



UBISOFT

FY20 EARNINGS

May 14, 2020



# DISCLAIMER

**Yves Guillemot, Chairman and Chief Executive Officer**

**Frédéric Duguet, Chief Financial Officer**



## DISCLAIMER

This slide show may contain estimated financial data, information on future projects and transactions and future financial results/performance. Such forward-looking data are provided for information 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 were presented to the Board of Directors on May 14, 2020 and have not been reviewed by the Statutory Auditors. (Additional information is specified in the most recent Ubisoft Registration Document filed on June 7th, 2019 with the French Financial Markets Authority (l'Autorité des marchés financiers)).



# AGENDA

A wide-angle, high-angle shot of a large esports arena during a tournament. The stage is illuminated with blue and red lights, and a large crowd of spectators is visible in the foreground and sides. Confetti is falling from the ceiling. In the center of the stage, a large screen displays a group of players. The arena is surrounded by banners of various esports teams and sponsors.

FY20 PERFORMANCE

FY21 TARGETS



# ENRICH PLAYERS' LIVES

## UBISOFT'S MISSION MORE IMPORTANT THAN EVER

### The Washington Post



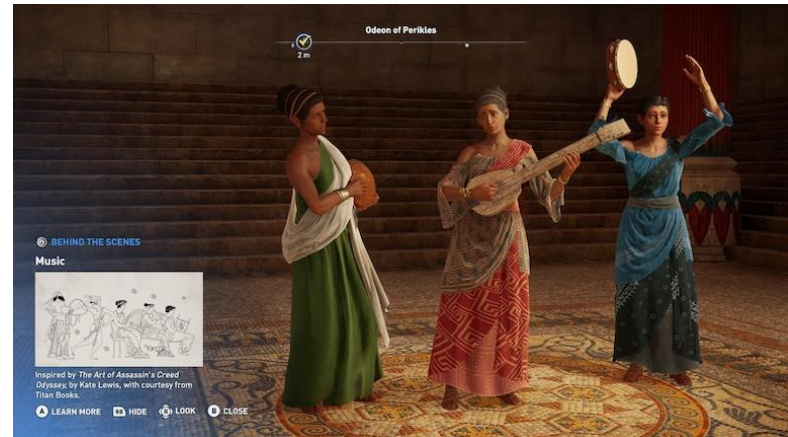
Launcher  @LauncherWP · 20 avr.

When covid-19 scrapped a high school trip to Greece, this teacher found a clever way to make it up to his students: Assassin's Creed.



With coronavirus closing schools, here's how video games are helping t...  
One teacher re-routed his class's Greece trip to Assassin's Creed. It's not the only game helping educators navigate the pandemic's challenges.  
[washingtonpost.com](https://www.washingtonpost.com)

"Alongside its action-packed fictional story line, Assassin's Creed: Odyssey includes a robust education mode and a research-based recreation of ancient Greece. Péroquin's students will play individually in the coming weeks from their homes and use that as the foundation for their reports."



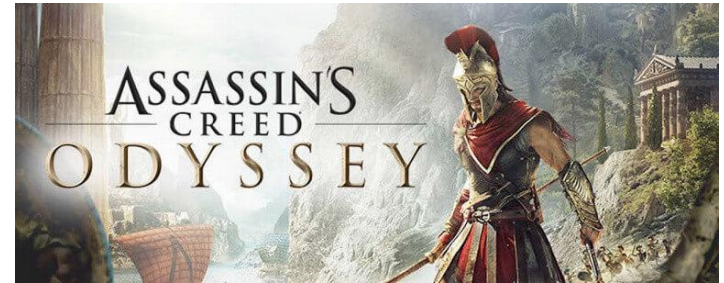
# Q4 FY20 HIGHLIGHTS: STRONG EXECUTION

## Better-than-anticipated Q4

- 2/3 of 55M€ **outperformance** achieved **before mid-March** & 60% from **PRI**
- **R6 Siege**, record engagement in January, February & March +26% rise in PRI
- **AC Odyssey**, past 12 months sell-thru, daily player engagement & PRI, up 90%, 90% & 170% vs AC Origins
- **JD 2020**, net bookings +156% in Q4 yoy
- **The Division 2**, very strong come back, net bookings comparable to AC Odyssey after 13 months

