

GME

CHANGING  
THE **GAME**

Oppenheimer 16<sup>th</sup> Annual Consumer Conference

**GameStop**  
POWER TO THE PLAYERS

**EB GAMES**

**KONGREGATE**

 **gameinformer**

**MICROMANIA**

simply mac

 **springmobile**

**THINK3E0**

# Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, the outlook for the second quarter and fiscal 2016, future financial and operating results and projections, projected store openings, timing and terms of potential acquisitions, the company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of GameStop's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. GameStop undertakes no obligation to publicly update or revise any forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the inability to obtain sufficient quantities of product to meet consumer demand, including console hardware and accessories; the timing of release and consumer demand for new and pre-owned video game titles; changes in the timing and terms of potential acquisitions of two AT&T resellers for which we expect to use proceeds from the recent debt offering and the possibility that we will not be able to enter into an acquisition agreement for one of these acquisitions or complete either of the acquisitions on the terms assumed, or at all; our ability to continue to expand, and successfully open and operate new stores for, our collectibles and tech brands businesses; risks associated with achievement of anticipated financial and operating results from acquisitions; our ability to sustain and grow our console digital video game sales; the risks associated with international operations, wireless industry partnerships and operations and the completion and integration of acquisitions; increased competition and changing technology in the video game industry, including browser and mobile games and digital distribution of console games, and the impact of that competition and those changes on physical video game sales; and economic, regulatory and other events, including litigation, that could reduce or impact consumer demand or affect the company's business. Additional factors that could cause GameStop's results to differ materially from those described in the forward-looking statements can be found in GameStop's Annual Report on Form 10-K, as amended, for the fiscal year ended Jan. 30, 2016 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov> or <http://investor.GameStop.com>.

# GME is a Global Specialty Retailer

We're a global family of specialty retail brands that makes the most popular technologies affordable and simple

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## VIDEO GAMES

No. 1 Market Share in 13 Countries

\$13 Billion Addressable US Market



**GameStop**  
**POWERUP**  
REWARDS

46 Million Members Worldwide

**gameinformer**

2016: \$8B

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## DIGITAL/MOBILE GAMING

\$1 Billion Digital Business

\$8 Billion Addressable US Market



Downloadable Content

**KONGREGATE**  
Top 10 Mobile Publisher

2016: >\$1B

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## TECHNOLOGY BRANDS

\$200+ Billion Addressable US Market



- The Largest And Fastest Growing AT&T Wireless Retailer
- AT&T National Dealer

**simply mac**  
Apple Specialist

- Largest Apple Authorized Reseller

2016: ≈\$.85B

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## COLLECTIBLES

\$11 Billion Addressable US Market



**THINKGEEK**  
JOIN IN. GEEK OUT.



2016: ≈\$.5B

# Key Takeaways

We added a new \$1 Billion run rate business ***OUTSIDE*** our GameStop branded stores: **TECHNOLOGY BRANDS**

We added TWO \$1 BILLION CATEGORIES ***INSIDE*** our GameStop stores

- **Digital:** We have built a sustainable \$1 Billion business
- **Collectibles:** We are on our way to a \$1 Billion business

