



UBISOFT®

H1 FY16 Earnings presentation

November 4th, 2015

- **Yves Guillemot, President and Chief Executive Officer**
- **Alain Martinez, Chief Financial Officer**
- **Jean-Benoît Roquette, SVP Investor Relations**

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 2, 2015 with the French Financial Markets Authority (l'Autorité des marchés financiers)).

KEY TAKEAWAYS

SOLID FIRST HALF

Excellent staying power of major franchises

Assassin's Creed - Far Cry - Just Dance - The Crew - Watch Dogs

Ever-growing importance of the digital segment

STRONG GROWTH EXPECTED IN H2

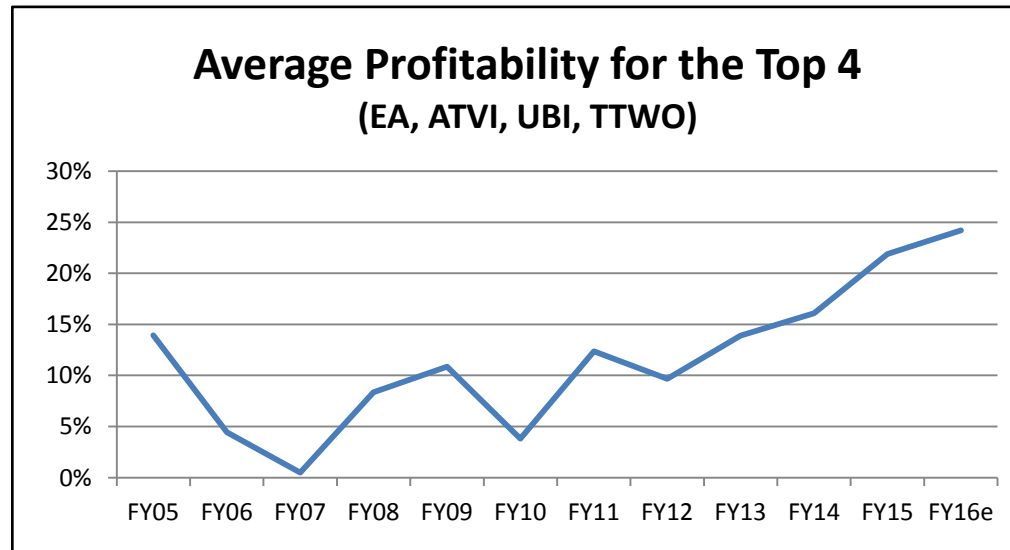
UBISOFT, A GREAT VEHICLE TO PLAY THE VIDEOGAME MOMENTUM

UBISOFT, A GREAT VEHICLE TO PLAY THE VIDEOGAME MOMENTUM

H1 PERFORMANCE

PERSPECTIVES ON Q3 & FY16

STRUCTURAL PROFITABILITY TRANSFORMATION FOR THE INDUSTRY



Base on Ubisoft consensus and Thomson One

UBISOFT : CARRIES A UNIQUE VALUE CREATION POTENTIAL

1

CATCHING UP in
the highly profitable
DIGITAL SEGMENT
thanks to
STRONG
MULTIPLAYER
experiences

2

IDEALLY
POSITIONED
to capture the
growth potential of
OPEN-WORLDS

UNRIVALLED
capacity to **RELEASE**
MANY open-worlds
per year

3

OWNS both
EXPERTISE & IPs :

a **MASSIVE**
ADVANTAGE
for our
SHAREHOLDERS
as it maximizes
franchises value
& offers **LONG**
TERM VISIBILITY

4

a **PIONEER**
in **LEVERAGING**
its **BRANDS**
into the broader
ENTERTAINMENT
industry
+
successful
PARTNERSHIP
STRATEGY
WITH THE BEST
studios & channels

UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

1 Going multiplayer : Catch up opportunity in the highly profitable digital segment



Massive Betas



Long Term Content

Events/eSports



In-Game Monetization



UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

2 Open Worlds : Gaining market shares

BEST SELLERS 2014 (value)

| | |
|----|------------------------|
| 1 | COD : Advanced Warfare |
| 2 | FIFA 15 |
| 3 | GTA V |
| 4 | Destiny |
| 5 | Watch_Dogs |
| 6 | AC Unity + Rogue |
| 7 | Far Cry 4 |
| 8 | Super Smash Bros. |
| 9 | Madden NFL 15 |
| 10 | FIFA 14 |

