



UBISOFT® REPORTS FIRST-HALF 2013-14 SALES AND EARNINGS FIGURES

- **First-half sales: €293 million**
- **Non-IFRS operating loss: €98 million**
- **Targets for full-year 2013-14 confirmed**
- **Very high quality ratings for games released¹: average score of 85 for the five most recent titles**

Paris, November 12, 2013 – Today, Ubisoft released its sales and earnings figures for the six months ended September 30, 2013.

Non-IFRS income statement and key financial data

In € millions	H1 2013-14	%	H1 2012-13	%
Sales	293.3		279.2	100%
Gross profit	202.2	68.9%	192.7	69.0%
R&D expenses	(138.9)	-47.4%	(96.8)	-34.7%
Selling expenses	(123.5)	-42.1%	(116.8)	-41.8%
General and administrative expenses	(37.8)	-12.9%	(37.2)	-13.3%
Total SG&A expenses	(161.3)	-55.0%	(154.0)	-55.2%
Non-IFRS operating income/(loss)	(98.0)	-33.4%	(58.2)	-20.8%
Non-IFRS net income/(loss)	(62.1)		(38.1)	
Non-IFRS diluted earnings/(loss) per share (in €)	(0.59)		(0.40)	
Non-IFRS cash flows from operating activities	(260.7)		(244.8)	
R&D investment expenditure*	(233.3)		(218.5)	
Net cash/(debt) position	(141.7)		(152.5)	

* Including royalties but excluding future commitments.

¹ Average of the scores on Metacritic.com for all platforms combined (excl. Wii™ and Wii U™), as at November 08, 2013.

Sales

Sales for the first half of 2013-14 came to €293 million, up 5.0% (or 8.2% at constant exchange rates) compared with the €279 million recorded for first-half 2012-13.

Sales in the second quarter totaled €217 million versus €148 million in the same period of 2012-13, representing an increase of 46.6% (or 53.4% at constant exchange rates). Second-quarter 2013-14 sales were higher than the guidance of around €200 million issued when Ubisoft released its sales figures for the first quarter of the fiscal year.

Ubisoft's sales performance in first-half 2013-14 reflects:

- robust back-catalog sales, which rose 16% year on year to €113 million thanks to a good showing from Far Cry® 3 and Assassin's Creed® 3; and
- sustained growth for the digital segment, with sales climbing 29% to €71 million, driven by digital distribution and sales of additional content (items and DLC).

Main income statement items

Gross profit rose to €202.2 million in first-half 2013-14 from €192.7 million in the first six months of 2012-13. As a percentage of sales, it remained stable year on year (68.9% compared with 69.0% in first-half 2012-13).

Ubisoft ended the first half of 2013-14 with a non-IFRS operating loss of €98.0 million, versus a €58.2 million loss in the first six months of 2012-13.

The non-IFRS operating loss figure for the first half of 2013-14 reflects the following combined factors:

- A €9.5 million increase in gross profit.
- A €42.1 million rise in R&D expenses to €138.9 million (47.4% of sales) from €96.8 million (34.7% of sales) in first-half 2012-13. This year-on-year increase was due to higher R&D depreciation for titles released in the first half of 2013-14 as well as the cancellation of projects.
- A €7.3 million increase in total SG&A expenses to €161.3 million from €154.0 million in first-half 2012-13. As a percentage of sales these expenses remained stable at 55.0% (versus 55.2%):
 - Variable marketing expenses represented 30.0% of sales (€88.0 million) compared with 29.8% (€83.2 million) in the first six months of 2012-13.
 - Structure costs corresponded to 25.0% of sales (€73.2 million) against 25.3% (€70.8 million) in first-half 2012-13.

Ubisoft recorded a non-IFRS net loss of €62.1 million for the first half of 2013-14, representing a non-IFRS diluted loss per share of €0.59, compared with a non-IFRS net loss of €38.1 million and a non-IFRS diluted loss per share of €0.40 in first-half 2012-13.

The IFRS net loss came to €62.3 million, representing an IFRS diluted loss per share of €0.60, versus an IFRS net loss of €32.3 million and an IFRS diluted loss per share of €0.34 for the first six months of 2012-13.

