

Seeking Alpha^α

Transcripts | Technology

Electronic Arts Inc. (EA) CEO Andrew Wilson on Q2 2020 Results - Earnings Call Transcript

Oct. 29, 2019 9:43 PM ET

by: SA Transcripts

FQ2: 10-29-19 Earnings Summary

[Press Release](#)[10-Q](#)[Slides](#)

EPS of \$0.9724 beats by \$0.11 | Revenue of \$1.28B (4.50% Y/Y) beats by \$30.97M

Earning Call Audio



Subscribers Only

0:00:00

-1:00:13

Electronic Arts Inc. (NASDAQ:EA) Q2 2020 Earnings Conference Call October 29, 2019
5:00 PM ET

Company Participants

Chris Evenden - Vice President of Investor Relations

Andrew Wilson - Chief Executive Officer and Director

Blake Jorgensen - Chief Financial Officer and Chief Operating Officer

Conference Call Participants

Eric Sheridan - UBS

Michael Olson - Piper Jaffray

Eric Handler - MKM Partners

Stephen Ju - Credit Suisse

Robert Berg - Berenberg

Drew Crum - Stifel

Mario Lu - Barclays

Ryan Gee - Bank of America-Merrill Lynch

Michael Ng - Goldman Sachs

Mike Hickey - The Benchmark Company

Operator

g

Good afternoon. My name is Brandy, and I will be your conference operator today. At this time, I would like to welcome everyone to the Electronic Arts Q2 Fiscal '20 Earnings Conference Call.

Mr. Chris Evenden, VP of Investor Relations, you may begin your conference.

Chris Evenden

Thanks, Brandy. Welcome to EA's second quarter fiscal 2020 earnings call. With me on the call today are Andrew Wilson, our CEO; and Blake Jorgensen, our COO and CFO. Please note that our SEC filings and our earnings release are available at ir.ea.com. In addition, we have posted earnings slides to accompany our prepared remarks. Lastly, after the call, we will post our prepared remarks, an audio replay of this call, a financial model, and a transcript.

With regards to our calendar, our Q3 fiscal 2020 earnings call is scheduled for Thursday, January 30, 2020. This presentation and our comments include forward-looking statements regarding future events and the future financial performance of the company. Actual events and results may differ materially from our expectations. And we refer you to our most recent Form 10-Q for a discussion of risks that could cause actual results to differ materially from those discussed today. Electronic Arts makes these statements as of today, October 29, 2019, and disclaims any duty to update them.

During this call, the financial metrics, with the exception of free cash flow will be presented on a GAAP basis. All comparisons made in the course of this call are against the same period in the prior year unless otherwise stated.

Now, I'll turn the call over to Andrew.

Andrew Wilson

Thanks, Chris. We continued a strong FY '20 with an excellent second quarter. Our latest EA SPORTS titles are captivating a growing global player base, and deep engagement in these titles and our ongoing live services fueled our continued momentum through Q2. As a result, our revenue and earnings per share exceeded our expectations for Q2, and we are raising our full year guidance today.

At Electronic Arts, we are focused on creating amazing new games and content, offering live services that extend and enhance the experience, and reaching more players when and where they want to play. I'll share a few highlights here of how we delivered against these focus areas during Q2.

First, let's cover our new games. EA SPORTS is innovating for a growing audience of fans. Madden NFL 20 is off to an outstanding start, growing year-over-year in player engagement, units sold and Ultimate Team. The excellent core gameplay and fresh new experiences in franchise mode are delivering for our loyal fans, while Superstar X-Factors and the all-new Superstar KO mode are resonating with a broader football community. With a launch that began earlier in the preseason and a second major beat at the NFL Kickoff weekend that brought more players into the game, we've delivered growth across the board in Madden. Unique players were up 12% year-over-year in Q2, games played in franchise mode more than doubled to over 100 million in the same period, and Madden Ultimate Team unique players are up nearly 20% year over-year. Our Madden competitive gaming season has kicked off as well. Our major tournaments are aligned to key moments in the NFL season, we have a groundbreaking virtual stadium rights partner, and other major brands are partnering with us throughout the Madden NFL 20 Championship Series.

The innovation in FIFA 20 is also deeply engaging fans and bringing new players into the franchise. Total players in FIFA were up nearly 15% year-over-year in Q2, and with the addition of the VOLTA Football street soccer experience, new-to-franchise players have grown 7% year over-year. Enhancements to the core gameplay and Ultimate Team are also re-engaging more franchise veterans, with unique players in FIFA Ultimate Team growing 22% over last year.

People are playing more FIFA than ever before, with total in-game matches up more than 30% year-over-year. And as players continue to engage in the FIFA 20 experience and Ultimate Team, our FIFA 20 Global Series is kicking off in November, with millions set to compete in our unparalleled nine-month worldwide esports competition. Last season, more than 800 million minutes of FIFA esports content were watched, and with sponsors like Adidas and others breaking new ground with us this year, we're excited to reach an expanding audience with more great content.

We also saw growth across our broader EA SPORTS portfolio. With innovations in NHL 20 delivering for hockey fans, Hockey Ultimate Team grew year-over-year in Q2. FIFA Online in Korea had some of our strongest-ever months on PC, and we're also seeing growth in China.

FIFA Mobile has now been downloaded more than 250 million times life to date, following the launch of our latest season that includes 650 new in-game events. It was a very strong Q2 for EA SPORTS, and we're excited to build on that momentum throughout FY20.

