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Frontier Developments

Media

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FY25 benefits from FY24 strategic reset

Frontier Developments has spent the last three decades establishing its position in the creative management simulation (CMS) games space. This niche, sitting somewhere between large mainline AAA and smaller indie games, is certainly challenging, but the right operating model and an authentic player-centric strategy has the potential to generate consistent high-quality shareholder returns. Frontier's strategic reset in FY24 is now beginning to deliver just such results.

Financials: Strong turnaround from FY24

FY25 revenue increased to £90.6m (FY24: £89.3m), with the group's CMS games growing 25% y-o-y, reflecting the release of *Planet Coaster 2* in November 2024. Frontier's FY25 back catalogue revenues grew 4% y-o-y. The three CMS franchises represented 77% of FY25 revenues while elsewhere, *Elite Dangerous* reported revenue growth of 76% y-o-y. Adjusted EBITDA grew to £9.4m (FY24: £0.9m) and adjusted operating profit grew to £13.2m (FY24: £4.6m) following strong trading, a smaller cost base and income from the sale of publishing rights. Year-end net cash grew to £42.5m (31 May 2024: £29.5m). *Jurassic World Evolution 3* is scheduled for release on 21 October 2025 and a second and a third CMS game release are planned for FY27 and FY28, respectively.

Strategy: The hard work is bearing fruit

Frontier's strategic reset in FY24 is beginning to take effect, even before October's release. The FY25 results show that the portfolio clearly displays resilience in challenging markets. Furthermore, the efficiencies that have already been achieved not only control costs but, equally importantly, enhance operational leverage at a time when the market outlook is slightly more positive. Management has made its priorities clear: deliver outstanding games, support them effectively post-launch and continue to invest in people and capabilities. The last point is facilitated by the group's healthy cash position, which also allowed a share buyback programme of up to £10.0m to be initiated in July 2025.

Valuation: Longer-term perspective required

The resilience of Frontier's portfolio sits oddly with an EV/sales multiple no better than the peer median of 1.53x. Furthermore, a forward EV/EBITDA of 3.1x compares to a peer median of 9.6x (Devolver Digital, CI Games, Embracer, Everplay, Paradox and Ubisoft). Such anomalies are rarely corrected quickly, but recent price strength is clearly moving the group's valuation in the right direction, and a successful launch of *Jurassic World Evolution 3* could accelerate this process.

Consensus estimates

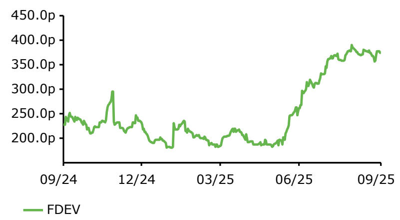
Year end	Revenue (£m)	EBITDA (£m)	PBT (pm)	EPS (p)	EV/EBITDA (x)	P/E (x)
5/24	89.3	26.8	(28.4)	(55.60)	3.8	N/A
5/25	90.6	36.1	12.4	40.70	2.8	9.2
5/26e	92.8	32.6	3.8	17.70	3.1	21.2
5/27e	93.1	33.2	4.0	21.90	3.1	17.1

Source: LSEG Data & Analytics. Note: PBT and EBITDA are as reported.

Price 375.00p

Market cap £144m

Share price performance



Share details

Code	FDEV
Listing	LSE
Shares in issue	38.1m
Net cash/(debt) at 31 May 2025	£42.5m

Business description

Frontier Developments is a UK-based company that develops and publishes video games for the gaming sector. Major franchises include *Planet Coaster, Planet Zoo* and *Jurassic World Evolution.*

Bull points

- Leading creative management simulation franchises.
- Strong back catalogue of titles developed over its 30-year history.
- Proprietary COBRA development tools and technology.

Bear points

- Revenue volatility linked to major franchise releases.
- Market dominance of player time by several well-established games franchises.
- Disappointing results from portfolio diversification in 2020–23.

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