

# **Zynga Reports Lower 1Q Revenue, Shares Fall**

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NEW YORK (AP) — Zynga Inc.'s surprise profit in the first three months of the year got overshadowed by a revenue decline, a drop in the number of users and a lower-than-expected second-quarter forecast.

The online game maker's stock fell more than 10 percent in extended trading Wednesday after the first-quarter results came out.

Zynga, which makes "FarmVille" and other games, said Wednesday that it earned \$4.1 million, which was breakeven per share. A year earlier, it lost \$85.4 million, or 12 cents per share. Adjusted earnings were 1 cent per share in the latest quarter, compared with expectations for a loss of 3 cents.

Revenue fell 18 percent to \$263.6 million, from \$321 million.

Analysts, on average, had expected revenue of \$264.5 million, according to FactSet.

As demand for its Facebook games fades, Zynga has cut jobs, closed game studios and shut down games to reduce expenses and focus only on popular titles. The quarter's expenses fell 34 percent to \$268.5 million, from \$406.6 million.

The number of people who play Zynga games at least once a month fell 13 percent to 253 million, from 292 million a year earlier. The number of daily players dropped 21 percent to 52 million, from 65 million.

CEO Mark Pincus said in a statement that 2013 will "continue to be a transition year." Zynga, whose games are played mainly on Facebook's website, is working on shifting to mobile games and to its own site off of Facebook.

For the current quarter, Zynga is forecasting an adjusted loss of 3 cents to 4 cents per share on revenue of \$225 million to \$235 million. Analysts were expecting a loss of 1 cent per share on revenue of \$258.1 million.

Shares of San Francisco-based Zynga fell 34 cents, or 10.1 percent, to \$3.01 in after-hours trading. The stock had closed up 17 cents, or 5.3 percent, at \$3.35 before the results came out.

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