



Ubisoft® reports full-year 2008-09 results

- Sales¹ up 14%
- Current operating income²: 12.2% of sales (14.3% in 2007-08)
- Net income excluding non-recurring items and before stock-based compensation: €84.7 million (€80.6 million in 2007-08)
- Net income: €68.8 million (€109.8 million in 2007-08)
- Net cash: €154.2 million (€149.5 million in 2007-08)
- 2009-10 targets confirmed

Paris, May 27, 2009 – Today, Ubisoft released its results for the fiscal year ended March 31, 2009.

Key financial data

In € millions	2008-09	%	2007-08	%
Sales	1,057.9		928.3	
Gross profit*	639.5	60.5%	612.7	66.0%
R&D expenses	(246.3)	23.3%	(264.6)	28.5%
Selling expenses	(204.2)	19.3%	na	
General and administrative expenses	(60.2)	6.2%	na	
SG&A expenses	(264.4)	25.0%	(215.0)	23.2%
Current operating income ²	128.7	12.2%	133.1	14.3%
Operating income	113.5	10.7%	131.5	14.2%
Net income	68.8	6.5%	109.8	11.8%
Diluted earnings per share (in €)**	0.71		1.14	
Diluted earnings per share before non-recurring items and stock-based compensation (in €)**	0.87		0.84	
Cash flows from R&D investments***	330.5		283.6	
Net cash	154.2		149.5	

* Supply chain costs that were previously included in SG&A expenses are now classified in gross profit.

** After the November 14, 2008 two-for-one stock split.

*** Including royalties and excluding future commitments.

¹ Full-year 2008-09 sales were reported on April 29, 2009.

² Before stock-based compensation.

Yves Guillemot, Chief Executive Officer, stated: *"Ubisoft ended fiscal 2008-09 with full-year sales growth of 18.4% at constant exchange rates, the second best profitability among comparable companies in its industry, and a 5.1% rise in net income excluding non-recurring items and before stock-based compensation. This performance illustrates Ubisoft's unique business model with cost-competitive development studios and some of the most talented developers in the industry. It enables the Group to be at the leading edge of innovation and offer superior quality games, while maintaining a high level of profitability."*

Main income statement items

Sales for full-year 2008-09 came to €1,057.9 million, up 14.0%, or 18.4% at constant exchange rates.

As mentioned in earlier announcements, the stronger contribution from both casual games (31.9% of sales versus 25.4% in 2007-08) and the distribution business (7.6% of sales compared with 2.8% in 2007-08) has had a significant impact on the income statement structure. Casual games generate lower gross margins, require less R&D expenditure and have higher marketing costs. The distribution business has low gross margins but requires no R&D expenditure and only limited marketing costs.

Gross profit represented a lower percentage of sales, coming in at 60.5% (€639.5 million) against 66.0% (€612.7 million) in 2007-08. This decrease is attributable partly to the above mentioned product mix and partly to price pressure (notably on Nintendo DS™ games) experienced during the second half of the year.

Current operating income before stock-based compensation totaled €128.7 million (12.2% of sales), in line with the revised target of around 12.0% announced in the fourth-quarter sales release. This figure is down on the €133.1 million recorded for 2007-08 (14.3% of sales) when there was a high contribution from Assassin's Creed®, Tom Clancy's Rainbow Six® Vegas 2 games, and the casual range.

The current operating income figure reflects the following combined factors:

- A €26.8 million rise in gross profit.
- A €18.3 million reduction in R&D expenses due to the product mix effect. These expenses represented 23.3% of sales (€246.3 million), down from 28.5% (€264.6 million) in 2007-08.
- A €49.4 million increase in SG&A expenses to 25.0% of sales (€264.4 million), compared with 23.2% (€215.0 million) in 2007-08.
 - Variable marketing expenses increased significantly to 14.5% of sales (€153.3 million), from 12.3% (€114.1 million).
 - Structure costs decreased, as a percentage of sales, to 10.5% (€111.1 million) from 10.8% (€100.9 million) in 2007-08.

Ubisoft ended fiscal 2008-09 with operating income of €113.5 million, versus €131.5 million the previous year. This figure includes stock-based compensation of €16.9 million (€8.5 million in 2007-08) and €1.6 million in non-recurring gains (€6.9 million in 2007-08).

Net financial expenses came to €4.8 million (compared with net financial income of €27.0 million in 2007-08) and mainly break down as follows:

- €0.3 million in financial income compared with €1.9 million in financial charges in 2007-08.
- €5.3 million in foreign exchange losses versus €13.7 million in 2007-08.

