



## UBISOFT® REPORTS FIRST-HALF 2014-15 SALES AND EARNINGS FIGURES

- **Higher-than-expected first-half performance**
  - **Sales: €484 million**
  - **Non-IFRS operating income: €24 million**
- **Targets for full-year 2014-15 and 2015-16 confirmed**

**Paris, October 30, 2014** – Today, Ubisoft released its sales and earnings figures for the six months ended September 30, 2014.

### Non-IFRS income statement and key financial data

In € millions	H1 2014-15	%	H1 2013-14	%
<b>Sales</b>	<b>484.2</b>		<b>293.3</b>	
Gross margin	378.1	78.1%	202.2	68.9%
R&D expenses	(181.2)	-37.4%	(138.9)	-47.4%
Selling expenses	(127.2)	-26.3%	(123.5)	-42.1%
General and administrative expenses	(45.6)	-9.4%	(37.8)	-12.9%
Total SG&A expenses	(172.8)	-35.7%	(161.3)	-55.0%
<b>Non IFRS operating income/(loss)</b>	<b>24.2</b>	<b>5.0%</b>	<b>(98.0)</b>	<b>-33.4%</b>
<b>Non-IFRS net income/(loss)</b>	<b>17.1</b>		<b>(62.1)</b>	
<b>Non-IFRS diluted earnings/(loss) per share (in €)</b>	<b>0.15</b>		<b>(0.59)</b>	
<b>Cash flows from operating activities*</b>	<b>(19.5)</b>		<b>(260.7)</b>	
R&D investment expenditure**	(250.0)		(233.3)	
<b>Net cash/(debt) position</b>	<b>(40.3)</b>		<b>(141.7)</b>	

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

\*\* Including royalties but excluding future commitments

Commenting on these results, Yves Guillemot, Chief Executive Officer, stated *"The very strong momentum we saw at the beginning of the fiscal year carried on into the second quarter and enabled us to once again exceed our performance expectations. Ubisoft continued to capitalize on the popularity of new consoles, the successful launch of Watch Dogs, the quality of its back catalog and the considerable growth of the digital segment. Consequently, our operating income and cash flows improved significantly during the period."*

## Sales

Sales for the first half of 2014-15 came to €484.2 million, up 65.1% (or 67.9% at constant exchange rates) compared with the €293.3 million recorded for first-half 2013-14.

Sales in the second quarter of 2014-15 totaled €124.1 million versus €217.7 million in the corresponding prior-year period, representing a decrease of 42.9% (or 45.2% at constant exchange rates). Second-quarter 2014-15 sales were higher than the target of approximately €85.0 million issued when Ubisoft released its sales figures for the first quarter of the fiscal year.

Ubisoft's sales performance in first-half 2014-15 reflects:

- The ongoing success of Watch Dogs<sup>®</sup>, with more than 9 million units sold in.
- A 90.4% surge in digital segment revenues, which reached €134.7 million (27.8% of total sales), fueled by digital distribution, mobile operations and sales of items and DLC.
- A firm back catalog showing, stable at €113.7 million, thanks to the performance of Assassin's Creed<sup>®</sup> Black Flag, South Park<sup>™</sup>: The Stick of Truth<sup>™</sup>, Far Cry<sup>®</sup> 3 and Rayman<sup>®</sup> Legends.

## Main income statement items

Gross margin represented a record 78.1% of sales (€378.1 million) in the first half of 2014-15, up from 68.9% (€202.2 million) for the first six months of 2013-14. This sharp improvement reflects the positive impact of the success of Ubisoft's games and the increasing importance of the digital segment.

Ubisoft ended the first half of 2014-15 with non-IFRS operating income of €24.2 million, a significant improvement on the €98.0 million operating loss reported for the same period of 2013-14.

This year-on-year positive swing reflects the following combined factors:

- A €175.9 million increase in gross margin.
- A €42.2 million rise in R&D expenses to €181.2 million (37.4% of sales) from €138.9 million (47.4% of sales) in first-half 2013-14.
- An €11.5 million increase in SG&A expenses to €172.8 million (35.7% of sales) from €161.3 million (55.0% of sales) in the first six months of 2013-14:
  - Variable marketing expenses represented 19.0% of sales (€91.9 million) compared with 30.0% (€88.0 million) in first-half 2013-14.
  - Structure costs corresponded to 16.7% of sales (€80.8 million) against 25.0% (€73.2 million).

