

Activision posts 3Q profit, backs 2009 outlook

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In this photo made Monday, Nov. 2, 2009, Activision's Guitar Hero video game is displayed at a Micro Center store in Santa Clara, Calif. Activision Blizzard Inc. releases quarterly earnings at the close of the market Thursday, Nov. 5, 2009.(AP Photo/Marcio Jose Sanchez)

(AP) -- It's been a rough year for the video game industry, but Activision Blizzard Inc. reported a profit for its third quarter because of a good response for games such as "Guitar Hero 5" and "World of Warcraft."

It also reaffirmed its guidance for the full year, citing a big expected launch next week for "Call of Duty: Modern Warfare 2."

Its shares climbed 23 cents, or 2.1 percent, to \$11 in after-hours trading.

The company said Thursday its net income grew to \$15 million, or a penny per share, in the latest quarter. In the same period of 2008 it lost \$108 million, but the results are not completely comparable because Activision Blizzard was formed about 10 days into the year-ago quarter.

Revenue slid slightly to \$703 million from \$711 million.

On an adjusted basis, Activision earned 4 cents per share in the latest quarter, matching the average estimate of analysts polled by Thomson Reuters.

Its adjusted sales, which include revenue deferred from games' online components, was \$755 million, surpassing Wall Street's expectations of \$724 million.

CEO Bobby Kotick said in an interview that he hasn't seen a change in consumer behavior since the last time Activision reported its earnings, in August. The company boasts it has the industry's strongest slate of holiday releases, including "Modern Warfare 2," "Band Hero" and a new "Tony Hawk" skateboarding game, but Kotick said he sees no clear signs of how shoppers will spend this fall.

"What I am nervous about is [consumer behavior](#)," he said.

Even so, the company expects to end the year on a high note while the industry as a whole is facing a decline. Activision said it expects \$4.5 billion in adjusted revenue in the fourth quarter, roughly what Wall Street is predicting.

Earlier Thursday, three industry groups said unit sales across the world's three largest game markets declined 6 percent during the third quarter. The U.S. saw a 9 percent decline, according to the report, published by the NPD Group, GfK Chart-Track Ltd. and Enterbrain Inc.

Because a big chunk of its revenue comes from online subscriptions for "[World of Warcraft](#)," a game with a dedicated following of millions, Activision is somewhat more insulated from the ups and downs of the retail economy than its counterparts that rely more on packaged [video game](#) sales.

The company, which is based in Santa Monica, Calif., was formed in July 2008 when French conglomerate Vivendi SA bought a majority stake in Activision and combined it with its games unit.

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