

Take-Two reports bigger 1Q loss, lower revenue

The Associated Press

Video game publisher Take-Two Interactive Software Inc. said Tuesday that its fiscal first-quarter loss was much bigger than expected, because sales of "Spec Ops: The Line" and "Max Payne 3" were not as high as the company hoped.

Take-Two booked a net loss of \$110.8 million, or \$1.30 per share, in the April-June period. That compares with a loss of \$8.7 million, or 11 cents per share, in the same period a year earlier.

Adjusted loss of \$1.16 per share was well below analysts' expectations for a loss of 65 cents per share.

Revenue fell 32 percent to \$226.1 million. Analysts, on average, expected revenue of \$254.5 million, according to FactSet.

For the current quarter, the company forecasts an adjusted loss 30 to 15 cents per share on revenue of \$200 million to \$250 million.

Analysts predict earnings of 11 cents per share on revenue of \$235.6 million.

Forty-two percent of Take-Two's revenue came from games on Microsoft Corp.'s Xbox 360 console, while 40 percent was from Sony Corp.'s PlayStation 3. The rest was mainly from PC games — the Nintendo Wii amounted for just 1 percent of total revenue.

Strauss Zelnick, Take-Two's chairman and CEO, said the quarter was "obviously" a disappointment from an economic view.

"Consumers seem to be more discerning with disposable income right now," he said. Zelnick added that he is upbeat about the company's upcoming games, including "BioShock Infinite," which launches next February, and "Borderlands 2," which comes out this September.

Nonetheless Take-Two lowered its full-year guidance. It now expects adjusted earnings of \$1.75 to \$2 per share, down from earlier guidance of \$2 to \$2.25 per share. It expects revenue of \$1.7 billion to \$1.8 billion, down from \$1.75 billion to \$1.85 billion.

Analysts forecast \$2.27 per share on revenue of \$1.82 billion.

Take-Two's stock fell 23 cents, or 2.6 percent, to \$8.55 in after-hours trading. The stock closed down 35 cents, or 3.8 percent, to \$8.78 in the regular session.

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Published on Electronic Component News (<http://www.ecnmag.com>)

Source URL (retrieved on 04/28/2015 - 1:22am):

<http://www.ecnmag.com/news/2012/07/take-two-reports-bigger-1q-loss-lower-revenue>