## Solid KPIs in FY20

- **117M active players** on consoles & PC (incl. Brawlhalla)
- **MAU** up slightly to 34M on consoles & PC
- **PRI** up 5%





# DEPTH & STRENGTH OF PORTFOLIO


6 franchises & **11 TITLES** have sold **10 MILLION+ UNITS**  
this console cycle



ASSASSIN'S  
CREED  
UNITY



ASSASSIN'S  
CREED  
ORIGINS



ASSASSIN'S  
CREED  
ODYSSEY



FARCRY4



FARCRY5



TOM CLANCY'S  
GHOST RECON  
WILDLANDS



TOM CLANCY'S  
RAINBOW SIX  
SIEGE



TOM CLANCY'S  
THE DIVISION



TOM CLANCY'S  
THE DIVISION 2



WATCH DOGS



WATCH DOGS 2

# FY20 PRO FORMA PERFORMANCE

**Q4 Net Bookings: 388 M€ *pro forma* vs target of 333 M€**

**FY Net Bookings: 1 505 M€ *pro forma* vs target of 1 450 M€**

Presentation of impact of mobile reclassification on net bookings and gross margin				
	FY20 – As reported	FY20 – Pro forma	Q4 – As reported	Q4 – Pro forma
NET BOOKINGS	1 534.0 M€ -24.4% yoy	1 504.8 M€ -25.8% yoy	417.4 M€ -38.3% yoy	388.2 M€ -42.6% yoy
DIGITAL NET BOOKINGS	1 261.3 M€ -9.7% yoy	1 232.1 M€ -11.8% yoy	371.5 M€ -25.1% yoy	342.3 M€ -31.0% yoy
PRI NET BOOKINGS	702.4 M€ +9.0% yoy	673.2 M€ +4.5% yoy	227.9 M€ +12.8% yoy	198.7 M€ -1.7% yoy
BACK-CATALOG NET BOOKINGS	1 115.8 M€ -2.7% yoy	1 091.4 M€ -4.9% yoy	350.2 M€ +16.1% yoy	325.8 M€ +8.0% yoy
COGS	253.1 M€	223.8 M€		
NON IFRS GROSS MARGIN	83.5% flat yoy	85.1% +1.3 point yoy		

# FY20: NON-IFRS P&L

in € millions, except for per share data	FY 2019-20		FY 2018-19	
		%		%
<b>IFRS15 Sales</b>	<b>1 594,8</b>		<b>1 845,5</b>	
Deferred revenue related to IFRS15 standard	(60,8)		183,1	
<b>Net bookings</b>	<b>1 534,0</b>		<b>2 028,6</b>	
<b>Gross profit based on net bookings</b>	<b>1 280,9</b>	<b>83,5</b>	<b>1 699,7</b>	<b>83,8</b>
Non-IFRS R&D expenses	(680,9)	(44,4)	(700,4)	(34,5)
Non-IFRS Selling expenses	(382,2)	(24,9)	(405,2)	(20,0)
Non-IFRS G&A expenses	(183,6)	(12,0)	(148,1)	(7,3)
Non-IFRS SG&A expenses	(565,8)	(36,9)	(553,3)	(27,3)
<b>Non IFRS current operating income</b>	<b>34,2</b>	<b>2,2</b>	<b>446,0</b>	<b>22,0</b>
Net Financial Income	(10,9)		(2,4)	
Share in profit of associates	0,0		0,3	
Income Tax	(32,2)		(110,4)	
<b>Non IFRS consolidated net income</b>	<b>(8,8)</b>		<b>333,5</b>	
Net income attributable to owners of the parent company	<b>(10,2)</b>			
Net income attributable to non-controlling interests	<b>1,4</b>			
<b>Non IFRS Diluted earnings per share attributable to parent company</b>	<b>(0,09)</b>		<b>2,80</b>	
Number of shares fully diluted	<b>112 050</b>		<b>119 330</b>	

