

## Activision 2Q results fly past expectations

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The Associated Press

Video game publisher Activision Blizzard Inc. said Thursday that its second-quarter net income dropped because of lower revenue from games. But its more closely watched adjusted results easily surpassed Wall Street's expectations and were much higher than a year ago.

The company behind games such as "Call of Duty" and "World of Warcraft" earned \$185 million, or 16 cents per share, in the April-June period — typically a slow time for video game companies. That's down from \$335 million, or 29 cents per share, in the same period a year ago.

Revenue slid 6 percent to \$1.08 billion from \$1.15 billion.

On an adjusted basis, though, Activision earned 20 cents per share in the latest quarter, up from 10 cents per share a year earlier. Adjusted revenue was \$1.05 billion, up from \$699 million a year earlier.

Analysts were expecting adjusted earnings of 12 cents for the June quarter, on revenue of \$836.3 million, according to FactSet.

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.

For the current quarter, Activision is forecasting adjusted earnings of 7 cents per share, on revenue of \$690 million. Analysts expect higher earnings of 12 cents per share on revenue of \$730 million.

CEO Bobby Kotick said that while Activision is increasing its full-year outlook, it's still cautious about the economy.

"If people have less money in their pockets, they are going to be more thoughtful about purchases," he said. "Having said that, generally the video game business has done better than other forms of entertainment."

For the full year, Activision expects adjusted earnings of 99 cents per share and revenue of \$4.63 billion. That's up from its earlier outlook for earnings of 95 cents per share and revenue of \$4.53 billion.

Analysts are forecasting earnings of 98 cents per share, and revenue of \$4.56 billion.

Shares of Santa Monica, Calif.-based Activision were unchanged in after-hours

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trading. The stock closed the regular session down 5 cents at \$11.77.

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