Main non-IFRS cash flow statement and balance sheet items

Non-IFRS cash flows from operating activities represented a net outflow of €260.7 million compared with a €244.9 million net outflow in first-half 2012-13. This reflects a negative €144.8 million in non-IFRS cash flow from operations (versus a negative €146.4 million in the same period of 2012-13) and a €115.9 million increase in non-IFRS working capital requirement (against a €98.4 million increase in first-half 2012-13).

At September 30, 2013 Ubisoft had net debt of €141.7 million compared with €152.5 million one year earlier. The swing from a net cash position of €104.6 million at March 31, 2013 was primarily attributable to a combination of the following factors:

- The above-mentioned €260.7 million non-IFRS net cash outflow from operating activities.
- €16.4 million in purchases of tangible and intangible assets.
- €3.1 million in cash outflows for business acquisitions.
- A €36.3 million inflow from capital increases.
- €6.0 million from sales of Gameloft shares.
- An €8.7 million negative translation adjustments.

Outlook

Yves Guillemot, Chief Executive Officer, stated *"The PS4 and Xbox One will be released in a few days' time and will be a new driving force for the industry. We are confident in our capacity to rise to the short-term challenges posed by the transition phase, thanks to the very high quality of our games, which, combined with the upcoming arrival of the next-generation consoles and the traditional ramp-up of sales during the Christmas season will trigger positive momentum towards the end of the year."*

Yves Guillemot continued *"Open world games are becoming ever-more popular with gamers. These creations give gamers the freedom of expression and immersive experiences that are now central to their expectations. This deep-seated market trend – which Ubisoft has fully embraced – is going to move up another gear when the next-generation consoles arrive. At the same time, the ongoing growth in our digital business demonstrates the progress we have made in an area which is set to expand even further in the coming years. Consequently, we are continuing to make strides in the implementation of our strategy, by concentrating our resources on regular releases of our open world franchises, investing in digital expertise and increasing the visibility of our brands, notably through movies and TV series."*

He concluded by saying *"This year, Ubisoft has constantly stood out for the very high quality of its creations. This will be a determining factor for ensuring our future success and enhancing our financial performance. In 2014-15, we intend to step up the level even further by launching a number of particularly ambitious titles under both new brands and established franchises, starting as of the first quarter of the fiscal year, with the release of Watch Dogs."*

Full-year 2013-14

Ubisoft is standing by its recently-revised targets for full-year 2013-14, namely sales of between €995 million and €1,045 million and a non-IFRS operating loss of between €70 million and €40 million.

Sales for the third quarter of 2013-14

The third quarter of 2013-14 will see the following main releases:

- Assassin's Creed® IV black flag™ for Xbox 360™, PLAYSTATION®3, Xbox One™, PLAYSTATION®4, Wii U™ and PC
- Just Dance® 2014 for Xbox 360™, PLAYSTATION®3, Xbox One™, PLAYSTATION®4, Wii™ and Wii U™
- Rocksmith® 2014 for Xbox 360™, PLAYSTATION®3, PC and Mac

Ubisoft expects third-quarter 2013-14 sales to amount to between €500 and €540 million, down by 38% to 33% on the third quarter of 2012-13, a period that notably saw the release of Far Cry® 3.

Recent significant events

Ever-higher quality ratings: Assassin's Creed® IV black flag™ (85); Rayman® Legends (90); Rocksmith® 2014 (88); Tom Clancy's Splinter Cell® Blacklist™ (83). These scores correspond to the average of the scores on Metacritic.com for all platforms combined (excl. Wii™ and Wii U™), as of November 08, 2013.

Market share: In the first nine months of calendar 2013, Ubisoft was the number 4 independent publisher in the United States with 5.4% market share (compared with number 4 and 6.4% one year earlier) and number 4 in Europe with 7.2% market share (compared with number 3 and 6.9%). Source : NPD, GFK Chart-Track.

Resolution to be submitted to the Company's shareholders on November 20, 2013 concerning the election of two new independent directors: At the Ordinary Shareholders' Meeting to be held on November 20, 2013 Ubisoft will ask its shareholders to elect the following two new independent directors:

- Pascale Mounier: Pascale Mounier would bring to the Board of Directors her strong command of IT and financial processes and methods, as well as her wide-ranging experience in a diverse spectrum of business sectors and an in-depth knowledge of project management, especially in the areas of IT, innovative technologies and R&D.
- Didier Crespel: In addition to his financial and accounting expertise – which would enable the Audit Committee to have a member specializing in these areas – Didier Crespel would bring to the Board of Directors his skills relating to company transformations, as well as his extensive international experience and hands-on, entrepreneurial approach.

