



UBISOFT® REPORTS FIRST-HALF 2012-13 SALES AND EARNINGS FIGURES

- **First-half sales outstrip targets, coming in at €279 million**
- **Current operating loss¹: €58 million**
- **Net loss excluding non-recurring items¹: €38 million**
- **Revision of targets for full-year 2012-13**

Paris, November 6, 2012 – Today, Ubisoft released its sales and earnings figures for the six months ended September 30, 2012.

Key financial data

In € millions	H1 2012-13	%	H1 2011-12	%
Sales	279.2	<i>100%</i>	248.5	<i>100%</i>
Gross profit	192.7	<i>69.0%</i>	158.4	<i>63.7%</i>
R&D expenses	(96.8)	<i>-34.7%</i>	(86.7)	<i>-34.9%</i>
Selling expenses	(116.8)	<i>-41.8%</i>	(87.7)	<i>-35.3%</i>
General and administrative expenses	(37.2)	<i>-13.3%</i>	(33.2)	<i>-13.4%</i>
Total SG&A expenses	(154.0)	<i>-55.2%</i>	(121.0)	<i>-48.7%</i>
Current operating income/(loss)¹	(58.1)	-20.8%	(49.3)	-19.9%
Operating income/(loss)	(60.2)	<i>-21.6%</i>	(54.8)	<i>-22.1%</i>
Profit/(loss) for the period	(32.3)	-11.6%	(37.1)	-14.9%
Diluted earnings/(loss) per share (in €)	(0.34)		(0.39)	
Diluted earnings/(loss) per share before non-recurring items¹ (in €)	(0.40)		(0.33)	
Cash flows from operating activities	(244.9)		(178.1)	
R & D investment expenditure*	218.5		205.0	
Net cash/(debt)	(152.5)		(101.4)	

* Including royalties but excluding future commitments.

¹ Before stock-based compensation

Yves Guillemot, Chief Executive Officer, stated *"First-half sales were buoyed by the performance of Ghost Recon Future Soldier and the digital segment, as well as by the initial sell-in of Just Dance 4. This fed a strong increase in gross profit, which was up for the third year in a row. As expected, our marketing spend on major titles scheduled for release in the third fiscal quarter significantly pushed up selling expenses and led to a higher current operating loss. However, those large-scale marketing campaigns for Assassin's Creed 3 and Far Cry 3 should pave the way for an exceptional year-end, with a significant increase in both sales and profitability."*

Sales

Sales for the first half of 2012-13 came to €279 million, up 12.1% (4.4% at constant exchange rates) compared with the €249 million recorded for the first half of 2011-12.

Second-quarter sales totaled €148 million versus €146 million in the same period of 2011-12, representing an increase of 1.4% (or a 4.8% decrease at constant exchange rates).

Sales in the second quarter of 2012-13 were higher than the guidance of around €110 million issued when Ubisoft released its sales figures for the first quarter of the fiscal year. Of this increase:

- Around half was attributable to the performance of Tom Clancy's Ghost Recon Future Soldier™ and back-catalog sales as well as our online revenues, with the online segment reporting a 59% jump to €28 million.
- Around half derived from the initial sell-in of Just Dance® 4.

Back-catalog sales contracted 9% to €97.5 million for the first half of 2012-13 overall, representing a marked improvement on the 41% decline experienced in the first quarter.

Main income statement items

Gross profit totaled €192.7 million (representing 69.0% of sales), up significantly on the €158.4 million gross profit figure (63.7% of sales) recorded for the first half of 2011-12. This increase – which gave a further boost to the steady rise in gross profit reported since fiscal 2010-11 – was fueled by the high average selling price for Tom Clancy's Ghost Recon Future Soldier™, as well as the sharp rise in online sales, which have very high margins, and the growth of initial sell-in of Just Dance® 4.

Ubisoft ended the first half of 2012-13 with a €58.1 million current operating loss before stock-based compensation, versus a €49.3 million loss in first-half 2011-12.

