



# UBISOFT

## H1 FY20 EARNINGS

October 30, 2019



# DISCLAIMER

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## 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 October 30, 2019 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

The background of the slide is a cinematic image from the game Assassin's Creed Odyssey. It features a large, golden statue of Athena Parthenos, the patron goddess of Athens, holding a spear. The statue is positioned on the right side of the frame. In the background, a panoramic view of ancient Athens is visible, including the Acropolis and the city's harbor, under a dramatic sky with soft, golden light from a low sun, creating a hazy, atmospheric effect. A small figure of a Spartan warrior is visible standing on the shoulder of the statue.

H1 FY20 PERFORMANCE

Q3 & FY20 TARGETS

FY21 TARGETS

# H1 FY20 PERFORMANCE

	H1 FY20
NET BOOKINGS	<b>661.1 M€</b> , -11.4% yoy <i>(Q2 Net Bookings: 346.9 M€ vs target of 310 M€)</i>
DIGITAL NET BOOKINGS	<b>537.1 M€</b> , +3.5% yoy
PLAYER RECURRING INVESTMENT	<b>310.0 M€</b> , +18.3% yoy
BACK-CATALOG	<b>511.6 M€</b> , -8.8% yoy

# H1 FY20: NON-IFRS P&L

in € millions, except for per share data	H1 2019-20		H1 2018-19	
		%		%
<b>IFRS15 Sales</b>	<b>697,5</b>		<b>767,0</b>	
Deferred revenue related to IFRS15 standard	(36,4)		(21,0)	
<b>Net bookings</b>	<b>661,1</b>		<b>746,1</b>	
<b>Gross profit based on net bookings</b>	<b>564,3</b>	<b>85,4</b>	<b>635,0</b>	<b>85,1</b>
Non-IFRS R&D expenses	(284,9)	(43,1)	(272,0)	(36,5)
Non-IFRS Selling expenses	(186,9)	(28,3)	(182,8)	(24,5)
Non-IFRS G&A expenses	(85,7)	(13,0)	(69,9)	(9,4)
Non-IFRS SG&A expenses	(272,5)	(41,2)	(252,8)	(33,9)
<b>Non IFRS current operating income</b>	<b>6,9</b>	<b>1,0</b>	<b>110,2</b>	<b>14,8</b>
Net Financial Income	(6,1)		69,9	
Share in profit of associates	0,0		0,0	
Income Tax	12,3		(21,1)	
<b>Non IFRS consolidated net Income</b>	<b>13,1</b>		<b>159,0</b>	
Net income attributable to owners of the parent company	12,8		159,0	
Net income attributable to non-controlling interests	0,3		0,0	
<b>Non IFRS Diluted earnings per share attributable to parent company</b>	<b>0,11</b>		<b>1,32</b>	
Number of shares fully diluted	<b>119 284</b>		<b>120 523</b>	

- **Gross margin down 71 M€ & up 0.3 point:** positive digital impact compensated primarily by one-off hosting costs
- **R&D up 13 M€ & 6.6 points**
- **SG&A up 20 M€ & 7.3 points:** GR Breakpoint marketing campaign + i3d.net integration, e-commerce platform, security & data
  - variable marketing expenses: 128 M€ or 19.3% of net bookings (128 M€ & 17.1% in H1 FY19)
  - fixed structure costs: 145 M€ or 21.9% of net bookings (125 M€ & 16.8% in H1 FY19)

# H1 FY20: R&D

In € millions	H1 2019-20	H1 2018-19
Depreciation of in-house software-related production	157,5	168,8
Depreciation of external software-related production and licenses	2,3	5,1
Royalties	11,3	6,5
Non Capitalized R&D & others*	113,9	91,7
<b>Total R&amp;D P&amp;L</b>	<b>284,9</b>	<b>272,0</b>
Capitalized in-house software-related production	301,8	281,7
Capitalized external software-related production and licenses (excluding future commitments)	4,4	5,8
Royalties	11,3	6,5
Non Capitalized R&D & others*	113,9	91,7
<b>Total R&amp;D Cash</b>	<b>431,5</b>	<b>385,6</b>

\*mostly Post-Launch content

- **5% increase in total R&D P&L:** impairment charges on Ghost Recon
- **12% increase in total R&D Cash**
  - **7% increase in capitalized R&D**
  - **24% increase in non capitalized R&D :** investment in post launch content to support strong PRI growth & one time accounting event
- **147 M€ gap between total R&D P&L and total R&D Cash:** +33 M€ yoy

