

DFC Intelligence

DFC Intelligence  
9320 Carmel Mountain Rd  
Suite C  
San Diego, CA 92129

Phone 858 780-9680  
Fax 858-780-9671  
[www.dfcint.com](http://www.dfcint.com)

---

# Market Leaders in the Video Game and Interactive Entertainment Industry

---

March 2005



## Table of Contents

|   |          |
|---|----------|
| <b>OVERVIEW .....</b>                               | <b>7</b> |
| COMPANY ANALYSIS.....                               | 11       |
| TOP FRANCHISES .....                                | 16       |
| KEY RECENT EVENTS .....                             | 26       |
| Activision Notable Recent Events.....               | 26       |
| Atari/Infogrames Notable Recent Events .....        | 26       |
| Capcom Notable Recent Events .....                  | 26       |
| Eidos Notable Recent Events .....                   | 27       |
| Electronic Arts Notable Recent Events .....         | 27       |
| Konami Notable Recent Events.....                   | 27       |
| Microsoft Notable Recent Events.....                | 28       |
| Midway Notable Recent Events .....                  | 28       |
| Namco Notable Recent Events .....                   | 28       |
| Nintendo Notable Recent Events.....                 | 29       |
| Sega Sammy Notable Recent Events .....              | 29       |
| Sony Notable Recent Events .....                    | 29       |
| Square Enix Notable Recent Events.....              | 30       |
| Take-Two Notable Recent Events.....                 | 30       |
| THQ Notable Recent Events .....                     | 30       |
| Ubisoft Notable Recent Events .....                 | 31       |
| Vivendi Universal Games Notable Recent Events ..... | 31       |
| REVENUE COMPARISONS.....                            | 32       |
| INCOME COMPARISONS .....                            | 54       |
| Operating Income Analysis .....                     | 54       |
| Net Income Analysis .....                           | 62       |
| EXPENSE COMPARISONS.....                            | 70       |
| Cost of Sales Analysis.....                         | 70       |
| Sales and Marketing Analysis .....                  | 74       |
| Research & Development Expense Analysis .....       | 76       |
| General & Administrative Expense Analysis.....      | 78       |
| ASSET COMPARISONS .....                             | 80       |
| Current Assets Analysis .....                       | 80       |
| Cash Analysis .....                                 | 81       |
| Accounts Receivable Analysis .....                  | 84       |
| Inventory Analysis .....                            | 86       |
| STOCK MARKET PERFORMANCE COMPARISONS.....           | 88       |
| Market Value Analysis .....                         | 88       |
| MERGERS AND ACQUISITIONS.....                       | 105      |

## Market Leaders in the Video Game and Interactive Entertainment Industry

|  |            |
|--|------------|
| <b>ACTIVISION (35 PAGES)</b> .....           | <b>120</b> |
| <b>ATARI INFOGRAMES (48 PAGES)</b> .....     |            |
| <b>CAPCOM (29 PAGES)</b> .....               |            |
| <b>EIDOS INTERACTIVE (27 PAGES)</b> .....    |            |
| <b>ELECTRONIC ARTS (55 PAGES)</b> .....      |            |
| <b>KONAMI (38 PAGES)</b> .....               |            |
| <b>MICROSOFT (45 PAGES)</b> .....            |            |
| <b>MIDWAY (30 PAGES)</b> .....               |            |
| <b>NAMCO (33 PAGES)</b> .....                |            |
| <b>NINTENDO (50 PAGES)</b> .....             |            |
| <b>SEGA SAMMY (50 PAGES)</b> .....           |            |
| <b>SONY (48 PAGES)</b> .....                 |            |
| <b>SQUARE ENIX (42 PAGES)</b> .....          |            |
| <b>TAKE TWO INTERACTIVE (39 PAGES)</b> ..... |            |
| <b>THQ (39 PAGES)</b> .....                  |            |
| <b>UBISOFT (32 PAGES)</b> .....              |            |
| <b>VIVENDI UNIVERSAL (36 PAGES)</b> .....    |            |