- **Gross margin down 419 M€ & 0.3 point:** gross margin up 1.3 point before mobile reclassification
- **R&D down 19.5 M€ & up 9.9 points:** increase as % of net bookings driven by topline underperformance
- **SG&A up 12.5 M€ & 9.6 points:** increase as % of net bookings driven by topline underperformance
  - variable marketing expenses: 263 M€ or 17.1% of net bookings (296 M€ & 14.6% in FY19). Includes spending for delayed titles.
  - fixed structure costs: 303 M€ or 19.8% of net bookings (257 M€ & 12.7% in FY19), growth driven by IT investments.
- 112M diluted shares vs. 120M guided due to negative net income



# FY20: R&D

In € millions	FY 2019-20	FY 2018-19
Depreciation of in-house software-related production	410,7	466,7
Depreciation of external software-related production and licenses	11,8	20,0
Royalties	23,5	16,2
Non Capitalized R&D & others*	234,8	197,4
<b>Total R&amp;D P&amp;L</b>	<b>680,9</b>	<b>700,4</b>
Capitalized in-house software-related production	639,6	573,9
Capitalized external software-related production and licenses (excluding future commitments)	11,6	13,8
Royalties	23,5	16,2
Non Capitalized R&D & others*	234,8	197,4
<b>Total R&amp;D Cash</b>	<b>909,6</b>	<b>801,3</b>

\*mostly Post-Launch content

- **3% decrease in total R&D P&L:** 13% decrease in total depreciation, mostly compensated by 19% increase in non-capitalized R&D
- **14% increase in total R&D Cash with 11% increase in capitalized R&D:** to support future strong topline growth
- **229 M€ gap (101 M€ last year) between total R&D P&L and total R&D Cash:** due to strong investments in future growth, starting in FY21 with the most ambitious line-up of the industry + more limited depreciation due to few games released in FY20

# FY20: IFRS / NON-IFRS RECONCILIATION

In € millions except for per share data	FY 2019-20			FY 2018-19		
	IFRS	Adjustment	Non IFRS	IFRS	Adjustment	Non IFRS
<b>IFRS15 Sales</b>	<b>1 594,8</b>		<b>1 594,8</b>	<b>1 845,5</b>		<b>1 845,5</b>
Deferred revenue related to IFRS15 standard		-60,8	-60,8		183,1	183,1
<b>Net bookings</b>			<b>1 534,0</b>			<b>2 028,6</b>
<b>Total Operating expenses</b>	<b>(1 654,3)</b>	<b>154,6</b>	<b>(1 499,7)</b>	<b>(1 686,5)</b>	<b>103,9</b>	<b>(1 582,6)</b>
Stock-based compensation	(53,8)	53,8	0,0	(54,7)	54,7	0,0
Non current operating income & expense	(100,8)	100,8	(0,0)	(49,2)	49,2	0,0
<b>Operating Income</b>	<b>(59,5)</b>	<b>93,7</b>	<b>34,2</b>	<b>159,0</b>	<b>287,0</b>	<b>446,0</b>
Net Financial income	(19,1)	8,2	(10,9)	(10,9)	8,4	(2,4)
Share in profit of associates	0,0		0,0	0,3		0,3
Income tax	(45,7)	13,5	(32,2)	(48,4)	(61,9)	(110,4)
<b>Consolidated net income</b>	<b>(124,2)</b>	<b>115,5</b>	<b>(8,8)</b>	<b>100,0</b>	<b>233,6</b>	<b>333,5</b>
Net income attributable to owners of the parent company	(125,6)		(10,2)	100,0		333,5
Net income attributable to non-controlling interests	1,4		1,4	0,0		0,0
Weighted average number of shares in issue	112 050 132		112 050 132	119 330 277		119 330 277
Diluted earnings per share attributable to parent company	(1,12)	1,03	(0,09)	0,89	1,91	2,80

- **IFRS15 sales:** positive impact of 61 M€ deferred revenue from the prior year
- **Non current operating income:** 101 M€ related to goodwill amortization
- **Net Financial income:** 8 M€ non-cash charge related to the convertible bond option cost
- **High Income tax** vs Operating Income due to material impact of BEAT tax in the US