Physical retail sales : NPD, GFK

OPEN WORLDS SHARE OF TOTAL MARKET

| 2008 | 2014 |
|------|------|
| 16% | 30% |

PLAYERS' GROWING APPETITE FOR FREEDOM

UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

2 Open Worlds : Ubisoft's clear lead

| BEST SELLERS 2014 (value) | |
|---------------------------|------------------------|
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Physical retail sales : NPD, GFK

UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

2 Open Worlds : A unique capacity to release them on a regular basis

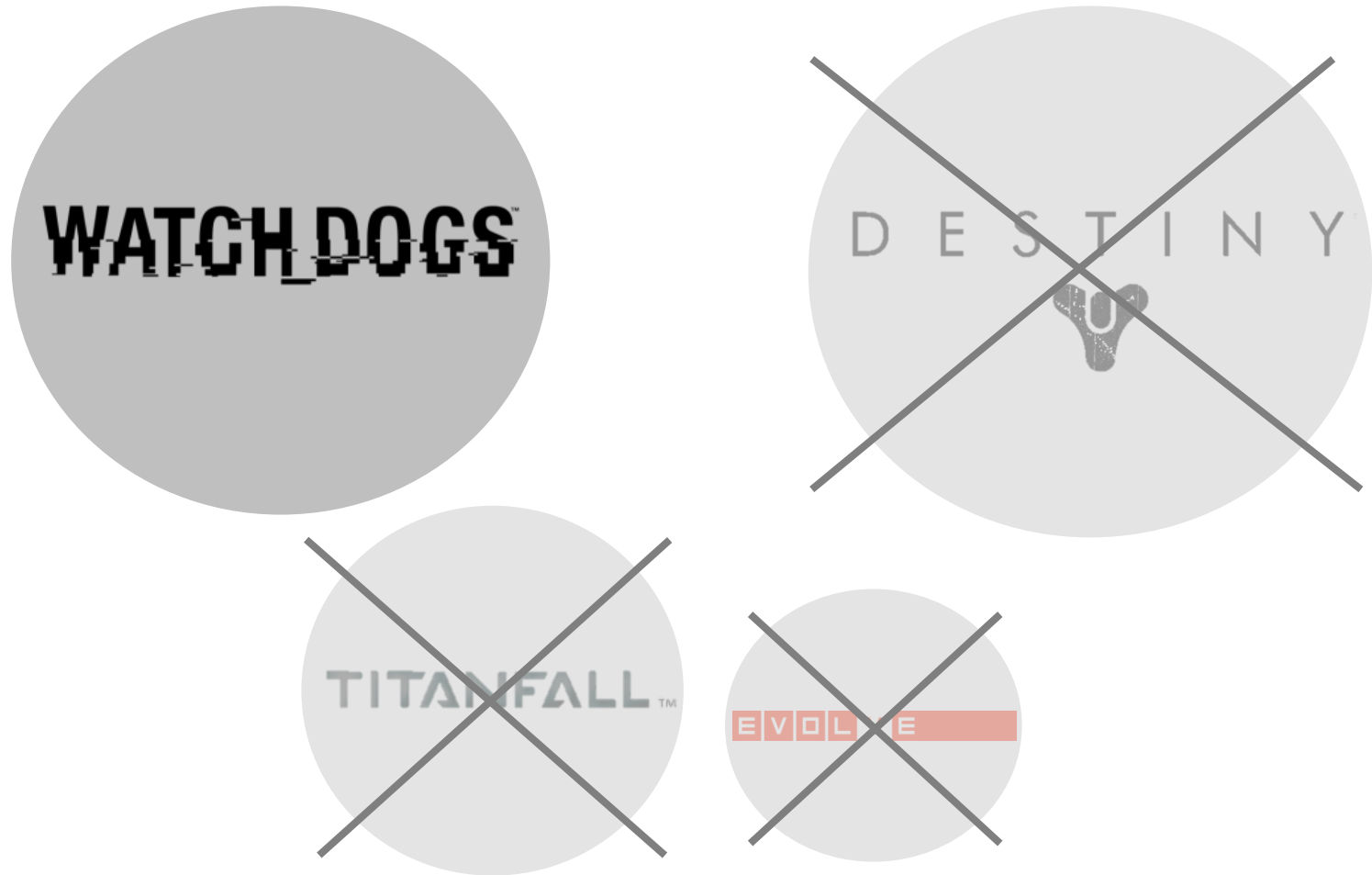
| | UBISOFT | EA | ATVI | TTWO | KONAMI | CD PROJECT | WARNER |
|-------------|---|------------|---------|-------|------------|-------------|-------------------|
| FY14 | AC 4 | | | GTA V | | | BATMAN |
| FY15 | AC UNITY FAR CRY 4 WATCH DOGS THE CREW | DRAGON AGE | DESTINY | | | | |
| FY16 | AC SYNDICATE FAR CRY PRIMAL THE DIVISION | | | | METAL GEAR | THE WITCHER | BATMAN MAD MAX |

