

THQ (Nasdaq:THQI): -22% Market Mover Guides Lower

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THQ Inc. ([NASDAQ:THQI](#)) today reported financial results for the first quarter ended June 30, 2011. For the fiscal first quarter ended June 30, 2011, THQ reported net sales of \$195.2 million, compared with \$149.4 million in the prior-year period. On a non-GAAP basis, for the three months ended June 30, 2011, the company reported net sales of \$141.2 million, compared with \$160.3 million a year ago.

For the three months ended June 30, 2011, the company reported a net loss of \$38.4 million, or \$0.56 per diluted share, compared with a net loss of \$30.1 million, or \$0.44 per diluted share, in the prior-year period. On a non-GAAP basis, for the three months ended June 30, 2011, the company reported a net loss of \$64.4 million, or \$0.94 per diluted share, compared with a non-GAAP net loss of \$14.4 million, or \$0.21 per diluted share, in the prior-year period.

A reconciliation of non-GAAP to GAAP results is provided in the accompanying financial tables, and a supplemental consolidated reconciliation can be found at <http://investor.thq.com>.

“We are disappointed in our first quarter financial performance. Sales of Red Faction: Armageddon and our licensed kids titles were below our expectations, and the late release of UFC Personal Trainer also adversely impacted the quarter,” said Brian Farrell, [THQ President](#) and Chief Executive Officer. “Despite a light first half, we are looking forward to a strong and profitable second half, including what we expect to be the biggest third quarter, both in revenue and earnings per share, in our company’s history, with proven franchises Saints Row, WWE and the uDraw GameTablet, all launching in November.”

Fiscal 2012 First Quarter Highlights and Recent Developments

The company’s line-up featured at the Electronic Entertainment Expo (“E3”) garnered 25 awards from more than 50 nominations across the portfolio for upcoming titles such as Saints Row®: The Third™, Darksiders®II, Metro: Last Light™, WWE®’12, UFC®Undisputed™ 3, Warhammer®40,000®: Space Marine®, Devil’s Third™, and inSANETM, as well as for the uDraw GameTablet®.

The company announced an agreement with Turtle Rock Studios Inc., the creators of the multiple award-

winning “Left 4 Dead,” to publish a new core title scheduled to be released in calendar 2013. On June 15, 2011, top-industry talent Patrice Desilets joined THQ, working out of its Montreal, Quebec development studio on a new original AAA title.

Building on last year’s successful launch of the uDraw GameTablet for Wii, THQ unveiled plans to bring uDraw™ to Xbox 360® and PlayStation® 3 high-definition consoles this fall with new creative functions and touch-screen features. The company is in production of a number of new uDraw titles, including Disney Princess, Marvel Super Hero Squad, and upgraded versions of our uDraw Studio™ software and Pictionary.

Digital Highlights

THQ continues to focus on its four-pillar digital strategy: 1) create a digital ecosystem around key title console launches such as the November 15 release of Saints Row: The Third, which includes a robust DLC schedule, online Season Pass, and in-game store for consumables; 2) create a critical mass of users on social media platforms such as Facebook and mobile platforms including iOS and Android™, using THQ-owned or branded content, such as the upcoming fall release of Margaritaville® Online based on Jimmy Buffett’s popular brand; 3) create an ongoing digital revenue stream with the launch of the company’s MMO, Warhammer® 40,000®: Dark Millennium™ Online; and 4) continue to drive digital end user sales through existing channels as well as the re-launch of THQ.com.

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