

Take-Two posts larger 4Q loss on higher charges

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(AP) -- Charges and expenses outweighed higher sales and drove video game publisher Take-Two Interactive Software Inc. to post a wider fourth-quarter loss on Thursday, as billionaire activist investor Carl Icahn reported taking a more than 11 percent stake in the company and said he may seek talks with management.

In a filing with the Securities and Exchange Commission, Icahn said Take-Two's shares are undervalued. The stock has gained about 9 percent year-to-date, compared with a more than 17 percent gain for the [Dow Jones industrial average](#).

Icahn has in previous years reported holding smaller stakes in Take-Two, in addition to his holdings in other companies like Yahoo Inc. and Lions Gate Entertainment. According to Thursday's filing, his 11.3 percent Take-Two stake is comprised of nearly 9.16 million shares - including 783,479 call options - for which he paid about \$70.6 million.

Shares had fallen after-hours on the company's results and weak quarterly and full-year sales outlooks, but after the news of Icahn's investment, they climbed 25 cents, or 3 percent, to \$8.50.

For the three months ended Oct. 31, the company reported a loss of \$22 million, or 28 cents per share, compared with a loss of \$15 million, or 20 cents per share, in the same period a year earlier. Excluding \$14.8 million in impairment charges on its distribution business, as well as stock options costs and other items, adjusted profit totaled \$7 million, or

9 cents per share, in the latest period.

Revenue climbed to \$343.4 million from \$323.4 million, led by sales of "Borderlands," which has now sold over two million units worldwide.

Analysts polled by Thomson Reuters were expecting, on average, adjusted earnings of 9 cents per share on sales of \$340.4 million. The quarterly results were in line with the reduced guidance the maker of the popular "[Grand Theft Auto](#)" franchise gave earlier this month.

The company, which relies heavily on "Grand Theft Auto" to turn a profit, posted a loss of \$137.9 million or \$1.80 per share for the fiscal year. That's down from a profit of \$97.1 million or \$1.28 per share for fiscal 2008, when it launched the fourth game in the series.

Full-year revenue fell 37 percent to \$968.5 million from \$1.54 billion.

Take-Two forecast an adjusted loss of 40 cents to 50 cents for the current quarter, on sales of \$210 million to \$260 million. The midpoints of those ranges top the average estimates of analysts, who expect a loss of 47 cents per share on sales of \$226.6 million. But for fiscal 2010, the company expects an adjusted loss of 40 cents to 60 cents per share on revenue of \$1 billion to \$1.2 billion. Analysts are expecting a loss of 42 cents per share and sales of \$1.3 billion.

"We believe that 2010 will continue to be challenging and our outlook, while disappointing, reflects a prudent approach to managing our business," said Chairman Strauss Zelnick, in a statement.

The company's product lineup for 2010 includes the highly anticipated "BioShock 2," which had been delayed from 2009. Other upcoming titles are "Mafia II," "Max Payne 3" and "Red Dead Redemption." It also just announced "Spec Ops: The Line," a military third-person shooter

game, for fiscal 2011.

Take-Two's CEO, Ben Feder, said the company maintains the goal to be profitable in a year that doesn't include a "Grand Theft Auto" launch.

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