Activision Blizzard Stock and Company Analysis

Posted on January 10, 2020

This is an analysis of a publicly traded company. One that is traded on the New York Stock Exchange and Nasdaq. I have given a detailed analysis of one company and have given my reasons, why I refer that company to other investors.

Preferred Company

My preferred company is Activision Blizzard Inc. (ATVI). I have been watching the video games industry for some time now, and I think that the industry is growing. With more people buying smartphones and play stations, it is quite apparent that the number of consumers of video games is far more than there were a decade ago(Lee, 2013). Besides, the type of games that are being published these days is of far superior quality than it was earlier. The latest version of the game Grand Theft Auto came out four years ago, but the graphics, the street racing combination and the first-person shooter game all added up to make it a hit. Apparently, the gaming sector of the technology industry is the one that needs to be the focus of the investors.

Company Profile

Current-status note: Microsoft completed its acquisition of Activision Blizzard on October 13, 2023, so Activision Blizzard is now a wholly owned Microsoft subsidiary and its former ATVI shares are no longer traded independently.

Chief Executive Officer at the time of this analysis: Robert A. Kotick

President and Chief Operating Officer: Collister Johnson

Chief Financial Officer: Spencer Adam Neumann

Employees as of 2016: 9600

Market Capitalization: $ 46.85 billion

Beta: 0.70

Shares Outstanding: 756.1 million

P/E Ratio: 41.84

Payout Ratio: 20.55 %

Forward Annual Dividend Rate: 0.3

Forward Annual Dividend Yield: 0.45 %

Opinions Of The Referenced Articles

According to the articles I viewed, the video game industry is increasing. One report claims that this industry is going to generate almost $ 108.9 billion in revenue this year(Rawan, n.d.). Additionally, there are several avenues in the gaming industry, not directly related to gaming that can also help Activision Blizzard become the next cash cow. It recently acquired King Digital Entertainment which was working on in-game advertising, which will bring in additional revenue for the company. Apparently, the company's 400 million active users can generate lots of money for it from advertisements. Activision's latest venture, Overwatch, a multiplayer first-person shooter, is the one thing that alone can generate tons of money for it. The project is one of the latest ambitious ventures and can drive up sales("ATVI Stock Price & News – Activision Blizzard Inc. – Wall Street Journal," n.d.).

Together, these aspects, according to the referenced articles, contribute to making Activision Blizzard a reliable option for investors. However, experts like the Motley Fool warn that the stock is still climbing, and the worst mistake would be to buy the stock for a short period and then dump it just because the price is quite large. According to experts gaming companies, like Activision Blizzard's stock price will continue to climb for the near future.

Is This Stock Risky?

Considering that Activision Blizzard's stock has a beta of 0.70, it is quite risky. The company has some ambitious ventures it is working on and believes that it can pull the stunt well. Apparently, nobody has thought of an international esports league. Though Activision launched it, and now it is earning money. Market gurus believe that while investing in Activision is risky, because of its volatile stock, it can still be profitable. Considering the size of the gaming industry and the popularity of the company's games, it can lead the stock to perform better than expected.

Comparison With Competitors

Comparing Activision Blizzard with its competitors, we need to look at the statistics. The statistics show that the main competitor is Electronic Arts. Electronic Arts has a market capitalization of $ 32.65 billion, while Activision has a market capitalization of $ 46.85 billion("Activision Blizzard," n.d.). Comparing the P/E ratio, Activision has a ratio of 42.4, while Electronic Art's ratio is of 28. On the other hand, if we look at the company size regarding some employees, we can see that Electronic

Arts has 7645 employees, and Activision Blizzard has 9600 employees. The statistics show that Activision Blizzard is leading the industry, while the competitors are merely trailing behind.

Will The Company Be Profitable For A Long Time?

According to experts at Motley Fool, Yahoo and Guru, Activision Blizzard will be profitable shortly. They have advised their clients to buy the company's stock, and not to dump it for a small profit. Apparently, Activision's latest ventures and activities put it on the radar of all the investors. The investors are positive about the company's fast-paced growth in a fast-paced growth industry.

Considering Activision Blizzard's latest venture, Overwatch, this allows gamers to compete with each other on an international platform. As well as the active mergers and acquisitions of the company, it is clear that Activision is a serious player in the market. Besides, the company's latest successful research in creating an in-game advertisement option will allow it to earn more from advertisements. These options make Activision the hot stock, the kind of stock that can be called the sure thing.

Analysis

Going through the reports published on the internet regarding investment in Activision Blizzard, I would advise everyone to buy the stock. Apparently, the video game industry is the next big thing when it comes to the technology industry. It has the potential to bring in money, just like the pharmaceutical industry. Considering Activision's latest ventures, I am all for investment in Activision Blizzard.

References

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