¹ Before stock-based compensation

The first-half 2012-13 current operating loss¹ figure reflects the following combined factors:

- A €34.3 million increase in gross profit.
- A €10.1 million increase in R&D expenses to €96.8 million from €86.7 million in first-half 2011-12, although these remained stable as a percentage of sales (34.7% compared with 34.9%).
- A €33.0 million increase in total SG&A expenses to €154.0 million (55.2% of sales), from €121.0 million (48.7% of sales) in first-half 2011-12. Selling expenses reached €116.8 million (41.8% of sales) compared with €87.7 million (35.3%) in first-half 2011-12. General and administrative expenses reached €37.2 million (13.3%) compared with €33.2 million (13.4% of sales).
 - Variable marketing expenses represented 29.8% of sales (€83.2 million) compared with 24.9% (€61.8 million) in the first six months of 2011-12, an increase that was mainly attributable to the marketing spend in Q2 for games scheduled for release in the third quarter and, to a lesser extent, for online titles.
 - Structure costs corresponded to 25.3% of sales (€70.8 million) versus 23.8% (€59.1 million) in first-half 2011-12. This year-on-year increase was primarily due to (i) the development of our online and IT activities, and (ii) changes in exchange rates.

Ubisoft recorded an operating loss of €60.2 million in the first six months of 2012-13 – including €2.1 million in stock-based compensation – compared with a €54.8 million operating loss in the same period of 2011-12, which included €5.5 million in stock-based compensation.

Net financial income came to €5.1 million (versus net financial expense of €1.7 million in first-half 2011-12) and primarily breaks down as follows:

- €2.1 million in financial charges against €1.1 million in first-half 2011-12.
- A €7.2 million positive impact from the sale of 2.2 million Gameloft shares. At September 30, 2012, 1.0 million Gameloft shares were still on the balance sheet.

Ubisoft ended the first six months of 2012-13 with a €32.3 million net loss, representing a diluted loss per share of €0.34, versus a net loss of €37.1 million and a diluted loss per share of €0.39 in the first half of 2011-12.

Excluding non-recurring items and before stock-based compensation, the net loss would have amounted to €38.1 million, representing a diluted loss per share of €0.40, versus a net loss of €31.5 million and a diluted loss per share of €0.33 for the first six months of 2011-12.

Main cash flow statement and balance sheet items (unaudited)

Cash flows from operating activities came to a negative €244.9 million compared with a negative €178.1 million in first-half 2011-12. This reflects a negative €146.4 million in cash flow from operations (versus a negative €142.7 million in the same period of 2011-12) and a €98.4 million increase in working capital requirement (against a €35.4 million increase in first-half 2011-12).

¹ Before stock-based compensation

At September 30, 2012 Ubisoft had net debt of €152.5 million, compared with net debt of €101.4 million one year earlier. The swing from a net cash position of €84.6 million at March 31, 2012 was primarily attributable to:

- The above-mentioned €244.9 million net cash outflow from operating activities.
- €10.9 million in purchases of tangible and intangible assets.
- €10.7 million from sales of Gameloft shares.
- A €7.5 million positive currency effect.

Outlook

Full-year 2012-13

Yves Guillemot stated, *"Following on from the steady advances we have made over the last 24 months, the Company expects to achieve a record second-half performance. First-week sell-through sales for Assassin's Creed 3 are estimated at over 3.5 million units, representing a year-on-year increase of more than 100%, Just Dance 4 is performing in line with our expectations and Far Cry 3 has achieved among the best playtest scores in Ubisoft's history, confirming the game's outstanding quality. With flagship titles such as ZombiU and Rayman Legends, Ubisoft is also well positioned to reap the benefits of what is expected to be a very strong launch for WiiU. Lastly, our positive momentum looks set to be further buoyed by the trends in the online and digital segments. In view of all these factors, we are revising upwards our full-year sales target as well as the higher end of our guidance range for current operating income."*

"From a longer-term perspective, WiiU's progression and the arrival of the next generation of consoles, combined with the strong momentum in the Free-to-Play model for PC, mobile and tablet games, will enable us to capitalize on the investments we have made in recent years. These developments will cement Ubisoft's positioning as a creator of successful brands with a growing expertise in new online models and services."

The Company is revising upwards its full-year 2012-13 target for sales, which are now expected to come in at between €1,200 million and €1,260 million, compared with the previously announced target of between €1,160 million and €1,200 million. It is also raising the higher end of its guidance range for current operating income¹, which is now expected to amount to between €70 million and €100 million, versus the previous range of between €70 million and €90 million.

Sales for the third quarter of 2012-13

The third quarter will see the following releases:

- Assassin's Creed® III for Xbox 360®, PLAYSTATION® 3, Wii U™ and PC,
- Just Dance® 4 for Wii™, Wii U™, Xbox 360® and PLAYSTATION® 3,
- Far Cry® 3 for Xbox 360®, PLAYSTATION® 3 and PC,
- 7 titles for the launch of the Wii U™
- 7 online and digital titles

Ubisoft expects third-quarter 2012-13 sales to amount to between €740 million and €800 million, up by 13% to 23% on the third quarter of 2011-12.