## **PHYSICAL VIDEO GAMING**

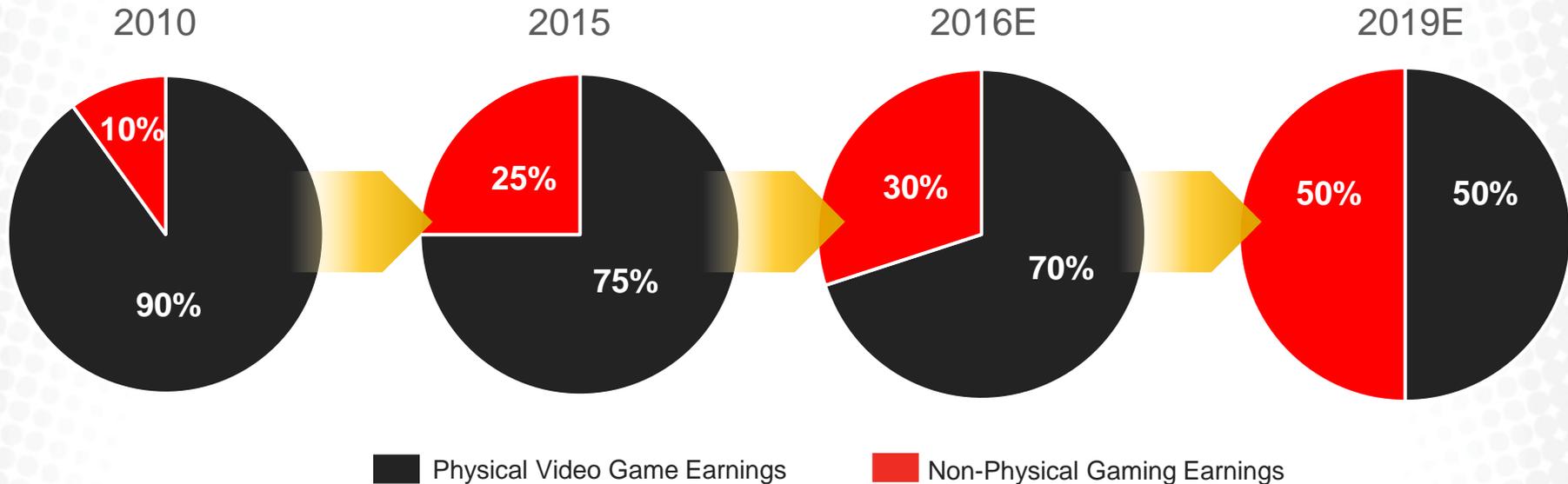
is a solid business, and one with a long tail

## **GME**

is a diversified and growing company

# Transformation to Date

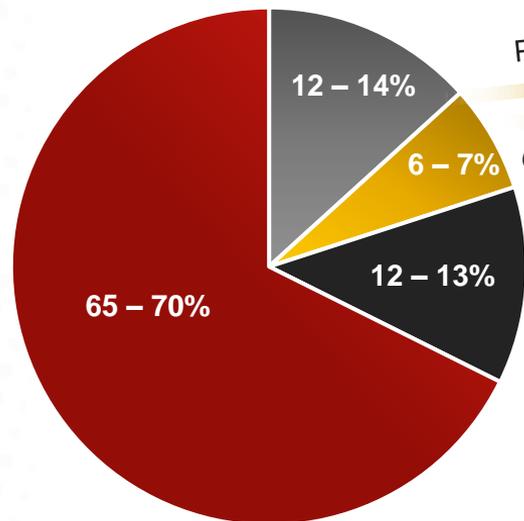
## % of Total Operating Earnings



**Goal: 50%+ of earnings from businesses beyond physical games by 2019.**  
**Project +3-5% earnings growth CAGR through 2019.**