Q2 also showed the strength of our ongoing live services. In Apex Legends, we continue to deepen our long-term investment in the game and its community. With each successive season of new content, we are building, adding to the experience, and learning. For the first season in March, we launched the Battle Pass, and began the regular introduction of new legends. In the second season in July, we brought more content, a map update, ranked leagues and larger events. The third season, which launched in October, is our biggest yet with an entirely new map, amazing events like the Halloween-themed content in the game now, and much more to come. Weekly average player peaks in Season Three are significantly above our Season Two peaks, and we're continuing to bring more new players into the game. Apex Legends is a major long term franchise for us. Since launch,

we've significantly expanded the team working on the game, and it continues to grow. Our pipeline of future content is packed with really fun experiences that will be delivered through upcoming seasons and a regular cadence of updates for the community. With the Apex Legends community now growing past 70 million players, we're focused on expanding to mobile, new platforms and new geographies, as well as launching an Apex competitive gaming program that we'll share details on soon.

The Sims 4 also continues to be an incredible long-term live service with a growing audience. Monthly average players are up more than 40% year-over-year in The Sims 4, and engagement across the franchise has led The Sims to surpass \$5 billion in lifetime sales. The Sims continues to be one of the great franchises in gaming, and we have plans to bring new experiences to its amazing players for a long time to come.

We are also reaching new milestones as we seek to bring great games and services to more players on more platforms. The launch of EA Access on PlayStation 4 significantly grew our subscriber base through the course of Q2. We also announced this morning our plans to bring EA Access to Steam on PC, adding a fourth platform where players will be able to connect and get the benefits and value of our subscription service. This is a unique and exciting partnership with Valve that will enable us to bring PC players in the Steam and Origin communities together. Helping more players connect to our games whenever and wherever they want to play will be a continuing focus for us. We look forward to sharing more announcements about other platforms in the coming months.

For our holiday quarter of FY '20, we're delivering great new games and content across our portfolio. First, the irreverent new Plants vs. Zombies: Battle for Neighborville launched two weeks ago to praise from fans and critics, and we're looking forward to the holidays for this family-friendly game. In early November, Need for Speed Heat arrives for racing fans, blending street racing by day and underground racing by night, all with the deep customization that fans expect. Players have been getting primed through the Need for Speed Heat Studio mobile app launched this summer, where they have already customized more than 7 million cars, which can be loaded straight into the game at launch.

Then, on November 15, Star Wars Jedi: Fallen Order arrives worldwide. This game is coming to market at such an amazing time. From the launch of Star Wars: Galaxy's Edge at Disney theme parks; to the upcoming Disney+ series The Mandalorian; to ongoing games like Galaxy of Heroes, Battlefront II, and The Old Republic; to the culmination of the Skywalker saga in the upcoming film, Star Wars: The Rise of Skywalker, this is a year unlike any other for hundreds of millions of Star Wars fans out there. The one fantasy that many of those fans have been telling us they want is to experience the journey of becoming a Jedi and we're set to deliver that with Jedi: Fallen Order. The Respawn team have been pouring their passion into creating this new game in partnership with Lucasfilm, with characters old and new, and a story that is now an authentic part of the Star Wars universe. It's going to be a thrilling adventure to play, and with more than 140 million views to date of trailers and videos for the game, the community is eager to jump into Star Wars Jedi: Fallen Order in just a few more weeks.

The holidays will also be a busy season for players in our live services. Our Battlefield V players will be able to jump into the expansive new Pacific theater, a major addition to the game that includes new factions, maps, weapons and vehicles, starting two days from now. And in Apex Legends, our EA SPORTS franchises, The Sims 4, Anthem and Star Wars Battlefront II, our communities will all have new content and new experiences to dive into during the holiday quarter.

Looking farther ahead, I want to share a few thoughts on FY '21 and our plans for the continued growth of Electronic Arts. We reach a massive global audience of players with our games today, and we have a core business fueled by live services that continues to grow. Next year, we will build on that with a full slate of new EA SPORTS experiences, including new titles that we are adding to our sports portfolio. New consoles are always an opportunity to drive more innovation in our EA SPORTS games, as our fans are eager to begin experiencing a new generation of play.

That will include our plans for NBA LIVE. With great support from the NBA and NBA Players Association, we had been working on an innovative new direction for our game timed with the All-Star weekend, an experience designed around new ways for players to engage, connect and create through basketball. Now, with greater understanding of the new platforms and what they can power, bringing social connection, accessibility, and

player creativity to the forefront, we feel we can go so much further with the new design. So we've decided not to ship an NBA LIVE game in FY '20. Instead, we're expanding our vision for NBA LIVE, and continuing to work closely with our NBA and NB Players Association partners on this new project that we'll share more details on next year.

Our live services will continue to grow and enhance the experience in our major franchises. We're expanding our Apex Legends team to deliver our content plans for FY '21, and we will reach new audiences through mobile and across Asia. We have ongoing growth expectations for The Sims 4, with new expansions and all-new ways to engage and grow the community. Our Battlefield franchise and its community are also a major focus for us, and we'll add new content and new ways to play Battlefield V in FY '21. Targeting new innovation that will be enabled by next-gen platforms and a growing install base on the new consoles, our next Battlefield game is set for FY '22.

We also have plans for new experiences that we've not yet announced for next year, new titles and new IP for multiple platforms. Introducing new games will always be at our core, and we look forward to exciting players with unexpected new titles in FY21.

We will also be driving new opportunities to connect with more players through expansion our subscription services, new platforms, cloud gaming, and more. We're confident in the continued growth of our business at Electronic Arts through FY '20, FY '21 and beyond. We have a big holiday quarter ahead of us, and we're excited to continue a strong year.

Now, I'll hand the call over to Blake.

