



UBISOFT REPORTS FIRST-HALF 2017-18 SALES AND EARNINGS FIGURES

**Group's outperformance once again buoyed
by its strategy of extending game experiences
and by new high-quality offerings**

H1 2017-18: TARGET EXCEEDED, WITH A STRONG INCREASE IN SALES AND A SHARP POSITIVE SWING IN OPERATING INCOME

- First-half sales up 65.7% to €466.2 million
 - Second-quarter sales: €264.2 million, versus a target of approximately €190.0 million
- Growth driven by Mario + Rabbids[®]: Kingdom Battle, Rainbow Six[®] Siege, Ghost Recon[®] Wildlands and For Honor[®]
- Digital revenue up 69.1% to €342.6 million
 - Very sharp rise in PRI¹: up 82.9% to €174.5 million
- Back-catalog sales up 47.9% to €379.4 million
 - Confirmation of the increasingly recurring profile of the Group's business
- Non-IFRS operating income of €3.1 million, a significant positive swing compared with the €61.8 million non-IFRS operating loss recorded for first-half 2016-17
- Improvement in non-IFRS cash flows from operations, representing a net outflow of €83.6 million versus €180.2 million in first-half 2016-17

ASSASSIN'S CREED[®] ORIGINS SALES UP 100%²

TARGETS³ FOR FULL-YEAR 2017-18 AND 2018-19 CONFIRMED

¹ Player Recurring Investment includes sales of digital items, DLC, season passes, subscriptions and advertising

² In comparison to Assassin's Creed[®] Syndicate, on a comparable basis (sources: units, internal estimates based on 10 days of sales)

³ Targets based on currently-applicable IFRS

Paris, November 7, 2017 – Today, Ubisoft released its sales and earnings figures for the six months ended September 30, 2017 (first-half 2017-18).

Yves Guillemot, Co-Founder and Chief Executive Officer, stated: *"We continue to offer players outstanding game experiences with unrivalled variety - ranging from Mario + Rabbids: Kingdom Battle to Assassin's Creed Origins, and including South Park: The Fractured but Whole. In addition to these new releases, players are engaging with a large amount of additional high-quality content which provides them with longer-term entertainment. This includes Blood Orchid, the recent major update to Rainbow Six Siege, and Ghost War, the highly-acclaimed PvP mode for Ghost Recon Wildlands. And it doesn't stop there: in the coming weeks we will notably release Resistance, a massive free update to The Division, and South Park: Phone Destroyer, a free-to-play mobile game. Our commitment to providing high-quality game experiences and supporting them for the long term is driven by the importance we place on our player communities. This winning content strategy drove a 66% surge in our sales for the first half of 2017-18 – largely exceeding our targets – as well as a sharp increase in our earnings."*

Guillemot concluded *"The quality of our new releases is the result of our effort to transform our model and make our business more profitable and recurring. Given longer development lead times, our talents can fully express their creative visions and therefore maximize the potential of our games. The success of these releases – notably the 100%² sales growth for Assassin's Creed Origins – combined with solid live operations demonstrate that Ubisoft is ideally positioned to deliver further growth in future fiscal years, both in terms of financial performance and shareholder value."*

Note

Unless stated otherwise, all of the figures in this press release correspond to non-IFRS data, which is adjusted to exclude non-operating items (as defined in section 2.5.1. of the Fiscal 2017 Registration Document). The Group presents these indicators – which are not prepared strictly in accordance with IFRS – as it considers that they are the best reflection of its operating and financial performance. A reconciliation table between the IFRS consolidated income statement and the non-IFRS consolidated income statement for first-half 2017-18 are provided in an appendix to this press release.

Income statement and key financial data

In € millions	H1 2017-18	%	H1 2016-17	%
Sales	466.2		281.4	
Gross margin	390.1	83.7%	226.4	80.5%
Non-IFRS R&D expenses	(186.5)	-40.0%	(123.8)	-44.0%
Non-IFRS Selling expenses	(138.6)	-29.7%	(113.4)	-40.3%
Non-IFRS G&A expenses	(61.9)	-13.3%	(51.0)	-18.1%
Total non-IFRS SG&A expenses	(200.5)	-43.0%	(164.4)	-58.4%
Non-IFRS operating income/(loss)	3.1	0.7%	(61.8)	-22.0%
IFRS operating income/(loss)	(34.4)		(90.3)	
Non-IFRS diluted EPS (in €)	0.16		(0.32)	
IFRS diluted EPS (in €)	(0.19)		(0.59)	
Non-IFRS cash flows from operating activities*	(81.4)		9.2	
R&D investment expenditure**	(322.8)		(286.7)	
Net cash/(debt) position	(186.2)		37.7	

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

** Including royalties but excluding future commitments

Sales

Sales for the first half of 2017-18 came to €466.2 million, up 65.7% (or 67.4% at constant exchange rates) compared with the €281.4 million recorded for first-half 2016-17.