- An €8.8 million positive impact arising from Calyon's sale of the remaining Ubisoft shares it held through the Equity Swap. Net financial income for 2007-08 included a €28.0 million positive impact from the Equity Swap.
- €8.7 million in charges for impairment of Gameloft shares, which have been written down to €1.64 in the balance sheet from €2.73 previously. As a reminder, in 2007-08, Ubisoft recorded a gain of €14.8 million following Calyon's sale of a portion of its Gameloft shares.

Net income for 2008-09 totaled €68.8 million compared with €109.8 million in 2007-08. Diluted earnings per share³ amounted to €0.71 versus €1.14. Excluding non-recurring items (i.e. Gameloft, Equity Swap, lawsuit and other factors) and before stock-based compensation, the net income figure would amount to €84.7 million and diluted earnings per share³ would represent €0.87, compared with net income of €80.6 million for 2007-08 and €0.84 per share.

Main cash flow statement and balance sheet items

Cash flows from operating activities came to €27.8 million in 2008-09 compared with €116.8 million the previous year, reflecting cash flows from operations* of €38.1 million (versus €58.7 million in 2007-08) and an €10.3 million increase in working capital requirement (against a €58.1 million decrease in 2007-08).

At March 31, 2009, Ubisoft had a net cash position of €154.2 million compared with €149.5 million at March 31, 2008. The year-on-year change reflects the following main movements in 2008-09:

- The above-mentioned €27.8 million in cash flows from operating activities.
- €26.9 million in purchases of tangible and intangible assets.
- Business acquisitions totaling €10.3 million.
- Proceeds from the issue of capital amounting to €12.4 million following employee rights issues and the exercise of stock options.
- A €1.7 million effect from exchange rate fluctuations.

** Cash flows from operations includes future commitments on external development contracts and licenses which have no impact on cash flow generation and which decreased to €68.5 million in 2008-09 from €80.3 million in 2007-08. In the "Cash flow statement for comparison with other industry players", "Costs of internal development and licence development" were reduced in 2008-09 by the above differential of €11.8 million, whereas in 2007-08 they were increased by €43 million. Before these adjustments, "Costs related to internal development and development of licenses" amounted to €300.3 million in 2008-09 and €258.3 million in 2007-08.*

2009-10 targets confirmed

Ubisoft is confirming its previously announced targets for 2009-10, namely:

- First-quarter sales of around €95 million.
- Full-year sales of approximately €1,100 million and current operating income before stock-based compensation representing at least 11% of sales.

³ After the November 14, 2008 two-for-one stock split.

Financial calendar

Annual Shareholders' Meeting	July 10, 2009
First-quarter sales release	July 22, 2009

These dates are subject to change and will be confirmed at a later stage.

Contact

Investor relations

Jean-Benoît Roquette

Head of Investor Relations

+ 33 1 48 18 52 39

Jean-benoit.roquette@ubisoft.com

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 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 25, 2008 with the French Financial Markets Authority (*l'Autorité des marchés financiers*)).

About Ubisoft

Ubisoft is a leading producer, publisher and distributor of interactive entertainment products worldwide and has grown considerably through a strong and diversified line-up of products and partnerships. Ubisoft is present in 28 countries and has sales in more than 55 countries around the globe. It is committed to delivering high-quality, cutting-edge video game titles to consumers. For the 2008-09 fiscal year Ubisoft generated sales of €1,058 million. To learn more, please visit www.ubisoftgroup.com.

© 2008 Ubisoft Entertainment. All Rights Reserved. Assassin's Creed, Ubisoft, Ubi.com, and the Ubisoft logo are trademarks of Ubisoft Entertainment in the U.S. and/or other countries. Rainbow Six, Red Storm and Red Storm logo are trademarks of Red Storm Entertainment in the U.S. and/or other countries. Red Storm Entertainment, Inc. is a Ubisoft Entertainment company.

© 2008 Nintendo. Nintendo DS is a trademark of Nintendo.

For the first time, Ubisoft is publishing an income statement by function. This presentation notably enables selling expenses to be split out from general and administrative expenses. For fiscal 2008-09 the Group has also published an income statement by nature which has been the presentation format used up until now.

