

# Nintendo's nine-month profit jumps on cheap yen

January 28 2015, by Yuri Kageyama

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Nintendo reported a nearly six-fold increase in profit for the first three quarters of the fiscal year Wednesday and raised its earnings forecast as a cheap yen masked weak sales.

Nintendo Co., the Japanese manufacturer of Pokemon and Super Mario video games, said Wednesday profit for the nine months ended December 2014, totaled 59.52 billion yen (\$504 million), up from 10.19 billion yen a year earlier.

It did not break down quarterly numbers.

The Kyoto-based company, which also makes Wii U and 3DS machines, raised its profit forecast for the year ending March 2015 to 30 billion yen (\$254 million) from 20 billion yen (\$169 million).

It had a loss of 23.2 billion yen the previous fiscal year.

Analysts say much of the profit improvement came from the favorable exchange rate, rather than from healthy demand for its game products.

Foreign exchange gains added 51 billion yen (\$432 million) to its nine-month profit.

Nintendo has been struggling in the face of challenges from smartphones and other devices on which people increasingly play games and enjoy social networks.

Sales of the hand-held 3DS have especially suffered because of the recent launch of Nintendo's updated models. They fell to 7.08 million 3DS machines from 11.65 million the previous year.

But Wii U hardware sales rose to 3.03 million over the three quarters from 2.4 million.

Two popular games for Wii U went on sale during that period, "Mario Kart 8" and "Super Smash Bros. for Wii U."

Nintendo is banking on the Wii U, which has a touchscreen, for a recovery. The "amiibo" interactive plastic toy figure line, which can be used to play various games, has also been popular.

Overall, nine-month sales dipped 11 percent to 442.9 billion yen (\$3.8 billion) from the year before.

But a cheap yen works as a big plus for Japanese exporters such as Nintendo. Some 73 percent of its sales are overseas.

The dollar has climbed to about 118 yen lately from below 105 yen a year ago.

Nintendo said it is counting on the dollar trading at 115 yen for the year, versus its previous estimate of 100 yen

"Large forex benefits, but real trends remain weak," said a recent report by Barclays in Japan.

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