LONG TERM PLANNING

MASSIVE TEAMS

UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

3 Ubisoft's shareholders own both the IP and the expertise



New IPs owned and developed internally by publishers

UBISOFT : A UNIQUE VALUE CREATION POTENTIAL

4 Partnering with the best to leverage our IPs



ASSASSIN'S CREED

TOM CLANCY'S SPLINTER CELL



TOM CLANCY'S GHOST RECON



RABBIDS THE MOVIE

WATCH DOGS



RABBIDS TV SHOW

THE BEST PARTNERS

WITH THE BEST PRODUCTION & MARKETING NETWORKS

THE FUTURE LOOKS GREAT FOR UBISOFT SHAREHOLDERS

“We have been building Ubisoft over the long term with the aim of becoming one of the highest-performing groups in the video game industry and a leader in the overall entertainment sector”



**SIGNIFICANT VALUE CREATION
LIES IN FRONT OF US**

AGENDA

UBISOFT, A GREAT VEHICLE TO PLAY THE
VIDEOGAME MOMENTUM

H1 PERFORMANCE

PERSPECTIVES ON Q3 & FY16

H1 FY16 PERFORMANCE

H1 FY16

Q2 Sales : 111 M€ (- 17% at cstt FX)

Beating target of 90 M€

H1 sales : 207 M€

Very solid Back-catalog : 184 M€, + 53%

Assassin's Creed – Far Cry – Just Dance – The Crew – Watch Dogs

Digital momentum continues : 100 M€, 48% of total revenues

Extra content at 42 M€, 20% of total revenues

H1 FY16 PERFORMANCE

**H1
FY16**

Gross margin at 74%

Down vs 78% last year but up 5 points vs H1 FY14 & H1 FY13

Back-catalog momentum + Digital impact

Non-IFRS Operating loss : (108) M€

H1 FY14 at (98) M€ with revenues of 293 M€

Net Debt : (156) M€,

vs (40) M€ in H1 FY15 and (142) M€ in H1 FY14

H1 FY16 : NON-IFRS P&L

| € million, except for per share data | H1 2015-16 | | H1 2014-15 (Restated for IFRIC21) | |
|--|----------------|---------------|--------------------------------------|-------------|
| | | % | | % |
| Sales | 207,3 | | 484,2 | |
| Gross profit | 154,3 | 74,4 | 378,1 | 78,1 |
| R&D expenses | (99,5) | (48,0) | (181,2) | (37,4) |
| Selling expenses | (111,1) | (53,6) | (127,2) | (26,3) |
| G & A expenses | (51,5) | (24,9) | (44,9) | (9,3) |
| SG & A expenses | (162,6) | (78,4) | (172,1) | (35,5) |
| Non IFRS Current operating income | (107,8) | (52,0) | 24,9 | 5,1 |
| Net Financial Income | (5,9) | | (2,5) | |
| Income Tax | 48,1 | | (4,8) | |
| Non IFRS Net Income | (65,7) | | 17,5 | |
| Non IFRS Diluted earnings per share | (0,57) | | 0,15 | |
| Nbr of shares fully diluted | 115 898 | | 112 931 | |

- **Gross margin down 224 M€, at 74%**
 - -4 points vs H1 FY15 & +5 points vs H1 FY14 & FY13
- **R&D down 82 M€**
- **SG&A down 10 M€**
 - variable marketing expenses down to 72 M€ (92 M€ in H1 FY15). Limited decrease due to Watch Dogs pre-marketing in FY14 + bigger H2 push
 - fixed structure costs up to 90 M€ (81 M€ in H1 FY15). Half of increase due to exchange rates

H1 FY16 : R&D

| € million | H1 2015-16 | H1 2014-15 |
|---|--------------|--------------|
| Depreciation of in-house software-related production | 55,3 | 138,8 |
| Depreciation of external software-related production and licenses | 8,9 | 2,5 |
| Royalties | 6,4 | 6,8 |
| Non Capitalized R&D & others | 29,0 | 33,1 |
| Total R&D depreciation and royalties | 99,5 | 181,2 |
| | | |
| Capitalized in-house software-related production | 222,2 | 195,2 |
| Capitalized external software-related production and licenses (excluding future commitments) | 13,0 | 14,9 |
| Royalties | 6,4 | 6,8 |
| Non Capitalized R&D & others | 29,0 | 33,1 |
| Total development investment | 270,6 | 250,0 |

