



UBISOFT®

FY17 EARNINGS & SALES

May 16, 2017

A person is seen from behind, climbing a large, dark rock formation on the left side of the image. The person is wearing a backpack and dark clothing. The background features a vast desert landscape with rugged, layered mountains under a clear blue sky. In the foreground, there are rocky, sandy ground with some sparse desert vegetation, including a tall saguaro cactus and some low-lying shrubs.

Yves Guillemot, President and Chief Executive Officer

Alain Martinez, Chief Financial Officer

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D I S C L A I M E R

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 22, 2016 with the French Financial Markets Authority (l'Autorité des marchés financiers)).

KEY TAKEAWAYS

A MORE RECURRING & PROFITABLE MODEL

FY17

- Record Digital at 50%
- Record Back-Catalog
- Record non-IFRS Income
- 3rd consecutive year-on-year rise in non-IFRS operating margin

FY18 - FURTHER EARNINGS GROWTH

- Stronger Line-up
- Stronger PRI

FY19 - MORE VISIBILITY & MORE PROFITABILITY VS PRIOR EXPECTATIONS

- Higher Digital
- Higher Back-Catalog
- Lower reliance on new releases

BEYOND FY19 - OPPORTUNITIES FOR FURTHER VALUE CREATION REMAIN MASSIVE

AGENDA

A person is seen from behind, climbing a steep, snow-covered mountain peak. The sun is rising in the background, creating a bright, hazy glow. The mountain's ridges and valleys are covered in snow, and the overall scene is one of a high-altitude, alpine environment.

PAST THREE YEARS MAJOR ACHIEVEMENTS

FY17 PERFORMANCE

PERSPECTIVES ON FY18

FY19 TARGETS UPDATE

DELIVERING NEW IPs & FRANCHISE REBOOTS

NEW IPs CREATION



FRANCHISES REBOOT



WITH REMARKABLE SUCCESS



WINNING THE BATTLE FOR TIME

MULTIPLAYER
COMPETITIVE
CO-OP
OPEN WORLDS
LIVE OPERATIONS

A MAJOR IMPACT ON
ACQUISITION



~ **44** MILLION UNIQUE PLAYERS

UP ~ **150%** IN < 18 MONTHS


WINNING THE BATTLE FOR TIME

**MULTIPLAYER
COMPETITIVE
CO-OP
OPEN WORLDS
LIVE OPERATIONS**

**A MAJOR IMPACT ON
ENGAGEMENT**

Total MAUs
up 27%

Players' playtime &
Session days*
up 100%
over the past 2 years

Time spent
in multi-player 
X 4
vs Watch_Dogs



New **Record high**
for R6 Siege **DAUs**

eSport views **up 500%**

Total hours watched
on Twitch
x 5 yoy



Peak concurrent players
x 3
over the past 2 years

**Number of unique days played during a period*

WINNING THE BATTLE FOR TIME

MULTIPLAYER
COMPETITIVE
CO-OP
OPEN WORLDS
LIVE OPERATIONS

A MAJOR IMPACT ON
DIGITAL REVENUES

DIGITAL AT **50%** OF TOTAL REVENUES
PLAYERS RECURRING INVESTMENT **UP 131%**

WINNING THE BATTLE FOR TIME

MULTIPLAYER
COMPETITIVE
CO-OP
OPEN WORLDS
LIVE OPERATIONS

A MAJOR IMPACT ON
OUR FINANCIAL PROFILE

RECORD RECURRING REV. AT **44%** OF TOTAL REV.

RECORD PROFITABILITY AT **16%**

REMARKABLE ACHIEVEMENTS

TOTAL SHAREHOLDER RETURN

	Since IPO	5-year	2-year	1-year
UBISOFT	+2,410%	+816%	+186%	+72%
NASDAQ*	+411%	+122%	+26%	+31%
CAC40 Net Return	+319%	+95%	+14%	+29%
Euro Stoxx Media Supersector Return	+107%	+114%	(0%)	+9%

Source: FactSet as of May 12, 2017

IPO as of July 1, 1996

*Excludes dividends

AGENDA

A person is seen from behind, climbing a steep, snow-covered mountain peak. The sun is rising in the background, creating a bright, hazy glow. The mountain's ridges are sharp and covered in snow, with some rocky outcrops visible. The overall scene is one of a challenging and beautiful alpine environment.