Sales in the second quarter of 2017-18 totaled €264.2 million versus €142.2 million in the corresponding prior-year period, representing an increase of 85.8% (or 88.6% at constant exchange rates). This second-quarter showing is higher than the target of approximately €190.0 million issued when Ubisoft released its sales figures for the first quarter of 2017-18.

Main income statement items

Gross margin rose to 83.7% of sales and €390.1 million in absolute value terms (compared with 80.5% and €226.4 million in the first six months of 2016-17).

Ubisoft ended the first half of 2017-18 with non-IFRS operating income of €3.1 million versus a non-IFRS operating loss of €61.8 million in first-half 2016-17. This positive year-on-year swing reflects the following:

- A €163.7 million increase in gross margin.
- A €62.7 million rise in R&D expenses to €186.5 million (40.0% of sales) from €123.8 million (44.0%) in first-half 2016-17.

- A €36.1 million increase in SG&A expenses to €200.5 million (43.0% of sales) from €164.4 million (58.4%) in the first six months of 2016-17:
 - Variable marketing expenses amounted to €87.9 million (18.9% of sales) compared with €71.7 million (25.5%) in first-half 2016-17.
 - Structure costs totaled €112.6 million (24.1% of sales) versus €92.7 million (32.9%) in first-half 2016-17.

Ubisoft reported non-IFRS net income of €19.4 million for the first half of 2017-18, representing non-IFRS diluted earnings per share of €0.16, compared with a non-IFRS net loss of €35.9 million for first-half 2016-17, representing a non-IFRS diluted loss per share of €0.32.

The IFRS net loss for the first half of 2017-18 came to €20.8 million, representing an IFRS diluted loss per share of €0.19, compared with an IFRS net loss of €66.1 million and an IFRS diluted loss per share of €0.59 in the first half of 2016-17.

Main cash flow statement⁴ and balance sheet items

Cash flows from non-IFRS operating activities represented a net outflow of €81.4 million versus a €9.2 million net inflow in first-half 2016-17. This negative swing reflects the combined impact of an improvement in non-IFRS cash flows from operations, which amounted to a negative €83.6 million versus a negative €180.2 million in the first six months of 2016-17, and a €2.2 million decrease in non-IFRS working capital requirement (compared with a €189.5 million decrease in first-half 2016-17).

At September 30, 2017, Ubisoft had a net debt position of €186.2 million versus an €80.4 million net debt position at March 31, 2017

Outlook

Full-year 2017-18

Ubisoft is standing by its full-year targets for 2017-18, i.e. sales of around €1,700.0 million and non-IFRS operating income of approximately €270.0 million.

Sales for the third quarter of 2017-18

Ubisoft expects third-quarter 2017-18 sales to come in at approximately €630 million, up by around 19% year on year.

The third quarter of 2017-18 will see the following main releases:

- Assassin's Creed Origins (PC, Playstation®4, Xbox one)
- Just Dance® 2018 (Playstation®3, Playstation®4, Xbox 360, Xbox One, Wii, Wii U, Nintendo Switch™)
- South Park™: The Fractured but Whole™ (PC, Playstation®4, Xbox One)
- Order & Havoc, the fourth season of For Honor® (PC, Playstation®4, Xbox One)
- The mobile game, South Park™: Phone Destroyer™ (Google play, App store)
- Tom Clancy's Ghost Recon Wildlands Ghost War mode (PC, Playstation®4, Xbox One)
- The Operation White Noise expansion for Tom Clancy's Rainbow Six Siege (PC, Playstation®4, Xbox One)

⁴ Based on the consolidated cash flow statement for comparison with other industry players (not reviewed)

Targets for 2018-19

Ubisoft is also standing by its targets for 2018-19, namely sales of around €2,100.0 million, non-IFRS operating income of approximately €440.0 million, and free cash flow of approximately €300.0 million.

Recent significant events

Share buyback program: Ubisoft has launched a share buyback program under which it may repurchase up to 4 million of its own shares over a period running from October 5, 2017 to December 29, 2017. The repurchased shares will be cancelled.