Ubisoft recorded non-IFRS net income of €17.1 million for the first half of 2014-15, representing non-IFRS diluted earnings per share of €0.15, compared with 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.

IFRS net income came to €11.7 million, representing IFRS diluted earnings per share of €0.10, versus an IFRS net loss of €62.3 million and an IFRS diluted loss per share of €0.60 for the first six months of 2013-14.

## Main cash flow statement<sup>1</sup> and balance sheet items

Cash flows from operating activities represented a net outflow of €19.5 million compared with a €260.7 million net outflow in first-half 2013-14. This reflects a negative €37.5 million in cash flow from operations (versus a negative €144.7 million in the same period of 2013-14) and an €17.9 million reduction in working capital requirement (against a €115.9 million increase in first-half 2013-14).

As of September 30, 2014, Ubisoft had net debt of €40.3 million versus €141.8 million one year earlier. The increase compared with the net debt position of €12.7 million as of March 31, 2014 was primarily attributable to:

- The above-mentioned €19.5 million net cash outflow from operating activities.
- €28.1 million in purchases of tangible and intangible assets.
- €2.3 million in cash outflows for business acquisitions.
- A €7.5 million inflow from equity increases.
- €14.9 million in positive translation adjustments.

## Outlook

Yves Guillemot stated *"Our performance in the first half of the fiscal year has strengthened our confidence that we will reach our annual targets. It demonstrates that our strategy of creating strong brands and investing in digital is paying off. This strategy is underpinned by a creative force of an unrivalled scale as well as constantly enhanced execution. It has positioned us at the forefront of the new console cycle and will be a determining factor in creating value for our shareholders in the short, medium and long term."*

He concluded by saying *"We also are standing by our target for 2015-16."*

### Full-year 2014-15

Ubisoft is standing by its previously-announced targets for full-year 2014-15, namely sales of at least €1,400 million and non-IFRS operating income of at least €150 million.

### Sales for the third quarter of 2014-15

The third quarter of 2014-15 will see the following main releases:

- Assassin's Creed® Unity for Xbox One™, PLAYSTATION®4 and PC
- Assassin's Creed® Rogue for PLAYSTATION®3 and Xbox 360™
- Far Cry® 4 for PLAYSTATION®4, Xbox One™, PC, PLAYSTATION®3 and Xbox 360™
- Just Dance® 2015 for PLAYSTATION®4, Xbox One™, PLAYSTATION®3, Xbox 360™, Wii™ and Wii U™
- The Crew™ for PLAYSTATION®4, Xbox One™, PC and Xbox 360™

Ubisoft expects third-quarter 2014-15 sales to amount to around €730 million, up by 40% on the third quarter of 2013-14.

### Full-year 2015-16

Ubisoft confirms that it expects its non-IFRS operating income to amount to at least €200 million for full-year 2015-16.

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<sup>1</sup> Based on the consolidated cash flow statement for comparison with other industry players (non audited)

## Recent significant events

**Market share:** In the first nine months of calendar 2014, Ubisoft was the number 3 independent publisher in the United States with 10.0% market share (compared with number 4 and 5.4% one year earlier) and number 3 in Europe with 12.3% market share (compared with number 3 and 7.2%). Source: NPD and GFK.

### Contact

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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 June 26, 2014 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, Tom Clancy's video game series, Rayman, Far Cry and Watch Dogs. 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 2013-14 fiscal year Ubisoft generated sales of €1,007 million. To learn more, please visit [www.ubisoftgroup.com](http://www.ubisoftgroup.com).

