

Nintendo sinks to loss on lagging Wii U sales

May 7 2014, by Yuri Kageyama



Shoppers take escalators under the logo of Nintendo and Super Mario characters at an electronics store in Tokyo Wednesday, May 7, 2014. Nintendo Co. sank to a loss for the fiscal year ended March as sales of its Wii U game machine continued to lag, but the Japanese manufacturer of Pokemon and Super Mario games promised Wednesday to return to profit this year. (AP Photo/Shizuo Kambayashi)

Nintendo Co. sank to a loss for the fiscal year ended March as sales of its Wii U game machine continued to lag, but the Japanese manufacturer of Pokemon and Super Mario games promised Wednesday to return to

profit this year.

Kyoto-based Nintendo reported a 23.2 billion yen (\$229 million) loss, a reversal from a 7 billion yen profit eked out the previous year. Annual sales fell 10 percent to 571.7 billion yen (\$5.6 billion). It did not break down quarterly numbers.

Wii U sales have fallen short of company forecasts. In January, Nintendo lowered its Wii U sales projection for the fiscal year through March from 9 million to less than a third of that at 2.8 million units.

Nintendo's actual results were even worse than the lowered projection at 2.72 million.

The company remained upbeat and said it expects to sell 3.6 million Wii U machines for the fiscal year through March 2015, helped by the planned release of popular games for the machine, such as "Mario Kart 8" and "Super Smash Bros."

Sales projections have been lowered repeatedly as people increasingly switch to smartphones and other devices to play games.

The Wii U has a touch-screen tablet controller called GamePad and a TV-watching feature called TVii.

Lowering the machine's price during the past fiscal year has been sufficient to revive sales.



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Adding to its woes, Nintendo acknowledged that for the fiscal year ended March its relatively popular 3DS handheld also did not sell as well as it had expected.

The dismal results come despite a favorable exchange rate, which has in the past dramatically helped Nintendo earnings. The yen has been weakening, and that works as a plus for Japanese exporters.

Still, Nintendo forecast a return to profit for the fiscal year through March 2015, at 20 billion yen (\$197 million), with sales expected to

grow 3 percent to 590 billion yen (\$5.8 billion).

Some analysts have been anticipating a change of strategy for Nintendo, urging it to start offering its games on smartphones, tablets and other devices, instead of focusing only on machines devoted to gaming. But the company has so far brushed off such advice.

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