# FY20: CASH FLOWS & CLOSING CASH POSITION

In € millions	FY 2019-20	FY 2018-19
Opening cash position	(293,8)	(548,1)
Cash flows from operation	(169,9)	300,0
Change in WCR	83,4	84,7
Cash flows from operating activities	(86,4)	384,7
Net investment in capital assets	(104,7)	(74,4)
Net free cash flow	(191,1)	310,3
Net acquisitions/disposals	(143,7)	(86,5)
Proceeds from issue of capital and other financial flows	456,3	230,2
Net acquisitions/disposals of own shares	35,3	(201,9)
Equity component (OCEANE)	42,7	(8,6)
Effect of exchange rate fluctuations	(18,7)	10,8
Decrease/(increase) in net debt	180,7	254,3
Closing cash position	(113,1)	(293,8)
IFRS16 Debt Opening	12,5	
Non-IFRS Closing cash position	(100,6)	(293,8)

- **470 M€ decrease in CF from operations:** Non-IFRS Net Income 342 M€ decrease + 128 M€ increase of R&D P&L/Cash gap
- **83 M€ decrease in WCR:** due to no new releases in Q4
- **144 M€ of acquisitions:** Green Panda Games, Kolibri Games + deferred payment of past acquisitions
- **456 M€ proceeds from issue of capital:** conversion of 2016 convertible bonds + employee share plan
- **35 M€ disposals of own shares :** Impact from employees shareholding plan
- **43 M€ of equity component:** equity strengthened by new convertible bond

# SOLID FINANCIAL POSITION

**31st MARCH 2020**

## Equity

**Stronger Equity: 1.3 billion € vs 0.9 billion €**

## Non-IFRS net debt

**Net debt (non-IFRS) down to 101 M€ vs 293 M€**

## Long term financing

**1.3 billion € of nearly untapped long term debt**

- **Bond: 500 M€ (due Jan 2023)**
- **Convertible Bond: 500 M€ (due Sept 2024)**
- **Revolving Credit Facility: undrawn 300 M€ (due July 2024)**

**Commercial Papers: max 300 M€ (110 M€ at end of March)**

**Factoring program: around 70 M€ every year**



# AGENDA



FY20 PERFORMANCE

FY21 TARGETS

# FY21: TARGETS

**FY21<sub>e</sub>**

**FY21 NET BOOKINGS: 2,350\*- 2,650\* M€**

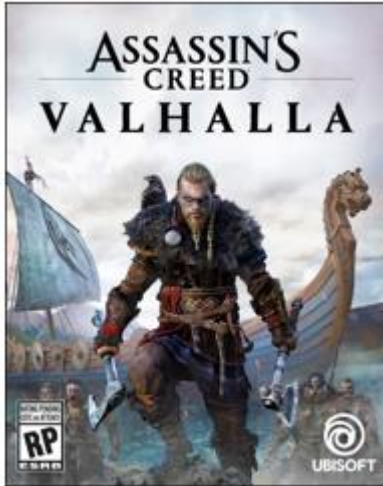
**NON-IFRS OPERATING INCOME: between 400M€ and 600 M€**

\*including 50M of new mobile reclassification

600M€	400M€
<b>Most ambitious line up of industry</b> <b>Stronger than expected back catalog</b> <b>Strong growth for digital, PRI incl. Mobile</b> <b>Record reveal of AC Valhalla</b>	
<b>Only a few weeks lost in terms of productivity</b>  <b>Stronger than expected digital &amp; PRI</b>  <b>5 AAA releases</b>  <b>New releases units needed to reach guidance reduced by 10%</b>	<b>COVID-19 external uncertainties</b>  <b>Assumption 1:</b> <b>WFH impact on production</b> <b>= 4 AAA releases</b>  <b>+</b>  <b>Assumption 2:</b> <b>Impact on business partners &amp; consumption</b> <b>= New releases units even more prudent</b>

