

15th March 2016

TMT

Ubisoft

Price EUR26.85

Good first ratings for *Tom Clancy's The Division*

Fair Value EUR34 (+27%)

BUY

ANALYSIS

- ***Tom Clancy's The Division* first reviews were out yesterday and the key media outlets gave good ratings.** This new opus has an **average rating of 82/100** (83/100 on PS4 and 81/100 on Xbox One: based on 29 ratings via metacritic) vs. 77/100 for *Assassin's Creed Syndicate* (78/100 on Xbox One and 76/100 on PS4: based on 108 ratings) and 79/100 for *Watch_Dogs* (80/100 on PS4 and 78/100 on Xbox One: based on 95 ratings).
- **Note that, at the end of a cycle, a game is considered as an AAA with a score $\geq 80/100$.** That said, bear in mind that the ratings at the beginning of a new cycle are extremely severe as expectations are high.
- Ubisoft released *The Division* on 8th March for PS4, Xbox One and PC. As a reminder, **the game sold through more copies in its first 24 hours than any previous title in the company's history. We are betting on around 6m sell-through units in its first week** vs. more than 4m units for *Watch_Dogs* mid-2014. We reiterate what we wrote in our previous note, namely that **the game could sell at 15m units at end-March 2017e and that the group could even meet its previous FY15/16 guidance** (the recent profit warning reducing sales from EUR1,465m to ~1,360m and non-IFRS EBIT from \geq EUR200m to ~EUR150m).

Simulation for *Far Cry Primal* and *The Division* on Q4 and FY15/16 (vs. last guid. and previous guid.)

2015/16	Q4		FY	
	Minimum	Maximum	Minimum	Maximum
Cumulated sell-in units for <i>Far Cry Primal</i> and <i>The Division</i> (m)	14	17	14	17
Revenue outperformance vs. last guidance	+7%	+30%	+3%	+13%
Average outperformance vs. previous guidance (before the PW)	+0.7%		+0.2%	

Sources: Bryan, Garnier & Co ests.

VALUATION

- **We maintain our Buy rating and FV of EUR34** (minimum price for a potential public offer).

NEXT CATALYSTS

- **FY15/16 earnings:** the week of the 9th May.

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Distribution of stock ratings

BUY ratings 72%

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