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## **APPENDICES**

### **Breakdown of sales by geographic region**

	<b>% Sales</b>	<b>% Sales</b>	<b>% Sales</b>	<b>% Sales</b>
	<b>Q2 2014/15</b>	<b>Q2 2013/14</b>	<b>6 months 2014/15</b>	<b>6 months 2013/14</b>
Europe	47%	41%	45%	40%
North America	40%	49%	43%	50%
Rest of world	13%	10%	12%	10%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### **Breakdown of sales by platform**

	<b>Q2 2014/15</b>	<b>Q2 2013/14</b>	<b>6 months 2014/15</b>	<b>6 months 2013/14</b>
PLAYSTATION®4	21%	0%	32%	0%
XBOX One™	9%	0%	15%	0%
XBOX 360™	16%	30%	14%	29%
PLAYSTATION®3	19%	24%	17%	24%
PC	17%	13%	15%	17%
Wii™	2%	20%	1%	18%
Wii U™	1%	7%	0%	6%
Nintendo 3 DS™	1%	0%	0%	1%
PLAYSTATION® VITA	1%	2%	0%	2%
Others	13%	4%	6%	3%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Title release schedule**  
**3rd quarter (October – December 2014)**

**PACKAGED GOODS**

ASSASSIN'S CREED® ROGUE	PLAYSTATION®3, Xbox 360™
ASSASSIN'S CREED® UNITY	PC, PLAYSTATION®4, , Xbox One™
FAR CRY® 4	PC, PLAYSTATION®3, PLAYSTATION®4, Xbox 360™, Xbox One™
IMAGINE® COLLECTION	3DS
JUST DANCE® 2015	PLAYSTATION®3, PLAYSTATION®4, Xbox 360™, Xbox One™, Wii™, Wii U™
PETZ® COUNTRYSIDE	3DS
PETZ® BEACH	3DS
POPTROPICA FORGOTTEN ISLANDS <i>(US only)</i>	3DS
RABBIDS® INVASION THE INTERACTIVE TV SHOW	PLAYSTATION®4, Xbox 360™, Xbox One™
RAYMAN® AND RABBIDS® FAMILY PACK	3DS
ROCKSMITH® 2014	PLAYSTATION®4, Xbox One™
SHAPE UP	Xbox One™
TETRIS® ULTIMATE	3DS
THE CREW™	PC, PLAYSTATION®4, Xbox 360™, Xbox One™
WATCH DOGS®	Wii U™

**ONLINE DIGITAL MOBILE**

GALAXY LIFE®	Android
HASBRO GAME CHANNEL (MONOPOLY, RISK, TRIVIAL PURSUIT LIVE!)	PLAYSTATION®3, PLAYSTATION®4, Xbox 360™, Xbox One™
THE BOT SQUAD PUZZLE BATTLES	Android, iOS

The Statutory Auditors have completed the procedures for their limited review of the consolidated financial statements. They will issue their limited review report after verifying the Group's interim financial report.

## Consolidated income statement (IFRS, reviewed)

In thousands of euros	09.30.14	09.30.13
<b>Sales</b>	<b>484 168</b>	<b>293 349</b>
Cost of sales	-106 031	-91 123
<b>Gross Margin</b>	<b>378 137</b>	<b>202 226</b>
Research and Development costs	-184 855	-142 191
Marketing costs	-127 878	-123 840
General and Administrative costs	-46 209	-38 452
<b>Current operating income</b>	<b>19 195</b>	<b>-102 257</b>
Non-current expenses and income	-5 662	-11 724
<b>Operating income</b>	<b>13 533</b>	<b>-113 981</b>
Net borrowing costs	-2 832	-2 388
Net foreign exchange gains/losses	222	-803
Other financial income	5 590	16 710
Other financial expenses	-252	-74
<b>Net financial income</b>	<b>2 728</b>	<b>13 444</b>
Share of profit of associates	0	0
Income tax	-4 569	38 194
<b>Profit for the period</b>	<b>11 691</b>	<b>-62 342</b>
<b>Earnings per share</b>		
Basic earnings per share (in €)	0,11	-0,63
Diluted earnings per share (in €)	0,10	-0,60
Weighted average number of shares in issue	106 473 849	99 602 251
Diluted weighted average number of shares in issue	112 930 545	104 508 310