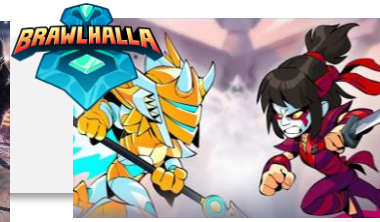


# THE MOST AMBITIOUS LINE-UP OF THE INDUSTRY

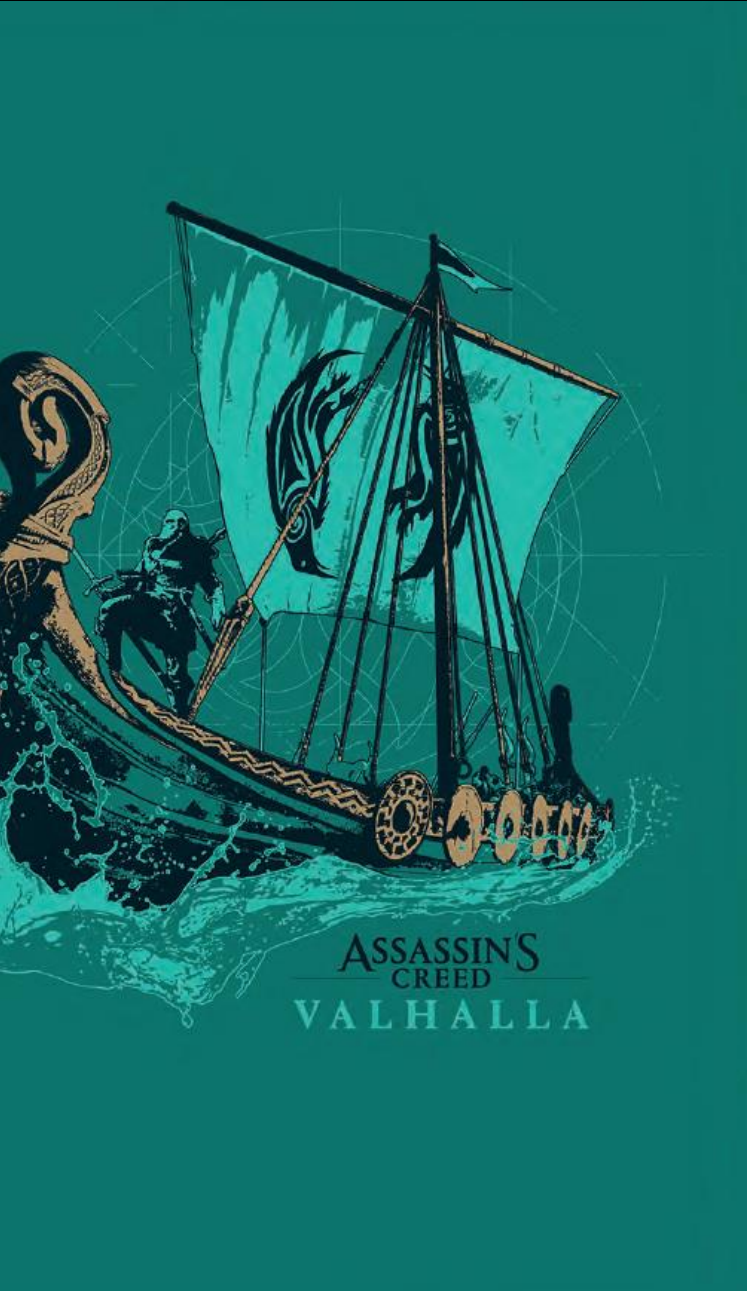


**+ 1 OTHER UNANNOUNCED AAA TITLE COMING FROM OUR BIGGEST FRANCHISES**

**+ OTHER TITLES WITH DEEP SOCIAL LAYERS**



# AC VALHALLA, NEW RECORDS FOR UBISOFT GAME ANNOUNCEMENT



**100 million** views of trailer in 10 days

**200 million** cumulated views of official & UGC videos since reveal

The most viewed trailer in Ubisoft history



[#AssassinsCreed](#) [#Ubisoft](#)  
Assassin's Creed Valhalla: Cinematic World Premiere Trailer | Ubisoft [NA]

 [#AssassinsCreed](#)  Valhalla

Top of trending topics list on Twitter for several days in many countries



Meaningful spike in players engagement for AC Odyssey & Origins