Consolidated income statement by function

In thousand of euros	03.31.09
Sales	1 057 926
Cost of sales	- 418 467
Gross margin	639 459
Research and Development costs	- 246 306
Marketing costs	- 204 206
General and Administrative costs	- 60 198
Current operating income	128 748
Profit from discontinuing operations	1 570
Stock based compensation	-16 855
Operating income	113 464
Net borrowing costs	929
Net foreign exchange losses	- 5 343
Other financial income and expenses	- 426
Net financial income	- 4 840
Share of profit of associates	15
Income tax	- 39 791
Gain on the disposal of discontinued operations	-
Profit for the period	68 848
Minority interests	-
Group Result	68 848
Earnings per share	
Basic earnings per share (in €) (*)	0.74
Diluted earnings per share (in €) (*)	0.71
Weighted average number of shares in issue (*)	93 362
Diluted weighted average number of shares in issue(*)	97 159

(*) After stock split

Consolidated income statement by nature

In thousand of euros	03.31.09	03.31.08 New presentation	03.31.08 Old presentation
Sales	1,057,926	928,307	928,307
Other operating income	215,904	191,210	191,209
Cost of sales	-435,734	-329,931	-329,984
Changes in inventories of finished goods and work in progress	21,485	18,270	18,275
Employee benefits expense	-232,439	-205,010	-205,010
Other operating expenses	-272,061	-219,926	-218,182
Taxes and duties	-7,565	-5,176	-6,872
Depreciation and amortization	-235,368	-254,492	-254,492
Provisions	-254	1,328	1,328
Current operating income	111,894	124,578	124,578
Other operating expenses	-286	-2,571	-2,571
Other operating gains	1,856	9,513	9,513
Operating profit	113,464	131,520	131,520
Net borrowing cost	929	-1,340	-1,340
Net foreign exchange loss	-5,343	-13,742	-13,742
Other financial income and expenses	-426	42,076	27,508
Net financial income	-4,840	26,994	12,426
Share of profit of associates	15	568	28
Income tax	-39,791	-49,238	-48,957
Gain on the disposal of discontinued operations	-	-	14,827
Profit for the period	68,848	109,844	109,844
Minority interests	-	-	-
Group result	68,848	109,844	109,844
Earnings per share			
Basic earnings per share (in €) (*)	0.74	1.20	1.20
Diluted earnings per share (in €) (*)	0.71	1.14	1.14
Weighted average number of shares in issue (*)	93,362	91,748	91,748
Diluted weighted average number of shares in issue(*)	97,159	96,032	96,032

(*) After stock split on November 14th, 2008

Consolidated balance sheet

ASSETS	Net	Net	Net
In thousands of euros	03.31.09	New Presentation 03.31.08	Old Presentation 03.31.08
Goodwill	99,545	84,376	84,376
Other intangible assets	480,911	398,378	398,378
Property, plant and equipment	27,423	22,480	22,480
Investments in associates	343	328	328
Other financial assets	3,354	2,517	2,517
Deferred tax assets	23,817	21,684	21,684
Non-current assets	635,393	529,763	529,763
Inventory	62,294	39,879	39,879
Trade receivables	69,534	84,226	84,226
Other receivables	89,652	91,683	91,683
Other current financial assets	20,610	64,342	39,284
Current tax assets	19,039	11,146	11,146
Cash and cash equivalents	237,207	228,913	228,913
Assets held for sale	-	-	25,058
Current assets	498,336	520,189	520,189
Total Assets	1,133,729	1,049,952	1,049,952
LIABILITIES AND EQUITY	03.31.09	03.31.08	03.31.08
In thousand of euros		New Presentation	Old Presentation
Capital	7,274	7,165	7,165
Premiums	489,002	459,457	459,457
Consolidated reserves	186,632	57,685	57,685
Consolidated earnings	68,848	109,844	109,844
Equity (group share)	751,756	634,151	634,151
Minority interests			
Total equity	751,756	634,151	634,151
Provisions	1,984	1,861	1,861
Employee benefit	1,641	1,699	1,699
Long-term borrowings	22,632	23,323	23,323
Deferred tax liabilities	60,320	43,990	43,990
Non-current liabilities	86,577	70,873	70,873
Short-term borrowings	61,872	57,450	57,450
Trade payables	136,664	177,903	177,903
Other liabilities	76,867	95,505	95,505
Current tax liabilities	19,993	14,070	14,070
Current liabilities	295,396	344,928	344,928
Total liabilities	381,973	415,801	415,801
Total liabilities and equity	1,133,729	1,049,952	1,049,952