PAST THREE YEARS MAJOR ACHIEVEMENTS

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FY17 PERFORMANCE

FY17

SALES: 1 460 M€, + 5% yoy

Successful releases of:



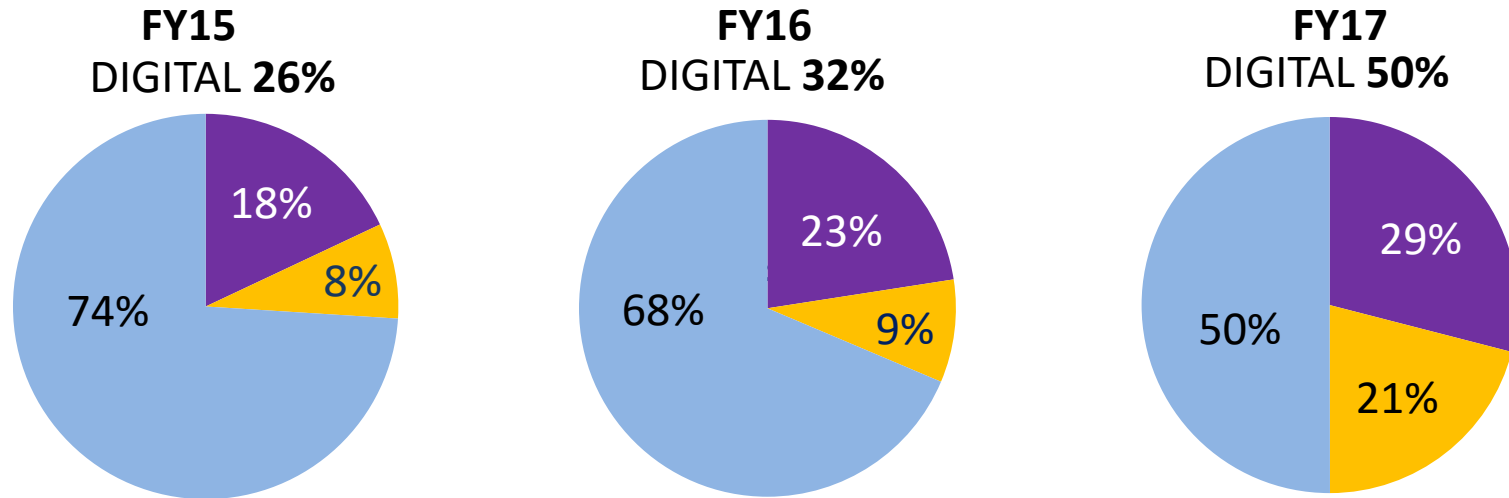
1st & 2nd industry best sellers

Ghost Recon community: up ~ 60%

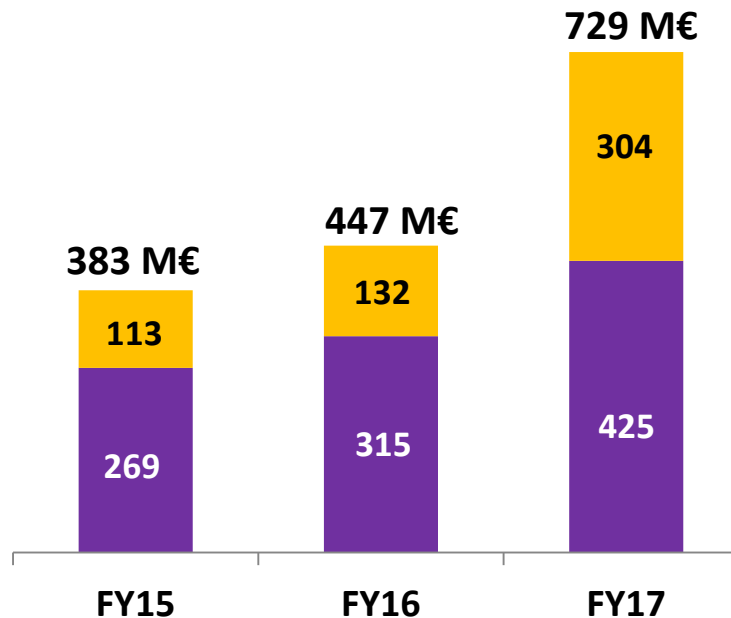
*Source: Physical & digital sales of games, Jan-March 2017 – consoles/PC
EMEA/US/Japan/Australia (GfK/NPD/Famitsu/in-house estimates)*