Blake Jorgensen

Thanks, Andrew. The strong results this quarter illustrate the power of our focus on live services and on our core franchises. Games are evolving, and the way people play them is changing. We had great launches for FIFA and Madden, and the quarter's story is dominated by live services that engage players over extended periods of time. Live services strength in Ultimate Team, The Sims 4, Apex Legends and FIFA Online drove performance significantly above last year.

I'll report our results on a GAAP basis, then use our operational measure of net bookings to discuss the dynamics of our business. To compare this quarter's results to historically-reported non-GAAP measures, please refer to the relevant tabs in our downloadable financial model.

EA's net revenue was \$1.348 billion, above our guidance by \$33 million. Operating expenses were \$675 million, \$4 million lower than our guidance. GAAP operating income was \$268 million, compared to an operating income of \$258 million a year ago, and resulted in earnings per share of \$2.89, \$0.29 better than our guidance. As a reminder, \$2.11 of our earnings was driven by the tax benefit we disclosed previously. Underlying profit was much stronger than we had expected, driven by increased sales, lower operating expenses and a richer digital mix.

Operating cash flow for the quarter was \$37 million, up \$163 million from last year. The increase was driven primarily by higher profit and faster collections. Operating cash flow for the trailing twelve months was \$1.748 billion, \$290 million above last year. Capital expenditures for the quarter were \$27 million, resulting in a free cash flow of \$10 million. See our earnings slides for further cash flow information.

During the quarter, we also repurchased 3.3 million shares at a cost of \$306 million, leaving \$674 million available in our buyback program. Our cash and short-term investments at the end of the quarter were \$4.9 billion.

Now, I'd like to turn to the key drivers of our business this quarter. Total net bookings for the quarter were \$1.277 billion, up \$55 million on the prior year, and \$47 million above our guidance. Performance over guidance was driven by broad strength across our portfolio with notable growth in live services. Digital net bookings were \$790 million, up 24% on the year-ago period, and a new record for the second quarter, driven by growth across our numerous live services offerings as well as an increase in full-game digital downloads. Digital net bookings represented 78% of our business on a trailing twelve-month basis, compared to 69% in the prior year.

Looking at each of the components of this quarter's digital net bookings in turn, Live services net bookings were up 50% year-on-year, to \$493 million, another new Q2 record. The increase was driven by Apex Legends, Ultimate Team, in Madden, FIFA and NHL,

The Sims 4, and FIFA Online, partially offset by the tail of Battlefield 1 DLC. EA Access is off to a great start on PlayStation.

Ultimate Team net bookings grew strongly year-on-year for both Madden and FIFA. Even adjusting for the fact that Madden had an extra week in the quarter, and both Madden and FIFA benefitted from early access sales on PlayStation through EA Access, both were up double-digit percentages over last year. Notably, given that we launched VOLTA Football in FIFA 20 and it immediately became the number 2 mode in the game, behind only Ultimate Team, weekly average users for FIFA Ultimate Team still grew 15% year-on-year.

Mobile delivered net bookings of \$122 million, down 20% year-on-year, driven by aging titles. The segment outperformed our expectations, driven by new content in Star Wars Galaxy of Heroes. FIFA Mobile China, FIFA Online 4 Mobile, Madden Mobile and Star Wars Galaxy of Heroes all grew this quarter, and, subsequent to quarter end, Star Wars Galaxy of Heroes had its second-biggest day ever.

Full game PC and console downloads generated net bookings of \$175 million, 11% higher than last year, another Q2 record. The digital portion of Madden sales increased 9 percentage points year-on-year, to 51%. FIFA launched just days before the end of the quarter, but based on the first 3 weeks of sales, it was about 34% digital, up from 29% in the comparable period for FIFA 19.

Overall, 50% of our unit sales were digital rather than physical, measured on Xbox One and PlayStation 4 over the 12 months to September 30. This compares to just 42% a year ago.

Turning to guidance. Our expectation for full-year GAAP revenue is \$5.410 billion, and earnings per share of \$9.57. As a reminder, \$5.74 of this is driven by the tax benefit we disclosed previously.

We expect operating cash flow of about \$1.625 billion, \$50 million above our prior expectations. We continue to anticipate capital expenditures of around \$125 million, which would deliver free cash flow of about \$1.50 billion.

With regards to business drivers, we have raised our net bookings outlook for the year to \$5.125 billion. Live services remain strong, and we continue to expect Apex Legends and The Sims to both deliver net bookings in the \$300 million to \$400 million range. We're not passing through the full beat, primarily as the FX headwind has increased significantly and we have pushed NBA Live 20 and Respawn's VR Medal of Honor title out of the year. Together, these headwinds amount to approximately \$100 million against our original expectations for net bookings.

For the third quarter, we expect net revenue of \$1.51 billion, cost of revenue to be \$482 million, and operating expenses of \$733 million. OpEx is up year-on-year, driven by the negative adjustment to variable compensation a year ago. This results in earnings per share of \$0.92 for the third quarter using the diluted share count of 295 million.

We anticipate net bookings for the quarter to be \$1.94 billion. This is up 21% year-on-year, driven by live services, particularly Apex Legends and Ultimate Team, and because we have two launches in the quarter this year, versus one last year. We released the launch trailer for Star Wars Jedi: Fallen Order this morning, and early reaction appears extremely positive. We're excited to bring this action title to Star Wars fans on November 15, and continue to model sales in the range of 6 to 8 million units. We are modelling Need For Speed Heat to perform similarly to previous titles in that franchise, with unit sales of 3 to 4 million units.

Looking further ahead, I'd like to expand on the view Andrew gave you into our fiscal 2021 slate. We're doubling down on live services combined with our core franchises. We're investing in Apex Legends as our shooter in fiscal 2021. We expect to drive growth in all of our major live services next year, including Ultimate Team, Apex Legends, FIFA Online and The Sims. We will continue to grow our subscription business. We believe Apex growth will be driven in part by the continued expansion of content and by the launch of the service on new platforms, geographies and on mobile. As Andrew noted, the Sims is now a \$5 billion franchise for us, and it continues to grow, driven by new content and new platforms.