## Reconciliation of IFRS Net income and non-IFRS Net income

In million of euros, except for per share data	H1 2014-15			H1 2013-14		
	IFRS	Adjustment	Non-IFRS	IFRS	Adjustment	Non-IFRS
<b>Sales</b>	<b>484,2</b>		<b>484,2</b>	<b>293,3</b>		<b>293,3</b>
<b>Total Operating expenses</b>	<b>(470,6)</b>	<b>10,6</b>	<b>(460,0)</b>	<b>(407,3)</b>	<b>16,0</b>	<b>(391,3)</b>
Stock-based compensation	(5,0)	5,0	0,0	(4,3)	4,3	0,0
Non-current expenses and income	(5,7)	5,7	0,0	(11,7)	11,7	0,0
<b>Operating Income</b>	<b>13,5</b>	<b>10,7</b>	<b>24,2</b>	<b>(114,0)</b>	<b>16,0</b>	<b>(98,0)</b>
Net Financial income	2,7	(5,3)	(2,5)	13,4	(15,8)	(2,4)
Income tax	(4,6)	0,0	(4,6)	38,2	0,0	38,2
<b>Net Income</b>	<b>11,7</b>	<b>5,4</b>	<b>17,1</b>	<b>(62,3)</b>	<b>0,2</b>	<b>(62,1)</b>
<b>Diluted earnings per share</b>	<b>0,10</b>	<b>0,05</b>	<b>0,15</b>	(0,60)	0,00	(0,59)



## Consolidated balance sheet (IFRS , reviewed)

<b>ASSETS</b>	<b>Net</b>	<b>Net</b>
In thousands of euros	<b>09.30.14</b>	<b>03.31.14</b>
Goodwill	139 163	138 335
Other intangible assets	673 163	598 523
Property, plant and equipment	67 598	56 740
Other financial assets	3 773	3 566
Deferred tax assets	131 429	116 226
Non current assets	<b>1 015 127</b>	<b>913 391</b>
Inventory	38 643	21 343
Trade receivables	20 879	73 320
Other receivables	93 219	74 812
Other current financial assets	3 606	1 532
Current tax assets	18 782	16 972
Cash and cash equivalents	163 932	237 946
Current assets	<b>339 061</b>	<b>425 925</b>
<b>Total assets</b>	<b>1 354 188</b>	<b>1 339 316</b>

<b>LIABILITIES AND EQUITY</b>	<b>Net</b>	<b>Net</b>
In thousands of euros	<b>09.30.14</b>	<b>03.31.14</b>
Capital	8 297	8 200
Premiums	165 150	337 250
Consolidated reserves	674 676	530 123
Consolidated earnings	11 690	-65 525
Total equity	<b>859 814</b>	<b>810 048</b>
Provisions	4 171	4 304
Employee benefit	4 292	3 715
Long-term borrowings	63 018	63 439
Deferred tax liabilities	52 303	40 956
Non-current liabilities	<b>123 784</b>	<b>112 415</b>
Short-term borrowings	144 793	189 323
Trade payables	101 987	93 643
Other liabilities	118 500	128 884
Current tax liabilities	5 310	5 003
Current liabilities	<b>370 589</b>	<b>416 853</b>
Total liabilities	<b>494 374</b>	<b>529 268</b>
<b>Total liabilities and equity</b>	<b>1 354 188</b>	<b>1 339 316</b>