FY17 PERFORMANCE

TOTAL REVENUE SPLIT



DIGITAL SPLIT



- Physical
- Digital Distribution
- Player Recurring Investment*

** Includes ingame items, DLCs/season pass, subscription & advertising*

FY17 PERFORMANCE

FY17

BACK CATALOG: 44% of total Rev. (26% last year)

Digital & Back-Catalog driving Ubisoft transformation
towards a less hit-driven and
a more recurring and dependable business

FY17 PERFORMANCE

FY17

NON-IFRS OPERATING INCOME: 238 M€

RECORD NON-IFRS OPERATING MARGIN: 16%, + 4 pts

FREE CASH FLOW: 86 M€

FY17: NON-IFRS P&L

€ million, except for per share data	2016-17		2015-16	
		%		%
Sales	1 459,9		1 394,0	
Gross profit	1 189,0	81,4	1 088,9	78,1
Non-IFRS R&D expenses	(521,7)	(35,7)	(500,3)	(35,9)
Non-IFRS Selling expenses	(313,1)	(21,4)	(304,5)	(21,8)
Non-IFRS G & A expenses	(116,4)	(8,0)	(115,1)	(8,3)
Non-IFRS SG & A expenses	(429,5)	(29,4)	(419,6)	(30,1)
Non IFRS Current operating income	237,7	16,3	169,0	12,1
Net Financial Income	(9,0)		(10,4)	
Share in profit of associates	(0,3)		-	
Income Tax	(54,1)		(29,7)	
Non IFRS Net Income	174,3		129,0	
Non IFRS Diluted earnings per share	1,46		1,13	
Nbr of shares fully diluted	119 677		114 198	

- **Gross margin up 100 M€ & 3 points to 81% :** Positive Digital impact
- **R&D up 21 M€ :** Live Ops growth
- **SG&A up 10 M€ :** positive impact of digital transformation on variable costs
 - variable marketing expenses stable at 218 M€ (217 M€ in FY16)
 - fixed structure costs slightly up to 211 M€ (202 M€ in FY16)

FY17: R&D

€ million	2016-17	2015-16
Depreciation of in-house software-related production	388,1	374,2
Depreciation of external software-related production and licenses	19,7	28,8
Royalties	12,3	15,6
Non Capitalized R&D & others	101,6	81,7
Total R&D depreciation and royalties	521,7	500,3
Capitalized in-house software-related production	476,2	464,6
Capitalized external software-related production and licenses (excluding future commitments)	20,5	24,9
Royalties	12,3	15,6
Non Capitalized R&D & others	101,6	81,7
Total development investment	610,5	586,8

- **Mostly stable depreciation and capitalized R&D**
- **20 M€ increase in Non Capitalized R&D & others** : Live Ops growth

FY17 : IFRS / NON-IFRS RECONCILIATION

€ million, except for per share data	2016-17			2015-16		
	IFRS	Adjustment	Non IFRS	IFRS	Adjustment	Non IFRS
Sales	1 459,9		1 459,9	1 394,0		1 394,0
Total Operating expenses	(1 284,1)	61,9	(1 222,2)	(1 257,2)	32,3	(1 225,0)
Stock-based compensation	(36,8)	36,8	0,0	(12,9)	12,9	0,0
Non-current operating income and expenses	(25,1)	25,1	0,0	(19,3)	19,3	0,0
Operating Income	175,8	61,9	237,7	136,8	32,3	169,0
Net Financial income	(16,2)	7,2	(9,0)	(13,7)	3,3	(10,4)
Share in profit of associates	(0,3)	-	(0,3)	-	-	-
Income tax	(51,4)	(2,6)	(54,1)	(29,7)	0,0	(29,7)
Net Income	107,8	66,5	174,3	93,4	35,6	129,0
Diluted earnings per share	0,92	0,54	1,46	0,82	0,31	1,13