¹ Before stock-based compensation

Significant events

Market share: In the first nine months of calendar 2012, Ubisoft was the number 4 independent publisher in the United States with 6.4% market share (compared with number 4 and 6.5% one year earlier) and was number 3 in Europe with 6.9% market share (unchanged from one year earlier).

Ubisoft and New Regency partner on Assassin's Creed movie: Ubisoft Motion Pictures, the film and television division of Ubisoft, will develop the Assassin's Creed movie in close collaboration with New Regency. Ubisoft will maintain control of key elements of the movie's creative direction in order to ensure that Assassin's Creed will be a high-quality movie that respects the lore and fans of the video game franchise. The partnership with New Regency follows an agreement signed with the famous actor Michael Fassbender to work on the movie.

Uplay PC launch: In August, Ubisoft launched Uplay PC, an application that serves as a digital distribution platform and central point for PC gamers to connect to Uplay's community and consumer-centric services. Uplay, Ubisoft's online services and distribution platform, now has more than 37 million members.

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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 02, 2012 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 has offices in 26 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 2011-12 fiscal year Ubisoft generated sales of €1,061 million. To learn more, please visit: www.ubisoftgroup.com.

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¹ Before stock-based compensation

APPENDICES

Breakdown of sales by geographic region

	% CA	% CA	% CA	% CA
	Q2 2012/13	Q2 2011/12	6 months 2012/13	6 months 2011/12
Europe	41%	47%	40%	40%
North America	49%	42%	50%	49%
Rest of world	10%	11%	10%	11%
TOTAL	100%	100%	100%	100%

Breakdown of sales by platform

	Q2 2012/13	Q2 2011/12	6 months 2012/13	6 months 2011/12
Nintendo DS™	2%	4%	1%	4%
Nintendo 3 DS™	1%	3%	2%	2%
PC	9%	1%	11%	7%
PLAYSTATION®3	19%	26%	22%	23%
PSP™	1%	1%	1%	1%
Wii™	41%	31%	25%	28%
XBOX 360™	20%	23%	30%	28%
PS VITA	1%	-	1%	-
Other	7%	11%	7%	7%
TOTAL	100%	100%	100%	100%

Breakdown of sales by business line

	Q2 2012/13	Q2 2011/12	6 months 2012/13	6 months 2011/12
Development	96%	99%	96%	94%
Publishing	3%	1%	3%	2%
Distribution	1%	0%	1%	4%
TOTAL	100%	100%	100%	100%

¹ Before stock-based compensation

Title release schedule

3rd Quarter (October – December 2012)

PACKAGED GOODS

ASSASSIN'S CREED® III	Xbox 360™, PLAYSTATION®3, Wii U™, PC
ASSASSIN'S CREED® III LIBERATION	PLAYSTATION® Vita
ESPN SPORTS CONNECTION™	Wii U™
FAR CRY® 3	Xbox 360™, PLAYSTATION®3, PC
IMAGINE® FASHION WORLD	Nintendo 3DS™
IMAGINE® BABIES 3D	Nintendo 3DS™
JUST DANCE® 4	Kinect™ for Xbox 360®, PLAYSTATION®3, Wii U™, Wii™
JUST DANCE®: DISNEY PARTY	Kinect™ for Xbox 360®, Wii™
JUST DANCE® JAPAN 2	Wii™
MARVEL AVENGERS: BATTLE FOR EARTH	Xbox 360™, Wii U™
RABBIDS® LAND	Wii U™
RABBIDS® RUMBLE	Nintendo 3DS™
ROCKSMITH™	PC
THE HIP HOP DANCE EXPERIENCE	Kinect™ for Xbox 360®, Wii™
YOUR SHAPE® FITNESS EVOLVED 2013	Wii U™
ZOMBIU™	Wii U™

ONLINE DIGITAL MOBILE

AUTODANCE® BY JUST DANCE®	iPad, iPhone
BABEL RISING 3D	Windows Phone
MIGHT & MAGIC® DUEL OF CHAMPIONS	iPad
MONSTER BURNER	Windows Phone
NUTTYFLUFFIES™	Android, iPad, iPhone
RABBIDS GO PHONE AGAIN®	iPhone, Windows Phone
RABBIDS® GO HD	iPad, Android

The Statutory Auditors have completed the procedures for their limited review of the consolidated financial statements. They will issue their limited review report after verifying the Group's interim financial report.