Mobile growth will be driven by the ramp of our new Plants vs. Zombies title, sports on mobile, including FIFA Mobile in Asia, and Apex Legends, offset by aging titles elsewhere in our portfolio.

With regards to product launches in fiscal 2021, we will add at least one more sports title to our annual slate. We will launch Medal of Honor VR. We'll deliver some exciting remasters of fan favorites, including the Command & Conquer game we've already disclosed. And we have two new unannounced EA Partners titles coming from third-party developers. In addition, we have other unannounced titles in the FY21 slate, we will give specifics nearer the time.

Overall, we expect to drive growth in net bookings and underlying profits for fiscal 2021. We will provide formal guidance on our Q4 call as usual. Growth in fiscal 2022 will be led by a new and very exciting Battlefield title. I introduced the quarter by discussing how player preferences have changed the way we build and deliver games. We're investing in games that people play for longer and engage with much more deeply. For example, the number of matches played in FIFA per player has grown nearly 10% year-on-year, and we expect VOLTA to grow that still further. Similarly, the time spent playing matches in Madden NFL 20 is up by about one third. We expect this strategy and focus will continue to drive growth and profitability for the company through the remainder of this year and beyond.

With that I'll turn the call back to Andrew.

Andrew Wilson

Thanks Blake. It is a great time to be part of the interactive entertainment industry. The excitement throughout the community for new experiences and innovation shows how games more than any other form of entertainment can bring people together. Billions of people, from every corner of the world, bring their passion to play, connect, compete, and share through games. Making that possible is what drives every single one of us at Electronic Arts.

Amazing games are the very core of our business growth. We have a powerful and diverse portfolio of games across genres, fulfilling a breadth of motivations for our players. From escape in Star Wars Jedi: Fallen Order, to competition through EA SPORTS, to social connection in Battlefield V, and more. Creativity fuels our future, and our studios have many more new experiences in development. New IP at Motive, new projects at DICE, Bioware, Maxis and Criterion, new mobile titles, new titles for EA SPORTS, new indie and third-party developer titles, all that will continue to excite and grow our global audience.

Live services extend and enhance the experience of those games. Apex Legends, FIFA, The Sims 4, Galaxy of Heroes and more of our top franchises have thriving global communities spanning hundreds of millions of players. We've been pioneers in this space, building on years of expertise and success to deliver continuously evolving experiences fueled by new content, in game events, and fan-requested updates. Competitive gaming adds another dimension to the experience to play and watch, and we're building on our strength here with more of our franchises set to enter esports in the coming months. As players around the world play their favorite games for longer periods of time, robust live services will continue to be vital to the experience, and a growth driver for our business.

Reaching more players on more platforms is also a key driver for us. New consoles, cloud gaming, and more platform choices will continue to expand the addressable audience. We're thrilled to be bringing the EA and Steam communities together through the EA Access subscription, and we're working to reach more platforms in the near future. As cloud gaming continues to develop, through Project Atlas we are testing games streamed on public cloud infrastructure to ensure we are at the forefront of this developing space. We're also very excited to continue working with our first-party partners on their new platforms, where we'll be well positioned to deliver some outstanding new experiences beginning next year.

With some of the most talented, creative and passionate teams in the industry, we are building momentum. Our focus on making great games and live services for more players around the world has never been stronger.

Now Blake and I are here for your questions.

Question-and-Answer Session

Operator

[Operator Instructions] And your first question comes from the line of Eric Sheridan with UBS.

Eric Sheridan

Thanks for taking the question. Maybe two if I can. On the live services commentary, just want to make sure we are understanding the key messages on how much of the doubling down on live services has to do with existing franchises, which is how we should think about the key to investment and make against new franchises where you see pockets of the industry where you can extend into live services and broaden out the portfolio looking out over the next couple years? That's number one.

And, Andrew, you're coming on EA SPORTS, I'm just curious what you mean by the potential to broaden out the portfolio there as well. We saw a headline today about the MCAA and possible compensation of athlete. That's an area where you guys have historically had some success going back to football title from years ago. How should we think about the opportunity around broadening out EA SPORTS as well? Thanks so much, guys.

Blake Jorgensen

So let me take live server one first, Eric. You know, we have invested heavily in live services over the past 10 years. Obviously, we're seeing the benefits of that today with titles like Ultimate Team across all our sports and The Sims, obviously Apex is a new live service which we will invest heavily in to try to continue to grow that business. We view that as an annual shooter franchise effectively. And we're trying to build that as a 10 year business not one year or two year business. And we're very excited about the roadmap that the response team has put in place.

Beyond that, obviously FIFA Online in Asia is critical. We're announcing as we move from FIFA Online 3 to FIFA Online 4 in Korea rapid growth. We're still operating both platforms online 3, and online 4 in China and over time, we'll move to a single platform there. But we

feel like we're out of the woods on the bad comp from last year and so we're starting to see good growth there. And we're looking at how do we extend live services across every single one of our titles that can be as successful or more successful than what we see on our sports titles and The Sims and Apex. That includes titles like Battlefield titles, the action game like Anthem and you'll continue to see improvements across that and we're excited about where that can go. It is how people want to play games. It is where we think we have a skillset that is different than many of the other game companies and we think we can continue to be very successful there.

