

# GameStop®

POWER TO THE PLAYERS®

## 2014 Year End Earnings / 2015 Outlook

March 26, 2015

**GameStop**  
POWER TO THE PLAYERS®

**EBGAMES**

**KONGREGATE**

 **gameinformer**

**MICROMANIA**

**simply·mac**

 **springmobile**

# 2014 Overview

## Total Performance Summary

	Q4 2014	FY 2014
Total Sales	\$3,476M -5.6%	\$9,296M +2.8%
Comp SSS	-1.8%	+3.4%
Gross Margin	\$976.4M 28.1%	\$2,775.9M 29.9%
Operating Earnings	\$385.9 +7.7%	\$618.3 +7.8%
Net Income (Non-GAAP)	\$235.5M +5.9%	\$392.4M +10.2%
EPS (Non-GAAP)	\$2.15 +13.2%	\$3.47 +15.3%

# 2014 Overview

## Business highlights

	Q4 2014	FY 2014
Hardware	\$809M -30.2%	\$2,029M +17.3%
Software	\$1,288M +6.1%	\$3,089M -11.3%
Pre-owned	\$729M -1.7%	\$2,389M +2.6%

- Closed 251 video game stores
- Acquired or opened 266 Technology Brands stores
- Repurchased \$333 million in stock
- Paid out \$149 million in dividends

# 2014 Industry Projection Reconciliation

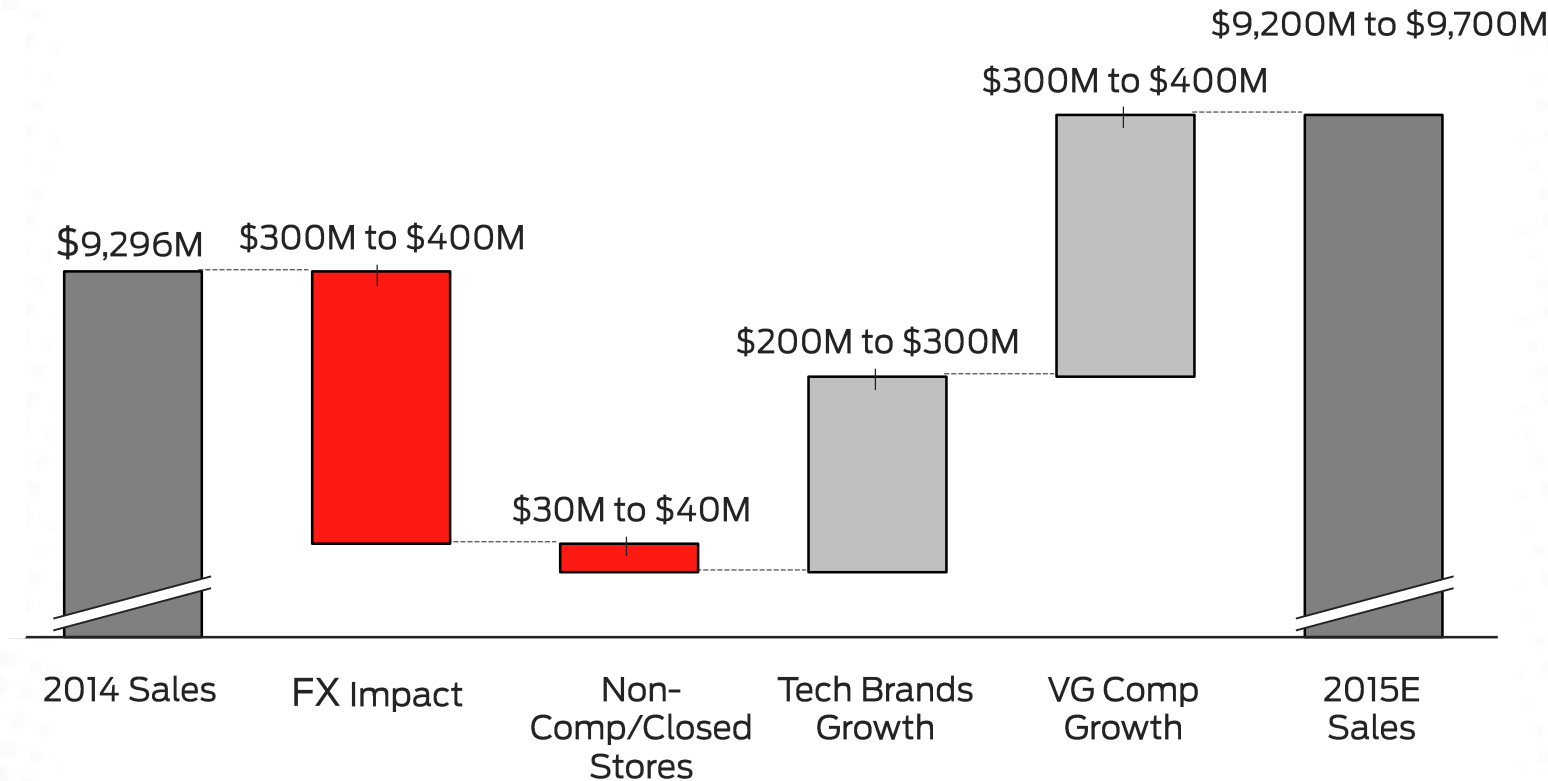
		2014 MM Forecast	2014 Actual	Variance to Forecast	% Change over 2013	Comments
		\$B	\$B	\$B		
Console Hardware	New Gen	\$3.8	\$4.5	\$0.7	99%	• Faster New Gen adoption offset Old Gen
	Old Gen	\$0.7	\$0.5	(\$0.2)	-65%	
	Console Hardware	\$4.5	\$5.0	<b>\$0.5</b>	35%	
Console Software	New Gen	\$2.7	\$2.7	\$0.0	242%	• Steeper Old Gen fall off than expected
	Old Gen	\$3.3	\$2.5	(\$0.8)	-51%	
	Console Software	\$6.0	\$5.2	<b>(\$0.8)</b>	-12%	
Console Digital	Digital Software	\$2.9	\$2.8	(\$0.1)	23%	
<b>Total Console</b>		\$16.7	\$16.0	(\$0.7)	+9%	