Consolidated income statement

In thousands of euros	09.30.12	09.30.11
Sales	279 227	248 458
Cost of sales	-86 510	-90 085
Gross Margin	192 717	158 373
Research and Development costs	-96 825	-86 736
Marketing costs	-116 768	-87 734
General and Administrative costs	-37 247	-33 241
Current operating income before SO	-58 123	-49 338
Stock-based compensation	-2 126	-5 472
Current operating income	-60 249	-54 810
Operating income	-60 249	-54 810
Net borrowing costs	-2 114	-1 097
Net foreign exchange losses	-102	-559
Other financial income	7 475	55
Other financial expenses	-159	-88
Net financial income	5 100	-1 689
Share of profit of associates	-64	-76
Income tax	22 948	19 466
Profit for the period	-32 265	-37 109
Earnings per share		
Basic earnings per share (in €)	-0,34	-0,39
Diluted earnings per share (in €)	-0,34	-0,39
Weighted average number of shares in issue	94 731	94 210
Diluted weighted average number of shares in issue	95 897	95 865

¹ Before stock-based compensation

Consolidated balance sheet

ASSETS	Net	Net
In thousands of euros	09/30/12	3/31/12
Goodwill	149 562	147 773
Other intangible assets	647 837	520 452
Property, plant and equipment	42 474	39 177
Investments in associates	340	404
Other financial assets	3 350	3 342
Deferred tax assets	125 434	92 325
Non current assets	968 997	803 473
Inventory	41 611	20 012
Trade receivables	63 602	-13 143
Other receivables	75 597	83 592
Other current financial assets	7 120	15 287
Current tax assets	13 327	13 691
Cash and cash equivalents	176 325	175 703
Current assets	377 582	295 142
Total assets	1 346 579	1 098 616

LIABILITIES AND EQUITY	09/30/12	3/31/12
In thousands of euros		
Capital	7 386	7 369
Premiums	267 567	265 358
Consolidated reserves	494 627	452 659
Consolidated earnings	-32 265	37 321
Equity (Group share)	737 315	762 707
Provisions	3 500	3 918
Employee benefits	1 981	1 568
Long-term borrowings	1 371	1 479
Deferred tax liabilities	38 753	37 396
Non-current liabilities	45 605	44 361
Short-term borrowings	327 593	91 073
Trade payables	113 571	80 800
Other liabilities	117 220	116 531
Current tax liabilities	5 275	3 145
Current liabilities	563 659	291 549
Total liabilities	609 266	335 910
Total liabilities and equity	1 346 579	1 098 616

¹ Before stock-based compensation

Consolidated cash flow statement for comparison with other industry players
(Unaudited and not included in the consolidated financial statements)

In thousands of euros	09.30.12	09.30.11
Consolidated earnings	-32 265	-37 110
+/- Share of profit of associates	64	76
+/- Amortization of game software	69 303	56 307
+/- Other amortization	10 516	9 377
+/- Provisions	934	-874
+/- Cost of share-based payments	2 126	5 472
+/- Gains / losses on disposals	-7 190	33
+/- Other income and expenses calculated	1 118	-1 445
+/- Costs of internal development and license development	-191 007	-174 526
CASH FLOW FROM OPERATIONS	-146 402	-142 690
Inventory	-22 508	-12 219
Trade receivables	-79 313	-6 646
Other assets	-23 293	-23 178
Trade payables	24 595	12 922
Other liabilities	2 083	-6 267
+/-Change in working capital from operating activities	-98 436	-35 388
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-244 837	-178 078
- Payments for the acquisition of property, plant and equipment and other intangible assets	-11 093	-15 824
+ Proceeds from the disposal of intangible assets and property, plant and equipment	165	542
- Payments for the acquisition of financial assets	-2 011	-4 568
+ Proceeds from sales of Gameloft shares	10 730	
+ Repayment of loans and other financial assets	1 866	4 484
+ Proceeds from the disposal of discontinued operations	0	0
+/- Changes in scope(1)	0	-8 056
CASH USED BY INVESTING ACTIVITIES	-342	-23 422
Cash flows from financing activities		
+ New finance leases	3 000	0
+ New borrowings	0	47
- Repayment of finance leases	-84	-113
- Repayment of borrowings	-66	-729
+ Proceeds from shareholders in capital increases	480	403
+/- Sales / purchases of own shares	212	-1 791
+/- Other flows (carry back sold)	0	0
CASH GENERATED (USED) BY FINANCING ACTIVITIES	3 542	-2 183
Net change in cash and cash equivalents	-241 636	-203 683
Cash and cash equivalents at the beginning of the fiscal year	86 326	122 034
Impact of translation adjustments	7 463	2 532
Cash and cash equivalents at the end of the fiscal year*	-147 849	-79 119
(1) including cash in companies acquired and disposed of	0	-5 868

