



## Results for the First Half of 2014

Sales of €111.3M

Current operating income of €1.6M

Net loss of €0.1M

Net cash of €58.5M

**Paris (France), September 10, 2014** - Gameloft's financial statements for the first half-year ending June 30, 2014; breakdown as follows:

In millions of €	<b>H1 2014</b>	<i>% of sales</i>	<b>H1 2013</b>	<i>% of sales</i>
<b>Sales</b>	<b>111.3</b>	<i>100%</i>	<b>109.4</b>	<i>100%</i>
Cost of sales	-19.7	-18%	-19.1	-17%
<b>Gross profit</b>	<b>91.6</b>	<b>82%</b>	<b>90.3</b>	<b>83%</b>
R&D	-56.1	-50%	-51.6	-47%
Sales and marketing	-20.2	-18%	-17.8	-16%
Administration	-13.2	-12%	-9.2	-8%
Other operating income and expenses	-0.5	0%	-0.4	0%
<b>Current operating income</b>	<b>1.6</b>	<b>1%</b>	<b>11.2</b>	<b>10%</b>
Stock-based compensation	-2.0	-2%	-1.7	-2%
Other income and expenses	-0.2	0%	-1.1	-1%
<b>Operating income</b>	<b>-0.6</b>	<b>-1%</b>	<b>8.4</b>	<b>8%</b>
Financial income	2.9	3%	-2.7	-2%
<b>Net income before tax</b>	<b>2.3</b>	<b>2%</b>	<b>5.7</b>	<b>5%</b>
Tax expense	-2.4	-2%	-3.9	-4%
<b>Net income</b>	<b>-0.1</b>	<b>0%</b>	<b>1.8</b>	<b>2%</b>

Over the first half of 2014, Gameloft achieved consolidated sales of €111.3 million, up 10% year on year on a constant-exchange-rate basis, and up 2% on a current-exchange-rate basis. EMEA represented 33% of first-half sales; North America, 30%; APAC, 19%; and LATAM, 18%. Gameloft's organic growth remained strong during the first half in the absence of major project launches. Of the twelve to fifteen new games currently expected to be released in 2014 by the company, only four were launched during the first half. More than 95% of first-half sales were therefore generated from the back

catalogue titles, whose lifespan is progressively increasing thanks to the groundwork completed on game updates.

The gross profit reached €91.6 million, up 1%. The gross margin for the period remained relatively stable at 82% compared with the gross margin of 83% achieved in the first half of 2013.

The low number of new game releases in the first-half combined with maintaining R&D investments at an ambitious level did not allow the company to benefit from a leverage effect on sales. R&D, Sales and Marketing, and Administration expenses represented 50%, 18%, and 12% respectively of first-half sales in 2014. The current operating margin of the first half stood at 1.4%, compared to 10.3% for the first half of 2013. The coming months should witness improved synchronization between the frequency of new game releases and the company's investments.

Stock-based compensation reached €2.0 million in the first half of 2014, compared to €1.7 million for the same period in 2013. Stock-based compensation costs do not negatively impact the company's equity and cash level. The operating income was -€0.6 million, representing an operating margin of - 0.5% compared to 7.7% from the first half of 2013.

Gameloft's financial income reached €2.9 million, a strong increase compared to the first half of 2013, and was driven mostly by interest income earned on cash and currency exchange gains. Net income before tax stood at €2.3 million and net loss at €0.1 million.

The amount of unrecognized consolidated tax loss carry-forwards reached €15.1 million on June 30, 2014.

#### Sound financial situation

On June 30, 2014, the company's equity capital reached €139.4 million and net cash was €58.5 million. Operational cash flow generation was relatively solid during the first six months of the year, which allowed the company to continue to invest in IT infrastructure. Operational cash flow stood at €8.6 million, of which close to €8.0 million was re-invested in purchasing IT equipment and software. These investments allow Gameloft to manage the build-up in the number of users for its smartphone and tablet games. The company currently supports an average of over 20 million players per day on its game servers.

#### Outlook for 2014 and 2015

Gameloft was ranked the second largest publisher in the world in July 2014 in terms of game downloads on smartphones and tablets, according to the App Annie index. With over 20 million daily users and 1.7 billion Gameloft games downloaded to date, the company is a key and leading player in the mobile game market.

Gameloft has the in-house development teams necessary to launch over fifteen games on smartphones and tablets per year and to maintain services for over 25 games. These games are marketed in 15 different languages and on over 4,500 smartphone models. To our knowledge there are no other companies in the mobile game sector that have production and distribution capacities that rival Gameloft.

In 2014, 1.25 billion smartphones are expected to be sold, compared to 1 billion in 2013<sup>1</sup>. Sales growth of smartphones and tablets combined with the forthcoming releases of many new high-quality games

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<sup>1</sup> IDC, August 2014

are expected to drive Gameloft's growth in the coming quarters. Michel Guillemot, CEO of Gameloft, states, *"After several quarters with a low number of releases, Gameloft will return to releasing new games at a regular and brisk pace starting from the fourth quarter of 2014, which should result in accelerated growth for the company."*

The company targets 2014 sales and current operating expenses of close to €245 million and €230 million respectively.

