cash flow statement for comparison with other industry players (not reviewed)

Outlook

Sales for the third quarter of 2015-16

The third quarter of 2015-16 will see the following main releases:

- Assassin's Creed Syndicate for PC, PLAYSTATION®4 and Xbox One™
- Just Dance 2016 for PLAYSTATION®3, PLAYSTATION®4, Xbox 360™, Xbox One™, Wii™ and Wii U™
- Rayman® Adventures for iOS, Apple TV, Google Play and Amazon
- The Crew Wild Run (expansion) for PC, PLAYSTATION®4 and Xbox One™
- Tom Clancy's Rainbow Six® Siege for PC, PLAYSTATION®4 and Xbox One™

Ubisoft expects third-quarter 2015-16 sales to amount to around €600 million, down 26% on the third quarter of 2014-15.

Full-year 2015-16

Ubisoft confirms its previously-announced targets for full-year 2015-16, with sales expected to be stable compared with full-year 2014-15 and non-IFRS operating income projected to amount to at least €200 million.

Recent significant events

Share buyback program: On October 30, 2015, the Company bought back 1 248 214 Ubisoft shares for €20 million, representing 20% of the overall share buyback program.

Announcement of Far Cry Primal: Developed by Ubisoft Montreal, Far Cry Primal will be available on February 23, 2016 on PLAYSTATION®4 and Xbox One™ and in March on PC.

Acquisition of the Ivory Tower studio: Ivory Tower led the development of The Crew, a game with a strong online component.

Project for a Ubisoft theme park in Malaysia in partnership with RSG: Ubisoft is developing a next-generation theme park project in Kuala Lumpur for 2020. The production and financing for the project will be provided by Malaysian theme-park developer, RSG.

Acquisition of Longtail Halifax assets: This studio, which is known for its collaboration on games like Rocksmith®, will focus on the development of mobile titles.

Contact

Investor relations

Jean-Benoît Roquette
SVP Investor Relations
+ 33 1 48 18 52 39

Jean-benoit.roquette@ubisoft.com

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 2014-15 fiscal year Ubisoft generated sales of €1,464 million. To learn more, please visit www.ubisoftgroup.com.

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APPENDICES

Breakdown of sales by geographic region

	% Sales	% Sales	% Sales	% Sales
	Q2 2015/16	Q2 2014/15	6 months 2015/16	6 months 2014/15
Europe	44%	47%	45%	45%
North America	44%	40%	43%	43%
Rest of world	12%	13%	12%	12%
TOTAL	100%	100%	100%	100%

Breakdown of sales by platform

	Q2 2015/16	Q2 2014/15	6 months 2015/16	6 months 2014/15
PLAYSTATION®4	27%	21%	27%	32%
XBOX One™	12%	9%	12%	15%
XBOX 360™	9%	16%	10%	14%
PLAYSTATION®3	9%	19%	10%	17%
PC	17%	17%	20%	15%
Wii™	3%	2%	2%	1%
Wii U™	1%	1%	1%	0%
Others*	22%	15%	18%	6%
TOTAL	100%	100%	100%	100%

* Mobile, ancillaries...

Title release schedule
3rd quarter (October – December 2015)

PACKAGED /DIGITAL

ANNO 2205™	PC
ASSASSIN'S CREED® SYNDICATE	PC, PLAYSTATION®4, Xbox One™
GRAVITY FALLS	3DS
JUST DANCE® 2016	PLAYSTATION®3, PLAYSTATION®4, Xbox 360™, Xbox One™, Wii™, Wii U™
JUST DANCE®: DISNEY PARTY 2	Xbox 360™, Xbox One™, Wii™, Wii U™
THE CREW® WILD RUN (Expansion)	PC, PLAYSTATION®4, Xbox One™
TOM CLANCY'S RAINBOW SIX® SIEGE	PC, PLAYSTATION®4, Xbox One™

DIGITAL

CARE BEARS BELLY MATCH™	iOS, Google Play, Amazon
RAYMAN® ADVENTURES	iOS, Apple TV, Google Play, Amazon
TOM CLANCY'S ENDWAR® ONLINE	PC Browser-based

The Statutory Auditors have completed the procedures for their limited review of the consolidated financial statements.