Andrew Wilson

On the EA's SPORTS point, there are a number of EA SPORTS games that we've worked on or developed or published over the years. Some of those sports, we're seeing strong resurgence and strong growth, and we're investing back in. It's an area of key strength for us as a business, and EA SPORTS teams have demonstrated an ability to truly engage a global population of sports fans. With respect to NCAA Sports in general, yes, we have been in that business before as well. We saw the news today as did you, we had fed into the NCAA Working Group. That news today was new to us. We're still digesting it. We would anticipate that there is still a number of things that would have to happen over the coming years before we will be able to get back into that business, but certainly we're watching closely.

Chris Evenden

Next question?

Operator

Your next question comes from the line of Michael Olson with Piper Jaffray.

Michael Olson

Hey, good afternoon. So, you guys talked a lot about what's coming into fiscal '21. I thought it might just be helpful to summarize fiscal '21 and how you kind of comp incremental titles launching fiscal '20. So, just kind of rattling through it, growth for Apex Legends, FIFA Online in Asia will grow Ultimate Team for both Madden and FIFA grow,

Sims I'm not sure if you were implying growth or not, a new sports title, Command & Conquer, NBA Live, VR, two new partner titles and maybe a couple of other titles that you can announce right now. Is that sound correct or was there anything I missed regarding?

Blake Jorgensen

Yeah, no, we were implying growth for Sims as well. We've continued to grow that title every year for that since it was shipped what seven years ago and we feel that continues on. They've got a really robust plan for continued growth. And there may be some other re-masters that we do along the Command & Conquer line that we just haven't announced yet. But that – we believe all that yield is pretty exciting fiscal 2021. And effectively, what we're doing is giving you some guidance on fiscal 2022, knowing that the Battlefield is coming then. And remember, the goal of Battlefield for 2022 is to really take advantage of a larger installed base of the new console. Bringing out Battlefield next year, where the new console base is fairly small, doesn't really give justice to the potential of the title. And so that's part of our driver and moving the title into fiscal 2022. So, think about it as multiyear growth model that we just tried to lay out for people, and we're pretty excited about it.

Michael Olson

Okay. And then just to follow-up on that. It sounds like you're implying Apex Legends will grow and still kind of some of the whole that not having the Battlefield will create. I know it's hard to quantify but kind of qualitatively, how much is a growth in Apex next year is dependent on getting the game approved in China and having success with the title on mobile as well?

Blake Jorgensen

Yeah, it's hard to predict when you get approval in China, so we don't know. So, I would assume that an Apex China console PC game is probably the tail end of the year, if not even the following year. We think, we've got a faster pace on mobile globally ex-China. So, we would hope to see that in the year as well, sometime during the year, really

depends on how long we keep it in soft launch. But we're obviously including those as we think about growth but the bulk of that growth is probably '22 verses '21 where we really start to gain traction there.

Michael Olson

Thank you.

Operator

Your next question comes from the line of Alexia Quadrani with JP Morgan.

Unidentified Analyst

Okay, this is David on for Alexia. Just within your live services results, is it possible to quantify it all the contribution that you've seen from subscription in the quarter? And maybe how should we think about the trajectory of subscriptions going forward, just following the partnership with Valve you announced this morning? Thanks.

Blake Jorgensen

Yeah, I mean, subscriptions, I mean, live services so large, subscription is still a relatively small portion of that. We are around 5 million subscribers now and have grown much faster on the Sony platform than we did in the early days of the Microsoft platform. Obviously, there are more consoles out there now, so that helps it. But the Sony platform has grown well beyond our expectations, and we're very excited and they've been a great partner for us. As Andrew mentioned, we're continuing to drive subscriptions across as many platforms as we can. We want to go where the gamers play. And clearly that was the driver of Valve Steam approach.

What we found is that subscribers engage more and spend more money at the end of the day. That's why it's such a great business model. They're very sticky. They tend to stay in the subscriptions longer and they're looking for great content and they find games they've never played before then start to monetize in those games. And that's the reason we're so optimistic about it. But it's still a relatively smaller portion of the overall business because,

obviously, in the quarter, almost \$500 million of revenue, the big dominators there are Apex and Ultimate Team and followed by The Sims and FIFA Online in Asia, but it continues to be an important part of the overall life services business.

Unidentified Analyst

Got it. Thank you.

Operator

Your next question comes from the line of Eric Handler with MKM Partners.

Eric Handler

Thank you very much and appreciate all of the details you guys have given on the call so far. A couple quick things, hoping you can help out with. One thing that was not mentioned was Titanfall 3 and has that been sort of integrated now into Apex Legends? Is that still being looked at as a separate title?

Blake Jorgensen

It certainly could be a separate title in the future where we really want to keep the team hyper focused on Apex because we see there's so much opportunity there. But – so I can't give you a sense of if and when it will come, but it's still a great brand and we certainly won't forget about it down the road.

Eric Handler

Okay. And then two other quick falls. When you talk about doubling down on live services for next year, you've obviously been focusing on live services for a while, but is anything changing with regards to the amount of spending that you guys are doing or anything financially with the model as you double down on these live services?

Andrew Wilson

Yeah, I think there's really three, four changes. One is, we're seeing players want to apply and engage more. Again, over the last 24 to 36 months or even a little longer than that, you've seen us focused deeply on live service and drive engagement into our games. And

you saw that through last year, and we're seeing that pay off this year. And so, as we look forward, we're seeing players' events even greater intention to spend more time into those games. So, this really – there is two other broad changes. One is just how we developed the cold features inside that game and we're doubling down on those types of features that allow players to fulfil those cool motivations that drive alive service, social interaction, competition, self-improvement, creation, those things that really drive our live service business. And then we're doubling down on the teams both in terms of development and marketing in terms of how we bring those things to market. And what you've seen this year is a willingness for us to do things slightly differently. If you take what we did with Madden this year, we launched the game earlier and we held another whole set of content for a different audience and marketed that differently, entitled that differently and released at around kickoff, and we're seeing tremendous success as a result of that. And so not only will we build a double down on the actual development of the feature set, we're also going to be speaking and communicating and marketing the content differently to gamers across the board.

