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Activision Blizzard Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And our first question will come from Ralph Schackart with William Blair.

Ralph Schackart - William Blair

Good afternoon. Congrats on another good quarter. Just one broad question -- just curious how the sales have trended in April so far, just given the continued transition and the macro outlook. And has there been any major changes in the purchasing activity that you have seen at the retailers, either positive or negative, since last call? Thanks.

Robert A. Kotick

Okay, Ralph, sure. Being in April, obviously it's a tough year-over-year comparison because GTA was out in the year-ago period but we find retailers continuing to be bullish on the category, particularly the top titles, and they are very active planning, merchandising and promotional programming with us for the current quarter, and looking forward into the months ahead.

I would say if anything, we'd see a slight strengthening of the retailer mood in April. But I think it's going to be a gradual process.

Ralph Schackart - William Blair

Okay. Thank you.

Operator

Our next question comes from the line of Jeetil Patel with Deutsche Bank.

Jeetil Patel - Deutsche Bank

Great. Thank you. A couple of things -- I know it's probably hard to kind of dig into this particular issue and isolate it but just curious -- as you look at this year, what type of impact are you kind of looking at on a sub basis or expense basis as you look at the transition in China? In general, kind of what are you assuming in terms of the impact? Is it that you have no sub growth this year in China or -- and then expense wise?

And then second, as you look at the music category for 2009, obviously we've got a pretty exciting slate out. I guess can you maybe just give a sense of how you feel today versus back in January, the last earnings call, in terms of the appetite for consumption in the music category. Thank you.

Michael Morhaime

I will take the first part, which is related to the transition of World of Warcraft in China. Our focus is to bring the best experience to our players and so we are committed to making sure that the transition is as smooth as possible. We are working closely with our partners to work on ensuring that that is what happens. There are elements of risk in that transition and our efforts are completely focused to minimize those areas of risk.

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