# Four Year Roadmap

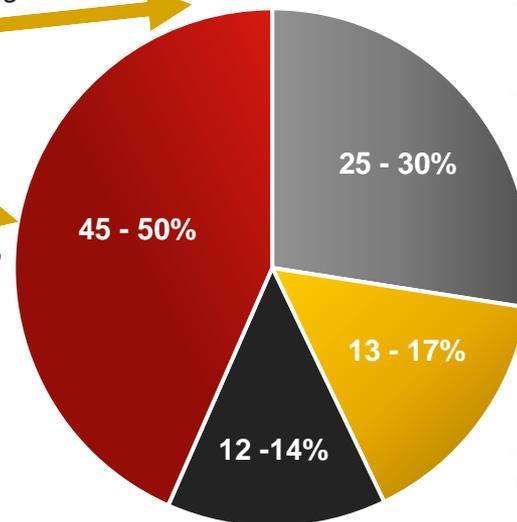
2016E Total Operating Earnings



\$685 to \$715M

■ Tech Brands ■ Collectibles ■ Digital ■ Physical

2019E Total Operating Earnings



\$730 to \$800M

■ Tech Brands ■ Collectibles ■ Digital ■ Physical

Project +3% to +5% operating earnings growth

Current implied annual growth of -6%

# GameStop Transferable Competencies

<b>Deep Real Estate Knowledge</b>	<ul style="list-style-type: none"> <li>Landlord relationships</li> <li>Portfolio management</li> <li>Rapid growth experience</li> </ul>
<b>Store Ops Management/ Omni-channel</b>	<ul style="list-style-type: none"> <li>Hiring &amp; Training</li> <li>Multi-unit management</li> </ul>
<b>Customer Loyalty Program</b>	<ul style="list-style-type: none"> <li>PowerUp Rewards</li> <li>46mm members worldwide</li> </ul>
<b>Buy – Sell – Trade Model</b>	<ul style="list-style-type: none"> <li>Sophisticated inventory management</li> <li>Large scale refurbishment</li> <li>Secondhand dealer compliance</li> <li>Provides unique customer value</li> </ul>
