



Electronic Arts Inc. Q4 FY 2020 Results

May 5, 2020

Safe Harbor Statement



Please review our risk factors on Form 10-Q filed with the SEC.

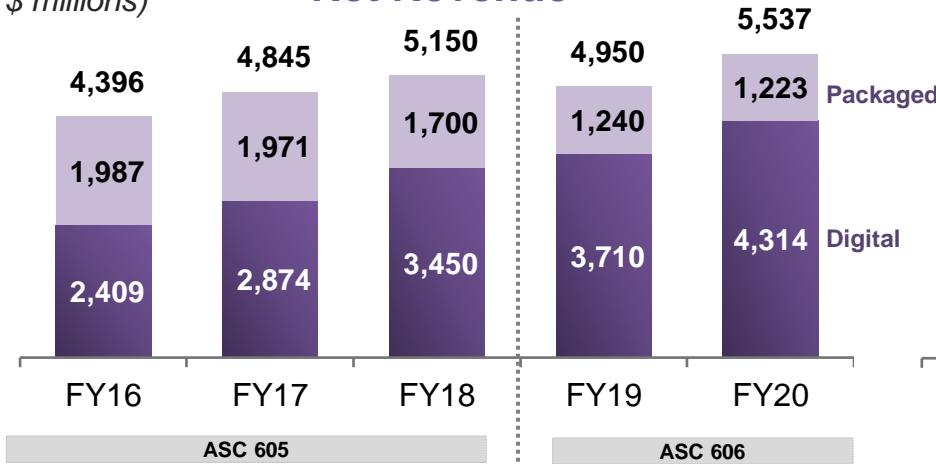
- Some statements set forth in this document, including the information relating to EA's fiscal year 2021 guidance and title slate, contain forward-looking statements that are subject to change. Statements including words such as "anticipate," "believe," "expect," "intend," "estimate," "plan," "predict," "seek," "goal," "will," "may," "likely," "should," "could" (and the negative of any of these terms), "future" and similar expressions also identify forward-looking statements. These forward-looking statements are not guarantees of future performance and reflect management's current expectations. Our actual results could differ materially from those discussed in the forward-looking statements.
- Some of the factors which could cause the Company's results to differ materially from its expectations include the following:
- **The Impact of the COVID-19 Pandemic:** Continued disruptions, postponements or cancellations of sports seasons and sporting events around which the Company seeks to launch games and provide live services; worsening economic conditions that negatively impact discretionary consumer spending and consumer demand; the closure of several of the Company's key locations, including its global headquarters in Redwood City, California and key studios across North America, Europe and Asia which could impact (1) the Company's ability to meet product and live service development schedules, (2) the effectiveness of the Company's quality controls and game testing measures, and (3) the Company's ability to conduct normal business operations; the inability of third-party developers with whom the Company has partnerships to meet product development schedules; sustained closures of the physical stores of key retail partners and deterioration in the financial condition of such retail partners; delays in the release date and the decreased unit volume of next-generation consoles from the Company's platform partners; volatility in foreign currency exchange rates; and other risks related to the COVID-19 pandemic that may be unforeseen as of the date of this release.
- **General Business Risks:** Sales of the Company's products and services; the Company's ability to develop and support digital products and services, including managing online security and privacy; outages of our products, services and technological infrastructure; the Company's ability to manage expenses; the competition in the interactive entertainment industry; governmental regulations; the effectiveness of the Company's sales and marketing programs; the Company's ability to realize the anticipated benefits of acquisitions; the Company's ability to predict consumer preferences among competing platforms; the Company's ability to develop and implement new technology changes in our tax rates or tax laws timely development and release of the Company's products and services; and the consumer demand for, and the availability of an adequate supply of console hardware units.
- In addition, other factors which could cause the Company's results to differ materially from its expectations are described in Part II, Item 1A of Electronic Arts' latest Quarterly Report on Form 10-Q under the heading "Risk Factors" as well as in other documents we have filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.
- These forward-looking statements are current as of May 5, 2020. Electronic Arts assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law. In addition, the preliminary financial results set forth in this release are estimates based on information currently available to Electronic Arts.
- While Electronic Arts believes these estimates are meaningful, they could differ from the actual amounts that Electronic Arts ultimately reports in its Annual Report on Form 10-K for the fiscal year ended March 31, 2020. Electronic Arts assumes no obligation and does not intend to update these estimates prior to filing its Form 10-K for the fiscal year ended March 31, 2020.