Acquisition of Future Games of London: Future Games of London (FGOL) is a studio that is exclusively focused on developing free-to-play games for mobiles and tablets. It created and developed the Hungry Shark™ brand, a franchise whose fourth installment has already been downloaded more than 30 million times since its launch. This studio – which is both successful and profitable – will help grow Ubisoft's mobile business.

Acquisition of Digital Chocolate's Barcelona studio's assets: This studio specializes in developing free-to-play social games and games for mobiles and tablets.

Exercise of share subscription warrants (BSA) issued in 2012: 97.4% of the warrants have been exercised, representing the issue of 8.4 million new shares and a €59 million increase in equity.

Sale of Ubisoft's remaining stake in Gameloft: During the second quarter of fiscal 2013-14, Ubisoft sold 1 million Gameloft shares, generating a capital gain of €4.4 million and a positive €6.0 million cash impact. Ubisoft no longer holds any Gameloft shares.

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Non-IFRS financial information

Ubisoft now presents non-IFRS information in its earnings releases as Group Management considers that "Non-IFRS operating income/(loss)" and "Non-IFRS net income/(loss)" – which are measures that are not prepared strictly in accordance with IFRS – are relevant indicators of the Group's operating and financial performance. Management uses them to run the Group's business as they are the best reflection of its recurring performance and exclude the majority of non-operating and non-recurring items. "Non-IFRS operating income/(loss)", "Non-IFRS net income/(loss)" and "Non-IFRS earnings/(loss) per share" are comparable to the following three previously-used indicators: "Current operating income/(loss) before stock-based compensation", "Net income/(loss) before non-recurring items and stock-based compensation" and "Earnings/(loss) per share before non-recurring items and stock-based compensation". A reconciliation between the IFRS and non-IFRS measures is provided in the appendices to this press release.

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 June 25, 2013 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 29 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 2012-13 fiscal year Ubisoft generated sales of €1,256 million. To learn more, please visit: www.ubisoftgroup.com.

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APPENDICES

Breakdown of sales by geographic region

	% Sales	% Sales	% Sales	% Sales
	Q2 2013/14	Q2 2012/13	6 months 2013/14	6 months 2012/13
Europe	41%	41%	40%	40%
North America	49%	49%	50%	50%
Rest of world	10%	10%	10%	10%
TOTAL	100%	100%	100%	100%

Breakdown of sales by platform

	Q2 2013/14	Q2 2012/13	6 months 2013/14	6 months 2012/13
XBOX 360™	30%	20%	29%	32%
PLAYSTATION®3	24%	20%	24%	24%
Wii™	20%	41%	18%	25%
Wii U™	7%	-	6%	-
PC	13%	13%	17%	14%
Nintendo 3 DS™	0%	1%	0%	2%
PLAYSTATION®VITA	2%	1%	2%	1%
Other	4%	4%	4%	2%
TOTAL	100%	100%	100%	100%

Title release schedule

3rd Quarter (October – December 2013)

PACKAGED GOODS

ASSASSIN'S CREED® IV BLACK FLAG™	Xbox 360™, Xbox One™, PLAYSTATION®3, PLAYSTATION®4 Wii U™, PC
FIGHTER WITHIN™	Xbox One™
JUST DANCE® 2014	Xbox 360™, Xbox One™, PLAYSTATION®3, PLAYSTATION®4 Wii™, Wii U™
JUST DANCE® KIDS 2014	Xbox 360™, Wii™, Wii U™
ROCKSMITH® 2014	Xbox 360™, PLAYSTATION®3, PC, MAC

ONLINE DIGITAL MOBILE

ASSASSIN'S CREED® PIRATES	Android, iOS
BABEL RISING™ 3D	Windows
FLASHBACK ORIGINS™	PC
MIGHT & MAGIC® HEROES® ONLINE (ASIA)	iPad
RABBIDS® BIG BANG	Android, iOS, Windows
RAYMAN® FIESTA RUN	Android, iOS, Windows
RAYMAN® JUNGLE RUN (ASIA)	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 (IFRS, reviewed)