<b>Capital Deployment</b>	<ul style="list-style-type: none"> <li>Ability to deploy capital in ways that increase shareholder value</li> </ul>

GameStop	Digital	Tech Brands	Collectibles
✓		✓	✓
✓		✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

# Technology Brands



America's Largest Wireless Dealer



- Largest AT&T Authorized Retailer with >900 stores
- Complementary to AT&T corporate stores
- Long-term exclusive agreement with AT&T



- Prepaid wireless dealer with 70 stores
- Aggressive growth concept for Cricket
- Long-term dealer agreement with Cricket



America's Largest Apple Specialist



- Largest Apple premier partner with 76 stores
- Complementary to Apple corporate stores
- Long-term dealer agreement with Apple

# Primary Sources of Revenue



**Selling Products  
at Retail**

**35% – 65%**

Margin Rate

**Selling New Service /  
Additional Lines, etc.**

**65% – 100%**

Margin Rate

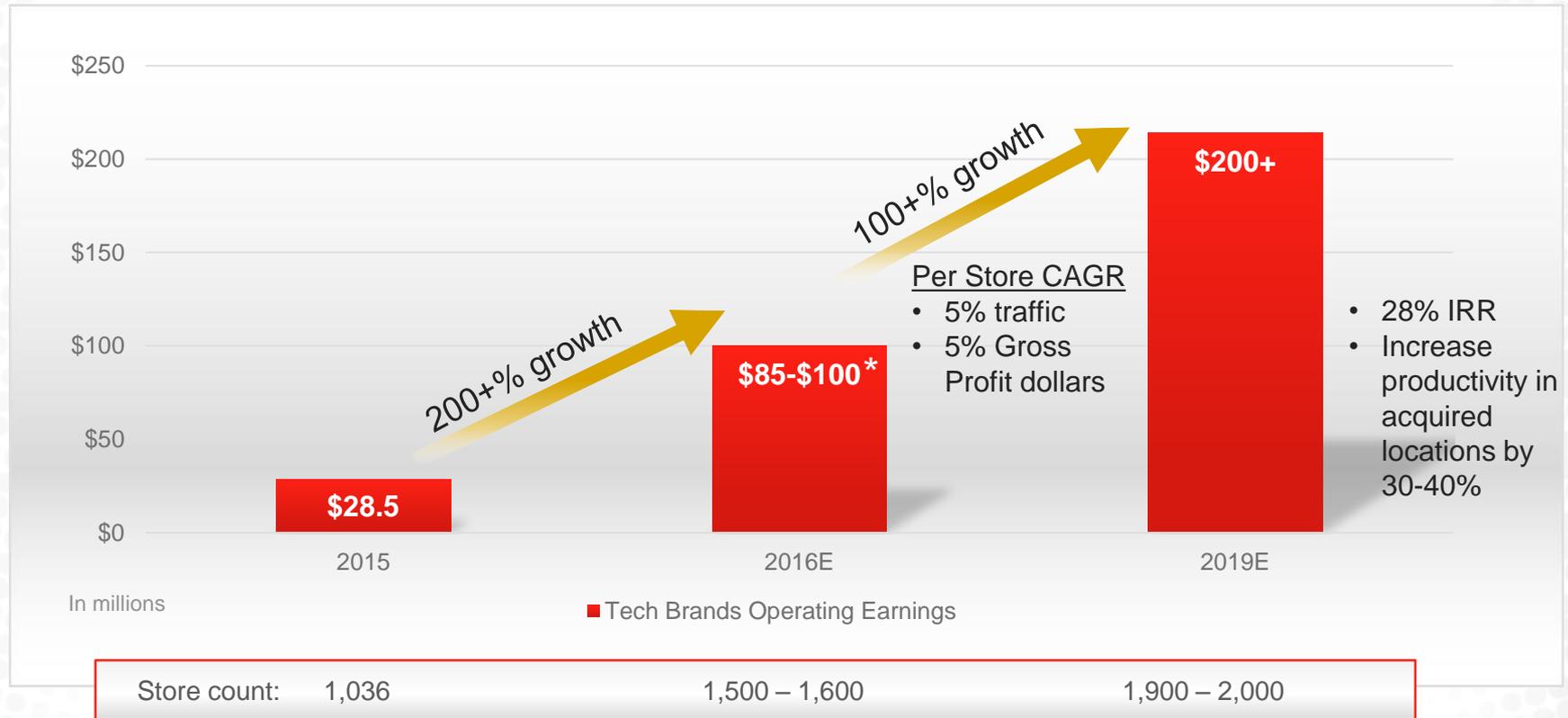
**Receiving SMF**  
(Subscriber Management Fees)  
Based on New Customer  
Subscriptions