- **77 M€ total depreciation decrease** : reflects mostly launch of Watch Dogs in H1 FY15
- **25 M€ Capitalized R&D increase** : of which around over 1/3 from exchange rates impact

H1 FY16 : IFRS / NON-IFRS RECONCILIATION

| € million, except for per share data | H1 2015-16 | | | H1 2014-15 (Restated for IFRIC21 impacts) | | |
|--|----------------|-------------|----------------|--|-------------|----------------|
| | IFRS | Adjustment | Non IFRS | IFRS | Adjustment | Non IFRS |
| Sales | 207,3 | | 207,3 | 484,2 | | 484,2 |
| Total Operating expenses | (324,6) | 9,5 | (315,1) | (470,0) | 10,6 | (459,4) |
| Stock-based compensation | (6,0) | 6,0 | 0,0 | (5,0) | 5,0 | 0,0 |
| Non current operating income and expenses | (3,5) | 3,5 | 0,0 | (5,7) | 5,7 | 0,0 |
| Operating Income | (117,3) | 9,5 | (107,8) | 14,2 | 10,7 | 24,8 |
| Net Financial income | (5,9) | 0,0 | (5,9) | 2,7 | (5,3) | (2,5) |
| Income tax | 48,1 | 0,0 | 48,1 | (4,8) | 0,0 | (4,8) |
| Net Income | (75,2) | 9,5 | (65,7) | 12,1 | 5,4 | 17,5 |
| Diluted earnings per share | (0,65) | 0,08 | (0,57) | 0,11 | 0,05 | 0,15 |

H1 FY16 : CASH FLOWS & CLOSING CASH POSITION

| € million | H1 2015-16 | H1 2014-15* |
|--|----------------|---------------|
| Opening cash position | 211,3 | (12,7) |
| Cash flows from operations | (208,8) | (37,1) |
| Change in WCR | (125,9) | 17,5 |
| Cash flows from operating activities | (334,7) | (19,5) |
| Net investment in capital assets | (24,2) | (28,2) |
| Net free cash flow | (358,9) | (47,7) |
| Net acquisitions/disposals | (0,0) | (2,3) |
| Proceeds from issue of capital and other financial flows | 16,8 | 7,1 |
| Net acquisitions/disposals of own shares | (18,5) | 0,4 |
| Effect of exchange rate fluctuations | (6,1) | 14,9 |
| Decrease/(increase) in net debt | (366,8) | (27,6) |
| Closing cash position | (155,5) | (40,3) |

* Restated for IFRIC21 impacts

- **172 M€ decrease of Cash flows from Operations**
 - 83 M€ swing of net income and 102 M€ increase in R&D expense vs depreciation gap
- **126 M€ decrease in WCR**
 - A mix of inventory, other receivables, other liabilities impacts

AGENDA

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VIDEOGAME MOMENTUM

H1 PERFORMANCE

PERSPECTIVES ON Q3 & FY16

FY16 : TARGETS CONFIRMED

FY16

Sales: stable

H2 sales : up close to 30% (5 big titles vs 4 last year)

Q3 sales : around 600 M€, down 26%

Q4 : the strongest ever

Non-IFRS Operating Income : at least 200 M€

Negative FCF (positive before WCR)

