

Activision 1Q profit up, shoots past expectations

May 6 2010, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- Continued strong sales of "Call of Duty" and a steady stream of revenue from "World of Warcraft" subscribers helped double Activision Blizzard Inc.'s first-quarter net income.

The results easily surpassed Wall Street's expectations, but the company's guidance for the current quarter was below analysts' estimates.

Activision Blizzard Inc. said Thursday that it earned \$381 million, or 30 cents per share in the January-March quarter, up from \$189 million, or 14 cents per share, in the same period a year earlier.

Revenue rose 33 percent to \$1.31 billion, from \$981 million.

Using the measures comparable with analysts' expectations, Activision's adjusted earnings were 9 cents per share. Analysts had expected just 4 cents, according to Thomson Reuters.

The company's adjusted results exclude one-time charges and account for deferred revenue on games whose online components reap sales over an extended period. On this basis, revenue slid 1 percent to \$714 million, from \$724 million. But it surpassed Wall Street's expectations of \$570 million.

Activision, which is based in Santa Monica, Calif., has been able to weather the [economic downturn](#) better than other video game makers

because of stellar "[Call of Duty](#)" sales and because it can rely on revenue from more than 11.5 million "[World of Warcraft](#)" players who pay monthly subscriber fees to play the game online.

Activision raised its full-year earnings outlook slightly. But for the current quarter, it issued an outlook below Wall Street's expectations. The company is expecting [net income](#) of 11 cents per share on revenue of \$925 million.

On an adjusted basis, it forecast earnings of 4 cents per share on revenue of \$700 million. That is below expectations of a net income of 9 cents per share on revenue of \$797 million.

The company had raised its guidance last month and said then that some of the first quarter's operating costs got pushed into the second. That helped boost first-quarter results, but put a dent in the current period.

French conglomerate Vivendi SA is majority owner of [Activision](#).

Shares gained 26 cents, or 2.5 percent, to \$10.75 in extended trading after the release of results. Earlier, it closed down 26 cents at \$10.49.

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