Nintendo nine-month net profit tumbles 74 percent

TOMOKO A. HOSAKA - Associated Press - Associated Press

Nintendo's nine-month profit tumbled 74 percent as weaker sales of the Wii console and a strong yen battered its bottom line.

The lackluster results announced Thursday led the company to slash sales expectations for its video game devices and underscores a rocky year for the creator of the Super Mario franchise.

The Kyoto-based company faces waning consumer demand for its game machines and new challenges — from Apple's iPhone and rival Sony — as well as a stubbornly strong yen, which shrinks the value of overseas profits.

Last fall, Nintendo slashed earnings forecasts after announcing that its new 3DS game machine wouldn't be ready for the holiday shopping season. It then reported a first-half loss — its first since 2003.

Nintendo managed to avoid red ink this time, reporting a net profit of 49.56 billion yen ($603 million) for the April-December period. It posted a 192.6 billion yen profit for the same nine months a year earlier.

Sales dropped 32 percent to 808 billion yen, while operating profit fell 47 percent to 158.8 billion yen.

The company did not break down quarterly numbers.

While holiday sales were "robust," the numbers fell short of the U.S. sales record set by the Wii and the DS handheld the previous year, the company said. It also cited 84.4 billion yen in exchange rate losses.

Nintendo now says it will sell 16 million Wii consoles in the fiscal year through March 31. That's 1.5 million fewer than it predicted in its previous forecast. It cut its sales estimate for the DS by 1 million to 22.5 million units.

The company left its earnings forecasts unchanged. It continues to expect annual net profit to fall more than 60 percent to 90 billion yen on revenue of 1.1 trillion yen.

Nintendo is banking on the 3DS to propel sales and help the company regain momentum against intensifying competition. The glasses-free handheld 3-D device is being billed by Nintendo as a unique experience not found anywhere else.

But Apple Inc.'s iPhone has emerged as a popular casual gaming platform, and

Japanese rival Sony Corp. unveiled an upgraded version of its PlayStation Portable machine within hours of the release of Nintendo's earnings. Sony also announced the "PlayStation Suite," an application enabling video games to be played on smartphones with Google's Android operating system.

The 3DS goes on sale Feb. 26 in Japan for a suggested retail price of 25,000 yen ($304). Sales in the U.S. begin on March 27 for $250 — the same price the revolutionary Wii console cost when it launched in 2006.

Nintendo President Satoru Iwata told the Nikkei financial daily earlier this month that his company plans to ship about 1.5 million units of the 3DS in Japan in the first month.

The company released its earnings results after financial markets closed. Its stock rose 0.9 percent to 22,540 yen.

Nintendo reports earnings based on Japanese accounting standards.

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http://www.ecnmag.com/news/2011/01/nintendo-nine-month-net-profit-tumbles-74-percent