Consolidated income statement (IFRS, reviewed)

In thousands of euros	30.09.15	30.09.14*
Sales	207 318	484 168
Cost of sales	-53 043	-106 031
Gross Margin	154 275	378 137
Research and Development costs	-103 934	-184 855
Marketing costs	-111 653	-127 878
General and Administrative costs	-52 552	-45 532
Current operating income	-113 864	19 872
Non-current expenses and income	-3 500	-5 662
Operating income	-117 364	14 210
Net borrowing costs	-3 570	-2 832
Net foreign exchange gains/losses	-3 361	222
Other financial income	1 361	5 590
Other financial expenses	-293	-252
Net financial income	-5 864	2 728
Income tax	48 066	-4 812
Profit for the period	-75 162	12 126
Earnings per share		
Basic earnings per share (in €)	-0,68	0,11
Diluted earnings per share (in €)	-0,65	0,11
Weighted average number of shares in issue	110 033 218	106 473 849
Diluted weighted average number of shares in issue	115 898 116	112 930 545

* 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	S1 2015-16			S1 2014-15*		
	IFRS	Adjustment	Non-IFRS	IFRS	Adjustment	Non-IFRS
Sales	207,3		207,3	484,2		484,2
Total Operating expenses	(324,6)	9,5	(315,1)	(470,0)	10,6	(459,4)
Stock-based compensation	(6,0)	6,0	0,0	(5,0)	5,0	0,0
Non-current expenses and income	(3,5)	3,5	0,0	(5,7)	5,7	0,0
Operating Income	(117,3)	9,5	(107,8)	14,2	10,7	24,8
Net Financial income	(5,9)	0,0	(5,9)	2,7	(5,3)	(2,5)
Income tax	48,1	0,0	48,1	(4,8)	0,0	(4,8)
Net Income	(75,2)	9,5	(65,7)	12,1	5,4	17,5
Diluted earnings per share	(0,65)	0,08	(0,57)	0,11	0,05	0,15

* Restated to reflect the impact of IFRIC 21

Consolidated balance sheet (IFRS , reviewed)

ASSETS	Net	Net*
In thousands of euros	30.09.15	31.03.15
Goodwill	124 522	129 906
Other intangible assets	738 424	572 225
Property, plant and equipment	83 634	80 984
Other financial assets	4 102	4 162
Deferred tax assets	183 229	135 051
Non current assets	1 133 911	922 328
Inventory	50 059	18 425
Trade receivables	27 199	23 904
Other receivables	83 263	113 855
Other current financial assets	4 496	4 919
Current tax assets	34 202	12 380
Cash and cash equivalents	273 038	656 661
Current assets	472 257	830 144
Total assets	1 606 168	1 752 472

* Restated to reflect the impact of IFRIC 21

LIABILITIES AND EQUITY	Net	Net*
In thousands of euros	30.09.15	31.03.15
Capital	8 651	8 478
Premiums	202 755	180 515
Consolidated reserves	755 742	703 378
Consolidated earnings	-75 162	86 849
Total equity	891 986	979 220
Provisions	7 074	7 497
Employee benefit	6 156	5 430
Long-term borrowings	275 243	275 739
Deferred tax liabilities	49 263	48 944
Non-current liabilities	337 736	337 610
Short-term borrowings	158 870	183 226
Trade payables	108 264	94 919
Other liabilities	104 124	149 874
Current tax liabilities	5 188	7 623
Current liabilities	376 446	435 642
Total liabilities	714 182	773 252
Total liabilities and equity	1 606 168	1 752 472