EA Growth Trends

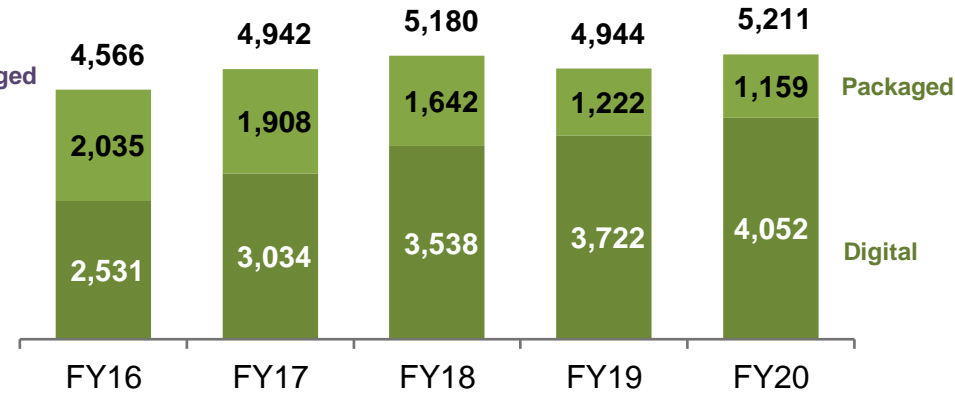


(in \$ millions)