Console category, including digital, fell short of the industry forecast by roughly \$700M

# 2015 Guidance

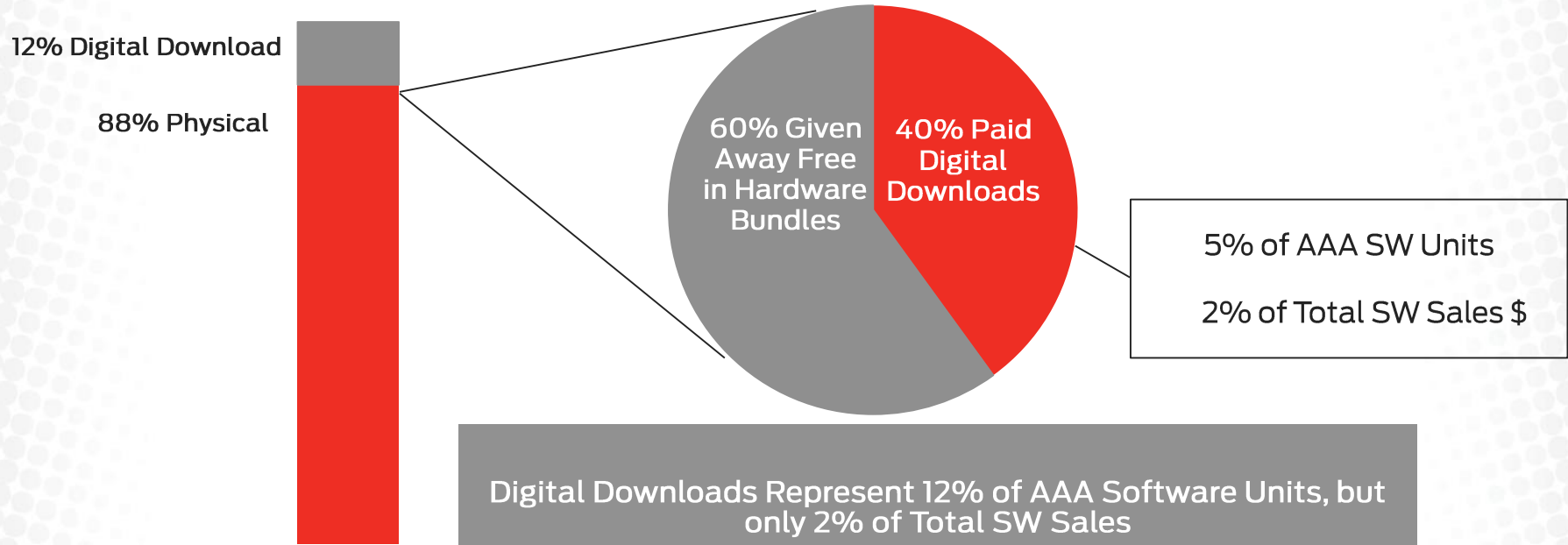
	Q1 2015	FY 2015
Total sales growth	-2.0% to 1.0%	-1.0% to 4.0%
Comp SSS	2.5% to 5.5%	1.0% to 6.0%
Operating Margin	5.0% to 5.5%	6.5% to 7.0%
Shares Outstanding	109,000,000	109,000,000
EPS	\$0.53 to \$0.60	\$3.60 to \$3.80
Free cash flow*		\$400M to \$500M

# 2015 Sales Growth Walk-forward



# 2014 Overview of Console Digital Downloads

## 2014 Triple A Software Units (North America)



In 2014, GameStop captured approximately 42% of the DLC market, in line with new software market share

# Technology Brands

## Performance Summary

	2013	2014
Sales	\$62.8M	\$328.6M
Operating Earnings	(\$0.2)M	\$32.9M
Net Income	(\$0.2)M	\$21.2M
EPS contribution	\$0.00	\$0.19

> 5x sales growth

> 5% of total op earnings

> 5% of total net income



# Technology Brands

## Growth Summary

Acquisitions:

# of deals  
**16**

# of stores acquired  
**159**

target IRR  
**23%**

White space:

# of new store openings  
**123**

target IRR  
**27%**

Aggregate target IRR  
WACC

**24+%**  
**10.6%**

## 2015 Projections

Acquisitions:

# of stores  
**200 to 250**

White space:

# of new store openings  
**100 to 115**

Technology Brand stores are outperforming pro-forma IRR by 114%

# Technology Brands

## Five Year Outlook

	2014	2019E	CAGR
Sales	\$329M	\$1,460M	34.8%
Operating Earnings	\$33M	\$168M	38.4%
Net Income	\$21M	\$106M	38.2%
EPS contribution	\$0.19	\$0.97*	38.5%

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## Thank You

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