- **Stock-based compensation** : Share price increase + recent employee shareholding plan
- **Non-current operating expenses** : 25 M€ related to brand and goodwill depreciation
- **Net Financial charge adjustment** : 2 M€ related to earn-out payments & 5 M€ to the implicit convertible bond option costs
- **Tax rate** : 23,6% versus 19% in FY16

FY17 : CASH FLOWS & CLOSING CASH POSITION

€ million	2016-17	2015-16
Opening cash position	(41,7)	211,3
Cash flows from operations	110,3	104,5
Change in WCR	38,8	(253,3)
Cash flows from operating activities	149,1	(148,8)
Net investment in capital assets	(63,4)	(42,7)
Net free cash flow	85,7	(191,5)
Net acquisitions/disposals	(105,6)	0,4
Proceeds from issue of capital and other financial flows	9,5	22,2
Net acquisitions/disposals of own shares	(67,8)	(77,3)
Effect of exchange rate fluctuations	(0,1)	(6,8)
Equity component	39,6	
Decrease/(increase) in net debt	(38,7)	(253,0)
Closing cash position	(80,4)	(41,7)

- **6 M€ increase in CF from operations** : incl. a -33 M€ swing on the efficient part of currency hedging
- **292 M€ improvement in WCR** : FY16 and FY17 equally back ended years and positive digital impact
- **21 M€ increase in net investment in capital assets** : including 15M€ for 2 buildings acquisitions
- **106 M€ in M&A** : Ketchapp + Growtopia + earn-outs on past acquisition
- **68 M€ in share buybacks and share cancellation**
- **40 M€ Equity component** : September 2016 convertible bond equity component to be expensed over 5 years as a financial charge

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PAST THREE YEARS MAJOR ACHIEVEMENTS

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FY18: FURTHER EARNINGS GROWTH

FY18

REVENUES: 1 700 M€

Q1 SALES: 170 M€, UP 22% yoy

NON-IFRS OPERATING INCOME: 270 M€

Growth driven by:

Stronger new releases



FARCRY

THE CREW



*"Ubisoft leading 3rd party publisher on
Nintendo's consoles over the past 10 years"*

Stronger Player Recurring Investment

6 Live games operated Full Year (vs. 3)

Digital: > 50% of total rev.

Back-Catalog: > 40% of total rev.

FY18: MOBILE, A 3-STEP APPROACH

- 1/ Releases from our internal studios
- 2/ Smart & very disciplined M&A
- 3/ Collaboration with the Industry's strongest partners

Recent updates:



63 days in the top 3 most downloaded games on iOS in the US



100 millions unique users in China



Tencent 腾讯
China

Might & Magic® Heroes Era of Chaos

AGENDA

A person in a red jacket is climbing a steep, snow-covered mountain peak. The sun is rising in the background, creating a bright, hazy glow. The mountain's ridges and valleys are covered in snow, and the overall scene is one of a high-altitude, alpine environment.

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FY19

REVENUES: ~ 2.1BN€ (vs 2.2 B€)

NON-IFRS OPERATING INCOME: ~ 440 M€ confirmed
21% MARGIN (vs. 20%)

FREE CASH FLOW: ~ 300M€ confirmed

FY19 UPDATE: STRONGER IMPACT FROM RECURRING & DIGITAL REV

FY19

4 AAA vs 5 prev.

3 established franchises + 1 new IP

~ 28 M units vs 40 M prev.