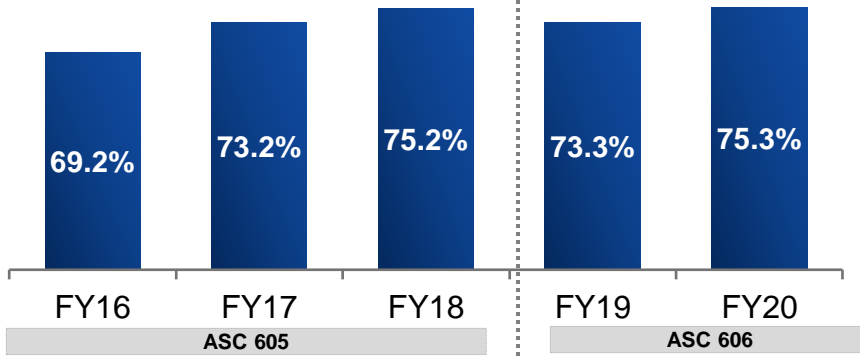
Net Revenue¹



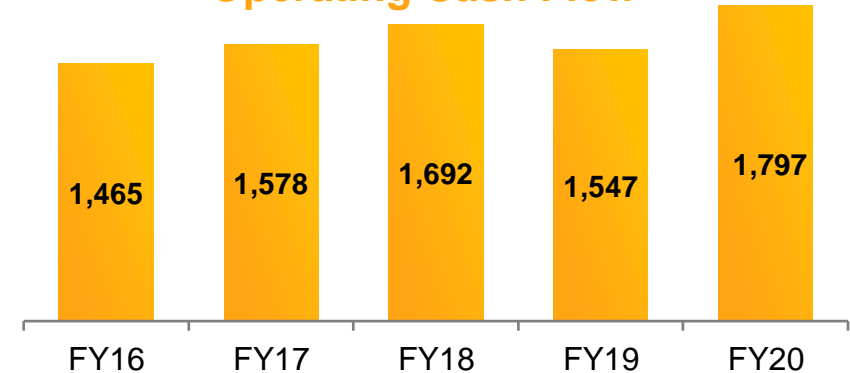
Net Bookings²



Gross Profit¹



Operating Cash Flow¹



1. Net revenue, gross profit and operating cash flow are presented on a GAAP basis.

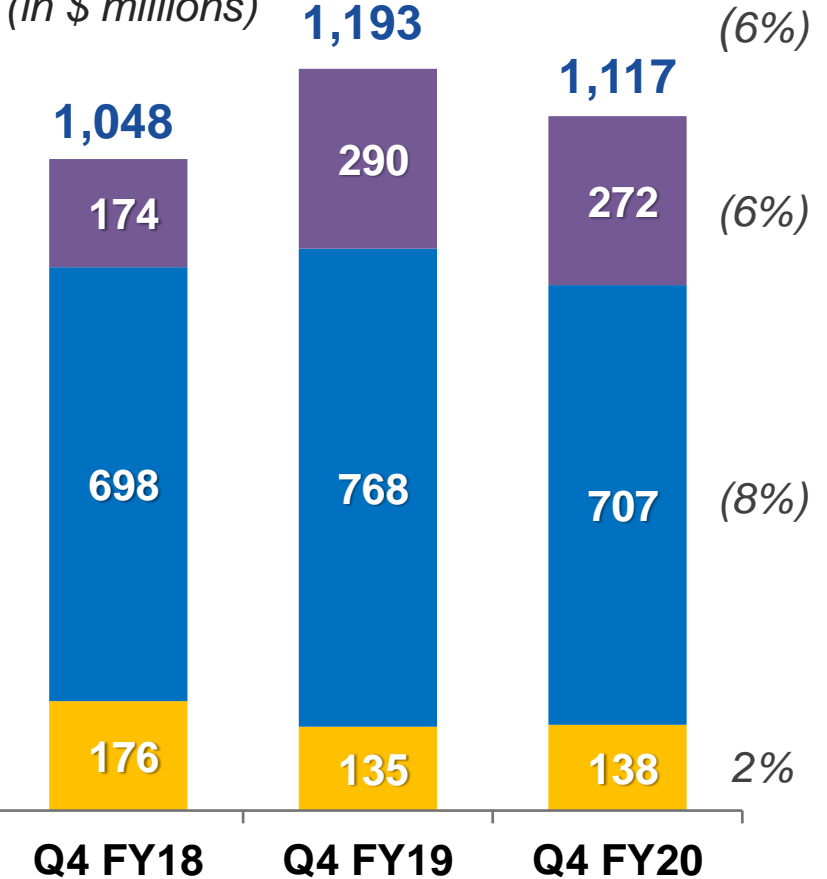
2. Net bookings is an operating metric that EA defines as the net amount of products and services sold digitally or sold-in physically in the period. Net bookings is calculated by adding total net revenue to the change in deferred net revenue for online-enabled games and mobile platform fees. A calculation of net bookings can be found in the "Net Bookings" tab of the Financial Model provided on our IR website.

EA Digital Net Bookings by Platform

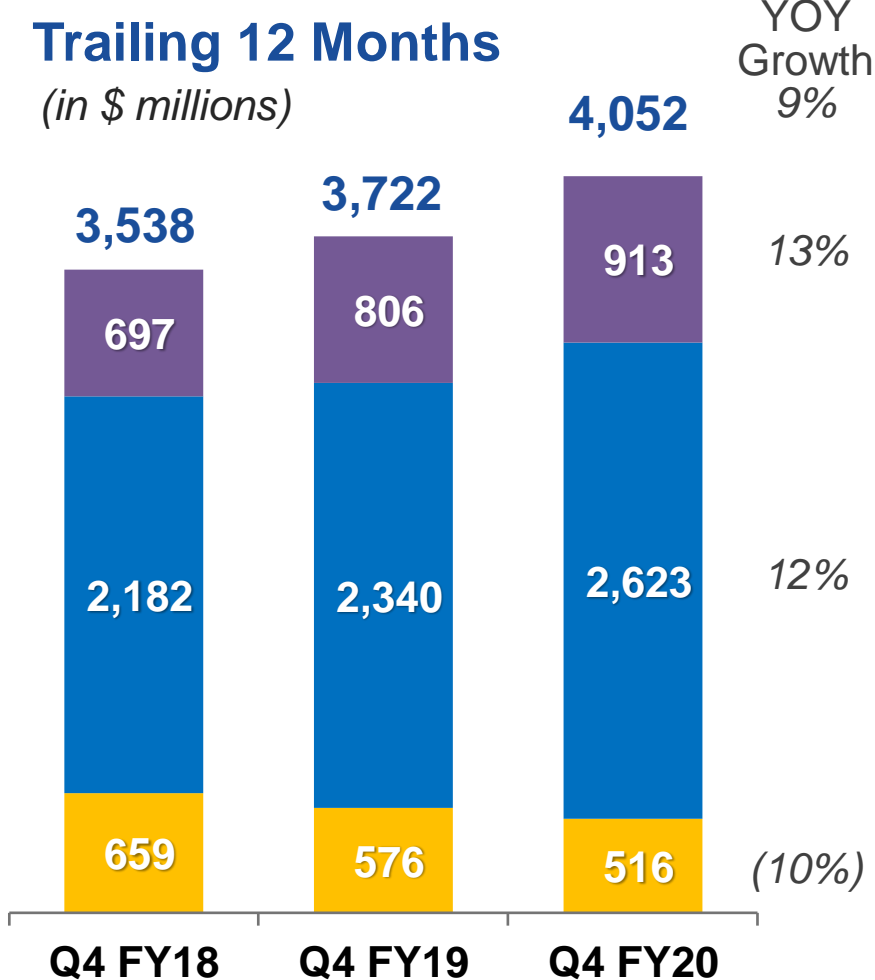


■ PC & Other
 ■ Console
 ■ Mobile¹

Quarterly
(in \$ millions)