**100%**

Margin Rate

Success measured by Traffic growth and Gross Profit Comp \$ growth

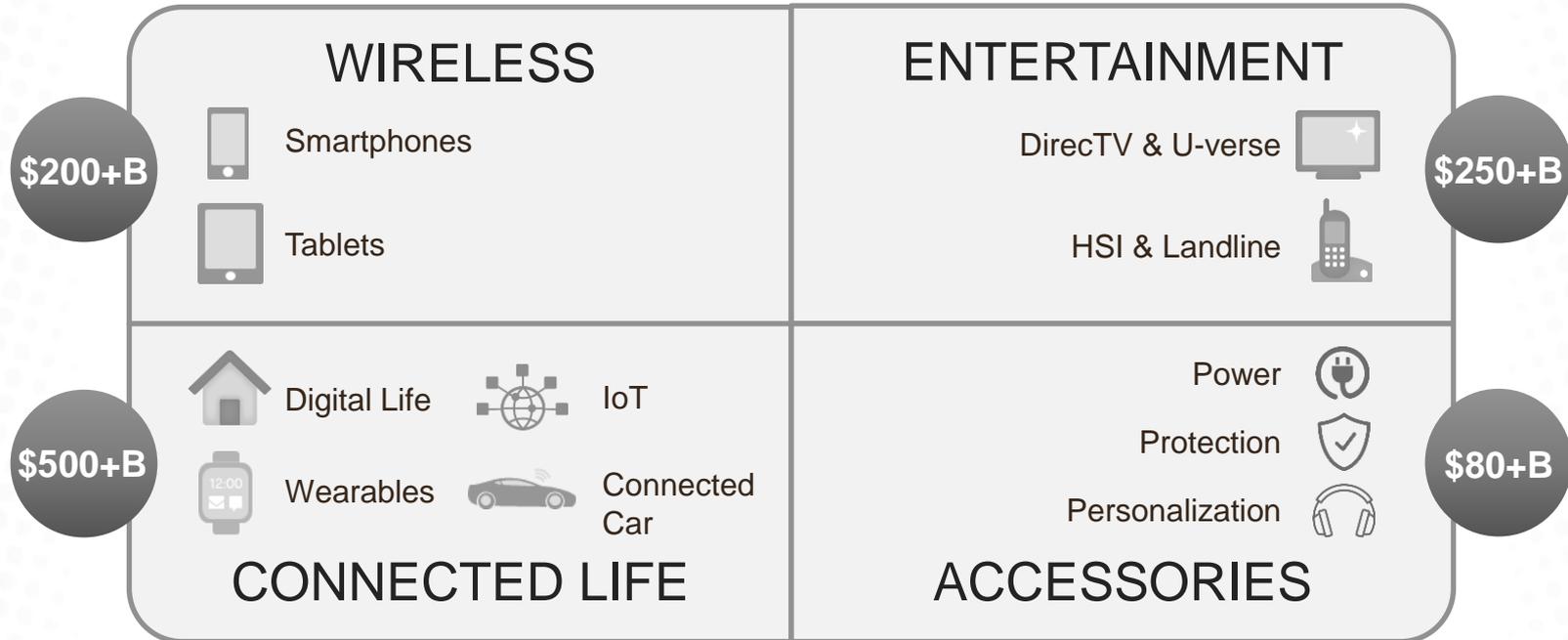
# Projected Technology Brands Operating Earnings Growth