Sales for the third quarter of 2014 will be published on November 4, 2014, after the market closes.

#### **About Gameloft**

A leading global publisher of digital and social games, Gameloft® has established itself as one of the top innovators in its field since 2000. Gameloft creates games for all digital platforms, including feature phones, smartphones, tablets, set-top boxes and connected TVs. Gameloft operates its own established franchises such as Asphalt®, Real Football®, Modern Combat and Order & Chaos®, and also partners with major rights holders including Marvel®, Hasbro®, FOX®, Mattel® and Disney®. Gameloft is present on all continents, distributes its games in over 120 countries and employs over 5,200 developers.

Gameloft is listed on NYSE Euronext Paris (NYSE Euronext: GFT.PA, Bloomberg: GFT FP, Reuters: GLFT.PA). Gameloft's sponsored Level 1 ADR (ticker: GLOFY) is traded OTC in the US.

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<b>PROFIT &amp; LOSS ACCOUNT (K€)</b>	<b>H1 2014</b>	<b>H1 2013</b>
<b>Revenue</b>	<b>111,277</b>	<b>109,374</b>
Cost of sales	-19,705	-19,118
<b>Gross margin</b>	<b>91,572</b>	<b>90,256</b>
R&D	-56,085	-51,586
Sales and Marketing	-20,200	-17,827
Administration	-13,177	-9,210
Other operating income and expenses	-518	-418
<b>Current operating income</b>	<b>1,593</b>	<b>11,215</b>
Stock-based compensation	-1,974	-1,708
Other income and expenses	-206	-1,134
<b>Operating income</b>	<b>-587</b>	<b>8,373</b>
Cost of net financial indebtedness	1,362	963
Exchange rate gains	2,680	1,988
Exchange rate losses	-1,187	-5,630
<b>Net financial income</b>	<b>2,855</b>	<b>-2,679</b>
<b>Net income before tax</b>	<b>2,268</b>	<b>5,694</b>
Tax expense	-2,410	-3,868
<b>Net profit (group share)</b>	<b>-142</b>	<b>1,826</b>
Earnings per share	-0.00	0.02
Fully diluted earnings per share	-0.00	0.02

<b>BALANCE SHEET (K€)</b>	<b>30/06/2014</b>	<b>31/12/2013</b>
<b>ASSETS</b>		
Net intangible fixed assets	8,268	8,146
Net tangible fixed assets	21,254	16,445
Non-current financial assets	6,145	6,749
Tax assets	13,986	11,163
<b>Total non-current assets</b>	<b>49,653</b>	<b>42,503</b>
Client receivables	58,345	62,802
Other receivables	23,750	20,572
Cash and cash equivalents	58,968	61,797
<b>Total current assets</b>	<b>141,063</b>	<b>145,171</b>
<b>TOTAL</b>	<b>190,715</b>	<b>187,675</b>
<b>LIABILITIES</b>		
Capital	4,255	4,201
Issue premium	92,076	88,553
Reserves	43,197	35,973
Net income	-142	7,526
<b>Shareholder equity</b>	<b>139,386</b>	<b>136,253</b>
Non-current liabilities	6,691	4,286
Current liabilities	44,638	47,135
<b>TOTAL</b>	<b>190,715</b>	<b>187,675</b>

<b>CASH FLOW STATEMENT (K€)</b>	<b>H1 2014</b>	<b>H1 2013</b>
Net income	-142	1,826
Amortization and provisions	8,032	7,298
Stock-based compensation	1,974	1,708
Deferred tax	-2,083	14
Asset sales	36	91
Other	56	97
<b>Self-financing capacity</b>	<b>7,872</b>	<b>11,034</b>
Change in trade receivables	1,062	-6,042
Change in operating liabilities	-303	8,431
<b>Change in working capital</b>	<b>759</b>	<b>2,389</b>
<b>Operating cash flow</b>	<b>8,631</b>	<b>13,424</b>
License acquisitions	-3,912	-3,202
Acquisitions of intangible fixed assets	-1,090	-975
Acquisitions of tangible fixed assets	-9,084	-4,587
Acquisitions of other fixed financial assets	-723	-359
Repayment of loans and other financial assets	567	146
Asset sales	34	45
<b>Total cash flows linked to investments</b>	<b>-14,208</b>	<b>-8,932</b>
<b>Free Cash-Flow</b>	<b>-5,576</b>	<b>4,491</b>
Medium and long term debt	1,414	0
Capital increase related to stock options and bonus shares	2,920	3,330
Share buyback	-522	-3,763
<b>Total cash flows from financing activities</b>	<b>3,812</b>	<b>-434</b>
Effect of exchange rate changes	-23	949
<b>Change in cash</b>	<b>-1,787</b>	<b>5,006</b>
Net cash at the beginning of the period	60,329	55,606
<b>Net cash at the end of the period</b>	<b>58,542</b>	<b>60,612</b>