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

In thousands of euros	09.30.14	09.30.13
<b>Cash flows from operating activities</b>		
Consolidated earnings	11 690	-62 342
+/- Share of profit of associates	0	0
+/- Depreciation on internal & external games & movies	141 234	114 070
+/- Other depreciation	20 847	24 086
+/- Provisions	627	-545
+/- Cost of share-based payments	4 982	4 299
+/- Gains / losses on disposals	16	-4 217
+/- Other income and expenses calculated	-6 799	-11 673
+/- Cost of internal development and license development	-210 100	-208 439
<b>CASH FLOW FROM OPERATION</b>	<b>-37 503</b>	<b>-144 761</b>
Inventory	-16 857	-23 670
Trade receivables	54 276	-85 512
Other assets	-26 679	-16 856
Trade payables	4 939	43 570
Other liabilities	2 275	-33 422
<b>+/- Change in working capital from operating activities</b>	<b>17 955</b>	<b>-115 890</b>
<b>TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>-19 548</b>	<b>-260 651</b>
- Payments for the acquisition of intangible assets and property, plant and equipment	-28 110	-16 395
+ Proceeds from the disposal of intangible assets and property, plant and equipment	29	104
+ Stock disposal	0	6 003
+/- Other cash flows from investing activities	-10 290	-7 266
+ Repayment of loans and other financial assets	10 201	7 393
+/- Changes in scope <sup>(1)</sup>	-2 299	-3 090
<b>CASH USED BY INVESTING ACTIVITIES</b>	<b>-30 471</b>	<b>-13 251</b>
<b>Cash flows from financing activities</b>		
+ New long term loans	139 662	40 931
+ New finance leases	0	0
- Repayment of finance leases	-47	-62
- Repayment of borrowings	-156 506	-535
+ Proceeds from shareholders in capital increases	7 136	36 344
+/- Sales / purchases of own shares	397	-85
<b>CASH GENERATED (USED) BY FINANCING ACTIVITIES</b>	<b>-9 358</b>	<b>76 593</b>
<b>Net change in cash and cash equivalents</b>	<b>-59 376</b>	<b>-197 309</b>
Cash and cash equivalents at the beginning of the fiscal year	115 610	129 505
Impact of translation adjustments	14 865	-8 720
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>71 100</b>	<b>-76 524</b>
<sup>(1)</sup> Including cash in companies acquired and disposed of	-	371
<b>RECONCILIATION OF NET CASH POSITION</b>		
<b>Cash and cash equivalents at the end of the period</b>	<b>71 100</b>	<b>-76 524</b>
Bank borrowings and from the restatement of finance leases	-64 936	-65 253
Commercial papers	-46 500	-
<b>NET CASH POSITION</b>	<b>-40 336</b>	<b>-141 777</b>

## Consolidated cash flow statement IFRS (reviewed)

In thousand of euros	09.30.14	09.30.13
<b>Cash flows from operating activities adjusted</b>		
Consolidated earnings	11 690	-62 342
+/- Share of profit of associates	0	0
+/- Depreciation	162 081	138 156
+/- Provisions	627	-545
+/- Cost of share-based payments	4 982	4 299
+/- Gains / losses on disposals	16	-4 217
+/- Other income and expenses calculated	-6 799	-11 673
+/- Tax Expense	4 570	-38 195
<b>TOTAL CASH FLOW FROM OPERATIONS</b>	<b>177 168</b>	<b>25 483</b>
Inventory	-16 857	-23 670
Trade receivables	54 276	-85 512
Other assets	-20 424	19 664
Trade payables	4 939	43 570
Other liabilities	-5 666	-24 304
<b>+/-Change in working capital from operating activities adjusted</b>	<b>16 270</b>	<b>-70 252</b>
+/- Payable tax expense	-2 887	-7 445
<b>TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>190 552</b>	<b>-52 214</b>
- Payments for the acquisition of internal & external games	-210 100	-208 439
- Payments for the acquisition of intangible assets and property, plant and equipment	-28 110	-16 395
+ Proceeds from the disposal of intangible assets and property, plant and equipment	29	104
+ Stock disposal	0	6 003
+/- Other cash flows from investing activities	-10 290	-7 266
+ Repayment of loans and other financial assets	10 201	7 394
+/- Changes in scope <sup>(1)</sup>	-2 299	-3 090
<b>CASH USED BY INVESTING ACTIVITIES ADJUSTED</b>	<b>-240 570</b>	<b>-221 690</b>
<b>Cash flows from financing activities</b>		
+ New long term loans	139 662	40 931
+ New finance leases	0	0
- Repayment of finance leases	-47	-62
- Repayment of borrowings	-156 506	-535
+ Proceeds from shareholders in capital increases	7 136	36 344
+/- Sales / purchases of own shares	397	-85
<b>CASH GENERATED (USED) BY FINANCING ACTIVITIES</b>	<b>-9 358</b>	<b>76 593</b>
<b>Net change in cash and cash equivalents</b>	<b>-59 376</b>	<b>-197 311</b>
Cash and cash equivalents at the beginning of the fiscal year	115 610	129 505
Impact of translation adjustments	14 865	-8 713
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>71 100</b>	<b>-76 519</b>
<sup>(1)</sup> Including cash in companies acquired and disposed of	-	371