In thousands of euros	09.30.13	09.30.12
Sales	293 349	279 227
Cost of sales	-91 123	-86 510
Gross Margin	202 226	192 717
Research and Development costs	-142 191	-98 453
Marketing costs	-123 840	-116 940
General and Administrative costs	-38 452	-37 573
Current operating income	-102 257	-60 249
Non-current expenses and income	-11 724	0
Operating income	-113 981	-60 249
Net borrowing costs	-2 388	-2 114
Net foreign exchange losses	-803	-102
Other financial income	16 710	7 475
Other financial expenses	-74	-159
Net financial income	13 444	5 100
Share of profit of associates	0	-64
Income tax	38 195	22 948
Profit for the period	-62 341	-32 265
Earnings per share		
Basic earnings per share (in €)	-0,63	-0,34
Diluted earnings per share (in €)	-0,60	-0,34
Weighted average number of shares in issue	99 602 251	94 731 291
Diluted weighted average number of shares in issue	104 508 310	95 896 758

Reconciliation of IFRS Net income and non-IFRS Net income

In million of euros, except for per share data	H1 2013-14			H1 2012-13		
	IFRS	Adjustment	Non-IFRS	IFRS	Adjustment	Non-IFRS
Sales	293,3		293,3	279,2		279,2
Total Operating expenses	(407,3)	16,0	(391,3)	(339,5)	2,1	(337,4)
Stock-based compensation	(4,3)	4,3	0,0	(2,1)	2,1	0,0
Non-current expenses and income	(11,7)	11,7	0,0	0,0		0,0
Other operating income and expenses	0,0	0,0	0,0	0,0		0,0
Operating Income	(114,0)	16,0	(98,0)	(60,3)	2,1	(58,2)
Net Financial income	13,4	(15,8)	(2,4)	5,1	(7,2)	(2,1)
Income tax	38,2	0,0	38,2	22,9	(0,8)	22,2
Net Income	(62,3)	0,2	(62,1)	(32,3)	(5,8)	(38,1)
Diluted earnings per share	(0,60)	0,00	(0,59)	(0,34)	(0,06)	(0,40)

Consolidated balance sheet (IFRS , reviewed)

ASSETS	Net	Net
In thousands of euros	09/30/13	03/31/13
Goodwill	139 240	145 919
Other intangible assets	641 557	547 215
Property, plant and equipment	47 913	46 489
Investments in associates		416
Other financial assets	3 582	3 844
Deferred tax assets	124 870	92 919
Non current assets	957 162	836 802
Inventory	40 316	17 732
Trade receivables	121 274	36 619
Other receivables	90 984	105 744
Other current financial assets	827	6 850
Current tax assets	8 381	15 987
Cash and cash equivalents	155 416	237 704
Current assets	417 198	420 636
Total assets	1 374 360	1 257 438

LIABILITIES AND EQUITY	Net	Net
In thousands of euros	09/30/13	03/31/13
Capital	7 856	7 441
Premiums	304 740	275 815
Consolidated reserves	543 186	490 140
Consolidated earnings	-62 342	64 831
Equity (Group share)	793 439	838 227
Total equity	793 439	838 227
Provisions	5 481	5 670
Employee benefit	3 424	2 997
Long-term borrowings	63 907	24 457
Deferred tax liabilities	37 627	49 181
Non-current liabilities	110 440	82 305
Short-term borrowings	234 278	108 759
Trade payables	123 118	75 963
Other liabilities	112 140	148 337
Current tax liabilities	945	3 847
Current liabilities	470 480	336 906
Total liabilities	580 920	419 211
Total liabilities and equity	1 374 360	1 257 438

Consolidated cash flow statement non IFRS (non reviewed)