## Index of Tables

|  |    |
|--|----|
| Table 1 Top 30 Game Franchises.....                          | 17 |
| Table 2 Activision Top Franchises.....                       | 18 |
| Table 3 Atari Top Franchises .....                           | 18 |
| Table 4 Capcom Top Franchises .....                          | 19 |
| Table 5 Eidos Top Franchises .....                           | 19 |
| Table 6 Electronic Arts Top Franchises .....                 | 20 |
| Table 7 Konami Top Franchises.....                           | 20 |
| Table 8 Microsoft Top Franchises.....                        | 21 |
| Table 9 Midway Top Franchises .....                          | 21 |
| Table 10 Namco Top Franchises.....                           | 21 |
| Table 11 Nintendo Top Franchises.....                        | 22 |
| Table 12 Sega Sammy Top Franchises .....                     | 22 |
| Table 13 Sony Top Franchises .....                           | 23 |
| Table 14 Square Enix Top Franchises.....                     | 23 |
| Table 15 Take-Two Top Franchises.....                        | 24 |
| Table 16 THQ Top Franchises .....                            | 24 |
| Table 17 Ubisoft Top Franchises .....                        | 25 |
| Table 18 Vivendi Universal Top Franchises .....              | 25 |
| Table 19 Individual Company Home Game Revenue 2003-2005..... | 32 |
| Table 20 Individual Company Home Game Revenue 1995-2004..... | 33 |

## Market Leaders in the Video Game and Interactive Entertainment Industry

|   |    |
|---|----|
| Table 21 Home Video Game Business Percentage Revenue Growth 1996-2004.....            | 34 |
| Table 22 Home Video Game Business Percentage Revenue Growth Fiscal 2004.....          | 35 |
| Table 23 Home Video Game Business Percentage Revenue Growth Fiscal 2005 to Date ..... | 36 |
| Table 24 Home Video Game Business Percentage Revenue Growth 2001 vs 2004.....         | 37 |
| Table 25 Home Video Game Business Percentage Revenue Growth 1998 vs 2004.....         | 38 |
| Table 26 Home Video Game Business Revenue 2004 Comparison .....                       | 39 |
| Table 27 Home Video Game Business Revenue 2003 Comparison .....                       | 41 |
| Table 28 Home Video Game Business Revenue 2002 Comparison .....                       | 42 |
| Table 29 Home Video Game Business Revenue 2004/2003 Comparison .....                  | 43 |
| Table 30 Home Video Game Business Revenue 2004/2002 Comparison .....                  | 44 |
| Table 31 Home Video Game Business Revenue 2004/2001 Comparison .....                  | 45 |
| Table 32 Home Video Game Business Revenue 2004/2000 Comparison .....                  | 46 |
| Table 33 Home Video Game Business Revenue 2004/1999 Comparison .....                  | 47 |
| Table 34 Home Video Game Business Revenue 2004/1998 Comparison .....                  | 48 |
| Table 35 Home Video Game Business Revenue 2004/1997 Comparison .....                  | 49 |
| Table 36 Home Video Game Business Revenue 2004/1996 Comparison .....                  | 50 |
| Table 37 Home Video Game Business Revenue 2004/1995 Comparison .....                  | 51 |
| Table 38 Total Home Video Game Business Revenue 2001-2004 Comparison.....             | 52 |
| Table 39 Total Home Video Game Business Revenue 1998-2004 Comparison.....             | 53 |
| Table 40 Operating Income 1995-2004.....  | 54 |
| Table 41 Operating Income as a Percentage of Revenue 1995-2004.....                   | 55 |
| Table 42 Operating Income 2004/2001 Comparison .....                                  | 56 |
| Table 43 Total Operating Income 2001-2004 .....                                       | 56 |
| Table 44 Operating Income to Revenue 2001-2004 Comparison .....                       | 58 |
| Table 45 Average Operating Income to Revenue 2001-2004 Comparison.....                | 58 |
| Table 46 Operating Income 2004/1998 Comparison .....                                  | 59 |
| Table 47 Total Operating Income 1998-2004 .....                                       | 59 |
| Table 48 Operating Income to Revenue 1998-2004 Comparison .....                       | 61 |
| Table 49 Average Operating Income to Revenue 1998-2004 Comparison.....                | 61 |
| Table 50 Net Income 1995-2004.....  | 62 |
| Table 51 Net Income as a Percentage of Revenue 1995-2004 .....                        | 63 |
| Table 52 Net Income 2004/2001 Comparison.....   | 64 |
| Table 53 Total Net Income 2001-2004 .....   | 64 |
| Table 54 Net Income to Revenue 2001-2004 Comparison .....                             | 66 |
| Table 55 Average Net Income to Revenue 2001-2004 Comparison.....                      | 66 |
| Table 56 Net Income 2004/1998 Comparison.....   | 67 |
| Table 57 Total Net Income 1998-2004 .....   | 67 |
| Table 58 Net Income to Revenue 1998-2004 Comparison .....                             | 69 |
| Table 59 Average Net Income to Revenue 1998-2004 Comparison.....                      | 69 |
| Table 60 Cost Of Sales 1997-2004.....   | 70 |
| Table 61 Gross Profit 1997-2004 .....   | 71 |
| Table 62 Gross Profit Comparison 2001-2004.....                                       | 72 |
| Table 63 Average Gross Profit 2001-2004.....  | 73 |
| Table 64 Sales & Marketing Expense 1997-2004.....                                     | 74 |
| Table 65 Sales & Marketing Expense to Revenue 1997-2004 .....                         | 74 |
| Table 66 Sales & Marketing Expense to Revenue 2004/2001 Comparison.....               | 75 |
| Table 67 Average Sales & Marketing Expense to Revenue 2001-2004 .....                 | 75 |
| Table 68 Research & Development Expense 1997-2004.....                                | 76 |
| Table 69 Research & Development Expense to Revenue 1997-2004.....                     | 76 |
| Table 70 Research & Development Expense to Revenue 2004/2001 Comparison.....          | 77 |

