

16th September 2016

TMT

Ubisoft

Price EUR35.90

Small date shift for the next *South Park* game, but no financial impact

Fair Value EUR34 (-5%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	38.3 / 17.1
Market Cap (EUR)	4,035
Avg. 6m daily volume (000)	242.6

ANALYSIS

- Yesterday after trading, Ubisoft announced that ***South Park: The Fractured But Whole* will now launch on Xbox One, PS4 and PC in calendar Q1 2017 i.e. fiscal Q4 2016-17** (vs. 6 December 2016 previously). Ubisoft explained that the development team (entirely developed by Ubisoft and helped by South Park Digital Studios on jokes and some contents) wants to make sure the game experience meets their high expectations, so the additional time will help them to achieve this goal.
- **This is not a small shift and as a reminder we do not consider this game as an AAA.** This is why **the group maintains its FY16-17 unchanged, namely EUR1,700m in sales** (BG est. EUR1,706.3m and cons. EUR1,706.7m), **c.EUR230m in non-IFRS EBIT** (BG est. EUR235m and cons. EUR236.4m) **and strong FCF generation** (BG est. EUR250m). As expected, this fiscal year will be back-end-loaded (H1 should represent only ~15% of FY sales) as in FY15/16.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.8%	13.9%	32.6%	34.6%
Softw.& Comp.				
SVS	1.5%	14.3%	10.5%	6.6%
DJ Stoxx 600	-1.7%	5.2%	-0.2%	-7.0%

	03/16	03/17e	03/18e	03/19e
P/E	35.3x	29.6x	19.5x	14.1x
Div yield (%)	NM	NM	NM	NM

Ubisoft's line-up on fiscal year 2016-17

Games	Launch date	Target audience	Our impression at E3
<i>Watch Dogs 2</i>	15/11/16	Core gamers	✓✓✓
<i>Ghost Recon: Wildlands</i>	07/03/17	Core gamers	✓✓✓
<i>South Park : The Fractured But Hole</i>	Calendar Q1 17, i.e. fiscal Q4	Core/casual gamers	✓✓
<i>For Honor</i>	14/02/17	Mostly core gamers	✓✓
<i>Steep</i>	Dec. 2016	Mostly core gamers	✓

Source: Bryan, Garnier & Co (✓Weak; ✓✓Good; ✓✓✓Excellent).

VALUATION

- **We maintain our Buy rating and FV of EUR34** (based on its fundamentals). The share price fully values the group's earnings results over the current fiscal year (at end-March 2017).
- As noted throughout our recent research report ["Same player shoot again"?](#), **we are not surprised that the share price now starts to reflect its speculative premium**, i.e. trading above our FV. As a reminder, we estimated in the same report a **valuation between EUR40 (the very minimum, and EUR45 if Vivendi wants to avoid counterbids as far as possible) and EUR51 (maximum) in the event of a takeover bid.** We still consider **UBI to be a "safe haven stock"**.

NEXT CATALYSTS

- **Ubisoft's AGM:** 29th September.

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