

Nintendo posts loss on strong yen, weak sales

January 26 2012, By YURI KAGEYAMA , AP Business Writer



A boy plays Nintendo's 3DS video game at an electronics retailer in Tokyo Thursday, Jan. 26, 2012. Nintendo Co. sank into losses for the April-December period last year, battered by a price cut for its 3DS handheld machine and a strong yen that eroded earnings. The Japanese video game machine maker behind Super Mario and Pokemon franchises reported Thursday a loss of 48.35 billion yen (\$627.9 million) for the first nine months of the fiscal year ending March 2012. (AP Photo/Koji Sasahara)

(AP) -- Nintendo Co. sank to losses for the April-December period, battered by a price cut for its 3DS handheld, a strong yen that erodes overseas earnings and competition from mobile devices such as the iPhone that offer games-on-the-go.

The Japanese [video game machine](#) maker behind the Super Mario and Pokemon franchises said Thursday it now expects to sell far fewer of its 3DS machines, which feature three-dimensional images. It is forecasting sales of 14 million machines for the fiscal year through March 2012,

down from an earlier 16 million. That's despite a price cut for the 3DS in August.

Nintendo, which also makes the [Wii](#) home console, posted a loss of 48.35 [billion yen](#) (\$627.9 million) for the first nine months through December. That was a reversal from a 49.56 billion yen profit the same period in 2010. Nintendo did not break down quarterly numbers.

The company said it will have Wii U, the successor to the Wii, ready in time for the year-end [holiday season](#). Earlier, it had said the machine, which has a touch-screen controller, will go on sale in the latter half of this year. But some had been skeptical whether it would be ready. Nintendo hasn't announced prices.

Kyoto-based Nintendo also lowered its annual earnings forecast to a 65 billion yen (\$844 million) loss, much larger than the 20 billion yen (\$260 million) loss projected earlier. It posted a 77.62 billion yen profit the previous fiscal year.

Nintendo's past success has come from the appeal of its products to so-called casual gamers - people who now turn to smartphones and tablet devices such as the [iPad](#) from Apple Inc. to enjoy games.

The demand for the Wii has also diminished in recent months.

Nintendo is now expecting to sell 10 million Wii machines in the year ending March, down from an initial estimate of 13 million, which was revised lower to 12 million in July.

Nintendo's nine-month sales dropped 31.2 percent to 556.17 billion yen from the same period the previous year.

The numbers are a disappointment as they include the key year-end

holiday season.

"Sales of the 3DS were strong in Japan, but Christmas shopping got to a late start overall in the U.S. and Europe," said Nintendo spokesman Yasuhiro Minagawa. "But we are upbeat about hardware and software sales for next [fiscal year](#)."

Worldwide sales of the 3DS for the nine months totaled 11.43 million, the company said. Game software for the 3DS like "Super Mario 3D Land" became million sellers, but games from outside companies did not fare as well, it said.

Competition in portable gaming is heating up with the arrival of the PlayStation Vita from Japanese electronics and entertainment company Sony Corp. Vita went on sale in Japan in December and next month in the U.S. and Europe.

Nintendo has continuously outpaced Sony in portable game sales with its hit DS machines.

The strong yen has also hurt Nintendo's bottom line. The dollar has been trading at about 77 yen lately, down from about 83 yen a year earlier.

Nintendo stock slid 0.6 percent to 10,790 yen in Tokyo.

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