Trailing 12 Months
(in \$ millions)



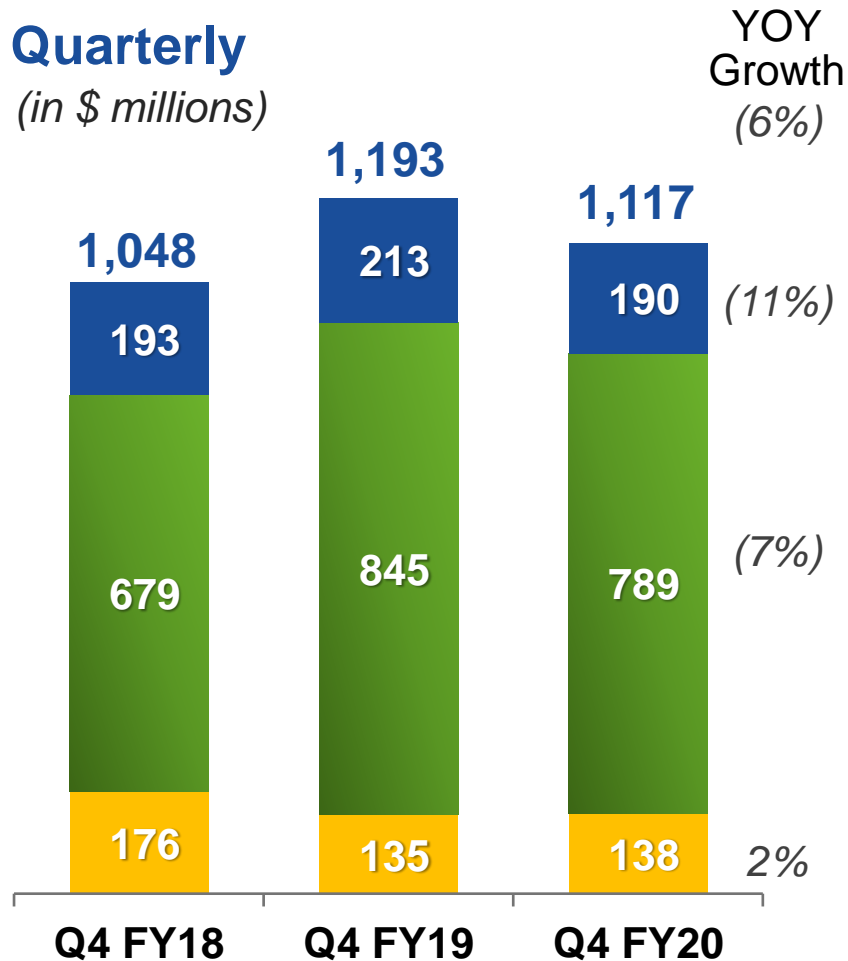
1. Mobile digital net bookings only; excludes non-digital mobile items such as licensing revenue.

