

Ubisoft

Price EUR23.70

The Division's open beta outperformed that of *Destiny*

Fair Value EUR34 (+43%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	28.0 / 14.9
Market Cap (EURm)	2,635
Avg. 6m daily volume (000)	383.7

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.4%	-11.5%	42.5%	-11.2%
Softw.& Comp.				
SVS	-1.9%	-5.8%	9.0%	-5.8%
DJ Stoxx 600	-1.9%	-13.1%	-8.2%	-9.3%
	03/15	03/16e	03/17e	03/18e
P/E	26.0x	32.3x	19.0x	14.1x
Div yield (%)	NM	NM	NM	NM

FACTS

- **After trading yesterday, Ubisoft announced that 6.4m players participated in the Beta for its much awaited *Tom Clancy's The Division*, making it the biggest beta ever for a new IP on current generation platforms. As a reminder, the game will be released worldwide for PS4, Xbox One and PC on 8th March.**

ANALYSIS

- **This figure of 6.4m for *The Division's* open beta is even better than that of *Destiny* by Activision Blizzard (4.6m in July 2014).** This was an outstanding performance but not so surprising in view of extremely good pre-orders in the US (that we underscored several times in recent months).
- **This confirms our view that: 1/ *The Division* will certainly be the most successful game ever for Ubisoft in terms of units sold (it could sell 15m units, which span over two fiscal years). Its last historical record was *Assassin's Creed III* with over 12.5m units sold in FY12/13. 2/ Ubisoft could have met its previous FY15/16 guidance (before the recent profit warning reducing non-IFRS EBIT from >=EUR200m to around EUR150m) simply by putting more units at retailers in March (its revenue is based on sell-in sales) as gamers would have bought them anyway. Indeed, we were particularly surprised by the FY15/16 profit warning issued at the Q3 release whereas *Far Cry Primal* (23/03) and *The Division* (08/03) were maintained in its line-up of games.**
- **As such, Ubisoft now boasts positive momentum for coming months:** the next set of figures should probably beat guidance while speculation is increased (Vivendi's interest in GFT and UBI).

VALUATION

- **We maintain our Buy rating and our FV of EUR34** that we consider as a minimum price in the case of takeover bid (valuing the entire 2013-19e cycle).

NEXT CATALYSTS

- **FY15/16 earnings results:** in May, with more details on the FY16/17 guidance.

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Distribution of stock ratings

BUY ratings 72%

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