

Nintendo swings to US\$350m annual net profit but outlook weak

Tokyo - Nintendo said Thursday it swung to \$350 million annual profit thanks to a weak yen and upbeat sales of its Wii U console, but the Japanese videogame giant warned its bottom line would shrink this year...



© Stefano Tinti – 123RF.com

The Super Mario creator reported a 41.8 billion yen (\$350 million) net profit for the fiscal year to March - reversing 23.2 billion yen loss a year ago - while it forecasted a lower 35 billion yen net profit this fiscal year.

Revenue in the latest period slipped 3.8% to 549.8 billion yen, it said, as the company was hit by weaker demand for its 3DS portable games console. The company is hoping to offset weakening demand for some of its consoles with plans to jump into the smartphone gaming market - a long awaited move away from its consoles-only policy.

"A new source of revenue is expected from a gaming application for smart devices which will be released this year," Nintendo said Thursday.

A sharp drop in the yen has helped make Japanese exporters such as Nintendo more competitive overseas while it also inflates the value of their repatriated profits. The company benefited from stronger sales of the Wii U, shifting 3.38 million units against 2.72 million units in the year-earlier period, while sales of game software rose nearly 30%.

"With respect to 'Wii U,' Nintendo released two hit titles, 'Mario Kart 8' and 'Super Smash Bros. for Wii U,' which enjoyed robust sales," it said in a statement.

"These titles continued to perform well especially overseas, and the global sales of the 'Wii U' hardware and software reached 3.38 million and 24.40 million units respectively," it added.

The relatively strong results come as Nintendo moves past three straight years of operating losses. Last year, company president Satoru Iwata said he would slash his salary in half for several months to atone for the struggles at the one-time

industry titan.

The maker of the Donkey Kong and Pokemon franchises has struggled as rivals Sony and Microsoft outpaced it in console sales. All three companies are also fighting off a trend toward cheap - or sometimes free - downloadable games for smartphones and other mobile devices.

Source: AFP

For more, visit: <https://www.bizcommunity.com>