

Maker of ‘Candy Crush’ Acquired by ‘Call of Duty’ Mastermind

By Alex Williamson, J.D. Candidate 2018 | October 16, 2015

Two of the highest-grossing video games are set to become unlikely siblings due to an [announcement](#) made last Monday by Activision Blizzard (ATVI) to acquire King Digital Entertainment (King) for \$5.9 billion. ATVI, the creator of console video-games such as ‘Call of Duty,’ is valued at [roughly \\$25 billion](#), making it one of the video game industry’s highest-valued companies. King, the [third-ranked mobile game publisher](#), is best known for its highly-addicting ‘Candy Crush Saga.’ The acquisition has been approved by the boards of both companies, but because King is based in Ireland, it must also be approved by King’s shareholders and the Irish High Court, pursuant to Ireland’s Companies Bill of 2012.

In a press release, ATVI CEO Bobby Kotick [expressed excitement](#) about snatching up “one of the world’s most successful mobile game companies.” Instead of starting from scratch, ATVI has positioned itself in the fast-lane to capitalize on the developing mobile gaming market, which [Kotick asserts](#) “is the largest and fastest-growing opportunity for interactive entertainment.” With mobile game sales expected to [increase by 21 percent](#) over the next year, in comparison to 7 percent for computer games and only 2 percent for console games, Kotick’s statement certainly carries some punch.

At \$18 a share, ATVI will pay [twenty percent less](#) than King’s initial public offering price of \$22.50 from March 2014. ATVI will also [save \\$1 billion in taxes](#) by using \$3.6 billion from outside the U.S. to partially fund the purchase. Nevertheless, after forking over a quarter of its own market value, some [analysts doubt](#) whether ATVI made a prudent investment. As mentioned above, King’s stock prices have declined, reflecting [investor concerns](#) that King may be a one-hit wonder.

However, both companies are confident that this collaboration offers "[potential cross-network growth opportunities](#)" to create more content for an enormous fan base. In apparent agreement, the value of [ATVI’s stock increased](#) by 3.6 percent the day following the announcement.