Zynga stock tanks after weak 2Q report

BARBARA ORTUTAY - AP Technology Writer - Associated Press

Zynga's stock is tanking after the online game maker reported a loss in the second quarter, with adjusted earnings and revenue below Wall Street's already-low expectations.

The company behind games such as "CityVille" and "FarmVille" also lowered its outlook for the year because of delayed games, reduced expectations for its "Draw Something" game and what it called a "more challenging environment on the Facebook Web platform."

Zynga derives nearly all of its revenue from games played on Facebook, and a growing number of Facebook users are accessing the social network using mobile devices rather than computers. That hurts Web-based games such as Zynga's.

Zynga Inc. said Wednesday that it lost $22.8 million, or 3 cents per share, in the April-June quarter. That's down from earnings of $1.4 million a year ago when it was still privately held. Its per-share results last year were at breakeven.

Adjusted earnings in the latest quarter were a penny per share, below expectations of 5 cents per share.

Zynga's revenue grew 19 percent to $332 million. Analysts surveyed by FactSet had expected $342.8 million.

Zynga had a lot riding on this quarter. Investors had been punishing its stock because of worries about declining user numbers.

But the results provided no relief. Zynga's stock sank $2.09, or 41 percent, to $2.99 in after-hours trading after the results came out. The stock had closed up 16 cents at $5.08 during the regular session.

Facebook's stock also declined after Zynga's announcement. The bad news from Zynga could hurt Facebook, which reports its earnings on Thursday. Facebook's stock fell $2.54, or 8.7 percent, to $26.80 in after-hours trading.

Zynga also said Wednesday that its chairman and CEO, Mark Pincus, became the beneficial owner of more than 50 percent of the company's voting power through stock he owns.

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