EA Digital Net Bookings by Composition

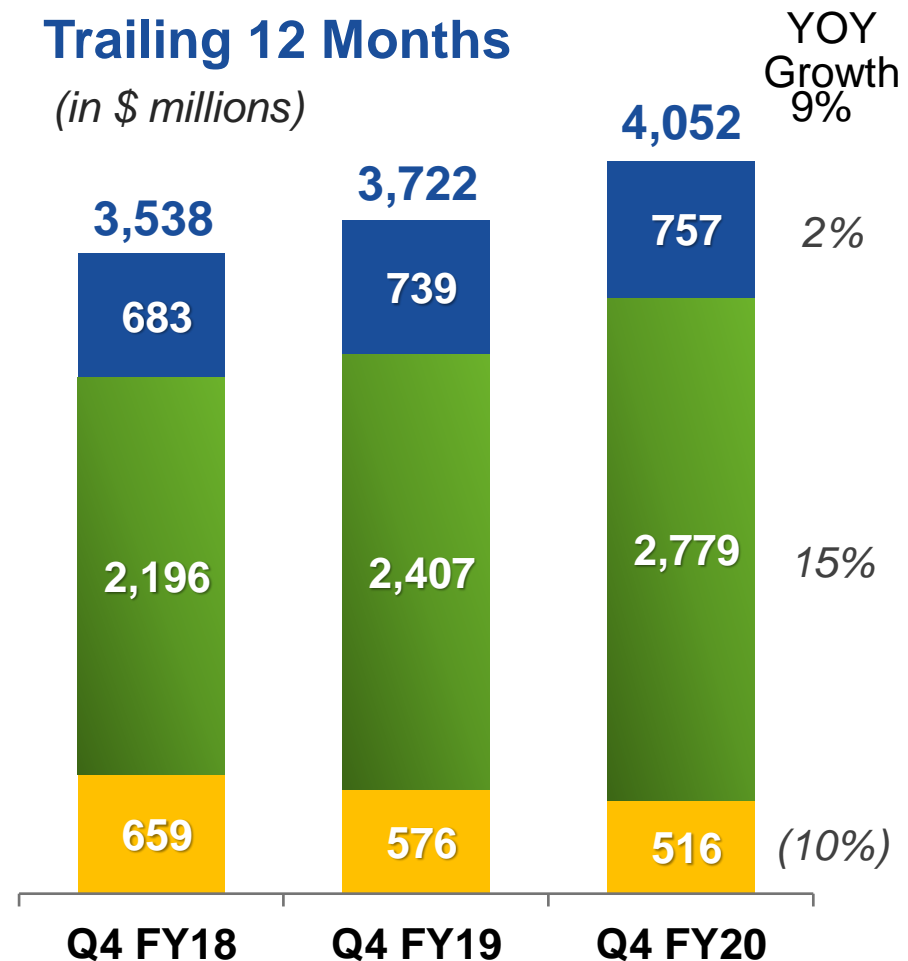


■ Full Game Downloads
 ■ Live Services
 ■ Mobile¹

Quarterly *(in \$ millions)*



Trailing 12 Months *(in \$ millions)*



1. Mobile digital net bookings only; excludes non-digital mobile items such as licensing revenue.

FY21 Announced Titles



Launch	Title
Q1	Burnout Paradise Remastered Command & Conquer Remastered
Q2	FIFA 21 Madden NFL 21
Q3	NHL 21
Q4	

- Only publicly announced titles are represented above. Titles are reflected in alphabetical order and launch timing is subject to change.
- We expect to announce additional title releases in FY21 over the coming months, including an unannounced EA SPORTS title, an additional EA HD title, four EA Partners titles and two mobile soft-launches.
- In addition to our unannounced FY21 releases, we will see platform expansions for our current EA titles, plus the release of our previously announced Medal of Honor VR title in partnership with Oculus.

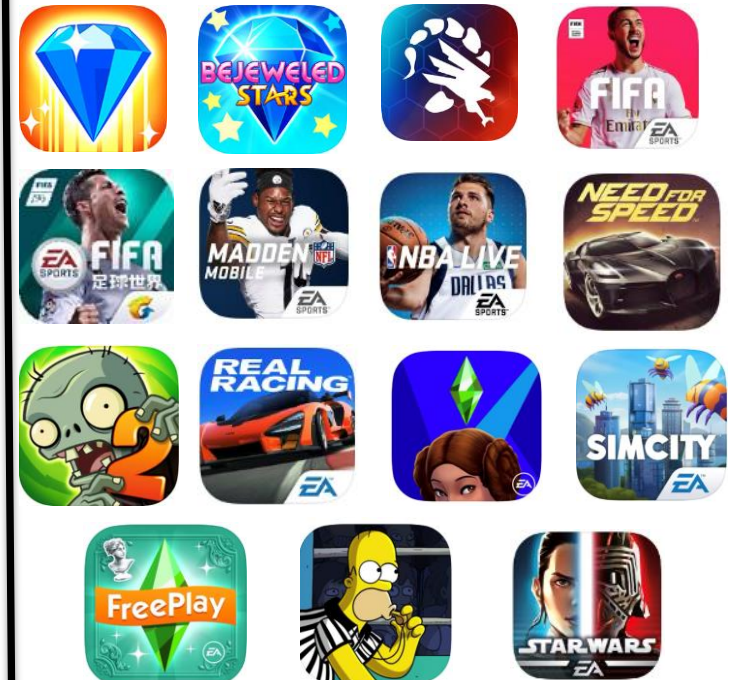
Select Live Services and Mobile



Console/PC

Mobile

Active Q4 FY20



FY21 Guidance



The following table provides guidance for EA's FY21 financial performance. These preliminary estimates and expectations are based on current information as of May 5, 2020 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from expectations set forth herein. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods.