Annual General Meeting of September 22, 2017: The Company's shareholders expressed overwhelming support for Ubisoft's management and strategy by approving all of the ordinary resolutions put forward at the Meeting, including for:

- the re-election of the directors Didier Crespel, Laurence Hubert-Moy and Christian, Claude and Michel Guillemot;
- the election of two new independent directors: Corinne Fernandez-Handelsman and Virginie Haas, meaning that the Board now has a majority of independent directors (6 out of 11 members).

The shareholders also approved all of the extraordinary resolutions at the Meeting (including a resolution giving employees the possibility of taking part in capital increases) apart from the thirty-first resolution. The thirty-first resolution – which concerned a program to grant free shares to employees – was not approved due to Vivendi's systematic abstention, as was the case in 2016.

Extension of Ubisoft's partnership with the government of Quebec until 2027: In addition to Ubisoft's announced expansion blueprint for Quebec, which includes plans to invest an additional 780 million CAD and create 1,000 new jobs by 2027, the Group has announced that it intends to open a new studio in Saguenay, which will be devoted to online development.

Opening of a new studio in Stockholm: In August 2017, Ubisoft announced that it was planning to increase its creative capacities in Sweden with the opening of a studio in Stockholm. The new studio will be led by Patrick Bach, fresh from 15 years with EA's DICE studio in Stockholm, most recently holding the position of General Manager. The Stockholm teams will collaborate with Massive Entertainment – a Ubisoft studio in Malmö, Sweden – on the development of AAA games including the recently-announced Avatar game.

Opening of a new studio in Bordeaux: With four studios already established in Paris, Lyon, Annecy, and Montpellier, Bordeaux will collaborate on games whose development is led by these studios, which include franchises like Just Dance, Steep, and Ghost Recon Wildlands.

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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 and approved by the Board of Directors on 05/16/17 and have not been audited by the Statutory Auditors. (Additional information is specified in the most recent Ubisoft Registration Document filed on July 21, 2017 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 2016-17 fiscal year Ubisoft generated sales of €1,460 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 2017-18	Q2 2016-17	6 months 2017-18	6 months 2016-17
Europe	35%	39%	34%	35%
North America	47%	48%	48%	49%
Rest of world	18%	13%	18%	16%
TOTAL	100%	100%	100%	100%

Breakdown of sales by platform

	Q2 2017/18	Q2 2016/17	6 months 2017/18	6 months 2016/17
PLAYSTATION®4	31%	38%	36%	34%
XBOX One	20%	24%	21%	23%
PC	15%	19%	17%	22%
NINTENDO SWITCH™	19%	-	12%	-
XBOX 360, PS®3, Wii™, Wii U™	2%	6%	2%	6%
Others*	13%	13%	12%	15%
TOTAL	100%	100%	100%	100%

*Mobile, ancillaries...

Title release schedule
3rd quarter (October – December 2017)

PACKAGED & DIGITAL

ASSASSIN'S CREED® ORIGINS	PC, PLAYSTATION®4, Xbox One
JEOPARDY!®(US)	PLAYSTATION®4, Xbox One
JUST DANCE® 2018	PLAYSTATION®3, PLAYSTATION®4, Xbox 360, Xbox One, Wii, Wii U, NINTENDO SWITCH™
MONOPOLY®	NINTENDO SWITCH™
UNO®	NINTENDO SWITCH™
SOUTH PARK™: THE FRACTURED BUT WHOLE™	PC, PLAYSTATION®4, Xbox One
WHEEL OF FORTUNE® (US)	PLAYSTATION®4, Xbox One

DIGITAL ONLY

FOR HONOR® SEASON 4 ORDER & HAVOC	PC, PLAYSTATION®4, Xbox One
MARIO + RABBIDS®: KINGDOM BATTLE ULTRA CHALLENGE PACK	NINTENDO SWITCH™
SOUTH PARK™: THE FRACTURED BUT WHOLE™ DANGER DECK	PC, PLAYSTATION®4, Xbox One
THE TOWER: ASSASSIN'S CREED® (Ketchapp)	Google play, App store
SOUTH PARK™: PHONE DESTROYER™	Google play, App store
STEEP™ ROAD TO THE OLYMPICS	PC, PLAYSTATION®4, Xbox One
TOM CLANCY'S GHOST RECON® WILDLANDS GHOST WAR	PC, PLAYSTATION®4, Xbox One
TOM CLANCY'S RAINBOW SIX® SIEGE OPERATION WHITE NOISE	PC, PLAYSTATION®4, Xbox One
TOM CLANCY'S THE DIVISION® 1.8 RESISTANCE	PC, PLAYSTATION®4, Xbox One

The Statutory Auditors have completed the procedures for their limited review of the consolidated financial statements. The review report The Statutory Auditors' limited review report is in the process of being prepared.

