

# Zynga Trims 3Q Losses Under New CEO, Stock Surges

Michael Liedtke, AP Technology Writer

SAN FRANCISCO (AP) — Zynga Inc. whittled its third-quarter losses even as its revenue plunged and fewer people played its digital games.

The improvement raised investors' hopes that the hobbled company might be able to regain its stride under a new CEO hired during the summer, and shares jumped 13 percent in after-hours trading.

The results announced Thursday served as the first report card for Don Mattrick, a respected video-game executive who was overseeing Microsoft's Xbox division until he was hired in July to replace Zynga founder Mark Pincus as CEO of the San Francisco company.

Mattrick is turning to an old colleague to help him in his attempt to engineer a turnaround. Zynga said Thursday that Clive Downie will become its chief operating officer beginning Nov. 4. Downie, 41, is defecting from a mobile game maker called DeNA, but he and Mattrick previously worked together at video game maker Electronic Arts Inc.

Zynga will tap into Downie's expertise in mobile games as it tries to connect with more people on smartphones and tablet computers. The company's biggest hits, such as "FarmVille" and "Mafia Wars," have primarily been played on desktop and laptop computers that have been declining in use.

That trend has saddled Zynga with massive losses, causing its stock to plunge 60 percent from its initial public offering price of \$10 nearly two years ago. The shares gained 47 cents to \$4 in extended trading Thursday.

Zynga lost \$68,000 in the three months ended in September. That translated into breaking even on a per-share basis. It marked a dramatic improvement from a loss of \$52.7 million, or 7 cents per share, at the same time last year.

If not counting one-time gains, Zynga said it would have lost 2 cents per share. That figure was better than the average loss of 4 cents per share projected by analysts, according to FactSet.

Revenue tumbled 36 percent to \$202.6 million — about \$13 million more than

## Zynga Trims 3Q Losses Under New CEO, Stock Surges

Published on Wireless Week (<http://www.wirelessweek.com>)

---

analysts had predicted.

An average of 30 million people played Zynga's games on a daily basis during the third quarter, down from 60 million at the same time last year.

Zynga has offset the waning popularity of its games by shedding workers. Most recently, the company laid off 520 employees, or 18 percent of its payroll, earlier this year. Zynga ended September with 2,206 employees, down from 2,360 workers in June. The workforce peaked at about 3,300 employees last year.

The cost-cutting is expected to help trim Zynga's losses again in the current quarter ending in December. Zynga is preparing for a loss ranging from \$21 million to \$31 million in the final quarter of the year, down from nearly \$49 million at the same time last year.

"Our teams are working hard to compete more aggressively on the Web, move to mobile and develop new hits, and I am happy with the early progress we have made," Mattrick said in a statement.

**Source URL (retrieved on 12/12/2013 - 1:13am):**

<http://www.wirelessweek.com/news/2013/10/zynga-trims-3q-losses-under-new-ceo-stock-surges>