

Ahead of the Bell: Zynga to post 4Q results

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(AP) -- Zynga will show whether it was able to further boost its rapidly growing number of followers, as well as its profit and revenue as a publicly traded company, when the online game maker reports fourth-quarter results Tuesday.

It will be Zynga's first quarterly report since going public in December. Analysts, on average, expect the San-Francisco company to post earnings of 3 cents per share on revenue of \$302.1 million, according to a poll by FactSet.

Zynga Inc. makes nearly all of its money from its Facebook games such as "CityVille," "FarmVille" and "Zynga Poker." The games are free to play, but people pay small amounts of money for virtual items such as poker chips or <u>farm animals</u>.

The company had revenue of \$195.8 million in the final quarter of 2010, and revenue grew by double digits - 24 percent, 15 percent and 10 percent - in the first three quarters of 2011. However, Wall Street expects Zynga to post revenue below last year's third quarter, which amounted to \$306.8 million. That might not be good enough for investors seeking more rapid growth from a company like Zynga.

Yet Wedbush analyst Michael Pachter thinks the company is going to surprise Wall Street with revenue of at least \$335 million, driven by significant growth and increased usage by people using mobile devices.

One of the big drivers in that space is Zynga's "Words With Friends," an



addictive Scrabble-like game played mostly on smartphones.

The company did not hesitate to publicize an incident late last year with "30 Rock" star Alec Baldwin, who was kicked off an <u>American Airlines</u> flight when he refused to stop playing the game.

Within minutes of the story going viral, thanks in part to Baldwin's tweets about the dust-up, Zynga released an releasing an image of a Words With Friends screen spelling out "Let Alec Play."

The company will release its earnings after the market closes. Shares are near to the top of their trading range since the Zynga's <u>initial public</u> <u>offering</u> at \$10 per share, closing Monday at \$13.42.

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