\*Includes the targeted AT&T acquisitions

# More Than Just Wireless

AT&T believes that the future of mobile is integrated solutions

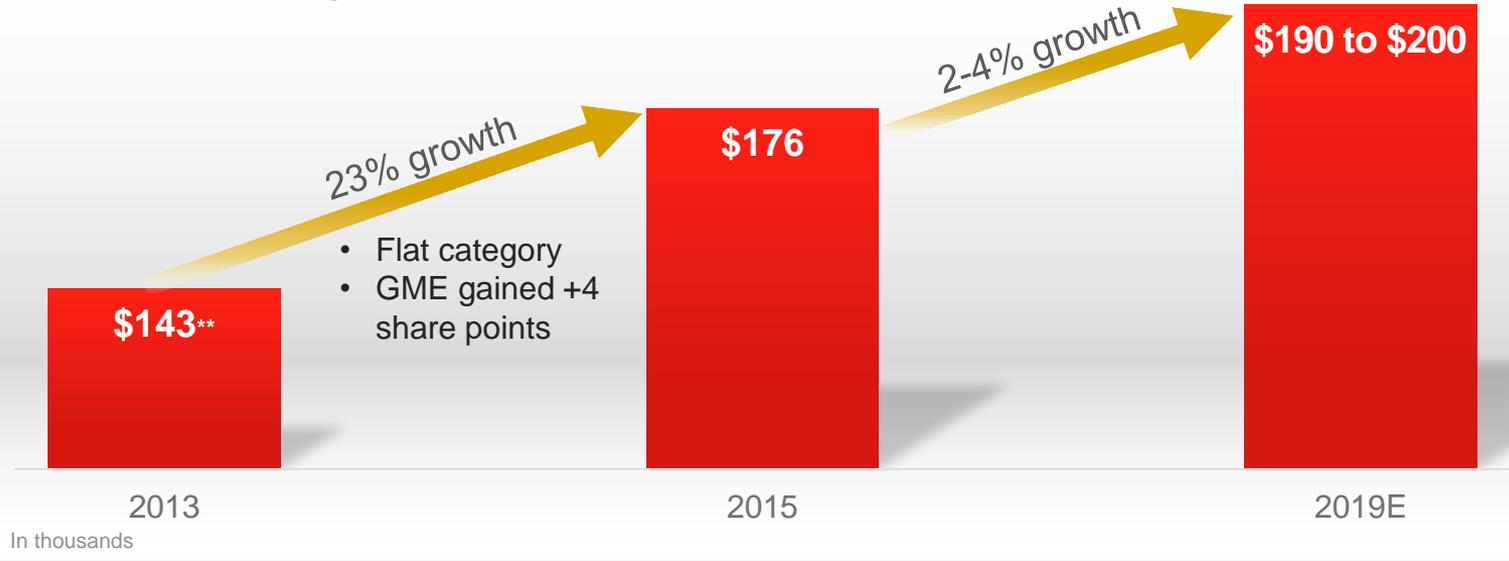


Telecom services spending is expected to grow 13% over the next four years

# Transforming Inside the Store

## GameStop's Four Wall Profits Are Healthy and Growing

Average Store Contribution per Global Video Game Store

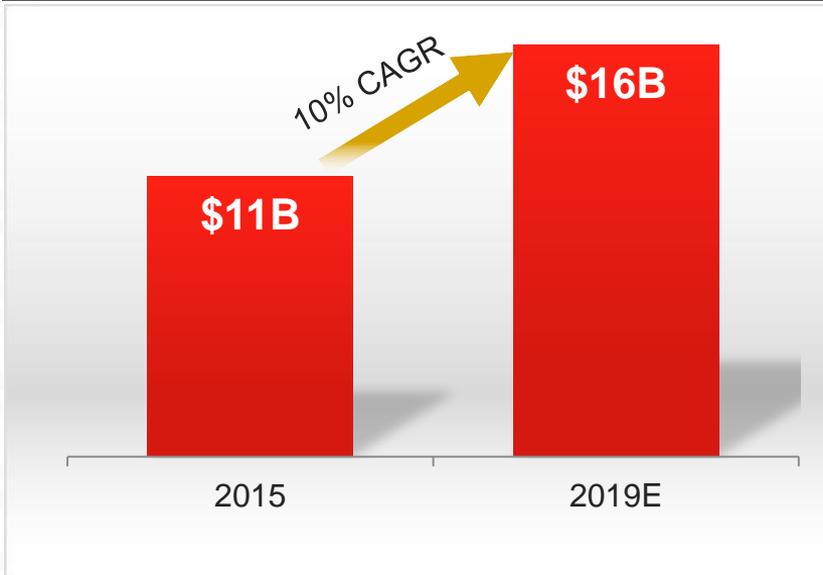


**Growth driven by: Digital, Collectibles, PowerUp Rewards & Omni-channel**

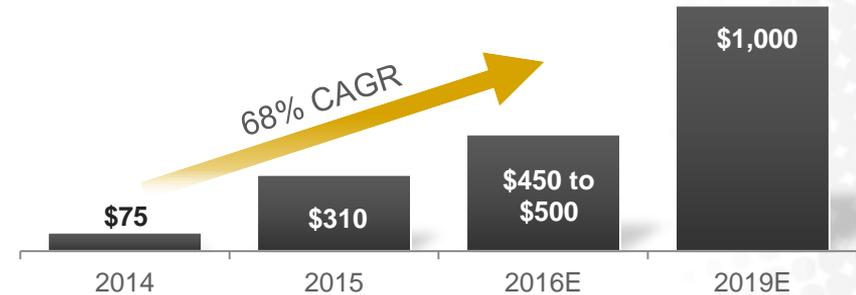
# Collectibles is a Large and Growing Category

Narrowly defined, Collectibles is an \$11 Billion industry in the U.S., nearly as large as the physical video games category