## Market Leaders in the Video Game and Interactive Entertainment Industry

|  |     |
|--|-----|
| Table 71 Average Research & Development Expense to Revenue 2001-2004 .....           | 77  |
| Table 72 General & Administrative Expense 1997-2004 .....                            | 78  |
| Table 73 General & Administrative Expense to Revenue 1997-2004 .....                 | 78  |
| Table 74 General & Administrative Expense to Revenue 2004/2001 Comparison .....      | 79  |
| Table 75 Average General & Administrative Expense to Revenue 2001-2004 .....         | 79  |
| Table 76 Current Assets .....  | 80  |
| Table 77 Cash .....  | 81  |
| Table 78 Cash on 12/31/2004 .....  | 82  |
| Table 79 Cash to Current Assets .....  | 83  |
| Table 80 Accounts Receivable .....   | 84  |
| Table 81 Accounts Receivable to Current Assets .....                                 | 84  |
| Table 82 Days of Sales in Accounts Receivable .....                                  | 85  |
| Table 83 Inventory .....   | 86  |
| Table 84 Inventory to Current Assets .....   | 86  |
| Table 85 Days of Inventory .....   | 87  |
| Table 86 Stock Price and Market Value from 1/15/2002 to 1/13/2005 .....              | 88  |
| Table 87 Market Value 1/13/05 .....  | 89  |
| Table 88 Market Value 1/15/04 .....  | 89  |
| Table 89 Market Value 1/15/03 .....  | 90  |
| Table 90 Market Value 1/15/02 .....  | 90  |
| Table 91 Market Value Change 1/15/04-1/13/05 .....                                   | 93  |
| Table 92 Market Value Change 1/15/02-1/13/05 .....                                   | 94  |
| Table 93 Market Value to Revenue 2/05 .....  | 95  |
| Table 94 Stock Price Change 1/15/02-1/13/05 .....                                    | 97  |
| Table 95 Stock Price Change 1/15/04-1/15/03 .....                                    | 98  |
| Table 96 Indexed Stock Price Performance 1/14/2002-1/13/2005 .....                   | 99  |
| Table 97 Indexed Stock Price Performance 1/14/2004-1/13/2005 .....                   | 100 |
| Table 98 Indexed Stock Price Performance 1/14/2000-1/15/2003 .....                   | 101 |
| Table 99 Indexed Stock Price: Larger Companies .....                                 | 102 |
| Table 100 Indexed Stock Price: U.S. Companies .....                                  | 103 |
| Table 101 Indexed Stock Price: Japanese Companies .....                              | 104 |
| Table 102 Major Game Industry Acquisitions of Past Ten Years by Date .....           | 105 |
| Table 103 Major Game Industry Acquisitions of Past Ten Years by Purchase Price ..... | 110 |
| Table 104 Major Game Industry Acquisitions of Past Ten Years by Acquirer .....       | 115 |