* Restated to reflect the impact of IFRIC 21

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

In thousands of euros	30.09.15	30.09.14*
Cash flows from operating activities		
Consolidated earnings	-75 162	12 126
+/- Depreciation on internal & external games & movies	64 201	141 234
+/- Other depreciation	22 361	20 847
+/- Provisions	120	627
+/- Cost of share-based payments	6 015	4 982
+/- Gains / losses on disposals	103	16
+/- Other income and expenses calculated	8 821	-6 799
+/- Cost of internal development and license development	-235 292	-210 100
CASH FLOW FROM OPERATION	-208 833	-37 067
Inventory	-32 361	-16 857
Trade receivables	-3 050	54 276
Other assets	-53 824	-26 679
Trade payables	11 470	4 939
Other liabilities	-48 116	1 840
+/- Change in working capital from operating activities	-125 881	17 519
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-334 714	-19 548
- Payments for the acquisition of intangible assets and property, plant and equipment	-24 150	-28 110
+ Proceeds from the disposal of intangible assets and property, plant and equipment	3	29
+/- Other cash flows from investing activities	-15 299	-10 290
+ Repayment of loans and other financial assets	15 212	10 201
+/- Changes in scope ⁽¹⁾	-3	-2 299
CASH USED BY INVESTING ACTIVITIES	-24 237	-30 471
Cash flows from financing activities		
+ New long term loans	100 338	139 662
+ New finance leases	-439	-47
- Repayment of finance leases	-100 503	-156 506
- Repayment of borrowings	16 399	7 136
+ Proceeds from shareholders in capital increases	-18 479	397
+/- Sales / purchases of own shares	259	-
CASH GENERATED (USED) BY FINANCING ACTIVITIES	-2 425	-9 358
Net change in cash and cash equivalents	-361 376	-59 376
Cash and cash equivalents at the beginning of the fiscal year	505 215	115 610
Impact of translation adjustments	-6 114	14 865
Cash and cash equivalents at the end of the fiscal year	137 725	71 100
⁽¹⁾ Including cash in companies acquired and disposed of	0	-

RECONCILIATION OF NET CASH POSITION

Cash and cash equivalents at the end of the period	137 725	71 100
Bank borrowings and from the restatement of finance leases	-278 253	-64 936
Commercial papers	-15 000	-46 500
NET CASH POSITION	-155 528	-40 336

* Restated to reflect the impact of IFRIC 21

Consolidated cash flow statement IFRS (reviewed)

In thousand of euros	30.09.15	30.09.14*
Cash flows from operating activities adjusted		
Consolidated earnings	-75 162	12 126
+/- Depreciation	86 562	162 081
+/- Provisions	120	627
+/- Cost of share-based payments	6 015	4 982
+/- Gains / losses on disposals	103	16
+/- Other income and expenses calculated	8 821	-6 799
+/- Tax Expense	-48 066	4 811
TOTAL CASH FLOW FROM OPERATIONS	-21 607	177 844
Inventory	-32 361	-16 856
Trade receivables	-3 050	54 276
Other assets	141	-20 423
Trade payables	11 470	4 939
Other liabilities	-51 998	-6 341
+/-Change in working capital from operating activities adjusted	-75 798	15 595
+/- Payable tax expense	-2 017	-2 887
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-99 422	190 552
- Payments for the acquisition of internal & external games	-235 292	-210 100
- Payments for the acquisition of intangible assets and property, plant and equipment	-24 150	-28 110
+ Proceeds from the disposal of intangible assets and property, plant and equipment	3	29
+/- Other cash flows from investing activities	-15 299	-10 290
+ Repayment of loans and other financial assets	15 212	10 201
+/- Changes in scope ⁽¹⁾	-3	-2 300
CASH USED BY INVESTING ACTIVITIES ADJUSTED	-259 529	-240 570
Cash flows from financing activities		
+ New long term loans	100 338	139 662
+ New finance leases	-439	-46
- Repayment of finance leases	-100 503	-156 506
- Repayment of borrowings	16 399	7 136
+ Proceeds from shareholders in capital increases	-18 479	397
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