# H1 FY20: IFRS / NON-IFRS RECONCILIATION

In € millions except for per share data	H1 2019-20			H1 2018-19		
	IFRS	Adjustment	Non IFRS	IFRS	Adjustment	Non IFRS
<b>IFRS15 Sales</b>	<b>697,5</b>		<b>697,5</b>	<b>767,0</b>		<b>767,0</b>
Deferred revenue related to IFRS15 standard		-36,4	-36,4		-21,0	-21,0
<b>Net bookings</b>			<b>661,1</b>			<b>746,1</b>
<b>Total Operating expenses</b>	<b>(688,1)</b>	<b>34,0</b>	<b>(654,2)</b>	<b>(672,7)</b>	<b>36,9</b>	<b>(635,8)</b>
Stock-based compensation	(30,7)	30,7	0,0	( 35,5)	35,5	0,0
Non current operating income & expense	(3,3)	3,3	(0,0)	(1,4)	1,4	0,0
<b>Operating Income</b>	<b>9,3</b>	<b>(2,4)</b>	<b>6,9</b>	<b>94,3</b>	<b>15,9</b>	<b>110,2</b>
Net Financial income	(10,5)	4,3	( 6,1)	66,0	3,9	69,9
Share in profit of associates	0,0		0,0	0,0		0,0
Income tax	2,3	10,0	12,3	(19,6)	(1,6)	( 21,1)
<b>Consolidated net income</b>	<b>1,2</b>	<b>11,9</b>	<b>13,1</b>	<b>140,7</b>	<b>18,3</b>	<b>159,0</b>
Net income attributable to owners of the parent company	0,9		12,8	140,7		159,0
Net income attributable to non-controlling interests	0,3		0,3	0,0		0,0
Weighted average number of shares in issue	111 816 002	7 467 970	119 283 972	120 523 034		120 523 034
Diluted earnings per share attributable to parent company	0,01	0,10	0,11	1,19	0,13	1,32

- **IFRS15 sales:** positive impact of 36 M€ deferred revenue from the prior year
- **Stock-based compensation:** 31 M€
- **Net Financial income:** 4 M€ non-cash charge related to the convertible bond option cost

# H1 FY20: CASH FLOWS & CLOSING CASH POSITION

In € millions	H1 2019-20	H1 2018-19
Opening cash position	(293,8)	(548,1)
Cash flows from operation	(104,1)	88,4
Change in WCR	83,5	(66,4)
Cash flows from operating activities	(20,6)	22,0
Net investment in capital assets	(50,1)	(35,0)
Net free cash flow	(70,7)	(13,0)
Net acquisitions/disposals	(32,5)	(4,9)
Proceeds from issue of capital and other financial flows	74,5	228,7
Net acquisitions/disposals of own shares	35,1	0,0
Equity component	45,5	(4,1)
Effect of exchange rate fluctuations	11,7	4,0
Decrease/(increase) in net debt	63,6	210,7
Closing cash position	(230,2)	(337,4)
IFRS16 Debt Opening	12,5	-
Non-IFRS Closing cash position	(217,7)	(337,4)

- **193 M€ decrease in CF from operations:** Non-IFRS Net Income 146 M€ decrease + 33 M€ increase of R&D P&L/Cash gap
- **84 M€ decrease in WCR :** mostly due to fewer early physical shipments on Breakpoint vs Odyssey
- **33 M€ of acquisitions** (Green Panda Games + deferred payment of past acquisitions)
- **75 M€ proceeds from issue of capital:** related to employee share plan
- **35 M€ net share acquisition:** related to employee share plan



# SOLID FINANCIAL POSITION

**H1 FY20**

**NON-IFRS NET DEBT: 218 M€**

**FY20e**

**SIGNIFICANT IMPROVEMENT IN NET FINANCIAL SITUATION EXPECTED**

- **TOTAL COMMITTED AVAILABLE FUNDING: ~1 300 M€**  
(with no maturity within 3 years, excl. 50 M€ Schuldschein in March 2020)
- **TOTAL EQUITY AS AT SEPT 30, 2019: ~1,085 M€**

# AGENDA

H1 FY20 PERFORMANCE

Q3 & FY20 TARGETS

FY21 TARGETS

# Q3 & FY20 TARGET

**Q3  
FY20e**

**Q3 FY20 NET BOOKINGS: ~ 410 M€**

**FY20e**

**FY20 NET BOOKINGS: ~ 1,450 M€**

**NON-IFRS OPERATING INCOME: 20 M€ - 50 M€**



# AGENDA

H1 FY20 PERFORMANCE

Q3 & FY20 TARGETS

FY21 TARGETS

# FY21 & FY22 TARGETS

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

**FY21 NET BOOKINGS: ~ 2,600 M€**

**NON-IFRS OPERATING INCOME: ~ 600 M€**

**5 AAA RELEASES**

**POSITIVE IMPACT OF NEW GEN**

**GROWING PRI, ASIA & PC**

**FY22<sub>e</sub>  
&  
BEYOND**

**3-4 AAA RELEASES**

**STRONG BACK CATALOG**

**GROWING PRI, ASIA & PC**

**GROWING BENEFITS FROM TENCENT DEAL ON MOBILE**