*-147,8 M€ - 4,0 M€ (loans) - 0.7M€ (leasing) = -152.5 M€ net debt

*-79,1 M€ - 21,5 M€ (loans) - 0.8M€ (leasing) = -101,4 M€ net debt

¹ Before stock-based compensation

Consolidated cash flow statement

In thousands of euros	09.30.12	09.30.11
Cash flows from operating activities		
Consolidated earnings	-32 265	-37 110
+/- Share of profit of associates	64	76
+/- Depreciation and amortization	79 819	65 683
+/- Provisions	934	-874
+/- Cost of share-based payments	2 126	5 472
+/- Gains / losses on disposals	-7 190	33
+/- Other income and expenses calculated	1 118	-1 445
+ Income tax paid	-22 948	-19 466
Inventory	-22 508	-12 219
Trade receivables	-79 313	-6 646
Other assets	5 978	-2 667
Trade payables	24 595	12 922
Other liabilities	-270	-2 089
+/-Change in working capital from operating activities	-71 518	-10 699
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-49 860	1 670
- Income tax paid	-3 968	-5 223
NET CASH GENERATED BY OPERATING ACTIVITIES	-53 828	-3 553
Cash used by investing activities		
- Payments of internal development and license development	-191 007	-174 526
- Payments for the acquisition of intangible assets and property, plant and equipment	-11 093	-15 824
+ Proceeds from the disposal of intangible assets and property, plant and equipment	165	542
+ Proceeds from sales of Gameloft shares	10 730	0
- Payments for the acquisition of financial assets	-2 011	-4 568
+ Repayment of loans and other financial assets	1 866	4 483
+/- Changes in scope	0	-8 057
CASH USED BY INVESTING ACTIVITIES	-191 350	-197 950
Cash flows from financing activities		
+ New finance leases	3 000	0
+ New borrowings	0	47
- Repayment of finance leases	-84	-113
- Repayment of borrowings	-66	-729
+ Proceeds from shareholders in capital increases	480	403
+/- Sales / purchases of own shares	212	-1 791
+/- Other flows (carry back sold)		
CASH GENERATED (USED) BY FINANCING ACTIVITIES	3 542	-2 183
Net change in cash and cash equivalents	-241 637	-203 686
Cash and cash equivalents at the beginning of the fiscal year	86 326	122 034
Impact of translation adjustments	7 463	2 532
Cash and cash equivalents at the end of the fiscal year	-147 849	-79 120
(1) including cash in companies acquired and disposed of	0	-5 868

*-147,8 M€ - 4,0 M€ (loans) - 0.7M€ (leasing) = -152.5 M€ net debt
*-79,1 M€ - 21,5 M€ (loans) - 0.8M€ (leasing) = -101,4 M€ net debt

Reconciliation of Net income before non recurring elements and stock based compensation

In million of euros, except for per share data	H1 2012-13			H1 2011-12		
	As reported	Adjustment	Before non recurring elements and stock based compensation	As reported	Adjustment	Before non recurring elements and stock based compensation
Sales	279,2		279,2	248,5		248,5
Total Operating expenses	(339,5)	2,1	(337,4)	(303,3)	5,5	(297,8)
Stock-based compensation	(2,1)	2,1	0,0	(5,5)	5,5	0,0
Fair Value Variation	0,0	0,0	0,0	0,0	0,0	0,0
Other operating income and expenses	0,0	0,0	0,0	0,0	0,0	0,0
Operating Income	(60,2)	2,1	(58,1)	(54,8)	5,5	(49,3)
Net Financial income	5,1	(7,2)	(2,1)	(1,7)	0,0	(1,7)
Income tax	22,9	(0,8)	22,1	19,5	0,0	19,5
Net Income	(32,2)	(5,9)	(38,1)	(37,0)	5,5	(31,5)
Diluted earnings per share	(0,34)	(0,06)	(0,40)	(0,39)	0,06	(0,33)

¹ Before stock-based compensation