FY16 : GAMES



Oct 23, 2015



Feb 23, 2016



Dec 1, 2015



March 8, 2016



Oct 23, 2015



Early 2016



Nov 3, 2015

EXPANSIONS

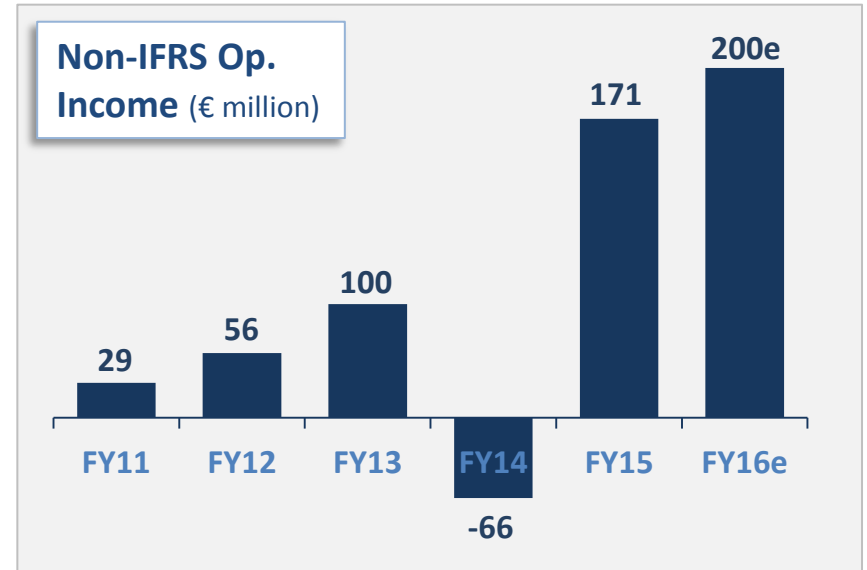
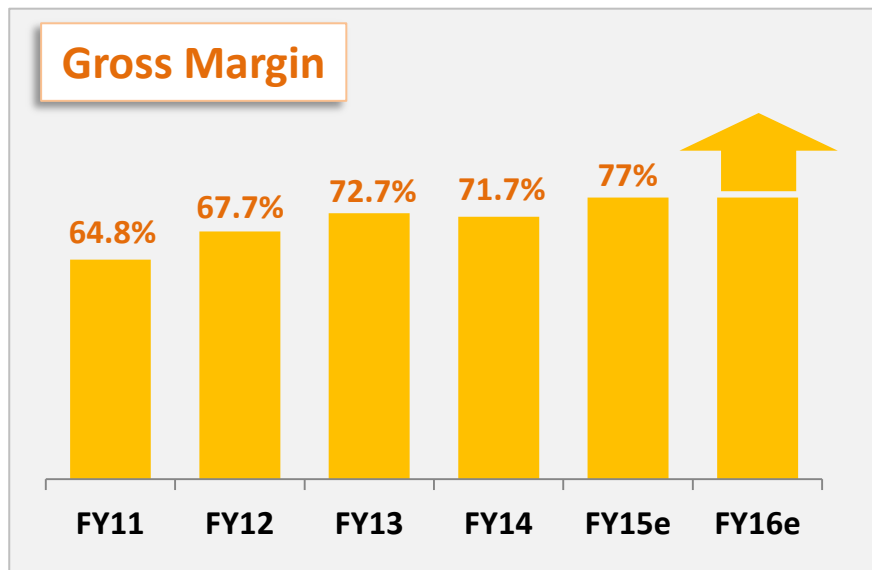
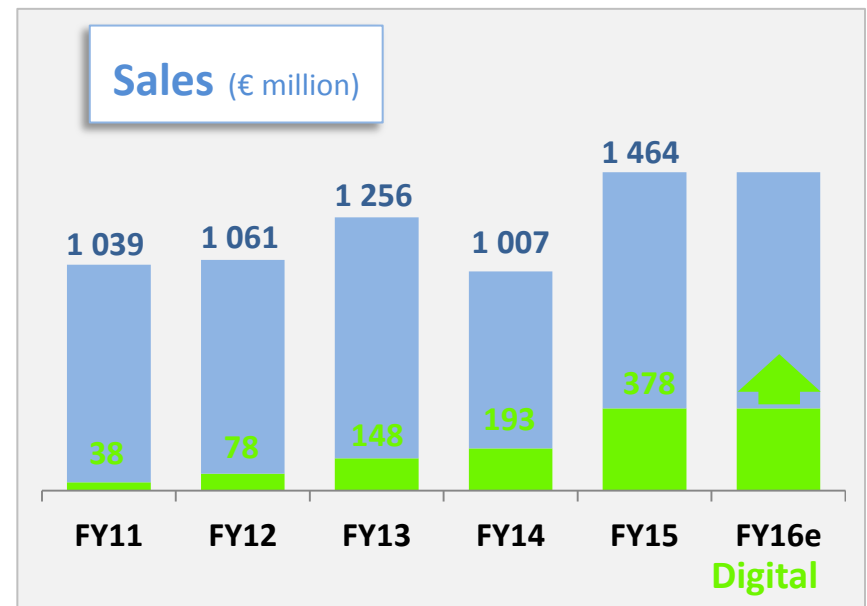
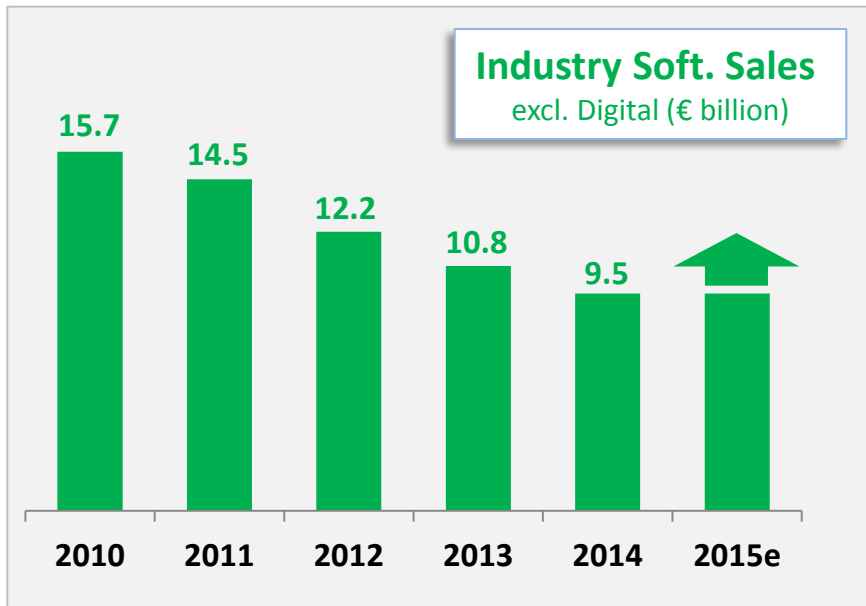