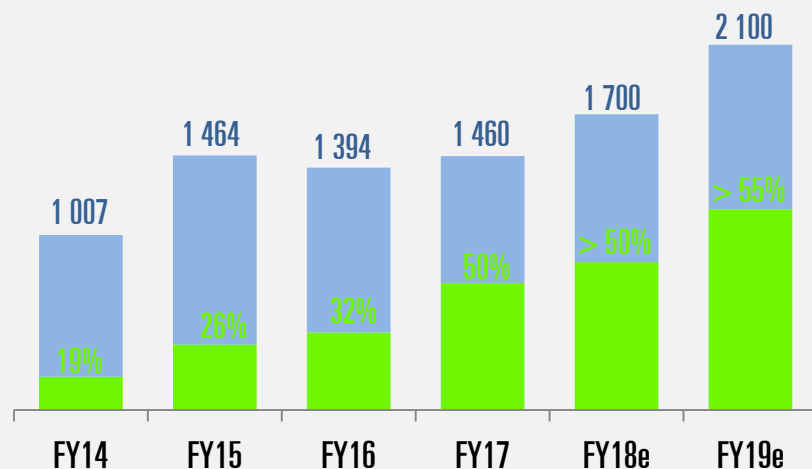
DIGITAL: > 55% of total revenues, vs 45% prev.

PRI: > 25% of total revenues, vs 17% prev.

BACK-CATALOG: meaningful increase vs prior expectations

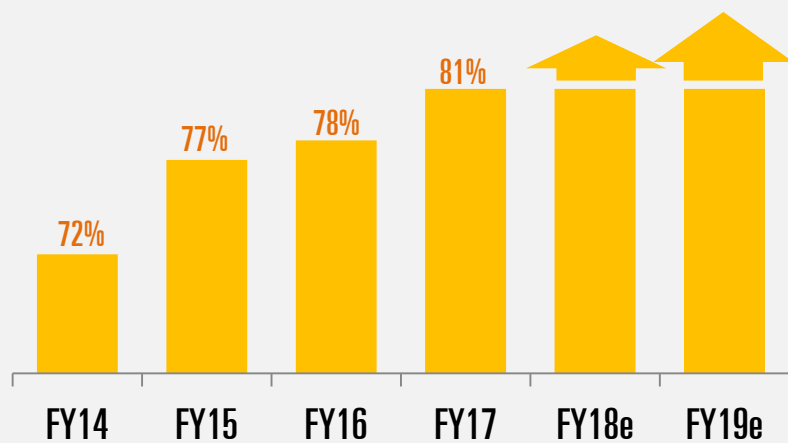
SALES (€ MILLION)

■ Digital



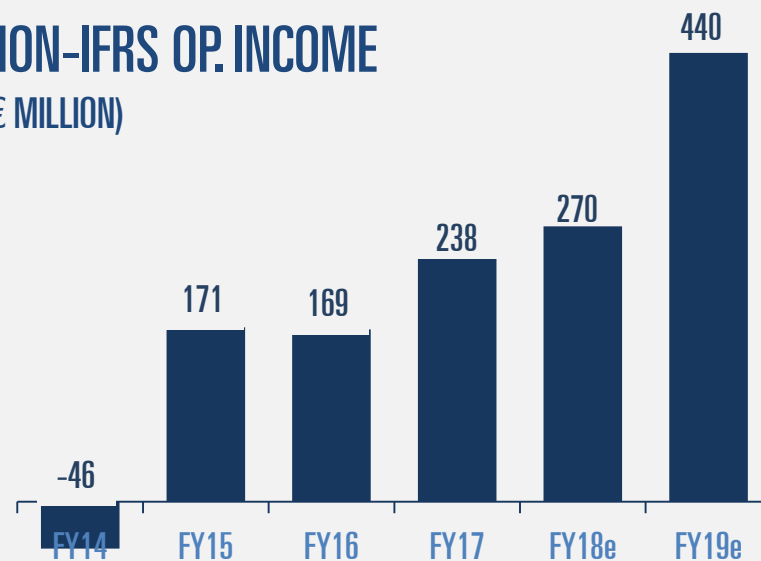
FY18e & FY19e Digital not at scale

GROSS MARGIN



FY18e & FY19e not at scale

NON-IFRS OP. INCOME (€ MILLION)



BEYOND FY19

WITH **PLAYER RECURRING INVESTMENT** EXPECTED IN **FY19**
AT **ROUGHLY HALF** OF WHERE OUR **PEERS** ALREADY STAND **TODAY**,
THE OPPORTUNITIES FOR FURTHER VALUE CREATION
BEYOND FY19 REMAIN MASSIVE