Estimated U.S. Collectibles Market Growth



GME: 2019 Projected Sales of \$1 Billion

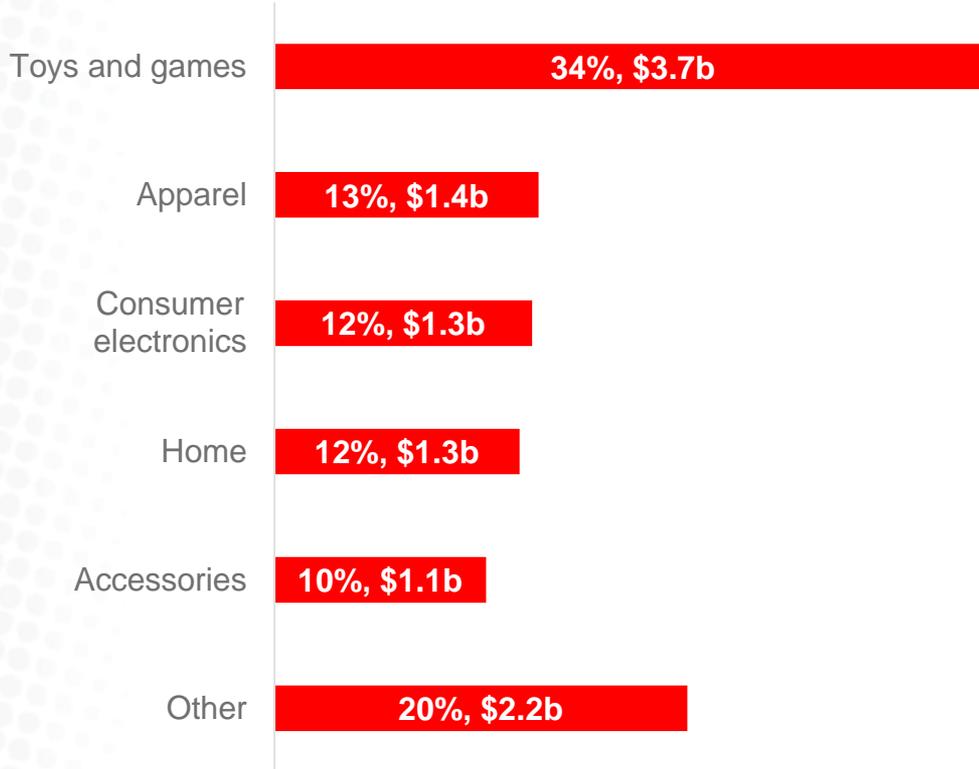


\$1 Billion = Only 4% Share  
Lots of room for growth

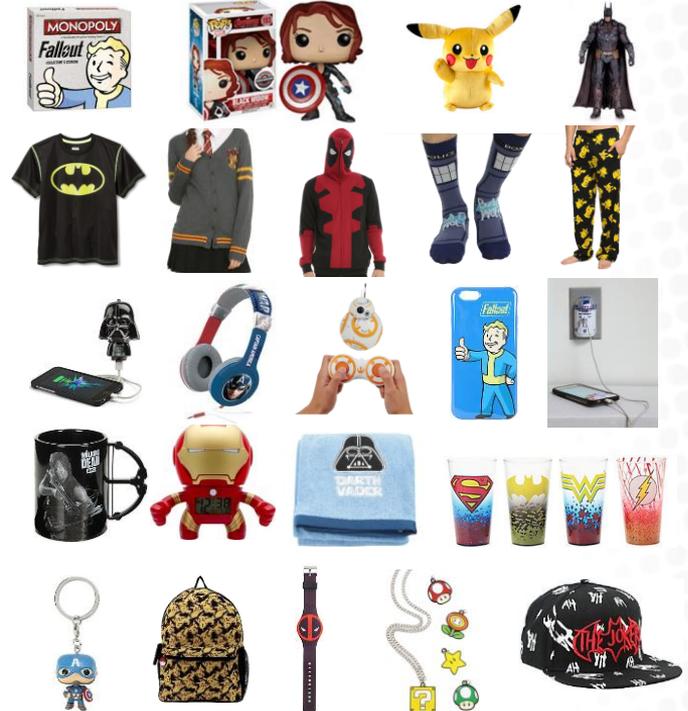
Collectibles should exceed **\$16 BILLION** by 2019

