Nintendo trims red ink, lowers forecast for year

YURI KAGEYAMA - AP Business Writer - Associated Press

Nintendo Co. narrowed its losses in the fiscal first half, but the Japanese game maker lowered its sales and profit forecasts for the full year ahead of the launch of its new Wii U home console.

Nintendo, which did not break down quarterly results, reported Wednesday a 28 billion yen ($350 million) loss for the six months through Sept. 30 compared with a 70 billion yen loss a year earlier when it cut the price of its 3DS game machine.

Nintendo, the maker of Super Mario and Pokemon games, has been hard hit by the popularity of smartphones and other nifty mobile devices that are luring people away from game machines such as Nintendo's Wii console and handhelds such as the Nintendo 3DS. Rivals Sony Corp. and Microsoft Corp. have struggled against the same trend.

Nintendo's past success has come from the appeal of its products to so-called casual gamers — people who now turn to smartphones and tablet devices such as the iPad from Apple Inc. to enjoy games, many of which are free on such phones. Games are not free for Nintendo machines.

Nintendo lowered its profit forecast for the full business year through March 2013 to 6 billion yen ($75 million) from 20 billion yen because of weakening demand in recent months and the strong yen. The yen has been continually rising in recent years, and that erodes the value of overseas earnings for Japanese exporters such as Nintendo.

The company cut its annual sales forecast to 810 billion yen ($10.1 billion) from 820 billion yen.

Nintendo is banking on the Wii U, the first major new game console to arrive in stores in years, to boost its bottomline. It goes on sale Nov. 18 in the U.S., later that month in Europe and Dec. 8 in Japan.

It has a touch-screen tablet controller and TV-watching features but it's unclear whether it will prove a hit like the original Wii, which offered a new kind of entertainment when it arrived in 2006 with its wand-like controller that players could swing like a racket or a fishing pole.

Nintendo said it expects to sell 5.5 million Wii U consoles for the year through March 2013 and 24 million units of Wii U game software.

But it lowered its annual sales projection for the 3DS portable machine, which delivers three-dimensional imagery without special glasses, to 17.5 million units from 18.5 million.

Declining sales of the current Wii, in hardware and software games, also contributed to the lower earnings forecast, the Kyoto-based company said.

For the six months through Sept. 30, sales dipped nearly 7 percent to 201 billion yen ($2.6 billion). Nintendo said sales of the 3DS hardware and software were weaker in overseas markets than expected. The yen's appreciation cut 23 billion yen from its ordinary profit, it said.

The results fell short of its more optimistic, internal forecast for 230 billion yen ($2.9 billion) in first-half sales.

Among game software titles, "Super Mario 3D Land" and "Mario Kart 7," part of Nintendo's popular Super Mario series, sold well for the 3DS, it said.

The company has also announced a service called Nintendo TVii for watching TV shows and movies. The Wii U remote called the GamePad can be used as a fancy remote-controller and handheld device for posting comments on social networks such as Twitter and Facebook.

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