



## Ubisoft reports third-quarter 2006-07 sales

- **Third-quarter sales up 24% to €311 million, outstripping targets.**
- **In calendar 2006 Ubisoft was the number two independent publisher in Europe and number five in the United States.**
- **Sales and current operating income<sup>1</sup> forecasts revised upwards for 2006-07.**
- **Planned early redemption of Ubisoft's 2008 bonds with redeemable warrants (OBSAR) to strengthen the Company's equity position.**

**Paris, January 23, 2007** – Ubisoft, one of the world's largest video game publishers, today reported its sales for the third fiscal quarter ended December 31, 2006.

Sales for the third quarter of 2006-07 came to €311 million, up 24%, or 27% at constant exchange rates, compared with the €250 million recorded for the same period of 2005-06. Sales for the first nine months of the fiscal year totaled €483 million, versus €403 million in the corresponding period of 2005-06, representing an increase of 20%, or 22% at constant exchange rates.

Third-quarter sales outstripped by €31 million the €280 million target announced when Ubisoft released its results for the first half of 2006-07. This superior performance was fueled by the following:

- €16 million from titles launched during the third quarter, primarily generated by Tom Clancy's Rainbow Six<sup>®</sup> Vegas followed by Tom Clancy's Splinter Cell Double Agent<sup>™</sup> and Red Steel<sup>™</sup>.
- €6 million from titles launched during the first half, including Pirates of the Caribbean 2, Dogz<sup>®</sup>, Kingdom Hearts<sup>®</sup>, and OverG Fighters<sup>™</sup>.
- €7 million from back-catalog titles.

Sales of games for new-generation consoles represented 63% of the third-quarter total, against 18% for the equivalent period of 2005-06:

- Wii<sup>™</sup> games accounted for 21% of sales, despite the console only recently being launched. Ubisoft was ranked n°1 independent publisher on the Wii<sup>™</sup> in Europe and in the U.S. with market shares of 29.2% and 18% respectively.
- Xbox 360<sup>™</sup> games contributed 28% to sales, compared with 5% the previous year. Ubisoft was ranked n°2 independent publisher on the Xbox 360<sup>™</sup> system in Europe and in the U.S., with market shares of 14.6% and 13.4% respectively.
- Nintendo DS<sup>™</sup> games gained ground, making up 9% of sales, versus 5% in third-quarter 2005-06.

In addition, the 3 brands launched in 2006-07 – Red Steel<sup>™</sup> (Wii<sup>™</sup>), Dark Messiah Might and Magic<sup>™</sup> (PC) and Heroes of Might and Magic<sup>®</sup> (PC) – have already sold a combined 1.9 million units.

*Yves Guillemot, CEO of Ubisoft stated: "The very positive trend identified in October and November continued into December. We saw excellent sales for Tom Clancy's Rainbow Six Vegas – which ranked as the third best-seller in December for the Xbox 360 system in the United States – as well as sustained success for Red Steel and Rayman, which have ranked number two and three in sales for the Wii in the United States and Europe since the console was launched. In 2006, Ubisoft moved into the position of second-leading independent publisher in Europe and gained further market share in the United States, with a 26% growth over the year."*

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<sup>1</sup> Before the impact of stock-based compensation ("before stock options")

## Outlook

The fourth quarter of 2006-07 will see the release of the following:

- Tom Clancy's Ghost Recon Advanced Warfighter™ 2 on the Xbox 360™ video game and entertainment system, the PSP™ and PC, following up the success of the first release which has sold over 2.9 million units and was ranked third best-seller for the Xbox 360™ system in 2006 in the U.S..
- A game based on the animated movie, Teenage Mutant Ninja Turtles®.
- Tom Clancy's Splinter Cell Double Agent™ and Tom Clancy's Rainbow Six® Vegas on the PLAYSTATION®3 computer entertainment system.
- Four new Wii™ games.

Based on the above, the Group expects to achieve sales of at least €152 million in fourth-quarter 2006-07, versus €144 million reported for the last three months of fiscal 2005-06. Haze™ as well as three additional Wii™ games, whose release was initially scheduled for the fourth quarter of 2006-07, will now bolster the offering for fiscal 2007-08.

### Outlook for full-year 2006-07

The 2006-07 full-year sales target is revised upwards in order to include the impact of the additional €31 million generated in the third quarter. Full-year sales growth is now expected to reach at least 16%, compared with the previous forecast of between 10% and 12%. The Company has also raised its target for current operating income before stock options, which is now likely to represent around 4% of sales, compared with the formerly-announced range of between 3% and 4%.

Outlook for 2007-08: The Company previously announced a sales growth target of 25% for 2007-08, corresponding to sales of between €750 million and €766 million. It is maintaining this target range of €750 million to €766 million, as well as its objective for current operating income before stock options to represent at least 8% of sales.

## **Planned early redemption of Ubisoft's 2008 bonds with redeemable warrants (OBSAR) to strengthen the Company's equity position**

In 2003, Ubisoft issued bonds with redeemable warrants (OBSAR) with a conversion date of December 2, 2008. Under the terms of the corresponding contracts, the bonds may be redeemed in advance – as from December 3, 2006 – if Ubisoft's average share price reaches €27.5 for a period of 10 consecutive days. As the Company's share performance fulfilled these conditions in January 2007, Ubisoft has decided to redeem its 2008 OBSAR bonds on February 26, 2007, almost two years in advance of their maturity. At that date, the holders of the attached warrants – whose issue value was €3.37 (based on 30% volatility) – will be entitled to receive two Ubisoft shares at a price of €19.175 and thus generate a gain of €16,08 per warrant based on Ubisoft's closing share price of €27,22 on January 22, 2007. If all of the warrants are converted into shares, the Company's equity would be strengthened by €55 million. In addition, the number of Ubisoft shares would be increased by 2.9 million, or 6%, financial expenses would be scaled back by some €2.5 million on a full year basis, and net debt at end-March 2007 would be zero, compared with a previous forecast of €65 million.

