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## FY24 Investor Relations Report: Electronic Arts (EA)

1. According to EA's most recent income statement, the company had grown past benchmarks over 2024.

- a. **Revenue & Net Income**

- i. EA experienced a 1.83% increase in revenue at \$7.56B in 2024. However, net income saw the greatest growth of any asset measured in 2024 with a 58.73% increase at \$1.27B. This growth in net income is the largest EA has seen since 2020, where net income was measured at \$3.04B.

The company exceeded my expectations in both revenue and net income. In the video game industry, EA has struggled to compete in the PC games sector with emerging competitors such as Riot Games, Epic Games, and Activision-Blizzard. Therefore, I initially thought EA's revenue and net income would reflect this narrative that is circulated in the media.

However, after analyzing EA's 2024 income statement, it makes sense that the brand has grown its earnings thanks to the success of its EA Sports division, which had recently relaunched its NCAA football franchise after a decade-long licensing battle (Seitz, 2024). The significance of this new franchise is that EA Sports now has a licensing monopoly over both professional and collegiate football titles, securing the brand's dominance in the market. Therefore, EA's 2024 earnings reflected this new stronghold in the sports games market.

2. In comparison to EA's 2023 income statement, the company's net income increased dramatically from the prior year while its revenue saw modest growth.

- a. **EA 2023-2024 Earnings Performance**

- i. In the aftermath of the Covid-19 pandemic, EA's earnings took a significant downturn, where net income took a sharp decline in 2021 and continued to slump in 2022. However, from 2023 to 2024,

EA managed to substantially increase its net income yield by over \$300M, translating to a 58.73% increase from the prior year. However, its revenue saw a modest 1.83% growth from the prior year.

**b. Financial Stakeholder Perspective**

- i. From a financial stakeholder's perspective, I would be satisfied with this bump in performance. While the revenue did not increase in proportion to net income, EA's steady recovery from its post-pandemic slump illustrates an optimistic forecast for investors. Additionally, EA's jump in net income growth in comparison to prior years signals that the company has cut costs to sustain its financial growth, demonstrating EA's commitment to maximizing shareholder value.

- 3. When compared to the stock market's long-term P/E ratio of 16, EA's stock is currently overvalued.

**a. P/E Ratio**

- i. According to EA's most recent income statement, its EPS is at 6.8 while its stock price at the end of FY24 was listed at \$130.24. Therefore, EA's P/E ratio is 19.15, which makes the stock considered overvalued in comparison to the stock market's P/E ratio of 16.

**b. Investor Perspective**

- i. As a financial investor looking to become a shareholder in a major gaming company, I would choose to invest in EA despite it being an overvalued stock. In comparison to the stock market's P/E of 16, EA's P/E of 19.15 is not dramatically disproportionate compared to other overvalued stocks. Additionally, the steady uptick in earnings performance that EA has demonstrated in their income statements illustrates a company that will generate a high ROI in the next few years.

4. In setting an optimistic tone for EA's FY24 annual earnings report, CEO Andrew Wilson says "This year, EA delivered bigger, bolder world class entertainment that engaged and connected hundreds of millions of players and fans. We will continue to build on this strong momentum through an incredible pipeline of new experiences, starting with College Football in FY25, positioning us for accelerated growth in FY26 and beyond" (Electronic Arts, 2024).

**a. Stakeholder Messaging Strengths**

i. Investors

1. The messaging to investors in this statement is tailored to shareholders that are concerned about EA's performance based on the earnings slump of FY23. In referencing EA's "strong momentum" and lucrative College Football project to be released in FY25, Wilson illustrates a vision of hope to investors that may be experiencing cold feet.

ii. Consumers

1. This statement also succeeds in considering consumers who may be craving new content and innovation by EA. Through creating a narrative that College Football is the first of many "new experiences" in store for FY25, EA works to activate consumer excitement for the future.

**b. Stakeholder Messaging Weaknesses**

i. Employees

1. Wilson's messaging lacked activation for employees because of its focus on investors and consumers. All of the claims Wilson makes in his statement generate value for both of the mentioned stakeholders but lack excitement or recognition of EA's employees. To improve this messaging to better consider this audience, Wilson should include details about employee dedication and innovation in the products they develop.

5. When researching media coverage on EA's most recent annual earnings report, a major theme that had emerged was a skeptical but encouraging outlook for EA's performance in FY25.

**a. FY25 Revenue Slump**

- i. EA's most recent major release "Dragon Age" and the newest installment of its EA Sports FC 25 franchise fell significantly short in sales, with "Dragon Age" missing sales projections by nearly 50% (Chalk, 2025). Business journalists now report that this underperformance will negatively impact EA's projected revenue for FY25 by over \$500M. EA's share price reflected this coverage, dropping almost \$30 dollars in late January.

**b. EPS Rally**

- i. Alternatively, the most recent financial coverage of EA is on its share price jumping 6% on February 5<sup>th</sup> as a result of the company's EPS beating Wall Street's estimates (Bastian, 2025). While the tone on EA's outlook for the remainder of FY25 has lifted, the theme of low revenue from underperforming game and live service sales continues to haunt EA's image as large banks such as BMO and Bank of America downgrade EA's stock rating.

In comparison to the company's news release, business journalists report on financial and businesses developments in the context of the company's past performance and future forecast. In EA's case, business journalist put the company's developments, such as underperforming sales, in the context of the EA's stock growth and earnings potential.

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