

Activision 3Q earnings more than triple

November 4 2010, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- Continued strong demand for the latest "Call of Duty," "StarCraft" and "World of Warcraft" video games helped more than triple Activision Blizzard Inc.'s third-quarter net income and pushed overall results well above Wall Street's expectations.

The company raised its outlook for the full year on Thursday, though its guidance for the current quarter was more cautious than analysts have been predicting.

"We generally like to take a very thoughtful view about the outlooks we provide," CEO Bobby Kotick said in an interview. Activision has a history of providing conservative guidance, then beating expectations.

He added that "Call of Duty: Black Ops," the sequel to the record-shattering "Modern Warfare 2," should be "one of the biggest launches of the year." He would not predict whether it'll outpace its 2009 predecessor. "Black Ops" goes on sale Nov. 9.

For the three months ended Sept. 30, Activision earned \$51 million, or 4 cents per share. This is up from \$15 million, or 1 cent per share, a year earlier.

Revenue climbed 6 percent to \$745 million from \$703 million.

The company's adjusted [earnings](#) of 12 cents per share handily surpassed Wall Street's estimates of 9 cents per share.

After adjustments to account for deferred revenue and costs related to games with online components, revenue was \$857 million. On this basis, analysts polled by Thomson Reuters were expecting much lower revenue of \$750 million.

For the current quarter, which is the [video game](#) industry's most lucrative period of the year, the company forecast adjusted earnings of 47 cents per share on revenue of \$2.2 billion. Analysts have been expecting slightly higher results - earnings of 50 cents per share and revenue of \$2.31 billion.

Activision, which is based in Santa Monica, Calif., did raise its full year guidance. The company now expects adjusted earnings of 74 cents per share on revenue of \$4.45 billion. This is up from its earlier guidance of earnings of 72 cents per share and revenue of \$4.4 billion, and roughly the same as what [Wall Street](#) has been looking for.

Activision's results came two days after the Supreme Court heard arguments over a California law that seeks to ban ultra-violent video games from being sold to minors. Lower courts have said the law violates minors' constitutional rights, and other states have struck down similar laws. A ruling is expected next year.

Kotick said his view is that video games, like any other form of media, are protected by the First Amendment. He said most of the justices appear to recognize that if you regulate video games, you'll also have to regulate books, movies and music.

Overall, game retail sales have been faltering this year, especially for games aimed at more casual players, such as music titles and the Nintendo Wii. Games on the iPhone and Facebook are also competing for people's attention. But the industry hopes this will change with the help of new motion controllers from Sony Corp. and Microsoft Corp.

Microsoft launched its Kinect system Thursday.

Shares of [Activision](#) Blizzard climbed 17 cents to \$11.80 in after-hours trading. The stock had closed up 18 cents at \$11.63 during the regular session before earnings were released.

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