Consolidated income statement (IFRS, extract from the accounts which have undergone a limited review by the Statutory Auditors)

In thousands of euros	09.30.17	09.30.16
Sales	466 226	281 370
Cost of sales	-76 154	-54 951
Gross Margin	390 072	226 419
Research and Development costs	-207 237	-142 243
Marketing costs	-141 019	-115 811
General and Administrative costs	-66 538	-55 058
Current operating income	-24 722	-86 692
Non-current expenses and income	-9 694	-3 634
Operating income	-34 416	-90 327
Net borrowing costs	-7 768	-3 635
Net foreign exchange gains/losses	-3 965	1 981
Other financial income	367	2 380
Other financial expenses	0	-4 616
Net financial income	-11 366	-3 890
Share in profit of associates	-102	0
Income tax	25 100	28 121
Profit for the period	-20 784	-66 096
Earnings per share		
Basic earnings per share (in €)	-0,19	-0,59
Diluted earnings per share (in €)	-0,19	-0,59
Weighted average number of shares in issue	109 512 570	111 393 204
Diluted weighted average number of shares in issue*	109 512 570	111 393 204

*Instruments carrying deferred rights to the Company's shares are considered to be anti-dilutive because they result in an increase in basic earnings per share (for the six months ended September 30, 2017, this translated into a decrease in the basic loss per share) and these instruments were therefore not taken into account when calculating the diluted loss per share at that date. Consequently, the diluted earnings per share figures for the first six months of fiscal 2016 and 2017 are the same as basic earnings per share.

Reconciliation of IFRS Net income and non-IFRS Net income

In million of euros, except for per share data	H1 2017-18			H1 2016-17		
	IFRS	Adjustments	Non-IFRS	IFRS	Adjustments	Non-IFRS
Sales	466,2		466,2	281,4		281,4
Total Operating expenses	(500,6)	37,5	(463,1)	(371,7)	28,5	(343,2)
Stock-based compensation	(27,8)	27,8	0,0	(24,9)	24,9	0,0
Non-current expenses and income	(9,7)	9,7	0,0	(3,6)	3,6	0,0
Operating Income	(34,4)	37,5	3,1	(90,3)	28,5	(61,8)
Net Financial income	(11,4)	4,1	(7,3)	(3,9)	2,3	(1,6)
Share in profit of associates	(0,1)	-	(0,1)	0,0	-	0,0
Income tax	25,1	(1,4)	23,7	28,1	(0,7)	27,4
Net Income	(20,8)	40,2	19,4	(66,1)	30,2	(35,9)
Diluted earnings per share	(0,19)	0,35	0,16	(0,59)	0,27	(0,32)

Consolidated balance sheet (IFRS, extract from the accounts which have undergone a limited review by the Statutory Auditors)

ASSETS	Net	Net
In thousands of euros	09.30.17	09.30.16
Goodwill	205 242	105 603
Other intangible assets	865 347	810 229
Property, plant and equipment	111 730	89 192
Investments in associates	- 163	0
Non-current financial assets	6 032	5 298
Deferred tax assets	108 796	163 578
Non current assets	1 296 984	1 173 900
Inventory	53 717	30 099
Trade receivables	151 804	60 516
Other receivables	173 621	95 507
Other current financial assets	12 498	8 797
Current tax assets	44 777	20 258
Cash and cash equivalents	697 011	914 962
Current assets	1 133 427	1 130 140
Total assets	2 430 411	2 304 040

LIABILITIES AND EQUITY	Net	Net
In thousands of euros	09.30.17	09.30.16
Capital	8 885	8 771
Premiums	354 732	285 755
Consolidated reserves	792 494	830 772
Consolidated earnings	-20 784	-66 096
Total equity	1 135 327	1 059 202
Provisions	4 010	9 160
Employee benefit	9 456	7 818
Long-term borrowings	600 496	633 982
Deferred tax liabilities	58 679	67 099
Non-current liabilities	672 641	718 060
Short-term borrowings	282 785	243 266
Trade payables	126 461	104 355
Other liabilities	205 217	173 252
Current tax liabilities	7 980	5 905
Current liabilities	622 443	526 778
Total liabilities	1 295 084	1 244 838
Total liabilities and equity	2 430 411	2 304 040

