

Activision reports lower 1Q net income, revenue

The Associated Press

Video game publisher Activision Blizzard Inc. said Wednesday that its first-quarter net income declined because of lower revenue from its games, but its adjusted results beat Wall Street's expectations and the company's own forecasts.

The publisher of games such as "Call of Duty" and "World of Warcraft" earned \$384 million, or 33 cents per share in the quarter that ended March 31. That was down from \$503 million, or 42 cents a share in the year-ago period.

Revenue fell 19 percent to \$1.17 billion from \$1.45 billion.

On an adjusted basis, which is more closely watched by investors, Activision earned 6 cents per share on revenue of \$587 million. That compares with earnings of 13 cents per share and revenue of \$755 million a year earlier.

Analysts, on average, were expecting adjusted earnings of 4 cents per share on revenue of \$556.4 million, according to a poll by FactSet.

Activision had earlier forecast adjusted earnings of 3 cents per share and revenue of \$525 million.

The adjusted figures exclude special items and account for the effects of deferring revenue and the related cost of sales for games with online components. Like other video game companies, Activision spreads these out over time, while the game is played, rather than all at once.

Bobby Kotick, CEO of Santa Monica, Calif.-based Activision, said sales of "Call of Duty: Modern Warfare 3," the kids' game "Skylanders Spyro's Adventures", as well as "World of Warcraft" drove the quarter's results above the company's expectations. "World of Warcraft had 10.2 million subscribers as of the end of March, the same amount it had at the end of 2011.

For the current quarter, Activision is forecasting adjusted earnings of 10 cents per share on revenue of \$805 million. Analysts are expecting earnings of 16 cents per share on revenue of \$815.5 million. Activision tends to give conservative guidance that it later beats.

The company raised its full-year guidance slightly. It now expects adjusted earnings of 95 cents per share, up from 94 cents, on revenue of \$4.53 billion, up from \$4.5 billion.

Analysts are expecting earnings of 97 cents per share on revenue of \$4.54 billion.

Activision's stock climbed 10 cents to \$12.50 in after-hours trading on Wednesday

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following the release of the earnings report. The stock had closed the regular trading session unchanged at \$12.40.

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