Blake Jorgensen

And part of it is changing the talent mix. We're bringing in more people that have live service expertise. I think there's probably no one in the world that has better live service expertise than we do in sports. But you need to make sure you're bringing in talent that can support a team like Apex, support the Battlefield teams so forth. And that's important because the talent mix is very different and we've been successful in recruiting some fabulous people into those teams and will continue to focus on that.

Eric Handler

Great. Thank you very much. Appreciate it.

Operator

Your next question comes from the line of Stephen Ju with Credit Suisse.

Stephen Ju

Hey, thank you. So Andrew, I'm just wanted to dig in a little bit more in terms of the decision making process that went into Battlefield skipping a year here. So – and I was wondering whether this is a conscientious decision to shift the direction of the franchise or is this more of a resource constraint decision? And should we still be thinking about those franchise or something that is still a two year or maybe even a three year cycle release or maybe more like a perpetual service like what you may have been intending to do with Anthem. Thanks.

Andrew Wilson

Good question. So, still that resource constraints, I'll say that up front, but it was a very thought through decision for us and there was a few factors that came into play. And the first is that we still see a burgeoning opportunity with Battlefield V. And as I talked about in the prepared remarks, we're about to launch a whole new theater of war with the Pacific theater and the team is still really thinking about, how they can continue to drive that service on a going forward basis. So, we think there's opportunity still inside the Battlefield V experience, as it was built as a bite large service from the beginning.

The second is we now effectively have an annualized shooter Apex Legends and we see tremendous growth opportunity that can continue to engage, as we talked about in the prepared remarks, now over 70 million players. And as Blake talked about, we have opportunity to take that into other regions and to other platforms. And we think is a tremendous growth opportunity on that and want to make sure that we give that the time that it deserves.

And then third, as we thought about building for the next Battlefield. Battlefield has always been cutting edge, leading edge, both in terms of visual fidelity, and in gameplay and in multiplayer play. And as a team really began working against that. It became a parent to us that, launching into the next gen platforms was going to offer tremendous opportunity for innovation. But we really wanted to give the install base some opportunity to grow. And believe that in combination with the first three things I talked about launching battlefield in FY '22 is a really strong move for us and presents us with an opportunity for strong two years of growth.

In terms of the overall franchise direction, I don't think you should read into this a dramatic change in franchise direction other than it will be driven around live service as the nature of our industry now. It will be cutting edge. It will be high fidelity. It will be doing things in the context of multi-play and social play and competition that Battlefields to this point have not done. And we do believe it will be a really, really exciting title in FY '22.

Blake Jorgensen

Other things, Stephen is a lot of investors, I don't think fully appreciate the depth of our catalog business. As Andrew mentioned, Battlefield V, we want to continue to have that as a critical part of our catalog. You all might be surprised, but we have sold over 33 million copies of Star Wars Battlefront I and Battlefront II combined. That's a huge tale for our business going forward. And so we're very conscious as to how we think about staging when our games come out. And I think people get used to the annual cadence of sports, which works really well in sports, but we want to be careful on some of these other franchises that we give them the long life that they deserve inside our business and can generate great returns for us over a long period of time.

Stephen Ju

Thank you.

Operator

Your next question comes from the line of Robert Berg with Berenberg.

Robert Berg

Hi. Thanks. I'm really looking to dig a bit deeper in VOLTA and some of the early trends you may be seeing there particularly interested in two areas. I guess the first is clearly you've seen excellent Ultimate Team KPIs in the period, but how much time a player spending in VOLTA versus your expectations, is it any more or less? And also interested in the appeal with any of some of the vanity items. Have you noticed particularly interested in customizing, any thoughts on setting? And a quick follow-on question if I can, Ultimate Team player growth, but in your opinion with any of this due to VOLTA or just general underlying growth there? Thanks.

Andrew Wilson

There was a lot in there I will do my best. First, we're very happy with VOLTA. Again and what we've talked about over the years is our objective around our FIFA franchise more broadly as we think about FIFA is our platform. And how can we build features that attract new audiences to the game? We did that with the journey with story mode for a number of years. We did that with the World Cup content last year and we're doing that with VOLTA this year with the express purpose of bringing new fans into the game and reigniting the passions of laps fans, who may be not applied FIFA for some time. As a result of that, as we talked about in the prepared remarks, VOLTA is the second most played mode in the game. And games across the board engagement across the board is up in FIFA. So we're very, very happy about that.

In terms of what impact that has on Ultimate Team. What we do continually discover is that Ultimate Team as a mode with these core motivations of collection and competition and social interaction at the very core, often our players ultimately find their spending most of the time. And so, even as we brought players into the game around the journey, even as we brought players into the game around the World Cup content last year, and even as we bring plays into the game around VOLTA this year, we do see a positive impact that has on Ultimate Team over time as players come together with their friends and engage in what is, one of the most fun parts of the FIFA experience. And so our expectation is that we will continue to drive that growth. That Ultimate Team, all the work done in Ultimate Team in of itself drove growth, but the combination of that in bringing new fans through VOLTA effectively drove our Ultimate Team performance. And you should expect it will continue think about our FIFA franchise and our Madden franchise in this way around building new modes to bring people in, and then helping them find their friends in the modes they love the most.

Robert Berg

Okay, thanks guys.

Operator

Your next question comes from the line of Drew Crum with Stifel.