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

In thousands of euros	09.30.17	09.30.16
Cash flows from non-IFRS operating activities		
Consolidated earnings	-20 784	-66 096
+/- Share in profit of associates	102	0
+/- Net depreciation on internal & external games & movies	110 630	79 329
+/- Other depreciation on fixed assets	31 011	23 979
+/- Net provisions	1 592	1 032
+/- Cost of share-based compensation	27 824	24 898
+/- Gains / losses on disposals	80	27
+/- Other income and expenses calculated	12 868	-1 230
+/- Cost of internal development and license development	-246 957	-242 171
CASH FLOW FROM NON-IFRS OPERATION	-83 634	-180 232
Inventory	-30 818	-10 408
Trade receivables	234 177	362 934
Other assets	-75 592	-24 873
Trade payables	-42 348	-108 243
Other liabilities	-83 181	-29 933
+/- Change in working capital from non-IFRS operating activities	2 238	189 477
TOTAL CASH FLOW GENERATED BY NON-IFRS OPERATING ACTIVITIES	-81 396	9 244
- Payments for the acquisition of intangible assets and property, plant and equipment	-28 353	-27 013
+ Proceeds from the disposal of intangible assets and property, plant and equipment	17	44
+/- Payments for the acquisition of financial assets	-28 358	-27 253
+ Refund of loans and other financial assets	27 596	26 309
+/- Changes in scope ⁽¹⁾	0	1
CASH USED BY NON-IFRS INVESTING ACTIVITIES	-29 098	-27 911
Cash flows from financing activities		
+ New borrowings	132 704	528 156
+ New finance leases	2 605	1 416
- Refund of finance leases	-537	-446
- Refund of borrowings	-133 611	-81 640
+ Funds received from shareholders in capital increases	46 066	6 163
+/- Sales / purchases of own shares	-23 344	54 112
CASH GENERATED (USED) BY FINANCING ACTIVITIES	23 883	507 761
Net change in cash and cash equivalents	-86 611	489 094
Cash and cash equivalents at the beginning of the fiscal year	632 314	255 688
Foreign exchange gains/losses	-13 883	-1 829
Cash and cash equivalents at the end of the fiscal year⁽¹⁾	531 819	742 953
⁽¹⁾ Including cash in companies acquired and disposed of	-	-

RECONCILIATION OF NET CASH POSITION

Cash and cash equivalents at the end of the period	531 819	742 953
Bank borrowings and from the restatement of finance leases	-651 972	-690 229
Commercial papers	-66 000	-15 000
NET CASH POSITION	-186 153	37 724

Consolidated cash flow statement IFRS (extract from the accounts which have undergone a limited review by the Statutory Auditors)

In thousand of euros	09.30.17	09.30.16
Cash flows from operating activities adjusted		
Consolidated earnings	-20 784	-66 096
+/- Share in profit of associates	102	0
+/- Net depreciation	141 641	103 308
+/- Net provisions	1 592	1 032
+/- Cost of share-based compensation	27 824	24 898
+/- Gains / losses on disposals	80	27
+/- Other income and expenses calculated	12 868	-1 230
+/- Income tax Expense	-25 100	-28 121
TOTAL CASH FLOW FROM OPERATIONS	138 222	33 818
Inventory	-30 818	-10 408
Trade receivables	234 177	362 934
Other assets	-56 855	32 397
Trade payables	-42 348	-108 243
Other liabilities	-70 222	-49 297
+/- Change in working capital from operating activities adjusted	33 933	227 384
+/- Current income tax expense	-6 595	-9 786
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	165 561	251 415
- Payments for the acquisition of internal & external games	-246 957	-242 171
- Payments for the acquisition of intangible assets and property, plant and equipment	-28 353	-27 013
+ Proceeds from the disposal of intangible assets and property, plant and equipment	17	44
+/- Payments for the acquisition of financial assets	-28 358	-27 253
+ Refund of loans and other financial assets	27 596	26 309
+/- Changes in scope ⁽¹⁾	0	1
CASH USED BY INVESTING ACTIVITIES ADJUSTED	-276 055	-270 082
Cash flows from financing activities		
+ New borrowings	132 704	528 156
+ New finance leases	2 605	1 416
- Refund of finance leases	-537	-446
- Refund of borrowings	-133 611	-81 640
+ Funds received from shareholders in capital increases	46 066	6 164
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⁽¹⁾ Including cash in companies acquired and disposed of	-	-