July 14, 2015



Nov 17, 2015

UBISOFT FINANCIAL PERFORMANCE



APPENDICES

PAST 10 YEARS KEY SUCCESS FACTORS

| Cumulated Retail Sales (Value) | | | |
|---|------------------|---------------------|------------|
| (Xbox360, PS3, Wii, WiiU, Xbox One, PS4 + PC) | | | Publishers |
| 2005 - 2014 (10 years) | | | |
| 1 | CALL OF DUTY | ACTIVISION BLIZZARD | F |
| 2 | MARIO | NINTENDO | F |
| 3 | FIFA SOCCER | EA | F |
| 4 | GTA | TAKE-TWO | F |
| 5 | ASSASSIN'S CREED | UBISOFT | NB |
| 6 | WII FIT* | NINTENDO | NB |
| 7 | MADDEN NFL | EA | F |
| 8 | THE SIMS | EA | F |
| 9 | GUITAR HERO* | ACTIVISION | NB |
| 10 | BATTLEFIELD | EA | F |
| 11 | HALO | MICROSOFT | F |
| 12 | NEED FOR SPEED | EA | F |
| 13 | JUST DANCE | UBISOFT | NB |
| 14 | LEGO | WARNER | NB |
| 15 | NBA 2K | TAKE-TWO | F |
| 16 | Warcraft | ACTIVISION BLIZZARD | F |
| 17 | SONIC | SEGA | F |
| 18 | ROCK BAND* | EA | NB |
| 19 | ELDER SCROLL | BETHESDA | F |
| 20 | SKYLANDERS | ACTIVISION BLIZZARD | NB |

*includes hardware

F: Franchise

NB: New Brands

AC THE 5TH
BIGGEST BRAND !

2 OF THE 4
BIGGEST NEW IPS !

KEY LEARNINGS

FRANCHISES
=
LG TERM VISIBILITY

KEY FACTORS OF SUCCESS

- Strong communities
- Quality
- Regular Releases
- Deep Production Capacity

NEW CYCLES
=
OPPORTUNITY
FOR NEW BRANDS

*Far Cry – Watch Dogs – The Division – Rainbow 6
strong contenders for Next-Gen top 20*

UBISOFT'S STOCK much more liquid than it may appear

| Volume Fragmentation | | | | |
|--|-----------|------|-----------|------|
| | Avg 20 J | % | Avg 1Year | % |
| OTC Reporting | 710 626 | 33% | 422 790 | 35% |
| Euronext | 726 187 | 34% | 393 032 | 33% |
| Other Main Lit Venues (Chi-X, Bats, Turquoise) | 690 288 | 32% | 377 492 | 32% |
| Total | 2 127 101 | 100% | 1 193 313 | 100% |

(Source : Bloomberg)

As of Oct, 30th

Euronext 33% of total liquidity

Average volume over 1 year at 1 190 000 shares