Consolidated cash flow statement for comparison with other industry players

In thousand of euros	03.31.09	03.31.08
Cash flows from operating activities		
Consolidated earnings	68,848	109,844
+/- Share of profit of associates	-15	-28
+/- Gains / losses on the disposal of discontinued operations	-	-14,827
+/- Amortization of game softwares	219,031	239,284
+/- Other amortization	16,337	15,213
+/- Provisions	2,034	35
+/- Cost of share-based payments	16,855	8,526
+/- Gains / losses on disposals	193	2,096
+/- Other income and expenses calculated	3,272	-600
+/- Costs of internal development and licence development	-288,464	-300,849
Cash flows from operating activities	38,091	58,694
Inventory	-23,088	-17,569
Trade receivables	19,738	-7,096
Other assets	35,313	-27,936
Trade payables	-45,380	60,714
Other liabilities	3,133	49,981
+/-Change in working capital from operating activities	-10,284	58,095
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	27,807	116,788
- Payments for the acquisition of property, plant and equipment and other intangible assets	-30,230	-48,344
+ Proceeds from the disposal of intangible assets and property, plant and equipment	93	475
- Payments for the acquisition of financial assets	-36,042	-23,731
+/- Other cash flows from investing activities	-	-66
+ Repayment of loans and other financial assets	35,181	23,735
+ Proceeds from the disposal of discontinued operations	-	25,110
+/- Changes in scope ⁽¹⁾	-6,248	-18,342
CASH USED BY INVESTING ACTIVITIES	-37,246	-41,162
Cash flows from financing activities		
+ New finance leases	36	268
- Repayment of finance leases	-23	-55
- Repayment of borrowings	-1,032	-
+ Proceeds from shareholders in capital increases	12,799	15,825
+/- Sales / purchases of own shares	-349	-392
+/- Other flows	-	3
CASH GENERATED (USED) BY FINANCING ACTIVITIES	11,431	15,649
Net change in cash and cash equivalents	1,992	91,275
Cash and cash equivalents at the beginning of the fiscal year	173,181	78,653
Impact of translation adjustments	1,720	3,253
Cash and cash equivalents at the end of the fiscal year	176,893	173,181
⁽¹⁾ Including cash in companies acquired and disposed of	-1,938	-897

Consolidated cash flow statement

In thousand of euros	03.31.09	03.31.08
Cash flows from operating activities		
Consolidated earnings	68,848	109,844
+/- Share of profit of associates	-15	-28
+/- Gains / losses on the disposal of discontinued operations	-	-14,827
+/- Depreciation and amortization	235,368	254,497
+/- Provisions	2,034	35
+/- Cost of share-based payments	16,855	8,526
+/- Gains / losses on disposals	193	2,096
+/- Other income and expenses calculated	3,272	-600
+ Interest paid	3,814	5,231
+ Income tax paid	26,195	18,891
Inventory	-23,088	-17,569
Trade receivables	19,738	-7,096
Other assets	35,313	-27,936
Trade payables	-45,380	60,714
Other liabilities	3,133	49,981
+/-Change in working capital from operating activities	-10,284	58,095
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	346,280	441,760
- Interest paid	-3,814	-5,231
- Income tax paid	-26,195	-18,891
NET CASH GENERATED BY OPERATING ACTIVITIES	316,271	417,638
- Payments for the acquisition of intangible assets and property, plant and equipment	-318,694	-349,193
+ Proceeds from the disposal of intangible assets and property, plant and equipment	93	475
- Payments for the acquisition of financial assets	-36,042	-23,731
+/- Other cash flows from investing activities	-	-66
+ Repayment of loans and other financial assets	35,181	23,735
+ Proceeds from the disposal of discontinued operations	-	25,110
+/- Changes in scope ⁽¹⁾	-6,248	-18,342
CASH USED BY INVESTING ACTIVITIES	-325,710	-342,012
Cash flows from financing activities		
+ New finance leases	36	268
- Repayment of finance leases	-23	-55
- Repayment of borrowings	-1,032	-
+ Proceeds from shareholders in capital increases	12,799	15,825
+/- Sales / purchases of own shares	-349	-392
+/- Other flows	-	3
CASH GENERATED (USED) BY FINANCING ACTIVITIES	11,431	15,649
Net change in cash and cash equivalents	1,992	91,275
Cash and cash equivalents at the beginning of the fiscal year	173,181	78,653
Impact of translation adjustments	1,720	3,253
Cash and cash equivalents at the end of the fiscal year	176,893	173,181
⁽¹⁾ Including cash in companies acquired and disposed of	-1.938	-897