*Yves Guillemot concluded: "2007 will be the year of new-generation consoles, with the ramp-up of the PLAYSTATION 3 and Xbox 360 systems. We will also see new consumers – particularly women – entering the market, drawn by the remarkable success of the Wii and the Nintendo DS. In 2007-08, Ubisoft will apply all of its expertise in order to leverage this full scope of opportunities, and thereby step up growth and considerably improve profitability. At the same time, as a result of the redemption of the OBSAR bonds announced today, Ubisoft will benefit from greater investment and value creation capacities."*

## Significant events of the quarter

Market share: In calendar 2006, Ubisoft ranked 4th worldwide (excluding Asia); fifth in the United States, with 5.5% market share (compared with fifth and 4.6% one year earlier); second in Europe, with 7% market share (compared with third and 6.8%); second in France, with 7.6% market share (compared with second and 7.1%); third in the United Kingdom, with 7.6% market share (compared with fourth and 7%); second in Germany, with 6.6% market share (compared with second and 6.6%); and third in Canada, with 6.8% market share (compared with third and 5.8%).

GameInformer, the world's number one computer and video game magazine, with a circulation of over two million, ranked Ubisoft as the second-leading international publisher, just behind Nintendo, and named Ubisoft Montreal as the fourth-leading development studio for 2006.

Equity increase: Ubisoft's equity was raised by €24.2 million as a result of the November 2006 conversion of a portion of the Company's 2006 OCEANE convertible bonds.

## Quarterly sales

<b>Sales (in € millions)</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2006-07 vs. 2005-06</b>	<b>% change at constant exchange rates</b>
First quarter	70	43	62%	64%
Second quarter	102	110	(7%)	(4%)
Third quarter	311	250	24%	27%
<b>Nine months</b>	<b>483</b>	<b>403</b>	<b>20%</b>	<b>22%</b>

## 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 September 20, 2006 with the French Financial Markets Authority (*l'Autorité des marchés financiers*)).

## Financial calendar

<b>Release</b>	<b>Date</b>
Sales figures for the fourth quarter of 2006-07	April 26, 2007

*N.B.: this date is subject to change and will be confirmed at a later stage.*

## 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 21 countries and sales in more than 50 countries around the globe. It is committed to delivering high-quality, cutting-edge video game titles to consumers. Ubisoft generated sales of €547 million for the 2005-2006 fiscal year. To learn more, please visit [www.ubisoftgroup.com](http://www.ubisoftgroup.com).

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## **APPENDICES**

### **Breakdown of sales by geographic region**

	<b>% sales</b>	<b>% sales</b>	<b>% sales</b>	<b>% sales</b>
	<b>Q3 2006-07</b>	<b>Q3 2005-06</b>	<b>9 months 2006-07</b>	<b>9 months 2005-06</b>
Europe	48%	53%	47%	52%
North America	46%	43%	46%	42%
Rest of world	6%	4%	7%	6%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### **Breakdown of sales by platform**

	<b>Q3 2006-07</b>	<b>Q3 2005-06</b>	<b>9 months 2006-07</b>	<b>9 months 2005-06</b>
DS	9%	5%	8%	8%
GBA	4%	7%	6%	8%
GameCUBE	1%	5%	1%	4%
PC/DVD-ROM	14%	13%	19%	17%
PS2	15%	41%	17%	32%
PSP	5%	8%	5%	7%
Wii	21%	-	14%	-
XBOX	2%	16%	1%	20%
XBOX 360	28%	5%	28%	3%
Other	1%	0%	1%	1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### **Breakdown of sales by business line**

	<b>Q3 2006-07</b>	<b>Q3 2005-06</b>	<b>9 months 2006-07</b>	<b>9 months 2005-06</b>
Development	88%	92%	76%	86%
Publishing	10%	5%	19%	9%
Distribution	2%	3%	5%	5%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## **Games Release Schedule**

### **Fourth Quarter (January – March 2007)**

ASPHALT 2	PSP
BLAZING ANGELS™	Wii
BLAZING ANGELS™ SECRET MISSIONS	Xbox 360, PC
DOGZ® 2	GBA
DRIVER™ PARALLEL LINE	Wii, PC
DRIVER™ 76	PSP
ENCHANTED ARMS™	PS3
FINAL FANTASY® XII	PS2 (Europe)
IL2™ 1946	PC
MIND QUIZ™	DS
TOM CLANCY'S GHOST RECON ADVANCED WARFIGHTER™ 2	Xbox 360, PSP, PC
TEENAGE MUTANT NINJA TURTLES®	PS2, Wii, Xbox 360, DS, PSP, GC, GBA, PC
PRINCE OF PERSIA® RIVAL SWORDS	Wii, PSP
TOM CLANCY'S RAINBOW SIX® VEGAS	PS3, PSP
RESIDENT EVIL 4	PC
ROCKY BALBOA	PSP
SILENT HUNTER™ 4	PC
THE SETTLERS® 2 10TH ANNIVERSARY	DS
TOM CLANCY'S SPLINTER CELL DOUBLE AGENT™	PS3