

# Nintendo net profit rockets 243.6% in first half, forecasts revised up

5 November 2020, by Shingo Ito



Nintendo's outstanding performance has been helped by the success of its Switch console

Japanese gaming giant Nintendo said Thursday its first-half net profit soared 243.6 percent on-year as it upgraded its full-year sales and profit forecasts, with coronavirus lockdowns driving extraordinary demand.

The gaming industry has been one of the few sectors to thrive during the pandemic, with people forced to stay at home often turning to games for some escapism and to pass time.

That has translated into soaring sales and demand, with Nintendo saying its bottom line profit jumped to 213.1 billion yen (\$2.0 billion) for the six months to September.

Sales climbed 73.3 percent to 769.5 billion yen, with demand for its popular Switch console showing no sign of dying down as the device enters the crucial fourth year since its launch.

Nintendo's new console sales have tended to peak in the third year after release, and then taper off.

With the holiday season approaching, and a new wave of infections forcing governments in Europe and elsewhere to reinstate lockdowns, Nintendo upgraded its net profit forecast to 300 billion yen for the fiscal year to March 2021 from an earlier estimate of 200 billion yen.

Full-year sales now are projected at 1.4 trillion yen, compared with 1.2 trillion yen forecast earlier.

Nintendo is seeing "another blow-out quarter," said Amir Anvarzadeh, a strategist at Asymmetric Advisors, calling the results "a major pandemic-led positive distortion".

"We will have three Christmas quarters in one term," he added, because of the unusually high demand associated with the pandemic.

The brisk results come on the back of runaway success of the Switch and Nintendo's hit "Animal Crossing" game.

The leisurely game has struck a chord with players around the world, many of them enjoying a virtual release from the restrictions on movement and social activity imposed to contain coronavirus.

"Nintendo's Animal Crossing appeared to have hit a peak but it remains chart-topping," Hideki Yasuda, an analyst at Ace Research Institute in Tokyo, told AFP ahead of the results.

"Demand for video games remains strong among people staying home in the pandemic," he added. "And the recent second wave in Europe and other regions could give the industry another boost."

## People 'paying attention'

Nintendo is one of a "handful" of major companies seeing significant business opportunities during the pandemic, according to analysts

Shares of the Kyoto-based company have surged some 60 percent since early March and closed up 2.17 percent at 57,910 yen ahead of its earnings release.

Rival Sony said last week net profit doubled in the April-September period and revised up its full-year forecast, citing growth in key sectors including gaming.

Next week, Sony launches its much-anticipated PlayStation 5 with Microsoft set to release its Xbox Series X ahead of the Christmas shopping season.

Nintendo is counting on continued strong demand for the Switch throughout the season, with analysts saying the console was likely to break the fourth-year jinx.

Since it hit stores in March 2017, the gadget has become a huge global seller, helped by innovative, family-friendly titles that have wowed critics and gamers alike.

Nintendo president Shuntaro Furukawa said the firm anticipated no issues with production of the console, and raised its full-year sales target to 24 million units from 19 million.

"Regarding the year-end sales season, we have so far maintained momentum and made good preparations," he told reporters.

And he said he did not expect next week's launches of the new Xbox and Playstation console to have a significant impact on Nintendo's business.

"But on the other hand, a generation change in hardware is a very big event for the gaming industry," he said.

"We feel people around the world are paying attention to video games and game consoles and we want to showcase our presence with our Nintendo Switch business."

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