# Top collectible product types

Top collectible product types in 2015  
\$ billions



Example products



# Video Games: Digital

## GameStop Digital has Quickly Grown to \$1 Billion

Our digital growth is in-line with the top 4 publishers

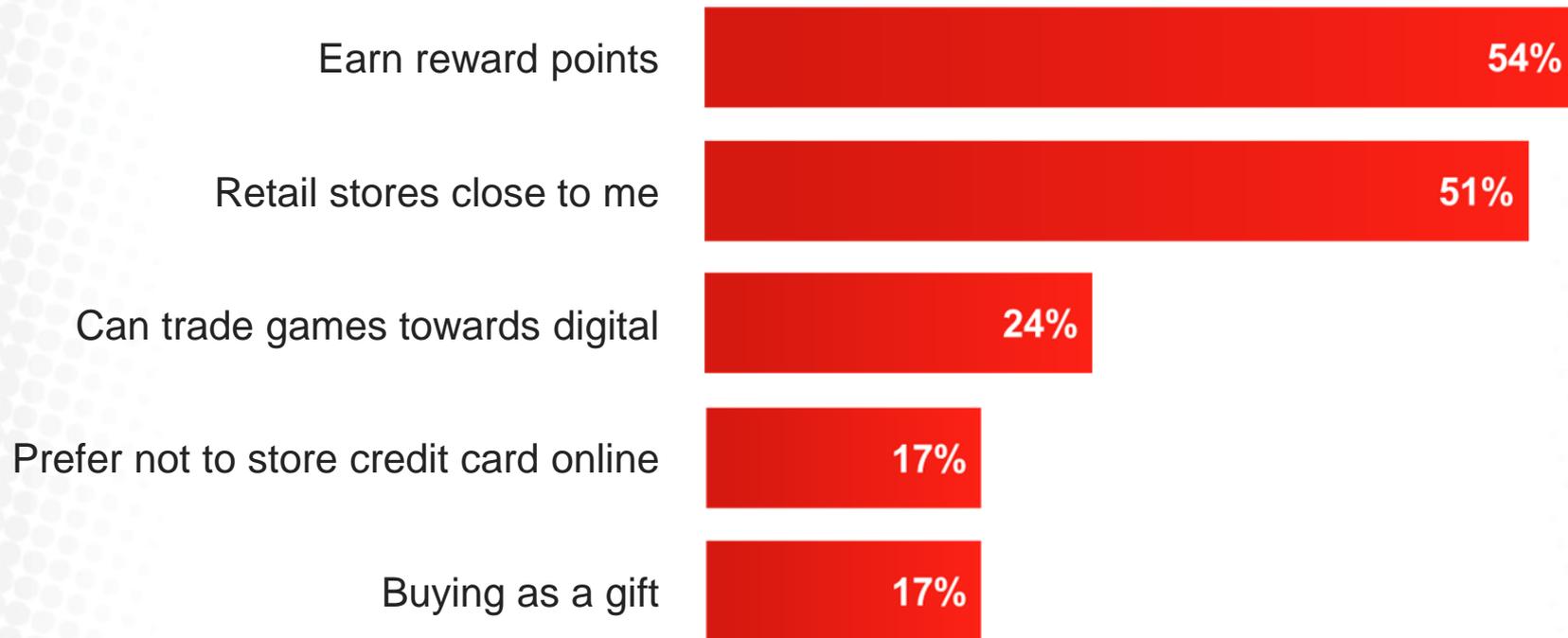


# Video Games: Console Digital

## U.S. Console Digital Market: Mix by Segment

Console Digital Sales	2015	% of Total	Market Share	GME Participation
Subscriptions / Micro-transactions	\$1,203M	41%	~25%	Market Share Leader
Indie + Catalogue Console Digital	\$1,063M	36%	<5%	GameTrust, Dedicated Sections
Downloadable content / DLC	\$392M	13%	~40%	Market Share Leader
Console FGD: AAA*	\$283M	10%	<5%	Dedicated Sections, Publisher Agreements
<b>Total Console Digital</b>	<b>\$2,941</b>	<b>100%</b>		

# Why Consumers Buy Digital at GameStop



# Video Games: Digital

## Digital Sales Penetration of Other Forms of Media



PS4/Xbox One  
Video Game



E-Book



Album



Movie

	PS4/Xbox One Video Game	E-Book	Album	Movie
<b>Digital Penetration</b>	20%	25-30%	~50%	40-45%
<b>Average Retail</b>	\$59.99	\$9.00	\$9.99	\$9.99 to \$14.99
<b>Residual Value</b>	\$20	\$0	\$0	\$0
<b>Average Download Speed</b>	11 hours @ 10 mbps	2 seconds @ 10 mbps	10-15 seconds @ 10 mbps	One hour @ 10 mbps
<b>Average Size</b>	40 GB	< 1 MB	4 MB	3 to 4.5 GB

### Gaming Barriers:

- Residual value
- File size
- Download speed / limits

**Books, Music and Movies are all <50% digital, despite small file sizes and no residual value**

# Opportunities for Industry Growth

## Estimated U.S. Addressable Market



# 2016 Projected Cash Flow Use

## Sources



**\$400<sup>(a)</sup> to \$500M of FCF**  
**\$475M of debt**

(a) \$560M Cash Flow from Operating Activities less \$160M Capital Expenditures  
\$670M Cash Flow from Operating Activities less \$170M Capital Expenditures

## 2016E Uses of Cash



## \$160 to \$170M of Capital Expenditures





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