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-Q for the fiscal quarter ended December 31, 2019.

	Twelve Months Ending March 31, 2021			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
<i>(in \$ millions)</i>				
Total net revenue	5,525	-	25	-
Cost of revenue	1,382	-	-	-
Operating expense	2,850	(20)	-	(430)
Income before provision for income taxes	1,270	20	25	430
Net income	978			
Number of shares used in computation:				
Diluted shares	292			
Operating Cash Flow	1,575			

Q1 FY21 Guidance



The following table provides guidance for EA's Q1 FY21 financial performance. These preliminary estimates and expectations are based on current information as of May 5, 2020 and are subject to business and economic risks and uncertainties that could cause actual events or actual future results to differ materially from expectations set forth herein. In addition, while EA does not provide expectations on non-GAAP financial performance measures, the following outlook for GAAP-based financial data and a long-term tax rate of 18% are used internally by EA to adjust our GAAP expectations to assess EA's operating results and plan for future periods.

For more information about the nature of the GAAP-based financial data, please refer to EA's Form 10-Q for the fiscal quarter ended December 31, 2019.

	Three Months Ending June 30, 2020			
	GAAP-Based Financial Data			
	GAAP Guidance	Acquisition- related expenses	Change in deferred net revenue (online- enabled games)	Stock-based compensation
<i>(in \$ millions)</i>				
Total net revenue	1,220	-	(220)	-
Cost of revenue	210	-	-	-
Operating expense	635	(5)	-	(90)
Income before provision for income taxes	374	5	(220)	90
Net income	270			
Number of shares used in computation:				
Diluted shares	291			

Guidance – Phasing



FY21 Quarterly Net Revenue and Net Bookings

	Q1E	Q2E	Q3E	Q4E	FY21E
GAAP Net Revenue %	22%	22%	31%	25%	100%
GAAP Net Revenue \$M	\$1,220	\$1,225	\$1,710	\$1,370	\$5,525
Change in deferred net revenue \$M	(\$220)	\$175	\$240	(\$170)	\$25
Net Bookings %	18%	25%	35%	22%	100%

Note: Starting in FY21, we will report our mobile bookings gross of platform fees, instead of net, to align with industry practice. This will result in a gross up in net bookings but no change to underlying profit. Please refer to our IR website for additional details.

These forward-looking statements are valid as of May 5, 2020 only. Electronic Arts assumes no obligation to update these forward-looking statements.

Currency Assumptions



- **Current FX assumptions¹:**

	USD/	FY19 Q4A	FY20 Q4A	FY21
Net Bookings	EUR	1.14	1.10	1.08
	GBP	1.29	1.30	1.29
Operating Expenses	CAD	1.34	1.32	1.32
	SEK	9.15	9.59	9.81

- **Rule of thumb**

- If the U.S. dollar strengthens 10% against the Euro and British pound sterling:
 - With hedging, total net bookings decrease 2.1%
 - Total cost of revenue and operating expenses decrease 1.6%
- If the U.S. dollar strengthens 10% against the Canadian dollar and Swedish krona:
 - Total net bookings decrease 0.4%
 - With hedging, total cost of revenue and operating expenses decrease 0.7%

Note: Our financial guidance includes the forecasted impact of the FX cash flow hedging program.

¹ For FY19 Q4A and FY20 Q4A, FX rates are a simple average of EA's actual monthly P&L rates. For FY21, the same FX rates are used for all forecast periods.

These forward-looking statements are valid as of May 5, 2020 only. Electronic Arts assumes no obligation to update these forward-looking statements.



Cash Flow Selected Data

(in \$ millions)		Actuals			
		Q4 2020	Q4 2019	Q4 TTM 2020	Q4 TTM 2019
Cash Flow Data					
Investing Cash Flow		(11)	500	(1,357)	169
Financing Cash Flow		(300)	(282)	(1,358)	(1,253)
Operating Cash Flow	A	498	599	1,797	1,547
Capital Expenditures	B	40	35	140	119
Free Cash Flow	A - B	458	564	1,657	1,428