

Zynga deals for animation firm in rebound effort

January 30 2014



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San Francisco-based Zynga announced the deal for the British-based

firm as it unveiled more losses in the fourth quarter and [said it was slashing 314 jobs](#), or 15 percent of its workforce.

"The investments we are making to grow and sustain our leading franchises are bearing fruit, and show that with improved quality, sharper focus and better execution we can achieve better results," chief executive Don Mattick said in a blog post.

"We now have a solid foundation for growth.. Zynga is getting back to its roots of innovating in social. We are committed to refining our skills in the art and science of creating new hits and are excited about the mobile market opportunity in front of us."

Zynga said it lost \$25 million in the fourth quarter on revenues of \$176 million. For the year, the loss amounted to \$36 million of \$873 million in revenue.

"Over the last seven months, our teams have been working with a sense of urgency," Mattick said in the earnings statement.

"We finished 2013 in a strong position and expect 2014 to be a growth year. We believe that the first quarter will be a solid foundation for that growth and we expect substantial improvements for the remainder of the year."

Mattick, who took over last year from co-founder Mark Pincus, said the company's Casino program with real-money gaming, and its Words With Friends game, were starting to deliver results.

"Our market is growing as measured by device, audience and dollars and we have the privilege to compete in one of the fastest growing parts of the entertainment industry," he said

But Mattick said Zynga also needs "to create a more efficient organization" and that the job cuts would lead to "agile, dedicated teams."

"We don't take these decisions lightly but we believe these actions will allow us to create a clearer, faster path to win," he said.

Zynga said its acquisition of NaturalMotion, creator of the popular mobile games CSR Racing and Clumsy Ninja, would help the new effort.

Zynga will pay \$391 million in cash and give 39.8 million shares of Zynga Class A stock, amounting to a total value of \$527 million.

"We believe that bringing Zynga and NaturalMotion together is the right step at the right time," said Mattick.

"Our acquisition of NaturalMotion will allow us to significantly expand our creative pipeline, accelerate our mobile growth and bring next-generation technology and tools to Zynga that we believe will fast track our ability to deliver more hit games."

Zynga shares surged 19.9 percent in after-hours trade to \$4.27.

Zynga rose to stardom by tailoring games for Facebook, but the two firms have grown apart as Facebook develops new revenue streams and Zynga seeks new consumers.

Zynga has been pulling the plug on unpopular games and investing in titles for play on smartphones or tablets, as well as its own online arena at zynga.com.

Citation: Zynga deals for animation firm in rebound effort (2014, January 30) retrieved 26 April 2024 from <https://phys.org/news/2014-01-zynga-animation-firm-rebound-effort.html>

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