Drew Crum

Hey guys, good afternoon. So, you guys have talked extensively on the audience metrics for Apex. And you know that the weekly players were outperforming close to Season 3 launch versus Season 2. Can you comment on the motivation trends you're seeing there may be that gives you some conviction around growth in fiscal 2021? And then I guess separately, could you update us on your plans with Google Stadia? Thanks.

Blake Jorgensen

Sure. So, I'll start on the first one and then Andrew can talk about Google. So, I think the key is you're thinking, we're seeing positive monetization trends. We're excited about where it's going and that's why we reiterated where our original guidance was. The key with Apex as any live service is, test and learn, test and learn. So, as Andrew described, we are continuing to add new events in each season to try to understand the spending patterns and what people like to spend money on and how much they'll spend, and will then tune those events overtime. So, there's going to be holiday themes events like the Halloween event that's going on now. There are going to be competitive style events. There are going to be gameplay style events, and then events associated with new characters or as you saw in this season or new map. All of that is along the lines of continuing to try to grow and build the number of players, the weekly average users, the frequency of play and the monetization that falls out of all those combined together. And that is a process that we've done over the last 11 years on Ultimate Team. And I think we've gotten pretty good at we're pretty excited about how we're doing that with Apex. So, more to come, but I think we're heading in a very positive path there.

On the Stadia, update?

Andrew Wilson

Yeah. On Stadia, no updates right now on Stadia. We've got some old things coming, both in terms of our own tests, we're running as part of project Atlas and on the public infrastructure that we're being very happy about, and with some other cloud partners, who are launching some things in the future.

Drew Crum

Okay, thanks, guys.

Operator

Your next question comes from the line of Mario Lu with Barclays.

Mario Lu

Hey, guys. Couple of questions, one on FIFA and one on mobile. So, glad to hear that FIFA Ultimate Team bookings is still expected to grow double digits next year. And you mentioned both as a number two mode, but I don't believe you currently monetize in that mode, as all the cosmetic items can only be earned by playing versus spending money. So, is there a possibility in the future to include a battle path or some friendly monetization mechanism in this mode as well? And on mobile, any overall thoughts on partnering with overseas companies like Tencent to help develop your mobile titles? And would that be included in your bucket of two titles from third parties next year? Thanks.

Andrew Wilson

So, on VOLTA, yes, we're seeing strong engagement in the visual content and the aesthetic content. We don't have a focus on the monetization of that content this year. As we have done over the years, the first objective is to attract new players. I think we've done that very well so far. The second objective is to drive deep engagement of that player base overtime. And then typically, once you put those two things together, it ultimately drives monetization, but that's not our focus this year.

Blake Jorgensen

And just a couple of clarifications on your second question. So, we said double digits growth in the quarter for FIFA not for next year. I don't know what we're doing for next year. We're very excited that we can continue to grow. That's what we said. But we didn't give any sort of sizing on any of the products for next year. I will say that the double digit growth is healthy double digit growth. So I'm not talking about 11% here. We're 10%, we're talking about healthy double digit growth across both FIFA and Madden. And we're very

excited about the continuation of that. And we're just reporting on that in the in the quarter. And in terms of the other two titles, those are third party console PC titles we were speaking of, not mobile titles. But you should assume that obviously for Apex mobile in China, we would use a third party. And I think as we've said, we're considering using a third party for Apex mobile globally, because obviously there could be some ability to have some economies of scale there by using one partner maybe.

Mario Lu

Okay, thank you.

Operator

Your next question comes from the line of Ryan Gee with Bank of America.

Ryan Gee

Hey, guys, thanks for taking my questions. Two quick ones, if I may. So if you look at revenue from packaged goods and full game download, it looks like that was down a little bit year-over-year, but you guys did report FIFA and Madden were up nicely in the double digits. So can you just explain the disconnect between sales in new games revenue being down and some of your new releases being up year-over-year? Was there any pressure on ASPs or was the catalog weaker? That's the first question. And I have a follow-up.

Blake Jorgensen

Yeah, so yeah, so full game download is actually up year-over-year 11%. So 275 million from 157 a year ago. The strength in that was driven by Madden and FIFA. Remember there's only a few days in FIFA. And remember as well FIFA, we did not ship gen 3 FIFA this year, it's the first year we've stopped selling gen 3 FIFA. So you can imagine there was some downward pressure on gen three. We also added PS4 into the subscription. And so you can imagine there was also some people playing FIFA through the subscription. And so we still see growth with those factors is pretty impressive. We are seeing you know, obviously, some of the older titles probably are dropping off even though they tend to sell well as full game downloads, but they're always an age, you know, on

those so something like, you know, a FIFA 18 that someone might still buy as a full game download because they wanted the World Cup mode. You're seeing less of that. But overall, we saw growth across all the core franchises led by FIFA and Madden.

Ryan Gee

Okay, that's helpful. So it sounds like it maybe is more helpful for us to look at subscriptions plus packaged goods revenue plus full game downloads revenue, because people are shifting in and out of each bucket year-over-year. So maybe that's a better way to look at your business going forward?

Blake Jorgensen

Yeah, I think the other thing to remember is, we're now over 50% of full games being sold digitally. You have to imagine that if you're a retailer out there, you are buying less full games. And historically, the business was built on, you sold in huge amounts of games, and then those sold out over a long period of time and you oftentimes had to support that with marketing or sales reserves. That business has changed dramatically. Retailers are either buying less or maybe not even in business. And that's because people are buying things digitally. But that flattens the sales curve in some way for some of these games. And I think you'll see that across the entire industry, not just with us.