In thousands of euros	09/30/13	09/30/12
Cash flows from operating activities adjusted		
Consolidated earnings	-62 342	-32 265
+/- Share of profit of associates	0	64
+/- Depreciation on internal & external games & movies	114 070	69 303
+/- Other depreciation	24 086	10 516
+/- Provisions	-545	934
+/- Cost of share-based payments	4 299	2 126
+/- Gains / losses on disposals	-4 217	-7 190
+/- Other income and expenses calculated	-11 673	1 118
+/- Cost of internal development and license development	-208 439	-191 007
CASH FLOW FROM OPERATION ADJUSTED	-144 761	-146 401
Inventory	-23 670	-22 508
Trade receivables	-85 512	-79 313
Other assets	-16 856	-23 293
Trade payables	43 570	24 595
Other liabilities	-33 422	2 083
+/-Change in working capital from operating activities adjusted	-115 890	-98 436
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES ADJUSTED	-260 651	-244 837
- Payments for the acquisition of intangible assets and property, plant and equipment	-16 395	-11 093
+ Proceeds from the disposal of intangible assets and property, plant and equipment	104	165
+ Stock disposal	6 003	10 730
+/- Other cash flows from investing activities	-7 266	-2 011
+ Repayment of loans and other financial assets	7 393	1 866
+/- Changes in scope ⁽¹⁾	-3 090	0
CASH USED BY INVESTING ACTIVITIES ADJUSTED	-13 251	-343
Cash flows from financing activities		
+ New long term loans	40 931	3 000
+ New finance leases	0	0
- Repayment of finance leases	-62	-84
- Repayment of borrowings	-535	-66
+ Proceeds from shareholders in capital increases	36 344	479
+/- Sales / purchases of own shares	-85	212
+/- Other flows (carry back sold)	0	0
CASH GENERATED (USED) BY FINANCING ACTIVITIES	76 593	3 541
Net change in cash and cash equivalents	-197 309	-241 639
Cash and cash equivalents at the beginning of the fiscal year	129 505	-86 326
Impact of translation adjustments	-8 720	7 463
Cash and cash equivalents at the end of the fiscal year	-76 524	-147 850
⁽¹⁾ Including cash in companies acquired and disposed of	371	0

Consolidated cash flow statement IFRS (reviewed)

In thousand of euros	09/30/13	09/30/12
Cash flows from operating activities adjusted		
Consolidated earnings	-62 342	-32 265
+/- Share of profit of associates	0	64
+/- Depreciation	138 156	79 819
+/- Provisions	-545	934
+/- Cost of share-based payments	4 299	2 126
+/- Gains / losses on disposals	-4 217	-7 190
+/- Other income and expenses calculated	-11 673	1 118
+/- Tax Expense	-38 195	-22 948
TOTAL CASH FLOW FROM OPERATIONS	25 483	21 657
Inventory	-23 670	-22 508
Trade receivables	-85 512	-79 313
Other assets	19 664	5 978
Trade payables	43 570	24 595
Other liabilities	-24 304	-270
+/-Change in working capital from operating activities adjusted	-70 252	-71 518
+/- Payable tax expense	-7 445	-3 968
TOTAL CASH FLOW GENERATED BY OPERATING ACTIVITIES	-52 214	-53 828
-Payments for the acquisition of internal & external games	-208 439	-191 007
- Payments for the acquisition of intangible assets and property, plant and equipment	-16 395	-11 093
+ Proceeds from the disposal of intangible assets and property, plant and equipment	104	165
+ Stock disposal	6 003	10 730
+/- Other cash flows from investing activities	-7 266	-2 011
+ Repayment of loans and other financial assets	7 393	1 866
+/- Changes in scope ⁽¹⁾	-3 090	0
CASH USED BY INVESTING ACTIVITIES ADJUSTED	-221 690	-191 350
Cash flows from financing activities		
+ New long term loans	40 931	3 000
+ New finance leases	0	0
- Repayment of finance leases	-62	-84
- Repayment of borrowings	-535	-66
+ Proceeds from shareholders in capital increases	36 344	479
+/- Sales / purchases of own shares	-85	212
+/- Other flows (carry back sold)	0	0
CASH GENERATED (USED) BY FINANCING ACTIVITIES	76 593	3 541
Net change in cash and cash equivalents	-197 311	-241 637
Cash and cash equivalents at the beginning of the fiscal year	129 505	-86 326
Impact of translation adjustments	-8 713	7 463
Cash and cash equivalents at the end of the fiscal year	-76 519	-147 848
⁽¹⁾ Including cash in companies acquired and disposed of	371	0