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# *Vidgame publishers see profit gains despite slump*

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## *Digital revenue boosts Ubisoft, EA and Activision*

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Despite declining sales so far this year, videogame publishers have eked out gains during recent quarters, with digital dollars boosting bottom lines.

Ubisoft, which is readying to release Tom Clancy's "Ghost Recon: Future Soldier," wrapped up its fiscal year, posting a profit of nearly \$48 million Tuesday, versus a loss of \$67 million a year earlier. The French gamemaker's revenue rose 2.1% to \$1.4 billion due to popular titles like "Assassin's Creed," "Just Dance," "Rayman" and "Driver" franchises.

Company credited digital sales and downloads, in particular, to gains, with revenue from that sector up 111% from titles like "Trials Evolution," "The Settlers Online" and "Howrse."

It sees the next-generation of videogame consoles, which are

expected to tout online connectivity, as a way to increase revenue in the future.

“Ubisoft is positioning itself to capitalize on the forthcoming arrival of the next generation of consoles which will be increasingly connected and will strongly boost the market thanks to a new qualitative leap and the integration of social games benefits and the item based model, the ongoing strong growth in the free-to-play market for PCs, smartphones and tablets,” Ubisoft CEO Yves Guillemot said.

Publishers like Ubisoft see the release of games for free as a way to generate coin from the sale of additional levels, subscriptions and microtransactions to keep gamers interested.

Around 33% of Ubisoft’s sales are generated on Nintendo’s Wii platform, followed by Microsoft’s Xbox 360 (29%) and Sony’s PlayStation 3 (22%).

The release of fewer tentpole titles this year, according to NPD Group, has dragged down results for many publishers, however.

“Call of Duty”-publisher Activision Blizzard said first quarter revenue fell 19% to \$1.2 billion, sending profits down to \$384 million, from \$503 million, for the period that ended March 31.

The largest gamemaker will soon release games based on “Battleship” and “The Amazing Spider-Man” pics and is putting considerable resources around the launch of “Diablo 3,” whose pre-orders already are setting records for the title, the company said. Previous game bowed in 2000.

Its online service for its popular “Call of Duty” franchise has 2 million “premium” subscribers and 10 million registered users, although subs

for its “World of Warcraft” were flat with the same year-ago-quarter at 10.2 million.

Activision releases “Call of Duty: Black Ops 2” on Nov. 16 to compete with Microsoft’s “Halo 4,” and will bow the latest addition to its kids franchise “Skylanders: Spyro’s Adventure.”

Electronic Arts, the second largest game publisher, recorded fourth quarter profits of \$56 million versus \$83 million during the same year-ago-period, while revenue came in at \$977 million, up from \$955 million, thanks to hits like “Mass Effect 3.”

For the year, company recorded \$76 million in profits, compared to a \$276 million loss in 2011, with revenue up to \$4.1 billion from \$3.5 billion.

Sales of digital content rose 47% to \$1.2 billion for the year and to \$419 million during the quarter, up from \$211 million.

Its pricey massively multiplayer online role playing game “Star Wars: The Old Republic,” that cost around \$200 million to produce, now claims around 1.5 million subscribers, down from 1.7 million in February.

But EA plans to put more resources into online gaming, with EA chief exec John Riccitiello telling investors that it published 25 “major branded online game services, each online multiplayer experiences with ongoing monetization” in fiscal 2012, which has helped the company build a \$1.2 billion annual digital business, “establishing EA as one of the top five largest global digital game companies.” Its online Origin platform generated \$150 million in revenue last year.

Meanwhile THQ continues racking up losses, losing \$240 million

during its fiscal year, that also wrapped March 31. That's worse than the \$136 million loss it recorded the previous year, which prompted the company to shutter game studios, pink slip 240 staffers and rethink its uDraw tablets biz.

"The company exited the traditional kids' licensed games business, and streamlined its product line, organization and cost structure to support a smaller company positioned for sustained profitability," THQ said.

Fourth quarter losses widened to \$53 million from \$44 million, although revenue rose 48% to \$184.2 million during the sesh.

THQ was able to claim "Saints Row: The Third" and "WWE '12" as hits. The latter saw a sales boost from a rebranding. It previously sold as "WWE SmackDown vs. Raw."

"The successful rebranding of this annual franchise has led to higher sell-through to date, which is up approximately 20% on like-for-like platforms in North America versus the year-ago title," THQ said, adding that it has shipped more than 2.2 million copies of the game since November.

THQ prexy and CEO Brian Farrell called "games with a significant digital component ... the blueprint for our future."

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