Ryan Gee

Okay, great. And then just my second question is related to DICE and Battlefield. So they're not going to have a title next year, is it fair to assume that they will still have something for next year as you think about the Star Wars Battlefront franchise if that could be some project for next year? And why would any project that you do have next year, would you not want that to benefit from the new console launches, as you mentioned that, you know, Battlefield 6 or what you might call it will benefit from a larger install base? And why wouldn't you just hold titles out everything till fiscal '22?

Andrew Wilson

Yeah, so I think there's a couple of things going on there. One is we're not announcing anything else that DICE is doing in specifics for next year. But you should imagine with a number of live services and play that will continue to support those. And Blake talked about the ongoing strength of Battlefront II, and I reference the ongoing strength of Battlefield 5. As we think about balancing the portfolio around titles launch next year, and titles that will get the greatest boost of later on, what we have seen is a greater propensity for sports game players to play across both generations of title and we've seen that lift. And some of the things that we really want to do in the Battlefield franchise as it relates to the new fidelity that will really show up well inside of a Battlefield game. We'd like to have a deep install base for. So it really comes down to balancing a whole range of different things across our portfolio. But we feel very good about the opportunity to grow the business next year, and have a Battlefield tall in FY '22 that will grow there well and deliver on what our fan expectations will be for Battlefield game on next gen platforms.

Ryan Gee

Appreciate it. Thanks, guys.

Operator

Your next question comes from the line of Michael Ng with Goldman Sachs.

Michael Ng

Hi. Thank you very much for the question and for the color for fiscal '21 and '22. I just had two if I could. And the first is just on Madden. Could you just comment a little bit about how Madden compares to FIFA from engagement and content and monetization perspective? And whether you see the opportunity to close the gap there in the next few years? And second, with rises Skywalker being the last Star Wars movie until 2022, can you talk about how the timing of theatrical content affects your Star Wars strategy going forward, if at all? Thank you.

Blake Jorgensen

So the Madden metrics are actually very similar to the FIFA metrics with one exception that the Madden metrics monetize better than FIFA because it's primarily a U.S. based sport and FIFA is very global. And so you obviously have economic differences. So the ARPU effectively is higher in the U.S. But the number of people who play Ultimate Team are very similar. The number of people who spend in Ultimate Team are very similar. And the timing of how people play relative to the sports season is similar. The other thing that FIFA has demand – FIFA is a longer season, right, you get a full nine plus months where you're not getting that long of a season in Madden. But we've done a good job of extending the events, post the Super Bowl to try to keep people engaged around the combine and draft and all those things that transpire. And we're stretching that engagement out. And so – but you know, even with hockey, we see similar patterns across the Ultimate Team. It's really at the end of the day, the revenue is driven by one the size of the game. Obviously, FIFA larger because it's a global game and two by the local economics around how much people are willing to spend relative to their overall spend patterns.

The second question?

Andrew Wilson

On the Star Wars piece, so well the rise of Skywalker is the last in this particular film set. You know, Disney had talked about having extraordinarily robust plans around that franchise over time. What we talked about was, you know, The Mandalorian coming with Disney plus the new movie And Galaxy's Edge in theme parks. And so our expectation is that in partnership with Disney, we will get the benefit of the ongoing plans around the continued development and provision of great content experiences for Star Wars fans for many years to come.

Michael Ng

Great. Thank you very much.

Operator

And we have time for one final question. Your question comes from the line as Mike Hickey with The Benchmark Company.

Mike Hickey

Hi Andrew. Great quarter guys. Thanks for taking my questions. I think last question like you gave a little bit more granularity on active players, it's 8 to 10 million weekly after season. You could update, that sounds like high, just want to confirm that? And then on your 300 million to 400 million for the year, that you reiterated. Can you give us some perspective where you are trending within that range as we sort of set the stage for growth for fiscal '21? Then I have a quick follow-up.

Blake Jorgensen

I can't give you any more than the range. But I just remind people that 300 million to 400 million is a small portion of 5.125 billion, so don't over index on it. Because if it was three and a quarter versus 3.75 versus 400, I don't think that's going to make a break the year. In terms of the user profile, I think Andrew mentioned that was very similar weekly average users still in that 8 to 10 million range. We're very happy with that. That's extremely robust. And you know one of the largest games that we've ever seen inside our portfolio and that continues on. It's very engaged and community. And, you know, you'll continue to see us add things that drive engagement like esports and obviously more content. And we feel like it's tracking as we would have thought.

Mike Hickey

Good. I guess the second question from me is, as you sort of gave us a perspective of '21, '22 fiscal, did see anything BioWare, or from BioWare, or Star Wars, Star Wars related IP games and development for console PC over the next couple of years, or if you think that or we should just assume that likely is going to expire? And then on BioWare I think Dragon Age is going to go up, any thoughts on that studio post Anthem looking at future releases? Thank you.

Blake Jorgensen

Yeah, I mean, you should assume that there's, you know, Dragon Age out there, and we talked about it publicly that it's in the works and probably comes after fiscal '22. But, you know, we typically don't give multiyear guidance this early in the year or multiyear guidance period. So I don't want to start giving '23 guidance now that I've started a hint on '22. But you should assume it's out there and plans are underway for that product, as well as some other products. There's some other Disney stuff that might drop into – Star Wars stuff that might drop into '22 or maybe even earlier, but with more to come on that. We're still highly engaged around the Disney license. Believe it or not, we are close to a \$1 million on Star Wars: The Old Republic, revenue from the start of its history. So you know, it's a business that just keeps on going. And we like those types of businesses and we're going to continue to layer those in and clearly Star Wars is part of that process.

Mike Hickey

Thanks a lot.

Blake Jorgensen

All right. Thank you everyone. We'll talk to everybody, either between now and the end of next quarter or the end of next quarter.

Operator

This concludes today's conference call. You may now disconnect.